*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer of securities for sale in the United States. The securities referred herein and the guarantee of the Securities (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States or other jurisdiction and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offering of the Securities will be made in the United States.*

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) and the Guarantor (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

Notice to Hong Kong investors*: The Issuer and the Guarantor confirm that the Securities are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only and the Securities have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Securities are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR

Hysan 希慎

ELECT GLOBAL INVESTMENTS LIMITED

(the "**Issuer**")

(Incorporated in the British Virgin Islands with limited liability)

U.S.$750,000,000 SUBORDINATED GUARANTEED PERPETUAL CAPITAL SECURITIES

(the "**Securities**")

(Securities Stock Code: 5464)

unconditionally and irrevocably guaranteed by

HYSAN DEVELOPMENT COMPANY LIMITED
希慎興業有限公司

(the "**Guarantor**")

(Incorporated in Hong Kong with limited liability)

(Stock Code:00014)

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock**

Exchange") (the "**Listing Rules**").

Please refer to the offering circular dated 4 March 2025 (the "**Offering Circular**") appended herein in relation to the issuance of the Securities unconditionally and irrevocably guaranteed by Hysan Development Company Limited 希慎興業有限公司. As disclosed in the Offering Circular, the Securities are intended for purchase by Professional Investors only and have been listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer, and no such inducement is intended. No investment decision should be made based solely on the information contained in the Offering Circular.

Hong Kong, 12 March 2025

*As at the date of this announcement, the Board of Directors of Hysan Development Company Limited 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*, and the Board of Directors of Elect Global Investments Limited comprises: Lui Kon Wai and Choi Yick Lam Andy.*

* *Non-Executive Directors*

** *Independent Non-Executive Directors*

APPENDIX – OFFERING CIRCULAR DATED 4 MARCH 2025

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES AND THE GUARANTEE OF THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD INTO OR WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY ADDRESS IN THE UNITED STATES. ANY SUCH DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THIS OFFERING CIRCULAR.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be a non-U.S. person purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities (Asia Pacific) Limited, Mizuho Securities Asia Limited, UBS AG Hong Kong Branch and Goldman Sachs (Asia) L.L.C. (the "**Joint Lead Managers**") that you are not a U.S. person or acting for the account or benefit of a U.S. person (in each case as defined in Regulation S), the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular and any amendments and supplements thereto by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person. You should not reply by electronic mail to this notice, and you may not purchase any securities by doing so. Any reply to electronic mail communications, including those you generate by using the "Reply" function on your electronic mail software, will be ignored or rejected.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Joint Lead Managers nor any person who controls the Joint Lead Managers, nor any director, officer, employee or agent of the Joint Lead Managers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Hysan 希慎

ELECT GLOBAL INVESTMENTS LIMITED

(incorporated in the British Virgin Islands with limited liability)

U.S.$750,000,000

Subordinated Guaranteed Perpetual Capital Securities

unconditionally and irrevocably guaranteed by

HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(incorporated in Hong Kong with limited liability)

Issue Price: 100.00 per cent.

The U.S.$750,000,000 Subordinated Guaranteed Perpetual Capital Securities (the "**Securities**") will be issued by Elect Global Investments Limited (the "**Issuer**") and will be unconditionally and irrevocably guaranteed on a subordinated basis (the "**Guarantee of the Securities**") by Hysan Development Company Limited 希慎興業有限公司 (the "**Guarantor**"), the holding company of the Issuer. The Securities constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which rank, and will at all times rank, *pari passu* and without any preference or priority among themselves and, save for such mandatory exceptions as may be provided for under applicable law, with any Parity Securities (as defined in "*Terms and Conditions of the Securities*") of the Issuer. The Guarantee of the Securities constitutes direct, unconditional, unsecured and subordinated obligations of the Guarantor which rank, and will at all times rank, *pari passu* with any Parity Securities of the Guarantor. The rights and claims of the holders of the Securities (the "**Holders**") in respect of the Securities and the Guarantee of the Securities are subordinated as provided in Condition 2 (*Status and Subordination of the Securities and the Guarantee of the Securities*) of the Terms and Conditions of the Securities.

The Securities confer a right to receive distribution (each a "**Distribution**") (i) in respect of the period from, and including, 11 March 2025 (the "**Issue Date**") to, but excluding, 11 September 2030 (the "**First Reset Date**"), at 7.20 per cent. per annum, (ii) in respect of the period from, and including, the First Reset Date to, but excluding, 11 September 2035 (the "**Step-up Date**"), at the Reset Distribution Rate (as defined in "*Terms and Conditions of the Securities*"), and (iii) in respect of the period from, and including, the Step-up Date to, but excluding, the next following Reset Date, and for each subsequent period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date, at the Reset Distribution Rate plus the Step-up Margin (as defined in "*Terms and Conditions of the Securities*").

Subject to the provisions of the Securities relating to deferral of Distribution (see "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*"), Distributions shall be payable on the Securities semi-annually in arrear on 11 March and 11 September of each year (each a "**Distribution Payment Date**") with the first Distribution Payment Date falling on 11 September 2025.

The Issuer may, at its sole discretion, elect to defer Distribution (in whole or in part) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by providing Holders with not more than 10 Business Days' (as defined in "*Terms and Conditions of the Securities*") nor less than five Business Days' notice prior to the relevant Distribution Payment Date; unless in respect of an election to defer Distribution which is otherwise scheduled to be paid on or after 11 September 2035, a Compulsory Distribution Payment Event (as defined in "*Terms and Conditions of the Securities*") has occurred. Any Distribution so deferred shall constitute "**Arrears of Distribution**". Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Securities at the prevailing Distribution Rate (as defined in "*Terms and Conditions of the Securities*") and the amount of such accrued distribution payable thereon shall be calculated by applying the then prevailing Distribution Rate to the amount of the Arrears of Distribution as described in "*Terms and Conditions of the Securities – Distribution – Cumulative Deferral*". The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred except that Condition 4(c)(v) (*Restrictions in the case of Deferral*) of the Terms and Conditions of the Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full. See "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*".

The Securities are perpetual securities in respect of which there is no fixed redemption date. However, the Issuer may redeem the Securities in whole, but not in part, on any date from and including 11 September 2030 at their principal amount plus Distribution accrued to, but excluding, such date (the "**Call Settlement Date**") (including any Arrears of Distribution and any Additional Distribution Amount (as defined in "*Terms and Conditions of the Securities*")) on the Issuer's giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) of the Terms and Conditions of the Securities (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the Call Settlement Date), the Registrar and the Fiscal Agent.

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) of the Terms and Conditions of the Securities (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amounts), if as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 March 2025, the Issuer or the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it.

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, on the Issuer's giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) of the Terms and Conditions of the Securities (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date), the Registrar and the Fiscal Agent at their principal amount plus Distribution accrued to, but excluding, such date (including any Arrears of Distribution and any Additional Distribution Amount) if, immediately before the giving of such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued.

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) of the Terms and Conditions of the Securities (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if (A) a change or amendment to, or a change or amendment to any interpretation of, the Relevant Accounting Standard (as defined in "*Terms and Conditions of the Securities*") has occurred or will occur, which change or amendment results or will result in the Securities and/or the Guarantee of the Securities, in whole or in part, not being permitted to be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard; or (B) immediately before giving such notice, an amendment, clarification or change has occurred or will occur in the equity credit methodology of the Rating Agencies (as defined in "*Terms and Conditions of the Securities*") which amendment, clarification or change results or will result in an Equity Credit Classification Event (as defined in "*Terms and Conditions of the Securities*").

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at any time prior to the Call Settlement Date, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount plus the Applicable Premium (as defined in "*Terms and Conditions of the Securities*") applicable to such Securities, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**" or "**SEHK**") for the listing of, and permission to deal in, the Securities by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only

The SEHK has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Securities on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer, the Guarantor or the Group or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Notice to Hong Kong investors: Each of the Issuer and the Guarantor confirms that the Securities are intended for purchase by Professional Investors only and the Securities will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Securities are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

Investors should be aware that the Securities are perpetual in tenor and that they have no right to require redemption, that Distribution may be deferred in the circumstances set out in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*", that there are limited remedies for default under the Securities and that there are various other risks relating to the Securities, the Guarantor and its subsidiaries (the "**Group**"), its business and its jurisdictions of operations which they should familiarise themselves with before making an investment in the Securities. See "*Risk Factors*" beginning on page 15.

The Securities and the Guarantee of the Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to, or for the benefit of, U.S. persons. The Securities are being offered and sold only to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Securities are expected to be rated "Baa3" by Moody's Investors Service Limited ("**Moody's**"). Such rating of the Securities does not constitute a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by any such rating organisation. Each such rating should be evaluated independently of any other rating of the Securities, the Issuer's or the Guarantor's other securities or of the Issuer or the Guarantor.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Securities will initially be represented by beneficial interests in a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date, with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Crédit Agricole CIB	**DBS Bank Ltd.**	**HSBC**	**J.P. Morgan**	**Mizuho**	**UBS**

Joint Lead Manager and Joint Bookrunner

Goldman Sachs (Asia) L.L.C.

This Offering Circular is dated 4 March 2025.

IMPORTANT INFORMATION

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Securities described in this Offering Circular. The Joint Lead Managers and the Agents (as defined in the terms and conditions of the Securities) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Agents as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Securities. To the fullest extent permitted by law, none of the Joint Lead Managers or the Agents accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Securities. Each of the Joint Lead Managers and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such information.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Guarantor, any of the Joint Lead Managers or the Agents.

Neither this Offering Circular nor any other information supplied in connection with the Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor, any of the Joint Lead Managers or the Agents that any recipient of this Offering Circular or any other information supplied in connection with the Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Securities constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor, any of the Joint Lead Managers or the Agents to any person to subscribe for or to purchase any Securities.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve an adverse change in the affairs of the Issuer and/or the Guarantor since the date hereof. The Joint Lead Managers and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular or to advise any investor in the Securities of any information coming to their attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of the Securities may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Joint Lead Managers and the Agents do not represent that this Offering Circular may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Joint Lead Managers or the Agents which would permit a public offering of any Securities or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of the Securities. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Securities in the United States, the European Economic Area, the United Kingdom, Japan, the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), Singapore, the People's Republic of China and the British Virgin Islands, see "*Subscription and Sale*". **If a jurisdiction requires that such offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.**

Listing of the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Securities or the Guarantee of the Securities. In making an investment decision, prospective investors must rely on their own examination of the Issuer, the Guarantor and the terms of the Securities, including the merits and risks involved. The Securities have not been approved or recommended by any Hong Kong or other regulatory authority. Furthermore, such authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Offering Circular.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the SFC Code – Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Securities, including certain Joint Lead Managers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Securities and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, ANY OF THE JOINT LEAD MANAGERS ACTING AS THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVERALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the audited consolidated financial statements of the Guarantor as at and for the financial years ended 31 December 2023 and 31 December 2024, each prepared in conformity with HKFRS issued by the HKICPA and have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Guarantor publishes its financial statements in Hong Kong dollars. Unless otherwise specified, where financial information in relation to the Guarantor has been translated into U.S. dollars, it has been so translated, for the convenience of the reader, at an exchange rate of HK$7.80 = U.S.$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at the rate indicated or at any other rate.

None of the Joint Lead Managers, the Agents, or any of their respective affiliates or advisers makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to, the Guarantor's or the Group's business, financial condition or results of operations.

CURRENCIES

All references in this document to "**U.S. dollars**" and "**U.S.$**" refer to the currency of the United States of America, to "**Hong Kong dollars**" and "**HK$**" refer to the currency of Hong Kong, to "**CNH**", "**CNY**", "**RMB**" or "**Renminbi**", refer to the currency of the People's Republic of China (the "**PRC**").

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

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THE ISSUE

The following contains some summary information about the Securities. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Securities" shall have the same meanings in this summary. For a more complete description of the terms of the Securities, see "Terms and Conditions of the Securities" in this Offering Circular.

Issuer	Elect Global Investments Limited (Legal Entity Identifier: 254900MGJD77N8VPNK65)
Guarantor	Hysan Development Company Limited 希慎興業有限公司
Issue	U.S.$750,000,000 subordinated guaranteed perpetual capital securities
Guarantee of the Securities	The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed on a subordinated basis the due and punctual payment of all sums payable by the Issuer in respect of the Securities.
Status and subordination of the Securities	The Securities constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which rank, and will at all times rank, *pari passu* and without any preference or priority among themselves and, save for such mandatory exceptions as may be provided for under applicable law, with any Parity Securities of the Issuer. Subject to the insolvency laws of the British Virgin Islands and other applicable laws and a claim arising under the Securities, in the event of the Winding-Up of the Issuer, the rights and claims of the Holders in respect of the Securities shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Issuer, but shall be subordinated in right of payment to the claims of all other present and future creditors of the Issuer, other than the claims of holders of Parity Securities of the Issuer.
Status and subordination of the Guarantee of the Securities	The Guarantee of the Securities constitutes direct, unconditional, unsecured and subordinated obligations of the Guarantor which rank, and will at all times rank, *pari passu* with any Parity Securities of the Guarantor. Subject to the insolvency laws of Hong Kong and other applicable laws and a claim arising under the Guarantee of the Securities, in the event of the Winding-Up of the Guarantor, the rights and claims of the Holders in respect of the Guarantee of the Securities shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Guarantor, but shall be subordinated in right of payment to the claims of all other present and future creditors of the Guarantor, other than the claims of holders of Parity Securities of the Guarantor.
Issue Price	100.00 per cent.

Form and Denomination	The Securities will be issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Distributions	Subject to Condition 4(c) (*Distribution – Distribution Deferral*), the Securities confer a right to receive distribution (each a "**Distribution**") from 11 March 2025 (the "**Issue Date**") at the Distribution Rate payable semi-annually in arrear on 11 March and 11 September of each year, with the first Distribution Payment Date falling on 11 September 2025.
Distribution Rate	The Distribution Rate shall be (i) in respect of the period from, and including, the Issue Date to, but excluding, 11 September 2030 (the "**First Reset Date**"), at 7.20 per cent. per annum, (ii) in respect of the period from, and including, the First Reset Date to, but excluding, 11 September 2035 (the "**Step-up Date**"), at the Reset Distribution Rate, and (iii) in respect of the period from, and including, the Step-up Date to, but excluding, the next following Reset Date, and for each subsequent period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date, at the Reset Distribution Rate plus the Step-up Margin.
Optional Deferral of Distributions	The Issuer may, at its sole discretion, elect to defer Distribution (in whole or in part) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving to the Holders in accordance with Condition 14 (*Notices*) not more than 10 Business Days' nor less than five Business Days' notice prior to the relevant scheduled Distribution Payment Date; unless in respect of an election to defer Distribution which is otherwise scheduled to be paid on or after 11 September 2035, a Compulsory Distribution Payment Event has occurred. Any Distribution so deferred shall constitute "Arrears of Distribution". The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(c)(i) (*Distribution – Distribution Deferral – Optional Deferral*) and any such failure to pay Distribution shall not constitute a default of the Issuer in respect of the Securities or of the Guarantor in respect of the Guarantee of the Securities. Any Distribution so deferred shall accrue distribution as if it constituted the principal of the Securities at the prevailing Distribution Rate. The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can

	or shall be deferred except that Condition 4(c)(v) (*Distribution – Distribution Deferral – Restrictions in the case of Deferral*) shall be complied with until all outstanding Arrears of Distribution have been paid in full.
Satisfaction of Arrears of Distribution and Additional Distribution Amounts	Any Arrears of Distribution and any Additional Distribution Amount (a) may be satisfied by the Issuer (in whole or in part) at any time by giving notice of such election to Holders in accordance with Condition 14 (*Notices*) and the Fiscal Agent not more than 20 Business Days nor less than 10 Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and all Additional Distribution Amounts on the payment dates specified in such notice) and (b) must be satisfied by the Issuer (in whole but not in part) in certain other circumstances in accordance with Condition 4(c)(vi)(B) (*Distribution – Distribution Deferral – Satisfaction of Arrears of Distribution and Additional Distribution Amounts by payment*).
Restrictions in the case of a Deferral	If on any Distribution Payment Date, payment of all Distribution payments (including Arrears of Distribution and any Additional Distribution Amount) scheduled to be made on such date is not made in full by reason of Condition 4(c) (*Distribution – Distribution Deferral*), the Issuer and the Guarantor shall not: (A) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of its Junior Securities or (except on a pro-rata basis) its Parity Securities, provided that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or (B) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, provided that such restriction shall not apply to an exchange or conversion of any Parity Securities in whole for Junior Securities or a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants, in each case, unless and until the Issuer or the Guarantor (i) has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amounts; or (ii) is permitted to do so by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders.
Issue Date	11 March 2025.

Maturity Date	The Securities are perpetual securities in respect of which there is no fixed redemption date.
Redemption at the Option of the Issuer	The Issuer may redeem the Securities in whole, but not in part, on any date from, and including, 11 September 2030 (the "**Call Settlement Date**") (at their principal amount plus Distribution accrued to, but excluding, such date (including any Arrears of Distribution and any Additional Distribution Amount) on the Issuer's giving not less than 10 Business Days' nor more than 60 days' notice in accordance with Condition 14 (*Notices*) to the Registrar, the Fiscal Agent and the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the Call Settlement Date).
Redemption for tax reasons	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 March 2025, the Issuer or the Guarantor has or would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it.
Redemption in the case of minimal outstanding amount	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on the Issuer's giving not less than 10 Business Days' nor more than 60 days' notice to the Registrar, the Fiscal Agent and the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date at their principal amount plus Distribution accrued, but excluding, to such date (including any Arrears of Distribution and any Additional Distribution Amount)), if, immediately before the giving of such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued.
Redemption for accounting reasons	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in

	accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, a change or amendment to, or a change or amendment to any interpretation of, the Relevant Accounting Standard has occurred or will occur, which change or amendment results or will result in the Securities and/or the Guarantee of the Securities, in whole or in part, not being permitted to be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard.
Redemption upon a ratings event	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, immediately before giving such notice, an amendment, clarification or change has occurred or will occur in the equity credit methodology of the Rating Agencies which amendment, clarification or change results or will result in an Equity Credit Classification Event.
Make-whole Redemption by the Issuer	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to the Call Settlement Date, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount plus the Applicable Premium applicable to such Securities, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).
Substitution or Variation	If a Special Event has occurred and is continuing, then the Issuer may, subject to Condition 4 (*Distribution*) (without any requirement for the consent or approval of the Holders) and subject to the receipt by the Fiscal Agent of the certificate signed by two Authorised Persons of the Guarantor referred to in the Agency Agreement immediately prior to the giving of any notice referred to herein certifying that the provisions of Condition 12(c) (*Meetings of Holders; Modification – Substitution or Variation*) have been complied with, and having given not less than 30 days' nor more than 60 days' irrevocable notice to the Fiscal Agent and, in accordance with Condition 14 (*Notices*), the Holders, at any time either (a) substitute all, but not some only, of the Securities for, or (b) vary the terms of the Securities with the effect that they remain or become (as the case may be),

	Qualifying Securities. Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with Condition 12(c) (*Meetings of Holders; Modification – Substitution or Variation*). "Special Event" means a Gross-Up Event, an Accounting Event, an Equity Credit Classification Event or any combination of the foregoing.
Governing Law	The Securities and any non-contractual obligations arising out of or in connection with the Securities are governed by, and will be construed in accordance with, English law, except that the subordination provisions applicable to (i) the Issuer set out in Condition 2(a) (*Status and Subordination of the Securities and the Guarantee of the Securities – Status of the Securities*), Condition 2(b) (*Status and Subordination of the Securities and the Guarantee of the Securities – Ranking of claims in respect of the Securities*) and Condition 2(e) (*Status and Subordination of the Securities and the Guarantee of the Securities – Set-off – Securities*) shall be governed by, and construed in accordance with, British Virgin Islands law and (ii) the Guarantor set out in Condition 2(c) (*Status and Subordination of the Securities and the Guarantee of the Securities – Guarantee of the Securities; Status of the Guarantee of the Securities*), Condition 2(d) (*Status and Subordination of the Securities and the Guarantee of the Securities – Ranking of claims in respect of the Guarantee of the Securities*) and Condition 2(f) (*Status and Subordination of the Securities and the Guarantee of the Securities – Set-off – Guarantee of the Securities*) shall be governed by, and construed in accordance with, Hong Kong law.
Rating	The Securities are expected to be rated "Baa3" by Moody's. Such rating of the Securities does not constitute a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by any such rating organisation.
Clearing Systems	The Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS3012400746 Common Code: 301240074

Fiscal Agent, Paying Agent, Calculation Agent, Registrar and Transfer Agent.	Deutsche Bank AG, Hong Kong Branch
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 12 March 2025.
Use of Proceeds	See "Use of Proceeds".

RISK FACTORS

*Prior to making any investment decision, prospective investors should consider carefully, together with the information contained and deemed to be contained or incorporate by reference in this Offering Circular, the risks and uncertainties described below. The business, financial condition or results of operations of the Guarantor and its subsidiaries (the "**Group**") could be materially adversely affected by any of these risks. Additional consideration and uncertainties not presently known to the Issuer or the Guarantor, or which the Issuer or the Guarantor currently deem immaterial, may also have an adverse effect on an investment in the Securities.*

Risks Relating to Investments in Real Estate

General risks relating to real estate investment, development and management

The Group is engaged principally in the investment, development and management of real estate properties and is therefore subject to risks inherent in such activities which include: (i) adverse changes in national or economic conditions; (ii) adverse local market conditions and investment sentiment; (iii) the financial conditions of tenants, buyers and sellers of properties; (iv) changes in the relative popularity of property types and locations affecting supply and demand of a particular type of property in a given market; (v) competition among property owners for tenants; (vi) changes in interest rates, exchange rates and other operating expenses; (vii) changes in laws and regulations, including environmental and zoning laws and other governmental rules and fiscal policies; (viii) claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or other inherent defects; (ix) changes in energy prices and changes in costs of labour and materials; (x) availability of land suitable for development; (xi) inability to sell developed properties on profitable terms or risk of payment default by buyers of properties; (xii) changes in availability of debt financing or the inability to obtain financing for developments on favourable terms; (xiii) insufficiency of insurance coverage and uninsurable losses; (xiv) inability of the portfolio manager to provide or procure the provision of adequate maintenance and other services; (xv) illiquidity of real estate investments; (xvi) dependence on cash flow for the maintenance of, and improvements to, the portfolio properties; (xvii) risks and operating problems arising out of the presence of certain construction materials; (xviii) project delays due to work stoppages and interruptions due to inclement weather or unforeseen engineering, environmental or geological problems and (xix) acts of God and other factors.

The Group has in place an asset enhancement programme. This involves selective refurbishment, renovation or redevelopment of its properties, such as major enhancement works at Lee Garden One, which were completed in late 2023, and the expansion and renovation of major luxury brands' flagship stores which have been completed and have been reopening since late 2024. Major renovation works in Lee Garden Five completed in 2024. In addition, renovation works at Hysan Place progressed well. The Urban Park with the indoor skateboarding park on level four unveiled, followed by the reopening of levels four and five of Hysan Place. The ground floor and basement floors (B1 and B2) of Hysan Place have also been renovated and reopened in December 2023, with renovation of levels one to three completed in December 2024. The VILLA LUCCA project, which is the first luxury project unveiled in Tai Po's prestigious Lo Fai Road area in recent years, provides 262 garden houses and apartments, including 36 houses, 66 special apartments (including top-floor special units and those with a garden) and 160 typical units with unit sizes ranging from 1,010 square feet to 8,030 square feet in saleable area. There is also a 34,000 square feet clubhouse complementing the residential units. VILLA LUCCA was granted a certificate of compliance issued by the Lands Department of Hong Kong in the first quarter of 2023. As at 31 December 2024, a total of 115 units have been contracted. Despite uncertainties in the residential market, the Group continued to adopt a competitive pricing strategy to boost transactions. The Group also acquired 25 per cent. stake in a joint venture to develop the Urban Renewal Authority's residential project at Bailey Street / Wing Kwong Street in To Kwa Wan district in Hong Kong.

Following the approval of development plan in 2023, all foundation works were completed in 2024, and construction of the superstructure is progressing as scheduled. The site will be redeveloped into three 24-storey buildings covering a total area of over 700,000 square feet. Also, the Group's pre-leasing activities for Lee Gardens Shanghai resumed immediately after the lifting of COVID-19 restrictions in 2022. Enhancement works of the office tower completed in 2023, with tenants moving in since the first quarter of 2023. Enhancement work of the retail podium completed in 2024. With ongoing pre-leasing activities, tenants began moving in since the first quarter of 2024. Lee Gardens Shanghai has commenced operation with its retail and office components. The gross floor area for commercial activities is around 0.7 million square feet, with 375 parking spaces available. Further, construction of Lee Garden Eight (formerly known as the Caroline Hill Road project) in Causeway Bay, Hong Kong, is progressing on schedule for completion in the second half of 2026 and marks an important milestone in the Group's long term growth plans. Such refurbishment, renovation, re-development and development works are subject to the usual risks associated with property developments and construction including, in particular, changes in construction costs and delays in completion due to reasons such as shortages in equipment, material and labour, changes in governmental regulations including changes in building and planning regulations, delays or failure to obtain requisite construction and occupancy approvals and adverse weather conditions that may require construction workers to stop work in outdoor areas, leading to possible delays to and higher costs of construction. While the Group attempts to manage risks and control costs, there is no assurance that such major refurbishment, renovation, re-development and development projects will be completed on schedule or that construction costs will not exceed projected costs. Delays in completion of major enhancement works and development projects and cost overruns will adversely affect the Group's income and operating results.

Risks affecting property rentals and values

Income from, and expenditures in relation to, the Group's investment properties may not be as expected, which may adversely affect the Group's financial condition. Income from the Group's properties may be adversely affected by the general economic climate and local conditions such as over-supply of properties or reduction in demand for properties in the market in which the Group operates, the attractiveness of the Group's properties to tenants, management style, competition from other available properties or defaults in payment of rents by tenants. The Group's income would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented out on favourable terms. Additionally, the Group's income will be affected if tenants seek to re-negotiate existing rents downwards.

For instance, during the outbreak of the novel coronavirus ("**COVID-19**") and due to governmental measures to prevent the spread of the virus, many of the Group's tenants saw a significant drop in customer volume. In turn, some of the Group's tenants faced difficulties in paying rental due to the sharp decline in their businesses. As such, the Group implemented measures to alleviate the burden of its tenants, including offering rental assistance in the form of concession or deferment, lease restructuring plus targeted marketing and operational support. Although retail sale showed signs of improvement due to revival of inbound tourism and implementation of promotional campaigns and activities by the Hong Kong government, the external environment remains challenging. There is also an imbalance in tourist flows due to inclination of local residents to travel and spend in nearby cities in the Greater Bay Area. Moreover, although there was an increase in office enquiries after the resumption of travel, companies have generally been cautious about taking up new space due to uncertainty in the global economic market. The office rental market remained weak due to increased supply and subdued demand in 2024. Although the Group's office portfolio has a relatively stable occupancy rate, there is no assurance that there will not be any fluctuations in occupancy rates. See also "*Risks Relating to Hong Kong and the PRC – Risks associated with outbreak of severe communicable diseases*" for more information.

In addition, profits from real estate investments may be affected by factors such as the cost of regulatory compliance, changes in laws and increased operating costs (including real estate taxes) and expenses, interest rate levels and the availability of financing. If the Group's properties do not generate revenues sufficient to meet operating expenses, debt service and capital expenditure, the Group's financial condition will be adversely affected. Capital expenditure and other expenses may be irregular since continuing repairs and maintenance involve significant, and potentially unpredictable, expenditure. Both the amount and timing of expenditure will have an impact on the cash flow of the Group. Certain significant expenditures associated with investments in real estate (such as insurance costs and operating and maintenance costs) may increase in circumstances which also cause a reduction in income from a property, which could have an adverse effect on the financial condition and results of operations of the Group.

Risks associated with the performance of its tenants and its financial condition

The Group is dependent to a significant degree on a limited number of tenants. The Group's financial condition and results of operations may be adversely affected by a downturn in the business of those tenants whose rents make up a material proportion of the Group's operating income, which may lead to such tenants deciding not to renew their leases or to terminate their leases before they expire (in cases where tenants have termination rights exercisable by written notice). In the event of a decline in financial condition of a tenant, such tenant may be unable to pay its rents and/or other charges. If tenants default, the Group is likely to experience delays and costs in enforcing its rights as lessor. Tenants experiencing financial difficulties may also request reduction in their leased space or rent. All such factors may lead to higher tenant turnover rates which would cause higher costs incurred in lease enforcement, loss of rental income arising from delinquent rent and vacant periods and increased costs in securing new tenants, which could adversely affect the financial condition and results of operations of the Group.

The Group may not have adequate financing to fund its property development projects

The property development business is capital-intensive. The Group's property development business will require substantial capital expenditure. The Group expects that in the future it will continue to require external financing to fund its working capital and capital expenditure requirements, to support the future growth of its business and/or to refinance existing debt obligations. The Group cannot assure investors that it will have sufficient cash flow available for property development projects, or that it will be able to achieve sufficient presales and sales to fund property development projects. As at 31 December 2024, the Group had cash and cash equivalents and time deposits totalling about HK$2,211 million and undrawn committed facilities amounted to HK$16,689 million. As at 31 December 2024, the Group's total long-term debt (which includes non-current borrowings and non-current amounts due to non-controlling interests) was HK$29,328 million. The Group's ability to arrange for external financing and the cost of such financing depends on numerous factors, including general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, the success of the Group's principal business, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions in Hong Kong and the region.

Risks of uninsured, under-insured or uninsurable losses

The Group is covered by insurance policies which cover fire, flood, other material damage to property and general liability under combined all risks material damage/business interruption and public liability insurance. While the Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage, there is no assurance that insurance against some or all of these risks will in the future continue to be available, or be available in amounts that are equal to the full market value or replacement cost of the insured assets. In addition, there can be no assurance that the particular risks which are currently insured will continue to be insurable on an economically feasible basis or at all.

Risks associated with the illiquidity of real estate investments

Real estate investments are relatively illiquid in nature. Such illiquidity may affect the Group's ability to speedily vary its investment portfolio or liquidate part of its assets in response to changes in economic, financial, real estate market or other conditions. Certain risk factors may affect the eventual liquidity of all investments of the Group according to its realisation strategy. For instance, the Group may be unable to liquidate its assets on short notice, or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets if it is under pressure for a quick sale. These factors could have an adverse effect on the Group's financial condition and results of operations. In addition, investment properties are not readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand or other factors. The conversion of investment properties to alternative uses would generally require substantial capital expenditures. In particular, the Group may be required to expend funds to maintain properties, correct defects or make improvements before an investment property can be sold. There is no assurance that the Group will have funds available for these purposes. These factors and any other factors that would impede the Group's ability to respond to adverse changes in the performance of its investment properties could affect its ability to retain tenants and to compete with other market participants, as well as affecting its results of operations.

Risks associated with latent building or equipment defects

If any of the Group's properties has design, construction or other latent property or equipment defects, it may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may have a material adverse effect on the Group's earnings and cash flows.

Market competition

Hong Kong properties in the office, retail, residential and carpark sectors are highly competitive. New properties and facilities built in other districts of Hong Kong as well as in the vicinity of the Group's properties may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and carpark charges in respect of the properties. The Group may be under pressure to lower rental rates, carpark charges and incur additional capital expenditure to effect improvements or offer additional concessions to tenants to avoid falling occupancy or utilisation levels, all of which may have a negative impact on the Group's profit. For the retail properties sector, the competitive business environment among retailers in Hong Kong may also have a detrimental effect on tenants' businesses and, consequently, their ability to pay rent.

Risks associated with geographic and market concentration and general economic conditions

The Group derives its revenue and operating profits primarily from its Hong Kong property investment activities and is consequently dependent on the state of the Hong Kong property market. As the Group's property investment portfolio is concentrated in Causeway Bay, Hong Kong, a disaster affecting that area or changes in the political, economic and social-economic environment of Hong Kong would have a greater impact on the Group than if its properties were more geographically diversified.

Historically, the Hong Kong property market has been cyclical and Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the condition of the global economy. The Group's property interests in Hong Kong are affected by the strength or weakness of Hong Kong's economy. According to the Hong Kong Census and Statistics Department, Hong Kong's gross domestic product ("**GDP**") in real terms increased by 2.4 per cent. for the fourth quarter of 2024 as compared to the fourth quarter in 2023. Based on reports published by the Hong Kong Census and Statistics Department in November 2024, Hong Kong's GDP increased by 1.8 per cent. in real terms in the third quarter of 2024 as compared with an increase of 3.2 per cent. in the second quarter of 2024. On a seasonally adjusted quarter-to-quarter basis, Hong Kong's real GDP decreased by 1.1 per cent. Furthermore, from 2019 to 2021, there was a decline in inbound tourism to Hong Kong and consumer spending, which had a significant impact on the domestic economy. For the years ended 2020, 2021 and 2022, the total visitor arrivals to Hong Kong were 3.57 million, 91,398 and 604,564 respectively. The tourism sector continued to recover in the third quarter of 2024, with visitor arrivals of 11.4 million, a 9.6 per cent. increase year-on-year. External economic conditions, such as the PRC economy, and fluctuations in interest rates, such as the recent tapering of the stimulative quantitative easing policy, the interest rate increases by the U.S. Federal Reserve since 2022, which in turn have resulted in interest rate increases in Hong Kong, and the recent interest rate cut announced in September 2024, could also adversely affect the commercial/retail property market in Hong Kong. There can be no assurance that rent and property values will not decline, tightening of credit provided by banks will not increase, interest rates will not rise and the Hong Kong government will not introduce further measures in the future. These factors could have an adverse effect on the economic condition of Hong Kong that may impact the Group's business, operating results and financial condition in Hong Kong.

In addition, starting April 2018, there has been on-going trade tension between the PRC and the United States involving the mutual introduction of tariffs on certain imported products. Although the United States and the PRC entered into "phase one" of an economic and trade agreement in January 2020 as an initial step towards resolving the trade disputes between them, the effect of such an agreement and the amicable resolution of such a trade war remains elusive. There are also uncertainties as to when and whether "phase two" negotiations will begin. The lasting impact that any trade war may have on the global economy and the industries that the Group operates in remain uncertain. Failure of trade negotiations between the United States and the PRC may have an adverse impact on the future economic development of the two countries. The military conflicts between Russia and Ukraine since 2022 and the resulting sanctions imposed by the United States and Europe against Russia, have adversely affected and may continue to adversely affect global trade, commodity prices and oil supply.

Other events, including the collapse of financial institutions and other entities, including PRC real estate developers which have experienced tightened cashflow and difficulties in refinancing, rising government deficits and debt levels together with downgrading of the sovereign debt of certain member states of the European Union, the bailouts and government deficit and other debt reduction measures, have had and continue to have an adverse impact on global credit and financial markets. In recent years, there have also been significant fluctuations in market interest rates. Mismatches between the supply and demand of goods and services contributed to a rise in inflation in 2021 and the United States Federal Open Market Committee (the "**FOMC**") raised its benchmark interest rates multiple times since March 2022 to counteract rising inflation. These fluctuations in interest rates may result in continued significant volatility in global capital markets and adversely affect business and consumer confidence. Any deterioration in the financial markets may contribute to a slowdown in the global economy, including in growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on investors' confidence and global financial markets.

There can be no assurance that the Hong Kong leasing market will not be affected by slow demand in light of uncertain global business conditions, or that any measures or actions taken by the PRC government with an aim to increasing investors' confidence in the PRC's economy in the PRC and elsewhere in the world will be effective. Other economic developments outside Hong Kong, including but not limited to currency movements in the Renminbi, the global credit and liquidity crisis and interest rate movements in the United States, could also adversely affect the property market in Hong Kong.

In the event of economic decline, the Group may experience market pressures that affect Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or other incentives. Rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. New commercial and residential properties are scheduled for completion over the next few years and the additional supply of properties could also adversely affect commercial and residential rents and occupancy rates as well as sale price for new residential units. In addition, from time to time during economic downturns, the Group has experienced pressure from existing and prospective commercial tenants to provide rent reductions or longer rent free periods than usually given. This has had an impact on the Group's rental income from its commercial property investments in the past and the recurrence of such market conditions in the future may have an adverse effect on the Group's business, operating results and financial condition.

There is no assurance that the problems of oversupply, falling property prices and tightening of credit provided by lenders will not recur or that the recurrence of such problems with respect to the Hong Kong or PRC property markets will not adversely affect the business, financial condition and results of operations of the Group. Any slowdown in the economies of the United States, the European Union and certain Asian countries may adversely affect economic growth in Hong Kong, the PRC and in other jurisdictions.

Lease renewals

The leases that the Group has granted are typically three years for office leases and retail leases and two years for residential leases. Longer lease terms may be signed on a case-by-case basis. The rents charged are generally reviewed every two to three years and are based upon prevailing market rates. Accordingly, it is possible to have a concentration of renewal of leases or rent adjustments in a given year, and that a slowdown in the rental market in a given year could adversely affect the rental income of the Group.

Effects of property revaluations

In accordance with Hong Kong Financial Reporting Standards, the Group values its investment properties at every reporting date at their open market value on the basis of an external professional valuation. Any change in the valuation is charged or credited, as the case may be, to the statement of profit or loss. The fair value of each of the Group's investment properties is likely to fluctuate with political, economic and market conditions and other risks factors in the future, and the Group's historic results, including the fair value gains should not be regarded as an indicator of its future profit. There is no assurance that the fair value of the Group's investment properties will not decrease in the future. Any such decrease in the fair value of the Group's investment properties will reduce its profit.

In addition, the results of the Group are recorded in Hong Kong dollars but the Guarantor and its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies and may hold properties valued in other currencies, including Renminbi. Any currency fluctuations on translation of the accounts of the Guarantor, these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance.

PRC property market risks

The Group has an associate-level interest in the Shanghai Grand Gateway 66 project, a multi-level retail complex, office tower and residential tower project in Shanghai, the PRC. The Group holds its interest through a joint venture entity, which may involve risks associated with the ability of the joint venture partners to fulfil their obligations under the joint venture and generally of having business interests and goals which are inconsistent with those of the Group. In addition, with the acquisition of the Group's investment property in Shanghai, namely Lee Gardens Shanghai, the Group extended and implemented corporate policies and financial and operational controls to ensure that it complies with the Group's policies on corporate governance, risk management and internal controls. However, the degree of compliance and the effectiveness of any internal control may be uncertain.

The Group's interests in the Shanghai Grand Gateway 66 project and Lee Gardens Shanghai also subjects it to risks usually associated with property investment in the PRC. In the event of economic decline, the Group may experience market pressures that affect PRC property companies, such as pressures from tenants or prospective tenants to provide rent reductions. Rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. Additional supply of new residential and office properties in the PRC is also scheduled for completion over the next few years and such additional supply may also adversely affect residential and office rents and occupancy rates. For example, the Group may experience pressure from existing and prospective commercial tenants to provide rent reductions or longer rent-free periods than usually given. This may have an impact on the Group's rental income and therefore may have an adverse effect on the Group's business, operating results and financial condition.

Risks associated with the effect of global credit markets on the economy and of a global economic slowdown

Economic developments outside Hong Kong could also adversely affect the property market in Hong Kong and the Group's overall business. The outlook for the world economy and financial markets remains uncertain. Global financial markets have experienced, and continue to experience, uncertainty brought on by monetary policies among the world's major economies, which may prompt a new round of volatility in capital flows. The Chinese economy has also experienced a slowdown in overall economic growth, which has led to reduced economic activity. It is uncertain whether various macroeconomic measures and monetary policies adopted by the Chinese government will be effective in sustaining the growth rate of the Chinese economy. Sustained tension between the United States and the PRC over trade policies could significantly undermine the stability of the global economy.

In addition, the tightening of liquidity in global financial markets coupled with the withdrawal or potential withdrawal of existing monetary and fiscal stimuli measures put in place by various governments, such as austerity measures undertaken to reduce public spending, have in recent years affected the availability of credit and led to an increase in the cost of financing. The FOMC raised its benchmark interest rates in March 2022 for the first time since 2018, and the FOMC implemented multiple rounds of rate increases since 2022 to counteract rising inflation caused by supply-chain disruption during the pandemic. These fluctuations in interest rates may result in continued significant volatility in global capital markets. There is uncertainty as to the pace of future interest rates increases, which would have a material impact on global borrowing costs. The Group may face difficulty in accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that the Group will be able to raise finance at a reasonable cost. The Group may also be subject to solvency risks of its banks and of its counterparties in its financial investments and arrangements. These may have a material adverse impact on the operations of the Group.

The Group incurred a reported loss for the year ended 31 December 2023 and may experience reported losses in the future

The Group incurred a loss attributable to owners of the Guarantor of HK$872 million for the year ended 31 December 2023, mainly arising from non-cash fair value change of investment properties. While the Group has recorded profits attributable to owners of the Guarantor for the year ended 31 December 2024, there can be no assurance that such losses, whether realised or unrealised, will not be incurred in the future. The Group will need to generate more revenues to develop its business and there can be no assurance that the Group will be able to generate sufficient revenues to achieve profitable operations in the future. There is no guarantee that the Group will be successful in achieving profitability in future periods. Any failure to achieve positive earnings may, among other things, impair the Group's ability to complete future financings and increase the costs of obtaining financing.

Risks Relating to Hong Kong and the PRC

Risks associated with the political, economic and socio-economic situation in Hong Kong and the PRC may adversely affect the Group's business, financial condition or the results of its operations

On 1 July 1997, Hong Kong became a Special Administrative Region of the PRC. Although Hong Kong has thus far enjoyed a relatively high degree of legislative, judicial and economic autonomy since the handover, there can be no assurance that there will not be a change in political or regulatory oversight as a consequence of the exercise of the PRC's sovereignty over Hong Kong or, should such change occur, that the Group's business, financial condition and the results of its operations will not be adversely affected.

The Group's revenue is mainly generated from its operations in Hong Kong, especially Causeway Bay which has traditionally been a popular shopping area for both the local population and tourists. Future political or economic instability or a sustained slowdown in domestic economic activities, especially in relation to property and tourism, will adversely affect the Group's business if it leads to an increase in defaults of tenants and lower rental income. Moreover, civil unrest and an uncertain political environment may decrease consumer spending and affect inbound tourism to Hong Kong, which in turn may have a negative impact on the Hong Kong economy and result in an economic slowdown. The occurrence of civil unrest in close proximity to the Group's operations may also disrupt the Group's businesses. Civil unrest is outside the control of the Group and there can be no assurance that large-scale protests will not occur in the future or as to the authorities' reactions to any such protests if they recur and the effect on the stability of the political, economic and social-economic conditions in the region. There can be no assurance that the political and legal environment in the Hong Kong will remain favourable to the Group's business in future.

In addition, although the Hong Kong dollar has been linked to the U.S. dollar since 1983, there can be no assurance that such linkage will be maintained in the future. Any discontinuation of the link could adversely impact the Hong Kong economy and entail adverse consequences for the Group's business.

Risks associated with outbreak of severe communicable diseases

The outbreak of infectious diseases such as the Influenza A (H1N1-2009), human avian influenza, Severe Acute Respiratory Syndrome, Ebola, Middle East Respiratory Syndrome, COVID-19 and other events beyond the control of the Group, in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and elsewhere and could thereby adversely impact the Group's business, financial condition and results of operations. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

Concerns about the spread of COVID-19 and H7N9 strain of flu (Avian Flu) globally and outbreaks of the H1N1 virus (Swine Flu) in North America, Europe and Asia in the past have caused governments to take measures to prevent the spread of the viruses. The outbreak of communicable diseases such as the ones listed above on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect the PRC and other economies. In particular, the COVID-19 pandemic resulted in restrictions on travel and public transport, prolonged closures of workplaces and business disruptions, which have in turn had an impact on the Group's operations. Travel restrictions, both locally and in terms of border-crossings, led to adverse effect on traffic volumes, which in turn resulted in lower revenues for the Group's various businesses, including retail, office and residential businesses. There was also a significant drop in demand for food and beverages and catering services as citizens avoided going to restaurants, shopping malls and other public places during the COVID-19 pandemic. Some of the Group's retail tenants experienced decline in sales due to dented local consumption demand and limited inbound tourism. Whilst travel restrictions, social distancing measures and governmental actions imposed in connection with COVID-19 have been lifted in Hong Kong, there is no assurance that the economy of Hong Kong can fully recover to pre-epidemic levels. There is also no assurance that there will not be another outbreak of COVID-19 or other contagious disease in the future.

Any further action taken to prevent the spread of COVID-19 or other contagious diseases could have a material adverse effect on the Group's business operations, financial condition and results of operations. The outbreak of any infectious diseases in the future may also cause significant disruptions and uncertainties to the global economy and global financial markets, which may have an adverse impact on the Group's business, financial condition, operating results and outlook.

Risks associated with regulatory changes in Hong Kong

On 29 June 2018, the Hong Kong government proposed a tax on vacant first-hand private residential units at two times the annual rateable value of the units (the "**Vacancy Tax**") to encourage developers to release residential units more quickly into the market. Under the proposal, developers of first-hand private residential units with an occupation permit issued for 12 or more months will be required to make annual returns disclosing the occupancy status of their units. Units that have not been occupied or rented out for more than six of the past 12 months will be considered vacant and subject to the Vacancy Tax, which will be collected annually. On 13 September 2019, the Hong Kong government gazetted an amendment bill to implement the proposed Vacancy Tax at the Legislative Council (the "**Vacancy Tax Bill**"). On 23 June 2020, the Legislative Council decided to discontinue its scrutiny work on the Vacancy Tax Bill and did not proceed to implementing such bill. If the Vacancy Tax Bill is re-introduced and implemented, the Vacancy Tax may present a financial burden to the Group, in particular, in respect of the residential development project in VILLA LUCCA and To Kwa Wan, which may have an adverse effect on its business, operating results and financial condition. Furthermore, during the COVID-19 pandemic, in order to protect business tenants adversely affected by the COVID-19 pandemic, the Hong Kong government provided a three-month rental moratorium period for business tenants under the Temporary Protection Measures for Business Tenants (COVID-19 Pandemic) Ordinance (Cap. 644) of Hong Kong which came into effect on 1 May 2022, which prohibited landlords from taking certain actions against tenants of certain premises for failure to pay rent during the period from 1 January 2022 to 31 July 2022. Despite that the three-month period of protection has expired, there can be no assurance that the Hong Kong government will not impose other rental moratoriums in the future. A continuing rental moratorium may have a negative impact on the Group's rental income and therefore may have an adverse effect on the Group's business, operating results and financial condition.

