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Corporate Governance Report

Our Corporate Culture Framework

Hysan’s corporate culture is the way we express and implement our values. As a business rooted in Hong Kong for a hundred years, we strive to achieve the highest standards in Citizenship, Leadership, Sustainability and Accountability through strong teamwork and effective governance. We excel in the areas where we operate and create unique values that mutually benefit the Company and our stakeholders (“Stakeholders”), including the communities we serve.

Our Roles

The Board

Provides stewardship of the Group. Defines our Vision, Mission, Values (“VMVs”) and strategy and ensures their alignment with our corporate culture. Sets the tone from the top, leads by example and influences change. Ensures the effectiveness and adequacy of the corporate governance system.

Management

Convey the Board’s messages to all levels of staff and fosters the desired culture through effective engagement and clear communication of the Group’s strategy, business developments and expected behaviours.

All Staff

Work together to build the Group’s culture. Act with integrity, be responsible and honest. Be open in giving feedback and contribute to the continual refinement of the Group’s culture.

Defining Our Purpose

Vision

To be the premier property company in our market of choice.

Mission

To provide our Stakeholders with sustainable and outstanding returns from a property portfolio that is strategically planned and managed by passionate, responsible and forward-looking professionals.

Values

L eadership	<ul style="list-style-type: none"> Take Initiative, Challenge Conventional Wisdom, Think Independently.
E xcellence	<ul style="list-style-type: none"> Aim to be the Best, Excel in What We Do.
E mpowerment	<ul style="list-style-type: none"> To Empower & Be Empowered.
G ood Citizenship	<ul style="list-style-type: none"> High Integrity, Be Honest and Open, Give Back to the Community.
A ccountability	<ul style="list-style-type: none"> Understand Roles and Responsibilities, Keep Promises and Deliver, Be Responsible for your Actions and Inactions, Transparency.
R espect	<ul style="list-style-type: none"> Show Respect, Earn Respect.
D iving / Driven	<ul style="list-style-type: none"> Be a High Achiever, Do Not Accept Complacency, Meet and Exceed Expectations.
E ntrepreneurship	<ul style="list-style-type: none"> Seek New Opportunities, Take Action.
N etworking	<ul style="list-style-type: none"> Break Silos, Help Each Other, Share Information, Knowledge and Time, Build Internal and External Networks.
S ustainability	<ul style="list-style-type: none"> Think Long-Term. Preserve and Reuse Resources, Continuous Delivery of High Quality Services.

Formulating Our Business Model and Strategy

Our Community Business Model is grounded in our VMVs, which guide the ongoing curation of the vibrant and inclusive communities within our core Lee Gardens. Through strategic growth pillars, we spread the positive impacts of the Lee Gardens experience to more people in new geographics over time.

Community Business Model

Through curating sustainable communities that are agile and resilient in the face of change, we strive to make positive impacts on inclusivity, the economy, social well-being, climate change preparedness, and livability within the communities we serve. Further details are set out in the Group's 2023 Sustainability Report.

Core and Pillar Strategy

Hysan strives to create value for our shareholders through our core investment portfolio, which is predominantly located in Hong Kong's prime Causeway Bay district. Our Strategic Pillars complement and reinforce our core business, providing geographic and business diversification.

Core: Lee Gardens, our centre of excellence and a tangible brand

- **Caroline Hill Road Project** – Strategic expansion of our core footprint for up to 30%, adding lifestyle elements & 60,000 sq.ft. of green community space.
- **Lee Gardens Rejuvenation** – Full-scale revamp of Lee Gardens to solidify our position as the home of luxury and Hysan Place as a trend-setter, ensuring our continued leadership in the industry.
- **Connectivity** – Area connectivity scheme to offer a pleasant, weatherproof walking journey connecting Causeway Bay MTR station and the Lee Gardens area.

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Pillars: Building a balanced, diversified and complementary portfolio

- **Shanghai Investment Property – Lee Gardens Shanghai**
Bringing our Lee Gardens business philosophy and unique smart community business model to one of China's most populous cities.
- **Residential Developments & Sales – VILLA LUCCA & To Kwa Wan Residential Project**
Establishing vintages of quality residential development projects to broaden our income sources.
- **Greater Bay Area Flex – Joint Venture with IWG**
Keeping abreast of the fast-evolving workspace ecosystem. Tapping into the economic growth potential of the Greater Bay Area.
- **Medical & Health – New Frontier Group**
Providing strategic exposure for the Group in Mainland China's fast – growing healthcare sector and meeting the demand for premium healthcare services.

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Aligning Our Culture

Tone from the Top

The Board has adopted a Corporate Culture Statement that codifies Hysan's culture developed over the years for better alignment with our VMVs and strategy. The Board reviews the Corporate Culture Statement regularly to ensure its continued relevance as the Group's strategy and business model evolve. The Board considered, and was satisfied, that Hysan's VMVs and strategy remained in alignment with its corporate culture.

The Board will continue to promote the desired corporate culture, maintain visibility and insight into culture initiatives and instil Hysan's core values across all levels of the Group.

Governance

Hysan believes that embracing strong governance is the foundation for delivering its strategic objective of consistent and sustainable performance over the long term. At the heart of Hysan's governance structure is an effective Board and management team who are committed to reinforcing Hysan's well-established VMVs and deeply engrained corporate governance tradition. We are committed to building risk management and internal control into our corporate culture.

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We exercise ethics beyond the narrow sense of legal compliance. Our Code of Ethics covers a wide range of areas, including conflicts of interest, anti-bribery, competition and antitrust, privacy compliance, and equal opportunities. The Code sets out our values and standards as well as the procedures and measures to maintain a high standard of accountability and integrity.

The Code of Ethics, together with the Anti-Bribery and Corruption Policy, Anti-fraud Policy, our long-maintained Whistleblowing Policy and our Policy of Compliance (which sets out clear procedures for ensuring compliance and reporting of non-compliance), provides a comprehensive compliance framework. No regulatory breaches or confirmed cases of misconduct, malpractice or irregularity were reported in 2023.

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Aligning Our Culture (continued)

Effective Communication

New joiners to the Company are introduced to Hysan's traditions, corporate culture and VMVs during the on-board orientation on their first day with Hysan. With the aim of instilling essential skills and embedding our core values across our business, our staff also receive regular training in topics that range from leadership, personal capabilities and industry knowledge to compliance via our e-learning platform. Hysan Forum is also held regularly to share Hysan's strategy, business development and initiatives.

Promoting a culture of open communication and proactive engagement among Hysan staff, Hysan Pulse, our staff engagement platform, is an interactive platform where corporate policies, company news, promotions and staff events are disseminated. It serves as the key day-to-day channel through which our core values are communicated, understood and embraced. The "likes" and "comments" from our employees help the Company understand their views and concerns. Further details on talent development and training are set out in our 2023 Sustainability Report.

Employee feedback is collected regularly from formal and informal channels, including performance review meetings, exit interviews and day-to-day conversations, with a view to developing initiatives and programmes that enrich our working environment and fuel the Company's growth.

In 2023, we produced a new animated video on our VMVs together with a series of training videos demonstrating behaviours that exemplify Hysan's core values.

Hysan's 100th Anniversary Share Award

To foster a sense of belonging and engagement, all employees were awarded with 100 shares of the Company as part of our commemoration of Hysan's 100th anniversary. The share award plan is a gesture of appreciation for the valuable contributions made by our employees towards Hysan's success.

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Incentives

Performance management is an important process that allows management to share the Group's VMVs and strategy with employees on a regular basis and promote our desired culture, values and behaviours.

Cultural elements have long been a component of Hysan's performance measurement with substantial weight given to behavioural performance, such as, Leadership, Professionalism, Teamwork and Resourcefulness.

Hysan's remuneration policy incentivizes a proper balance between business performance and long-term sustainable growth. It takes into account both quantitative and qualitative assessments of performance in the forms of financial and operational targets and behavioural competence that align with the Group's long-term strategy, culture and core values.

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Measuring Our Success

Financial & Non-Financial KPIs Driving Long-Term Value Creation

Financial Achievements:	HK\$3,210 million
	Turnover
	HK\$1,832 million
	Recurring Underlying Profit
	HK108 cents
	Dividend per Share

Strong Underlying Non-Financial Achievements:

Category	2023 Non-financial Achievements
Governance	<ul style="list-style-type: none"> Diversity and inclusion at Board Level: 36% female directors Exceeded gender diversity target of 33% female directors Zero cases of data privacy incidents and regulatory breaches No confirmed cases of misconduct, malpractice or irregularity were reported in 2023.
Environment	<ul style="list-style-type: none"> Reduced carbon intensity by 38% from baseline year 2005 Reduced purchased electricity intensity use by 19% from baseline year 2005 Completed energy audits of 100% of our portfolio More than 40% of debt is sustainable finance
Community	<ul style="list-style-type: none"> 20 impact partners (NGOs) engaged 16,856 beneficiaries supported
People	<ul style="list-style-type: none"> Workplace injury rate at 0.97% Zero work-related fatalities recorded Increased number of training hours by 87% from baseline year 2020

Environmental, Social and Governance Recognitions

Attained recognitions from key relevant ESG benchmarks and indices.

- Corporate Governance Award by the Hong Kong Institute of Certified Public Accountants (HKICPA) for the 20th consecutive year.
- The Gold Award in the "Privacy-Friendly Awards 2023" organized by the Office of the Privacy Commissioner for Personal Data.



Remained 4-star



Hong Kong Institute of Certified Public Accountants
香港會計師公會

Corporate Governance Award



Hang Seng Corporate Sustainability Index Series Member 2023-2024

Remained AA



2023 GOLD 金獎
Privacy-Friendly Awards
私隱之友嘉許獎
Awarded by PCPD, Hong Kong
由香港個人資料私隱專員公署頒發

Gold Award



Remained A



FTSE4Good
Improved to 3.5 / 5



Remained as Low Risk 2024
ESG Top-Rated Companies List

Culture Assessment and Monitoring

Measures are in place to ensure desired culture and expected behaviours are communicated to all employees. Specific indicators, both quantitative and qualitative, have also been used for assessing and monitoring corporate culture:

Staff turnover rate

Whistleblowing data

Board evaluation

Breaches of code of conduct

Regulatory breaches

Evaluate and Refine

The 2023 Board Evaluation received a 100% response rate.

Summary:

- The overall response is positive, and there were no material issues to report.
- The Board and its Board Committees continued to operate effectively and to a high standard.
- Recognized that Hysan's culture and VMVs are clear from the top.
- The Board was recognized for its culture of accountability, integrity, openness and transparency.

Key Actions:

- **The Board continues to foster and shape the desired culture, monitor, and evaluate its continued relevance and alignment with the Company's VMVs and strategy.**
- **To devote more resources to nurture and communicate its corporate culture and values.**
- **Continue to evaluate the design, implementation and effectiveness of the Group's culture and ethics-related programmes, activities and policies.**
- **Continue to focus on "S", the social element in ESG while heightening our attention to "E", the environmental element of ESG in our Sustainability framework and strategies.**

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Corporate Governance Highlights

Hysan Development Company Limited (the “Company”) and its subsidiaries (the “Group” or “Hysan”) believe that strong governance is the foundation for delivering its strategic objective of consistent and sustainable performance over the long term.

We are committed to achieving best practices in all aspects of corporate governance, going above and beyond regulatory compliance with the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or (“HKEx”).

Throughout 2023, Hysan continued to implement and uphold the principles of good corporate governance as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Listing Rules. Hysan has fully complied with the code provisions of the CG Code, as well as all applicable requirements and provisions of the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Listing Rules.

HIGHLIGHTS OF THE YEAR

Board Diversity

Gender

- Female board representation increased from 27.3% to 36.4% in 2023, exceeding the average ratio of 17.4%* for Hong Kong listed companies.
- Having exceeded our gender diversity target of 33% female board representation, we are committed to continuing our diversity journey towards achieving the ultimate goal of gender parity.

* Source: HKEx Board Diversity Repository as at the date of this report

INED ratio and tenure

- INED ratio increased from 46% to 54.5% in 2023.
- The appointment of a new independent non-executive director of the Company (“INED”) in May 2023 refreshed the average tenure of directors of the Company (“Directors”) and broadened the breadth of experience of our board of directors (“Board”) by including fresh perspectives from a diversified business and professional background.

Board and Board Committees Refreshment

- Pursuant to the long-term succession plan of the Board to balance experiences, expertise, diversity and tenure, the Board has been orderly and gradually refreshed in the past few years, to bring new skills and perspectives that support the Group’s strategy and growth while ensuring smooth transitions and continuity.
- The Board considered and approved the reshuffling of the composition of the Board’s committees (“Board Committees”) in March 2023 to bring in fresh perspectives while maintaining continuity. After the reshuffling, the remuneration committee of the Company (“Remuneration Committee”) consists of 100% INEDs.



Hysan has evolved a culture over 100 years that is unique in the HK context, as a caring and responsible part of the community that holds social values alongside financial values.

Directors’ comments received in Board Evaluation 2023



HIGHLIGHTS OF THE YEAR (Continue)

Corporate Culture

- Set tone from the top and lead by example.
- Articulate how our “LEE GARDENS” values shape our business model and guide us towards achieving our Vision and Mission.
- A new animated video on our VMVs was launched in Q2/2023. This initiative aims to encourage staff to actively participate in shaping the Company’s corporate culture. Another series of training videos were produced to demonstrate behaviours that exemplify Hysan’s core values.

Hysan’s 100th Anniversary Share Award

- To foster a sense of belonging and engagement, all employees were awarded with 100 shares of the Company as part of our commemoration of Hysan’s 100th anniversary. The share award plan is a gesture of appreciation for the valuable contributions made by our employees towards Hysan’s success.

Measure and enhance

- We implemented financial & non-financial incentives to promote desired behaviours in line with our corporate culture.
- Indicators such as staff turnover rate, whistleblowing data, policy and regulatory breaches and Board evaluation have been used to help assess our corporate culture on a continual basis.

Data Privacy

- We enhanced the Group’s data privacy management procedures, setting out clear guidelines on data collection, access, data inventory maintenance, internal and external communication, and incident response protocols in order to build awareness of handling personal information and ensure that data privacy management procedures are followed in all functional areas.

As we navigate through a period marked by significant challenges and opportunities, our Board has identified several key areas of focus for the year to ensure the long-term growth and resilience of our organization.

BOARD FOCUSES OF THE YEAR

- Monitored and guided the execution of the Group’s “Core and Pillar Strategy”. Rejuvenated and enhanced the competitiveness of our core portfolio in response to structural changes in Retail and Office sectors. Built diversified and complementary pillars for long-term growth.
- Board refreshment introduced new members with fresh insight and expertise.
- Continuously assesses business and operational risks and implements mitigations in light of the economic uncertainties, geopolitical tensions, inflation, interest rate fluctuations, acute weather events and cybersecurity threats.
- Refined capital management strategy. Optimized funding structure, debt maturity profile and finance costs as well as maintaining rigorous control over operational and capital expenditures.
- Integrated sustainability practices into our long-term strategy, with a particular focus on “Environment” aspect.

Hysan is probably at the top end of the league of HK listed companies on the corporate governance front.

Directors' comments received in Board Evaluation 2023

LONG-ESTABLISHED CORPORATE GOVERNANCE TRADITION

This section highlights the corporate governance practices Hysan has adopted over the years, which remain best practices exceeding the relevant CG Code and/or the Listing Rules requirements.