Risks associated with the Group failing to recruit and retain skilled personnel

The Group's performance depends, in part, upon the service and performance of certain executive officers and key employees of the Group, as well as its ability to hire, train and retain qualified employees to undertake day-to-day operations. There has been greater competition for skilled personnel with relevant industry expertise and front-line staff has on occasion been in short supply. Any shortages in the future may increase competition for such personnel and hence staff turnover and/or employment costs incurred may increase. Any inability by the Group to recruit and retain skilled employees necessary for its operations, or the inability to replace such individuals with similarly qualified personnel, may limit the Group's capabilities and result in a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

See also "*Risks Relating to Investments in Real Estate – General risks relating to real estate investment, development, and management*" for further information on risks relating to labour shortages and their impact on the Group's ongoing refurbishment and/or re-development projects.

Risks Relating to the Securities and the Guarantee of the Securities

The Issuer has no material assets and relies on the Guarantor to make payments under the Securities

The Issuer, a wholly owned subsidiary of the Guarantor, was established specifically for the purpose of raising finance for the Group and will on-lend the gross proceeds from the offering of the Securities to the Guarantor and/or any other members of the Group as further described in the "*Use of Proceeds*" section of this Offering

Circular. The Issuer does not and will not have any business activities (other than the issue of debt securities) nor any material assets (other than amounts due to it from the Guarantor and/or any other members of the Group in respect of such on-loan). The Issuer's ability to make payments under the Securities will depend on its receipt of timely remittance of and availability of funds from the Guarantor and/or its subsidiaries and other members of the Group. In the event that the Guarantor and/or its subsidiaries and other members of the Group do not make payments due to lack of available cash flows or other factors, the Issuer's ability to make payments under the Securities could be adversely affected.

Holding company structure

The Guarantor is a holding company that operates through subsidiaries and investments. As a result, the Guarantor's obligations under the Guarantee of the Securities will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associated companies. All claims of creditors of these subsidiaries and associated companies, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Guarantor and its creditors, including holders of the Securities as beneficiaries of the Guarantee of the Securities.

As it is principally a holding company with limited operations of its own, the Guarantor will depend, to a significant extent, upon the receipt of dividends from its subsidiaries and associated companies to meet its overhead expenses and to make payments with respect to its obligations, including its obligations under the Guarantee of the Securities, and in order to provide funds to its subsidiaries and associated companies. The ability of subsidiaries and associated companies of the Guarantor to pay dividends to their shareholders (including the Guarantor) is subject to the performance and cash flow requirements of such subsidiaries and associated companies and to applicable law and restrictions contained in debt instruments of such subsidiaries and associated companies if any. No assurance can be given that the Guarantor will have sufficient cash flow from dividends to satisfy its obligations, including the obligations under the Guarantee of the Securities or otherwise to enable the Issuer to make payments under the Securities, or that its subsidiaries and associated companies will pay dividends at all.

The Securities are perpetual securities and investors have no right to require redemption

The Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Securities can only be disposed of by sale. Holders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities.

The Securities and the Guarantee of the Securities are subordinated obligations

The obligations of the Issuer under the Securities will constitute unsecured and subordinated obligations of the Issuer and the obligations of the Guarantor under the Guarantee of the Securities will constitute unsecured and subordinated obligations of the Guarantor. Subject to the insolvency laws of the British Virgin Islands and other applicable laws, in the event of the Winding-Up (as defined in "*Terms and Conditions of the Securities*") of the Issuer, the rights of the Holders to receive payments in respect of the Securities will rank in priority to the holders of all Junior Securities (as defined in "*Terms and Conditions of the Securities*") of the Issuer, but subordinated to the claims of all other present and future creditors of the Issuer (other than Parity Securities (as defined in "*Terms and Conditions of the Securities*") of the Issuer). Upon the Winding-Up of the Issuer, Holders can enforce the obligations of the Guarantor under the Guarantee of the Securities, but, subject to the insolvency laws of Hong Kong and other applicable laws, in the event of the Winding-Up of the Guarantor, the rights and claims of Holders will rank in priority to the holders of all Junior Securities (as defined in "*Terms and Conditions of the Securities*") of the Guarantor, but subordinated to the claims of all other present and future creditors of the Guarantor (other than Parity Securities (as defined in "*Terms and Conditions of the Securities*") of the Guarantor).

In the event of a shortfall of funds or a Winding-Up, there is a real risk that an investor in the Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Securities.

The Issuer and the Guarantor may raise other capital which affects the price of the Securities

The Issuer and/or the Guarantor may raise additional capital through the issue of further securities (see "*Terms and Conditions of the Securities – Further Issues*"), other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer and the Guarantor may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a Winding-Up (as defined in "*Terms and Conditions of the Securities*") of the Issuer and/or the Guarantor and/or may increase the likelihood of a deferral of Distribution under the Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Securities and/or the ability of Holders of the Securities to sell their Securities.

Holders of the Securities will not receive Distribution payments if the Issuer validly elects to defer Distribution payments

The Issuer may, at its sole discretion, elect to defer Distribution (in whole or in part) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving to the Holders (in accordance with Condition 14 (*Notices*)) not more than 10 Business Days' (as defined in "*Terms and Conditions of the Securities*") nor less than five Business Days' notice prior to a scheduled Distribution Payment Date; unless in respect of an election to defer Distribution which is otherwise scheduled to be paid on or after 11 September 2035, a Compulsory Distribution Payment Event (as defined in "*Terms and Conditions of the Securities*") has occurred.

Each of the Issuer and the Guarantor is subject to certain restrictions in relation to the payment of dividends and/or other distributions or payments on its Junior Securities or (except on a pro-rata basis) its Parity Securities (as described in the "*Terms and Conditions of the Securities*") and the redemption and repurchase of its Junior Securities or Parity Securities until all outstanding Arrears of Distribution and Additional Distribution Amounts are satisfied in full. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to the Terms and Conditions of the Securities subject to compliance with the foregoing restrictions. Although Distributions are cumulative, the Issuer may defer its payment for an indefinite period of time by delivering the relevant deferral notices to the Holders of the Securities, and Holders of the Securities have no rights to claim any Distribution, Arrears of Distribution or Additional Distribution Amount if there is such a deferral.

Any deferral of Distribution will likely have an adverse effect on the market price of the Securities. In addition, as a result of the Distribution deferral provision in the Terms and Conditions of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or distribution accrues that are not subject to such deferrals.

The Securities may be redeemed at the Issuer's option from 11 September 2030 or on the occurrence of certain other events

The Terms and Conditions of the Securities provide that the Issuer may redeem the Securities in whole, but not in part, on any date from and including 11 September 2030 (the "**Call Settlement Date**") at their principal amount plus Distribution accrued to, but excluding, such date (including any Arrears of Distribution (as defined in "*Terms and Conditions of the Securities*") and any Additional Distribution Amount (as defined in "*Terms and Conditions of the Securities*").

The Terms and Conditions of the Securities also provide that:

- The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 March 2025, the Issuer or the Guarantor has or would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) in respect of the Securities or the Guarantee of the Securities.

- The Securities may be redeemed at the option of the Issuer in whole, but not in part, on the Issuer's giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date), the Registrar and the Fiscal Agent at their principal amount plus Distribution accrued to, but excluding, such date (including any Arrears of Distribution and any Additional Distribution Amount), if, immediately before the giving of such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued.

- The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if a change or amendment to, or a change or amendment to any interpretation of, the Relevant Accounting Standard has occurred or will occur, which change or amendment results or will result in the Securities and/or the Guarantee of the Securities, in whole or in part, not being permitted to be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard.

- The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent, at their principal amount, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, immediately before giving such notice, an amendment, clarification or change has occurred or will occur in the equity credit methodology of the Rating Agencies which amendment, clarification or change results or will result in an Equity Credit Classification Event.

- The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to the Call Settlement Date, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount plus the Applicable Premium (as defined in "*Terms and Conditions of the Securities*") applicable to such Securities, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Holders of the Securities. This may be disadvantageous to Holders of the Securities in light of market conditions or the individual circumstances of the Holder of Securities. This is also likely to limit the market value of the Securities as during any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem the Securities when its cost of borrowing is lower than the interest rate on the Securities. As a result, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

There are limited remedies for default under the Securities and the Guarantee of the Securities

Any scheduled Distribution will not be due if the Issuer has elected to, or is required to, defer that Distribution pursuant to the Terms and Conditions of the Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the Issuer (failing which, the Guarantor) fails to make the payment when due and such failure continues for a period of 10 days or more after the date on which such payment is due. The only remedy against the Issuer and the Guarantor available to any Holder of the Securities, for recovery of amounts in respect of the Securities or the Guarantee of the Securities following the occurrence of a payment default under the Securities (in the case of the Issuer) or the Guarantee of the Securities (in the case of the Guarantor) will be instituting proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or proving in such Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or claiming in the liquidation of the Issuer, the Guarantor or both of them (as applicable) in respect of any payment obligations of the Issuer under the Securities and/or the Guarantor under the Guarantee of the Securities.

The Securities contain provisions regarding modification, waivers and substitution which may affect the rights of holders of the Securities

The Terms and Conditions of the Securities contain provisions for calling meetings of Holders of the Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of the Securities, including Holders of the Securities who did not attend and vote at the relevant meeting and Holders of the Securities who voted in a manner contrary to the majority. In addition, a resolution in writing signed by or on behalf of the Holders of the Securities of not less than 90 per cent. of the aggregate principal amount of Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of the Securities duly convened and held.

The Terms and Conditions of the Securities also provide that the Terms and Conditions of the Securities, the Deed of Covenant, the Agency Agreement and the Deed of Guarantee may be amended without the consent of the Holders of the Securities to correct a manifest error. Any such modification shall be binding on the Holders of the Securities.

The Terms and Conditions of the Securities also provide that if a Special Event (as defined in "*Terms and Conditions of the Securities*") has occurred and is continuing, then the Issuer may, without the consent of Holders, subject to the receipt by the Fiscal Agent of the certificate signed by two Authorised Persons of the Guarantor certifying that the provisions of Condition 12(c) (*Meetings of Holders; Modification – Substitution or Variation*) of the Terms and Conditions of the Securities have been complied with and giving not less than 30 days' nor more than 60 days' irrevocable notice to the Fiscal Agent and, in accordance with Condition 14 (*Notices*) of the Terms and Conditions of the Securities, the Holders (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become (as the case may be), Qualifying Securities (as defined in "*Terms and Conditions of the Securities*").

Investors in the Securities may be subject to foreign exchange risk

The Securities are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars will be subject to foreign exchange risks by virtue of an investment in the Securities, due to, among other things, economic, political and other factors over which neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Securities for an investor and could result in a loss when the return on the Securities is translated into such currency. Conversely, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Securities in the event of an appreciation.

Certain initial investors or a single initial investor may purchase a significant portion of the Securities and may potentially be able to exercise certain rights and powers on their own

Certain initial investors or a single initial investor may purchase a significant portion of the aggregate principal amount of the Securities. Any Holder of a significant percentage of the aggregate principal amount of the Securities will be able to exercise certain rights and powers and will have significant influence on matters voted on by Holders. For example, Holders of more than half (or at adjourned meetings no minimum per cent.) of the aggregate principal amount of the outstanding Securities would form quorum for the purposes of passing an Extraordinary Resolution (other than one relating to a Reserved Matter (as defined in "*Terms and Conditions of the Securities*")), while Holders of not less than three quarters (or at adjourned meetings not less than one quarter) of the aggregate principal amount of the outstanding Securities would form quorum for the purposes of voting on Reserved Matters.

In addition, as the passing of Extraordinary Resolutions at meetings of Holders requires a majority of not less than 75 per cent. of the votes cast, any holder of a significant percentage of the Securities, even if less than a majority, will on its own be able to take certain actions that would be binding on all Holders. For example, holders of more than 25 per cent. of the principal amount of Securities represented at a meeting of Holders would be able to block the passing of Extraordinary Resolutions.

Additionally, the existence of any such significant Holder may reduce the liquidity of the Securities in the secondary trading market.

Changes in accounting standards may impact the Guarantor's financial condition or the characterisation of the Securities, which may result in the occurrence of an Accounting Event

The HKICPA is continuing its policy of issuing HKFRS and interpretations which fully converge with IFRS. HKICPA has issued and may in the future issue more new and revised standards and interpretations, including those required to conform with standards and interpretations issued from time to time by the IASB. Such factors may require adoption of new accounting policies.

In June 2018, the IASB published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "**DP/2018/1 Paper**"). If the 34 proposals set out in the DP/2018/1 Paper are implemented, the current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change and, if similar changes are also implemented on HKFRS, this may result in the occurrence of an Accounting Event.

There can be no assurance that the adoption of new accounting policies or new HKFRS will not have a significant impact on the Guarantor's financial condition and results of operations. Any change or amendment to, or any change or amendment to any interpretation of, HKFRS may result in the reclassification of the Securities such that the Securities, in whole or in part, are not permitted to be recorded as "equity" of the Guarantor, and will give the Issuer the right to elect to redeem the Securities. See "*– The Securities may be redeemed at the Issuer's option from 11 September 2030 or on the occurrence of certain other events*".

The insolvency laws of Hong Kong and the British Virgin Islands may differ from those of another jurisdiction with which the Holders are familiar

As the Guarantor is incorporated under the laws of Hong Kong and the Issuer is incorporated in the British Virgin Islands, any insolvency proceeding relating to the Guarantor or the Issuer would likely involve Hong Kong or British Virgin Islands insolvency laws, respectively; the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Holders are familiar. There can be no assurance that any deferred distributions would constitute a claim under applicable insolvency laws of Hong Kong or the British Virgin Islands with the same ranking as would be afforded to such deferred distributions in other jurisdictions.

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporate by reference in this Offering Circular and any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where principal or distribution is payable in one or more currencies, or where the currency for principal or distribution payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, distribution rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex investment securities. Sophisticated institutional investors generally do not purchase complex investment securities as stand-alone investments. They purchase complex investment securities as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Majority interests in meetings of holders of the Securities

The Terms and Conditions of the Securities contain provisions for calling meetings of Holders of the Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of the Securities including holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Securities will be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s)

The Securities will be represented by a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a "**Clearing System**").

Except in the circumstances described in the Global Certificate, investors will not be entitled to receive the Securities. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Securities are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Securities are represented by a Global Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Securities by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the Securities. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Securities. Instead, such Holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

An active trading market may not develop for the Securities, and there are restrictions on the resale of the Securities

The Securities are a new issue of securities with no established trading market. The Joint Lead Managers are not obligated to make a market in the Securities and may discontinue their market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading market in the Securities, and the market price quoted for the Securities, may be adversely affected by changes in the overall market for securities and by changes in the Group's financial performance or prospects of companies in its industry in general. As a result, there can be no assurance that an active trading market will develop or be maintained for the Securities. If a market for the Securities does not develop or is not maintained, the market price and liquidity of the Securities may be adversely affected. In addition, if the Securities are allocated to a limited group of investors, and a limited number of investors hold a significant proportion of the Securities, liquidity will be restricted and the development of a liquid trading market for the Securities will be affected.

In addition, the Securities are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Securities in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Please see the section entitled "*Subscription and Sale*".

The liquidity and price of the Securities following the offering may be volatile

If an active trading market for the Securities were to develop, the price and trading volume of the Securities may be highly volatile. The Securities may trade at prices that are higher or lower than the price at which the Securities have been issued. The price at which the Securities trade depends on many factors, including:

- prevailing interest rates and interest rate volatility;
- the Group's results of operations, financial condition and future prospects;
- changes in the real property industry and competition;
- the market conditions for similar securities; and
- general economic conditions.

Any such developments may result in large and sudden changes in the trading volume and price of the Securities. There can be no assurance that these developments will not occur in the future.

The ratings assigned to the Securities may be lowered or withdrawn in the future

The Securities are expected to be assigned a rating of "Baa3" by Moody's. The ratings address the Issuer's and the Guarantor's ability to perform their respective obligations under the Terms and Conditions of the Securities and credit risks in determining the likelihood that payments will be made when due under the Securities. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered (including from investment grade to non-investment grade) or withdrawn entirely by the relevant rating agency if in its judgement circumstances in the future so warrant. For instance, if Moody's ratings conditions and/or assumptions in relation to the financial performance or prospects of the Guarantor or to the Securities are not fulfilled, there can be no assurance that the rating assigned to the Securities will not be lowered or withdrawn in the future. Neither the Issuer nor the Guarantor has any obligation to inform Holders of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Securities may adversely affect the market price of the Securities.

Certain facts and statistics are derived from publications not independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or their respective advisers

Market data and certain information and statistics relating to the real property industry and the Guarantor's affiliated entities are derived from both public and private sources, including market research, publicly available information and industry publications. While the Issuer and the Guarantor have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or their respective advisers and, therefore, neither the Issuer nor the Guarantor make representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside Hong Kong. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

TERMS AND CONDITIONS OF THE SECURITIES

The U.S.$750,000,000 subordinated guaranteed perpetual capital securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of Elect Global Investments Limited (the "**Issuer**") are constituted by a deed of covenant dated on or about 11 March 2025 (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of (a) a deed of guarantee dated on or about 11 March 2025 (as amended and supplemented from time to time, the "**Deed of Guarantee**") entered into by Hysan Development Company Limited 希慎興業有限公司 (the "**Guarantor**") and (b) a fiscal agency agreement dated on or about 11 March 2025 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, Deutsche Bank Aktiengesellschaft, Hong Kong Branch (incorporated in the Federal Republic of Germany and members' liability is limited ("**Deutsche Bank AG, Hong Kong Branch**") as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Securities), Deutsche Bank AG, Hong Kong Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities) and calculation agent (the "**Calculation Agent**", which expression shall include its calculation agent appointed from time to time in connection with the Securities), the transfer agent named therein (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Securities) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Transfer Agent, the Calculation Agent and the Paying Agents and any reference to an "**Agent**" is to any one of them. Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and subject to their detailed provisions. The Holders (as defined in Condition 3(a) (*Register, Title and Transfers – Register*)) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant are available for inspection by Holders with prior written notice during normal business hours at the principal office for the time being of the Fiscal Agent, being at the date hereof Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1 Form and Denomination

The Securities are issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

2 Status and Subordination of the Securities and the Guarantee of the Securities

(a) *Status of the Securities*: The Securities constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which rank, and will at all times rank, *pari passu* and without any preference or priority among themselves and, save for such mandatory exceptions as may be provided for under applicable law, with any Parity Securities (as defined in Condition 4(c)(viii) (*Distribution – Distribution Deferral – Definitions*)) of the Issuer. The rights and claims of the Holders in respect of the Securities are subordinated as provided in this Condition 2.

(b) *Ranking of claims in respect of the Securities*: Subject to the insolvency laws of the British Virgin Islands and other applicable laws and a claim arising under the Securities, in the event of the Winding-Up (as defined in Condition 8(e) (*Non-payment – Definitions*)) of the Issuer, the rights and claims of the Holders in respect of the Securities shall rank ahead of those persons whose claims are in respect of any Junior

Securities of the Issuer, but shall be subordinated in right of payment to the claims of all other present and future creditors of the Issuer, other than the claims of holders of Parity Securities of the Issuer.

(c) *Guarantee of the Securities; Status of the Guarantee of the Securities*: The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed on a subordinated basis the due and punctual payment of all sums payable by the Issuer in respect of the Securities. This guarantee (the "**Guarantee of the Securities**") constitutes a direct, unconditional, unsecured and subordinated obligation of the Guarantor which ranks, and will at all times rank, *pari passu* with any Parity Securities of the Guarantor. The rights and claims of the Holders in respect of the Guarantee of the Securities are subordinated as provided in this Condition 2.

(d) *Ranking of claims in respect of the Guarantee of the Securities*: Subject to the insolvency laws of Hong Kong and other applicable laws and a claim arising under the Guarantee of the Securities, in the event of the Winding-Up of the Guarantor, the rights and claims of the Holders in respect of the Guarantee of the Securities shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Guarantor, but shall be subordinated in right of payment to the claims of all other present and future creditors of the Guarantor, other than the claims of holders of Parity Securities of the Guarantor.

(e) *Set-off – Securities*: Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities, and each Holder shall, by virtue of his holding of any Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(f) *Set-off – Guarantee of the Securities*: Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Guarantee of the Securities, and each Holder shall, by virtue of his holding of any Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Guarantor in respect of, or arising under or in connection with the Guarantee of the Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

3 Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Securities outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a "**Certificate**") will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Upon issue, the Securities will be represented by a global certificate (the "**Global Certificate**") deposited with and registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") and will be exchangeable for individual Certificates only in the circumstances set out therein.*

(b) *Title*: The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor. No transfer of title to a Security will be valid unless and until entered on the Register.

Transfers of interests in the Securities represented by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(d) *Registration and delivery of Certificates*: Within five business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day, excluding a Saturday and a Sunday, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Securities will not be entitled to receive physical delivery of definitive Certificates.

(e) *No charge*: The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or Distribution (as defined in Condition 4(a) (*Distribution – Accrual of Distribution*)) in respect of the Securities.

(g) *Regulations concerning transfers and registration*: All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The parties to the Agency Agreement may agree, without the consent of the Holders, to any modifications to any provisions thereof (including the regulations concerning the transfer of Securities). A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4 Distribution

(a) *Accrual of Distribution*: Subject to Condition 4(c) (*Distribution – Distribution Deferral*), the Securities confer a right to receive distribution (each a "**Distribution**") from 11 March 2025 (the "**Issue Date**") at the Distribution Rate in accordance with this Condition 4. Subject to Condition 4(c) (*Distribution – Distribution Deferral*), Distribution shall be payable on the Securities semi-annually in arrear on 11 March and 11 September of each year (each, a "**Distribution Payment Date**"), with the first Distribution Payment Date falling on 11 September 2025.

If a Distribution is required to be paid in respect of a Security on any date other than a Distribution Payment Date, it shall be calculated by applying the Distribution Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Security divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000 and "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any Distribution from, and including, the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused. In such latter event, Distribution will continue to accrue at the applicable Distribution Rate (after as well as before any judgment) up to, but excluding, whichever is the earlier of (i) the date on which all sums due in respect of any Security are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Holders under these Conditions).

Distribution payable under this Condition will be paid in accordance with Condition 6 (*Payments*).

(b) *Rate of Distribution*:

The rate of distribution ("**Distribution Rate**") applicable to the Securities shall be:

(i) in respect of the period from, and including, the Issue Date to, but excluding, 11 September 2030 (the "**First Reset Date**"), at 7.20 per cent. per annum;

(ii) in respect of the period from, and including, the First Reset Date to, but excluding, 11 September 2035 (the "**Step-up Date**"), at the Reset Distribution Rate; and

(iii) in respect of the period from, and including, the Step-up Date to, but excluding, the next following Reset Date, and for each subsequent period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date, at the Reset Distribution Rate plus the Step-up Margin.

(c) *Distribution Deferral*:

(i) *Optional Deferral*:

The Issuer may, at its sole discretion, elect to defer Distribution (in whole or in part) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment

Date by giving notice (an "**Optional Deferral Notice**") to the Holders (in accordance with Condition 14 (*Notices*)), the Registrar and the Fiscal Agent not more than 10 Business Days nor less than five Business Days prior to the relevant scheduled Distribution Payment Date; unless in respect of an election to defer Distribution which is otherwise scheduled to be paid on or after 11 September 2035, a Compulsory Distribution Payment Event has occurred (an "**Optional Deferral Event**"). Any partial payment of outstanding Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer shall be shared by the Holders of all outstanding Securities on a *pro rata* basis.

(ii) *No obligation to pay*: The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(c)(i) (*Distribution — Distribution Deferral — Optional Deferral*) and any such failure to pay Distribution shall not constitute a default of the Issuer in respect of the Securities or of the Guarantor in respect of the Guarantee of the Securities.

(iii) *Requirements as to Notice*: Each Optional Deferral Notice in respect of an election to defer Distribution which is otherwise scheduled to be paid on or after 11 September 2035 shall be accompanied by a certificate in the form scheduled to the Agency Agreement signed by two authorised signatories of the Guarantor confirming that no Compulsory Distribution Payment Event has occurred.

(iv) *Cumulative Deferral*: Any Distribution deferred pursuant to this Condition 4(c) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(c) except that Condition 4(c)(v) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Securities at the prevailing Distribution Rate and the amount of such accrued distribution (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the then prevailing Distribution Rate to the amount of the Arrears of Distribution and otherwise mutatis mutandis as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(v) *Restrictions in the case of Deferral*: If on any Distribution Payment Date, payment of all Distribution payments (including any Arrears of Distribution and any Additional Distribution Amount) scheduled to be made on such date is not made in full by reason of this Condition 4(c), the Issuer and the Guarantor shall not:

(A) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of its Junior Securities or (except on a *pro rata* basis) its Parity Securities, provided that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or

(B) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, provided that (1) such restriction shall not apply to an exchange or conversion of any Parity Securities in whole for Junior Securities or (2) a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants,

in each case, unless and until the Issuer or the Guarantor (i) has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amounts; or (ii) is permitted to do so by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders.

(vi) *Satisfaction of Arrears of Distribution and Additional Distribution Amounts by payment*:

The Issuer:

(A) may satisfy any Arrears of Distribution and any Additional Distribution Amount (in whole or in part) at any time by giving notice of such election to the Holders (in accordance with Condition 14 (*Notices*)) and the Fiscal Agent not more than 20 Business Days nor less than 10 Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and all Additional Distribution Amounts on the payment date specified in such notice); and

(B) in any event must satisfy any outstanding Arrears of Distribution and any Additional Distribution Amount (in whole but not in part) on the earlier of (1) the date of redemption of the Securities in accordance with Condition 5(b) (*Redemption and Purchase – Redemption for tax reasons*), 5(c) (*Redemption and Purchase – Redemption upon a ratings event*), 5(d) (*Redemption and Purchase – Redemption for accounting reasons*), 5(e) (*Redemption and Purchase – Redemption at the option of the Issuer*), 5(f) (*Redemption and Purchase – Redemption in the case of Minimal Outstanding Amount*) or 5(g) (*Redemption and Purchase – Make-whole redemption by the Issuer*); (2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(c)(v) (*Distribution – Restrictions in the case of Deferral*); (3) the date such amount becomes due under Condition 8 (*Non-payment*) and (4) the date of any substitution or variation in accordance with Condition 12(c) (*Substitution or Variation*).

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the Holders of all outstanding Securities on a pro rata basis.

(vii) *No default*: Notwithstanding any other provision in these Conditions, the deferral of any Distribution payment in accordance with this Condition 4(c) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8 (*Non-payment*)) on the part of the Issuer or the Guarantor.

(viii) *Definitions*: For the purposes of these Conditions:

"**Business Day**" means any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and New York;

"**Calculation Date**" means, in relation to a Reset Distribution Period, the Business Day immediately preceding the Reset Date on which such Reset Distribution Period commences;

"**Comparable Treasury Issue**" means in relation to calculating the Reset Distribution Rate, the U.S. Treasury security selected by the Issuer as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years;

"**Comparable Treasury Price**" means, with respect to any Calculation Date, the average of three Reference Treasury Dealer Quotations for such Calculation Date;

"**Compulsory Distribution Payment Event**" means circumstances in which during the three months ending on the day before the relevant scheduled Distribution Payment Date a dividend, distribution or other payment has been paid or declared by the Guarantor on or in respect of its Junior Securities or its Parity Securities (except (i) in relation to Parity Securities of the Guarantor, on a pro rata basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants);

"**HKFRS**" means Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

"**H.15 Page**" means, the relevant page or webpage (or any successor page or webpage displaying yields on U.S. Treasury securities as agreed between the Issuer and the Calculation Agent) displaying the statistical release published by the Board of Governors of the Federal Reserve System and designated as "Selected Interest Rates (Daily) - H.15", which as of the Issue Date is https://www.federalreserve.gov/releases/h15/ under the caption "Treasury constant maturities - Nominal";

"**Initial Spread**" means 3.277 per cent. per annum;

"**Junior Security**" means, in relation to the Issuer or the Guarantor, as the case may be, (i) any class of its share capital (including preference shares) qualifying as equity under HKFRS, (ii) any instrument or security issued or entered into by or other obligations of the Issuer or the Guarantor, as the case may be, which ranks, or is expressed to rank, by its terms or by operation of law, junior to the obligations of the Issuer under the Securities or the obligations of the Guarantor under the Guarantee of the Securities, as the case may be; and (iii) any security for which the Issuer or the Guarantor, as the case may be, has guaranteed or otherwise assumed liability where the obligations of the Issuer or the obligations of the Guarantor under the relevant guarantee or other assumption of liability rank or are expressed to rank junior to the obligations of the Issuer under the Securities or the obligations of the Guarantor under the Guarantee of the Securities, as the case may be. For the avoidance of doubt, as at the Issue Date, Junior Securities shall include, in relation to the Issuer and the Guarantor, the US$850,000,000 4.10 per cent. subordinated guaranteed perpetual capital securities issued by the Issuer and guaranteed by the Guarantor;

"**Parity Security**" means, in relation to the Issuer or the Guarantor, as the case may be, any instrument or security issued, entered into or guaranteed by the Issuer or the Guarantor (i) which ranks or is expressed to rank, by its terms or by operation of law, pari passu with the Securities (in the case of the Issuer) or the obligations of the Guarantor under the Guarantee of the Securities (in the case of the Guarantor) and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer or, as the case may be, the Guarantor;

"**Reference Treasury Dealer**" means each of the three nationally recognised investment banking firms selected by the Issuer that are primary U.S. Government securities dealers;

"**Reference Treasury Dealer Quotations**" means with respect to each Reference Treasury Dealer and any Calculation Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 6:30 p.m. (New York time) on the Calculation Date and notified in writing to the Issuer;

"**Reset Date**" means the First Reset Date and each day falling every five calendar years after the First Reset Date;

"**Reset Distribution Period**" means the period beginning on and including the First Reset Date and ending on, but excluding, the following Reset Date and each successive period beginning on, and including, a Reset Date and ending on, but excluding, the next succeeding Reset Date;

"**Reset Distribution Rate**" means the Treasury Rate with respect to the relevant Reset Date plus the Initial Spread;

"**Specified Time**" means any time after 4:15 p.m. (New York time) (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System);

"**Step-Up Margin**" means 1.00 per cent. per annum; and

"**Treasury Rate**" means, the rate in per cent. per annum as notified by the Calculation Agent to the Issuer, the Agents and the Holders equal to:

(a) the yield having a maturity of five years as displayed on the H.15 Page at the Specified Time on the Calculation Date;

(b) (if paragraph (a) above applies but the H.15 Page does not display the relevant yield at the Specified Time on the Calculation Date) the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price on the relevant Calculation Date; and

(c) (if paragraph (b) above applies but there is no Comparable Treasury Price on the relevant Calculation Date for whatever reason) the yield having a maturity of five years as displayed on the H.15 Page at the Specified Time on the first date preceding the Calculation Date that such rate was available.

5 Redemption and Purchase

(a) *No fixed redemption date*: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 (*Status and Subordination of the Securities and the Guarantee of the Securities*) and without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) *Redemption for tax reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 March 2025; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities, as the case may be, as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 March 2025 and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

(each a "**Gross-up Event**");

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Securities were then due or (as the case may be) a demand under the Guarantee of the Securities were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Guarantor shall deliver or procure that there is delivered to the Fiscal Agent:

(A) a certificate, signed by one director of the Issuer, stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two authorised signatories of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and

(B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(b).

(c) *Redemption upon a ratings event*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, immediately before giving such notice, an amendment, clarification or change has occurred or will occur in the equity credit methodology for the Securities granted by Moody's Investors Service Limited ("**Moody's**"), Fitch Ratings Ltd. ("**Fitch**") or any other rating agency of equivalent international standing requested from time to time by the Guarantor to grant an equity classification to the Securities and/or the Guarantee of the Securities and in each case, any of their respective successors to the rating business thereof (each a "**Rating Agency**", and, together, "**Rating Agencies**"), which amendment, clarification or change results or will result in:

(i) an equity credit for the Securities being lower than the equity credit assigned by such Rating Agency immediately prior to the relevant amendment, clarification or change; or

(ii) the period of time during which such Rating Agency assigns a particular category of equity credit to the Securities being shortened as compared to the period of time for which such Rating Agency initially assigned to the Securities such category of equity credit for the first time,

(each, an "**Equity Credit Classification Event**").

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Guarantor shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two authorised signatories of the Guarantor stating that the circumstances referred to above prevail and setting out the details of such circumstances.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(c), provided that such date for redemption shall be no earlier than the last day before the date on which the Securities and/or the Guarantee of the Securities be assigned a lower category of equity credit.

(d) *Redemption for accounting reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, a change or amendment to, or a change or amendment to any interpretation of, HKFRS or any other accounting standards that may replace HKFRS for the purposes of the consolidated financial statements of the Guarantor (the "**Relevant Accounting Standard**"), has occurred or will occur, which change or amendment results or will result in the Securities and/or the Guarantee of the Securities, in whole or in part, not being permitted to be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard (an "**Accounting Event**").

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Guarantor shall deliver or procure that there is delivered to the Fiscal Agent:

(A) a certificate, signed by two authorised signatories of the Guarantor, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Guarantor's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on the date on which the change in the Relevant Accounting Standard (the "**Change**") is officially adopted. For the avoidance of doubt such period shall include any transitional period between the date on which the Change is officially adopted and the date on which it comes into effect.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(d) provided that such date for redemption shall be no earlier than the last day before the date on which the Securities and/or the Guarantee of the

Securities must not or must no longer be so recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard.

(e) *Redemption at the option of the Issuer*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any date from (and including) 11 September 2030 (the "**Call Settlement Date**") on the Issuer's giving not less than 10 Business Days' nor more than 60 days' notice to the Registrar, the Fiscal Agent and the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the Call Settlement Date at their principal amount plus Distribution accrued to, but excluding, such date (including any Arrears of Distribution and any Additional Distribution Amount)).

(f) *Redemption in the case of Minimal Outstanding Amount*: The Securities may be redeemed at the option of the Issuer in whole, but not in part on the Issuer's giving not less than 10 Business Days' nor more than 60 days' notice to the Registrar, the Fiscal Agent and the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the Call Settlement Date at their principal amount plus Distribution accrued to, but excluding, such date (including any Arrears of Distribution and any Additional Distribution Amount)) if, immediately before giving such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued. Upon expiry of any such notice as is referred to in this Condition 5(f) (*Redemption in the case of Minimal Outstanding Amount*), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(f) (*Redemption in the case of Minimal Outstanding Amount*).

(g) *Make-whole redemption by the Issuer*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to the Call Settlement Date, on giving not less than 10 Business Days' nor more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount plus the Applicable Premium applicable to such Securities, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

For the purposes of this Condition 5(g):

"**Applicable Premium**" means with respect to a Security on any redemption date, the excess of (i) the present value on such redemption date of 100 per cent. of the principal amount of such Security, plus all required remaining scheduled distribution payments due on such Security through the Call Settlement Date (but excluding accrued and unpaid distribution to the date fixed for redemption), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (ii) 100 per cent. of the principal amount of such Security; and

"**Adjusted Treasury Rate**" means, with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs:

(a) The Adjusted Treasury Rate shall be determined by the Issuer at the Specified Time on the third Business Day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day on the H.15 Page. In determining the Adjusted Treasury Rate, the Issuer shall select, as applicable: (1) the yield as displayed on the H.15 Page having a maturity exactly equal to the length of the period from the redemption date to the Call Settlement Date (the "**Remaining Life**"); or (2) if there is no yield displayed on the H.15 Page which has a maturity exactly equal to the Remaining Life, the two yields – one yield as displayed on the H.15 Page having a maturity immediately shorter than, and one yield as displayed on the H.15 Page having a maturity immediately longer than, the Remaining Life – and shall interpolate to the Call

Settlement Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no yield displayed on the H.15 Page which has a maturity shorter than or longer than the Remaining Life, the yield as displayed on the H.15 Page having a maturity closest to the Remaining Life. For the purposes of this paragraph, the applicable yield displayed on the H.15 Page shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of the maturity of such yield from the redemption date.

(b) If on the third Business Day preceding the redemption date, the H.15 Page is no longer published, the Issuer shall calculate the Adjusted Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m. (New York time) on the second Business Day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Call Settlement Date, as applicable. If there is no United States Treasury security maturing on the Call Settlement Date but there are two or more United States Treasury securities with a maturity date equally distant from the Call Settlement Date, one with a maturity date preceding the Call Settlement Date and one with a maturity date following the Call Settlement Date, the Issuer shall select the United States Treasury security with a maturity date preceding the Call Settlement Date. If there are two or more United States Treasury securities maturing on the Call Settlement Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m. (New York time). In determining the Adjusted Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m. (New York time) of such United States Treasury security, and rounded to three decimal places.

Any determination of the redemption price or the Applicable Premium shall be made by the Issuer and shall be final and binding upon all Holders and beneficial holders of the Securities. For the avoidance of doubt, none of the Agents have any responsibility with respect to the calculation or determination of the redemption price or the Applicable Premium.

(h) *No other redemption*: The Issuer shall not be entitled to redeem the Securities and shall have no obligation to make any payment of principal in respect of the Securities otherwise than as provided in Conditions 5(b) (*Redemption for tax reasons*) to 5(g) (*Make-whole redemption by the Issuer*) above.

(i) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Securities in the open market or otherwise and at any price.

(j) *Cancellation*: All Securities so redeemed or purchased by the Issuer or the Guarantor shall be cancelled and may not be reissued or resold.

6 Payments

(a) *Principal*: Payments of principal shall be made in U.S. dollars by transfer to a U.S. dollar account (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(b) *Distribution*: Payments of Distribution (including any Arrears of Distribution and any Additional Distribution Amount) shall be made in U.S. dollars by transfer to a U.S. dollar account (in the case of

Distribution payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and Distribution payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of Distribution payable other than on redemption) on the due date for payment. A Holder shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day, other than a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Security, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record date*: Each payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

*Whilst the Securities are represented by the Global Certificate, each payment in respect of the Global Certificate will be made in respect of the total aggregate amount of the Securities represented by such Global Certificate and to the person shown as the holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive, except 25 December and 1 January).*

7 Taxation

All payments of principal and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Security:

(i) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Security; or

(ii) where (in the case of a payment of principal or Distribution on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

Any reference in these Conditions to principal, Distribution, Arrears of Distribution or Additional Distribution Amount shall be deemed to include any additional amounts in respect of principal, Distribution, Arrears of Distribution or Additional Distribution Amount (as the case may be) which may be payable under this Condition 7 (*Taxation*).

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or Hong Kong, respectively, references in these Conditions to the British Virgin Islands or Hong Kong shall be construed as references to the British Virgin Islands or (as the case may be) Hong Kong and/or such other jurisdiction.

8 Non-payment

(a) *Non-payment when due*: Notwithstanding any of the provisions below in this Condition 8, the right to institute proceedings for Winding-Up (as defined in Condition 8(e) (*Non-payment – Definitions*)) proceedings is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to, or is required to, defer that Distribution in accordance with Condition 4(c) (*Distribution – Distribution Deferral*).

(b) *Proceedings for Winding-Up*: If (i) an order is made or an effective resolution is passed for the Winding-Up of the Issuer or the Guarantor or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee of the Securities, as the case may be, for a period of ten days or more after the date on which such payment is due, the Issuer and the Guarantor shall be deemed to be in default under the Securities (in the case of the Issuer) and the Guarantee of the Securities (in the case of the Guarantor) and any Holder may institute proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or prove in the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or claim in the liquidation of the Issuer, the Guarantor or both of them (as applicable) for such payment.

(c) *Enforcement*: Without prejudice to Condition 8(b) (*Non-payment — Proceedings for Winding-Up*), any Holder may without further notice to the Issuer and/or the Guarantor institute such proceedings against the Issuer, the Guarantor or both of them (as applicable) as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Securities or the Guarantee of the Securities (other than any payment obligation of the Issuer or the Guarantor under or arising from the Securities or the Guarantee of the Securities, including, without limitation, payment of any principal or premium or satisfaction of any Distributions (including any Arrears of Distribution and any Additional

Distribution Amount) in respect of the Securities or the Guarantee of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) *Extent of Holders' remedy*: No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 8, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or the Guarantee of the Securities or in respect of any breach by the Issuer or the Guarantor of any of their respective other obligations under or in respect of the Securities or the Guarantee of the Securities.

(e) *Definitions*: In these Conditions, "**Winding-Up**" means, with respect to the Issuer or the Guarantor, a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer or the Guarantor, as the case may be.

9 Prescription

Claims against the Issuer and the Guarantor for payment in respect of the Securities shall prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of Distributions) from the appropriate Relevant Date in respect of them.

10 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11 Agents

In acting under the Agency Agreement and in connection with the Securities, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations or liabilities towards, or any relationship of agency or trust for or with, any of the Holders or any other persons interested in the Securities.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent, agent bank and additional or successor paying agents and transfer agent; provided, however, that the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Holders in accordance with Condition 14 (*Notices*).

12 Meetings of Holders; Modification

(a) *Meetings of Holders*: The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Securities, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Holders holding not less than one tenth of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, two or more persons being or representing Holders whatever the principal amount of the Securities held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, to reduce the amount of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of payments under the Securities, to amend the subordination provisions in the Deed of Covenant and the Deed of Guarantee, to amend the terms of the Guarantee of the Securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

In addition, (i) a resolution in writing signed by or on behalf of Holders of not less than 90 per cent. of the aggregate principal amount of Securities for the time being outstanding will take effect as if it were an Extraordinary Resolution, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders and (ii) a resolution passed by way of electronic consents through the clearing systems by or on behalf of Holders of not less than 75 per cent. in aggregate principal amount of Securities for the time being outstanding with the effect as if it were an Extraordinary Resolution, in each case whether or not relating to a Reserved Matter.

(b) *Modification*: The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree without the consent of the Holders to any such modification unless it is of a formal, minor or technical nature or it is made to correct a manifest error.

(c) *Substitution or Variation*: If a Special Event has occurred and is continuing, then the Issuer may, subject to Condition 4 (*Distribution*) (without any requirement for the consent or approval of the Holders) and subject to the receipt by the Fiscal Agent of the certificate signed by two authorised signatories of the Guarantor referred to in subclause 10.9 of the Agency Agreement immediately prior to the giving of any notice referred to herein certifying that the provisions of this Condition 12(c) have been complied with, and having given not less than 30 nor more than 60 days' irrevocable notice to the Fiscal Agent and, in accordance with Condition 14 (*Notices*), the Holders, at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become (as the case may be), Qualifying Securities. Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 12(c).

In connection therewith, any outstanding Arrears of Distribution (including any Additional Distribution Amount) shall be satisfied in full in accordance with the provisions of Condition 4(c)(vi) (*Satisfaction of Arrears of Distribution and Additional Distribution Amounts by payment*).

In connection with any substitution or variation in accordance with this Condition 12(c), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would itself give rise to a Special Event with respect to the Securities or the Qualifying Securities.

(d) *Definitions*: For the purposes of these Conditions:

"**Qualifying Securities**" means securities that:

(i) have terms not materially less favourable to an investor than the terms of the Securities (as reasonably determined by the Guarantor and an independent investment bank, and provided that a certification to such effect (and confirming that the conditions set out in (A) to (D) below have been satisfied) signed by two authorised signatories of the Guarantor and from an independent investment bank, shall have been delivered to the Fiscal Agent and, in accordance with Condition 14 (*Notices*), the Holders prior to the substitution or variation of the relevant Securities upon which certificate the Fiscal Agent shall rely absolutely and shall be binding on the Holders), provided that:

(A) they are issued by the Guarantor, the Issuer or any wholly owned direct or indirect finance Subsidiary of the Guarantor;

(B) they are unconditionally and irrevocably guaranteed by the Guarantor where not issued by the Guarantor;

(C) they (or, as appropriate, the guarantee as aforesaid) shall rank pari passu with the Securities on a Winding-Up, shall preserve the Holders' rights to any Arrears of Distribution, any Additional Distribution Amount and any other payment that has accrued with respect to the relevant Securities, and shall contain terms which provide at least for the same Distribution Rate, subsequent Distribution Payment Dates and redemption events, from time to time applying to the Securities; and other terms of such securities are substantially identical (as reasonably determined by the Guarantor and an independent investment bank) to the Securities and, other than in the case of an Equity Credit Classification Event, have an equity content or credit that is the same or better than the equity credit assigned to the Securities before the substitution or variation, save for any modifications to such terms that are required to be made to avoid or resolve the occurrence of an Accounting Event, an Equity Credit Classification Event or, as the case may be, a Gross-Up Event; and

(D) they shall not contain loss absorbing provisions, such as principal write-offs, write-downs or conversion to equity;

(ii) have been, or will be on issue be, assigned at least the same rating as that assigned by all relevant Rating Agencies where the Securities were so rated (other than unsolicited ratings) prior to substitution or variation as provided in Condition 12(c); and

(iii) are listed on The Stock Exchange of Hong Kong Limited or another securities exchange of international standing regularly used for the listing and quoting of debt securities offered an traded in the international markets; and

"**Special Event**" means a Gross-Up Event, an Accounting Event, an Equity Credit Classification Event or any combination of the foregoing.

13 Further Issues

The Issuer may (with the prior written consent of the Guarantor) from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of Distribution) so as to form a single series with the Securities.

14 Notices

Notices to the Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Holders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15 Governing Law and Jurisdiction

(a) *Governing law*: The Securities and any non-contractual obligations arising out of or in connection with the Securities are governed by, and will be construed in accordance with, English law, except that the subordination provisions applicable to (i) the Issuer set out in Condition 2(a) (*Status and Subordination of the Securities and the Guarantee of the Securities— Status of the Securities*), Condition 2(b) (*Status and Subordination of the Securities and the Guarantee of the Securities — Ranking of claims in respect of the Securities*) and Condition 2(e) (*Status and Subordination of the Securities and the Guarantee of the Securities— Set-off — Securities*) shall be governed by, and construed in accordance with, British Virgin Islands law and (ii) the Guarantor set out in Condition 2(c) (*Status and Subordination of the Securities and the Guarantee of the Securities — Guarantee of the Securities; Status of the Guarantee of the Securities*), Condition 2(d) (*Status and Subordination of the Securities and the Guarantee of the Securities — Ranking of claims in respect of the Guarantee of the Securities*) and Condition 2(f) (*Status and Subordination of the Securities and the Guarantee of the Securities — Set-off — Guarantee of the Securities*) shall be governed by, and construed in accordance with, Hong Kong law.

(b) *Jurisdiction*:

(i) Subject to Condition 15(b)(iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Securities, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Securities, (a "**Dispute**") and accordingly each of the Issuer and the Guarantor in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this Condition 15(b)(ii), each of the Issuer and the Guarantor waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) To the extent allowed by law, the Holders may, in respect of any Dispute or Disputes, take (A) proceedings in any other court with jurisdiction; and (B) concurrent proceedings in any number of jurisdictions.

(c) *Appointment of Process Agent*: Each of the Issuer and the Guarantor appoints Law Debenture Corporate Services Limited at its registered office at 8th Floor, 100 Bishopsgate, London EC2N 4AG, England as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. Each of the Issuer and the Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

THE GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Securities in respect of which they are issued while they are represented by the Global Certificate, some of which modify the effect of the Terms and Conditions of the Securities. Terms defined in the Terms and Conditions of the Securities have the same meaning in the paragraphs herein.