GOVERNANCE STRUCTURE	<ul style="list-style-type: none">• Our Board comprises 11 Directors, of which six are INEDs, exceeding the independence requirements under the Listing Rules.• The Remuneration Committee consists of 100% INEDs.• An effective and thorough evaluation of the Board and the Board Committees is conducted digitally on an annual basis, followed by timely and meaningful analysis and discussion of Directors' feedback and action plans.• Directors are appointed through formal letters of appointment setting out formal criteria and requirements (including expected time commitments) for their appointment.• A Board of Directors Mandate* and a detailed Schedule of Corporate Matters Reserved for the Board* have been adopted to provide a clear division of roles between the Board and the Company's management.• Comprehensive Onboarding Guidelines for Directors* have been established to familiarize new Directors with Hysan's business, strategy, VMVs, culture and governance.• The terms of reference of the nomination committee of the Company ("Nomination Committee") require that the majority of members be INEDs, exceeding the Listing Rules requirements.
STAKEHOLDER ENGAGEMENT	<ul style="list-style-type: none">• Limits have been placed on the issuance of additional shares under a general mandate since 2018; such issuances shall not exceed 10% of the total number of the Company's issued shares, and the discount to market price for any shares to be issued shall not exceed 10%.• More than 20 business days' notice is given for the annual general meetings of the Company ("AGM").• Early announcements of audited financial results and publication of Annual Reports (within two months and three months after the financial year-end respectively).

INTERNAL CONTROL AND COMPLIANCE

- A Risk Appetite Statement* adopted in 2021 articulates Hysan's principle towards risk acceptance in pursuit of its strategic mission and business objectives. The statement defines the type of risk scenarios the Group should avoid and not become exposed to, taking the varying levels of exposure into consideration.
- A Tax Governance Policy* adopted in 2021, along with a supporting tax compliance policy and procedures, provides a tax governance framework on compliance and risk management.
- An Anti-Fraud Policy* adopted in 2021 and updated in 2023, along with a supporting fraud handling procedures and controls, is in place to govern the prevention, detection and reporting of fraud.
- A Human Rights Policy* was adopted in 2020 and updated in February 2024, and a Code of Ethics* applicable to all staff and Directors was adopted in 2005 and updated in January 2024. The policy and the code are designed to promote a healthy corporate culture of accountability, transparency, integrity and ethical behaviour.
- A separate Whistleblowing Policy* was established in 2016 to allow reporting to be made in confidence to an independent third party, which reports directly to the audit and risk management committee of the Company ("Audit and Risk Management Committee"). The Whistleblowing Policy, together with the Anti-Bribery and Corruption Policy* adopted in 2022, reinforce and expand Hysan's existing anti-corruption system and procedures.
- Corporate Governance Guidelines* formulated in 2004 are reviewed regularly and were updated in February 2023 to provide guidelines on important governance issues.
- An Auditor Services Policy* was adopted in 2012 to set the parameters within which auditors may be engaged for audit, non-audit or tax work that is consistent with applicable laws and Hysan's corporate governance principles.
- A formal Code for Securities Dealing by Restricted Employees, which sets out clearance and approval procedures for securities dealings, has been adopted and updated in 2023 to extend the relevant Listing Rules requirements to employees who, because of their office, are likely to have access to confidential or inside information of the Group.
- Connected transactions and continuing connected transactions are approved by the full Board, with a requirement that transactions exempt under the Listing Rules be reported to and confirmed by the full Board after obtaining the approval of the executive committee of the Company ("Executive Committee").
- Additional assurance with regard to the review of continuing connected transactions is provided by Internal Audit.
- Confirmation from senior management to the Audit and Risk Management Committee and the Board to verify the effectiveness and adequacy of the Group's risk management and internal control system.
- All corporate policies and procedures (including policies on financial reporting, procurement and privacy compliance) are required to be reviewed annually to ensure their continual effectiveness and relevancy.

Corporate Governance Report

SUSTAINABILITY	<ul style="list-style-type: none">• A Sustainability Committee was established in 2020 with a clear governance structure and terms of reference to support the Board in overseeing and providing direction on the Group’s sustainability development and management of ESG-related risks and issues.• In support of Hysan’s sustainability strategy and vision, a sustainable Finance Framework* was adopted in 2021. This framework expands the scope of the Company’s existing Green Finance Framework* to include not only green projects but also social projects and initiatives that have a positive impact on society and our Stakeholders.• Financing transactions conducted under the Green Finance Framework and Sustainable Finance Framework include the first green bond in 2019, the first sustainability-linked loan in 2021, and a new ESG-linked loan facility in 2022.• A Sustainable Procurement Policy* adopted in 2021 and updated in February 2024 provides guidelines for making sustainable procurement decisions with the lowest environmental impact and most positive social results.• A Suppliers’ Code of Conduct adopted in February 2024 states our commitment to conducting business ethically, sustainably and with respect for human rights. Our service providers and contractors are expected to adhere to the Suppliers’ Code of Conduct.
DISCLOSURE AND OTHERS	<ul style="list-style-type: none">• Individual reports for each Board Committee are published in the Annual Report to enhance transparency.• Hysan’s risk management and internal control framework, along with details on how Hysan manages the Group’s significant risks, was disclosed in the Risk Management and Internal Control Report.• A Corporate Culture Statement* was adopted in 2022 to codify Hysan’s culture for better alignment with Hysan’s well-established VMVs and strategy.• A Corporate Disclosure Policy* formulated in 2013 promotes disclosure of information in a timely, accurate and broadly disseminated manner.• The disclosure committee of the Company (“Disclosure Committee”) conducts regular assessments of potential inside information and communications.

* Detailed policies and terms of reference are available on the Company’s website: www.hysan.com.hk/governance.

Our Leadership Team

Executive Directors



Lee Irene Yun-Lien

Chairman of the Board



Board Appointment Ms. Lee was appointed as a Non-Executive Director in March 2011, Non-Executive Chairman in May 2011, and executive Chairman in March 2012. She also serves as a director of certain subsidiaries of the Group. She is aged 70.

Competencies and Experience Ms. Lee leads the Group in her executive Chairman role. She 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. She is a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority.

Previously, Ms. Lee 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 formerly a member of the Australian Government Takeovers Panel.

Ms. Lee is a member of the founding Lee family, sister of Mr. Lee Anthony Hsien Pin (a Non-Executive Director) and his alternate on the Board.

Qualifications 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.

Committee Ms. Lee is the chairman of the Nomination Committee.

Corporate Governance Report

Executive Directors (continued)



Lui Kon Wai

Executive Director and Chief Operating Officer

Board Appointment Mr. Lui was appointed as the Group's Chief Operating Officer in December 2016 and Executive Director in October 2021. He also serves as a director of certain subsidiaries of the Group. He is aged 58.

Competencies and Experience 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.

Qualifications Mr. Lui holds a Master of Business Administration from the University of Warwick, the United Kingdom. He is also a Fellow of the Royal Institution of Chartered Surveyors.

Independent Non-Executive Directors



Chung Cordelia

Independent Non-Executive Director



Board Appointment Ms. Chung was appointed as an Independent Non-Executive Director in May 2023 and is aged 64.

Competencies and Experience Ms. Chung has extensive multinational experience specializing in information technology, with knowledge in the building industry. She was trained and practices 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 an independent non-executive director and the chairman of the remuneration committee of Hang Seng Bank Limited, an independent non-executive director of HKBN Ltd. 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 and a member of the Human Resources Planning Commission of the HKSAR Government. 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.

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 Research Grants Council of the HKSAR 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 the promotion and development committee and a member of the audit and risk committee of the Singapore University of Technology and Design.

Qualifications Ms. Chung holds a Bachelor of Laws (Hons) from the University of Hong Kong.

Committees Ms. Chung is a member of the Remuneration Committee and the Nomination Committee.

- Audit and Risk Management Committee
- Remuneration Committee
- Nomination Committee
- Sustainability Committee
- Committee Chairman

Independent Non-Executive Directors (continued)



Churchouse Frederick Peter

Independent Non-Executive Director



Board Appointment Mr. Churchouse was appointed as an Independent Non-Executive Director in December 2012 and is aged 74.

Competencies and Experience 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. He 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.

Qualifications Mr. Churchouse gained a Bachelor of Arts degree and a Master of Social Sciences degree from the University of Waikato in New Zealand.

Committees Mr. Churchouse is a member of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.



Fan Yan Hok Philip

Independent Non-Executive Director



Board Appointment Mr. Fan was appointed as an Independent Non-Executive Director in January 2010. He is aged 74.

Competencies and Experience Mr. Fan is an independent non-executive director and chairman of the risk management committee of China Everbright Environment Group Limited, an independent non-executive director and chairman of the nomination committee and ad hoc selection committee of First Pacific Company Limited as well as an external director of Sumida Corporation (listed on the Tokyo Stock Exchange). He was previously an independent non-executive director of China Aircraft Leasing Group Holdings Limited, PFC Device Inc. and an independent director of Goodman Group.

Qualifications Mr. Fan holds a bachelor's degree in industrial engineering and a master's degree in operations research from Stanford University, as well as a master's degree in management science from the Massachusetts Institute of Technology.

Committees Mr. Fan is the chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.



Independent Non-Executive Directors (continued)



Poon Chung Yin Joseph

Independent Non-Executive Director



Board Appointment Mr. Poon was appointed as an Independent Non-Executive Director in January 2010. He is aged 69.

Competencies and Experience Mr. Poon is a non-executive director of Tai Chong Cheang Group, a member of the advising committee of the Asia Pacific Institute for Strategy and a board advisor of Clean Air Network. He was formerly an independent non-executive director of AAC Technologies Holdings Inc., 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 with HSBC Group and a number of internationally-renowned financial institutions. Mr. Poon was the former chairman of the 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.

Qualifications 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.

Committees Mr. Poon is the chairman of the Audit and Risk Management Committee, and a member of the Nomination Committee.



Wong Ching Ying Belinda

Independent Non-Executive Director



Board Appointment Ms. Wong was appointed as an Independent Non-Executive Director in December 2018 and is aged 52.

Competencies and Experience Ms. Wong is currently the chairman and Chief Executive Officer of Starbucks China. 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. Prior to joining the Starbucks group in 2000, Ms. Wong was the marketing manager of McDonald's China Development Company. She 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.

Qualifications Ms. Wong holds a Bachelor of Commerce degree with a major in finance from the University of British Columbia in Canada.

Committee Ms. Wong is a member of the Sustainability Committee.

Corporate Governance Report

Independent Non-Executive Directors (continued)



Young Elaine Carole

Independent Non-Executive Director



Board Appointment Ms. Young was appointed as an Independent Non-Executive Director in March 2022. She is aged 59.

Competencies and Experience 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 organization 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 a member of its audit committee.

Committee Ms. Young is the chairman of the Sustainability Committee.

Non-Executive Directors



Lee Anthony Hsien Pin

Non-Executive Director



Board Appointment Mr. Lee was appointed as a Non-Executive Director in 1994 and is aged 66.

Competencies and Experience 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 Lee Hysan Company Limited, a substantial shareholder of the Company. He is the brother of Ms. Lee Irene Yun-Lien, the executive Chairman.

Qualifications 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.

Committee Mr. Lee is a member of the Audit and Risk Management Committee.

Non-Executive Directors (continued)



Lee Chien

Non-Executive Director

N

Board Appointment Mr. Lee was appointed as a Non-Executive Director in 1988 and is aged 70.

Competencies and Experience Mr. Lee is a member of the founding Lee family and a director of Lee Hysan Company Limited, a substantial shareholder of the Company. Mr. Lee is the chairman of the CUHK Medical Centre and was a member of the Council of The Chinese University of Hong Kong. He is also the 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.

Qualifications 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.

Committee Mr. Lee is a member of the Nomination Committee.



Lee Tze Hau Michael

Non-Executive Director

S

Board Appointment Mr. Lee joined the Board in January 2010, having previously served as a Director from 1990 to 2007. He is aged 62.

Competencies and Experience Mr. Lee is currently a director of Oxer Limited, a private investment company. He 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. He 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. Mr. Lee 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 Lee Hysan Company Limited, a substantial shareholder of the Company.

Qualifications Mr. Lee received his Bachelor of Arts degree from Bowdoin College and his Master of Business Administration degree from Boston University.

Committee Mr. Lee is a member of the Sustainability Committee.

A

Audit and Risk Management Committee

R

Remuneration Committee

N

Nomination Committee

S

Sustainability Committee

C

Committee Chairman

Corporate Governance Report

Senior Management



Hao Shu Yan Roger

BBA (Hons), CPA, ACA, ACCA
Chief Financial Officer

Mr. Hao is responsible for the Group's financial control, treasury, legal and secretarial functions, and serves as a director of certain Hysan subsidiaries. He joined the Group in 2008. Mr. Hao accumulated extensive experience in auditing, financial management and control while holding senior positions in multinational corporations. He is aged 58.

Mr. Hao stepped down from the position of the Group's Company Secretary on 1 December 2023 and continues to serve the Company as the Chief Financial Officer.



Choy Man Wai Kitty

BEcon, MSc, MBA
Director, Retail

Ms. Choy is responsible for the Group's retail portfolio and asset management strategies, and serves as a director of certain Hysan subsidiaries. Prior to joining the Group in 2000, Ms. Choy held a supervisory position at a major property development company. She is aged 51.



Yip Mo Ching Jessica

BSc (Surveying), MBA, MRICS, MHKIS, RPS
Director, Office and Residential

Ms. Yip is responsible for managing the office and residential portfolio of the Group and serves as a director of certain Hysan subsidiaries. Prior to joining the Group in 2012, Ms. Yip fulfilled various roles in international consultancies, occupiers and developers. She has extensive experience in the real estate industry. She is aged 47.