The Securities will be represented by a Global Certificate which will be registered in the name of DB Nominees (Hong Kong) Limited as nominee for, and deposited with, a common depositary for Euroclear and Clearstream.

The Global Certificate will become exchangeable in whole, but not in part, for Individual Certificates (a) if Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) upon a Winding-Up (as defined in "*Terms and Conditions of the Securities*") of the Issuer or the Guarantor.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Securities scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity and payment as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed, and of any costs, in connection with such exchange.

In addition, the Global Certificate will contain provisions that modify the Terms and Conditions of the Securities as they apply to the Securities evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Payments on business days: In the case of all payments made in respect of the Global Certificate "business day" means any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City, Hong Kong and the city in which the specified office of the Paying Agent is located.

Payment Record Date: Each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

Notices: Notwithstanding Condition 14 (*Notices*) of the Terms and Conditions of the Securities so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**"), notices to Holders of Securities represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

USE OF PROCEEDS

The gross proceeds from the offering of the Securities are intended to be on-lent by the Issuer to the group of companies comprising the Guarantor and its subsidiaries for general corporate purposes and refinancing of existing indebtedness (including, without limitation, for funding the purchase of the securities tendered pursuant to the concurrent tender offer announced by the Guarantor on 3 March 2025).

DESCRIPTION OF THE ISSUER

The Issuer, incorporated in the British Virgin Islands on 10 January 2020 pursuant to the BVI Business Companies Act, Revised Edition 2020 is a wholly-owned subsidiary of the Guarantor. As at the date of this Offering Circular, the Issuer is authorised to issue a maximum of 50,000 shares of a single class each with a par value of U.S.$1.00, of which one (1) share has been issued. The Issuer was established to raise financing for the Guarantor and its subsidiaries. As at the date hereof the Issuer has no subsidiary.

The directors of the Issuer as at the date of this Offering Circular are:

- Lui Kon Wai; and
- Choi Yick Lam Andy.

Lui Kon Wai is also a director of the Guarantor. Lui Kon Wai and Choi Yick Lam Andy are senior executives of the Guarantor. The directors of the Issuer do not have any interest in the Issuer. Mr. Lui and Mr. Choi have interests in the Guarantor's shares. Mr. Lui and Mr. Choi have been granted (i) share options in shares of the Guarantor under the Guarantor's 2015 share option scheme and (ii) share awards in shares of the Guarantor under the Guarantor's 2024 share award scheme.

Details of options and awards granted to and interests in the Guarantor's shares of Lui Kon Wai and Choi Yick Lam Andy are disclosed in the section headed "Description of the Guarantor – Guarantor Directors' and Issuer Directors' interests in shares".

The registered office of the Issuer is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of each of the directors of the Issuer for the purposes of his directorship in the Issuer is 50th Floor, Lee Garden One, 33 Hysan Avenue, Hong Kong.

The Issuer has no employees.

The following table sets out the outstanding capital securities of the Issuer (all of which are listed on the Hong Kong Stock Exchange) as at the date of this Offering Circular together with their respective coupon amount. The Issuer has no outstanding capital securities other than the capital securities listed below:

Description of capital securities	Outstanding principal amount as at the date of this Offering Circular	Coupon amount
U.S.$500,000,000 Senior Guaranteed Perpetual Capital Securities	U.S.$445,157,000	4.85% per annum
U.S.$850,000,000 Subordinated Guaranteed Perpetual Capital Securities	U.S.$750,005,000	4.10% per annum

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets out the consolidated capitalisation and indebtedness of the Guarantor as at 31 December 2024 which has been extracted from the audited consolidated statement of financial position of the Guarantor as at the same date. The following table should be read in conjunction with the audited consolidated financial statements of the Guarantor as at 31 December 2024 and the notes thereto.

Save as disclosed in note (3) below and the drawdown of syndicated loan amounting to HK$3.2 billion in January 2025 mainly for the purpose of reserving funding for repayment of maturing debts and other general corporate purposes, there has been no material adverse change in the capitalisation of the Guarantor since 31 December 2024.

	As at 31 December 2024		
	Actual	*As adjusted*	*As adjusted*
	(in HK$ million)	*(in HK$ million)*	*(in U.S.$ million)(*)*
	(audited)	*(unaudited)*	*(unaudited)*
Total long-term debt[1]	29,328	29,328	3,760
Capital and reserves			
Share capital[2]	7,723	7,723	990
Reserves	58,270	58,270	7,470
Equity attributable to owners of the Guarantor	65,993	65,993	8,460
Perpetual capital securities[3]	9,437	9,437	1,210
Securities to be issued	-	5,850	750
Other non-controlling interests	1,999	1,999	256
Total shareholders' equity	**77,429**	**83,279**	**10,676**
Total capitalisation [4]	**106,757**	**112,607**	**14,436**

* U.S.$:HK$ = 1:7.8

Notes:

(1) Total long-term debt includes non-current borrowings and non-current amounts due to non-controlling interests. As at 31 December 2024, HK$5,686 million of the Group's non-current liabilities was due to other non-controlling interests in one subsidiary, which are unsecured, interest-free and for the development of Lee Garden Eight.

(2) As at 31 December 2024, the Guarantor had an issued and fully paid share capital of approximately HK$7,723 million, consisting of 1,027,008,223 ordinary shares. The Guarantor has no authorised share capital and its shares have no par value since the coming into force of the Companies Ordinance (Cap. 622) of Hong Kong on 3 March 2014.

(3) On 3 March 2025, the Guarantor as offeror commenced a concurrent tender offer (the "**Tender Offer**") to purchase the U.S.$850,000,000 subordinated guaranteed perpetual capital securities issued by the Issuer on 3 March 2020 and guaranteed by the Guarantor, on the terms and conditions set forth in the tender offer memorandum dated 3 March 2025. The Tender Offer commenced on 3 March 2025 and will expire at 4:00 p.m. London time on 11 March 2025 (subject to the right of the Guarantor to extend, re-open, withdraw and/or terminate the Tender Offer). The rationale for the Tender Offer is to optimise the Guarantor's capital structure and minimise negative carry arising from the issuance of the Securities. The Tender Offer will be funded by the proceeds from the concurrent issuance of the Securities and the Guarantor's internal resources.

(4) Total capitalisation includes total shareholders' equity and total long-term debt.

DESCRIPTION OF THE GUARANTOR

Introduction

The Guarantor is principally engaged, together with its subsidiaries and joint ventures, in property investment, management and development. The Guarantor was incorporated on 20 October 1970 in Hong Kong as a limited company under the Hong Kong Companies Ordinance. Listed on the Hong Kong Stock Exchange since 198l, the Guarantor is also a constituent stock of the Morgan Stanley Capital International – Hong Kong Index. The Guarantor is also a constituent stock of the Hang Seng Corporate Sustainability Index. Based on the closing price of its shares on 31 December 2024, the Guarantor had a market capitalisation of approximately HK$12,160 million (U.S.$1,559 million).

The Guarantor dates its property experience from the 1920s, when the founding Lee family began to engage in property and other businesses in Hong Kong. Lee Hysan Company Limited ("**LHC**"), is a substantial shareholder of the Guarantor, holding approximately 42.17 per cent. of the Guarantor's issued shares as at 31 December 2024.

As at 31 December 2024, the Group's operated property interests in Hong Kong and Mainland amount to approximately 5.3 million square feet of gross floor area. Further details on the breakdown of this information may be found under "Investment Property Portfolio". The Group's investment property portfolio was valued at HK$96,547 million (U.S.$12,378 million) as at 31 December 2024. It believes that it is a leading commercial landlord based in the prime office/retail area of Causeway Bay in Hong Kong.

Financial Summary

The summary of financial information set forth below has been extracted without material adjustment from the audited consolidated financial statements of the Guarantor as at and for the financial years ended 31 December 2023 and 2024. The U.S. dollar amounts have been calculated using a rate of HK$7.8 to U.S.$1.00. These translations should not be construed as representation that Hong Kong dollar amounts have been, could have been, or could be, converted into U.S. dollars at the rate indicated.

Consolidated Statement of Profit or Loss

	Year ended 31 December		
	2024	**2024**	**2023**
	(in U.S.$ million)(*)	*(in HK$ million)*	*(in HK$ million)*
	(unaudited)	*(audited)*	*(audited)*
Turnover[(1)]	437	3,409	3,210
Property expenses	(83)	(646)	(621)
Gross Profit	354	2,763	2,589
Investment income	21	167	261
Other gains and losses	–[#]	3	1
Administrative expenses	(39)	(308)	(307)
Finance costs	(58)	(450)	(478)
Change in fair value of investment properties	(193)	(1,506)	(2,763)
Change in fair value of other financial investments	(2)	(19)	(267)

	Year ended 31 December		
	2024	**2024**	**2023**
	(in U.S.$ million)(*)	*(in HK$ million)*	*(in HK$ million)*
	(unaudited)	*(audited)*	*(audited)*
Share of results (include impairment loss) of:			
associates	26	204	270
joint ventures	(37)	(287)	(37)
Profit (loss) before taxation	72	567	(731)
Taxation(2)	(38)	(296)	(295)
Profit (loss) for the year	34	271	(1,026)
Attributable to:			
Owners of the Guarantor	4	35	(872)
Perpetual capital securities holders	54	418	442
Other non-controlling interests	(24)	(182)	(596)
	34	271	(1,026)
Earnings (loss) per share (expressed in cents**)**			
– Basic	U.S.0.38	HK$3	(HK$85)
– Diluted	U.S.0.38	HK$3	(HK$85)

* U.S.$:HK$ = 1:7.8

Less than U.S.$1 million

Consolidated Statement of Financial Position

	As at 31 December		
	2024	**2024**	**2023**
	(in U.S.$ million)(*)	*(in HK$ million)*	*(in HK$ million)*
	(unaudited)	*(audited)*	*(audited)*
Non-current assets	14,254	111,182	110,274
Net current (liabilities) assets	(251)	(1,955)	2,445
	14,003	109,227	112,719
Deduct:			
Non-current liabilities	4,077	31,798	33,028
Net assets	9,926	77,429	79,691

	As at 31 December		
	2024	**2024**	**2023**
	(in U.S.$ million)(*)	*(in HK$ million)*	*(in HK$ million)*
	(unaudited)	*(audited)*	*(audited)*
Capital and reserves:			
Share Capital	990	7,723	7,723
Reserves	7,470	58,270	59,459
Equity attributable to owners of the Guarantor	8,460	65,993	67,182
Perpetual capital securities	1,210	9,437	10,224
Non-controlling interests	256	1,999	2,285
Total equity	9,926	77,429	79,691

* U.S.$:HK$ = 1:7.8

Notes:

(1) **Turnover**

	Year ended 31 December		
	2024	**2024**	**2023**
	(in U.S.$ million)(*)	*(in HK$ million)*	*(in HK$ million)*
	(unaudited)	*(audited)*	*(audited)*
Leasing of investment properties and provision of property management service	437	3,409	3,210

(2) **Taxation**

	Year ended 31 December		
	2024	**2024**	**2023**
	(in U.S.$ million)(*)	*(in HK$ million)*	*(in HK$ million)*
	(unaudited)	*(audited)*	*(audited)*
Hong Kong Profits tax for the year	30	234	200
Hong Kong Profits tax under (over)-provision in prior years	3	21	(4)
	33	255	196
Deferred tax	5	41	99
	38	296	295

* U.S.$:HK$ = 1:7.8

Strategy

The Group is engaged principally in the investment, development and management of high quality investment properties in Hong Kong. In order to create and sustain value as well as achieve growth, the Group focuses on four main strategies: (1) maximising the value of its existing investment property portfolio; (2) selectively pursuing property development opportunities; (3) actively managing its portfolio mix to preserve a defensive market position while having the flexibility to pursue value creation opportunities; and (4) maintaining a strong and flexible financial position.

Maximising the value of its existing investment property portfolio

The Group's investment properties, which generate rental income for the Guarantor, are intended to be held for the long term. The Group therefore seeks to strengthen the long-term value of its investment property portfolio and enhance its cash flow from operations by maximising the value of such properties.

The Group oversees the development, leasing and management of its investment property portfolio. It believes that its integrated approach enables it to maintain close relationships with its customers, thereby being in a position to anticipate and respond to customer needs more effectively. It also ensures uniformity in service standards and ultimately the quality of accommodation and services provided to customers.

It is also the Group's strategy to maximise retention of quality tenants. The Group believes that having quality tenants maximises a property's stability. By having the leases rolled over and hence reducing the rental income fluctuations caused by void periods, a property's cash flow and value are enhanced. At the same time, the Group seeks to attract further quality tenants to its portfolio.

In order to keep its portfolio competitive, the Group continually reviews the performance of individual properties and invests in selective capital improvement projects, which include refurbishment, market repositioning and re-development.

With its core retail portfolio located in the retail hub of Causeway Bay, the Group aims at providing a variety of offerings to cater for different customer needs.

Property Investment Activities

Overview

The Group's core commercial property investment portfolio is concentrated in Causeway Bay. Located on Hong Kong Island, Causeway Bay is a major commercial district and is also an established retail and entertainment hub of Hong Kong Island.

The Group has a quality office tenant base from a broad range of industries. The banking, finance and wealth management, professional and consulting, co-work, medical and health, and tech segments maintained the top five slots in the Group's office portfolio. The Group's portfolio also includes prime retail space in the shopping district of Causeway Bay, providing a variety of retail shops and restaurants. The range is from luxury retail and fine dining across the Lee Gardens property portfolio to trendy and lifestyle themes around the Lee Theatre Plaza area and the Hysan Place area.

In addition, the Group has invested in high quality residential properties in the high-end Mid-Levels area, being the Bamboo Grove development.

The table below shows the turnover and occupancy rate for office, retail and residential segments for the periods indicated:

	Year ended 31 December	
	2024	2023
	in HK$ million	*in HK$ million*
Turnover		
Retail	1,684	1,533
Office	1,507	1,472
Residential	218	205
	3,409	3,210

	Year ended 31 December	
	2024	2023
Occupancy Rates		
Hong Kong		
Retail	92%	97%
Office	90%	89%
Residential	73%	60%
Mainland		
Retail	41%	–
Office	66%	24%

Investment Property Portfolio

The following tables set out details of the Group's investment property portfolio as at 31 December 2024:

	Approximate Gross Floor Area in Square Feet [1]	Number of Carparks	Year of Completion/ Acquisition	Percentage Held by the Group
Commercial Property Portfolio				
Hysan Place	716,000	60	2012	100%
Lee Garden One	902,000	200	1997	100%
Lee Garden Two	621,000	167	1992	65.36%
Lee Garden Three	467,000	201	2017	100%
Lee Garden Five	138,000	–	1989	100%
Lee Garden Six	80,000	–	1988	100%
Lee Theatre Plaza	314,000	–	1994	100%
Leighton Centre	430,000	321	1977	100%
One Hysan Avenue	169,000	–	1976	100%

	Approximate Gross Floor Area in Square Feet [(1)]	Number of Carparks	Year of Completion/ Acquisition	Percentage Held by the Group
Lee Gardens Shanghai	931,000	375	2022	100%
Residential Property Portfolio				
Bamboo Grove, Mid-Levels	691,000	436	1985	100%

Note:

(1) The Approximate Gross Floor Areas shown above are rounded to the nearest 1,000 square feet.

A brief description of the Investment Property Portfolio is set out in the table below:

Property	**Details**
Hysan Place..	• A 40-level office and retail complex with 60 parking spaces. The 17-floor retail shopping mall contains nearly 120 shops with lifestyle brands and restaurants. • The property is certified at the highest platinum level by the United States Green Building Council's Leadership in Energy and Environmental Design Standard (LEED). It is also certified at the highest final platinum level under the Hong Kong Green Building Council's BEAM Plus standard for Existing Buildings. • Its rooftop Urban Farm is also one of the key sustainability features of our portfolio.
Lee Garden One	• A 53-level office and retail complex with 200 parking spaces. • Lee Garden One Offices achieved final platinum rating under Hong Kong Green Building Council's BEAM Plus standard for Existing Buildings.
Lee Garden Two	• A 34-level office and retail complex with 167 parking spaces. • The retail shopping mall contains luxury brands as well as children floors offering a wide collection of kid's fashion, accessories, books and educational toys under one roof. • The property achieved platinum rating in the final assessment under Hong Kong Green Building Council's BEAM Plus standard for Existing Buildings.
Lee Garden Three................................	• A 32-level office and retail complex with 201 parking spaces. It is positioned as the area's lifestyle extension with tenants from home & lifestyle as well as food & beverage sectors. • The property has achieved United States Green Building Council's LEED (Core and Shell) Gold certification.

Property	Details
Lee Garden Five	• A 25-level office and retail complex located at the corner of Hysan Avenue and Yun Ping Road.
Lee Garden Six	• A 24-level office and retail complex located at Leighton Road, Causeway Bay.
Lee Theatre Plaza	• A 26-level retail and dining complex, with food and beverage options, ranging from Cantonese classics and Hong Kong-style western fare to Japanese and Korean cuisine.
Leighton Centre	• A 28-level office and retail complex with four levels of retail and leisure areas and 321 parking spaces.
One Hysan Avenue	• A 26-level office and retail complex located at the junction of three streets in Causeway Bay.
Lee Gardens Shanghai	• A 24-storey tower plus a 3-storey basement and is intended to be used as an office/retail mixed used development with approximately 375 parking spaces located strategically in the heart of Jing'an district, a historic neighbourhood similar to the Group's Lee Gardens area.

Residential Portfolio

In addition to commercial properties, the Group owns Bamboo Grove, a luxury residential property in Mid-Levels, which consists of six residential towers totalling 345 apartments and 436 parking spaces, with full clubhouse and sports facilities. Corporate tenants include financial institutions, multinational corporations, consulates and professional firms.

Property Development Portfolio

Lee Garden Eight

The Group successfully tendered for a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong in May 2021 and officially named it Lee Garden Eight in December 2024. The entire project is progressing on schedule for completion in 2026. The Extension and Continuing Education for Life of The Hong Kong Academy for Performing Arts will also be engaged as the operator of the 2,000 square metres Performing Arts and Cultural Facilities at Lee Garden Eight. An integrated pedestrian walkway system connecting Lee Garden Eight with the rest of Lee Gardens also remained on schedule for its completion in 2026.

Tai Po Lo Fai Road Luxury Residential Project – VILLA LUCCA

The Group successfully bid for residential lots in Hong Kong's Tai Po area in late 2016. The sites are now being developed as a joint venture project, namely VILLA LUCCA, with HKR International Limited, a company with a recognised track record for developing quality low-density residential projects. The sales programme for the award-winning VILLA LUCCA project began in August 2022 and received extensive press attention during on-site media gatherings. The project, which is the first luxury project to be unveiled in Tai Po's prestigious Lo Fai Road area in recent years, commands views of the Plover Cove Reservoir and Tolo Harbour. The project provides 262 garden houses and apartments, including 36 houses, 66 special apartments (including top-floor special units and those with a garden) and 160 typical units with unit sizes ranging from 1,010 square feet to 8,030 square feet in saleable area. There is also a 34,000 square feet clubhouse complementing the residential units. The project was granted a certificate of compliance by the Lands Department of Hong Kong in the first quarter of 2023. As at 31 December 2024, a total of 115 units of the project have been contracted.

Urban Renewal Authority Residential Project in To Kwa Wan

In February 2022, the Group acquired a 25 per cent. stake in a joint venture with Henderson Land Development Company Limited and Empire Group Holdings Limited to develop the Urban Renewal Authority residential project at Bailey Street/Wing Kwong Street in To Kwa Wan.

The Group believes that this project is located at a quality site and has high development potential. The project site is adjacent to the commercial and residential hub of Kai Tak and is within 5-minute walking distance to To Kwa Wan and Sung Wong Toi MTR stations. The development plan was approved in February 2023 and the site will be redeveloped into three 24-storey buildings, covering total GFA of over 700,000 square feet upon completion. All foundation works were completed in 2024, and construction of the superstructure is progressing as scheduled. The Group will oversee the design and operation of the retail portion of the project, which comprises a retail mall and shopping streets.

Lease Terms

In accordance with practices in the Hong Kong property market, the Group's office leases are typically for three years. Longer lease terms may be signed on a case-by-case basis. The rents charged are generally reviewed every three years based upon prevailing market rates. Residential leases are typically for two years and are generally offered for renewal based upon prevailing market rates. Similar to office leases, retail leases are normally for three years and longer lease terms may be signed on an individual case-by-case basis. The rents charged are generally reviewed every three years based upon market rates. Retail leases generally provide for a fixed monthly rent with turnover rent. The Group's office, retail and residential tenants are also generally charged a monthly management fee which covers building maintenance expenses and certain other costs. Tenants are also generally required to pay their utility charges and government rates.

Competition

The Group competes mainly with other property companies and owners in Hong Kong and the PRC, to attract and retain office, retail and residential tenants. The Group believes it is a leading commercial landlord based in Causeway Bay. The Group believes that its competitive advantages lie in its reputation for well-managed buildings, the development of long-term relationships with key tenants and its ability to balance the composition of its tenants, in addition to the location and quality of its buildings.

Mainland Property

Grand Gateway 66

The Group currently has associate-level interest in Grand Gateway 66, a retail, office and residential complex in Shanghai, China. The total gross floor area of this project is approximately 2.9 million square feet. The Group interest in this investment in associates is approximately 26 per cent.

Lee Gardens Shanghai

The Group completed the acquisition of the entire equity interest of Scorecity Investments Limited, being an indirect holder of a commercial complex located at Nos. 668 and 688 Xinzha Road, Shanghai, the PRC with a gross floor area of approximately 0.7 million square feet, with 375 parking spaces available. The property comprises a 24-storey tower plus a 3-storey basement and is intended to be used as an office/retail mixed used development. The acquisition is a strategic long-term investment for the Group significantly expands the scale of the Group's portfolio and diversifies the Group's business in the PRC market. The acquisition is in line with the business strategy to strengthen the investment property portfolio. Enhancement works of the office tower completed in 2023, with tenants moving in since the first quarter of 2023. Enhancement work of the retail podium was completed in 2024. With ongoing leasing activities, tenants began moving in since the first quarter of 2024, with 70% of office space and 61% of retail space committed as at February 2025. As Lee Gardens Shanghai commences operation with its retail and office components, the Group expects enhanced earnings with occupancy rates and leasing activities picking up.

The investment is included in investment properties under the condensed consolidated statement of financial position.

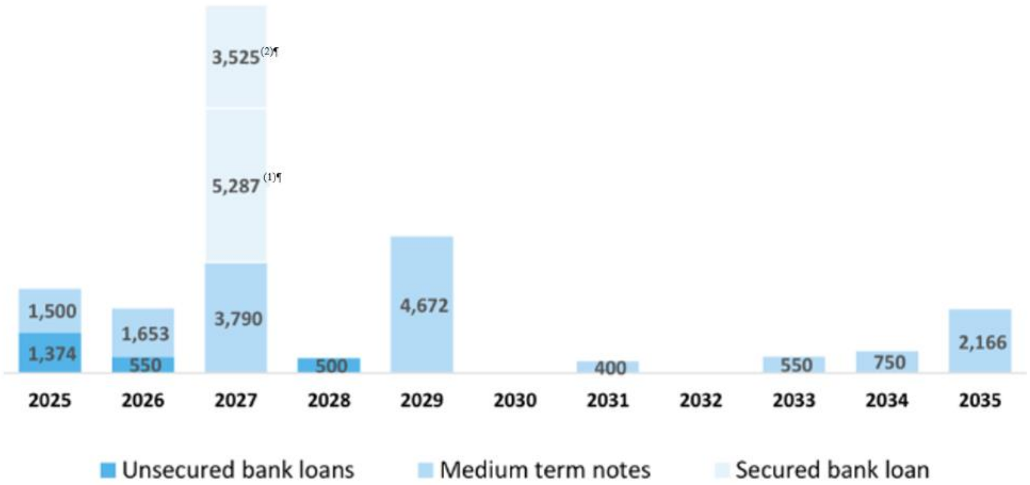
Capital Structure Management

The Group is committed to maintain a prudent financial management policy. The Group's gearing ratio is calculated as borrowings less time deposits, cash and cash equivalents divided by total equity. The table below shows the gearing ratio as at the dates indicated:

	As at 31 December	
	2024	2023
Gearing ratio	31.4%	27.2%

To ensure a healthy financial position and a capital structure suitable for servicing its financing needs and sustainable growth, the Group always strives to diversify its funding sources, retain an appropriate debt maturity profile relative to the overall use of funds, maintain adequate liquidity, maintain a low borrowing margin relative to market conditions and adopt suitable hedging and forex management strategies.

The Group's average debt maturity was at 3.4 years as at 31 December 2024 (31 December 2023: 4.5 years). The following shows the debt maturity profile for the group as at 31 December 2024 (in HK$ million):



Notes:

(1) 60 per cent. secured term loans of Lee Garden Eight (guaranteed by the Guarantor).

(2) 40 per cent. secured term loans of Lee Garden Eight (guaranteed by Chinachem Group).

The Group monitors its interest rate exposure closely and adopts an appropriate hedging strategy in light of market conditions. The effective interest rate was 4.3 per cent. as at 31 December 2024 (31 December 2023: 4.2 per cent.).

As at 31 December 2024, the Group has cash and cash equivalents and time deposits totalling about HK$2,211 million (31 December 2023: HK$3,854 million). The Group also has undrawn committed facilities amounting to HK$16,689 million as at 31 December 2024 (31 December 2023: HK$11,408 million), allowing the Group to obtain additional liquidity as the need arises.

Credit Rating

The Guarantor has, as at the date hereof, a credit rating of "BBB" from Fitch (Hong Kong) and a credit rating of "Baa2" from Moody's Investors Service, Inc ("**Moody's**"). These ratings do not constitute a recommendation to buy, sell or hold Securities issued and may be subject to suspension, reduction, revision or withdrawal at any time by Fitch and Moody's.

Insurance

The Group is covered by insurance policies which cover fire, flood, other material damage to property and general liability under property all risks, business interruption and public liability insurance.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, machinery or other properties as a result of occurrences such as fire, flood, water damage, explosion, power loss, telecommunications failure, intentional unlawful act, human error, typhoon and other disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations.

Government Regulation

The operations of the Group are subject to various laws and regulations of Hong Kong and the PRC. The Group's activities conducted in respect of its investment and development properties in Hong Kong are limited by zoning ordinances and other regulations enacted by the Hong Kong government. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, the Hong Kong government and/or regulators may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Group's properties are subject to routine inspections by Hong Kong government officials with regard to various safety and environmental issues. The Group believes that it is in compliance in all material respects with safety regulations currently in effect in Hong Kong and the PRC. The Group has not experienced significant problems in complying with any relevant regulations currently in force with regard to these issues. The Group is not otherwise aware of any pending legislation in Hong Kong and the PRC that might have a material adverse effect on its properties.

Environmental Matters

The Group believes that it is in compliance in all material respects with applicable environmental regulations in Hong Kong and the PRC. The Group is not aware of any environmental proceedings or investigations of which it is or might become a party.

Legal Proceedings

Neither the Guarantor nor any of its subsidiaries or joint ventures is involved in any legal or arbitration proceedings which may have a material adverse effect on the business or financial position of the Guarantor and its Material Subsidiaries or joint ventures.

Capital and Holding Structures

As at 31 December 2024, the Guarantor had an issued and fully paid share capital of approximately HK$7,723 million consisting of 1,027,008,223 ordinary shares. The register of the interests or short position of substantial shareholders and other persons of the Guarantor in the shares and underlying shares of the Guarantor required to be kept under Section 336 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") as at 31 December 2024 showed that the interest of LHC, Silchester International Investors LLP, and BlackRock, Inc. in the Guarantor was approximately 42.17 per cent., 8.14 per cent. and 5.21 per cent of its issued shares respectively. The short position of BlackRock, Inc. in the Guarantor was approximately 0.20 per cent. of its issued shares. The Guarantor is not aware of any other shareholder which holds greater than a 5 per cent. interest of its issued shares as at 31 December 2024.

The Guarantor was authorised at its Annual General Meetings to repurchase its own ordinary shares not exceeding 10 per cent. of the total number of its issued shares as at the dates of the resolutions being passed. The Guarantor may repurchase its ordinary shares from time to time in order to enhance shareholder value pursuant to such authorisation and, as at 31 December 2024, the Guarantor did not repurchase any ordinary shares since 1 January 2024 on the Hong Kong Stock Exchange.

The Guarantor holds its investment properties via individual subsidiaries. Its property management, security services, and lease agency and administration activities are managed by wholly-owned subsidiaries.

Management and Employees

Corporate Governance

The Guarantor is committed to maintaining high standards of corporate governance. The board of directors of the Guarantor ("**Guarantor Board**") currently comprises Lee Irene Yun-Lien, Chairman, Lui Kon Wai, Executive Director and Chief Operating Officer, six other Independent Non-Executive Directors and three other Non-Executive Directors.

The Company Secretary of the Guarantor is currently Chow Lai Kwan.

There is a majority of Independent Non-Executive Directors and Non-Executive Directors on the Guarantor Board with a wide range of experience and calibre who bring valuable judgement on issues of strategy, performance and resources.

The Guarantor Board meets regularly and has formed four governance-related Board Committees to deal with specific aspects of the Guarantor's affairs.

The Audit and Risk Management Committee is currently chaired by Poon Chung Yin Joseph with a majority of Independent Non-Executive Directors. It is responsible for reviewing a wide range of matters including the half-year and annual accounts and oversees compliance generally. The Remuneration Committee is currently chaired by Chung Cordelia with all Independent Non-Executive Directors. The Remuneration Committee reviews and determines the remuneration of the Executive Directors and senior management, the fees of Independent Non-Executive Directors and Non-Executive Directors and members of Board Committees within its terms of reference. The Nomination Committee is responsible for nominating for the Guarantor Board approval candidates to fill Board vacancies as and when they arise and evaluates the balance of skills, knowledge and experience of the Guarantor Board generally. It is chaired by the Chairman of the Guarantor Board with a majority of Independent Non-Executive Directors. The Sustainability Committee is currently chaired by Young Elaine Carole with a majority of Independent Non-Executive Directors. The Sustainability Committee oversees the Group's sustainability development and strategies, governance and reporting.

Management

Guarantor Board of Directors	Position
Lee Irene Yun-Lien	Chairman and Executive Director
Lui Kon Wai	Executive Director and Chief Operating Officer
Chung Cordelia	Independent Non-Executive Director
Churchouse Frederick Peter	Independent Non-Executive Director
Poon Chung Yin Joseph	Independent Non-Executive Director
Wong Ching Ying Belinda	Independent Non-Executive Director
Young Elaine Carole	Independent Non-Executive Director
Zhang Yong	Independent Non-Executive Director
Lee Anthony Hsien Pin	Non-Executive Director
Lee Chien	Non-Executive Director
Lee Tze Hau Michael	Non-Executive Director

Guarantor Board of Directors

Chairman and Executive Director

Lee Irene Yun-Lien

Ms. Lee leads the Group in her Executive Chairman role. Ms. Lee is the independent non-executive chairman and the chairman of the nomination committee of Hang Seng Bank Limited and is an independent non-executive director and the chairman of the remuneration committee of The Hongkong and Shanghai Banking Corporation Limited. She is also an independent director of Alibaba Group Holding Limited, the chair of its nominating and corporate governance committee and the chair of its compliance and risk committee. Ms. Lee also serves as a member of the board of trustees of The Better Hong Kong Foundation. Previously, Ms. Lee has held senior positions in investment banking and funds management in a number of international financial institutions, including Citibank in New York, London and Sydney, and was the global head of corporate finance at Commonwealth Bank of Australia. She was also on the boards of many listed and unlisted companies, including ING Bank (Australia) Limited and QBE Insurance Group Limited. She was also an independent non-executive director of CLP Holdings Limited, Cathay Pacific Airways Limited, Noble Group Limited and HSBC Holdings plc, and a member of the Advisory Council of JP Morgan Australia. She was also formerly a member of the Australian Government Takeovers Panel and a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority. Ms. Lee is a member of the founding Lee family, sister of Mr. Lee Anthony Hsien Pin (a Non-Executive Director of the Guarantor) and his alternate on the Guarantor Board. Ms. Lee holds a Bachelor of Arts Degree from Smith College, the United States of America, and is a Barrister-at-Law in England and Wales and a member of the Honourable Society of Gray's Inn, the United Kingdom. She was awarded the degree of Doctor of Social Science, *honoris causa* from The Chinese University of Hong Kong in November 2022. She was appointed as a Non-Executive Director of the Guarantor in March 2011, the Non-Executive Chairman of the Guarantor in May 2011, and the Executive Chairman of the Guarantor in March 2012. She is the chairman of the Nomination Committee of the Guarantor. She also serves as a director of certain subsidiaries of the Group. She is aged 71.

Executive Director and Chief Operating Officer

Lui Kon Wai

Under the leadership of the Executive Chairman, Mr. Lui is responsible for translating and executing the Group's strategy and vision into operational and financial attainment, and driving the Group's business growth, development and investment. He has over 30 years of experience as a senior executive in the property industry globally, covering acquisitions, development and asset management for residential, office, retail and large-scale mixed-use developments in Hong Kong, Mainland China and overseas. Mr. Lui holds a Master of Business Administration Degree from the University of Warwick, the United Kingdom. He is also a Fellow of the Royal Institution of Chartered Surveyors. Mr. Lui was appointed as the Group's Chief Operating Officer in December 2016 and Executive Director of the Guarantor in October 2021. He also serves as a director of certain subsidiaries of the Group. He is aged 59.

Independent Non-Executive Director

Chung Cordelia

Ms. Chung has extensive multinational experiences specialising in information technology, with knowledge in building industry. She was trained and practised as a lawyer. Ms. Chung spent over 20 years with IBM China/Hong Kong Limited ("**IBM**"). She was the first Asian female executive to serve on the IBM chairman and chief executive officer's strategy team, responsible for setting global directions for the company. She held senior leadership positions at IBM, including regional general manager for Southeast Asian countries, general manager for Hong Kong and Macau and general counsel for Asia Pacific. Ms. Chung currently serves as the chairman of the board, the chairman of the nomination committee and the remuneration committee of HKBN Ltd., an independent non-executive director and the chairman of the remuneration committee of Hang Seng Bank Limited, an independent non-executive director of HKSTP Foundation Limited, and a non-executive director of Arup Group Limited. She is the chairperson of Maryknoll Convent School Foundation Limited and a consultant at Raymond T.Y. Chan, Victoria Chan & Co. Ms. Chung also serves as a member of the Court of City University of Hong Kong. Ms. Chung received the Directors of the Year Award 2022 for "Statutory/Non-profit-distributing Organisations Non-Executive Directors" by The Hong Kong Institute of Directors. She was also awarded the Medal of Honour by the Hong Kong government in 2024 in recognition of her contributions in promoting the innovation and technology development in Hong Kong and her active participation in public service. Ms. Chung was previously a non-executive director of Hong Kong Science and Technology Parks Corporation and Grosvenor Asia Pacific Limited, a member of the Human Resources Planning Commission and the Research Grants Council of the Hong Kong government, Dalian Committee of the Chinese People's Political Consultative Conference and the Personal Data (Privacy) Advisory Committee of the Office of the Privacy Commissioner for Personal Data, Hong Kong. Ms. Chung was also a trustee of the board, the chairman of promotion and development committee and member of audit and risk committee of the Singapore University of Technology and Design. Ms. Chung holds a Bachelor of Laws (Hons) from the University of Hong Kong. She was appointed as an Independent Non-Executive Director of the Guarantor in May 2023. She is the chairman of the Remuneration Committee and a member of the Nomination Committee of the Guarantor. She is aged 65.

Independent Non-Executive Director

Churchouse Frederick Peter

Mr. Churchouse has been involved in Asian securities and property investment markets for more than 30 years. Currently, he is a private investor and has his own private family office company, Portwood Company Ltd. Mr. Churchouse is an independent non-executive director of Longfor Group Holdings Limited. He was the publisher and author of The Churchouse Letter. In 2004, Mr. Churchouse set up an Asian investment fund under LIM

Advisors. He acted as the director and Responsible Officer of LIM Advisors until the end of 2009. Prior to this, Mr. Churchouse worked at Morgan Stanley as a managing director and advisory director from early 1988. He acted in a variety of roles, including head of regional research, regional strategist and head of regional property research. He was also a board member of Macquarie Retail Management (Asia) Limited. Mr. Churchouse gained a Bachelor of Arts degree and a Master of Social Sciences degree from the University of Waikato in New Zealand. He was appointed as an Independent Non-Executive Director of the Guarantor in December 2012. He is a member of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee of the Guarantor. He is aged 75.

Independent Non-Executive Director

Poon Chung Yin Joseph

Mr. Poon is a member of Advising Committee of Asia Pacific Institute for Strategy and a board advisor of Clean Air Network. Mr. Poon was formerly an independent non-executive director of AAC Technologies Holdings Inc., a non-executive director, the group managing director and deputy chief executive officer of Tai Chong Cheang Group, and managing director and deputy chief executive of Hang Seng Bank Limited, and also held senior management posts in HSBC Group and a number of internationally renowned financial institutions. Mr. Poon was the former chairman of Hang Seng Index Advisory Committee, Hang Seng Indexes Company Limited, a former member of the Board of Inland Revenue of the Hong Kong Special Administrative Region and the Environment and Conservation Fund Investment Committee, and a former committee member of the Chinese General Chamber of Commerce, Hong Kong. Mr. Poon holds a Bachelor of Commerce degree from the University of Western Australia. He is a member of Chartered Accountants Australia and New Zealand, and the Hong Kong Institute of Certified Public Accountants. Mr. Poon is also a Fellow of the Hong Kong Institute of Directors. Mr. Poon was appointed as an Independent Non-Executive Director of the Guarantor in January 2010. He is the chairman of the Audit and Risk Management Committee of the Guarantor and a member of the Nomination Committee of the Guarantor. He is aged 70.

Independent Non-Executive Director

Wong Ching Ying Belinda

Ms. Wong was the former chairwoman and chief executive officer of Starbucks China. Under her visionary leadership, Starbucks expanded its retail presence over 15-fold, reaching more than 7,500 company-owned stores across 1,000 cities and solidifying China as its largest international market. Ms. Wong positioned the brand at the forefront of retail innovation, championing digital initiatives that revolutionized operations and enhanced customer experiences. Notably, she created an omni-channel business model that generated half of the sales of Starbucks China and developed a highly successful loyalty program with nearly 150 million members. Ms. Wong joined Starbucks Coffee Company in 2000 and held leadership positions across a variety of business units and geographies, including marketing director for the Asia Pacific region of Starbucks Coffee, managing director of Starbucks Singapore and general manager of Starbucks Hong Kong. She has extensive experience in retail, food and beverage, people, brand development and growth strategy across the Greater China and Asia Pacific regions. Ms. Wong is currently an independent director of Canada Goose Holdings Inc. (listed on the New York Stock Exchange and Toronto Stock Exchange) and serves as a member of the Faculty Advisory Board for the University of British Columbia’s Sauder School of Business. Ms. Wong was an independent non-executive director of Television Broadcasts Limited. Ms. Wong holds a Bachelor of Commerce degree with a major in finance from the University of British Columbia in Canada. She was appointed as an Independent Non-Executive Director of the Guarantor in December 2018. She is a member of the Sustainability Committee of the Guarantor and is aged 53.

Independent Non-Executive Director

Young Elaine Carole

Ms. Young has extensive experience in both real estate and hospitality across Asia. She is the co-founder of the boutique serviced apartment brand, Shama. After Shama was acquired by ONYX Hospitality Group in 2010, Ms. Young founded her own real estate and hospitality consultancy firm. In 2017, Ms. Young co-founded TULU, a Shanghai based Co-Living brand. Ms. Young is a special advisor to one of Warburg Pincus' joint ventures in China, NOVA Property Investment Co. Ltd., and sits on its board. Ms. Young is also the co-chair of The Mekong Club, a non-profit organisation that fights modern day slavery. She was named "Entrepreneur of the Year" at the prestigious RBS Coutts / Financial Times Woman in Asia Awards in 2009. Ms. Young served as an independent non-executive director of Link Asset Management Limited (as manager of Link Real Estate Investment Trust) for nine years until 31 January 2022 and was a member of its finance and investment committee and remuneration committee. She was an independent non-executive director of Ascott Residence Trust Management Limited, the manager of Ascott Residence Trust listed on The Singapore Exchange Securities Trading Limited, and was a member of its audit committee. She was appointed as an Independent Non-Executive Director of the Guarantor in March 2022. She is the chairman of the Sustainability Committee of the Guarantor and a member of the Remuneration Committee of the Guarantor and is aged 60.

Independent Non-Executive Director

Zhang Yong

Mr. Zhang is currently the managing partner of Firstlight Capital. Mr. Zhang was appointed as the chief executive officer of Alibaba Group in May 2015 and its chairman in September 2019 until September 2023. Mr. Zhang is a founding member of the Alibaba Partnership and was recognized the distinct honor of being the first-ever "Aliren Emeritus" in Alibaba Group's history. During his 16-year journey with Alibaba Group, Mr. Zhang was a driving force behind numerous groundbreaking initiatives and was the ingenious architect of the "11.11 Global Shopping Festival", defining the most lucrative shopping day globally. He began in 2007, serving first as the chief financial officer and then the chief operating officer of Taobao Marketplace. He later also became the general manager of Taobao Mall and was appointed president in June 2011 when Taobao Mall became an independent platform and rebranded as Tmall.com. His strategic foresight and leadership were pivotal in the creation and evolution of Tmall.com for what would become the world's largest e-commerce platform. In his role as chief operating officer of Alibaba Group from 2013 to 2015, Mr. Zhang successfully steered Alibaba Group from a PC-centric to a "mobile-first" ecosystem, establishing Alibaba's significant presence in the mobile internet era. Mr. Zhang also served as the chairman of Cainiao Network from 2018 to 2023. His "New Retail" strategy revolutionized traditional business models, exemplified by Freshippo. Mr. Zhang became chief executive officer of Alibaba Cloud Intelligence Group in December 2022, and its chairman in May 2023, in addition to his other roles with Alibaba Group until September 2023. Mr. Zhang was also the chief architect of Alibaba business operating system, facilitating global businesses in leveraging the Alibaba ecosystem for digital transformation, promoting data integration and value enhancement across Alibaba Group. Before his career at Alibaba Group, Mr. Zhang had extensive experience in financial management. He served as the chief financial officer of Shanda Interactive Entertainment Limited between 2005 and 2007, with former roles at Arthur Andersen and PricewaterhouseCoopers accounting firms spanning from 1995 to 2005. Mr. Zhang has served as a member of the World Economic Forum International Business Council and as the co-chair of the Consumer Goods Forum in both its Global and China divisions. TIME magazine listed him among the 100 Most Influential People, Forbes China named him the Best CEO in 2020, and Fortune magazine honored him as the Businessperson of the Year in 2019 and 2020. Mr. Zhang graduated from the Finance Department of the Shanghai University of Finance and Economics. He was appointed as an Independent Non-Executive Director of the Guarantor in December 2024. He is a member of the Audit and Risk Management Committee and is aged 53.

Non-Executive Director

Lee Anthony Hsien Pin

Mr. Lee is a non-executive director and the chairman of the investment committee of Television Broadcasts Limited, as well as a member of the Board of Trustees of Princeton University. He was previously a director and substantial shareholder of the Australian-listed Beyond International Limited, principally engaged in television programme production and international sales of television programmes and feature films. Mr. Lee is a member of the founding Lee family and a director of LHC, a substantial shareholder of the Guarantor. He is the brother of Ms. Lee Irene Yun-Lien, the Executive Chairman of the Guarantor Board. Mr. Lee received a Bachelor of Arts degree from Princeton University and a Master of Business Administration degree from The Chinese University of Hong Kong. He was appointed as a Non-Executive Director of the Guarantor in 1994. He is a member of the Audit and Risk Management Committee of the Guarantor and is aged 67.

Non-Executive Director

Lee Chien

Mr. Lee is chairman of CUHK Medical Centre and was a member of the Council of The Chinese University of Hong Kong. He is also Supervisor of St. Paul's Co-educational College and its Primary School, a Trustee Emeritus of Stanford University and past director of Stanford Healthcare. Mr. Lee was an independent non-executive director of Swire Pacific Limited. Mr. Lee is a member of the founding Lee family and a director of LHC, a substantial shareholder of the Guarantor. Mr. Lee received a Bachelor of Science degree in mathematical science, a Master of Science degree in operations research and a Master of Business Administration degree from Stanford University. He was appointed as a Non-Executive Director of the Guarantor in 1988. He is a member of the Nomination Committee of the Guarantor and is aged 71.

Non-Executive Director

Lee Tze Hau Michael

Mr. Lee is currently a director of Oxer Limited, a private investment company. Mr. Lee is also an independent non-executive director and the chairman of the corporate governance committee of Chen Hsong Holdings Limited, as well as the chairman of the Board of Stewards of The Hong Kong Jockey Club. Mr. Lee was previously an independent non-executive director of Hong Kong Exchanges and Clearing Limited and Trinity Limited, and an independent non-executive director and chairman of OTC Clearing Hong Kong Limited. He was also a member of the Main Board and Growth Enterprise Market Listing Committees of The Stock Exchange of Hong Kong Limited. Mr. Lee is a member of the founding Lee family and a director of LHC, a substantial shareholder of the Guarantor. He joined the Guarantor Board in January 2010, having previously served as a Director of the Guarantor from 1990 to 2007. Mr. Lee received his Bachelor of Arts degree from Bowdoin College and his Master of Business Administration degree from Boston University. He is a member of the Sustainability Committee of the Guarantor and is aged 63.

Guarantor Directors' and Issuer Directors' interests in shares

As at 31 December 2024, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provision of the SFO); or as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), are set out below:

Aggregate long positions in shares and underlying shares of the Guarantor as at 31 December 2024

	Number of ordinary shares held					
	Personal interests	Family interests	Corporate interests	Other interests	Total	% of the total no. of issued shares[(1)]
Lee Irene Yun-Lien	559,100	–	–	–	4,997,869	0.48
Lui Kon Wai	100	–	–	–	1,581,025	0.15
Young Elaine Carole	11,000	–	–	–	11,000	0.001
Lee Chien	1,100,000	98,000	–	–	1,198,000	0.12

Note:

(1) The percentages were computed based on the total number of issued shares of the Guarantor as at 31 December 2024 (i.e. 1,027,008,223 ordinary shares).

The Executive Directors of the Guarantor have been granted (i) share options under the Guarantor's 2005 and/or 2015 share option schemes and (ii) share awards under the Guarantor's 2024 share award scheme. These constitute interests in underlying shares of equity derivatives of the Guarantor under the SFO. Directors of the Issuer have also been granted (i) share options under the Guarantor's 2005 and/or 2015 share option schemes and (ii) share awards under the Guarantor's 2024 share award scheme.