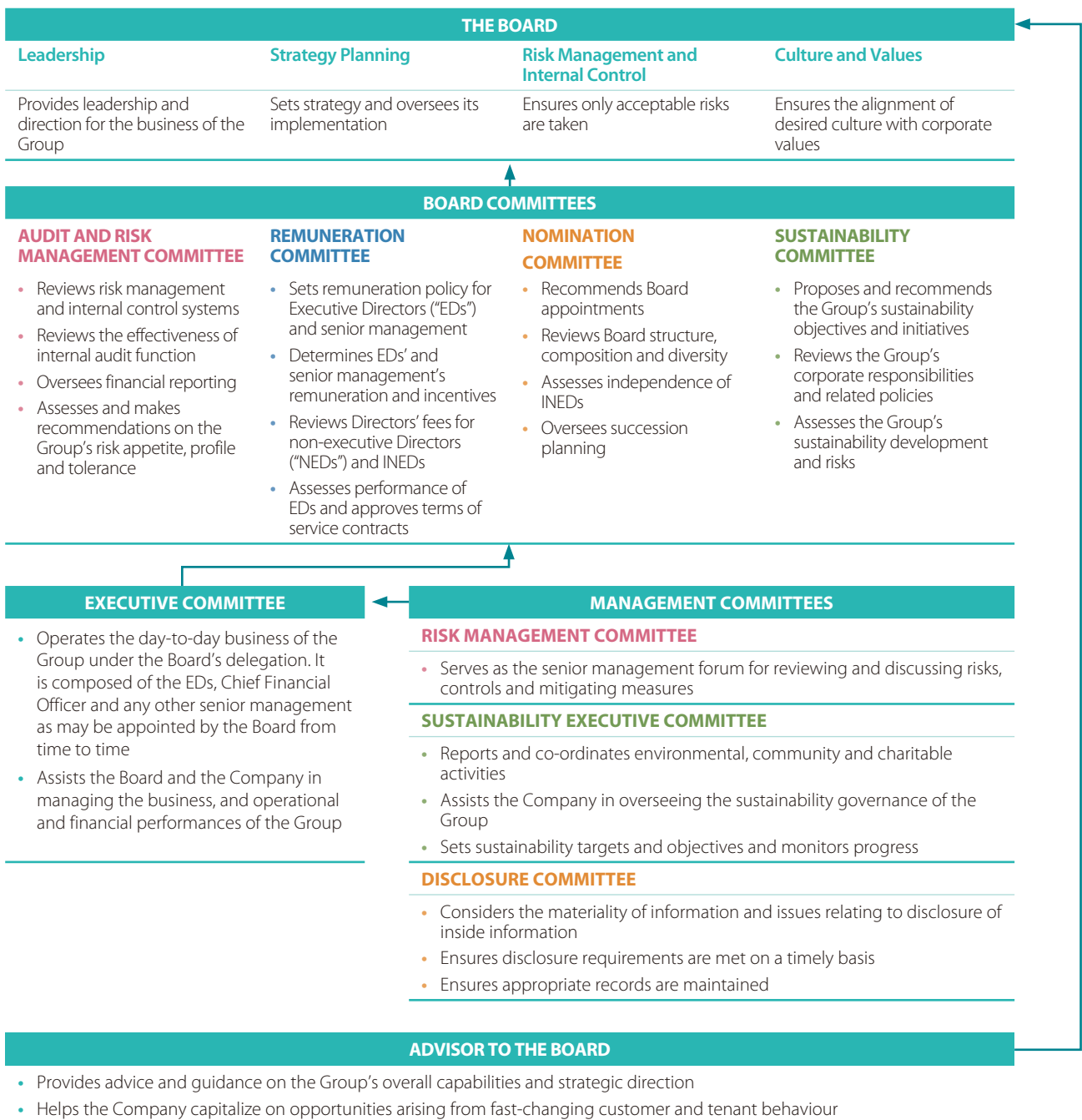
Our Governance Framework

We embrace good corporate governance as one of our core values and as the foundation for achieving consistent and sustainable performance. We operate within a strong, clear and effective governance framework that allows the Group to enhance business efficacy with precision and, in turn, support Hysan's strategic objective of optimizing sustainable financial returns for its shareholders ("Shareholders"). The governance framework comprises, inter alia, the **Corporate Governance Framework** and the **Risk Management and Internal Control Framework**.

OUR CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance Structure

Our Group's business operations and affairs are effectively managed and carried out through a chain of delegated authority, with defined limits and effective internal controls, under the corporate governance structure.



Corporate Governance Report

Corporate Governance Policies and Guidelines

Our corporate governance framework is underpinned by a wide range of corporate policies and guidelines that embed our corporate culture, core values, and our long-established corporate governance tradition in key aspects of our operations. Such policies and guidelines are subject to regular review by the Board and/or the relevant Board Committees, and are updated from time to time in accordance with applicable legal and regulatory requirements, and market and/or international best practices.

We recognize the importance of good corporate governance, not only at Board level but throughout the Group. The Corporate Governance Guidelines (subject to regular review by the Board and last reviewed in November 2023) serves as the main code governing the Board's commitment to high standards of corporate governance and its roles and responsibilities in supervising the management of the business and affairs of the Group. Directors and employees are expected to strictly follow these corporate governance policies and guidelines of the Company:

- Anti-Bribery and Corruption Policy
- Anti-Fraud Policy
- Auditor Services Policy
- Board of Directors Mandate
- Code of Ethics
- Corporate Culture Statement
- Corporate Disclosure Policy
- Corporate Governance Guidelines
- Diversity Policy
- Human Rights Policy
- Nomination Policy
- Onboarding Guidelines for Directors
- Procedures for Shareholders to Convene General Meetings/Put Forward Proposals
- Risk Appetite Statement
- Roles and Requirements of Non-Executive Directors
- Schedule of Corporate Matters Reserved for the Board
- Shareholders Communication Policy
- Tax Governance Policy
- Terms of Reference of each Board Committee
- Whistleblowing Policy

Requirements of certain committees change due to regulatory changes and changes in common practice. It is important that we keep on top of these changes - management does a good job of keeping directors informed.

Directors' comments received in Board Evaluation 2023

Detailed policies and terms of references are available on the Company's website: www.hysan.com.hk/governance.

OUR CORPORATE GOVERNANCE PRINCIPLES

Our corporate governance framework is tailored in accordance with, and regularly assessed against, legal and regulatory developments, market and international best practices and the Company's needs. It aims to ensure that Directors, management and employees act within a robust chain of delegated authority and powers in accordance with our corporate governance principles.

Our Corporate Governance Principles



LEADERSHIP

BOARD GOVERNANCE

Main Roles and Responsibilities of the Board

The Board is responsible for the stewardship of the Group and ensuring the effectiveness and adequacy of the Group's governance framework. The Board is committed to high standards of integrity and ethics and is governed by a formal **Board of Directors Mandate**. The main roles and responsibilities of the Board are as follows:

- Setting business goals and strategies in the best interests of the Group and overseeing their implementation;
- Determining the Group's risk appetite and evaluating the risks that the Group is willing to take in pursuit of its strategic missions and business objectives;
- Overseeing and ensuring the adequacy and effectiveness of the Group's risk management and internal controls system;
- Supervising the corporate governance and financial performance of the Group;
- Defining, evaluating and refining the Group's VMVs and strategies and ensuring their alignment with the corporate culture; and
- Fostering the desired corporate culture and core values.

To retain control of key decisions and ensure a clear division of responsibilities between the Board and management regarding the daily operations of the Group, the Board has identified specific matters reserved for the Board's consideration and approval. The **Schedule of Corporate Matters Reserved for the Board** which sets out the Board's reserved matters in detail, is subject to annual review by the Board.

Corporate Governance Report

Delegation Between the Board and the Board Committees

The Board is the governing body of the Group and has the responsibility of shaping business goals and strategies in the best interests of the Company and its Shareholders as a whole. In carrying out its duties, the Board may, within defined limits and authority, delegate tasks to its Board Committees from time to time.

The Board has four Board Committees, namely the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. Each Board Committee operates under specific written terms of reference and reports to the Board on their decisions and recommendations on a regular basis.

All Board Committee meetings are conducted prior to full Board meetings to ensure that all vital matters to be considered at dedicated Board Committee meetings are reported to the Board in advance, considered thoroughly and decided upon by the full Board in a timely manner.

Each Board Committee has access to independent professional advice as and when required and is supported by the company secretary of the Company ("Company Secretary"). The procedures for seeking independent professional advice have also been enhanced to facilitate Board access to such advice.

Full details of the Board Committees' activities during the year are set out in their respective reports:

- "Audit and Risk Management Committee Report" on pages 98 to 104
- "Remuneration Committee Report" on pages 105 to 113
- "Nomination Committee Report" on pages 114 to 117
- "Sustainability Committee Report" on pages 118 to 120

The terms of reference for each Board Committee were reviewed and updated in February 2024 and shall take effect on 1 March 2024. The latest versions of the terms of references are available on the Company's website (www.hysan.com.hk/governance) and/or the Stock Exchange's website (www.hkexnews.hk).

Division of Duties between the Board and the Management

The Board and the Management

The day-to-day operation of the Group's business is delegated to the management, which is led by the Executive Committee.

The Executive Committee is entrusted with the task of implementing and executing business goals and strategies as determined by the Board.

Executive Committee members include the executive Chairman ("Chairman"), the Executive Director and Chief Operating Officer ("ED & COO"), the Chief Financial Officer ("CFO") and any other senior management of the Company as may be appointed by the Board from time to time. The terms of reference for the Executive Committee were reviewed in 2023.

To support Hysan's strong governance framework and the business and operational needs of the Group, three governance-related management level committees have been established:

- the Risk Management Committee;
- the Sustainability Executive Committee; and
- the Disclosure Committee.



There has long been diversity in business operations, now more so at board level also.

Directors' comments received in Board Evaluation 2023



BOARD SIZE, COMPOSITION AND APPOINTMENT

As at 31 December 2023, there were 11 Directors on the Board: the Chairman, the ED & COO, six INEDs and three NEDs. The Board considers that this composition is well balanced in terms of experience, competencies, expertise, diversity and skills, with a strong independent element ensuring the impartiality of the Board's decision-making process and oversight of the management. Such balanced composition also provides the checks and balances necessary to safeguard the interests of the Shareholders.

Biographies of the Directors, including relationships among them, are set out from pages 47 to 53, and are also available on the Company's website: www.hysan.com.hk/about/leadership.

Chung Cordelia was appointed as an INED, a member of the Remuneration Committee and a member of the Nomination Committee with effect from the conclusion of the AGM held on 16 May 2023 ("2023 AGM"). In accordance with Article 97 of the articles of association of the Company (the "Articles"), Chung Cordelia, as an addition to the Board, will retire and, being eligible, offer herself for re-election at the AGM to be held on 5 June 2024 ("2024 AGM"), being the first AGM following her appointment.

Lui Kon Wai, Fan Yan Hok Philip, Poon Chung Yin Joseph and Wong Ching Ying Belinda will retire by rotation at the forthcoming 2024 AGM. Fan Yan Hok Philip has informed the Board that he will not stand for re-election and accordingly will retire as an INED after the conclusion of the forthcoming 2024 AGM. The other retiring Directors, being eligible for re-election, will offer themselves for re-election at the 2024 AGM in accordance with Article 114 of the Articles. Details of the candidates standing for re-election are set out in the AGM circular to the Shareholders. None of these Directors has a service contract with the Company or any of its subsidiaries that is not determinable by the Group within one year without payment of compensation (other than statutory compensation). Their proposed re-election will be considered by separate resolutions.

The Board, in accordance with the recommendation of the Nomination Committee, has determined that the size of the Board is adequate and effective for discharging its duties and responsibilities, and recommends the re-election of Lui Kon Wai, Chung Cordelia, Poon Chung Yin Joseph and Wong Ching Ying Belinda, as Directors at the forthcoming 2024 AGM.

DIVERSITY

Board Diversity

Hysan recognizes the importance of diversity as a contributor to Board effectiveness and the long-term success of the Group. Diversity and inclusiveness provide the Board with a wider knowledge base and bring in new insights and perspectives, which improve decision-making and the ability to adapt to new business challenges. In accordance with the Diversity Policy, which sets out our approach to achieving diversity at Board level and across the senior management team, the Nomination Committee annually reviews and reports to the Board on the following:

- The structure, size and composition of the Board; and
- The diversity of background (including, but not limited to, gender, age, cultural and educational background and ethnicity), experience, skills and length of service with the Board.

The Nomination Committee will also consider Board diversity as part of its annual evaluation of the structure and composition of the Board.

During the year, the Diversity Policy was reviewed to assess the implementation of the policy and progress on achieving measurable objectives (in particular, gender diversity at Board level and across the workforce), as set forth in the CG Code.

In considering the appointment of Chung Cordelia as an INED in May 2023, the Nomination Committee and the Board had, in accordance with the Nomination Policy, considered a variety of factors including diversity pursuant to the Diversity Policy and the expertise and experience relevant to the Group considering in particular the increasing concern on information security and data privacy. The Nomination Committee and the Board formed the view that, with Chung Cordelia's extensive multinational experience specialising in information technology and knowledge of the building industry, she would bring valuable expertise to the Board and further enrich the spectrum of skills, experience and diversity of perspectives of the Board.

Corporate Governance Report

Gender Diversity at Board Level

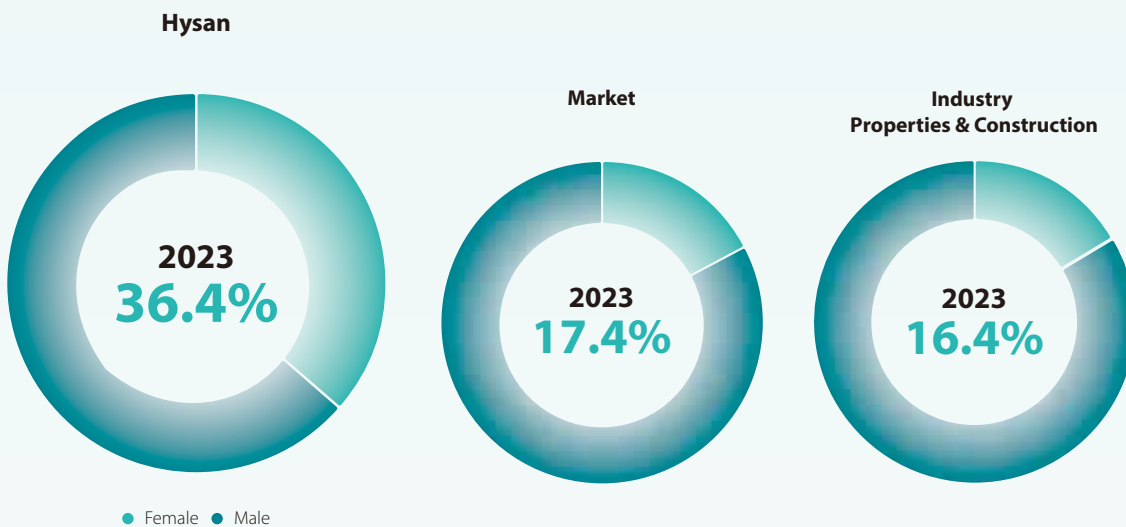
The Board recognizes that gender-diverse leadership encourages better governance, provides broader range of perspectives to the decision-making process and ultimately increases corporate performance and competitiveness. To reinforce our commitment to gender diversity, Hysan in 2022 pledged to increase the percentage of female representation at Board level to 33% by the end of 2025, with the ultimate goal of achieving gender parity at Board level.

Gender Diversity Target

The gender diversity target has been made a formal factor to consider in our Board refreshment and succession planning. The Nomination Committee and the Board have considered the ability of each potential candidate to contribute towards the Board’s responsibilities and, in particular, Hysan’s diversity agenda, in order to develop a pipeline of potential successors for achieving the aforesaid target. The Nomination Committee also regularly reviews Hysan’s progress on gender diversity and its inclusion goal on an annual basis, as well as the opportunity to make further improvements or accelerate progress.

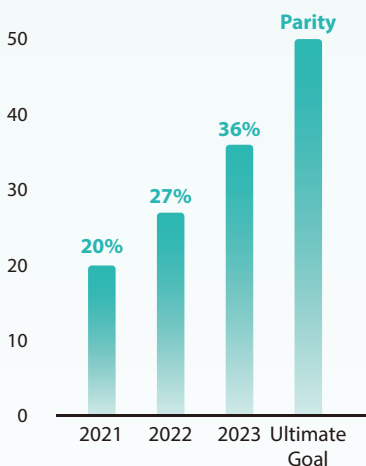
Following the appointment of Chung Cordelia as an INED in May 2023, the percentage of female representation at Board level increased from 27.3% to 36.4%, maintaining a high level of female board representation among Hong Kong listed companies. Having exceeded our gender diversity target of 33% female Directors, we are committed to continuing our diversity journey towards achieving the ultimate goal of gender parity.

Female Directorship across HKEx Issuers



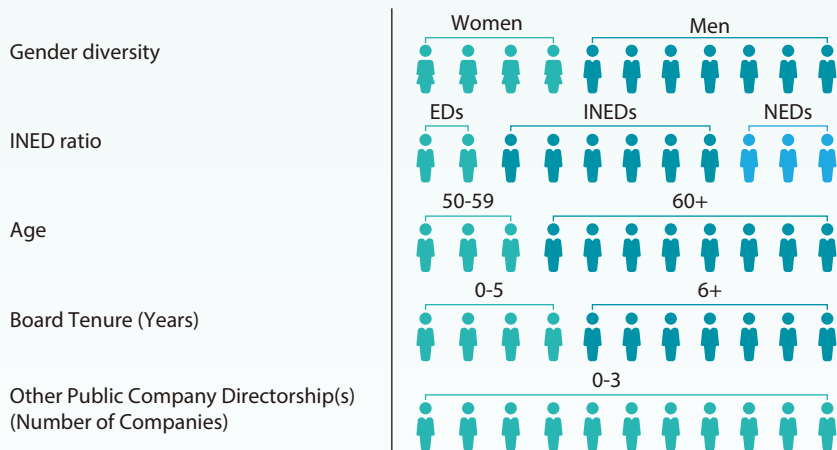
Source: HKEx Board Diversity Repository as at the date of this report (<https://www.hkex.com.hk/eng/BoardDiversity/index.htm>)

Gender Diversity Progress



Board composition and diversity:

Key highlights: Female representation of 36% / INED representation of 55%



Board Expertise

To ensure the Board continues to possess the necessary diversity of skills and attributes required in a dynamic operating environment, an analysis of the skill set mix is considered by the Nomination Committee annually.