(i) Details of options granted to the Executive Directors of the Guarantor and Directors of the Issuer which remain outstanding under the 2005 and 2015 share option schemes are as follows:

Name	Date of grant	Exercise price HK$	Exercise period[(1)]	Balance as at 1 January 2024	Granted	Exercised	Cancelled/ lapsed[(2)]	Balance as at 31 December 2024
2005 share option scheme Guarantor Executive Director								
Lee Irene Yun-Lien	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
2015 share option scheme Guarantor Executive Director								
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

Name	Date of grant	Exercise price HK$	Exercise period[(1)]	Balance as at 1 January 2024	Granted	Exercised	Cancelled/ lapsed[(2)]	Balance as at 31 December 2024
	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
Guarantor Executive Director and Issuer Director								
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
Issuer Director								
Choi Yick Lam Andy	31.3.2020	25.20	31.3.2021-30.3.2030	5,000	–	–	–	5,000
	31.3.2021	30.40	31.3.2022-30.3.2031	7,000	–	–	–	7,000
	31.3.2022	23.36	31.3.2023-30.3.2032	21,000	–	–	–	21,000

Notes:

(1) All options granted have a vesting period of three years in equal proportions starting from the first anniversary and become fully vested on the third anniversary. "Exercise period" accordingly begins with the first anniversary of the date of grant.

(2) Options lapsed during the period from 1 January 2024 to 31 December 2024 in accordance with the rules of the 2005 and/or 2015 share option schemes.

(ii) Details of awards granted to the Executive Directors of the Guarantor and the Directors of the Issuer which remain available under the 2024 share award scheme are as follows:

Name	Date of grant	Fair value per awarded share HK$[(1)]	Vesting period[(2)]	Granted[(2)]	Vested	Cancelled/ lapsed	Unvested as at 31.12.2024
2024 share award scheme Guarantor Executive Director							
Lee Irene Yun-Lien	1.4.2024	12.62	1.4.2025 – 1.4.2027	463,369 [(3)]	–	–	463,369
Guarantor Executive Director and Issuer Director							
Lui Kon Wai	1.4.2024	12.62	1.4.2025 – 1.4.2027	269,925 [(4)]	–	–	269,925
Issuer Director							

Name	Date of grant	Fair value per awarded share HK$(1)	Vesting period(2)	Granted(2)	Vested	Cancelled/ lapsed	Unvested as at 31.12.2024
Choi Yick Lam Andy	1.4.2024	12.62	1.4.2025 – 1.4.2027	43,472(5)	–	–	43,472

Notes:

(1) The fair value of the awarded shares was calculated based on the closing price of the Guarantor's shares immediately before the date of grant (i.e. 28 March 2024), which was HK$12.62 per share, given that the date of grant was not a business day. The Group has adopted the accounting standard in accordance with HKFRS 2 – *Share-based Payment*. According to HKFRS 2, the fair value of the employee services received in exchange for the grant of the awarded shares is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awarded shares. The amount recognised as an expense is adjusted to reflect the number of awarded shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awarded shares that meet the related service and non-market performance conditions at the vesting date.

(2) The awarded shares granted during the period from 1 January 2024 to 31 December 2024 include restricted shares ("**Restricted Shares**") and performance shares ("**Performance Shares**"):

(i) Restricted Shares 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. "Vesting period" accordingly begins with the first anniversary of the date of grant;

(ii) Performance Shares will be vested on the third anniversary of the date of grant subject to the achievement of relevant performance target as follows:

1. the Guarantor meets the KPIs as determined by the Board of the Guarantor and calculated by reference to the Guarantor's total shareholder return relative to that of the peer companies selected, as well as the Guarantor's performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.); and
2. the individual performance rating should reach the level as determined by the Board of the Guarantor during the vesting period, measured against annual financial and operational targets (such as turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.), as well as the alignment with the Group's long-term strategy, corporate culture and core values in the achievement of the pre-determined long-term objectives and development plan.

(3) Among the 463,369 Awarded Shares granted to Ms. Lee Irene Yun-Lien, 139,011 Awarded Shares are Restricted Shares and 324,358 Awarded Shares are Performance Shares.

(4) Among the 269,925 Awarded Shares granted to Mr. Lui Kon Wai, 80,978 Awarded Shares are Restricted Shares and 188,947 Awarded Shares are Performance Shares.

(5) Among the 43,472 Awarded Shares granted to Mr. Choi Yick Lam Andy, 17,389 Awarded Shares are Restricted Shares and 26,083 Awarded Shares are Performance Shares.

Apart from the above, as at 31 December 2024, there is no other interest or short position of Directors or alternate Directors in the shares, underlying shares or debentures of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Model Code.

Registered Office

The registered office of the Guarantor (also being the business address of the Executive Director(s)) is 50th Floor, Lee Garden One, 33 Hysan Avenue, Hong Kong.

Employees

The Group aims to attract, retain and develop high-calibre individuals who are committed to attaining its objectives and achieving the corporate culture and core values of the Guarantor. The Group's total number of employees as at 31 December 2024 was 520. The Group's human resources practices are aligned with the corporate objectives in order to maximise shareholder value and achieve sustainable growth. The Group recognises the significance of training and invests in a variety of training programmes for management and general staff. It has not experienced any disruptive labour disputes and considers its staff relations to be generally good.

TAXATION

The following is a general description of certain tax considerations relating to the Securities and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Securities, whether in those countries or elsewhere. Prospective purchasers of Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of Distribution, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries. It is emphasised that neither the Issuer, the Guarantor nor any other persons involved in the Securities accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Securities.

British Virgin Islands

As a company incorporated under the BVI Business Companies Act, Revised Edition 2020, the Issuer is exempt from all provisions of the Income Tax Act of the British Virgin Islands (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Issuer to persons who are not persons resident in the British Virgin Islands). Capital gains realised with respect to any shares, debt obligations or other securities of the Issuer by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer, save for Distribution payable to or for the benefit of an individual resident in the European Union. The Issuer is required to pay an annual government fee which is determined by reference to the number of shares the Issuer is authorised to issue.

The British Virgin Islands enacted the Economic Substance (Companies and Limited Partnerships) Act, Revised Edition 2020 (the "**ES Act**"), which became effective on 1 January 2019, and the International Tax Authority's ("**ITA**") Rules on Economic Substance in the Virgin Islands (the "**ITA's Rules**"), containing rules and guidance relating to the interpretation of the ES Act and how the ITA will carry out its obligations. The ITA's Rules were first issued on 9 October 2019, were further updated on 10 February 2020 and again updated on 23 February 2023. A BVI company that is considered a "legal entity" that is conducting one or more of the nine "relevant activities" is required to comply with the economic substance requirements in relation to that relevant activity. A BVI company is required to report to the ITA, via its registered agent, on an annual basis under the Beneficial Ownership Secure Search Act 2017 to enable the ITA to monitor compliance with the economic substance requirements (as applicable).

Hong Kong

The following is a general description of certain tax considerations relating to the Securities. It is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Securities. Prospective holders of Securities who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or distribution on the Securities or in respect of any capital gains arising from the sale of the Securities.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Distribution on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) distribution on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong;

(b) distribution on the Securities is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(c) distribution on the Securities is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

(d) distribution on the Securities is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums derived from the sale, disposal or redemption of Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Securities are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Securities will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Securities will be subject to Hong Kong profits tax.

On 1 January 2023, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the "**Amendment Ordinance**") came into operation. Under the Amendment Ordinance, certain foreign-sourced distribution on the Securities accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is to be regarded as arising in or derived from Hong Kong and chargeable to profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

No Hong Kong stamp duty is payable on the issue or transfer of a Security.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary' market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Securities issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional securities (as described under Condition 13 (*Further Issues*) of the Terms and Conditions of the Securities) that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities (Asia Pacific) Limited, Mizuho Securities Asia Limited, UBS AG Hong Kong Branch and Goldman Sachs (Asia) L.L.C. (the "**Joint Lead Managers**") have, pursuant to a Subscription Agreement dated 4 March 2025 among the Issuer, the Guarantor and the Joint Lead Managers, agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe, severally and not jointly, for the Securities, as set forth opposite their names in the following table, at the Issue Price (100.00 per cent. of their principal amount). Any subsequent offering of the Securities to investors may be at a price different from the Issue Price.

Name	**Principal Amount of Securities to be subscribed**
	(U.S.$)
Crédit Agricole Corporate and Investment Bank	124,830,000
DBS Bank Ltd.	124,830,000
The Hongkong and Shanghai Banking Corporation Limited	124,830,000
J.P. Morgan Securities (Asia Pacific) Limited	124,830,000
Mizuho Securities Asia Limited	124,830,000
UBS AG Hong Kong Branch	124,830,000
Goldman Sachs (Asia) L.L.C.	1,020,000
Total	**750,000,000**

The Issuer has agreed to pay the Joint Lead Managers certain fees and an underwriting commission, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Securities, and to indemnify the Joint Lead Managers against certain liabilities in connection with the offering and sale of the Securities. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Securities. The Joint Lead Managers and certain of their affiliates may have performed investment banking and advisory services for the Guarantor from time to time, for which they may have received customary fees and expenses. The Joint Lead Managers and certain of their affiliates may, from time to time, engage in transactions with and perform services for the Guarantor in the ordinary course of business.

The Joint Lead Managers and certain of their affiliates may purchase the Securities and be allocated the Securities for asset management and/or proprietary purposes but not with a view to distribution and such orders and/or allocations of the Securities may be material. The Joint Lead Managers and their respective affiliates may purchase the Securities for their own accounts and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Securities and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Securities). Accordingly, references herein to the Securities being 'offered' should be read as including any offering of the Securities to the Joint Lead Managers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Securities. If this is the case, liquidity of trading in the Securities may be constrained (see "*Risk Factors – Risks Relating to the Securities and the Guarantee of the Securities – An active trading market may not develop for the Securities, and there are restrictions on the resale of the Securities*"). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Securities amongst individual investors.

In connection with the offering, any of the Joint Lead Managers acting as Stabilisation Manager or any person acting on its behalf may, to the extent permitted by applicable laws and directives, engage in transactions that stabilise or otherwise affect the market price of the Securities. These transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Securities.

If the Stabilisation Manager or its agent create a short position in the Securities in connection with the offering (i.e. if the Stabilisation Manager or its agent sells more Securities than are set forth on the cover page of this Offering Circular), the Stabilisation Manager or its agent may reduce that short position by purchasing Securities in the open market. In general, purchases of a Security for the purpose of stabilisation or to reduce a short position could cause the price of the Securities to be higher than it might be in the absence of such purchases. There is no assurance, however, that the Stabilisation Manager or its agent will undertake stabilisation action. Any stabilisation action may begin on or after the date adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may be ended at any time and must be brought to an end after a limited period.

Neither the Issuer, the Guarantor nor the Stabilisation Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Securities. In addition, neither the Issuer, the Guarantor nor the Stabilisation Manager makes any representation that the Stabilisation Manager or its agent will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the SFC Code – Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Securities. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Securities (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Securities.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Securities, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: Project.Harvest2025@ca-cib.com; DCMOmnibus@dbs.com; hk_syndicate_omnibus@hsbc.com.hk; investor.info.hk.oc.bond.deals@jpmorgan.com; Omnibus_Bond@hk.mizuho-sc.com; sh-asia-ccs-dcm-filing@ubs.com; gs-hk-dcm-omnibus@gs.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

United States

The Securities and the Guarantee of the Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented and agreed that it will not offer, sell or deliver Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Joint Lead Manager, of all Securities within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Joint Lead Manager has further agreed that it will send to each dealer to which it sells any Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Securities, an offer or sale of such Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

United Kingdom

Each Joint Lead Manager has represented, warranted and undertaken that:

(i) ***Financial promotion:*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

(ii) ***General compliance:*** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Securities in, from or otherwise involving the United Kingdom.

(iii) Prohibition of sales to UK Retail Investors: it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and

Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

PRC

Each Joint Lead Manager has represented and agreed that the offer of the Securities is not an offer of securities within the meaning Securities Law of the PRC or other pertinent laws and regulations of the PRC and the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Issuer and the Guarantor do not represent that this Offering Circular may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Guarantor which would permit a public offering of any Securities or distribution of this document in the PRC. Accordingly, the Securities are not being offered or sold within the PRC by means of this Offering Circular or any other document. Neither this Offering Circular nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

British Virgin Islands

This Offering Circular does not constitute and shall not be construed as an offer or solicitation to the public in the British Virgin Islands to subscribe for the Securities. The Securities shall not be acquired for the account or benefit of any person who is a resident of, or who is domiciled in, the British Virgin Islands, other than a BVI business company incorporated pursuant to the BVI Business Companies Act, Revised Edition 2020 in the British Virgin Islands that is not resident in the British Virgin Islands, nor to a custodian, nominee or trustee of any such person. Each Joint Lead Manager has represented, warranted and agreed that it has not and will not make any invitation to the public or any member of the public in the British Virgin Islands to purchase the

Securities and the Securities may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

Canada

The Securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal, that are "accredited investors" as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario) and are "permitted clients" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of such Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

General

The distribution of this Offering Circular and the offering and sales of the Securities in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration without authorisation by the relevant securities regulatory authorities or an exemption therefrom.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would, or is intended to, permit a public offering of the Securities, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Securities or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Securities, in all cases at their own expense.

GENERAL INFORMATION

1. **Clearing Systems:** The Securities have been accepted for clearance through Euroclear and Clearstream. The securities codes for the Securities are as follows:

   Common Code: 301240074

   ISIN: XS3012400746

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in the British Virgin Islands in connection with the issue and performance of the Securities. The Guarantor has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the Guarantee of the Securities. The issue of the Securities was authorised by resolutions of the directors of the Issuer dated 28 February 2025 and the giving of the Guarantee of the Securities was authorised by a resolution of the Executive Committee of the Guarantor dated 28 February 2025.

3. **Listing of the Securities:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities by way of debt issues to Professional Investors only. It is expected that the permission to deal in, and listing of, the Securities on the Hong Kong Stock Exchange will commence on 12 March 2025.

4. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no significant or material adverse change in the financial or trading position of the Guarantor or the Group since 31 December 2024 and there has been no significant or material adverse change in the financial or trading position of the Issuer since its date of incorporation.

5. **Litigation:** Save as disclosed in this Offering Circular (if any), neither the Issuer nor the Guarantor nor any other member of the Group is or has been involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuer, the Guarantor or the Group.

6. **Available Documents:** So long as any of the Securities are outstanding, copies of the following documents will be available for inspection by Holders at the specified office of the Guarantor at 50th Floor, Lee Garden One, 33 Hysan Avenue, Hong Kong during normal business hours:

   (i) the Agency Agreement;

   (ii) the Deed of Covenant;

   (iii) the Deed of Guarantee; and

   (iv) the audited consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2023 and 2024.

7. **Auditor:** The consolidated financial statements of the Guarantor for the financial years ended 31 December 2023 and 2024 have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants.

8. **Issuer's Financial Statements:** Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any of its financial statements. The Issuer is, however, required to keep proper books of account as are sufficient to show and to explain its transactions and which will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy. The Issuer should also file a financial return containing certain financial information about the company to its registered agent on an annual basis.

INDEX TO FINANCIAL STATEMENTS

The following are extracted from the audited consolidated financial statements of the Guarantor and its subsidiaries for the financial years ended 31 December 2023 and 31 December 2024, together with the independent auditor's report as they appear in the 2023 annual report of the Guarantor ("**2023 Annual Report**") and the Guarantor's announcement dated 3 March 2025 published on its website and SEHK's website, respectively.

References to page numbers in the audited consolidated financial statements refer to the original page numbers in the 2023 Annual Report and the Guarantor's announcement dated 3 March 2025 published on its website and SEHK's website, as the case may be, and cross-references to page numbers included in the independent auditor's report are to such original page numbering.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES AS AT AND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES AS AT AND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Deloitte. 德勤

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HYSAN DEVELOPMENT COMPANY LIMITED
希慎興業有限公司
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Hysan Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 137 to 207, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, material accounting policy information, notes to the consolidated financial statements and financial risk management.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters continued

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgements and estimates required in determining the fair values.

The Group's investment property portfolio comprises retail, office and residential properties, and is stated at fair value of HK$96,005 million in aggregate, accounting for approximately 84% of the Group's total assets as at 31 December 2023 with a fair value loss of HK$2,763 million recognized in the consolidated statement of profit or loss for the year then ended.

All of the Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). As disclosed in note 3 of the notes to the consolidated financial statements section of the consolidated financial statements, in determining the fair values of the Group's investment properties, the Valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalization rates, reversionary income potential and redevelopment potential of the investment properties in determining the fair values. As further disclosed in note 14 of the notes to the consolidated financial statements section of the consolidated financial statements, the valuation of investment properties under development of HK$19,190 million as at 31 December 2023 is based on the development potential of the properties as if they were completed and are also dependent upon the estimated costs of development and allowance of profit required for the development.

How our audit addressed the key audit matter

Our procedures in relation to the valuation of investment properties included:

- Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRSs and industry norms;
- Challenging the reasonableness of the key assumptions applied based on available market data and our knowledge of the local property markets;
- Obtaining the detailed work of the Valuer on selected investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, such as rental income, term of existing leases by comparing them to the existing leases summary of the Group and reversionary income potential by comparing fair market rents estimated by the Valuer against recent lease renewals and evaluating whether capitalization rates adopted are comparable to the market; and
- Evaluating the reasonableness of the key inputs used by the Valuer on the valuation of investment properties under development, including capitalization rate, prevailing market rent and the allowance of profit required for the development by comparing to the available market data, and comparing the estimated costs to complete the development with the Group's latest budgets.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lee Wing Cheong, Wilfred.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 February 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Notes	2023 HK$ million	2022 HK$ million
Turnover	4	**3,210**	3,460
Property expenses		**(621)**	(567)
Gross profit		**2,589**	2,893
Investment income		**261**	248
Other gains and losses		**1**	(1)
Administrative expenses		**(307)**	(332)
Finance costs	6	**(478)**	(423)
Change in fair value of investment properties		**(2,763)**	(3,213)
Change in fair value of other financial investments		**(267)**	(1)
Share of results of:			
associates		**270**	274
joint ventures		**(37)**	(52)
Loss before taxation		**(731)**	(607)
Taxation	7	**(295)**	(342)
Loss for the year	8	**(1,026)**	(949)
(Loss) profit for the year attributable to:			
Owners of the Company		**(872)**	(1,157)
Perpetual capital securities holders		**442**	450
Other non-controlling interests		**(596)**	(242)
		(1,026)	(949)
Loss per share (expressed in HK cents)	13		
Basic		**(85)**	(112)
Diluted		**(85)**	(112)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	2023 HK$ million	2022 HK$ million
Loss for the year		**(1,026)**	(949)
Other comprehensive (expenses) income	9		
Items that will not be reclassified subsequently to profit or loss:			
Loss on revaluation of properties held for own use (net of tax)		**(5)**	(6)
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")		**(258)**	(42)
		(263)	(48)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of subsidiaries		**(104)**	(311)
Net adjustments to hedging reserve		**(257)**	17
Share of translation reserve of an associate		**(47)**	(557)
		(408)	(851)
Other comprehensive expenses for the year (net of tax)		**(671)**	(899)
Total comprehensive expenses for the year		**(1,697)**	(1,848)
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(1,543)**	(2,056)
Perpetual capital securities holders		**442**	450
Other non-controlling interests		**(596)**	(242)
		(1,697)	(1,848)

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 HK$ million	2022 HK$ million
Non-current assets			
Investment properties	14	**96,005**	96,787
Property, plant and equipment	15	**594**	623
Investments in associates	17	**5,488**	5,491
Loans to associates	17	**8**	10
Investments in joint ventures	18	**445**	473
Loans to joint ventures	18	**4,029**	3,485
Other financial investments	19	**1,557**	2,035
Debt securities	20	**900**	992
Deferred tax assets	27	**96**	96
Other financial assets	21	**198**	383
Other receivables	22	**954**	442
		110,274	110,817
Current assets			
Accounts and other receivables	22	**304**	562
Debt securities	20	**94**	–
Other financial assets	21	**–**	15
Time deposits	23	**1,271**	5,211
Cash and cash equivalents	23	**2,583**	2,560
		4,252	8,348
Current liabilities			
Accounts payable and accruals	24	**1,097**	1,026
Deposits from tenants		**352**	387
Amounts due to non-controlling interests	25	**199**	214
Borrowings	26	**158**	3,244
Taxation payable		**1**	32
		1,807	4,903
Net current assets		**2,445**	3,445
Total assets less current liabilities		**112,719**	114,262
Non-current liabilities			
Amounts due to non-controlling interests	25	**5,264**	4,635
Borrowings	26	**25,406**	24,033
Other financial liabilities	21	**576**	514
Deposits from tenants		**511**	498
Deferred tax liabilities	27	**1,271**	1,171
		33,028	30,851
Net assets		**79,691**	83,411
Capital and reserves			
Share capital	29	**7,723**	7,723
Reserves		**59,459**	62,477
Equity attributable to owners of the Company		**67,182**	70,200
Perpetual capital securities	28	**10,224**	10,224
Other non-controlling interests		**2,285**	2,987
Total equity		**79,691**	83,411

The consolidated financial statements on pages 137 to 207 were approved and authorized for issue by the Board of Directors on 22 February 2024 and are signed on its behalf by:

Lee Irene Y.L.
Director

Lui Kon Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company			
	Share capital HK$ million	Share options reserve HK$ million	General reserve HK$ million	Investments revaluation reserve HK$ million
As at 1 January 2023	**7,723**	**36**	**96**	**278**
(Loss) profit for the year	–	–	–	–
Exchange difference on translation of subsidiaries	–	–	–	–
Net losses arising from hedging instruments	–	–	–	–
Reclassification of net losses to profit or loss	–	–	–	–
Loss on revaluation of properties held for own use (net of tax)	–	–	–	–
Change in fair value of equity instruments at FVTOCI	–	–	–	**(258)**
Share of translation reserve of an associate	–	–	–	–
Total comprehensive (expenses) income for the year	–	–	–	**(258)**
Recognition of equity-settled share-based payments	–	**3**	–	–
Forfeiture of unclaimed dividend	–	–	–	–
Repurchase of own shares	–	–	–	–
Dividends paid during the year (note 12)	–	–	–	–
Distribution paid to perpetual capital securities holders	–	–	–	–
As at 31 December 2023	**7,723**	**39**	**96**	**20**
As at 1 January 2022	7,723	31	96	320
(Loss) profit for the year	–	–	–	–
Exchange difference on translation of subsidiaries	–	–	–	–
Net gains arising from hedging instruments	–	–	–	–
Reclassification of net gains to profit or loss	–	–	–	–
Loss on revaluation of properties held for own use (net of tax)	–	–	–	–
Change in fair value of equity instruments at FVTOCI	–	–	–	(42)
Share of translation reserve of an associate	–	–	–	–
Total comprehensive (expenses) income for the year	–	–	–	(42)
Recognition of equity-settled share-based payments	–	7	–	–
Forfeiture of share options	–	(2)	–	–
Repurchase of own shares	–	–	–	–
Forfeiture of unclaimed dividend	–	–	–	–
Dividends paid during the year (note 12)	–	–	–	–
Distribution paid to perpetual capital securities holders	–	–	–	–
Deemed contribution from a non-controlling shareholder	–	–	–	–
Repurchase of perpetual capital securities	–	–	–	–
As at 31 December 2022	7,723	36	96	278

	Attributable to owners of the Company							
	Hedging reserve HK$ million	Properties revaluation reserve HK$ million	Translation reserve HK$ million	Retained profits HK$ million	Total HK$ million	Perpetual capital securities HK$ million	Other non-controlling interests HK$ million	Total HK$ million
	(144)	**452**	**(338)**	**62,097**	**70,200**	**10,224**	**2,987**	**83,411**
	–	**–**	**–**	**(872)**	**(872)**	**442**	**(596)**	**(1,026)**
	–	**–**	**(104)**	**–**	**(104)**	**–**	**–**	**(104)**
	(261)	**–**	**–**	**–**	**(261)**	**–**	**–**	**(261)**
	4	**–**	**–**	**–**	**4**	**–**	**–**	**4**
	–	**(5)**	**–**	**–**	**(5)**	**–**	**–**	**(5)**
	–	**–**	**–**	**–**	**(258)**	**–**	**–**	**(258)**
	–	**–**	**(47)**	**–**	**(47)**	**–**	**–**	**(47)**
	(257)	**(5)**	**(151)**	**(872)**	**(1,543)**	**442**	**(596)**	**(1,697)**
	–	**–**	**–**	**1**	**4**	**–**	**–**	**4**
	–	**–**	**–**	**1**	**1**	**–**	**–**	**1**
	–	**–**	**–**	**(1)**	**(1)**	**–**	**–**	**(1)**
	–	**–**	**–**	**(1,479)**	**(1,479)**	**–**	**(106)**	**(1,585)**
	–	**–**	**–**	**–**	**–**	**(442)**	**–**	**(442)**
	(401)	**447**	**(489)**	**59,747**	**67,182**	**10,224**	**2,285**	**79,691**
	(161)	458	530	64,873	73,870	10,657	3,358	87,885
	–	–	–	(1,157)	(1,157)	450	(242)	(949)
	–	–	(311)	–	(311)	–	–	(311)
	51	–	–	–	51	–	–	51
	(34)	–	–	–	(34)	–	–	(34)
	–	(6)	–	–	(6)	–	–	(6)
	–	–	–	–	(42)	–	–	(42)
	–	–	(557)	–	(557)	–	–	(557)
	17	(6)	(868)	(1,157)	(2,056)	450	(242)	(1,848)
	–	–	–	–	7	–	–	7
	–	–	–	2	–	–	–	–
	–	–	–	(162)	(162)	–	–	(162)
	–	–	–	1	1	–	–	1
	–	–	–	(1,486)	(1,486)	–	(107)	(1,593)
	–	–	–	–	–	(458)	–	(458)
	–	–	–	–	–	–	(22)	(22)
	–	–	–	26	26	(425)	–	(399)
	(144)	452	(338)	62,097	70,200	10,224	2,987	83,411

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 HK$ million	2022 HK$ million
Operating activities			
Loss before taxation		**(731)**	(607)
Adjustments for:			
Net interest income		**(261)**	(248)
Other gains and losses		**(1)**	1
Depreciation of property, plant and equipment		**33**	32
Share-based payment expenses		**3**	7
Finance costs		**478**	423
Change in fair value of investment properties		**2,763**	3,213
Change in fair value of other financial investments		**267**	1
Share of results of associates		**(270)**	(274)
Share of results of joint ventures		**37**	52
Operating cash flows before movements in working capital		**2,318**	2,600
Decrease (increase) in accounts and other receivables		**102**	(91)
Increase in accounts payable and accruals		**33**	115
Decrease in deposits from tenants		**(22)**	(33)
Cash generated from operations		**2,431**	2,591
Hong Kong Profits Tax paid		**(224)**	(196)
Net cash from operating activities		**2,207**	2,395
Investing activities			
Payments in respect of investment properties		**(1,651)**	(3,062)
Purchases of property, plant and equipment		**(18)**	(19)
Dividends received from an associate		**226**	221
Repayment from an associate		**2**	–
Repayment from joint ventures		**930**	819
Investments in joint ventures		**–**	(2)
Advance to joint ventures		**(1,416)**	(3,055)
Payments in respect of other financial investments		**(47)**	(292)
Purchases of debt securities		**–**	(147)
Interest received		**172**	95
Additions to time deposits with original maturity over three months		**(6,262)**	(10,272)
Proceeds upon maturity of debt securities		**–**	171
Proceeds upon maturity of time deposits with original maturity over three months		**10,202**	6,927
Net cash from (used in) investing activities		**2,138**	(8,616)

	Notes	2023 HK$ million	2022 HK$ million
Financing activities			
Payment of finance costs	31	**(969)**	(732)
Advance from non-controlling interest	31	**416**	–
New bank loans	31	**1,130**	9,142
Repayment of bank loans	31	**(1,670)**	(80)
Issuance of fixed rate notes	31	**1,534**	149
Repurchase of perpetual capital securities		**–**	(399)
Repayment of fixed rate notes	31	**(2,730)**	(531)
Receipt from settlement of derivative instruments	31	**303**	362
Payment to settlement of derivative instruments	31	**(296)**	(362)
Repayment to non-controlling interests of a subsidiary	31	**(14)**	(3,164)
Payment on repurchase of own shares		**(1)**	(162)
Dividends paid		**(1,479)**	(1,486)
Distribution paid to perpetual capital securities holders		**(442)**	(458)
Dividends paid to other non-controlling interests		**(106)**	(107)
Net cash (used in) from financing activities		**(4,324)**	2,172
Net increase (decrease) in cash and cash equivalents		**21**	(4,049)
Effect of foreign exchange rate changes		**2**	71
Cash and cash equivalents as at 1 January		**2,560**	6,538
Cash and cash equivalents as at 31 December	23	**2,583**	2,560

Material Accounting Policy Information

For the year ended 31 December 2023

These consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These 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 ("CO"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The material accounting policy information adopted are as follows:

1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests (including perpetual capital securities holders and non-controlling interests in subsidiaries) are presented separately from the Group's equity attributable to owners of the Company therein.

2. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of parties sharing control.

The results, assets and liabilities of associate or joint venture are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associate or joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associate or joint venture are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

3. INVESTMENT PROPERTIES

Investment properties are properties held to earn rental and/or for capital appreciation including properties under redevelopment for such proposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value using the fair value model, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Construction costs incurred for investment properties under redevelopment are capitalized as part of the carrying amount of the investment properties under redevelopment. Investment properties under redevelopment are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under redevelopment and their carrying amount is recognized in profit or loss in the period in which they arise.

4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for accounts receivables arising from contract with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at FVTPL on initial recognition):

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

(i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost and is included in the investment income as disclosed in note 8 of the Notes to the Consolidated Financial Statements section.

4. FINANCIAL INSTRUMENTS continued

Financial assets continued

(a) Classification of financial assets continued

(ii) Financial assets at FVTPL

Financial assets at FVTPL include derivatives that are not designated and effective as hedging instruments, club debentures and fund investment.

Investments in equity instruments are classified as FVTPL, unless the Group designates such investment that is not held for trading as at FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend earned on the financial asset and is included in other gains and losses. Fair value is determined in the manner described in note 4 of the Financial Risk Management section.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Financial liabilities and equity instruments

(a) Classification and measurement

Financial liabilities and equity instruments issued by a group entity are classified as financial liabilities or equity instruments according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into (i) financial liabilities at FVTPL and (ii) other financial liabilities subsequently measured at amortized cost. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

(i) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis for financial liabilities, other than those financial liabilities at FVTPL, of which the interest expense is included in other gains or losses.

(ii) Financial liabilities at amortized cost

Financial liabilities (including accounts payable and accruals, amounts due to non-controlling interests, deposits from tenants and borrowings) are subsequently measured at amortized cost, using the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in finance costs as disclosed in note 6 of the Notes to the Consolidated Financial Statements section.

4. FINANCIAL INSTRUMENTS continued

Financial liabilities and equity instruments continued

(a) Classification and measurement continued

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Consideration paid to repurchase the Company's own equity instruments is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Perpetual capital securities, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders is classified as equity instrument and is initially recorded at the proceeds received.

Derivative financial instruments and hedging

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks, including cross currency swaps and interest rate swaps. Further details of derivative financial instruments are disclosed in note 21 of the Notes to the Consolidated Financial Statements section.

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges and fair value hedge.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

4. FINANCIAL INSTRUMENTS continued

Hedge accounting continued

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 21 of the Notes to the Consolidated Financial Statements section sets out details of the fair values of the derivative instruments used for hedging purposes.

(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

(b) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in other gains and losses line item.

Amounts previously recognized in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statement of profit or loss as the recognized hedged item.

Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(c) Discontinuation of hedge accountings

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

5. REVENUE RECOGNITION

The Group recognizes revenue from the following major sources:

- Leasing of investment properties
- Provision of property management services

The Group's accounting policies for rental income are included under "Leases" and accounting policies for revenue from property management services are as below:

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognizes revenue when (or as) a performance obligation is satisfied i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods and services (or a bundle of goods or services) that are distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or service.

Revenue from provision of property management services is recognized over time.

6. LEASES

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Rentals received with reference to turnover of tenants are recognized as income when they arise.

Rental income which are derived from the Group's ordinary course of business is presented as revenue.

6. LEASES continued

Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees. Such adjustments are recognized if the amount is considered material.

7. RETIREMENT BENEFIT COSTS

Payments to defined construction retirement benefit plan, state-managed benefit scheme, Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

8. TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For the purposes of measuring deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property", such properties' value is presumed to be recovered through sale, while such presumption has not been rebutted.

9. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1. GENERAL

The Company is a public listed company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are 50/F Lee Garden One, 33 Hysan Avenue, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are property investment, management and development.

These consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and or on the disclosures set out in these consolidated financial statements.

Impacts on application of amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the "Material Accounting Policy Information" section to the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") continued

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The Group anticipated that the application of all these amendments to HKFRSs would have no material impact on the Group's financial position and financial performance.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in the "Material Accounting Policy Information" section, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment properties

At the end of the reporting period, the Group's investment properties are stated at fair value of HK$96,005 million (2022: HK$96,787 million) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalization rates, reversionary income potential and redevelopment potential taking into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In relying on the valuation, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of the reporting period.

4. 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.

Contracts for property management services have various contractual periods for which the Group bills fixed amount for each month of service period. Substantially all of the revenue from provision of property management services is recognized at the amount to which the Group has right to invoice which reflect the progress towards complete satisfaction of performance obligations satisfied over time. The categories for disaggregation of revenue from provision of property management services recognized over time in Hong Kong and Mainland are consistent with the segment disclosure under note 5 of the Notes to the Consolidated Financial Statements section.

5. 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

5. SEGMENT INFORMATION continued

Segment turnover and results

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

	Retail HK$ million	Office HK$ million	Residential HK$ million	Property development HK$ million	Consolidated 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	**1,533**	**1,472**	**205**	**–**	**3,210**
Property expenses	**(302)**	**(258)**	**(61)**	**–**	**(621)**
Segment gross profit	**1,231**	**1,214**	**144**	**–**	**2,589**
Share of results of a joint venture	**–**	**–**	**–**	**(23)**	**(23)**
Segment profit (loss)	**1,231**	**1,214**	**144**	**(23)**	**2,566**
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**
joint ventures					**(14)**
Loss before taxation					**(731)**
For the year ended 31 December 2022					
Turnover					
Leasing of investment properties	1,468	1,373	212	–	3,053
Provision of property management services	175	205	27	–	407
Segment revenue	1,643	1,578	239	–	3,460
Property expenses	(276)	(229)	(62)	–	(567)
Segment profit	1,367	1,349	177	–	2,893
Investment income					248
Other gains and losses					(1)
Administrative expenses					(332)
Finance costs					(423)
Change in fair value of investment properties					(3,213)
Change in fair value of other financial investments					(1)
Share of results of:					
associates					274
joint ventures					(52)
Loss before taxation					(607)

5. SEGMENT INFORMATION continued

Segment turnover and results continued

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 and share of results of associates and joint ventures. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Segment assets

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

	Retail HK$ million	Office HK$ million	Residential HK$ million	Property development HK$ million	Consolidated HK$ million
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**
Investments in joint ventures					**328**
Other financial investments					**1,557**
Other assets					**6,936**
Consolidated assets					**114,526**
As at 31 December 2022					
Segment assets	31,549	36,919	8,725	23,264	100,457
Investments in and loans to associates					5,501
Investments in joint ventures					334
Other financial investments					2,035
Other assets					10,838
Consolidated assets					119,165

Segment assets represented the investment properties and accounts receivable of each segment and investments in and loans to joint ventures engaged in property development business.

Unallocated assets include investments in and loans to associates, investments in joint venture, other financial investments and other assets which include property, plant and equipment, 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.

5. SEGMENT INFORMATION continued

Segment assets continued

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 amounting to HK$602 million (2022: HK$642 million) and HK$2,962 million (2022: HK$3,370 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$9,079 million (2022: HK$9,510 million) which operate in Mainland.

Other segment information

	Retail HK$ million	Office HK$ million	Residential HK$ million	Property development HK$ million	Consolidated HK$ million
For the year ended 31 December 2023					
Additions to non-current assets	**296**	**148**	**6**	**1,626**	**2,076**
For the year ended 31 December 2022					
Additions to non-current assets	853	3,952	9	597	5,411

6. FINANCE COSTS

	2023 HK$ million	2022 HK$ million
Finance costs comprise:		
Interest on bank loans	**541**	288
Interest on fixed rate notes	**558**	544
Imputed interest on amounts due to non-controlling interests	**44**	46
Total interest expenses	**1,143**	878
Other finance costs	**42**	39
Less: amounts capitalised (Note)	**(713)**	(470)
	472	447
Net exchange (gains) losses on borrowings	**(1)**	7
Reclassification of net losses (gains) from hedging reserve on financial instruments designated as cash flow hedges	**4**	(34)
Medium Term Note Programme expenses	**3**	3
	478	423

Note:
During the year, interest expenses have been capitalised to investment properties under development at an average capitalization rate of 3.6% (2022: 2.4%) per annum.

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7. TAXATION

	2023 HK$ million	2022 HK$ million
Current tax		
Hong Kong Profits Tax		
– current year	**200**	264
– (over) under-provision in prior years	**(4)**	5
Deferred tax (note 27)	**99**	73
	295	342

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

	2023 HK$ million	2022 HK$ million
Loss before taxation	**(731)**	(607)
Tax at Hong Kong Profits Tax rate of 16.5%	**(121)**	(100)
Tax effect of share of results of associates	**(45)**	(45)
Tax effect of share of results of joint ventures	**6**	9
Tax effect of expenses not deductible for tax purposes	**529**	569
Tax effect of income not taxable for tax purposes	**(147)**	(163)
Tax effect of estimated tax losses not recognized	**77**	73
Utilisation of estimated tax losses not previously recognized	**–**	(6)
(Over) under-provision in prior years	**(4)**	5
Taxation for the year	**295**	342

In addition to the amount charged to the consolidated statement of profit or loss, deferred tax relating to the revaluation of the Group's properties held for own use has been charged directly to properties valuation reserve (see note 27 of the Notes to the Consolidated Financial Statements section).

8. LOSS FOR THE YEAR

	2023 HK$ million	2022 HK$ million
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**4**	4
Depreciation of property, plant and equipment	**33**	32
Gross rental income from investment properties including rentals received with reference to turnover of tenants of HK$159 million (2022: HK$117 million)	**(2,826)**	(3,053)
Less:		
– Direct operating expenses arising from leasing of investment properties	**209**	177
	(2,617)	(2,876)
Interest income (included in investment income)	**(198)**	(121)
Imputed interest income on interest-free loan to a joint venture (included in investment income)	**(24)**	(24)
Staff costs (including directors' emoluments)	**331**	310
Share of income tax of associates (included in share of results of associates)	**117**	123

9. OTHER COMPREHENSIVE (EXPENSES) INCOME

	2023 HK$ million	2022 HK$ million
Other comprehensive (expenses) income comprises:		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of properties held for own use:		
Loss on revaluation of properties held for own use (net of tax)	**(5)**	(6)
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	**(258)**	(42)
	(263)	(48)
Items that may be reclassified subsequently to profit or loss:		
Derivatives designated as cash flow hedges:		
Net (losses) gains arising during the year	**(261)**	51
Reclassification of net losses (gains) to profit or loss	**4**	(34)
	(257)	17
Exchange difference on translation of subsidiaries	**(104)**	(311)
Share of translation reserve of an associate	**(47)**	(557)
	(408)	(851)
Other comprehensive expenses for the year (net of tax)	**(671)**	(899)

Tax effect relating to other comprehensive (expenses) income:

	2023			2022		
	Before-tax amount HK$ million	Tax expense HK$ million	Net-of-tax amount HK$ million	Before-tax amount HK$ million	Tax expense HK$ million	Net-of-tax amount HK$ million
Loss on revaluation of properties held for own use	**(6)**	**1**	**(5)**	(7)	1	(6)
Change in fair value of equity instruments at FVTOCI	**(258)**	**–**	**(258)**	(42)	–	(42)
Net adjustments to hedging reserve	**(257)**	**–**	**(257)**	17	–	17
Exchange difference on translation of subsidiaries	**(104)**	**–**	**(104)**	(311)	–	(311)
Share of translation reserve of an associate	**(47)**	**–**	**(47)**	(557)	–	(557)
	(672)	**1**	**(671)**	(900)	1	(899)

10. DIRECTORS' EMOLUMENTS

	2023 HK$ million	2022 HK$ million
Directors' fees	3	3
Other emoluments		
Basic salaries, housing and other allowances	14	14
Bonus (Notes d & f)	19	20
Share-based payments	2	4
	38	41

The emoluments paid or payable to each of the Directors of the Company for the two years ended 31 December 2023 and 2022, calculated with reference to their employment as Directors of the Company or for provision of other services to the Company and the Group, are set out below:

	Directors' fees HK$'000 (Note e)	Basic salaries, housing and other allowances HK$'000 (Note d)	Bonus HK$'000 (Note d)	Share-based payments HK$'000 (Note g)	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 December 2023						
Executive Directors (Note a)						
Lee Irene Yun-Lien	–	8,243	12,360	1,464	18	22,085
Lui Kon Wai	–	5,609	6,048	660	18	12,335
Non-Executive Directors (Note b)						
Jebsen Hans Michael (Note h)	124	–	–	–	–	124
Lee Anthony Hsien Pin	388	–	–	–	–	388
Lee Chien	310	–	–	–	–	310
Lee Tze Hau Michael	312	–	–	–	–	312
Independent Non-Executive Directors (Note c)						
Churchouse Frederick Peter	456	–	–	–	–	456
Fan Yan Hok Philip	479	–	–	–	–	479
Poon Chung Yin Joseph	507	–	–	–	–	507
Wong Ching Ying Belinda	310	–	–	–	–	310
Young Elaine Carole	323	–	–	–	–	323
Chung Cordelia (Note i)	223	–	–	–	–	223
	3,432	13,852	18,408	2,124	36	37,852

10. DIRECTORS' EMOLUMENTS continued

	Directors' fees HK$'000 (Note e)	Basic salaries, housing and other allowances HK$'000 (Note f)	Bonus HK$'000 (Note f)	Share-based payments HK$'000 (Note g)	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 December 2022						
Executive Directors (Note a)						
Lee Irene Yun-Lien	–	8,185	14,008	2,907	18	25,118
Lui Kon Wai	–	5,602	6,048	1,254	18	12,922
Non-Executive Directors (Note b)						
Jebsen Hans Michael	330	–	–	–	–	330
Lee Anthony Hsien Pin	388	–	–	–	–	388
Lee Chien	310	–	–	–	–	310
Lee Tze Hau Michael	325	–	–	–	–	325
Independent Non-Executive Directors (Note c)						
Churchouse Frederick Peter	418	–	–	–	–	418
Fan Yan Hok Philip	523	–	–	–	–	523
Poon Chung Yin Joseph	535	–	–	–	–	535
Wong Ching Ying Belinda	310	–	–	–	–	310
Young Elaine Carole (Note j)	253	–	–	–	–	253
	3,392	13,787	20,056	4,161	36	41,432

10. DIRECTORS' EMOLUMENTS continued

Notes:

(a) The Executive Directors' emoluments shown above were for the services in connection with the management of the affairs of the Company and the Group.

(b) The Non-Executive Directors' emoluments shown above were for the services as Directors of the Company.

(c) The Independent Non-Executive Directors' emoluments shown above were for the services as Directors of the Company.

(d) The annual cash remuneration of Lee Irene Yun-Lien, Chairman, and Lui Kon Wai, Executive Director and Chief Operating Officer, are comprised of (i) fixed base salary; and (ii) variable performance bonus which is determined by reference to the Company's performance as well as individual performance and contribution, to be measured against annual financial and operational targets.

For the year ended 31 December 2023, Lee Irene Yun-Lien's base salary of HK$8,243,000 and the performance bonus of HK$12,360,000 were approved by the Remuneration Committee in February 2023 and February 2024 respectively.

For the year ended 31 December 2023, Lui Kon Wai's base salary of HK$5,609,000 and the performance bonus of HK$6,048,000 were approved by the Remuneration Committee in February 2023 and February 2024 respectively.

(e) Last revision of annual Directors' fees for serving on the Board (effective 1 June 2019) were approved by shareholders at the 2019 AGM. Fees of chairman and members of the Sustainability Committee (effective 1 January 2020) were approved by the Board in February 2020. Details are set out in Remuneration Committee Report.

Directors' fees are calculated on annual basis and paid semi-annually. For Directors not having served the full year on a position, the fees will be calculated and paid on pro rata basis.

Breakdown of Directors' fees of each of the Directors of the Company for the year ended 31 December 2023 is set out below:

	Board HK$'000	Audit and Risk Management Committee HK$'000	Remuneration Committee HK$'000	Nomination Committee HK$'000	Sustainability Committee HK$'000	**2023 Total HK$'000**	2022 Total HK$'000
Executive Directors							
Lee Irene Yun-Lien	–	–	–	–	–	–	–
Lui Kon Wai	–	–	–	–	–	–	–
Non-Executive Directors							
Jebsen Hans Michael	105	–	–	–	19	124	330
Lee Anthony Hsien Pin	280	108	–	–	–	388	388
Lee Chien	280	–	–	30	–	310	310
Lee Tze Hau Michael	280	–	7	–	25	312	325
Independent Non-Executive Directors							
Churchouse Frederick Peter	280	108	38	30	–	456	418
Fan Yan Hok Philip	280	108	75	11	5	479	523
Poon Chung Yin Joseph	280	180	17	30	–	507	535
Wong Ching Ying Belinda	280	–	–	–	30	310	310
Young Elaine Carole	280	–	–	–	43	323	253
Chung Cordelia	176	–	28	19	–	223	–
	2,521	504	165	120	122	3,432	3,392

(f) The annual cash remuneration of Lee Irene Yun-Lien, Chairman, and Lui Kon Wai, Executive Director and Chief Operating Officer, are comprised of (i) fixed base salary; and (ii) variable performance bonus which is determined by reference to the Company's performance as well as individual performance and contribution, to be measured against annual financial and operational targets.

For the year ended 31 December 2022, Lee Irene Yun-Lien's base salary of HK$8,185,000 and the performance bonus of HK$14,008,000 were approved by the Remuneration Committee in January 2022 and February 2023 respectively.

For the year ended 31 December 2022, Lui Kon Wai's base salary of HK$5,602,000 and the performance bonus of HK$6,048,000 were approved by the Remuneration Committee in January 2022 and February 2023 respectively.

(g) Share-based payments are the fair values of share options granted to Executive Director, which are determined at the date of grant and expensed over the vesting period (except where options are forfeited before vesting), regardless of whether the Executive Director exercises the share options or not during the year. Details of the share option schemes are set out in note 36 of the Notes to the Consolidated Financial Statements section.