The Board has a good mix of expertise combined with a forward looking and transparent leadership with a strong focus on risks and long term growth.

Directors' comments received in Board Evaluation 2023

Our Directors are from diverse and complementary backgrounds. The table below highlights the skill set mix of our Directors and the valuable experience and expertise they bring to our business for the sustainable growth of the Group.

Skill/Experience	Summary	Combined
Environmental, Social and Governance	Experience in, and commitment to adhere to, exceptional corporate governance standards, environmental management and social responsibility initiatives.	
Risk Management	Experience in anticipating and identifying the key risks to the organization and monitoring the effectiveness of risk management frameworks and controls.	
Strategy	Experience in defining strategic objectives, assessing business plans and driving execution in large and complex organizations.	
Customer and Retail	Experience as a senior executive in a major retail, customer products, services or distribution company.	
Real Estate Investment (HK/China)	Experience as a senior executive in another major company in property investment, development or facilities management, or related industry experience or insights in real estate investment opportunities.	
Financial Services and Investment	Experience in the financial services industry or experience in overseeing financial transactions and investment management.	
Financial Acumen	Understanding of financial drivers of the business, experience in monitoring business performance and evaluating financial impact of a business decision.	
People and Culture	Experience in monitoring a company's culture, overseeing people management and succession planning, and setting remuneration frameworks.	
International and China	Experience in international and Mainland China economics and relations.	
Technology	Experience in the digital and technology business or in monitoring technology-related projects.	

● Extensive ● Moderate

To enhance the Group's strategy and overall capabilities in addressing new business trends and emerging generational shifts, the Board has also invited Li Xinzhe Jennifer to sit as an advisor on the Board since 2018.

Workforce Diversity

Hysan believes that a diverse workforce and an inclusive culture support Hysan in creating dynamic environment that leads to higher performance and improved well-being.

We are committed to upholding diversity of gender, background, skills and experience across our workforce, maintaining an appropriate level of female staff and ensuring strong female representation at the management level. As at 31 December 2023, (i) 44% of management positions were held by women, and (ii) we had a 39:61 female-to-male ratio in the workforce (including senior management), which was largely in line with the industry norm. The Company will strive to maintain its current level of female management and female employees. In order to attract and retain candidates from the widest possible pool of available talent, the Diversity Policy will be applied in the recruitment and promotion processes of the Group. The Group has also implemented programmes that assist employees in their personal growth and skills to prepare them for potential promotions to senior management positions.

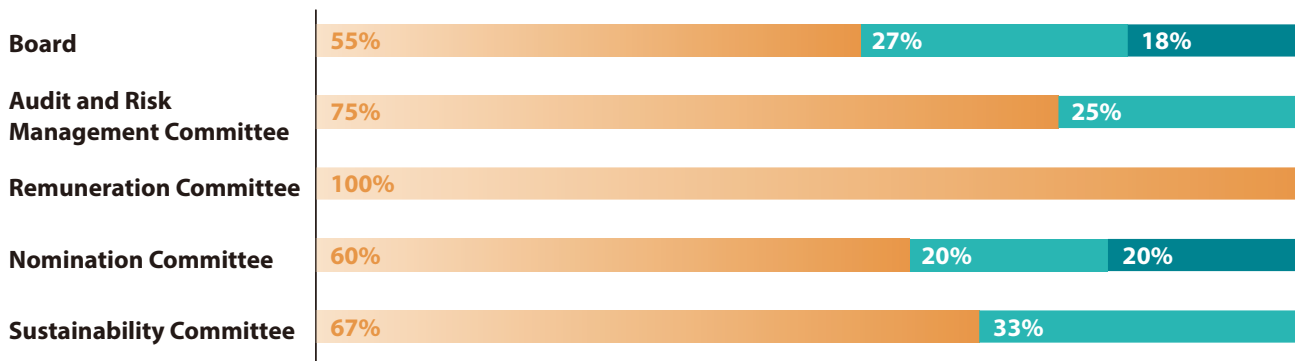
Please refer to our Sustainability Report 2023 for further details on Diversity and Inclusion.

Corporate Governance Report

BOARD INDEPENDENCE

As at 31 December 2023, six out of our 11 Directors were INEDs, exceeding the Listing Rules requirement that at least one-third of the Board (and not less than three Directors) shall be INEDs.

Independence Weighting



● INED(s) ● NED(s) ● ED(s)

Independence

As required under the Listing Rules, the Company received written confirmations from all INEDs regarding their independence and that of their immediate family members for the year ended 31 December 2023. The Nomination Committee has carried out a detailed review of the Directors' independence on a case-by-case basis and considers each of the six INEDs to have been independent throughout the year under review:

Name	Management	Independent	Not Independent	Reason for Independence Status
Chung Cordelia		✓		<ul style="list-style-type: none"> No business relationships, family ties, past employment or other relationships with the Group or management that will affect independence No significant shareholding
Churchouse Frederick Peter		✓		
Fan Yan Hok Philip		✓		
Poon Chung Yin Joseph		✓		
Wong Ching Ying Belinda		✓		
Young Elaine Carole		✓		

- The Nomination Committee considered the INEDs' tenure, noting that Churchouse Frederick Peter and Poon Chung Yin Joseph have served as INEDs for more than nine years and their re-appointments are subject to a separate resolution to be approved by the Shareholders at the AGM.
- With a career spanning more than 30 years in Asian and global securities markets, Frederick Peter Churchouse brings expertise and hands-on experience in property investment, asset management, research and valuation, offering exceptional value to the Board. His strategic insights and deep market understanding are instrumental in guiding the Group through periods of economic uncertainty, underpinning critical financial and risk management decisions, particularly in the realms of investment and capital allocation. Mr. Churchouse's profound knowledge of asset valuation and financial analysis plays a central role within the Audit and Risk Management Committee in advising the Board on risk management strategies and ensuring the integrity of the Group's fair value assessment and financial reporting, a cornerstone for maintaining trust with Shareholders and the broader investment community.

- As an INED meeting the professional qualifications required by Rule 3.10(2) of the Listing Rules, Poon Chung Yin Joseph brings a wealth of specialized accounting and financial knowledge to the Board. Mr. Poon has extensive banking and financial market experience as the senior management of various internationally renowned financial institutions. His expertise in accounting, financial reporting, auditing, and risk management is a tremendous asset to the Board's decision-making, especially concerning capital and financial management. Mr. Poon's expertise in financial reporting and risk management underpins his ability to scrutinize the fiscal aspects of potential ventures, reinforce risk strategies, and uphold the integrity of financial reporting. He meticulously challenges investment assumptions, ensuring decisions are made with integrity and empirical support. This discipline strengthens the Company's strategic direction and upholds rigorous governance standards, fostering trust and long-term growth.
- The unique expertise of Churchouse Frederick Peter and Poon Chung Yin Joseph in asset valuation, capital management, risk management, finance, financial reporting and internal control, as well as people and culture, together with their comprehensive understanding of the operations of the Company, enables them to provide valuable and objective guidance for the Group's business particularly given the ongoing uncertainties in the macro-environment.
- The Board and the Nomination Committee are also of the view that Churchouse Frederick Peter and Poon Chung Yin Joseph have exercised independent judgement and consistently demonstrated a healthy level of professional scepticism, where appropriate, and have not refrained from asking probing questions and challenging management's views and recommendations. There is no evidence to suggest that their tenure has had any impact on their independence.
- After considering the above reasons and the relevant independence assessment requirements set out in Rule 3.13 of the Listing Rules, the Nomination Committee formed the view that, notwithstanding that they have served on the Board for over nine years, they remain independent, taking into account their impartial views and comments expressed during the Board and Board Committee meetings, their positive and significant contributions, deep insights and guidance in the Company's strategies and business development.
- Chung Cordelia is currently an independent non-executive director of Hang Seng Bank Limited ("Hang Seng") (a substantial shareholder of a subsidiary of the Company and thus a connected person of the Company). Under Rule 3.13 of the Listing Rules on independence assessment, an independent non-executive director of a core connected person is specifically excluded from the factors that would affect independence. It is considered that Chung Cordelia's directorship with Hang Seng in her capacity as an independent non-executive director would not affect her independence. Ms. Chung would be able to fulfil the relevant independence requirements of the Listing Rules and she is accordingly entitled to vote and be counted in the quorum for any transactions with the HSBC group (including the Hang Seng group). In addition, the unique expertise of Ms. Chung in information technology and the building industry, both of which are relevant to the Group's business, enable her to provide valuable and independent guidance for the Group's business.
- Chung Cordelia also holds a cross-directorship with Lee Irene Yun-Lien, since they both serve on the boards of the Company and Hang Seng. Considering that Chung Cordelia plays an independent non-executive role and does not hold any shares in the two companies, the cross-directorship would not undermine the independence of Chung Cordelia with respect to her directorship in the Company.
- Wong Ching Ying Belinda held a cross-directorship with Lee Anthony Hsien Pin, as they both serve on the boards of the Company and Television Broadcasts Limited ("TVB") until her retirement as an independent non-executive director of TVB on 31 May 2023. However, given that Wong Ching Ying Belinda played an independent non-executive role and did not hold any shares in the two companies, the Company believes that this cross-directorship would not undermine the independence of Wong Ching Ying Belinda with respect to her directorship in the Company.