(h) Jebsen Hans Michael retired as a Non-Executive Director and the chairman of the Sustainability Committee with effect from the conclusion of 2023 AGM on 16 May 2023.

(i) Chung Cordelia was appointed as an Independent Non-Executive Director of the Company and a member of the Remuneration Committee and Nomination Committee with effect from the conclusion of 2023 AGM on 16 May 2023.

(j) Young Elaine Carole was appointed as an Independent Non-Executive Director of the Company and a member of the Sustainability Committee with effect from 9 March 2022.

There was no arrangement under which a Director waived or agreed to waive any remuneration during both years.

There was no payment to a Director as inducement for Director to join the Group or compensation for the loss of office as a Director in connection with the management of the affairs of any member of the Group during both years.

Details of material interests of the Directors of the Company in transactions, arrangements or contracts entered into by subsidiaries of the Company are disclosed in the Directors' Report.

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2022: two) were Directors of the Company, details of whose emoluments are included in note 10 of the Notes to the Consolidated Financial Statements section. The emoluments of all of the five individuals with the highest emoluments for the years ended 31 December 2023 and 2022 were as follows:

	2023 HK$ million	2022 HK$ million
Basic salaries, housing and other allowances	**24**	24
Bonus	**23**	24
Share-based payments (Note)	**3**	5
	50	53

Note:
Share-based payments are the fair values of share options granted to Executive Directors and eligible employees, which are determined at the date of grant and expensed over the vesting period (except where options are forfeited before vesting), regardless of whether the Executive Directors or eligible employees exercise the share options or not during the year.

Their emoluments are within the following bands:

	Number of individuals	
	2023	2022
HK$4,000,001 to HK$4,500,000	**1**	1
HK$4,500,001 to HK$5,000,000	**1**	1
HK$5,500,001 to HK$6,000,000	**–**	1
HK$6,000,001 to HK$6,500,000	**1**	–
HK$12,000,001 to HK$12,500,000	**1**	–
HK$12,500,001 to HK$13,000,000	**–**	1
HK$22,000,001 to HK$22,500,000	**1**	–
HK$25,000,001 to HK$25,500,000	**–**	1
	5	5

Senior management during the year are Executive Directors and other members of senior management of the Group. Their emoluments are within the following bands.

	Number of individuals	
	2023	2022
HK$4,000,001 to HK$5,000,000	**2**	2
HK$5,000,001 to HK$6,000,000	**–**	1
HK$6,000,001 to HK$7,000,000	**1**	–
HK$12,000,001 to HK$13,000,000	**1**	1
HK$22,000,001 to HK$23,000,000	**1**	–
HK$25,000,001 to HK$26,000,000	**–**	1
	5	5

12. DIVIDENDS

(a) Dividends recognized as distribution during the year:

	2023 HK$ million	2022 HK$ million
2023 first interim dividend paid – HK27 cents per share	**277**	–
2022 first interim dividend paid – HK27 cents per share	**–**	277
2022 second interim dividend paid – HK117 cents per share	**1,202**	–
2021 second interim dividend paid – HK117 cents per share	**–**	1,209
	1,479	1,486

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

	2023 HK$ million	2022 HK$ million
Second interim dividend (in lieu of a final dividend) – HK81 cents per share (2022: HK117 cents per share)	**832**	1,202

The second interim dividend is not recognized as a liability as at 31 December 2023 because it has been declared after the end of the reporting period. It will be payable in cash.

13. LOSS PER SHARE

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

	Loss	
	2023 HK$ million	2022 HK$ million
Loss for the purposes of basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(872)**	(1,157)

	Number of shares	
	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,027,008,223**	1,029,856,659

During the years ended 31 December 2023 and 2022, 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.

14. INVESTMENT PROPERTIES

	2023 HK$ million	2022 HK$ million
Fair Value		
At 1 January	**96,787**	95,107
Additions	**2,076**	5,411
Transfer from (to) property, plant and equipment	**8**	(171)
Change in fair value recognized in profit or loss – unrealized	**(2,763)**	(3,213)
Exchange difference	**(103)**	(347)
As at 31 December	**96,005**	96,787

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 31 December 2023 and 2022 and as at the date of transfer from/to property, plant and equipment to/from investment properties has been arrived at on the basis of a valuation carried out on the respective dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's investment properties have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the investment properties, the management of the Group has considered the highest and best use of the investment properties as their current use.

Investment properties in Hong Kong

The value of the completed investment properties is derived from the basis of capitalization of net income with due allowance for the reversionary income potential but without allowances for any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables.

For investment properties under development, residual method of valuation was adopted. The value is based on the development potential of the properties as if they were completed in accordance with the existing development proposal at the date of valuation. The value has also taken into consideration all costs of development and allowance of profit required for the development, which duly reflected the risks associated with the development.

There has been no change to the valuation technique during the year for completed properties and properties under development in Hong Kong.

As at 31 December 2023, the aggregate fair value of the investment properties under development of the Group in Hong Kong amounted to HK$19,190 million (2022: HK$19,640 million) have been pledged as securities for the Group's borrowings.

14. INVESTMENT PROPERTIES continued

Investment properties in Mainland

During the year ended 31 December 2022, the Group acquired entire equity interests in Scorecity Investments Limited ("Scorecity"), being an indirect holder of a commercial complex located at Nos. 668 and 688 Xinzha Road, Shanghai, the People Republic of China (the "PRC"), from an independent third party for an aggregate cash consideration of approximately RMB3,500 million (equivalent to approximately HK$4,235 million).

Income capitalization approach – discounted cash flow ("DCF") analysis was adopted for the valuation of such completed investment properties in Mainland. The DCF analysis is based on prospective periodic net cash flow to operating properties, which is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating cash flow, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or the rate of required return, into present value. A 10-year investment horizon has been undertaken for the DCF analysis and the net income in the year eleven is capitalised at an appropriate yield.

Fair value measurements using significant unobservable inputs (Level 3)

At the end of the reporting period, the management of the Group works with Knight Frank Petty Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

All of the fair value measurements of the Group's investment properties were categorized into Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during both years. Details of fair value hierarchy are set out as below.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements of the Group's investment properties by operating and reportable segment.

	Retail HK$ million	Office HK$ million	Residential HK$ million	Investment properties under development HK$ million	Total HK$ million
As at 1 January 2022	31,868	34,707	8,712	19,820	95,107
Additions	853	3,952	9	597	5,411
Transfer to property, plant and equipment	–	(171)	–	–	(171)
Change in fair value recognized in profit or loss – unrealized	(1,166)	(1,273)	3	(777)	(3,213)
Exchange difference	(38)	(309)	–	–	(347)
As at 31 December 2022	31,517	36,906	8,724	19,640	96,787
Additions	**296**	**148**	**6**	**1,626**	**2,076**
Transfer between operating and reportable segments	**126**	**(126)**	**–**	**–**	**–**
Transfer from property, plant and equipment	**–**	**8**	**–**	**–**	**8**
Change in fair value recognized in profit or loss – unrealized	**558**	**(1,162)**	**(83)**	**(2,076)**	**(2,763)**
Exchange difference	**(17)**	**(86)**	**–**	**–**	**(103)**
As at 31 December 2023	**32,480**	**35,688**	**8,647**	**19,190**	**96,005**

14. INVESTMENT PROPERTIES continued

Information about fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair value for investment properties by operating and reportable segment and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December		Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
	2023 HK$ million	2022 HK$ million			
Hong Kong					
Retail	**31,878**	30,875	Income capitalization approach	(i) Capitalization rate	5.25% – 5.50% (2022: 5.25% – 5.50%)
				(ii) Prevailing market rent per month	HK$131 per square foot (2022: HK$123 per square foot)
Office	**32,726**	33,536	Income capitalization approach	(i) Capitalization rate	4.25% –5.00% (2022: 4.25% –5.00%)
				(ii) Prevailing market rent per month	HK$56 per square foot (2022: HK$57 per square foot)
Residential	**8,647**	8,724	Income capitalization approach	(i) Capitalization rate	3.75% (2022: 3.75%)
				(ii) Prevailing market rent per month	HK$39 per square foot (2022: HK$39 per square foot)
Investment properties under development	**19,190**	19,640	Residual method	(i) Capitalization rate	3.50% – 5.00% (2022: 3.50% – 5.00%)
				(ii) Prevailing market rent per month	HK$98 per square foot (2022: HK$120 per square foot)
Mainland					
Retail and Office	**3,564**	4,012	Discounted cash flow method	(i) Prevailing market rent per month	RMB20 per square foot (2022: RMB23 per square foot)
				(ii) Discount rate	7.25% (2022: 7.25%)
				(iii) Stabilised growth rate	4.00% (2022: 4.00%)

The higher the capitalization rate and discount rate, the lower the fair value, and vice versa.

The higher the stabilised growth rate, the higher the fair value, and vice versa.

Prevailing market rent is estimated based on independent valuer's view of recent lettings, within the subject properties and other comparable properties. It does not always equal to the committed rent by tenants. The higher the prevailing market rent, the higher the fair value, and vice versa.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$ million (Note)	Furniture, fixtures and equipment HK$ million	Computers HK$ million	Motor vehicles HK$ million	Total HK$ million
COST OR VALUATION					
As at 1 January 2022	396	137	150	2	685
Additions	–	4	14	1	19
Transfer from investment properties	171	–	–	–	171
Disposals	–	(19)	–	(1)	(20)
Deficit on revaluation	(13)	–	–	–	(13)
As at 31 December 2022	554	122	164	2	842
Additions	**–**	**9**	**8**	**1**	**18**
Transfer to investment properties	**(8)**	**–**	**–**	**–**	**(8)**
Exchange difference	**(1)**	**–**	**–**	**–**	**(1)**
Deficit on revaluation	**(13)**	**–**	**–**	**–**	**(13)**
As at 31 December 2023	**532**	**131**	**172**	**3**	**838**
Comprising:					
At cost	**–**	**131**	**172**	**3**	**306**
At valuation	**532**	**–**	**–**	**–**	**532**
	532	**131**	**172**	**3**	**838**
ACCUMULATED DEPRECIATION					
As at 1 January 2022	–	119	94	–	213
Provided for the year	6	6	18	2	32
Disposals	–	(19)	–	(1)	(20)
Eliminated on revaluation	(6)	–	–	–	(6)
As at 31 December 2022	–	106	112	1	219
Provided for the year	**8**	**7**	**18**	**–**	**33**
Eliminated on revaluation	**(8)**	**–**	**–**	**–**	**(8)**
As at 31 December 2023	**–**	**113**	**130**	**1**	**244**
CARRYING AMOUNTS					
As at 31 December 2023	**532**	**18**	**42**	**2**	**594**
As at 31 December 2022	554	16	52	1	623

15. PROPERTY, PLANT AND EQUIPMENT continued

The above items of property, plant and equipment are depreciated on a straight-line basis over the following terms or at the following rates per annum:

Leasehold land and buildings	Over the term of the lease or 40 years
Furniture, fixtures and equipment	20%
Computers	20%
Motor vehicles	25%

Note:

Fair value measurements and valuation processes

The fair value of the Group's leasehold land and buildings as at 31 December 2023 and 2022 and as at the date of transfer to/from investment properties from/to property, plant and equipment has been arrived at on the basis of a valuation carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's leasehold land and buildings have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the properties, the management of the Group has considered the highest and best use of the properties as their current use.

Leasehold land and buildings in Hong Kong

The value of leasehold land and building in Hong Kong was derived from the basis of capitalization of net income with due allowance for the reversionary income potential but without allowance of any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables. There has been no change to the valuation technique during the year.

Leasehold land and buildings in Mainland

DCF analysis was adopted for the valuation of leasehold land and buildings in Mainland. The DCF analysis is based on prospective periodic net cash flow to operating properties, which is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating cash flow, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or the rate of required return, into present value. A 10-year investment horizon has been undertaken for the DCF analysis and the net income in the year eleven is capitalised at an appropriate yield.

All of the fair value measurements of the Group's leasehold land and buildings in Hong Kong and Mainland were categorized into Level 3 of the fair value hierarchy. Details of fair value hierarchy are set out as below.

There were no transfers into or out of Level 3 during the year.

At the end of the reporting period, the management of the Group works with Knight Frank Petty Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

Information about fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair value for leasehold land and buildings in Hong Kong and Mainland and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December		Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
	2023 HK$ million	2022 HK$ million			
Leasehold land and buildings in Hong Kong	**512**	554	Income capitalization approach	(i) Capitalization rate	4.25% – 5.00% (2022: 4.25% – 5.00%)
				(ii) Prevailing market rent per month	HK$59 per square foot (2022: HK$60 per square foot)
Leasehold land and buildings in Mainland	**20**	–	Discounted cash flow method	(i) Prevailing market rent per month	RMB21 per square foot
				(ii) Discount rate	7.25%
				(iii) Stabilised growth rate	4.00%

The higher the capitalization rate, the lower the fair value, and vice versa.

Prevailing market rent is estimated based on independent values view of recent lettings, within the subject properties and other comparable properties. It does not always equal to the committed rent by tenants. The higher the prevailing market rent, the higher the fair value, and vice versa.

The loss of HK$5 million (2022: loss of HK$6 million) arising on revaluation has been recognized in other comprehensive income and accumulated in properties revaluation reserve.

Had the Group's leasehold land and buildings in Hong Kong and Mainland been measured at historical cost less subsequent accumulated depreciation, their carrying amounts would have been HK$293 million (2022: HK$332 million) and HK$23 million respectively at the end of the reporting period.

Furniture, fixtures and equipment of the Group include assets carried at cost of HK$61 million (2022: HK$54 million) and accumulated depreciation of HK$51 million (2022: HK$46 million) in respect of assets held for leasing out under operating leases. Depreciation charges in respect of those assets for the year amounted to HK$5 million (2022: HK$6 million). There has been no disposal during both years ended 31 December 2023 and 2022.

16. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the principal subsidiaries of the Company:

Name of subsidiaries	Place of establishment/ incorporation/ operation	Issued share capital/ registered capital	Proportion of ownership interests/ voting rights held by the Company		Principal activities
			directly	indirectly	
Admore Investments Limited	Hong Kong	HK$2	100%	–	Investment holding
Alpha Ace Limited	Hong Kong	HK$1	–	100%	Property development
Bamboo Grove Recreational Services Limited	Hong Kong	HK$2	–	100%	Resident club management
Barrowgate Limited	Hong Kong	HK$10,000	–	65.36%	Property investment
Earn Extra Investments Limited	Hong Kong	HK$1	–	100%	Property investment
Elect Global Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Treasury operation
HD Investment Limited	British Virgin Islands	HK$1	–	100%	Investment holding
HD Treasury Limited	Hong Kong	HK$2	100%	–	Treasury operation
Hysan Corporate Services Limited	Hong Kong	HK$2	100%	–	Provision of corporate services
Hysan Leasing Company Limited	Hong Kong	HK$2	100%	–	Leasing administration
Hysan (MTN) Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Treasury operation
Hysan Marketing Services Limited	Hong Kong	HK$1	–	100%	General business
Hysan IT Services Company Limited	Hong Kong	HK$1	–	100%	Information technology
Hysan Property Management Limited	Hong Kong	HK$2	100%	–	Property management
Hysan (Shanghai) Properties Limited	PRC	RMB2,021,750,000	–	100% (Note)	Property investment
Hysan Treasury Limited	Hong Kong	HK$2	100%	–	Treasury operation
Kwong Hup Holding Limited	British Virgin Islands	HK$1	100%	–	Investment holding
Kwong Wan Realty Limited	Hong Kong	HK$1,000	100%	–	Property investment
Lee Theatre Realty Limited	Hong Kong	HK$10	–	100%	Property investment
Leighton Property Company Limited	Hong Kong	HK$2	–	100%	Property investment
Minsal Limited	Hong Kong	HK$2	100%	–	Property investment
Main Rise Development Limited	Hong Kong	HK$2	–	100%	Investment holding
Mariner Bay Limited	British Virgin Islands/ Hong Kong	US$1	–	100%	Investment holding
Mondsee Limited	Hong Kong	HK$2	100%	–	Property investment
OHA Property Company Limited	Hong Kong	HK$2	–	100%	Property investment
Patchway Holdings (HK) Limited	Hong Kong	HK$1	–	60%	Property investment
Patchway Holdings Limited	British Virgin Islands	US$10	–	60%	Investment holding
Perfect Win Properties Limited	Hong Kong	HK$2	–	100%	Property investment
Silver Nicety Company Limited	Hong Kong	HK$20	–	100%	Property investment

Note:
The entity, a wholly foreign owned enterprise, was acquired through acquisition of Scorecity, as detailed in note 14 of the Notes to Consolidated Financial Statement section.

16. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY continued

The Directors of the Company are of the opinion that a complete list of all subsidiaries and their particulars will be of excessive length and therefore the above table contains only those subsidiaries which materially contribute to the net income of the Group or hold a material portion of the assets or liabilities or otherwise are operating subsidiaries of the Company. Other than unsecured fixed rate notes issued by Hysan (MTN) Limited ("Hysan MTN") as disclosed in note 26 of the Notes to the Consolidated Financial Statements section, none of the subsidiaries had issued any debt securities at the end of the reporting period.

The Group's subsidiaries that have material non-controlling interests includes Barrowgate Limited ("Barrowgate"), Patchway Holdings Limited ("Patchway") and Elect Global Investments Limited ("Elect Global"). Elect Global's issued ordinary shares are fully held by the Group. As disclosed in note 28 of the Notes to Consolidated Financial Statement section, Elect Global issued perpetual capital securities which are classified as equity to parties outside the Group. The amount of such non-controlling interests of Elect Global has been disclosed in consolidated statement of changes in equity as perpetual capital securities.

The summarized financial information in respect of Barrowgate and Patchway are set out below. The summarized financial information below represents amounts before intragroup eliminations.

	2023		2022	
	Barrowgate HK$ million	**Patchway HK$ million**	Barrowgate HK$ million	Patchway HK$ million
Current assets	**187**	**12**	146	8
Non-current assets	**9,870**	**19,250**	9,480	19,720
Current liabilities	**(860)**	**(77)**	(792)	(223)
Non-current liabilities	**(232)**	**(21,072)**	(236)	(19,499)
Turnover	**561**	**–**	455	–
Profit (loss) and total comprehensive income (expenses) for the year	**677**	**(1,891)**	33	(648)
Profit (loss) and total comprehensive income (expenses) attributable to other non-controlling interests	**234**	**(830)**	11	(253)
Accumulated non-controlling interests	**3,106**	**(821)**	2,978	9
Dividends paid to non-controlling interests	**106**	**–**	107	–
Net cash inflows from operating activities	**494**	**–**	298	1
Net cash outflows used in investing activities	**(96)**	**–**	(47)	–
Net cash outflows used in financing activities	**(350)**	**–**	(306)	–

17. INVESTMENTS IN ASSOCIATES AND LOANS TO ASSOCIATES

	2023 HK$ million	2022 HK$ million
Cost of unlisted investments	**2**	2
Share of post-acquisition profits and other comprehensive income, net of dividends received	**5,486**	5,489
	5,488	5,491
Loans to associates classified as:		
Non-current assets	**8**	10

The balances of loans to associates are unsecured, interest-free and have no fixed repayment terms. The Directors of the Company are of the opinion that the Group will not demand repayment from the associates within the next twelve months from the end of the reporting period and the loans are therefore classified as non-current assets.

17. INVESTMENTS IN ASSOCIATES AND LOANS TO ASSOCIATES continued

The Directors of the Company are of the opinion that a complete list of all associates will be of excessive length and the Group summarizes details of the Group's material associate as at 31 December 2023 and 2022 as follows:

Name of associates	Form of business structure	Place of incorporation/ establishment and operation	Class of share held/ registered capital	Effective interest held by the Group	Principal activities
Country Link Enterprises Limited (Note)	Private limited company	Hong Kong	Ordinary share of HK$5,000,000	26.3%	Investment holding
Shanghai Kong Hui Property Development Co., Ltd. (Note)	Sino-Foreign equity joint venture	The PRC	US$165,000,000#	24.7%	Property development and leasing
Shanghai Grand Gateway Plaza Property Management Co., Ltd. (Note)	Sino-Foreign equity joint venture	The PRC	US$140,000#	23.7%	Property management

Fully paid-up registered capital

Note:

Shanghai Kong Hui Property Development Co., Ltd. and Shanghai Grand Gateway Plaza Property Management Co., Ltd. are non-wholly owned subsidiaries of Country Link Enterprises Limited, together known as "Country Link".

The summarized consolidated financial information in respect of the Group's material associate is set out below. The summarized consolidated financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs. All of the Group's associates are accounted for using the equity method in the Group's consolidated financial statements.

Country Link

	2023 HK$ million	2022 HK$ million
Current assets	2,324	2,184
Non-current assets	27,452	27,722
Current liabilities	(1,026)	(1,092)
Non-current liabilities	(6,525)	(6,570)
Turnover	1,781	1,807
Profit for the year	1,096	1,115
Other comprehensive expenses for the year	(344)	(2,243)
Total comprehensive income (expenses) for the year	752	(1,128)
Dividends received from the associate during the year	226	221

Reconciliation of the above summarized consolidated financial information to the carrying amount of the interest in the associate that is material to the Group recognized in the consolidated financial statements:

	2023 HK$ million	2022 HK$ million
Net assets of the associate	22,225	22,244
Non-controlling interests of the associate	(1,324)	(1,332)
Net assets of the associate after deducting non-controlling interests of the associate	20,901	20,912
Proportion of the Group's ownership interest in the associate	26.3%	26.3%
Group's share of net assets of the associate	5,497	5,500
Others	(2)	(2)
Carrying amount of the Group's interest in the associate	5,495	5,498

18. INVESTMENTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

Details of the Group's investments in and loans to joint ventures are as follows:

	2023 HK$ million	2022 HK$ million
Investments in joint ventures		
Unlisted shares, at cost	**361**	352
Deemed capital contribution in a joint venture (Note a)	**173**	173
Share of post-acquisition loss and other comprehensive expense, net of dividends received	**(89)**	(52)
	445	473
Loans to joint ventures classified as:		
Non-current assets (Note b)	**4,029**	3,485

Notes:

(a) The deemed capital contribution in a joint venture represents the fair value adjustments in relation to the loan to a joint venture at initial recognition based on the estimated timing on future cash flows.

(b) The loans to joint ventures are unsecured and have no fixed repayment terms. As at 31 December 2023, except for the loans to joint ventures with aggregate carrying amounts of HK$1,398 million (2022: HK$1,376 million) which are carrying variable rates ranging from 3.1% to 7.7% (2022: 2.2% to 6.4%) per annum, the remaining loans to joint ventures of the Group is interest-free. The Directors of the Company are of the opinion that the Group will not demand repayment of the loans from the joint venture within the next twelve months from the end of the reporting period and the loans are therefore classified as non-current assets.

Details of the Group's joint ventures as at 31 December 2023 and 2022 are as follows:

Name of joint ventures	Place of incorporation and operation	Class of share held	Effective ownership interest and voting rights held by the Group	Principal activities
Strongbod Limited (Note a)	British Virgin Islands	Ordinary shares of US$10	60% (2022: 60%) (Note b)	Investment holding
Gainwick Limited (Note a)	Hong Kong	Ordinary share of HK$1	60% (2022: 60%) (Note b)	Property development and investment
H & I GBA Investment Limited (Note c)	Hong Kong	Ordinary shares of US$90,000,000	50% (2022: 50%)	Investment holding
Nation Star Development Limited (Note d)	Hong Kong	Ordinary shares of HK$1	25% (2022: 25%)	Property development and investment

Notes:

(a) Gainwick Limited is a wholly owned subsidiary of Strongbod Limited, together known as "Strongbod".

(b) Pursuant to the shareholder's agreement dated 5 December 2016, entered into by the Group, the joint venture partner and Strongbod, decisions on all relevant business and operation activities of Strongbod require unanimous board approval from directors of Strongbod appointed by the Group and those appointed by the joint venture partner. Therefore, the Group recognized the investment in Strongbod as a joint venture.

(c) The subsidiaries of H & I GBA Investment Limited principally engaged in IWG GBA Flex business.

(d) Nation Star Development Limited ("Nation Star") principally engaged in property development business. The investment was acquired on February 2022.

18. INVESTMENTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES continued

The summarized consolidated financial information in respect of the Group's material joint venture is set out below. The summarized consolidated financial information below represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs. The joint venture is accounted for using the equity method in the Group's consolidated financial statements.

	2023		2022	
	Strongbod HK$ million	**Nation Star HK$ million**	Strongbod HK$ million	Nation Star HK$ million
Current assets	**7,072**	**7,378**	7,059	6,869
Non-current assets	**210**	**1,661**	–	1,610
Current liabilities	**(2,940)**	**(21)**	(3,356)	(3)
Non-current liabilities	**(4,438)**	**(9,018)**	(3,763)	(8,476)
Turnover	**818**	**–**	–	–
Losses and total comprehensive expenses for the year	**(39)**	**–**	(58)	–

Reconciliation of the above summarized consolidated financial information to the carrying amount of the interest in the joint venture that is material to the Group recognized in the consolidated financial statements:

	2023		2022	
	Strongbod HK$ million	**Nation Star HK$ million**	Strongbod HK$ million	Nation Star HK$ million
Net liabilities of the joint ventures	**(96)**	**–**	(60)	–
Proportion of the Group's ownership interest in the joint ventures	**60%**	**25%**	60%	25%
Group's share of net liabilities of the joint ventures	**(58)**	**–**	(36)	–
Add: Deemed capital contribution in the joint ventures	**173**	**–**	173	–
Carrying amount of the Group's interest in the joint ventures	**115**	**–**	137	–

19. OTHER FINANCIAL INVESTMENTS

	2023 HK$ million	2022 HK$ million
Investment designated as at FVTOCI		
– Investments in unlisted equity securities (Note a)	**1,460**	1,708
Investment at FVTPL		
– Unlisted investment in a fund investment (Note b)	**97**	327
	1,557	2,035

Notes:

(a) These investments are designated as at FVTOCI because the Directors of the Company believe that the Group's strategy of holding these investments is for long-term strategic purpose. All these investees are principally engaged in healthcare services business in Mainland.

(b) The balance represents the Group's interest in a fund investment as limited partner. The fund investment engages in property investment in Asia Pacific. The fund investment is classified as FVTPL.

20. DEBT SECURITIES

	2023 HK$ million	2022 HK$ million
Debt securities, at amortized cost:		
– listed in Hong Kong	**800**	798
– listed overseas	**194**	194
Total	**994**	992
Analysed for reporting purposes as:		
Current assets	**94**	–
Non-current assets	**900**	992
	994	992

As at 31 December 2023, the effective yield of the debt securities ranged from 1.2% to 3.3% (2022: 1.2% to 4.9%) per annum, payable quarterly, semi-annually or annually, and the securities will mature from June 2024 to January 2052 (2022: from June 2024 to January 2052). At the end of the reporting period, none of these assets were past due.

Details of the impairment assessment of debt securities are set out in the Financial Risk Management section.

21. OTHER FINANCIAL ASSETS/LIABILITIES

	Current		Non-current	
	2023 HK$ million	2022 HK$ million	2023 HK$ million	2022 HK$ million
Other financial assets				
Financial assets measured at FVTPL:				
Club debenture	**–**	–	**1**	1
Derivatives under hedge accounting:				
Cash flow hedges				
– Cross currency swaps	**–**	15	**187**	367
– Interest rate swaps	**–**	–	**10**	15
Total	**–**	15	**198**	383
Other financial liabilities				
Derivatives under hedge accounting:				
Cash flow hedges				
– Cross currency swaps	**–**	–	**312**	117
Fair value hedges				
– Interest rate swaps	**–**	–	**264**	397
Total	**–**	–	**576**	514

(a) Cash flow hedges

(i) Foreign currency risk

The Group used cross currency swaps to manage its foreign currency exposure. The principal terms of the cross currency swaps have been negotiated to match the major terms of the respective designated hedged items and the management considers that the hedges are highly effective.

21. OTHER FINANCIAL ASSETS/LIABILITIES continued

(a) Cash flow hedges continued

(i) Foreign currency risk continued

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding cross currency swaps at the end of the reporting period are as follows:

Hedging instruments

	2023					2022				
	Average exchange rate (Note a)	Foreign currency	Notional amount million	Notional amount HK$ million	Fair value HK$ million	Average exchange rate (Note a)	Foreign currency	Notional amount million	Notional amount HK$ million	Fair value HK$ million
Cross currency swaps										
Hedging of USD fixed rate notes (Note b)										
Less than 1 year	–	–	–	–	–	7.7519	USD	300	2,326	15
More than 1 year but not exceeding 5 years	7.8500	USD	400	3,140	187	7.8500	USD	400	3,140	367
More than 5 years	7.8465	USD	725	5,689	(312)	7.8465	USD	725	5,689	(117)
Total				8,829	(125)				11,155	265

Notes:

(a) Average exchange rate represented the average exchange rate of HKD versus respective currencies weighted by the notional amounts of the contracts or the swaps.

(b) The Group used HK$8,829 million (2022: HK$11,155 million) cross currency swaps to convert USD interest and principal of US$1,125 million (2022: US$1,425 million) fixed rate notes into HKD.

Hedged items

	Carrying amount of the hedged item				Cash flow hedge reserves	
	Assets		Liabilities			
	2023 HK$ million	2022 HK$ million	2023 HK$ million	2022 HK$ million	2023 HK$ million	2022 HK$ million
USD fixed rate notes	–	–	8,787	11,117	(405)	(159)

The hedging ineffectiveness for the years ended 31 December 2023 and 2022 was insignificant.

	Change in the value of the hedging instrument recognized in other comprehensive (expense) income		Amount reclassified from the cash flow hedge reserve to profit or loss		Line item affected in profit or loss because of the reclassification
	2023 HK$ million	2022 HK$ million	2023 HK$ million	2022 HK$ million	
Cross currency swaps	(250)	36	4	(34)	Finance costs

The fair values of cross currency swaps are measured using quoted forward exchange rates and yield curves from quoted interest rates matching maturities of the contracts and swaps.

21. OTHER FINANCIAL ASSETS/LIABILITIES continued

(a) Cash flow hedges continued

(ii) Interest rate risk

The Group used interest rate swaps to hedge its interest rate risk exposure. The terms of the swaps have been negotiated to match the major terms of the respective hedged underlying items so that the management considers that the interest rate swaps are highly effective hedging instruments.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding interest rate swaps at the end of the reporting period are as follows:

Hedging instruments

	2023			2022		
	Average Interest rate (Note a)	**Notional amount HK$ million**	**Fair value HK$ million**	Average Interest rate (Note a)	Notional amount HK$ million	Fair value HK$ million
Interest rate swaps						
Hedging interest of HKD bank loans (Note b)						
More than 1 year not exceeding 5 years	**3.54%**	**1,400**	**10**	3.45%	1,000	15

Notes:

(a) Average interest rate represented the average fixed interest rate paid by the Group against receipts of 3-month HIBOR weighted by the notional amounts of the swaps.

(b) The Group used HK$1,400 million (2022: HK$1,000 million) interest rate swaps to manage its exposure to interest rate changes of the interest payments of HKD bank loans.

Hedged items

	Notional amount of the hedged item Liabilities		Cash flow hedge reserves	
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
HKD bank loans	**1,400**	1,000	**4**	15

The hedging ineffectiveness for the years ended 31 December 2023 and 2022 was insignificant.

	Change in the value of the hedging instrument recognized in other comprehensive income		Amount reclassified from the cash flow hedge reserve to profit or loss		Line item affected in profit or loss because of the reclassification
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million	
Interest rate swaps	**(11)**	15	**–**	–	Finance costs

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

21. OTHER FINANCIAL ASSETS/LIABILITIES continued

(b) Fair value hedges

The Group used interest rate swaps to minimise its exposure to fair value changes of its USD fixed rate notes by swapping the notes from fixed rates to floating rates. The major terms of the interest rate swaps match the corresponding notes and the management considers that the swaps are highly effective hedging instruments.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding interest rate swaps at the end of the reporting period are as follows:

	2023			2022		
	Average interest rate (Note a)	**Notional amount HK$ million**	**Fair value HK$ million**	Average Interest rate (Note a)	Notional amount HK$ million	Fair value HK$ million
Interest rate swaps						
More than 1 year not exceeding 5 years	**2.88%**	**3,140**	**(264)**	2.88%	3,140	(397)

Notes:

(a) The average interest rate represented the average fixed interest rate (weighted by the notional amounts of the interest rate swaps) received by the Group against payments of 3-month HIBOR.

(b) As at 31 December 2023, the Group designated fixed-to-floating interest rate swaps with notional amount of HK$3,140 million (2022: HK$3,140 million) to hedge USD fixed rate notes with notional amount of US$400 million (2022: US$400 million) by converting fixed rate of 2.88% per annum (2022: 2.88% per annum) to HIBOR plus 2.02% per annum (2022: HIBOR plus 2.02% per annum).

As a result of the hedge accounting, the carrying amount of the hedged item as at 31 December 2023 was adjusted by cumulative losses of HK$264 million (2022: HK$397 million). The changes in fair values of the notes for the hedged risk were included in profit or loss at the same time that the changes in fair value of the swaps were included in profit or loss.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

(c) Financial assets measured at FVTPL

Club debenture

Amount represented investment in unlisted club debenture. The Group's investment in unlisted club debenture has been classified as financial assets measured at FVTPL.

22. ACCOUNTS AND OTHER RECEIVABLES

	2023 HK$ million	2022 HK$ million
Accounts receivable	**58**	46
Interest receivable	**55**	66
Prepayments in respect of investment properties	**721**	235
Other receivables and prepayments	**424**	657
Total	**1,258**	1,004
Analysed for reporting purposes as:		
Current assets	**304**	562
Non-current assets	**954**	442
	1,258	1,004

22. ACCOUNTS AND OTHER RECEIVABLES continued

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.

	2023 HK$ million	2022 HK$ million
Less than 30 days	**31**	21
31-90 days	**16**	16
Over 90 days	**11**	9
	58	46

23. TIME DEPOSITS/CASH AND CASH EQUIVALENTS

Time deposits, cash and bank balances include bank deposits for the purpose of meeting the Group's short term cash commitments, carrying effective interest rates ranging from 0.01% to 5.55% (2022: 0.01% to 5.87%) per annum.

As at 31 December 2023 and 2022, the Group performed impairment assessment on time deposits and bank balances and concluded that the probability of default of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

24. ACCOUNTS PAYABLE AND ACCRUALS

	2023 HK$ million	2022 HK$ million
Accounts payable	**289**	295
Interest payable	**80**	85
Other payables	**728**	646
	1,097	1,026

At the end of the reporting period, accounts payable of the Group with carrying amount of HK$168 million (2022: HK$193 million) were aged less than 90 days based on invoice date.

25. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

	2023 HK$ million	2022 HK$ million
Current (Note a)	**199**	214
Non-current (Note b)	**5,264**	4,635
	5,463	4,849

Notes:

(a) The balances are unsecured, interest-free and repayable on demand.

(b) The balance is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong. During the year ended 31 December 2023, amounts due to non-controlling interests amounting to HK$416 million were advanced. During the year ended 31 December 2022, amounts due to non-controlling interests amounting to HK$3,164 million were repaid upon a bank loan being obtained.

26. BORROWINGS

	2023 HK$ million	2022 HK$ million
Secured bank loans	**7,852**	7,833
Unsecured bank loans	**2,171**	2,707
Unsecured fixed rate notes	**15,541**	16,737
	25,564	27,277
Less: Amount due within 1 year included under current liabilities	**(158)**	(3,244)
	25,406	24,033

The carrying amounts of the above bank loans and fixed rate notes are repayable as follows:

	Bank loans		Fixed rate notes	
	2023 HK$ million	2022 HK$ million	2023 HK$ million	2022 HK$ million
Within one year	**8**	499	**150**	2,745
In the second year	**1,270**	568	**1,495**	149
In the third year to fifth year	**8,745**	9,473	**5,435**	5,940
After the fifth year	**–**	–	**8,461**	7,903
	10,023	10,540	**15,541**	16,737

All the bank loans are guaranteed as to principal and interest and are carrying variable-rate. Interest rates of the loans are normally re-fixed at every one to three months. The effective interest rates (which were also equal to contracted interest rates) were 4.2% (2022: 2.8%) per annum at the end of the reporting period.

All the unsecured fixed rate notes were issued by Hysan MTN, a wholly owned subsidiary of the Company. The notes are guaranteed as to principal and interest by the Company and bear an effective interest rate equal to their respective contracted interest rate. The contract rates per annum (before cross-currency swaps) at the end of the reporting period were as follows:

	2023			2022		
	HK$ %	US$ %	RMB %	HK$ %	US$ %	RMB %
Unsecured fixed rate notes	**1.50–4.50**	**2.82–3.55**	**3.10–3.55**	1.50–4.50	2.82–3.55	NIL

As detailed in note 21 of the Notes to the Consolidated Financial Statements section, during the years ended 31 December 2023 and 2022, cross currency swaps and interest rate swaps were used to hedge or manage the foreign exchange rate risks and fair value interest rate risks of the Group's USD fixed rate notes and cash flow interest rate risks of the Group's HKD bank loans respectively.

As at 31 December 2023 and 2022, the Group's investment properties pledged as securities for borrowings are disclosed in note 14 of the Notes to the Consolidated Financial Statements section.

27. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities (assets) recognized by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$ million	Revaluation of properties HK$ million	Tax losses HK$ million	Total HK$ million
As at 1 January 2022	1,113	87	(199)	1,001
Charge (credit) to profit or loss (note 7)	80	(2)	(5)	73
Charge to other comprehensive income	–	1	–	1
As at 31 December 2022	1,193	86	(204)	1,075
Charge (credit) to profit or loss (note 7)	**91**	**(1)**	**9**	**99**
Charge to other comprehensive income	**–**	**1**	**–**	**1**
As at 31 December 2023	**1,284**	**86**	**(195)**	**1,175**

At the end of the reporting period, the Group has unused estimated tax losses of HK$3,237 million (2022: HK$2,780 million) available for offset against future profits. A deferred tax asset has been recognized in respect of HK$1,183 million (2022: HK$1,235 million) of such losses. No deferred tax asset has been recognized in respect of the remaining HK$2,054 million (2022: HK$1,545 million) due to the unpredictability of future profit streams and the tax losses may be carried forward indefinitely.

28. PERPETUAL CAPITAL SECURITIES

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 perpetual capital securities (the "Subordinated 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 (the "Senior Securities"), which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purpose and the capital securities are listed on Hong Kong Stock Exchange.

Distribution on the Subordinated Securities and Senior Securities are payable semi-annually in-arrear each year and can be deferred at the sole discretion of the Issuer, if the Issuer and the Company do not declare or pay dividends or repurchase, redeem, cancel, reduce or otherwise acquire any securities of lower or equal rank. The Subordinated Securities and Senior Securities have no fixed maturity and are redeemable at the Issuer's option on or after 3 June 2025 and 25 August 2023 respectively, at their principal amounts together with any distribution accrued to such date.

The Securities are classified as equity and initially recognized at the amount of proceeds received in the consolidated financial statements of the Group.

During the year ended 31 December 2022, the Group repurchased perpetual capital securities with principal amount of HK$425 million with cash consideration at HK$399 million.

29. SHARE CAPITAL

	Number of shares	Share capital HK$ million
Ordinary shares, issued and fully paid:		
As at 1 January 2022	1,034,258,223	7,723
Cancellation upon repurchase of own shares (Note)	(7,250,000)	–
As at 31 December 2022 and 2023	**1,027,008,223**	**7,723**

During the year ended 31 December 2023, the Group purchased a total of 48,400 ordinary shares ("Awarded 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 ("100A Share Award Plan") in commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong. Details of the shares purchased are as follows:

Month of repurchase in 2023	**Number of ordinary shares repurchased (Note)**	**Consideration per share**		**Aggregate consideration paid HK$ million**
		Highest HK$	**Lowest HK$**	
October	**48,400**	**14.58**	**14.34**	**1**

During the year ended 31 December 2022, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of repurchase in 2022	Number of ordinary shares repurchased (Note)	Consideration per share		Aggregate consideration paid HK$ million
		Highest HK$	Lowest HK$	
February	1,050,000	23.40	22.80	24
March	950,000	23.45	20.15	21
April	1,500,000	23.55	23.00	36
May	500,000	23.25	22.70	11
June	1,400,000	23.95	22.45	33
July	350,000	23.75	23.25	8
August	500,000	23.30	22.20	11
September	600,000	22.20	19.36	10
October	400,000	20.25	17.06	8
	7,250,000			162

Note:
The Company was authorized at its annual general meetings to repurchase its own ordinary shares not exceeding 10% of the total number of its issued shares as at the dates of the resolutions being passed. In 2022, the Company repurchased its ordinary shares on the Stock Exchange when they were trading at a significant discount to the Company's net asset value in order to enhance shareholder value. All ordinary shares repurchased in 2022 were cancelled during the year ended 31 December 2022.

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023 HK$ million	2022 HK$ million
Non-current assets		
Investments in subsidiaries	**2,242**	2,238
Other financial assets	**1**	1
Amounts due from subsidiaries	**7,120**	7,045
	9,363	9,284
Current assets		
Other receivables	**30**	31
Amounts due from subsidiaries	**3,235**	3,141
Cash and cash equivalents	**7**	1
	3,272	3,173
Current liabilities		
Other payables and accruals	**92**	84
Amounts due to subsidiaries	**1,512**	1,454
	1,604	1,538
Net current assets	**1,668**	1,635
Net assets	**11,031**	10,919
Capital and reserves		
Share capital (note 29)	**7,723**	7,723
Reserves	**3,308**	3,196
Total equity	**11,031**	10,919

The Company's statement of financial position was approved and authorized for issue by the Board of Directors on 22 February 2024 and are signed on its behalf by:

Lee Irene Y.L.
Director

Lui Kon Wai
Director

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY continued

Movement in the Company's reserve

	Share options reserve HK$ million	General reserve HK$ million (Note)	Retained profits HK$ million	Total HK$ million
As at 1 January 2022	31	100	4,650	4,781
Recognition of equity-settled share-based payments	7	–	–	7
Forfeiture of share options	(2)	–	–	(2)
Repurchase of own shares	–	–	(162)	(162)
Profit and total comprehensive income for the year	–	–	57	57
Forfeiture of unclaimed dividends	–	–	1	1
Dividends paid during the year (note 12)	–	–	(1,486)	(1,486)
As at 31 December 2022	36	100	3,060	3,196
Recognition of equity-settled share-based payments	**3**	**–**	**1**	**4**
Repurchase of own shares	**–**	**–**	**(1)**	**(1)**
Profit and total comprehensive income for the year	**–**	**–**	**1,587**	**1,587**
Forfeiture of unclaimed dividends	**–**	**–**	**1**	**1**
Dividends paid during the year (note 12)	**–**	**–**	**(1,479)**	**(1,479)**
As at 31 December 2023	**39**	**100**	**3,169**	**3,308**

Note:
General reserve was set up from the transfer of retained profits.

The Company's reserves available for distribution to its owners as at 31 December 2023 amounted to HK$3,269 million (2022: HK$3,160 million), being its general reserve and retained profits at that date.

31. RECONCILIATION OF ASSETS/LIABILITIES RELATING TO FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Amounts due to non-controlling interests HK$ million	Borrowings and other interest-bearing liabilities HK$ million	Total HK$ million
As at 1 January 2022	7,853	18,844	26,697
Cash flows, net	(3,164)	7,948	4,784
Other non-cash changes			
Foreign exchange adjustments	–	(17)	(17)
Finance costs	–	423	423
Interest capitalised	138	332	470
Net gains arising from hedging instruments	–	(51)	(51)
Deemed contribution from a non-controlling shareholder	22	–	22
As at 31 December 2022	4,849	27,479	32,328
Cash flows, net	**402**	**(2,698)**	**(2,296)**
Other non-cash changes			
Foreign exchange adjustments	**–**	**2**	**2**
Finance costs	**–**	**478**	**478**
Interest capitalised	**212**	**501**	**713**
Net losses arising from hedging instruments	**–**	**261**	**261**
As at 31 December 2023	**5,463**	**26,023**	**31,486**

32. RETIREMENT BENEFITS PLANS

With effect from 1 December 2000, the Group set up an Enhanced Mandatory Provident Fund Scheme (the "Enhanced MPF Scheme"), a defined contribution scheme, for all qualifying employees. The Enhanced MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under Section 124(1) of the Mandatory Provident Fund Schemes (General) Regulation.

Pursuant to the rules of the Enhanced MPF Scheme, the Group's contributions to the plan are based on fixed percentages of members' salaries, ranging from 5% of MPF relevant income to 15% of basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income, subject to a monthly cap of HK$1,500, in compliance with MPF legislation.

The employees of the Group in the Mainland are members of a state-managed retirement benefits scheme operated by the Mainland government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

Total contributions made by the Group during the year amounted to HK$11 million (2022: HK$10 million).

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("LSP") to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement').

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. Under the Amendment Ordinance, the accrued benefits derived from the Group's Enhanced MPF Scheme, minus the mandatory contributions, made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. The impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

33. COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments in respect of its investment properties, property, plant and equipment and subscription to a fund investment as limited partner:

		2023 **HK$ million**	2022 HK$ million
(a)	Capital commitment:		
	Contracted but not provided for investment properties and property, plant and equipment	**5,527**	1,723
(b)	Other commitment:		
	Subscription to a fund investment as limited partner	**8**	45

34. LEASE COMMITMENTS

At the end of the reporting period, the Group as lessor had contracted with tenants for the following undiscounted lease payments receivable over the non-cancellable periods:

	2023 **HK$ million**	2022 HK$ million
Within one year	**2,194**	2,147
In the second year	**1,450**	1,455
In the third year	**959**	794
In the fourth year	**648**	529
In the fifth year	**469**	436
Over five years	**257**	374
	5,977	5,735

Operating lease payments represent rentals receivable by the Group from leasing of its investment properties. Typically, leases are negotiated and rentals are fixed for lease term of one to three years. Certain leases include rentals received with reference to turnover of tenants.

35. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions and balances with related parties

During the year, the Group has transaction with related party including interest income on loans to joint ventures, imputed interest income on interest-free loan to a joint venture and imputed interest expense on interest-free amounts due to non-controlling interests as disclosed under notes 6, 8, 18 and 25 of the Notes to the Consolidated Financial Statements section respectively. The imputed interest expense arising from the amounts due to non-controlling interests during the year has been fully capitalised into investment properties under development. The interest income on loans to joint ventures during the year is amounted to HK$38 million (2022: HK$31 million).

At the end of the reporting period, the Group has several balances with related parties including loans to associates and loans to joint ventures as disclosed under note 17 and note 18 of the Notes to the Consolidated Financial Statements section.

The Group has granted guarantees to banks for facilities granted to a joint venture as disclosed under note 1(b) of the Financial Risk Management.

The Group has entered into the facility agreement with HSBC Bank (China) Company Limited, Shanghai Branch ("HSBC (China)") on 22 November 2023, a fellow subsidiary of Imenson Limited ("Imenson"), pursuant to which HSBC (China) agreed to grant a facility to Hysan (Shanghai) Properties Limited ("Hysan (SH)"), an indirect wholly-owned subsidiary of the Company amounting to RMB200 million with a term of two years from first drawdown and final maturity no later than 31 December 2025. The balance of utilized amount at 31 December 2023 was RMB27 million.

35. RELATED PARTY TRANSACTIONS AND BALANCES continued

(a) Transactions and balances with related parties continued

	Gross rental income received from Year ended 31 December		Amounts due to non-controlling interests At 31 December	
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
Related companies controlled by the Directors of the Company (Note a (i) & (ii))	**53**	56	**57**	61
Non-controlling shareholders of subsidiaries (Note b (i) & (ii))	**21**	25	**5,406**	4,788
Joint venture and associate (Note c)	**81**	61	**–**	–

Notes:

(a) (i) The sum of transactions represents the aggregate gross rental income received from related companies where the Directors of the Company have controlling interests over these related companies.

(ii) The balance represents outstanding loan advanced to a non-wholly owned subsidiary of the Company, Barrowgate by Jebsen Capital Limited, a wholly owned subsidiary of Jebsen and Company Limited, of which Jebsen Hans Michael is a director and a controlling shareholder, as a shareholder loan in proportion to its shareholding in Barrowgate for general funding purpose. The amount is unsecured, interest-free and repayable on demand.

On 16 May 2023, Jebsen Hans Michael retired from his director role of the Company and remained as a connected person of Hysan at issuer level for 12 months thereafter.

(b) (i) The sum of transactions represents the aggregate gross rental income received from Hang Seng Bank Limited ("Hang Seng"), the intermediate holding company of Imenson, and The Hongkong and Shanghai Banking Corporation Limited, the holding company of Hang Seng. Imenson is a non-controlling shareholder with significant influence over Barrowgate.

(ii) The balance represents outstanding loans advanced to Barrowgate by Imenson and Patchway by Coastday, as shareholder loans in proportion to its shareholding in Barrowgate and Patchway respectively. The amounts advanced to Barrowgate are unsecured, interest-free and repayable on demand. The amount advanced to Patchway is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong.

(c) Rental income is charged in accordance with respective tenancy agreements.

(b) Compensation of key management personnel

The remuneration of Directors and other members of senior management of the Group are as follows:

	2023 HK$ million	2022 HK$ million
Directors' fees, salaries and other short-term employee benefits	**49**	53
Share-based payments	**3**	5
Retirement benefits scheme contributions	**1**	1
	53	59

The remuneration of the Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

36. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled share option and share award scheme

The 2005 Scheme

The Company adopted the 2005 Scheme at its AGM held on 10 May 2005, which has 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.

The purpose of the 2005 Scheme is to provide an incentive for employees of the Company and its wholly-owned subsidiaries to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders.

Under the 2005 Scheme, options to subscribe for ordinary shares of the Company may be granted to employees of the Company or any wholly-owned subsidiaries (including Executive Director) and 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 such number of shares as required under the Listing Rules, currently being 10% of the shares in issue as at 10 May 2005, the date of the AGM approving the 2005 Scheme (being 104,996,365 shares).

The maximum entitlement of each participant under the 2005 Scheme must not during any 12-month period exceed such number of shares as required under the Listing Rules (which is 1% of the total shares in issue as at the date of shareholder approval, being 10,499,636 shares). The exercise price shall be at least the highest 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 of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant. Consideration on each grant of option is HK$1 and is required to be paid within 30 days from the date of grant of options, with full payment for exercise price to be made on exercise of the relevant options.

The 2015 Scheme

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

The purpose of the 2015 Scheme is to provide an incentive for employees of the Company and its subsidiaries to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders.

Under the 2015 Scheme, options to subscribe for ordinary shares of the Company may be granted to employees of the Company or any subsidiaries (including Executive Director) and 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 such number of shares as required under the Listing Rules, currently being 10% of the shares in issue as at 15 May 2015, the date of the AGM approving the 2015 Scheme (being 106,389,669 shares). Under the Listing Rules, a listed issuer may seek approval by its shareholders in general meeting for "refreshing" the 10% limit under the scheme. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be 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 such number of shares as required under the Listing Rules). No options may be granted if such grant will result in this 30% limit being exceeded.

36. SHARE-BASED PAYMENT TRANSACTIONS continued

(a) Equity-settled share option and share award scheme continued

The 2015 Scheme continued

The maximum entitlement of each participant under the 2015 Scheme must not during any 12-month period exceed such number of shares as required under the Listing Rules (which is 1% of the total shares in issue as at the date of shareholder approval, being 10,638,966 shares). The exercise price shall be at least the highest 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 of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant. Consideration on each grant of option is HK$1 and is required to be paid within 30 days from the date of grant of options, with full payment for exercise price to be made on exercise of the relevant options.

During the year, no share options was granted under the 2015 Scheme (2022: 2,084,000 share options). The 2005 Scheme expired on 9 May 2015 and no further option will be granted under the 2005 Scheme.

The One-off Share Award Plan

In commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong, the Company adopted 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 Share Award Plan also serves as a gesture of appreciation and recognition for the dedication and valuable contributions of the Group's employees to the Group'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 Plan ("Selected Employees"), and grant Awarded Shares to the Selected Employees at no consideration. 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 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.

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.

36. SHARE-BASED PAYMENT TRANSACTIONS continued

(a) Equity-settled share option and share award scheme continued

The One-off Share Award Plan continued

The following table discloses movements of the Awarded Shares held by the Director and eligible employees during the current year:

Name	Date of grant	Purchase price HK$	Vesting date (Note a)	Balance as at 1.1.2023	Changes during the year			Balance as at 31.12.2023
					Granted (Note c)	Vested	Cancelled/ lapsed	
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 Executive Directors)	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:
(a) All Awarded Shares granted have vested on 27 November 2023, i.e. date of grant.
(b) None of the Awarded Shares granted have performance targets.
(c) The closing price of the Shares immediately before the date of grant and vesting (i.e. 24 November 2023) was HK$15.22.
(d) The fair value of the Awarded Shares at the date of grant is HK$15.04 per share.
(e) The Group has applied HKFRS 2 to account for the Awarded Shares. In the current year, the Group recognized the share award expenses of HK$1 million in relation to Awarded Shares granted by the Company, of which HK$3,008 related to the Directors, HK$7,520 related to the five top-paid employees (excluding the Executive Directors) and HK$708,384 related to other employee participants.

(b) Grant and vesting structures

Under the Company's current policy, grants will be made on a periodic basis. For the Schemes, the exercise period is 10 years and vesting period is 3 years in equal proportions starting from the 1st anniversary and become fully vested on the 3rd anniversary of the grant. Size of grant will be determined by reference to base salary multiple and job grades. A clear performance criterion will be a key driver. The Board will review the grant and vesting structures from time to time.

36. SHARE-BASED PAYMENT TRANSACTIONS continued

(c) Movement of share options

The following table discloses movements of the Company's share options held by the Director and eligible employees during the current year:

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the year Granted	Exercised	Cancelled/ lapsed (Note b)	Balance as at 31.12.2023
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**
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**

36. SHARE-BASED PAYMENT TRANSACTIONS continued

(c) Movement of share options continued

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the year: Granted	Changes during the year: Exercised	Changes during the year: Cancelled/ lapsed (Note b)	Balance as at 31.12.2023
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**
Exercisable at the end of the year								**6,341,720**

Notes:
(a) All options granted have a vesting period of three years in equal proportions starting from the first anniversary of the grant and become 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.

The Company had not granted any share option under the Schemes to any other person as required to be disclosed under Rule 17.07 of the Listing Rules in 2023.

36. SHARE-BASED PAYMENT TRANSACTIONS continued

(c) Movement of share options continued

The following table discloses movements of the Company's share options held by the Director and eligible employees in prior year:

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Balance as at 1.1.2022	Changes during the year			Balance as at 31.12.2022
					Granted	Exercised	Cancelled/ lapsed (Note b)	
2005 Scheme								
Executive Director								
Lee Irene Yun-Lien	14.5.2012	33.50	14.5.2013-13.5.2022	87,000	–	–	(87,000)	–
	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	30.3.2012	31.61	30.3.2013-29.3.2022	70,000	–	–	(70,000)	–
	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	–	–	–	46,000
	31.3.2015	34.00	31.3.2016-30.3.2025	61,000	–	–	–	61,000
				1,239,000	**–**	**–**	**(157,000)**	**1,082,000**
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 (Note c)	28.2.2023-27.2.2032	–	819,000	–	–	819,000

36. SHARE-BASED PAYMENT TRANSACTIONS continued

(c) Movement of share options continued

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Balance as at 1.1.2022	Changes during the year: Granted	Exercised	Cancelled/ lapsed (Note b)	Balance as at 31.12.2022
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 (Note c)	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	–	–	–	106,000
	31.3.2017	35.33	31.3.2018-30.3.2027	208,667	–	–	–	208,667
	29.3.2018	41.50	29.3.2019-28.3.2028	260,000	–	–	–	260,000
	29.3.2019	42.05	29.3.2020-28.3.2029	393,000	–	–	–	393,000
	31.3.2020	25.20	31.3.2021-30.3.2030	498,000	–	–	–	498,000
	31.3.2021	30.40	31.3.2022-30.3.2031	611,000	–	–	(6,000)	605,000
	31.3.2022	23.36 (Note d)	31.3.2023-30.3.2032	–	865,000	–	(5,000)	860,000
				5,844,067	**2,084,000**	**–**	**(11,000)**	**7,917,067**
Exercisable at the end of the year								**5,424,381**

Notes:

(a) All options granted have a vesting period of three years in equal proportions starting from the first anniversary of the grant and become 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.

(c) The closing price of the shares of the Company immediately before the date of grant (i.e. as of 25 February 2022) was HK$23.10.

(d) The closing price of the shares of the Company immediately before the date of grant (i.e. as of 30 March 2022) was HK$23.30.

Apart from the above, the Company had not granted any share option under the Schemes to any other person as required to be disclosed under Rule 17.07 of the Listing Rules in 2022.

36. SHARE-BASED PAYMENT TRANSACTIONS continued

(d) Fair values of share options

The Group has applied HKFRS 2 to account for its share options granted. In accordance with HKFRS 2, fair value of share options granted to employees determined at the date of grant is expensed over the vesting period, with a corresponding adjustment to the Group's share options reserve. In the current year, the Group recognized the share option expenses of HK$3 million (2022: HK$7 million) in relation to share options granted by the Company, of which HK$2 million (2022: HK$4 million) related to the Directors (see note 10 of the Notes to Consolidated Financial Statements section), with a corresponding adjustment recognized in the Group's share options reserve.

The fair values of share options granted by the Company were determined by using Black-Scholes option pricing model (the "Model"). The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The inputs into the Model were as follows:

Date of grant	31.3.2022	28.2.2022
Closing share price at the date of grant	HK$22.900	HK$23.000
Exercise price	HK$23.360	HK$23.250
Risk free rate (Note a)	2.010%	1.451%
Expected life of option (Note b)	5 years	5 years
Expected volatility (Note c)	27.636%	27.722%
Expected dividend per annum (Note d)	HK$1.426	HK$1.426
Estimated fair values per share option	HK$3.400	HK$3.370

Notes:

(a) Risk free rate: being the approximate yields of 5-year Exchange Fund Notes traded on the date of grant, matching the expected life of each option.

(b) Expected life of option: being the period of 5 years commencing on the date of grant, based on management's best estimates for the effects of non-transferability, exercise restriction and behavioural consideration.

(c) Expected volatility: being the appropriate historical volatility of closing prices of the shares of the Company over the past 5 years immediately before the date of grant.

(d) Expected dividend per annum: being the approximate average annual cash dividend over the past 5 financial years.

Financial Risk Management

For the year ended 31 December 2023

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loans to associates, loans to joint ventures, other financial investments, debt securities, accounts and other receivables, time deposits, cash and cash equivalents, accounts payable and accruals, deposits from tenants, amounts due to non-controlling interests, borrowings and derivative financial instruments. Details of these financial instruments are disclosed in respective Notes to the Consolidated Financial Statements section. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk and impairment assessment

The credit risk of the Group is primarily attributable to loans to associates, loans to joint ventures, accounts and other receivables, derivative financial instruments, debt securities, time deposits and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

The Group reviewed and assessed the Group's existing financial assets and financial guarantee contract for impairment using reasonable, supportable and forward-looking information that is available without undue cost or effort in accordance with HKFRS 9. For the purpose of internal credit risk management, the Group uses financial information (such as historical settlement records, past due records, deposits held or other credit enhancement) to assess whether credit risk has increased significantly since initial recognition.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivables	Other financial assets
Performing	The counterparty has a low credit risk of default or does not have any past-due amounts	Lifetime Expected Credit Losses ("ECL") – not credit-impaired	12-month ECL – not credit-impaired
Non-performing	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Loans to associates and joint ventures

The Group regularly monitors the business performance of the associates and joint ventures. The Group's credit risk in these balances are mitigated through the value of the assets held by these entities and the power to participate or jointly control the relevant activities of these entities. As at 31 December 2023, these loans with gross carrying amount of HK$4,045 million (2022: HK$3,503 million) are considered to be performing and were assessed individually based on 12-month ECL.

Accounts and other receivables

Credit checks on tenants are part of the normal leasing process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the expected credit losses of each individual debt, after taking into consideration the deposits from tenants, at the end of each reporting period. As at 31 December 2023, accounts and other receivables (excluding prepayments in respect of investment properties) with gross carrying amount of HK$537 million (2022: HK$769 million) are considered to be performing and were assessed individually based on the respective lifetime ECL and 12-month ECL.

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

(a) Credit risk and impairment assessment continued

Debt securities, time deposits, bank balances and derivative financial instruments

Credit exposure to financial institutions and debt securities issuers are monitored and reported regularly to the management. The exposure to each counterparty comprised (i) investment value of financial assets (including bank balances, time deposits and debt securities); (ii) net positive value of derivative financial instruments and; (iii) potential exposures to derivatives which are based on the remaining term and the notional amount of the derivative financial instruments.

The Group only deals with financial institutions and invests in debt securities issued by issuers that have strong credit ratings to mitigate counterparty risk. As at 31 December 2023, debt securities, time deposits and bank balances and derivative financial instruments with gross carrying amount of HK$5,050 million (2022: HK$9,161 million) were assessed individually based on 12-month ECL and considered to be performing as all financial institutions that the Group dealt with. Time deposits, bank balances and debt securities invested had credit ratings A or above as rated by international credit rating agencies. In order to limit exposure to each financial institution and debt securities issuers, an exposure limit was set with each counterparty according to their external credit rating with regular review by management.

Other than concentration of credit risk on loans to associates and joint ventures, the Group does not have any other significant concentration of credit risk.

No credit loss is provided for except for loans to joint ventures and debt securities. A reconciliation of loss allowances recognized is presented below.

	Loss allowance for	
	Loans to joint ventures HK$ million	Debt securities HK$ million
As at 1 January 2022	6	3
Net impairment loss under ECL model	2	–
As at 31 December 2022 and 2023	**8**	**3**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at amortized cost in the consolidated statement of financial position after deducting any impairment allowance. Besides, the Group is also exposed to credit risk arising from the corporate financial guarantees which will cause a financial loss to the Group if the guarantee is called out.

In respect of the financial guarantee contract, the credit risk exposures of the Group is assessed under 12-month ECL and concluded that the loss given default of the counter party, a joint venture, is insignificant and accordingly, no allowance of credit loss is provided. Details of the Group's credit risk maximum exposure are set out in note 1(b) of the Financial risk management objectives and policies section.

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

(b) Liquidity risk

The Group closely monitors its liquidity requirements and the sufficiency of cash and available banking facilities so as to ensure that the payment obligations are met.

The following table details the remaining contractual maturity of the Group for its non-derivative financial liabilities based on the agreed repayment terms. Maturity of the Group's financial guarantee contract is presented separately. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. The interest payments are computed using contractual rates or, if floating, based on the prevailing market rate at the end of the reporting period, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available. For cash flows denominated in currency other than Hong Kong dollars ("HKD"), the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into HKD.

	Carrying amount HK$ million	Total contractual undiscounted cash flow HK$ million	Within 1 year or on demand HK$ million	More than 1 year but not exceeding 2 years HK$ million	More than 2 years but not exceeding 5 years HK$ million	More than 5 years HK$ million
As at 31 December 2023						
Non-derivative financial liabilities						
Accounts payable and accruals	**(1,097)**	**(1,097)**	**(1,097)**	**–**	**–**	**–**
Deposits from tenants	**(863)**	**(863)**	**(352)**	**(189)**	**(265)**	**(57)**
Amounts due to non-controlling interests	**(5,463)**	**(5,664)**	**(199)**	**–**	**(5,465)**	**–**
Secured bank loans	**(7,852)**	**(9,371)**	**(476)**	**(476)**	**(8,419)**	**–**
Unsecured bank loans	**(2,171)**	**(2,484)**	**(138)**	**(1,350)**	**(996)**	**–**
Unsecured fixed rate notes	**(15,541)**	**(18,428)**	**(618)**	**(1,950)**	**(6,471)**	**(9,389)**
	(32,987)	**(37,907)**	**(2,880)**	**(3,965)**	**(21,616)**	**(9,446)**
As at 31 December 2022						
Non-derivative financial liabilities						
Accounts payable and accruals	(1,026)	(1,026)	(1,026)	–	–	–
Deposits from tenants	(885)	(885)	(387)	(220)	(235)	(43)
Amounts due to non-controlling interests	(4,849)	(5,051)	(214)	–	(4,837)	–
Secured bank loans	(7,833)	(9,551)	(403)	(403)	(8,745)	–
Unsecured bank loans	(2,707)	(3,155)	(139)	(639)	(2,377)	–
Unsecured fixed rate notes	(16,737)	(19,770)	(3,214)	(562)	(7,025)	(8,969)
	(34,037)	(39,438)	(5,383)	(1,824)	(23,219)	(9,012)

Note:
In addition to the items as set out in the above liquidity risk table, the maximum amount the Group could be required to settle under a financial guarantee provided by the Group in respect of banking facilities granted to a joint venture is HK$1,500 million and HK$2,100 million as at 31 December 2023 and 2022 respectively, if such amount is claimed by the counterparty to the guarantee at any time within the guaranteed period. Based on expectations at the end of the reporting period, the Directors of the Company consider that it is more likely than not that no amount will be payable by the Group under such financial guarantee arrangement.

(b) Liquidity risk continued

The following table details the Group's remaining contractual maturity for its derivative financial instruments. The table has been drawn up based on the undiscounted gross (outflows) inflows on those derivatives that require gross settlement, and the undiscounted contractual net cash (outflows) and inflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the prevailing market rate at the end of the reporting period. For cash flows denominated in currency other than HKD, the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into HKD.

	Carrying amount HK$ million	Total contractual undiscounted cash flow HK$ million	Within 1 year or on demand HK$ million	More than 1 year but not exceeding 2 years HK$ million	More than 2 years but not exceeding 5 years HK$ million	More than 5 years HK$ million
As at 31 December 2023						
Derivative settled net						
Interest rate swaps	**(254)**	**(105)**	**(41)**	**(29)**	**(35)**	**–**
Derivative settled gross						
Cross currency swaps	**(125)**					
Outflow		**(10,532)**	**(267)**	**(266)**	**(3,800)**	**(6,199)**
Inflow		**10,480**	**262**	**262**	**3,777**	**6,179**
As at 31 December 2022						
Derivative settled net						
Interest rate swaps	(382)	(52)	(7)	3	(48)	–
Derivative settled gross						
Cross currency swaps	265					
Outflow		(13,146)	(2,613)	(267)	(3,893)	(6,373)
Inflow		13,111	2,643	262	3,862	6,344

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

(c) Interest rate risk

The Group manages its interest rate exposure by assessing the potential impact on the Group's financial position arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and floating rates and ensure that they are within an appropriate range. The Group is exposed to fair value interest rate risk in relation to fixed rate debt securities, time deposits and cash and cash equivalents (see note 20 and 23 of the Notes to Consolidated Financial Statements section).

As at 31 December 2023, about 38% (2022: 39%) of the Group's gross debts was effectively on a floating rate basis. The ratio could be adjusted according to views about changes in the interest rate trend going forward. In addition, the Group is exposed to cash flow interest rate risk as the interest income derived from time deposits and bank balances is subject to interest rate changes. Other than the concentration of interest rate risk related to the movements in Hong Kong Interbank Offered Rate, the Group has no significant concentration of interest rate risk.

As at 31 December 2022, included in the Group's borrowings is an unsecured USD bank loan amounted to HK$468 million carrying variable interests with reference to the London Interbank Offered Rate that may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators. The management of the Group considers the impact of the interest rate benchmark reform to the Group's financial position and financial performance will not be significant. The USD bank loan was fully repaid during the year ended 31 December 2023.

Sensitivity analysis

The sensitivity analysis below has been determined assuming that the change in interest rates had occurred at the end of the reporting period and all other variables were held constant. Such change has been applied to both derivative and non-derivative financial instruments that would have affected the profit or loss and equity. A change of +100 and –25 basis points ("bps") (2022: +100 and –25 basis points) was applied to the HKD and US dollars ("USD") yield curves at the end of the reporting period. The applied change of bps represented management's assessment of the reasonably possible change in interest rates based on the current market conditions.

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

	(Decrease) increase in profit or loss		Increase (decrease) in equity	
	bps increase HK$ million	bps decrease HK$ million	bps increase HK$ million	bps decrease HK$ million
As at 31 December 2023	**(70)**	**17**	**390**	**(107)**
As at 31 December 2022	(51)	13	394	(109)

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

(d) Currency risk

The Group aims to minimize its currency risk and does not speculate in currency movements for debt management. To cover foreign exchange exposures arising from debts, the Group's foreign currency denominated monetary liabilities may be hedged back to HKD unless the liabilities are naturally hedged by the underlying asset in the same foreign currency. In managing the Group's monetary assets, the Group limits the aggregate net foreign currency exposures to a certain threshold. Exposures exceeding that threshold will be hedged back to HKD. The majority of the Group's assets are located and all rental income and management fee income are derived in Hong Kong and Mainland, and denominated in HKD and RMB.

As at 31 December 2023, the Group's entities with functional currency of HKD had aggregate USD net monetary liabilities of HK$6,575 million (2022: net monetary liabilities of HK$8,553 million).

As at 31 December 2023, the Group's entities with functional currency of HKD had aggregate RMB net monetary liabilities of HK$972 million (2022: net monetary assets of HK$1 million).

Other than concentration of currency risk of the above items denominated in USD and RMB(2022: USD), the Group has no other significant currency risk.

The Group has entered into appropriate hedging instruments, mentioned in note 21 of the Notes to the Consolidated Financial Statements section, to hedge against part of the potential currency risk of the above items. The Group reviews the continuing effectiveness of hedging instruments at least at the end of the reporting period and until the hedging instrument expires or is terminated or the hedge no longer meets the criteria for hedge accounting.

Sensitivity analysis

The sensitivity analysis below has been determined assuming that a change in exchange rate had occurred at the end of the reporting period and all other variable were held constant. Such change has been applied to both derivative and non-derivative financial instruments that would have affected the profit or loss and other comprehensive income. Change of 500 percentage in points ("pips") (2022: 500 pips) was applied to the HKD:USD and HKD:RMB(2022: HKD:USD) spot and forward rates at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the currency risk as the year end exposure does not reflect the exposure during the year.

	(Decrease) increase in profit or loss		(Decrease) increase in other comprehensive income	
	pips increase HK$ million	pips decrease HK$ million	pips increase HK$ million	pips decrease HK$ million
As at 31 December 2023				
USD	**(49)**	**49**	**(45)**	**45**
RMB	**(44)**	**44**	**–**	**–**
As at 31 December 2022				
USD	(55)	55	(3)	3

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

(e) Other price risk

The Group is exposed to other price risk through its investment in equity security measured at fair value through other comprehensive income ("FVTOCI") and fund investment measured at fair value through profit or loss ("FVTPL"). The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the price of the equity securities had been 5% higher/lower, the other comprehensive income for the year ended 31 December 2023 would increase/decrease by HK$73 million (2022: HK$85 million) as a result of the changes in fair value of investment as at FVTOCI. The Group's exposure to price risk on investment in a fund investment was limited because the potential fluctuation was considered minimal.

2. CATEGORIES OF FINANCIAL INSTRUMENTS

	2023 HK$ million	2022 HK$ million
Financial assets		
FVTPL	98	328
FVTOCI	1,460	1,708
Derivative instrument under hedge accounting	197	397
Amortized cost (including cash and cash equivalents)	8,998	12,465
	10,753	14,898
Financial liabilities		
Derivative instruments under hedge accounting	576	514
Amortized cost	32,987	34,037
	33,563	34,551

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognized amounts. Other than derivatives transactions mentioned above, the Group has no other financial assets and financial liabilities which are offset in the Group's consolidated statement of financial statements or are subject to similar netting arrangements.

(a) Financial assets subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets HK$ million	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position HK$ million	Net amounts of financial assets presented in the consolidated statement of financial position HK$ million
As at 31 December 2023			
Derivatives under hedge accounting	**197**	**–**	**197**
As at 31 December 2022			
Derivatives under hedge accounting	397	–	397

(b) Net financial assets subject to enforceable master netting arrangements or similar agreements, by counterparty

	Net amounts of financial assets presented in the consolidated statement of financial position HK$ million	Financial liabilities not set off in the consolidated statement of financial position HK$ million	Net amount HK$ million
As at 31 December 2023			
Counterparty E	**47**	**–**	**47**
As at 31 December 2022			
Counterparty A	397	(117)	280

(c) Financial liabilities subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities HK$ million	Gross amounts of recognized financial assets set off in the consolidated statement of financial position HK$ million	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$ million
As at 31 December 2023			
Derivatives under hedge accounting	**(576)**	**–**	**(576)**
As at 31 December 2022			
Derivatives under hedge accounting	(514)	–	(514)

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS continued

(d) Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$ million	Financial assets not set off in the consolidated statement of financial position HK$ million	Net amount HK$ million
As at 31 December 2023			
Counterparty A	**(66)**	**36**	**(30)**
Counterparty B	**(161)**	**8**	**(153)**
Counterparty C	**(149)**	**23**	**(126)**
Counterparty D	**(135)**	**82**	**(53)**
Counterparty F	**(65)**	**1**	**(64)**
	(576)	**150**	**(426)**
As at 31 December 2022			
Counterparty A	(11)	84	73
Counterparty B	(73)	13	(60)
Counterparty C	(151)	45	(106)
Counterparty D	(179)	161	(18)
Counterparty E	–	92	92
Counterparty F	(100)	2	(98)
	(514)	397	(117)

4. FAIR VALUE MEASUREMENT

(a) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and financial liabilities measured at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow methodology taking into account the market interest rate and credit risk of the counterparties and of the Group as appropriate.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the consolidated financial statements approximate their fair values, except for the carrying amount of HK$15,541 million (2022: HK$16,737 million) unsecured fixed rate notes as stated in note 26 of the Notes to the Consolidated Financial Statements section with fair value of HK$14,081 million (2022: HK$15,097 million).

The fair value of HK$7,660 million (2022: HK$9,968 million) of the unsecured fixed rate notes is categorized into Level 1 of the fair value hierarchy, in which the fair value was derived from quoted prices in an active market translated at the spot foreign exchange rate of the respective currency at year end.

The fair value of HK$6,421 million (2022: HK$5,129 million) of the unsecured fixed rate notes is categorized into Level 2 of the fair value hierarchy, in which the fair value was measured using discounted cash flow methodology based on observable yield curves of the respective currency taking into account the credit margin of the Group as appropriate.

4. FAIR VALUE MEASUREMENT continued

(b) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

	2023			
	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial assets				
Financial assets at FVTPL				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	97	97
Financial asset at FVTOCI				
Unlisted investment in equity securities	–	–	1,460	1,460
Derivatives under hedge accounting				
Cross currency swaps	–	187	–	187
Interest rate swaps	–	10	–	10
Total	–	198	1,557	1,755
Financial liabilities				
Derivatives under hedge accounting				
Cross currency swaps	–	312	–	312
Interest rate swaps	–	264	–	264
Total	–	576	–	576

	2022			
	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial assets				
Financial assets at FVTPL				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	327	327
Financial asset at FVTOCI				
Unlisted investment in equity securities	–	–	1,708	1,708
Derivatives under hedge accounting				
Cross currency swaps	–	382	–	382
Interest rate swaps	–	15	–	15
Total	–	398	2,035	2,433
Financial liabilities				
Derivatives under hedge accounting				
Cross currency swaps	–	117	–	117
Interest rate swaps	–	397	–	397
Total	–	514	–	514

4. FAIR VALUE MEASUREMENT continued

(c) Reconciliation of Level 3 fair value measurement of financial asset

	Fund investment HK$ million	Unlisted investment in equity securities HK$ million
As at 1 January 2022	307	1,205
Addition	21	277
Transfer into level 3	–	268
Loss recognized in profit or loss	(1)	–
Loss recognized in other comprehensive income	–	(42)
As at 31 December 2022	327	1,708
Addition	**37**	**10**
Loss recognized in profit or loss	**(267)**	**–**
Loss recognized in other comprehensive expense	**–**	**(258)**
As at 31 December 2023	**97**	**1,460**

The unrealized fair value loss of HK$267 million (2022: unrealized fair value loss of HK$1 million) relating to fund investment at fair value through profits or loss is included in change in fair value of other financial investments.

(d) Valuation techniques and inputs used in fair value measurements

Cross currency swaps and interest rate swaps are measured using discounted cash flow methodology based on observable spot and forward exchange rates as well as the yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate.

Financial assets grouped in Level 3 are measured with reference to the fair value of underlying assets and liabilities as at the end of the reporting period and/or other valuation techniques including market approach, taking into account different multiples such as price per earnings/revenue multiples of comparable listed companies, where relevant. If there is lack of marketability, a discount is applied in determining the fair value. A slight increase in lack of marketability discount would result in a slight decrease in the fair value of the unlisted investment in equity securities, vice versa.

(e) Valuation process of Level 3 fair value measurements of financial assets

At the end of the reporting period, the management of the Group obtains the valuation techniques and inputs for Level 3 fair value measurements in relation to the fund investment and its underlying assets and liabilities. The Group engages independent qualified professional valuer to perform the valuation for investment in equity security. Where there is a material change in the fair value of the financial assets grouped in Level 3, analysis will be performed and the causes of the fluctuations will be reported to the Directors of the Company.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group monitors its capital structure on the basis of a net debt to equity ratio. For this purpose, the Group defines net debt as borrowings as shown in the consolidated statement of financial position less time deposits, cash and cash equivalents.

The management reviews the Group's net debt to equity ratio regularly and adjusts the ratio through the payment of dividends, the issue of new share, perpetual capital securities or debt, the repurchase of shares and the repurchase of existing perpetual capital securities or debt.

The net debt to equity ratio at the year end was as follows:

	2023 **HK$ million**	2022 HK$ million
Secured bank loans	**7,852**	7,833
Unsecured bank loans	**2,171**	2,707
Unsecured fixed rate notes	**15,541**	16,737
Borrowings	**25,564**	27,277
Less: Time deposits	**(1,271)**	(5,211)
Cash and cash equivalents	**(2,583)**	(2,560)
Net debt	**21,710**	19,506
Total equity	**79,691**	83,411
Net debt to equity	**27.2%**	23.4%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Deloitte. 德勤

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HYSAN DEVELOPMENT COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Hysan Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 8 to 102, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, material accounting policy information, notes to the consolidated financial statements and financial risk management.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties	How our audit addressed the key audit matter
We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgements and estimates required in determining the fair values. The Group's investment property portfolio comprises retail, office and residential properties, and is stated at fair value of HK$96,547 million in aggregate, accounting for approximately 85% of the Group's total assets as at 31 December 2024 with a fair value loss of HK$1,506 million recognized in the consolidated statement of profit or loss for the year then ended. All of the Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). As disclosed in note 3 of the notes to the consolidated financial statements section of the consolidated financial statements, in determining the fair values of the Group's investment properties, the Valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalization rates, reversionary income potential and redevelopment potential of the investment properties in determining the fair values. As further disclosed in note 14 of the notes to the consolidated financial statements section of the consolidated financial statements, the valuation of investment properties under development of HK$20,680 million as at 31 December 2024 is based on the development potential of the properties as if they were completed and are also dependent upon the estimated costs of development and allowance of profit required for the development.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRSs and industry norms; • Challenging the reasonableness of the key assumptions applied based on available market data and our knowledge of the local property markets; • Obtaining the detailed work of the Valuer on selected investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, such as rental income, term of existing leases by comparing them to the existing leases summary of the Group and reversionary income potential by comparing fair market rents estimated by the Valuer against recent lease renewals and evaluating whether capitalization rates adopted are comparable to the market with the assistance of our valuation specialists; and • Evaluating the reasonableness of the key inputs used by the Valuer on the valuation of investment properties under development, including capitalization rate, prevailing market rent and the allowance of profit required for the development by comparing to the available market data, and comparing the estimated costs to complete the development with the Group's latest budgets.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chung Chin Cheung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 February 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 *HK$ million*	2023 *HK$ million*
Turnover	4	**3,409**	3,210
Property expenses		**(646)**	(621)
Gross profit		**2,763**	2,589
Investment income		**167**	261
Other gains and losses		**3**	1
Administrative expenses		**(308)**	(307)
Finance costs	6	**(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		**(287)**	(37)
Profit (loss) before taxation		**567**	(731)
Taxation	7	**(296)**	(295)
Profit (loss) for the year	8	**271**	(1,026)
Profit (loss) for the year attributable to:			
Owners of the Company		**35**	(872)
Perpetual capital securities holders		**418**	442
Other non-controlling interests		**(182)**	(596)
		271	(1,026)
Earnings (loss) per share (expressed in HK cents)	13		
Basic		**3**	(85)
Diluted		**3**	(85)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
Profit (loss) for the year		**271**	(1,026)
Other comprehensive income (expenses)	9		
Items that will not be reclassified subsequently to profit or loss:			
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”)		**105**	(258)
		95	(263)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of subsidiaries		**(124)**	(104)
Net adjustments to hedging reserve		**(25)**	(257)
Share of translation reserve of an associate		**(115)**	(47)
		(264)	(408)
Other comprehensive expenses for the year (net of tax)		**(169)**	(671)
Total comprehensive income (expenses) for the year		**102**	(1,697)
Total comprehensive income (expenses) attributable to:			
Owners of the Company		**(134)**	(1,543)
Perpetual capital securities holders		**418**	442
Other non-controlling interests		**(182)**	(596)
		102	(1,697)

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	**2024** **HK$ million**	2023 HK$ million
Non-current assets			
Investment properties	14	**96,547**	96,005
Property, plant and equipment	15	**829**	594
Investments in associates	17	**5,347**	5,488
Loans to associates	17	**8**	8
Investments in joint ventures	18	**342**	445
Loans to joint ventures	18	**4,324**	4,029
Other financial investments	19	**1,657**	1,557
Debt securities	20	**578**	900
Deferred tax assets	27	**100**	96
Other financial assets	21	**135**	198
Other receivables	22	**1,315**	954
		111,182	110,274
Current assets			
Accounts and other receivables	22	**375**	304
Debt securities	20	**318**	94
Other financial assets	21	**3**	–
Time deposits	23	**647**	1,271
Cash and cash equivalents	23	**1,564**	2,583
		2,907	4,252
Current liabilities			
Accounts payable and accruals	24	**1,428**	1,097
Deposits from tenants		**306**	352
Amounts due to non-controlling interests	25	**189**	199
Borrowings	26	**2,872**	158
Taxation payable		**67**	1
		4,862	1,807
Net current (liabilities) assets		**(1,955)**	2,445
Total assets less current liabilities		**109,227**	112,719
Non-current liabilities			
Amounts due to non-controlling interests	25	**5,686**	5,264
Borrowings	26	**23,642**	25,406
Other financial liabilities	21	**587**	576
Deposits from tenants		**566**	511
Deferred tax liabilities	27	**1,317**	1,271
		31,798	33,028
Net assets		**77,429**	79,691

Consolidated Statement of Financial Position (Continued)

As at 31 December 2024

	Notes	2024 *HK$ million*	2023 *HK$ million*
Capital and reserves			
Share capital	29	**7,723**	7,723
Reserves		**58,270**	59,459
Equity attributable to owners of the Company		**65,993**	67,182
Perpetual capital securities	28	**9,437**	10,224
Other non-controlling interests		**1,999**	2,285
Total equity		**77,429**	79,691

The consolidated financial statements on pages 8 to 102 were approved and authorized for issue by the Board of Directors on 18 February 2025 and are signed on its behalf by:

Lee Irene Y.L.
Director

Lui Kon Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital *HK$ million*	Share options reserve *HK$ million*	General reserve *HK$ million*	Investments revaluation reserve *HK$ million*	Hedging reserve *HK$ million*	Properties revaluation reserve *HK$ million*	Translation reserve *HK$ million*	Retained profits *HK$ million*	Total *HK$ million*	Perpetual capital securities *HK$ million*	Other non-controlling interests *HK$ million*	Total *HK$ million*
As at 1 January 2024	7,723	39	96	20	(401)	447	(489)	59,747	67,182	10,224	2,285	79,691
Profit (loss) for the year	–	–	–	–	–	–	–	35	35	418	(182)	271
Exchange difference on translation of subsidiaries	–	–	–	–	–	–	(124)	–	(124)	–	–	(124)
Net losses arising from hedging instruments	–	–	–	–	(73)	–	–	–	(73)	–	–	(73)
Reclassification of net losses to profit or loss	–	–	–	–	48	–	–	–	48	–	–	48
Loss on revaluation of properties held for own use (net of tax)	–	–	–	–	–	(10)	–	–	(10)	–	–	(10)
Change in fair value of equity instruments at FVTOCI	–	–	–	105	–	–	–	–	105	–	–	105
Share of translation reserve of an associate	–	–	–	–	–	–	(115)	–	(115)	–	–	(115)
Total comprehensive income (expense) for the year	–	–	–	105	(25)	(10)	(239)	35	(134)	418	(182)	102
Recognition of equity-settled share-based payments	–	5	–	–	–	–	–	–	5	–	–	5
Forfeiture of share options	–	(4)	–	–	–	–	–	4	–	–	–	–
Dividends paid during the year *(note 12)*	–	–	–	–	–	–	–	(1,109)	(1,109)	–	(104)	(1,213)
Distribution paid to perpetual capital securities holders	–	–	–	–	–	–	–	–	–	(428)	–	(428)
Repurchase of perpetual capital securities *(note 28)*	–	–	–	–	–	–	–	49	49	(777)	–	(728)
As at 31 December 2024	7,723	40	96	125	(426)	437	(728)	58,726	65,993	9,437	1,999	77,429

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital HK$ million	Share options reserve HK$ million	General reserve HK$ million	Investments revaluation reserve HK$ million	Hedging reserve HK$ million	Properties revaluation reserve HK$ million	Translation reserve HK$ million	Retained profits HK$ million	Total HK$ million	Perpetual capital securities HK$ million	Other non-controlling interests HK$ million	Total HK$ million
As at 1 January 2023	7,723	36	96	278	(144)	452	(338)	62,097	70,200	10,224	2,987	83,411
(Loss) profit for the year	–	–	–	–	–	–	–	(872)	(872)	442	(596)	(1,026)
Exchange difference on translation of subsidiaries	–	–	–	–	–	–	(104)	–	(104)	–	–	(104)
Net losses arising from hedging instruments	–	–	–	–	(261)	–	–	–	(261)	–	–	(261)
Reclassification of net losses to profit or loss	–	–	–	–	4	–	–	–	4	–	–	4
Loss on revaluation of properties held for own use (net of tax)	–	–	–	–	–	(5)	–	–	(5)	–	–	(5)
Change in fair value of equity instruments at FVTOCI	–	–	–	(258)	–	–	–	–	(258)	–	–	(258)
Share of translation reserve of an associate	–	–	–	–	–	–	(47)	–	(47)	–	–	(47)
Total comprehensive (expenses) income for the year	–	–	–	(258)	(257)	(5)	(151)	(872)	(1,543)	442	(596)	(1,697)
Recognition of equity-settled share-based payments	–	3	–	–	–	–	–	1	4	–	–	4
Repurchase of own shares	–	–	–	–	–	–	–	(1)	(1)	–	–	(1)
Forfeiture of unclaimed dividend	–	–	–	–	–	–	–	1	1	–	–	1
Dividends paid during the year *(note 12)*	–	–	–	–	–	–	–	(1,479)	(1,479)	–	(106)	(1,585)
Distribution paid to perpetual capital securities holders	–	–	–	–	–	–	–	–	–	(442)	–	(442)
As at 31 December 2023	7,723	39	96	20	(401)	447	(489)	59,747	67,182	10,224	2,285	79,691

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Operating activities		
Profit (loss) before taxation	**567**	(731)
Adjustments for:		
Net interest income	**(167)**	(261)
Other gains and losses	**(3)**	(1)
Depreciation of property, plant and equipment	**36**	33
Share-based payment expenses	**5**	3
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 of associates	**(204)**	(270)
Share of results of joint ventures	**287**	37
Operating cash flows before movements in working capital	**2,496**	2,318
(Increase) decrease in accounts and other receivables	**(199)**	102
Increase in accounts payable and accruals	**237**	33
Increase (decrease) in deposits from tenants	**9**	(22)
Cash generated from operations	**2,543**	2,431
Hong Kong Profits Tax paid	**(187)**	(224)
Net cash from operating activities	**2,356**	2,207
Investing activities		
Payments in respect of investment properties	**(1,855)**	(1,651)
Purchases of property, plant and equipment	**(35)**	(18)
Dividends received from an associate	**230**	226
Repayment from an associate	**–**	2
Repayment from joint ventures	**–**	930
Advance to joint ventures	**(440)**	(1,416)
Payments in respect of other financial investments	**(14)**	(47)
Interest received	**110**	172
Additions to time deposits with original maturity over three months	**(2,729)**	(6,262)
Proceeds upon maturity of debt securities	**94**	–
Proceeds upon maturity of time deposits with original maturity over three months	**3,353**	10,202
Net cash (used in) from investing activities	**(1,286)**	2,138

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024

	Notes	2024 *HK$ million*	2023 *HK$ million*
Financing activities			
Payment of finance costs	31	**(924)**	(969)
Advance from non-controlling interest	31	**230**	416
New bank loans	31	**7,593**	1,130
Repayment of bank loans	31	**(6,453)**	(1,670)
Issuance of fixed rate notes	31	**–**	1,534
Repurchase of perpetual capital securities		**(728)**	–
Repayment of fixed rate notes	31	**(150)**	(2,730)
Receipt from settlement of derivative instruments	31	**262**	303
Payment to settlement of derivative instruments	31	**(267)**	(296)
Repayment to other non-controlling interests	31	**(10)**	(14)
Payment on repurchase of own shares		**–**	(1)
Dividends paid		**(1,109)**	(1,479)
Distribution paid to perpetual capital securities holders		**(428)**	(442)
Dividends paid to other non-controlling interests		**(104)**	(106)
Net cash used in financing activities		**(2,088)**	(4,324)
Net (decrease) increase in cash and cash equivalents		**(1,018)**	21
Effect of foreign exchange rate changes		**(1)**	2
Cash and cash equivalents as at 1 January		**2,583**	2,560
Cash and cash equivalents as at 31 December	23	**1,564**	2,583

Material Accounting Policy Information

For the year ended 31 December 2024

These consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These 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 ("CO"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The material accounting policy information adopted are as follows:

1. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests (including perpetual capital securities holders and non-controlling interests in subsidiaries) are presented separately from the Group's equity attributable to owners of the Company therein.

In preparing the consolidated financial statements, the directors of the Company have carefully considered the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$1,955 million and the Group had capital commitments of HK$3,974 million.

The Group has undrawn committed facility from the bank loans facility agreement amounting to HK$16,689 million as at 31 December 2024. The directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2024 that are of the opinion that the Group will have sufficient liquidity to meet its financial obligations that will be due in the coming twelve months from 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of parties sharing control.

The results, assets and liabilities of associate or joint venture are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associate or joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associate or joint venture are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

3. Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation including properties under redevelopment for such proposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value using the fair value model, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Construction costs incurred for investment properties under redevelopment are capitalized as part of the carrying amount of the investment properties under redevelopment. Investment properties under redevelopment are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under redevelopment and their carrying amount is recognized in profit or loss in the period in which they arise.

4. Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for accounts receivables arising from contract with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at FVTPL on initial recognition):

- the asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

(i) *Amortized cost and effective interest method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost and is included in the investment income as disclosed in note 8 of the Notes to the Consolidated Financial Statements section.

(ii) *Financial assets at FVTPL*

Financial assets at FVTPL include derivatives that are not designated and effective as hedging instruments, club debentures and fund investment.

Investments in equity instruments are classified as FVTPL, unless the Group designates such investment that is not held for trading as at FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend earned on the financial asset and is included in other gains and losses. Fair value is determined in the manner described in note 4 of the Financial Risk Management section.

(iii) *Equity instruments designated as at FVTOCI*

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Financial liabilities and equity instruments

(a) Classification and measurement

Financial liabilities and equity instruments issued by a group entity are classified as financial liabilities or equity instruments according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into (i) financial liabilities at FVTPL and (ii) other financial liabilities subsequently measured at amortized cost. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

(i) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis for financial liabilities, other than those financial liabilities at FVTPL, of which the interest expense is included in other gains or losses.

(ii) Financial liabilities at amortized cost

Financial liabilities (including accounts payable and accruals, amounts due to non-controlling interests, deposits from tenants and borrowings) are subsequently measured at amortized cost, using the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in finance costs as disclosed in note 6 of the Notes to the Consolidated Financial Statements section.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Consideration paid to repurchase the Company's own equity instruments is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Perpetual capital securities, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders is classified as equity instrument and is initially recorded at the proceeds received.

Derivative financial instruments and hedging

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks, including cross currency swaps and interest rate swaps. Further details of derivative financial instruments are disclosed in note 21 of the Notes to the Consolidated Financial Statements section.

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges and fair value hedge.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 21 of the Notes to the Consolidated Financial Statements section sets out details of the fair values of the derivative instruments used for hedging purposes.

(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

(b) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in other gains and losses line item.

Amounts previously recognized in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statement of profit or loss as the recognized hedged item.

Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(c) Discontinuation of hedge accountings

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

5. Revenue Recognition

The Group recognizes revenue from the following major sources:

- Leasing of investment properties
- Provision of property management services

The Group's accounting policies for rental income are included under "Leases" and accounting policies for revenue from property management services are as below:

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognizes revenue when (or as) a performance obligation is satisfied i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods and services (or a bundle of goods or services) that are distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or service.

Revenue from provision of property management services is recognized over time.

6. Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Rentals received with reference to turnover of tenants are recognized as income when they arise.

Rental income which are derived from the Group's ordinary course of business is presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees. Such adjustments are recognized if the amount is considered material.

7. Retirement Benefit Costs

Payments to defined construction retirement benefit plan, state-managed benefit scheme, Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

8. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For the purposes of measuring deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property”, such properties’ value is presumed to be recovered through sale, while such presumption has not been rebutted.

9. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities.

- Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. General

The Company is a public listed company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are 50/F Lee Garden One, 33 Hysan Avenue, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are property investment, management and development.

These consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the same as the functional currency of the Company.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

The Group anticipated that the application of all these amendments to HKFRSs had no material impact on the Group's financial position and financial performance.

3. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in the "Material Accounting Policy Information" section, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment properties

At the end of the reporting period, the Group's investment properties are stated at fair value of HK$96,547 million (2023: HK$96,005 million) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalization rates, reversionary income potential and redevelopment potential taking into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In relying on the valuation, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of the reporting period.

4. 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.

Contracts for property management services have various contractual periods for which the Group bills fixed amount for each month of service period. Substantially all of the revenue from provision of property management services is recognized at the amount to which the Group has right to invoice which reflect the progress towards complete satisfaction of performance obligations satisfied over time. The categories for disaggregation of revenue from provision of property management services recognized over time in Hong Kong and Mainland are consistent with the segment disclosure under note 5 of the Notes to the Consolidated Financial Statements section.

5. 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.

	Retail	Office	Residential	Property development	Consolidated
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
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

	Retail *HK$ million*	Office *HK$ million*	Residential *HK$ million*	Property development *HK$ million*	Consolidated *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	1,533	1,472	205	–	3,210
Property expenses	(302)	(258)	(61)	–	(621)
Segment gross profit	1,231	1,214	144	–	2,589
Share of results of a joint venture	–	–	–	(23)	(23)
Segment profit (loss)	1,231	1,214	144	(23)	2,566
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					(731)

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.

	Retail	Office	Residential	Property development	Consolidated
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
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**
Investments 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
Investments 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 investments in and loans to joint ventures engaged in property development business.

Unallocated assets include investments in and loans to associates, investments in joint ventures, other financial investments and other assets which include property, plant and equipment, 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

	Retail	Office	Residential	Property development	Consolidated
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*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

6. Finance Costs

	2024 **HK$ million**	2023 HK$ million
Finance costs comprise:		
Interest on bank loans	**592**	541
Interest on fixed rate notes	**564**	558
Imputed interest on amounts due to non-controlling interests	**46**	44
Total interest expenses	**1,202**	1,143
Other finance costs	**60**	42
Less: amounts capitalised *(Note)*	**(785)**	(713)
	477	472
Net exchange gains on borrowings	**(79)**	(1)
Reclassification of net losses from hedging reserve on financial instruments designated as cash flow hedges	**48**	4
Medium Term Note Programme expenses	**4**	3
	450	478

Note:
During the year, interest expenses have been capitalised to investment properties under development at an average capitalization rate of 3.8% (2023: 3.6%) per annum.

7. Taxation

	2024 **HK$ million**	2023 HK$ million
Current tax		
Hong Kong Profits Tax		
– current year	**234**	200
– under (over)-provision in prior years	**21**	(4)
Deferred tax *(note 27)*	**41**	99
	296	295

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

	2024 *HK$ million*	2023 *HK$ million*
Profit (loss) before taxation	**567**	(731)
Tax at Hong Kong Profits Tax rate of 16.5%	**94**	(121)
Tax effect of share of results of associates	**(34)**	(45)
Tax effect of share of results of joint ventures	**47**	6
Tax effect of expenses not deductible for tax purposes	**245**	529
Tax effect of income not taxable for tax purposes	**(193)**	(147)
Tax effect of estimated tax losses not recognized	**120**	77
Utilization of estimated tax losses not previously recognized	**(4)**	–
Under (over)-provision in prior years	**21**	(4)
Taxation for the year	**296**	295

In addition to the amount charged to the consolidated statement of profit or loss, deferred tax relating to the revaluation of the Group's properties held for own use has been charged directly to properties valuation reserve (see note 27 of the Notes to the Consolidated Financial Statements section).

8. Profit (Loss) for the Year

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

9. Other Comprehensive Income (Expenses)

	2024	2023
	HK$ million	*HK$ million*
Other comprehensive income (expenses) comprises:		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of properties held for own use:		
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")	**105**	(258)
	95	(263)
Items that may be reclassified subsequently to profit or loss:		
Derivatives designated as cash flow hedges:		
Net losses arising during the year	**(73)**	(261)
Reclassification of net losses to profit or loss	**48**	4
	(25)	(257)
Exchange difference on translation of subsidiaries	**(124)**	(104)
Share of translation reserve of an associate	**(115)**	(47)
	(264)	(408)
Other comprehensive expenses for the year (net of tax)	**(169)**	(671)

Tax effect relating to other comprehensive (expenses) income:

	2024			2023		
	Before-tax amount *HK$ million*	**Tax expense** *HK$ million*	**Net-of-tax amount** *HK$ million*	Before-tax amount *HK$ million*	Tax expense *HK$ million*	Net-of-tax amount *HK$ million*
Loss on revaluation of properties held for own use	**(11)**	**1**	**(10)**	(6)	1	(5)
Change in fair value of equity instruments at FVTOCI	**105**	**–**	**105**	(258)	–	(258)
Net adjustments to hedging reserve	**(25)**	**–**	**(25)**	(257)	–	(257)
Exchange difference on translation of subsidiaries	**(124)**	**–**	**(124)**	(104)	–	(104)
Share of translation reserve of an associate	**(115)**	**–**	**(115)**	(47)	–	(47)
	(170)	**1**	**(169)**	(672)	1	(671)

10. Directors' Emoluments

	2024 *HK$ million*	2023 *HK$ million*
Directors' fees	**3**	3
Other emoluments		
Basic salaries, housing and other allowances	**14**	14
Bonus *(Notes d & f)*	**17**	19
Share-based payments	**3**	2
	37	38

The emoluments paid or payable to each of the Directors for the two years ended 31 December 2024 and 2023, calculated with reference to their employment as Directors or for provision of other services to the Company and the Group, are set out below:

	Directors' fees HK$'000 (Note e)	Basic salaries, housing and other allowances HK$'000 (Note d)	Bonus HK$'000 (Note d)	Share-based payments HK$'000 (Note g)	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 December 2024						
Executive Directors *(Note a)*						
Lee Irene Yun-Lien	–	8,240	11,124	1,852	18	21,234
Lui Kon Wai	–	5,953	5,953	1,038	18	12,962
Non-Executive Directors *(Note b)*						
Lee Anthony Hsien Pin	388	–	–	–	–	388
Lee Chien	310	–	–	–	–	310
Lee Tze Hau Michael	310	–	–	–	–	310
Independent Non-Executive Directors *(Note c)*						
Churchouse Frederick Peter	463	–	–	–	–	463
Fan Yan Hok Philip *(Note h)*	200	–	–	–	–	200
Poon Chung Yin Joseph	490	–	–	–	–	490
Wong Ching Ying Belinda	310	–	–	–	–	310
Young Elaine Carole	356	–	–	–	–	356
Chung Cordelia	372	–	–	–	–	372
Zhang Yong *(Note i)*	24	–	–	–	–	24
	3,223	14,193	17,077	2,890	36	37,419

	Directors' fees HK$'000 *(Note e)*	Basic salaries, housing and other allowances HK$'000 *(Note f)*	Bonus HK$'000 *(Note f)*	Share-based payments HK$'000 *(Note g)*	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 December 2023						
Executive Directors *(Note a)*						
Lee Irene Yun-Lien	–	8,243	12,360	1,464	18	22,085
Lui Kon Wai	–	5,609	6,048	660	18	12,335
Non-Executive Directors *(Note b)*						
Jebsen Hans Michael *(Note j)*	124	–	–	–	–	124
Lee Anthony Hsien Pin	388	–	–	–	–	388
Lee Chien	310	–	–	–	–	310
Lee Tze Hau Michael	312	–	–	–	–	312
Independent Non-Executive Directors *(Note c)*						
Churchouse Frederick Peter	456	–	–	–	–	456
Fan Yan Hok Philip	479	–	–	–	–	479
Poon Chung Yin Joseph	507	–	–	–	–	507
Wong Ching Ying Belinda	310	–	–	–	–	310
Young Elaine Carole	323	–	–	–	–	323
Chung Cordelia *(Note k)*	223	–	–	–	–	223
	3,432	13,852	18,408	2,124	36	37,852

Notes:

(a) The Executive Directors' emoluments shown above were for the services in connection with the management of the affairs of the Company and the Group.

(b) The Non-Executive Directors' emoluments shown above were for the services as Directors.

(c) The Independent Non-Executive Directors' emoluments shown above were for the services as Directors.

(d) The annual cash remuneration of Lee Irene Yun-Lien, Chairman, and Lui Kon Wai, Executive Director and Chief Operating Officer, are comprised of (i) fixed base salary; and (ii) variable performance bonus which is determined by reference to the Company's performance as well as individual performance and contribution, to be measured against annual financial and operational targets.

For the year ended 31 December 2024, Lee Irene Yun-Lien's base salary of HK$8,240,000 and the performance bonus of HK$11,124,000 were approved by the Remuneration Committee in February 2024 and February 2025 respectively.

For the year ended 31 December 2024, Lui Kon Wai's base salary of HK$5,953,000 and the performance bonus of HK$5,953,000 were approved by the Remuneration Committee in February 2024 and February 2025 respectively.

(e) Last revision of annual Directors' fees for serving on the Board (effective 1 June 2019) were approved by shareholders at the 2019 AGM. Fees of chairman and members of the Sustainability Committee (effective 1 January 2020) were approved by the Board in February 2020. Details are set out in Remuneration Committee Report.

Directors' fees are calculated on annual basis and paid semi-annually. For Directors not having served the full year on a position, the fees will be calculated and paid on pro rata basis.

Breakdown of Directors' fees of each of the Directors for the year ended 31 December 2024 is set out below:

	Board	Audit and Risk Management Committee	Remuneration Committee	Nomination Committee	Sustainability Committee	2024 Total	2023 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors							
Lee Irene Yun-Lien	–	–	–	–	–	–	–
Lui Kon Wai	–	–	–	–	–	–	–
Non-Executive Directors							
Jebsen Hans Michael	–	–	–	–	–	–	124
Lee Anthony Hsien Pin	280	108	–	–	–	388	388
Lee Chien	280	–	–	30	–	310	310
Lee Tze Hau Michael	280	–	–	–	30	310	312
Independent Non-Executive Directors							
Churchouse Frederick Peter	280	108	45	30	–	463	456
Fan Yan Hok Philip	121	47	32	–	–	200	479
Poon Chung Yin Joseph	280	180	–	30	–	490	507
Wong Ching Ying Belinda	280	–	–	–	30	310	310
Young Elaine Carole	280	–	26	–	50	356	323
Chung Cordelia	280	–	62	30	–	372	223
Zhang Yong	18	6	–	–	–	24	–
	2,379	449	165	120	110	3,223	3,432

(f) The annual cash remuneration of Lee Irene Yun-Lien, Chairman, and Lui Kon Wai, Executive Director and Chief Operating Officer, are comprised of (i) fixed base salary; and (ii) variable performance bonus which is determined by reference to the Company's performance as well as individual performance and contribution, to be measured against annual financial and operational targets.

For the year ended 31 December 2023, Lee Irene Yun-Lien's base salary of HK$8,243,000 and the performance bonus of HK$12,360,000 were approved by the Remuneration Committee in February 2023 and February 2024 respectively.

For the year ended 31 December 2023, Lui Kon Wai's base salary of HK$5,609,000 and the performance bonus of HK$6,048,000 were approved by the Remuneration Committee in February 2023 and February 2024 respectively.

(g) Share-based payments are the fair values of share options and share awards granted to the Executive Directors, which are determined at the date of grant and expensed over the vesting period (except where options are forfeited before vesting), regardless of whether the Executive Directors exercise the share options or not during the year. Details of the share schemes are set out in note 36 of the Notes to the Consolidated Financial Statements section.

(h) Fan Yan Hok Philip retired as an Independent Non-Executive Director, the chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee with effect from the conclusion of 2024 AGM on 5 June 2024.

(i) Zhang Yong was appointed as an Independent Non-Executive Director and a member of the Audit and Risk Management Committee with effect from 9 December 2024.

(j) Jebsen Hans Michael retired as a Non-Executive Director and the chairman of the Sustainability Committee with effect from the conclusion of 2023 AGM on 16 May 2023.

(k) Chung Cordelia was appointed as an Independent Non-Executive Director and a member of the Remuneration Committee and the Nomination Committee with effect from the conclusion of 2023 AGM on 16 May 2023.

There was no arrangement under which a Director waived or agreed to waive any remuneration during both years.

There was no payment to a Director as inducement for Director to join the Group or compensation for the loss of office as a Director in connection with the management of the affairs of any member of the Group during both years.

Details of material interests of the Directors in transactions, arrangements or contracts entered into by subsidiaries of the Company are disclosed in the Directors' Report.

11. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, two (2023: two) were Directors, details of whose emoluments are included in note 10 of the Notes to the Consolidated Financial Statements section. The emoluments of all of the five individuals with the highest emoluments for the years ended 31 December 2024 and 2023 were as follows:

	2024	2023
	HK$ million	*HK$ million*
Basic salaries, housing and other allowances	**22**	24
Bonus	**20**	23
Share-based payments *(Note)*	**4**	3
	46	50

Note:
Share-based payments are the fair values of share options and Awarded Shares granted to Executive Directors and eligible employees, which are determined at the date of grant and expensed over the vesting period (except where options are forfeited before vesting), regardless of whether the Executive Directors or eligible employees exercise the share options or not during the year.

Their emoluments are within the following bands:

	Number of individuals	
	2024	2023
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**–**	1
HK$5,000,001 to HK$5,500,000	**1**	–
HK$6,000,001 to HK$6,500,000	**–**	1
HK$12,000,001 to HK$12,500,000	**–**	1
HK$12,500,001 to HK$13,000,000	**1**	–
HK$21,000,001 to HK$21,500,000	**1**	–
HK$22,000,001 to HK$22,500,000	**–**	1
	5	5

Senior management during the year are Executive Directors and other members of senior management of the Group. Their emoluments are within the following bands.

	Number of individuals	
	2024	2023
HK$1,000,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$3,000,000	**1**	–
HK$4,000,001 to HK$5,000,000	**–**	2
HK$5,000,001 to HK$6,000,000	**1**	–
HK$6,000,001 to HK$7,000,000	**–**	1
HK$12,000,001 to HK$13,000,000	**1**	1
HK$21,000,001 to HK$22,000,000	**1**	–
HK$22,000,001 to HK$23,000,000	**–**	1
	5	5

12. Dividends

(a) Dividends recognized as distribution during the year:

	2024	2023
	HK$ million	*HK$ million*
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
	1,109	1,479

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

	2024	2023
	HK$ million	*HK$ million*
Second interim dividend (in lieu of a final dividend) – HK81 cents per share (2023: HK81 cents per share)	**832**	832

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.

13. 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:

	Earnings (loss)	
	2024	2023
	HK$ million	*HK$ million*
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share:		
Earnings (loss) for the year attributable to owners of the Company	**35**	(872)

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

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.

14. Investment Properties

	2024	2023
	HK$ million	*HK$ million*
Fair Value		
At 1 January	**96,005**	96,787
Additions	**2,421**	2,076
Transfer (to) from property, plant and equipment	**(248)**	8
Change in fair value recognized in profit or loss – unrealized	**(1,506)**	(2,763)
Exchange difference	**(125)**	(103)
As at 31 December	**96,547**	96,005

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 31 December 2024 and 2023 and as at the date of transfer from/to property, plant and equipment to/from investment properties has been arrived at on the basis of a valuation carried out on the respective dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's investment properties have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the investment properties, the management of the Group has considered the highest and best use of the investment properties as their current use.

Investment properties in Hong Kong

The value of the completed investment properties is derived from the basis of capitalization of net income with due allowance for the reversionary income potential but without allowances for any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables.

For investment properties under development, residual method of valuation was adopted. The value is based on the development potential of the properties as if they were completed in accordance with the existing development proposal at the date of valuation. The value has also taken into consideration all costs of development and allowance of profit required for the development, which duly reflected the risks associated with the development.

There has been no change to the valuation technique during the year for completed properties and properties under development in Hong Kong.

As at 31 December 2024, the aggregate fair value of the investment properties under development of the Group in Hong Kong amounted to HK$20,680 million (2023: HK$19,190 million) have been pledged as securities for the Group's borrowings.

Investment properties in Mainland

Income capitalization approach – discounted cash flow ("DCF") analysis was adopted for the valuation of such completed investment properties in Mainland. The DCF analysis is based on prospective periodic net cash flow to operating properties, which is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating cash flow, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or the rate of required return, into present value. A 10-year investment horizon has been undertaken for the DCF analysis and the net income in the year eleven is capitalised at an appropriate yield.

Fair value measurements using significant unobservable inputs (Level 3)

At the end of the reporting period, the management of the Group works with Knight Frank Petty Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

All of the fair value measurements of the Group's investment properties were categorized into Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during both years. Details of fair value hierarchy are set out as below.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements of the Group's investment properties by operating and reportable segment.

	Retail	Office	Residential	Investment properties under development	Total
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
As at 1 January 2023	31,517	36,906	8,724	19,640	96,787
Additions	296	148	6	1,626	2,076
Transfer between operating and reportable segments	126	(126)	–	–	–
Transfer from property, plant and equipment	–	8	–	–	8
Change in fair value recognized in profit or loss – unrealized	558	(1,162)	(83)	(2,076)	(2,763)
Exchange difference	(17)	(86)	–	–	(103)
As at 31 December 2023	32,480	35,688	8,647	19,190	96,005
Additions	**192**	**158**	**21**	**2,050**	**2,421**
Transfer between operating and reportable segments	**135**	**(135)**	**–**	**–**	**–**
Transfer to property, plant and equipment	**–**	**(248)**	**–**	**–**	**(248)**
Change in fair value recognized in profit or loss – unrealized	**310**	**(1,252)**	**(4)**	**(560)**	**(1,506)**
Exchange difference	**(23)**	**(102)**	**–**	**–**	**(125)**
As at 31 December 2024	**33,094**	**34,109**	**8,664**	**20,680**	**96,547**

Information about fair value measurements using significant unobservable inputs (Level 3)
The following table shows the valuation techniques used in the determination of fair value for investment properties by operating and reportable segment and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December		Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
	2024	2023			
	HK$ million	*HK$ million*			
Investment properties in Hong Kong					
Retail	**32,450**	31,878	Income capitalization approach	(i) Capitalization rate	5.25% – 5.50% (2023: 5.25% – 5.50%)
				(ii) Prevailing market rent per month	HK$133 per square foot (2023: HK$131 per square foot)
Office	**31,365**	32,726	Income capitalization approach	(i) Capitalization rate	4.25% – 5.00% (2023: 4.25% – 5.00%)
				(ii) Prevailing market rent per month	HK$55 per square foot (2023: HK$56 per square foot)
Residential	**8,664**	8,647	Income capitalization approach	(i) Capitalization rate	3.75% (2023: 3.75%)
				(ii) Prevailing market rent per month	HK$39 per square foot (2023: HK$39 per square foot)
Investment properties under development	**20,680**	19,190	Residual method	(i) Capitalization rate	3.50% – 5.00% (2023: 3.50% – 5.00%)
				(ii) Prevailing market rent per month	HK$94 per square foot (2023: HK$98 per square foot)

Description	Fair value as at 31 December 2024 HK$ million	Fair value as at 31 December 2023 HK$ million	Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
Investment properties in Mainland					
Retail and Office	**3,388**	3,564	Discounted cash flow method	(i) Prevailing market rent per month	RMB19 per square foot (2023: RMB20 per square foot)
				(ii) Discount rate	7.25% (2023: 7.25%)
				(iii) Stabilised growth rate	4.00% (2023: 4.00%)

The higher the capitalization rate and discount rate, the lower the fair value, and vice versa.

The higher the stabilised growth rate, the higher the fair value, and vice versa.

Prevailing market rent is estimated based on independent valuer's view of recent lettings, within the subject properties and other comparable properties. It does not always equal to the committed rent by tenants. The higher the prevailing market rent, the higher the fair value, and vice versa.

15. Property, Plant and Equipment

	Leasehold land and buildings HK$ million (Note)	Furniture, fixtures and equipment HK$ million	Computers HK$ million	Motor vehicles HK$ million	Total HK$ million
COST OR VALUATION					
As at 1 January 2023	554	122	164	2	842
Additions	–	9	8	1	18
Transfer to investment properties	(8)	–	–	–	(8)
Exchange difference	(1)	–	–	–	(1)
Deficit on revaluation	(13)	–	–	–	(13)
As at 31 December 2023	532	131	172	3	838
Additions	**–**	**6**	**29**	**–**	**35**
Transfer from investment properties	**248**	**–**	**–**	**–**	**248**
Exchange difference	**(1)**	**–**	**–**	**–**	**(1)**
Deficit on revaluation	**(22)**	**–**	**–**	**–**	**(22)**
As at 31 December 2024	**757**	**137**	**201**	**3**	**1,098**
Comprising:					
At cost	**–**	**137**	**201**	**3**	**341**
At valuation	**757**	**–**	**–**	**–**	**757**
	757	**137**	**201**	**3**	**1,098**
ACCUMULATED DEPRECIATION					
As at 1 January 2023	–	106	112	1	219
Provided for the year	8	7	18	–	33
Eliminated on revaluation	(8)	–	–	–	(8)
As at 31 December 2023	–	113	130	1	244
Provided for the year	**11**	**6**	**19**	**–**	**36**
Eliminated on revaluation	**(11)**	**–**	**–**	**–**	**(11)**
As at 31 December 2024	**–**	**119**	**149**	**1**	**269**
CARRYING AMOUNTS					
As at 31 December 2024	**757**	**18**	**52**	**2**	**829**
As at 31 December 2023	532	18	42	2	594

The above items of property, plant and equipment are depreciated on a straight-line basis over the following terms or at the following rates per annum:

Leasehold land and buildings	Over the term of the lease or 40 years
Furniture, fixtures and equipment	20%
Computers	20%
Motor vehicles	25%

Note:

Fair value measurements and valuation processes

The fair value of the Group's leasehold land and buildings as at 31 December 2024 and 2023 and as at the date of transfer to/from investment properties from/to property, plant and equipment has been arrived at on the basis of a valuation carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's leasehold land and buildings have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the properties, the management of the Group has considered the highest and best use of the properties as their current use.

Leasehold land and buildings in Hong Kong

The value of leasehold land and building in Hong Kong was derived from the basis of capitalization of net income with due allowance for the reversionary income potential but without allowance of any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables. There has been no change to the valuation technique during the year.

Leasehold land and buildings in Mainland

DCF analysis was adopted for the valuation of leasehold land and buildings in Mainland. The DCF analysis is based on prospective periodic net cash flow to operating properties, which is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating cash flow, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or the rate of required return, into present value. A 10-year investment horizon has been undertaken for the DCF analysis and the net income in the year eleven is capitalised at an appropriate yield.

All of the fair value measurements of the Group's leasehold land and buildings in Hong Kong and Mainland were categorized into Level 3 of the fair value hierarchy. Details of fair value hierarchy are set out as below.

There were no transfers into or out of Level 3 during the year.

At the end of the reporting period, the management of the Group works with Knight Frank Petty Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

Information about fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair value for leasehold land and buildings in Hong Kong and Mainland and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December 2024 HK$ million	Fair value as at 31 December 2023 HK$ million	Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
Leasehold land and buildings in Hong Kong	**739**	512	Income capitalization approach	(i) Capitalization rate	4.25% – 5.00% (2023: 4.25% – 5.00%)
				(ii) Prevailing market rent per month	HK$57 per square foot (2023: HK$59 per square foot)
Leasehold land and buildings in Mainland	**18**	20	Discounted cash flow method	(i) Prevailing market rent per month	RMB20 per square foot (2023: RMB21 per square foot)
				(ii) Discount rate	7.25% (2023: 7.25%)
				(iii) Stabilised growth rate	4.00% (2023: 4.00%)

The higher the capitalization rate, the lower the fair value, and vice versa.

Prevailing market rent is estimated based on independent values view of recent lettings, within the subject properties and other comparable properties. It does not always equal to the committed rent by tenants. The higher the prevailing market rent, the higher the fair value, and vice versa.

The loss of HK$10 million (2023: loss of HK$5 million) arising on revaluation has been recognized in other comprehensive income and accumulated in properties revaluation reserve.

Had the Group’s leasehold land and buildings in Hong Kong and Mainland been measured at historical cost less subsequent accumulated depreciation, their carrying amounts would have been HK$531 million (2023: HK$293 million) and HK$21 million (2023: HK$23 million) respectively at the end of the reporting period.

16. Particulars of Principal Subsidiaries of the Company

The table below lists the principal subsidiaries of the Company:

Name of subsidiaries	Place of establishment/ incorporation/ operation	Issued share capital/ registered capital	Proportion of ownership interests/ voting rights held by the Company directly	Proportion of ownership interests/ voting rights held by the Company indirectly	Principal activities
Admore Investments Limited	Hong Kong	HK$2	100%	–	Investment holding
Alpha Ace Limited	Hong Kong	HK$1	–	100%	Property development
Bamboo Grove Recreational Services Limited	Hong Kong	HK$2	–	100%	Resident club management
Barrowgate Limited	Hong Kong	HK$10,000	–	65.36%	Property investment
Earn Extra Investments Limited	Hong Kong	HK$1	–	100%	Property investment
Elect Global Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Treasury operation
HD Investment Limited	British Virgin Islands	HK$1	–	100%	Investment holding
HD Treasury Limited	Hong Kong	HK$2	100%	–	Treasury operation
Hysan Corporate Services Limited	Hong Kong	HK$2	100%	–	Provision of corporate services
Hysan Leasing Company Limited	Hong Kong	HK$2	100%	–	Leasing administration
Hysan (MTN) Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Treasury operation
Hysan Marketing Services Limited	Hong Kong	HK$1	–	100%	General business
Hysan IT Services Company Limited	Hong Kong	HK$1	–	100%	Information technology
Hysan Property Management Limited	Hong Kong	HK$2	100%	–	Property management
Hysan (Shanghai) Properties Limited	PRC	RMB 2,021,750,000	–	100%	Property investment
Hysan Treasury Limited	Hong Kong	HK$2	100%	–	Treasury operation
Kwong Hup Holding Limited	British Virgin Islands	HK$1	100%	–	Investment holding
Kwong Wan Realty Limited	Hong Kong	HK$1,000	100%	–	Property investment
Lee Theatre Realty Limited	Hong Kong	HK$10	–	100%	Property investment
Leighton Property Company Limited	Hong Kong	HK$2	–	100%	Property investment
Minsal Limited	Hong Kong	HK$2	100%	–	Property investment
Main Rise Development Limited	Hong Kong	HK$2	–	100%	Investment holding
Mariner Bay Limited	British Virgin Islands/ Hong Kong	US$1	–	100%	Investment holding
Mondsee Limited	Hong Kong	HK$2	100%	–	Property investment
OHA Property Company Limited	Hong Kong	HK$2	–	100%	Property investment
Patchway Holdings (HK) Limited	Hong Kong	HK$1	–	60%	Property investment
Patchway Holdings Limited	British Virgin Islands	US$10	–	60%	Investment holding
Perfect Win Properties Limited	Hong Kong	HK$2	–	100%	Property investment
Silver Nicety Company Limited	Hong Kong	HK$20	–	100%	Property investment

The Directors of the Company are of the opinion that a complete list of all subsidiaries and their particulars will be of excessive length and therefore the above table contains only those subsidiaries which materially contribute to the net income of the Group or hold a material portion of the assets or liabilities or otherwise are operating subsidiaries of the Company. Other than unsecured fixed rate notes issued by Hysan (MTN) Limited ("Hysan MTN") as disclosed in note 26 of the Notes to the Consolidated Financial Statements section, none of the subsidiaries had issued any debt securities at the end of the reporting period.

The Group's subsidiaries that have material non-controlling interests includes Barrowgate Limited ("Barrowgate"), Patchway Holdings Limited ("Patchway") and Elect Global Investments Limited ("Elect Global"). Elect Global's issued ordinary shares are fully held by the Group. As disclosed in note 28 of the Notes to Consolidated Financial Statement section, Elect Global issued perpetual capital securities which are classified as equity to parties outside the Group. The amount of such non-controlling interests of Elect Global has been disclosed in consolidated statement of changes in equity as perpetual capital securities.

The summarized financial information in respect of Barrowgate and Patchway are set out below. The summarized financial information below represents amounts before intragroup eliminations.

	2024		2023	
	Barrowgate	**Patchway**	Barrowgate	Patchway
	HK$ million	***HK$ million***	*HK$ million*	*HK$ million*
Current assets	**153**	**431**	187	12
Non-current assets	**9,717**	**20,721**	9,870	19,250
Current liabilities	**(754)**	**(358)**	(860)	(77)
Non-current liabilities	**(248)**	**(23,028)**	(232)	(21,072)
Turnover	**557**	**–**	561	–
Profit (loss) and total comprehensive income (expenses) for the year	**203**	**(348)**	677	(1,891)
Profit (loss) and total comprehensive income (expenses) attributable to other non-controlling interests	**70**	**(139)**	234	(830)
Accumulated non-controlling interests	**3,073**	**(1,074)**	3,106	(821)
Dividends paid to other non-controlling interests	**104**	**–**	106	–
Net cash inflows from operating activities	**347**	**–**	494	–
Net cash outflows used in investing activities	**(45)**	**–**	(96)	–
Net cash outflows used in financing activities	**(330)**	**–**	(350)	–

17. Investments in Associates and Loans to Associates

	2024	2023
	HK$ million	*HK$ million*
Cost of unlisted investments	**2**	2
Share of post-acquisition profits and other comprehensive income, net of dividends received	**5,345**	5,486
	5,347	5,488
Loans to associates classified as:		
Non-current assets	**8**	8

The balances of loans to associates are unsecured, interest-free and have no fixed repayment terms. The Directors of the Company are of the opinion that the Group will not demand repayment from the associates within the next twelve months from the end of the reporting period and the loans are therefore classified as non-current assets.

The Directors of the Company are of the opinion that a complete list of all associates will be of excessive length and the Group summarizes details of the Group's material associate as at 31 December 2024 and 2023 as follows:

Name of associates	Form of business structure	Place of incorporation/ establishment and operation	Class of share held/ registered capital	Effective interest held by the Group	Principal activities
Country Link Enterprises Limited *(Note)*	Private limited company	Hong Kong	Ordinary share of HK$5,000,000	26.3%	Investment holding
Shanghai Kong Hui Property Development Co., Ltd. *(Note)*	Sino-Foreign equity joint venture	The PRC	US$165,000,000#	24.7%	Property development and leasing
Shanghai Grand Gateway Plaza Property Management Co., Ltd. *(Note)*	Sino-Foreign equity joint venture	The PRC	US$140,000#	23.7%	Property management

\# Fully paid-up registered capital

Note:
Shanghai Kong Hui Property Development Co., Ltd. and Shanghai Grand Gateway Plaza Property Management Co., Ltd. are non-wholly owned subsidiaries of Country Link Enterprises Limited, together known as "Country Link".

The summarized consolidated financial information in respect of the Group's material associate is set out below. The summarized consolidated financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs. All of the Group's associates are accounted for using the equity method in the Group's consolidated financial statements.

Country Link

	2024 *HK$ million*	2023 *HK$ million*
Current assets	**2,338**	2,324
Non-current assets	**26,696**	27,452
Current liabilities	**(1,016)**	(1,026)
Non-current liabilities	**(6,368)**	(6,525)
Turnover	**1,670**	1,781
Profit for the year	**825**	1,096
Other comprehensive expenses for the year	**(471)**	(344)
Total comprehensive income for the year	**354**	752
Dividends received from the associate during the year	**230**	226

Reconciliation of the above summarized consolidated financial information to the carrying amount of the interest in the associate that is material to the Group recognized in the consolidated financial statements:

	2024	2023
	HK$ million	*HK$ million*
Net assets of the associate	**21,650**	22,225
Non-controlling interests of the associate	**(1,289)**	(1,324)
Net assets of the associate after deducting non-controlling interests of the associate	**20,361**	20,901
Proportion of the Group's ownership interest in the associate	**26.3%**	26.3%
Group's share of net assets of the associate	**5,355**	5,497
Others	**(2)**	(2)
Carrying amount of the Group's interest in the associate	**5,353**	5,495

18. Investments in Joint Ventures and Loans to Joint Ventures

Details of the Group's investments in and loans to joint ventures are as follows:

	2024	2023
	HK$ million	*HK$ million*
Investments in joint ventures		
Unlisted shares, at cost	**361**	361
Deemed capital contribution in a joint venture *(Note a)*	**173**	173
Share of post-acquisition loss and other comprehensive expense (include impairment loss), net of dividends received	**(192)**	(89)
	342	445
Loans to joint ventures classified as:		
Non-current assets *(Note b)*	**4,324**	4,029

Notes:

(a) The deemed capital contribution in a joint venture represents the fair value adjustments in relation to the loan to a joint venture at initial recognition based on the estimated timing on future cash flows.

(b) The loans to joint ventures are unsecured and have no fixed repayment terms. As at 31 December 2024, except for the loans to joint ventures with aggregate carrying amounts of HK$1,510 million (2023: HK$1,398 million) which are carrying variable rates ranging from 2.8% to 7.7% (2023: 3.1% to 7.7%) per annum, the remaining loans to joint ventures of the Group is interest-free. The Directors of the Company are of the opinion that the Group will not demand repayment of the loans from the joint venture within the next twelve months from the end of the reporting period and the loans are therefore classified as non-current assets.

Details of the Group's joint ventures as at 31 December 2024 and 2023 are as follows:

Name of joint ventures	Place of incorporation and operation	Class of share held	Effective ownership interest and voting rights held by the Group	Principal activities
Strongbod Limited *(Note a)*	British Virgin Islands	Ordinary shares of US$10	60% *(Note b)*	Investment holding
Gainwick Limited *(Note a)*	Hong Kong	Ordinary share of HK$1	60% *(Note b)*	Property development and investment
H & I GBA Investment Limited *(Note c)*	Hong Kong	Ordinary shares of US$90,000,000	50%	Investment holding
Nation Star Development Limited *(Note d)*	Hong Kong	Ordinary shares of HK$1	25%	Property development and investment

Notes:

(a) Gainwick Limited is a wholly owned subsidiary of Strongbod Limited, together known as "Strongbod".

(b) Pursuant to the shareholder's agreement dated 5 December 2016, entered into by the Group, the joint venture partner and Strongbod, decisions on all relevant business and operation activities of Strongbod require unanimous board approval from directors of Strongbod appointed by the Group and those appointed by the joint venture partner. Therefore, the Group recognized the investment in Strongbod as a joint venture.

(c) The subsidiaries of H & I GBA Investment Limited principally engaged in IWG GBA Flex business.

(d) Nation Star Development Limited ("Nation Star") principally engaged in property development business.

The summarized consolidated financial information in respect of the Group's material joint venture is set out below. The summarized consolidated financial information below represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs. The joint venture is accounted for using the equity method in the Group's consolidated financial statements.

	2024		2023	
	Strongbod ***HK$ million***	**Nation Star** ***HK$ million***	Strongbod *HK$ million*	Nation Star *HK$ million*
Current assets	**5,853**	**8,100**	7,072	7,378
Non-current assets	**287**	**1,735**	210	1,661
Current liabilities	**(1,450)**	**(5)**	(2,940)	(21)
Non-current liabilities	**(5,140)**	**(9,831)**	(4,438)	(9,018)
Turnover	**1,011**	**–**	818	–
Losses and total comprehensive expenses for the year	**(225)**	**(1)**	(39)	–

Reconciliation of the above summarized consolidated financial information to the carrying amount of the interest in the joint venture that is material to the Group recognized in the consolidated financial statements:

	2024		2023	
	Strongbod *HK$ million*	**Nation Star** *HK$ million*	Strongbod *HK$ million*	Nation Star *HK$ million*
Net liabilities of the joint ventures	**(450)**	**(1)**	(96)	–
Unrecognized losses of the joint ventures	**285**	**–**	–	–
Adjusted net liabilities of the joint ventures	**(165)**	**(1)**	(96)	–
Proportion of the Group's ownership interest in the joint ventures	**60%**	**25%**	60%	25%
Group's share of net liabilities of the joint ventures	**(99)**	**–**	(58)	–
Add: Deemed capital contribution in the joint ventures	**173**	**–**	173	–
	74	**–**	115	–
Impairment loss of a joint venture	**(74)**	**–**	–	–
Carrying amount of the Group's interest in the joint ventures	**–**	**–**	115	–
Unrecognized share of loss of joint ventures for the year	**171**	**–**	–	–
Cumulative unrecognized share of loss of joint ventures	**171**	**–**	–	–

19. Other Financial Investments

	2024	2023
	HK$ million	*HK$ million*
Investment designated as at FVTOCI		
– Investments in unlisted equity securities *(Note a)*	**1,570**	1,460
Investment at FVTPL		
– Unlisted investment in a fund investment *(Note b)*	**87**	97
	1,657	1,557

Notes:

(a) These investments are designated as at FVTOCI because the Directors of the Company believe that the Group's strategy of holding these investments is for long-term strategic purpose. All these investees are principally engaged in healthcare services business in Mainland.

(b) The balance represents the Group's interest in a fund investment as limited partner. The fund investment engages in property investment in Asia Pacific. The fund investment is classified as FVTPL.

20. Debt Securities

	2024	2023
	HK$ million	*HK$ million*
Debt securities, at amortized cost:		
– listed in Hong Kong	**702**	800
– listed overseas	**194**	194
Total	**896**	994
Analysed for reporting purposes as:		
Current assets	**318**	94
Non-current assets	**578**	900
	896	994

As at 31 December 2024, the effective yield of the debt securities ranged from 1.5% to 3.3% (2023: 1.2% to 3.3%) per annum, payable semi-annually or annually, and the securities will mature from April 2025 to January 2052 (2023: from June 2024 to January 2052). At the end of the reporting period, none of these assets were past due.

Details of the impairment assessment of debt securities are set out in the Financial Risk Management section.

21. Other Financial Assets/Liabilities

	Current		Non-current	
	2024	2023	**2024**	2023
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Other financial assets				
Financial assets measured at FVTPL:				
Club debenture	**–**	–	**1**	1
Derivatives under hedge accounting:				
Cash flow hedges				
– Cross currency swaps	**–**	–	**127**	187
– Interest rate swaps	**3**	–	**7**	10
Total	**3**	–	**135**	198
Other financial liabilities				
Derivatives under hedge accounting:				
Cash flow hedges				
– Cross currency swaps	**–**	–	**381**	312
– Interest rate swaps	**–**	–	**1**	–
Fair value hedges				
– Interest rate swaps	**–**	–	**205**	264
Total	**–**	–	**587**	576

(a) Cash flow hedges

(i) Foreign currency risk

The Group used cross currency swaps to manage its foreign currency exposure. The principal terms of the cross currency swaps have been negotiated to match the major terms of the respective designated hedged items and the management considers that the hedges are highly effective.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding cross currency swaps at the end of the reporting period are as follows:

Hedging instruments

	2024					2023				
	Average exchange rate*	Foreign currency	Notional amount		Fair value	Average exchange rate*	Foreign currency	Notional amount		Fair value
				HK$	HK$				HK$	HK$
			million	million	million			million	million	million
Cross currency swaps										
Hedging of USD fixed rate notes *(Note)*										
Less than 1 year	–	–	–	–	–	–	–	–	–	–
More than 1 year but not exceeding 5 years	**7.8470**	**USD**	**900**	**7,063**	**(51)**	7.8500	USD	400	3,140	187
More than 5 years	**7.8500**	**USD**	**225**	**1,766**	**(203)**	7.8465	USD	725	5,689	(312)
Total				**8,829**	**(254)**				8,829	(125)

* Average exchange rate represented the average exchange rate of HKD versus respective currencies weighted by the notional amounts of the contracts or the swaps.

Note:
The Group used HK$8,829 million (2023: HK$8,829 million) cross currency swaps to convert USD interest and principal of US$1,125 million (2023: US$1,125 million) fixed rate notes into HKD.

Hedged items

	Carrying amount of the hedged item				Cash flow hedge reserves	
	Assets		Liabilities			
	2024	2023	**2024**	2023	**2024**	2023
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
USD fixed rate notes	**–**	–	**8,740**	8,787	**(430)**	(405)

The hedging ineffectiveness for the years ended 31 December 2024 and 2023 was insignificant.

	Change in the value of the hedging instrument recognized in other comprehensive (expense) income		Amount reclassified from the cash flow hedge reserve to profit or loss		Line item affected in profit or loss because of the reclassification
	2024	2023	**2024**	2023	
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	
Cross currency swaps	**(77)**	(250)	**48**	4	Finance costs

The fair values of cross currency swaps are measured using quoted forward exchange rates and yield curves from quoted interest rates matching maturities of the contracts and swaps.

(ii) Interest rate risk

The Group used interest rate swaps to hedge its interest rate risk exposure. The terms of the swaps have been negotiated to match the major terms of the respective hedged underlying items so that the management considers that the interest rate swaps are highly effective hedging instruments.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding interest rate swaps at the end of the reporting period are as follows:

Hedging instruments

	2024			2023		
	Average	**Notional amount**	**Fair value**	Average	Notional amount	Fair value
	Interest rate*	***HK$ million***	***HK$ million***	*Interest rate**	*HK$ million*	*HK$ million*
Interest rate swaps						
Hedging interest of HKD bank loans *(Note)*						
Less than 1 year	**3.45%**	**1,000**	**3**	–	–	–
More than 1 year not exceeding 5 years	**3.39%**	**900**	**6**	3.54%	1,400	10

* Average interest rate represented the average fixed interest rate paid by the Group against receipts of 3-month HIBOR weighted by the notional amounts of the swaps.

Note:
The Group used HK$1,900 million (2023: HK$1,400 million) interest rate swaps to manage its exposure to interest rate changes of the interest payments of HKD bank loans.

Hedged items

	Notional amount of the hedged item		Cash flow hedge reserves	
	Liabilities			
	2024	2023	**2024**	2023
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
HKD bank loans	**1,900**	1,400	**4**	4

The hedging ineffectiveness for the years ended 31 December 2024 and 2023 was insignificant.

	Change in the value of the hedging instrument recognized in other comprehensive income (expense)		Amount reclassified from the cash flow hedge reserve to profit or loss		Line item affected in profit or loss because of the reclassification
	2024	2023	**2024**	2023	
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	
Interest rate swaps	**4**	(11)	**–**	–	Finance costs

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

(b) Fair value hedges

The Group used interest rate swaps to minimise its exposure to fair value changes of its USD fixed rate notes by swapping the notes from fixed rates to floating rates. The major terms of the interest rate swaps match the corresponding notes and the management considers that the swaps are highly effective hedging instruments.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding interest rate swaps at the end of the reporting period are as follows:

	2024			2023		
	Average interest rate*	**Notional amount** *HK$ million*	**Fair value** *HK$ million*	Average interest rate*	Notional amount *HK$ million*	Fair value *HK$ million*
Interest rate swaps						
More than 1 year not exceeding 5 years	**2.88%**	**3,140**	**(205)**	2.88%	3,140	(264)

* The average interest rate represented the average fixed interest rate (weighted by the notional amounts of the interest rate swaps) received by the Group against payments of 3-month HIBOR.

Note:
As at 31 December 2024, the Group designated fixed-to-floating interest rate swaps with notional amount of HK$3,140 million (2023: HK$3,140 million) to hedge USD fixed rate notes with notional amount of US$400 million (2023: US$400 million) by converting fixed rate of 2.88% per annum (2023: 2.88% per annum) to HIBOR plus 2.02% per annum (2023: HIBOR plus 2.02% per annum).

As a result of the hedge accounting, the carrying amount of the hedged item as at 31 December 2024 was adjusted by cumulative losses of HK$205 million (2023: HK$264 million). The changes in fair values of the notes for the hedged risk were included in profit or loss at the same time that the changes in fair value of the swaps were included in profit or loss.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

(c) Financial assets measured at FVTPL

Club debenture

Amount represented investment in unlisted club debenture. The Group's investment in unlisted club debenture has been classified as financial assets measured at FVTPL.

22. Accounts and Other Receivables

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

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.

	2024	2023
	HK$ million	*HK$ million*
Less than 30 days	**23**	31
31 – 90 days	**14**	16
Over 90 days	**14**	11
	51	58

23. Time Deposits/Cash and Cash Equivalents

Time deposits, cash and bank balances include bank deposits for the purpose of meeting the Group's short term cash commitments, carrying effective interest rates ranging from 0.01% to 4.91% (2023: 0.01% to 5.55%) per annum.

As at 31 December 2024 and 2023, the Group performed impairment assessment on time deposits and bank balances and concluded that the probability of default of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

24. Accounts Payable and Accruals

	2024	2023
	HK$ million	*HK$ million*
Accounts payable	**534**	289
Interest payable	**146**	80
Other payables	**748**	728
	1,428	1,097

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.

25. Amounts Due to Non-Controlling Interests

	2024	2023
	HK$ million	*HK$ million*
Current *(Note a)*	**189**	199
Non-current *(Note b)*	**5,686**	5,264
	5,875	5,463

Notes:

(a) The balances are unsecured, interest-free and repayable on demand.

(b) The balance is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong. During the year ended 31 December 2024, amounts due to non-controlling interests amounting to HK$230 million (2023: HK$416 million) were advanced.

26. Borrowings

	2024 HK$ million	2023 HK$ million
Secured bank loans	**8,772**	7,852
Unsecured bank loans	**2,415**	2,171
Unsecured fixed rate notes	**15,327**	15,541
	26,514	25,564
Less: Amount due within 1 year included under current liabilities	**(2,872)**	(158)
	23,642	25,406

The carrying amounts of the above bank loans and fixed rate notes are repayable as follows:

	Bank loans		Fixed rate notes	
	2024 HK$ million	2023 HK$ million	**2024 HK$ million**	2023 HK$ million
Within one year	**1,373**	8	**1,499**	150
In the second year	**545**	1,270	**1,646**	1,495
In the third year to fifth year	**9,269**	8,745	**8,366**	5,435
After the fifth year	**–**	–	**3,816**	8,461
	11,187	10,023	**15,327**	15,541

All the bank loans are guaranteed as to principal and interest and are carrying variable-rate. Interest rates of the loans are normally re-fixed at every one to three months. The effective interest rates (which were also equal to contracted interest rates) were 4.3% (2023: 4.2%) per annum at the end of the reporting period.

All the unsecured fixed rate notes were issued by Hysan MTN, a wholly owned subsidiary of the Company. The notes are guaranteed as to principal and interest by the Company and bear an effective interest rate equal to their respective contracted interest rate. The contract rates per annum (before cross-currency swaps) at the end of the reporting period were as follows:

	2024			2023		
	HK$ %	***US$ %***	***RMB %***	*HK$ %*	*US$ %*	*RMB %*
Unsecured fixed rate notes	**1.50 – 4.50**	**2.82 – 3.55**	**3.10 – 3.55**	1.50 – 4.50	2.82 – 3.55	3.10 – 3.55

As detailed in note 21 of the Notes to the Consolidated Financial Statements section, during the years ended 31 December 2024 and 2023, cross currency swaps and interest rate swaps were used to hedge or manage the foreign exchange rate risks of the Group's USD fixed rate notes and interest rate risks of the Group's HKD bank loans respectively.

As at 31 December 2024 and 2023, the Group's investment properties pledged as securities for borrowings are disclosed in note 14 of the Notes to the Consolidated Financial Statements section.

27. Deferred Tax Assets/Liabilities

The following are the major deferred tax liabilities (assets) recognized by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation *HK$ million*	Revaluation of properties *HK$ million*	Tax losses *HK$ million*	Total *HK$ million*
As at 1 January 2023	1,193	86	(204)	1,075
Charge (credit) to profit or loss *(note 7)*	91	(1)	9	99
Charge to other comprehensive income	–	1	–	1
As at 31 December 2023	1,284	86	(195)	1,175
Charge (credit) to profit or loss *(note 7)*	**46**	**(1)**	**(4)**	**41**
Charge to other comprehensive income	**–**	**1**	**–**	**1**
As at 31 December 2024	**1,330**	**86**	**(199)**	**1,217**

At the end of the reporting period, the Group has unused estimated tax losses of HK$3,889 million (2023: HK$3,346 million) available for offset against future profits. A deferred tax asset has been recognized in respect of HK$1,212 million (2023: HK$1,183 million) of such losses. No deferred tax asset has been recognized in respect of the remaining HK$2,677 million (2023: HK$2,163 million) due to the unpredictability of future profit streams and the tax losses may be carried forward indefinitely.

28. Perpetual Capital Securities

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 perpetual capital securities (the "Subordinated 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 (the "Senior Securities"), which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purpose and the capital securities are listed on Hong Kong Stock Exchange.

Distribution on the Subordinated Securities and Senior Securities are payable semi-annually in-arrear each year and can be deferred at the sole discretion of the Issuer, if the Issuer and the Company do not declare or pay dividends or repurchase, redeem, cancel, reduce or otherwise acquire any securities of lower or equal rank. The Subordinated Securities and Senior Securities have no fixed maturity and are redeemable at the Issuer's option on or after 3 June 2025 and 25 August 2023 respectively, at their principal amounts together with any distribution accrued to such date.

The Securities are classified as equity and initially recognized at the amount of proceeds received in the consolidated financial statements of the Group.

During the year ended 31 December 2024, the Group repurchased Subordinated Securities with principal amount of HK$777 million with cash consideration of HK$728 million.

29. Share Capital

	Number of shares	**Share capital**
		HK$ million
Ordinary shares, issued and fully paid:		
As at 1 January 2023, 31 December 2023 and 2024	1,027,008,223	7,723

During the year ended 31 December 2023, the Group purchased a total of 48,400 ordinary shares ("Awarded 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 ("100A Share Award Plan") in commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong. Details of the shares purchased are as follows:

Month of repurchase in 2023	**Number of ordinary shares repurchased**	**Consideration per share**		**Aggregate consideration paid**
		Highest	**Lowest**	
	(Note)	***HK$***	***HK$***	***HK$ million***
October	48,400	14.58	14.34	1

Note:
The Company was authorized at its annual general meetings to repurchase its own ordinary shares not exceeding 10% of the total number of its issued shares as at the dates of the resolutions being passed.

30. Statement of Financial Position and Reserves of the Company

	2024 *HK$ million*	2023 *HK$ million*
Non-current assets		
Investments in subsidiaries	**2,242**	2,242
Other financial assets	**1**	1
Amounts due from subsidiaries	**7,649**	7,120
	9,892	9,363
Current assets		
Other receivables	**35**	30
Amounts due from subsidiaries	**4,378**	3,235
Cash and cash equivalents	**18**	7
	4,431	3,272
Current liabilities		
Other payables and accruals	**95**	92
Amounts due to subsidiaries	**3,022**	1,512
	3,117	1,604
Net current assets	**1,314**	1,668
Net assets	**11,206**	11,031
Capital and reserves		
Share capital *(note 29)*	**7,723**	7,723
Reserves	**3,483**	3,308
Total equity	**11,206**	11,031

The Company's statement of financial position was approved and authorized for issue by the Board of Directors on 18 February 2025 and are signed on its behalf by:

Lee Irene Y.L.	**Lui Kon Wai**
Director	*Director*

Movement in the Company's reserve

	Share options reserve HK$ million	General reserve HK$ million (Note)	Retained profits HK$ million	Total HK$ million
As at 1 January 2023	36	100	3,060	3,196
Recognition of equity-settled share-based payments	3	–	1	4
Repurchase of own shares	–	–	(1)	(1)
Profit and total comprehensive income for the year	–	–	1,587	1,587
Forfeiture of unclaimed dividends	–	–	1	1
Dividends paid during the year *(note 12)*	–	–	(1,479)	(1,479)
As at 31 December 2023	39	100	3,169	3,308
Recognition of equity-settled share-based payments	**5**	**–**	**–**	**5**
Forfeiture of share options	**(4)**	**–**	**4**	**–**
Profit and total comprehensive income for the year	**–**	**–**	**1,279**	**1,279**
Dividends paid during the year *(note 12)*	**–**	**–**	**(1,109)**	**(1,109)**
As at 31 December 2024	**40**	**100**	**3,343**	**3,483**

Note:
General reserve was set up from the transfer of retained profits.

The Company's reserves available for distribution to its owners as at 31 December 2024 amounted to HK$3,443 million (2023: HK$3,269 million), being its general reserve and retained profits at that date.

31. Reconciliation of Assets/Liabilities Relating to Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Amounts due to non-controlling interests *HK$ million*	Borrowings and other interest-bearing liabilities *HK$ million*	Total *HK$ million*
As at 1 January 2023	4,849	27,479	32,328
Cash flows, net	402	(2,698)	(2,296)
Other non-cash changes			
Foreign exchange adjustments	–	2	2
Finance costs	–	478	478
Interest capitalised	212	501	713
Net losses arising from hedging instruments	–	261	261
As at 31 December 2023	5,463	26,023	31,486
Cash flows, net	**220**	**61**	**281**
Other non-cash changes			
Foreign exchange adjustments	**–**	**(90)**	**(90)**
Finance costs	**–**	**450**	**450**
Interest capitalised	**192**	**593**	**785**
Net losses arising from hedging instruments	**–**	**73**	**73**
As at 31 December 2024	**5,875**	**27,110**	**32,985**

32. Retirement Benefits Plans

With effect from 1 December 2000, the Group set up an Enhanced Mandatory Provident Fund Scheme (the "Enhanced MPF Scheme"), a defined contribution scheme, for all qualifying employees. The Enhanced MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under Section 124(1) of the Mandatory Provident Fund Schemes (General) Regulation.

Pursuant to the rules of the Enhanced MPF Scheme, the Group's contributions to the plan are based on fixed percentages of members' salaries, ranging from 5% of MPF relevant income to 15% of basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income, subject to a monthly cap of HK1,500, in compliance with MPF legislation.

The employees of the Group in the Mainland are members of a state-managed retirement benefits scheme operated by the Mainland government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

Total contributions made by the Group during the year amounted to HK$10 million (2023: HK$11 million).

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("LSP") to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilize the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement').

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. Under the Amendment Ordinance, the accrued benefits derived from the Group's Enhanced MPF Scheme, minus the mandatory contributions, made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. The impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

33. Commitments

At the end of the reporting period, the Group had the following capital commitments in respect of its investment properties, property, plant and equipment and subscription to a fund investment as limited partner:

	2024 HK$ million	2023 HK$ million
(a) Capital commitment:		
Contracted but not provided for investment properties and property, plant and equipment	**3,974**	5,527
(b) Other commitment:		
Subscription to a fund investment as limited partner	**–**	8

34. Lease Commitments

At the end of the reporting period, the Group as lessor had contracted with tenants for the following undiscounted lease payments receivable over the non-cancellable periods:

	2024	2023
	HK$ million	*HK$ million*
Within one year	**2,278**	2,194
In the second year	**1,628**	1,450
In the third year	**1,118**	959
In the fourth year	**769**	648
In the fifth year	**360**	469
Over five years	**535**	257
	6,688	5,977

Operating lease payments represent rentals receivable by the Group from leasing of its investment properties. Typically, leases are negotiated and rentals are fixed for lease term of one to three years. Certain leases include rentals received with reference to turnover of tenants.

35. Related Party Transactions and Balances

(a) Transactions and balances with related parties

During the year, the Group has transaction with related party including interest income on loans to joint ventures, imputed interest income on interest-free loan to a joint venture and imputed interest expense on interest-free amounts due to non-controlling interests as disclosed under notes 6, 8, 18 and 25 of the Notes to the Consolidated Financial Statements section. The imputed interest expense arising from the amounts due to non-controlling interests during the year has been fully capitalised into investment properties under development. The interest income on loans to joint ventures during the year is amounted to HK$39 million (2023: HK$38 million).

At the end of the reporting period, the Group has several balances with related parties including loans to associates and loans to joint ventures as disclosed under note 17 and note 18 of the Notes to the Consolidated Financial Statements section.

The Group has granted guarantees to banks for facilities granted to a joint venture as disclosed under note 1(b) of the Financial Risk Management.

The Group has entered into the facility agreement with HSBC Bank (China) Company Limited, Shanghai Branch ("HSBC (China)") on 22 November 2023, a fellow subsidiary of Imenson Limited ("Imenson"), pursuant to which HSBC (China) agreed to grant a facility to Hysan (Shanghai) Properties Limited ("Hysan (SH)"), an indirect wholly-owned subsidiary of the Company amounting to RMB200 million with a term of two years from first drawdown and final maturity no later than 31 December 2025. The balance of utilized amount at 31 December 2024 was RMB117 million (2023: RMB27 million).

	Gross rental income received from Year ended 31 December		**Amounts due to non-controlling interests At 31 December**	
	2024	2023	**2024**	2023
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Related companies controlled by the Directors of the Company *(Note a)*	**18**	53	**–**	57
Non-controlling shareholders of subsidiaries *(Note b (i) & (ii))*	**63**	21	**5,875**	5,406
Joint venture and associate *(Note c)*	**94**	81	**–**	–

Notes:

(a) The sum of transactions represents the aggregate gross rental income received from related companies where the Directors of the Company have controlling interests over these related companies.

On 16 May 2023, Jebsen Hans Michael retired from his director role of the Company and remained as a connected person of Hysan at issuer level for 12 months thereafter.

(b) (i) The sum of transactions represents the aggregate gross rental income received from Hang Seng Bank Limited ("Hang Seng"), the intermediate holding company of Imenson, and The Hongkong and Shanghai Banking Corporation Limited, the holding company of Hang Seng. Imenson is a non-controlling shareholder with significant influence over Barrowgate.

From 17 May 2024 onwards, the sum of transactions includes the aggregate gross rental income received from Jebsen and Company Limited, the holding company of Jebsen Capital Limited. Jebsen Capital Limited is a non-controlling shareholder with significant influence over Barrowgate.

(ii) The balance represents outstanding loans advanced to Barrowgate by Imenson and Patchway by Coastday Limited, as shareholder loans in proportion to its shareholding in Barrowgate and Patchway respectively. The amounts advanced to Barrowgate are unsecured, interest-free and repayable on demand. The amount advanced to Patchway is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong.

(c) Rental income is charged in accordance with respective tenancy agreements.

(b) Compensation of key management personnel

The remuneration of Directors and other members of senior management of the Group are as follows:

	2024	2023
	HK$ million	*HK$ million*
Directors' fees, salaries and other short-term employee benefits	**47**	49
Share-based payments	**3**	3
Retirement benefits scheme contributions	**–**	1
	50	53

The remuneration of the Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

36. Share-Based Payment Transactions

(a) Equity-settled share option and share award schemes

The 2005 Share Option Scheme

The Company adopted the 2005 Share Option Scheme at its AGM held on 10 May 2005, which has a term of 10 years and expired on 9 May 2015. All outstanding options granted under the 2005 Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the 2005 Share Option Scheme.

The purpose of the 2005 Share Option Scheme is to provide an incentive for employees of the Company and its wholly-owned subsidiaries to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders.

Under the 2005 Share Option Scheme, options to subscribe for ordinary shares of the Company may be granted to employees of the Company or any wholly-owned subsidiaries (including Executive Directors) and 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 Share Option Scheme and any other share option schemes of the Company shall not exceed such number of shares as required under the Listing Rules, currently being 10% of the shares in issue as at 10 May 2005, the date of the AGM approving the 2005 Share Option Scheme (being 104,996,365 shares).

The maximum entitlement of each participant under the 2005 Share Option Scheme must not during any 12-month period exceed such number of shares as required under the Listing Rules (which is 1% of the total shares in issue as at the date of shareholder approval, being 10,499,636 shares). The exercise price shall be at least the highest 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 of the 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. Consideration on each grant of option is HK$1 and is required to be paid within 30 days from the date of grant of options, with full payment for exercise price to be made on exercise of the relevant options.

The 2005 Share Option Scheme expired on 9 May 2015 and no further option will be granted under the 2005 Share Option Scheme.

The 2015 Share Option Scheme

The Company adopted the 2015 Share Option Scheme (together with the 2005 Share Option Scheme are referred to as the "Share Option Schemes") at its AGM held on 15 May 2015, which has a term of 10 years and will expire on 14 May 2025. Terms of the 2015 Share Option Scheme are substantially the same as those under the 2005 Share Option Scheme.

The purpose of the 2015 Share Option Scheme is to provide an incentive for employees of the Company and its subsidiaries to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders.

Under the 2015 Share Option Scheme, options to subscribe for ordinary shares of the Company may be granted to employees of the Company or any subsidiaries (including Executive Directors) and 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 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed such number of shares as required under the Listing Rules, currently being 10% of the shares in issue as at 15 May 2015, the date of the AGM approving the 2015 Share Option Scheme (being 106,389,669 shares). Under the Listing Rules, a listed issuer may seek approval by its shareholders in general meeting for "refreshing" the 10% limit under the scheme. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (or such number of shares as required under the Listing Rules). No options may be granted if such grant will result in this 30% limit being exceeded.

The maximum entitlement of each participant under the 2015 Share Option Scheme must not during any 12-month period exceed such number of shares as required under the Listing Rules (which is 1% of the total shares in issue as at the date of shareholder approval, being 10,638,966 shares). The exercise price shall be at least the highest 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 of the 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. Consideration on each grant of option is HK$1 and is required to be paid within 30 days from the date of grant of options, with full payment for exercise price to be made on exercise of the relevant options.

Grant and vesting structures on share options

Under the Company's current policy, grants will be made on a periodic basis. For the Share Option Schemes, the exercise period is ten years and vesting period is three years in equal proportions starting from the first anniversary and become fully vested on the third anniversary of the grant. Size of grant will be determined by reference to base salary multiple and relevant individual performance metrics. A clear performance criterion will be a key driver. The Board will review the grant and vesting structures from time to time.

The 2024 Share Award Scheme

The Company had on 19 January 2024 (the "Adoption Date") adopted the 2024 Share Award Scheme. With a term of 10 years from the Adoption Date, the 2024 Share Award Scheme shall remain in force until 18 January 2034, subject to any early termination as may be determined by the Board pursuant to the scheme rules. The purposes of the 2024 Share Award Scheme are (i) to attract and retain critical talents and drive long-term commitment; (ii) to drive performance and culture of excellence; and (iii) to instill culture of accountability, engagement and sense of ownership to the Group.

The Board has delegated the administration of the 2024 Share Award Scheme to the Remuneration Committee, which consists solely of INEDs. This delegation ensures proper governance when reviewing and deciding on proposed grants of the share awards, aligning the objectives of the 2024 Share Award Scheme with shareholders' interests.

Pursuant to the 2024 Share Award Scheme, the Remuneration Committee, as authorised by the Board, may, from time to time, exercise its absolute discretion in selecting any employee (for this purpose only, including without limitation, any Director) of any member of the Group (other than any Excluded Employee (as defined in the Company's announcement dated 19 January 2024)) for participation (the "Selected Employee"), and grant such number of Shares to any Selected Employee at no consideration and subject to such terms and conditions as it may in its absolution discretion determine. The administrators of the 2024 Share Award Scheme are not participants in the 2024 Share Award Scheme.

The maximum number of Shares that may be awarded under the 2024 Share Award Scheme (the "Awarded Shares") during its term is limited to 20,540,164 Shares, representing approximately 2% of the issued share capital of the Company as at the Adoption Date.

The maximum number of Awarded Shares that may be granted under the 2024 Share Award Scheme to any Selected Employee shall not exceed 0.5% of the issued share capital of the Company from time to time (being 5,135,041 Shares as at the date of this announcement).

Shares under the 2024 Share Award Scheme will be purchased on the Stock Exchange at the prevailing market price, by BOCI Trustee (Hong Kong) Limited (the “2024 Scheme Trustee”), the trustee of the 2024 Share Award Scheme, at the cost of the Company and the Awarded Shares will be held by the 2024 Scheme Trustee on trust for the relevant Selected Employee(s) under the 2024 Share Award Scheme until vesting.

During the year, there was no purchase by the 2024 Scheme Trustee on the Stock Exchange or by any other means for the purpose of the 2024 Share Award Scheme.

As delegated by the Board, the Remuneration Committee has the authority to determine the granting and the vesting period of the Awarded Shares under the 2024 Share Award Scheme.

Awarded Shares comprises of: (i) performance shares (“Performance Shares”) and (ii) restricted shares (“Restricted Shares”). Generally, a higher proportion of Performance Shares was granted to senior management to place greater emphasis on linking long-term incentive with Hysan’s long-term strategy and value creation for shareholders. The proportion of Restricted Shares aims to attract and retain critical talent, especially at the junior and middle levels. The vesting period and structure are carefully designed to promote these objectives:

(i) Performance Shares will vest on the third anniversary of the date of grant subject to the achievement of company performance target. This target is measured by relative Total Shareholder Return (“TSR”), which takes into consideration share price performance and dividend, over a three-year performance period. Hysan’s TSR is compared against a group of pre-determined peer companies to determine the percentile rank, which in turn establishes a direct linkage between the vesting percentage and shareholder value creation. The target performance level for TSR is the 50th percentile of peer companies’ performance, while the maximum performance level is the 80th percentile or above of peer companies’ performance, at which 150% of the target number of Performance Shares will vest.

(ii) Restricted Shares 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. This enhances attraction, motivation and retention of talents through time-vesting.

The 2024 Share Award Scheme incorporates clawback mechanisms to recover, cancel forfeit or withhold any Awarded Shares for both good and bad leaver scenarios.

In determining the number of Awarded Shares granted to Selected Employee, the following key factors are considered: (i) individual performance rating, potential and expected long-term contribution to the Group, (ii) the financial condition and performance of the Group (such as turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.), as well as (iii) the alignment with the Group's long-term strategy, corporate culture and core values in the achievement of the pre-determined long-term objectives and development plan.

Since the Adoption Date and up to 31 December 2024 (the "Relevant Period"), a total of 1,416,905 Awarded Shares had been granted to Selected Employees at nil consideration under the 2024 Share Award Scheme.

The One-off Share Award Plan

In commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong, the Company adopted 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 Share Award Plan also serves as a gesture of appreciation and recognition for the dedication and valuable contributions of the Group's employees to the Group'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 Plan ("Selected Employees"), and grant Awarded Shares to the Selected Employees at no consideration. 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 announcement. As at the date of this announcement, 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 2023 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.

During 2023, an aggregate of 47,800 fully-vested Shares (representing approximately 0.0047% of the issued Shares as at the date of this announcement) have been granted to 478 Selected Employees.

(b) Movement of share options and share award schemes

The following table discloses movements of the Company's share options held by the Directors and eligible employees during the current year:

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Balance as at 1.1.2024	Changes during the year Granted	Exercised	Cancelled/ lapsed (Note b)	Balance as at 31.12.2024
2005 Share Option Scheme								
Executive Director								
Lee Irene Yun-Lien	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	31.3.2014	33.75	31.3.2015 – 30.3.2024	36,000	–	–	**(36,000)**	**–**
	31.3.2015	34.00	31.3.2016 – 30.3.2025	47,000	–	–	**(42,000)**	**5,000**
				708,000	–	–	**(403,000)**	**305,000**
2015 Share Option 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**

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Balance as at 1.1.2024	Changes during the year Granted	Exercised	Cancelled/ lapsed (Note b)	Balance as at 31.12.2024
Other employee participants	31.3.2016	33.05	31.3.2017 – 30.3.2026	85,000	–	–	**(65,000)**	**20,000**
	31.3.2017	35.33	31.3.2018 – 30.3.2027	178,667	–	–	**(104,667)**	**74,000**
	29.3.2018	41.50	29.3.2019 – 28.3.2028	214,000	–	–	**(90,000)**	**124,000**
	29.3.2019	42.05	29.3.2020 – 28.3.2029	330,000	–	–	**(156,000)**	**174,000**
	31.3.2020	25.20	31.3.2021 – 30.3.2030	403,000	–	–	**(180,000)**	**223,000**
	31.3.2021	30.40	31.3.2022 – 30.3.2031	490,000	–	–	**(214,000)**	**276,000**
	31.3.2022	23.36	31.3.2023 – 30.3.2032	699,000	–	–	**(310,000)**	**389,000**
				7,386,067	–	–	**(1,119,667)**	**6,266,400**
Exercisable at the end of the year								**6,035,394**

Notes:

(a) All share options granted have a vesting period of three years in equal proportions starting from the first anniversary of the grant and become fully vested on the third anniversary. "Exercise period" accordingly begins with the first anniversary of the date of grant.

(b) The share options lapsed during the year in accordance with the rules of the Share Option Schemes.

The Company had not granted any share option under the Share Option Schemes to any other person as required to be disclosed under Rule 17.07 of the Listing Rules in 2024.

The following table discloses movements of the Company's share options held by the Directors and eligible employees in prior year:

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the year: Granted	Changes during the year: Exercised	Changes during the year: Cancelled/ lapsed (Note b)	Balance as at 31.12.2023
2005 Share Option 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
2015 Share Option 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

Name	Date of grant	Exercise price HK$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the year Granted	Exercised	Cancelled/ lapsed (Note b)	Balance as at 31.12.2023
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
Exercisable at the end of the year								6,341,720

Notes:

(a) All options granted have a vesting period of three years in equal proportions starting from the first anniversary of the grant and become 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 Share Option Schemes.

The Company had not granted any share option under the Share Option Schemes to any other person as required to be disclosed under Rule 17.07 of the Listing Rules in 2023.

Movements in the Awarded Shares under the 2024 Share Award Scheme during the Relevant Period are set out below:

Name	Date of Grant	Vesting period	Fair Value per Awarded Share *HK$* *(Note a)*	Closing price of Shares immediately before the date of grant *HK$*	Balance as at 19.01.2024	Changes during the Relevant Period Granted	Vested *(Note e)*	Cancelled/ Lapsed *(Note f)*	Balance as at 31.12.2024
2024 Share Award Scheme									
Executive Directors									
Lee Irene Yun-Lien	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	–	**463,369** *(Note b)*	–	–	**463,369**
Lui Kon Wai	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	–	**269,925** *(Note c)*	–	–	**269,925**
Other grantees	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	–	**683,611** *(Note d)*	–	**(121,928)**	**561,683**
					–	**1,416,905**	–	**(121,928)**	**1,294,977**

Notes:

(a) The fair value of the Awarded Shares was calculated based on the closing price of the Shares immediately before the date of grant (i.e. 28 March 2024), which was HK$12.62 per share, given that the date of grant was not a business day. The Group has adopted the accounting standard in accordance with HKFRS 2 — *Share-based Payment*. According to HKFRS 2, the fair value of the employee services received in exchange for the grant of the Awarded Shares is recognized as an expense, with a corresponding increase in equity, over the vesting period of the Awarded Shares. The amount recognized as an expense is adjusted to reflect the number of Awarded Shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of Awarded Shares that meet the related service and nonmarket performance conditions at the vesting date.

(b) Among the 463,369 Awarded Shares granted to Ms. Lee Irene Yun-Lien, 139,011 Awarded Shares are Restricted Shares and 324,358 Awarded Shares are Performance Shares.

(c) Among the 269,925 Awarded Shares granted to Mr. Lui Kon Wai, 80,978 Awarded Shares are Restricted Shares and 188,947 Awarded Shares are Performance Shares.

(d) Among the 683,611 Awarded Shares granted to other grantees, 303,921 Awarded Shares are Restricted Shares and 379,690 Awarded Shares are Performance Shares.

(e) No Awarded Shares were vested during the Relevant Period.

(f) Awarded Shares lapsed during the year in accordance with the rules of the 2024 Share Award Scheme.

The following table discloses movements of the Awarded Shares held by the Directors and eligible employees under the One-off Share Award Plan in 2023:

Name	Date of grant	Vesting date (Note a)	Purchase price HK$	Balance as at 1.1.2023	Changes during the year Granted (Note c)	Vested	Cancelled/ lapsed	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)	–	–
Other Employee Participants	27.11.2023	27.11.2023	–	–	47,600	(47,600)	–	–
				–	47,800	(47,800)	–	–

Notes:

(a) All Awarded Shares granted have vested on 27 November 2023, i.e. date of grant.

(b) None of the Awarded Shares granted have performance targets.

(c) The closing price of the Shares immediately before the date of grant and vesting (i.e. 24 November 2023) was HK$15.22.

(d) The fair value of the Awarded Shares at the date of grant is HK$15.04 per share.

(e) The Group has applied HKFRS 2 to account for the Awarded Shares. In the current year, the Group recognized the share award expenses of HK$1 million in relation to Awarded Shares granted by the Company, of which HK$3,008 related to the Directors, HK$7,520 related to the five top-paid employees (excluding the Executive Directors) and HK$708,384 related to other employee participants.

(c) Fair values of share options

The Group has applied HKFRS 2 to account for its share options granted. In accordance with HKFRS 2, fair value of share options granted to employees determined at the date of grant is expensed over the vesting period, with a corresponding adjustment to the Group's share options reserve. In the current year, the Group recognized the share option expenses of HK$1 million (2023: HK$3 million) in relation to share options granted by the Company, of which HK$1 million (2023: HK$2 million) related to the Directors (see note 10 of the Notes to Consolidated Financial Statements section), with a corresponding adjustment recognized in the Group's share options reserve.

The fair values of share options granted by the Company were determined by using Black-Scholes option pricing model (the "Model"). The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Financial Risk Management

For the year ended 31 December 2024

1. Financial Risk Management Objectives and Policies

The Group's major financial instruments include loans to associates, loans to joint ventures, other financial investments, debt securities, accounts and other receivables, time deposits, cash and cash equivalents, accounts payable and accruals, deposits from tenants, amounts due to non-controlling interests, borrowings and derivative financial instruments. Details of these financial instruments are disclosed in respective Notes to the Consolidated Financial Statements section. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk and impairment assessment

The credit risk of the Group is primarily attributable to loans to associates, loans to joint ventures, accounts and other receivables, derivative financial instruments, debt securities, time deposits and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

The Group reviewed and assessed the Group's existing financial assets and financial guarantee contract for impairment using reasonable, supportable and forward-looking information that is available without undue cost or effort in accordance with HKFRS 9. For the purpose of internal credit risk management, the Group uses financial information (such as historical settlement records, past due records, deposits held or other credit enhancement) to assess whether credit risk has increased significantly since initial recognition.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivables	Other financial assets
Performing	The counterparty has a low credit risk of default or does not have any past-due amounts	Lifetime Expected Credit Losses ("ECL") – not credit-impaired	12-month ECL – not credit-impaired
Non-performing	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Loans to associates and joint ventures

The Group regularly monitors the business performance of the associates and joint ventures. The Group's credit risk in these balances are mitigated through the value of the assets held by these entities and the power to participate or jointly control the relevant activities of these entities. As at 31 December 2024, these loans with gross carrying amount of HK$4,524 million (2023: HK$4,045 million) are considered to be performing and were assessed individually based on 12-month ECL.

Accounts and other receivables

Credit checks on tenants are part of the normal leasing process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the expected credit losses of each individual debt, after taking into consideration the deposits from tenants, at the end of each reporting period. As at 31 December 2024, accounts and other receivables (excluding prepayments in respect of investment properties) with gross carrying amount of HK$747 million (2023: HK$537 million) are considered to be performing and were assessed individually based on the respective lifetime ECL and 12-month ECL.

Debt securities, time deposits, bank balances and derivative financial instruments

Credit exposure to financial institutions and debt securities issuers are monitored and reported regularly to the management. The exposure to each counterparty comprised (i) investment value of financial assets (including bank balances, time deposits and debt securities); (ii) net positive value of derivative financial instruments and; (iii) potential exposures to derivatives which are based on the remaining term and the notional amount of the derivative financial instruments.

The Group only deals with financial institutions and invests in debt securities issued by issuers that have strong credit ratings to mitigate counterparty risk. As at 31 December 2024, debt securities, time deposits and bank balances and derivative financial instruments with gross carrying amount of HK$3,244 million (2023: HK$5,050 million) were assessed individually based on 12-month ECL and considered to be performing as all financial institutions that the Group dealt with. Time deposits, bank balances and debt securities invested had credit ratings A or above as rated by international credit rating agencies. In order to limit exposure to each financial institution and debt securities issuers, an exposure limit was set with each counterparty according to their external credit rating with regular review by management.

Other than concentration of credit risk on loans to associates and joint ventures, the Group does not have any other significant concentration of credit risk.

No credit loss is provided for except for loans to joint ventures and debt securities. A reconciliation of loss allowances recognized is presented below.

	Loss allowance for	
	Loans to a joint venture	Debt securities
	HK$ million	*HK$ million*
As at 1 January 2023	8	3
Net impairment loss under ECL model	–	–
As at 31 December 2023	8	3
Net impairment loss under ECL model	**184**	**–**
As at 31 December 2024	**192**	**3**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at amortized cost in the consolidated statement of financial position after deducting any impairment allowance. Besides, the Group is also exposed to credit risk arising from the corporate financial guarantees which will cause a financial loss to the Group if the guarantee is called out.

In respect of the financial guarantee contract, the credit risk exposures of the Group is assessed under 12-month ECL and concluded that the loss given default of the counter party, a joint venture, is insignificant and accordingly, no allowance of credit loss is provided. Details of the Group's credit risk maximum exposure are set out in note 1(b) of the Financial risk management objectives and policies section.

(b) Liquidity risk

The Group closely monitors its liquidity requirements and the sufficiency of cash and available banking facilities so as to ensure that the payment obligations are met.

The following table details the remaining contractual maturity of the Group for its non-derivative financial liabilities based on the agreed repayment terms. Maturity of the Group's financial guarantee contract is presented separately. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. The interest payments are computed using contractual rates or, if floating, based on the prevailing market rate at the end of the reporting period, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available. For cash flows denominated in currency other than Hong Kong dollars ("HKD"), the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into HKD.

	Carrying amount HK$ million	Total contractual undiscounted cash flow HK$ million	Within 1 year or on demand HK$ million	More than 1 year but not exceeding 2 years HK$ million	More than 2 years but not exceeding 5 years HK$ million	More than 5 years HK$ million
As at 31 December 2024						
Non-derivative financial liabilities						
Accounts payable and accruals	**(1,428)**	**(1,428)**	**(1,428)**	**–**	**–**	**–**
Deposits from tenants	**(872)**	**(872)**	**(306)**	**(193)**	**(320)**	**(53)**
Amounts due to non-controlling interests	**(5,875)**	**(6,030)**	**(189)**	**–**	**(5,841)**	**–**
Secured bank loans	**(8,772)**	**(9,782)**	**(470)**	**(470)**	**(8,842)**	**–**
Unsecured bank loans	**(2,415)**	**(2,469)**	**(1,328)**	**(596)**	**(545)**	**–**
Unsecured fixed rate notes	**(15,327)**	**(17,718)**	**(1,947)**	**(2,069)**	**(9,236)**	**(4,466)**
	(34,689)	**(38,299)**	**(5,668)**	**(3,328)**	**(24,784)**	**(4,519)**
As at 31 December 2023						
Non-derivative financial liabilities						
Accounts payable and accruals	(1,097)	(1,097)	(1,097)	–	–	–
Deposits from tenants	(863)	(863)	(352)	(189)	(265)	(57)
Amounts due to non-controlling interests	(5,463)	(5,664)	(199)	–	(5,465)	–
Secured bank loans	(7,852)	(9,371)	(476)	(476)	(8,419)	–
Unsecured bank loans	(2,171)	(2,484)	(138)	(1,350)	(996)	–
Unsecured fixed rate notes	(15,541)	(18,428)	(618)	(1,950)	(6,471)	(9,389)
	(32,987)	(37,907)	(2,880)	(3,965)	(21,616)	(9,446)

Note:
In addition to the items as set out in the above liquidity risk table, the maximum amount the Group could be required to settle under a financial guarantee provided by the Group in respect of banking facilities granted to a joint venture is HK$1,576 million and HK$1,500 million as at 31 December 2024 and 2023 respectively, if such amount is claimed by the counterparty to the guarantee at any time within the guaranteed period. Based on expectations at the end of the reporting period, the Directors of the Company consider that it is more likely than not that no amount will be payable by the Group under such financial guarantee arrangement.

The following table details the Group's remaining contractual maturity for its derivative financial instruments. The table has been drawn up based on the undiscounted gross (outflows) inflows on those derivatives that require gross settlement, and the undiscounted contractual net cash (outflows) and inflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the prevailing market rate at the end of the reporting period. For cash flows denominated in currency other than HKD, the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into HKD.

	Carrying amount HK$ million	Total contractual undiscounted cash flow HK$ million	Within 1 year or on demand HK$ million	More than 1 year but not exceeding 2 years HK$ million	More than 2 years but not exceeding 5 years HK$ million	More than 5 years HK$ million
As at 31 December 2024						
Derivative settled net						
Interest rate swaps	**(196)**	**(72)**	**(35)**	**(23)**	**(14)**	**–**
Derivative settled gross						
Cross currency swaps	**(254)**	**–**	**–**	**–**	**–**	**–**
Outflow	**–**	**(10,266)**	**(266)**	**(266)**	**(7,604)**	**(2,130)**
Inflow	**–**	**10,162**	**261**	**261**	**7,551**	**2,089**
As at 31 December 2023						
Derivative settled net						
Interest rate swaps	(254)	(105)	(41)	(29)	(35)	–
Derivative settled gross						
Cross currency swaps	(125)	–	–	–	–	–
Outflow	–	(10,532)	(267)	(266)	(3,800)	(6,199)
Inflow	–	10,480	262	262	3,777	6,179

(c) Interest rate risk

The Group manages its interest rate exposure by assessing the potential impact on the Group's financial position arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and floating rates and ensure that they are within an appropriate range. The Group is exposed to fair value interest rate risk in relation to fixed rate debt securities, time deposits and cash and cash equivalents (see notes 20 and 23 of the Notes to Consolidated Financial Statements section).

As at 31 December 2024, about 39% (2023: 38%) of the Group's gross debts was effectively on a floating rate basis. The ratio could be adjusted according to views about changes in the interest rate trend going forward. In addition, the Group is exposed to cash flow interest rate risk as the interest income derived from time deposits and bank balances is subject to interest rate changes. Other than the concentration of interest rate risk related to the movements in Hong Kong Interbank Offered Rate, the Group has no significant concentration of interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined assuming that the change in interest rates had occurred at the end of the reporting period and all other variables were held constant. Such change has been applied to both derivative and non-derivative financial instruments that would have affected the profit or loss and equity. A change of +100 and -25 basis points ("bps") (2023: +100 and -25 bps) was applied to the HKD and US dollars ("USD") yield curves at the end of the reporting period. The applied change of bps represented management's assessment of the reasonably possible change in interest rates based on the current market conditions.

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

	(Decrease) increase in profit or loss		**Increase (decrease) in equity**	
	bps increase *HK$ million*	**bps decrease** *HK$ million*	**bps increase** *HK$ million*	**bps decrease** *HK$ million*
As at 31 December 2024	**(94)**	**23**	**62**	**(14)**
As at 31 December 2023	(70)	17	390	(107)

(d) Currency risk

The Group aims to minimize its currency risk and does not speculate in currency movements for debt management. To cover foreign exchange exposures arising from debts, the Group's foreign currency denominated monetary liabilities may be hedged back to HKD unless the liabilities are naturally hedged by the underlying asset in the same foreign currency. In managing the Group's monetary assets, the Group limits the aggregate net foreign currency exposures to a certain threshold. Exposures exceeding that threshold will be hedged back to HKD. The majority of the Group's assets are located and all rental income and management fee income are derived in Hong Kong and Mainland, and denominated in HKD and RMB.

As at 31 December 2024, the Group's entities with functional currency of HKD had aggregate USD net monetary liabilities of HK$6,423 million (2023: net monetary liabilities of HK$6,575 million).

As at 31 December 2024, the Group's entities with functional currency of HKD had aggregate RMB net monetary liabilities of HK$952 million (2023: net monetary liabilities of HK$972 million).

Other than concentration of currency risk of the above items denominated in USD and RMB (2023: USD and RMB), the Group has no other significant currency risk.

The Group has entered into appropriate hedging instruments, mentioned in note 21 of the Notes to the Consolidated Financial Statements section, to hedge against part of the potential currency risk of the above items. The Group reviews the continuing effectiveness of hedging instruments at least at the end of the reporting period and until the hedging instrument expires or is terminated or the hedge no longer meets the criteria for hedge accounting.

Sensitivity analysis

The sensitivity analysis below has been determined assuming that a change in exchange rate had occurred at the end of the reporting period and all other variable were held constant. Such change has been applied to both derivative and non-derivative financial instruments that would have affected the profit or loss and other comprehensive income. Change of 500 percentage in points ("pips") (2023: 500 pips) was applied to the HKD:USD and HKD:RMB (2023: HKD:USD and HKD:RMB) spot and forward rates at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the currency risk as the year end exposure does not reflect the exposure during the year.

	(Decrease) increase in profit or loss		**(Decrease) increase in other comprehensive income**	
	pips increase *HK$ million*	**pips decrease** *HK$ million*	**pips increase** *HK$ million*	**pips decrease** *HK$ million*
As at 31 December 2024				
USD	**(48)**	**48**	**(43)**	**43**
RMB	**(45)**	**45**	**–**	**–**
As at 31 December 2023				
USD	(49)	49	(45)	45
RMB	(44)	44	–	–

(e) Other price risk

The Group is exposed to other price risk through its investment in equity security measured at fair value through other comprehensive income ("FVTOCI") and fund investment measured at fair value through profit or loss ("FVTPL"). The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the price of the equity securities had been 5% higher/lower, the other comprehensive income for the year ended 31 December 2024 would increase/decrease by HK$79 million (2023: HK$73 million) as a result of the changes in fair value of investment as at FVTOCI. The Group's exposure to price risk on investment in a fund investment was limited because the potential fluctuation was considered minimal.

2. Categories of Financial Instruments

	2024 HK$ million	2023 HK$ million
Financial assets		
FVTPL	**88**	98
FVTOCI	**1,570**	1,460
Derivative instrument under hedge accounting	**137**	197
Amortized cost (including cash and cash equivalents)	**7,533**	8,998
	9,328	10,753
Financial liabilities		
Derivative instruments under hedge accounting	**587**	576
Amortized cost	**34,689**	32,987
	35,276	33,563

3. Financial Assets and Financial Liabilities Subject to Enforceable Master Netting Arrangements or Similar Agreements

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognized amounts. Other than derivatives transactions mentioned above, the Group has no other financial assets and financial liabilities which are offset in the Group's consolidated statement of financial statements or are subject to similar netting arrangements.

(a) Financial assets subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets HK$ million	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position HK$ million	Net amounts of financial assets presented in the consolidated statement of financial position HK$ million
As at 31 December 2024			
Derivatives under hedge accounting	**137**	**–**	**137**
As at 31 December 2023			
Derivatives under hedge accounting	197	–	197

(b) Net financial assets subject to enforceable master netting arrangements or similar agreements, by counterparty

	Net amounts of financial assets presented in the consolidated statement of financial position *HK$ million*	Financial liabilities not set off in the consolidated statement of financial position *HK$ million*	Net amount *HK$ million*
As at 31 December 2024			
Counterparty E	**31**	**–**	**31**
As at 31 December 2023			
Counterparty E	47	–	47

(c) Financial liabilities subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities *HK$ million*	Gross amounts of recognized financial assets set off in the consolidated statement of financial position *HK$ million*	Net amounts of financial liabilities presented in the consolidated statement of financial position *HK$ million*
As at 31 December 2024			
Derivatives under hedge accounting	**(587)**	**–**	**(587)**
As at 31 December 2023			
Derivatives under hedge accounting	(576)	–	(576)

(d) Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amounts of financial liabilities presented in the consolidated statement of financial position *HK$ million*	Financial assets not set off in the consolidated statement of financial position *HK$ million*	Net amount *HK$ million*
As at 31 December 2024			
Counterparty A	**(87)**	**24**	**(63)**
Counterparty B	**(185)**	**3**	**(182)**
Counterparty C	**(146)**	**23**	**(123)**
Counterparty D	**(117)**	**56**	**(61)**
Counterparty F	**(52)**	**–**	**(52)**
	(587)	**106**	**(481)**
As at 31 December 2023			
Counterparty A	(66)	36	(30)
Counterparty B	(161)	8	(153)
Counterparty C	(149)	23	(126)
Counterparty D	(135)	82	(53)
Counterparty F	(65)	1	(64)
	(576)	150	(426)

4. FAIR VALUE MEASUREMENT

(a) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and financial liabilities measured at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow methodology taking into account the market interest rate and credit risk of the counterparties and of the Group as appropriate.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the consolidated financial statements approximate their fair values, except for the carrying amount of HK$15,327 million (2023: HK$15,541 million) unsecured fixed rate notes as stated in note 26 of the Notes to the Consolidated Financial Statements section with fair value of HK$14,102 million (2023: HK$14,081 million).

The fair value of HK$7,828 million (2023: HK$7,660 million) of the unsecured fixed rate notes is categorized into Level 1 of the fair value hierarchy, in which the fair value was derived from quoted prices in an active market translated at the spot foreign exchange rate of the respective currency at year end.

The fair value of HK$6,274 million (2023: HK$6,421 million) of the unsecured fixed rate notes is categorized into Level 2 of the fair value hierarchy, in which the fair value was measured using discounted cash flow methodology based on observable yield curves of the respective currency taking into account the credit margin of the Group as appropriate.

(b) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

	2024			
	Level 1 *HK$ million*	Level 2 *HK$ million*	Level 3 *HK$ million*	Total *HK$ million*
Financial assets				
Financial assets at FVTPL				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	87	87
Financial asset at FVTOCI				
Unlisted investment in equity securities	–	–	1,570	1,570
Derivatives under hedge accounting				
Cross currency swaps	–	127	–	127
Interest rate swaps	–	10	–	10
Total	–	138	1,657	1,795
Financial liabilities				
Derivatives under hedge accounting				
Cross currency swaps	–	381	–	381
Interest rate swaps	–	206	–	206
Total	–	587	–	587

	2023			
	Level 1 *HK$ million*	Level 2 *HK$ million*	Level 3 *HK$ million*	Total *HK$ million*
Financial assets				
Financial assets at FVTPL				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	97	97
Financial asset at FVTOCI				
Unlisted investment in equity securities	–	–	1,460	1,460
Derivatives under hedge accounting				
Cross currency swaps	–	187	–	187
Interest rate swaps	–	10	–	10
Total	–	198	1,557	1,755
Financial liabilities				
Derivatives under hedge accounting				
Cross currency swaps	–	312	–	312
Interest rate swaps	–	264	–	264
Total	–	576	–	576

(c) Reconciliation of Level 3 fair value measurement of financial asset

	Fund investment ***HK$ million***	**Unlisted investment in equity securities** ***HK$ million***
As at 1 January 2023	327	1,708
Addition	37	10
Loss recognized in profit or loss	(267)	–
Loss recognized in other comprehensive expense	–	(258)
As at 31 December 2023	97	1,460
Addition	**9**	**5**
Loss recognized in profit or loss	**(19)**	**–**
Gain recognized in other comprehensive income	**–**	**105**
As at 31 December 2024	**87**	**1,570**

The unrealized fair value loss of HK$19 million (2023: unrealized fair value loss of HK$267 million) relating to fund investment at fair value through profits or loss is included in change in fair value of other financial investments.

(d) Valuation techniques and inputs used in fair value measurements

Cross currency swaps and interest rate swaps are measured using discounted cash flow methodology based on observable spot and forward exchange rates as well as the yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate.

Financial assets grouped in Level 3 are measured with reference to the fair value of underlying assets and liabilities as at the end of the reporting period and/or other valuation techniques including market approach, taking into account different multiples such as price per earnings/revenue multiples of comparable listed companies, where relevant. If there is lack of marketability, a discount is applied in determining the fair value. A slight increase in lack of marketability discount would result in a slight decrease in the fair value of the unlisted investment in equity securities, vice versa.

(e) Valuation process of Level 3 fair value measurements of financial assets

At the end of the reporting period, the management of the Group obtains the valuation techniques and inputs for Level 3 fair value measurements in relation to the fund investment and its underlying assets and liabilities. The Group engages independent qualified professional valuer to perform the valuation for investment in equity security. Where there is a material change in the fair value of the financial assets grouped in Level 3, analysis will be performed and the causes of the fluctuations will be reported to the Directors of the Company.

5. Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group monitors its capital structure on the basis of a net debt to equity ratio. For this purpose, the Group defines net debt as borrowings as shown in the consolidated statement of financial position less time deposits, cash and cash equivalents.

The management reviews the Group's net debt to equity ratio regularly and adjusts the ratio through the payment of dividends, the issue of new share, perpetual capital securities or debt, the repurchase of shares and the repurchase of existing perpetual capital securities or debt.

The net debt to equity ratio at the year end was as follows:

	2024 **HK$ million**	2023 HK$ million
Secured bank loans	**8,772**	7,852
Unsecured bank loans	**2,415**	2,171
Unsecured fixed rate notes	**15,327**	15,541
Borrowings	**26,514**	25,564
Less: Time deposits	**(647)**	(1,271)
Cash and cash equivalents	**(1,564)**	(2,583)
Net debt	**24,303**	21,710
Total equity	**77,429**	79,691
Net debt to equity	**31.4%**	27.2%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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