Corporate Governance Report

- Wong Ching Ying Belinda is currently the chairman and chief executive officer of Starbucks China. The Board and the Nomination Committee have assessed her independence in the light of these circumstances, including (i) her background, experience, achievements and character, and (ii) the nature of the Company's relationship with the Starbucks group^{notes} and her roles, as well as the respective mitigating actions, and concluded that her independence would not be affected. It was decided that potential conflicts, which are minimal, could be managed and that the benefits of her appointment outweigh any risk of conflict. In addition, the mitigation principles and actions are adequate and appropriate to deal with any such issues.

Notes:

1. Shanghai Starbucks Coffee Enterprise Co., Ltd., a wholly-owned subsidiary of Starbucks Corporation (listed on NASDAQ), is one of the tenants of a commercial complex located in Shanghai, the People's Republic of China, owned by an associate of the Company. The revenue or profit derived from those leases indirectly as the share of results of an associate is immaterial (less than 1% of the Company's turnover or equity attributable to owners of the Company or total assets of the Company for the year ended 31 December 2023) to the Group.
2. During her term as INED, Wong Ching Ying Belinda will abstain from voting on any Board resolution in relation to any business dealings with the Starbucks group. Since operational matters (office/retail leasing) are unlikely to be considered at Board level, any conflict of interest is regarded as unlikely to occur in practice.
3. Wong Ching Ying Belinda ceased to be a director of certain entities of Starbucks Coffee Company (including Shanghai Starbucks Coffee Enterprise Co., Ltd.) in 2022.

Independence Assessment

Criteria of Independence

- Clearly set out in our Corporate Governance Guidelines
- Free from any business or other relationship that may interfere with the exercise of their independent judgment

The Independence assessment of each of the INEDs is based on the independence criteria set out in the independence guidelines of the Listing Rules and our Corporate Governance Guidelines. We also consider and reference major proxy advisors' voting recommendations and guidelines in approaching the issue of INED independence. The assessments are carried out in advance of their appointment, annually, and at any time when necessary or appropriate, including through the following:

- INED nominations and the appointment process;
- Annual review of the structure, composition and balance of the Board in terms of its independence ratio;
- Disclosure of the number and nature of offices held in listed public companies and organizations, along with any other significant commitments;
- Annual independence confirmation from each INED as required by the Listing Rules;
- Full disclosure in annual reports of cross-directorships or other business relationships that may interfere with Directors' independence;
- Potential conflicts of interest reviewed by the Nomination Committee annually with recommendations on appropriate actions to take; and
- Confirmation by each Director and alternate Director on his/her other directorships, major appointments, and interests to the Company, twice a year.

Mechanisms to Ensure Independence

Conflict Management

Apart from the aforementioned independence assessment, the following measures have also been taken to ensure all decisions and actions are in the best interests of the Company and its Shareholders as a whole:

- Strict compliance with our Code of Ethics, which aims to avoid conflicts of interest;
- Declaration of potential conflicts of interest;
- Voluntary abstention by Directors from discussions and voting on matters related to them (regardless of the absence of any potential conflicts on appropriate assessment) after due declaration of interest in accordance with the Companies Ordinance;
- Separate meetings among INEDs, without the presence of EDs or Board members related to the founding Lee family;
- Full Board approval of connected transactions, with transactions exempt under the Listing Rules required to be reported to and confirmed by the full Board each quarter after obtaining the Executive Committee's approval;
- Reminders to the Directors from the Company Secretary twice a year on compliance with the relevant Listing Rules requirements on connected transactions; and
- Independent professional advice, as and when required by individual Directors.

Please also refer to the "Directors' Disclosure on Conflicts of Interest" section below for further details.

Independent Views and Input Available to the Board

Apart from the INED nomination and appointment process as well as the independence assessments mentioned above, the Company has established mechanisms to ensure that Directors will be given adequate opportunities and channels (formal or informal) to communicate their independent views and inputs in an open and candid manner and, where necessary, in a confidential manner. Such mechanisms have been incorporated in the following aspects of our corporate governance framework and are subject to regular review by the Board:

- Proper meeting arrangements and procedures to facilitate open and constructive discussions as well as informed and thorough consideration of relevant issues;
- A Board culture that encourages Directors with different views to raise their concerns and to exercise independent judgement;
- Board's full access to senior management, management's updates, and availability of all material information on performance and key activities and projects;
- Communication outside of the boardroom, including separate meetings with Chairman and/or senior management, and interactions with management and other Board members;
- Utilization of the digital board portal to foster timely communication among Directors and senior management;
- Board evaluation on an annual basis; and
- Board access to independent professional advice.

Corporate Governance Report

BOARD REFRESHMENT

The Board has been refreshed in an orderly manner during the last two years to bring new skills and perspectives to support the Group's strategy and governance. As part of our ongoing efforts to gradually refresh the Board, with the aim of striking a balance between fresh ideas and perspectives and a deep understanding of the Company's history, culture and long-term strategies, the Board endorsed and approved the new appointment of an INED and the retirement of a NED during the year.

Nomination

Hysan believes that a proper and detailed nomination process ensures the nomination of Directors who are well-suited to advance the best interests of the Group, facilitates smooth transition, and ensures continual refreshment of the Board, whereas the reshuffling of Board Committees provides a balance between continuity and fresh perspectives.

We have established a unique Nomination Policy governing nomination practices and procedures. The Nomination Committee considers a variety of factors in assessing the suitability of a proposed candidate, including, among others, the following:

- Reputation for integrity;
- Accomplishments, experience and reputation in the real estate industry and other relevant sectors;
- Commitment and attention to the Company's business, including devoting adequate time for preparation and participation in meetings, trainings and other Board or Company associated activities;
- Diversity in all aspects including, but not limited to, gender, age, cultural and educational background, ethnicity, experience, skills, knowledge and length of service;
- Ability to assist and support management and make significant contributions to the Company's success;
- Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules (for INEDs); and
- Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

During the year, the Nomination Committee, after taking into consideration the gender diversity agenda of the Company and against the criteria above, identified and interviewed a pool of shortlisted candidates. Following this process, the Nomination Committee recommended, for the Board's consideration and approval, the appointment of Chung Cordelia as an INED, a member of the Remuneration Committee and a member of the Nomination Committee.

Appointment and Induction

In considering the appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of the individual, evaluate the candidate using the same criteria regardless of the source of the candidacy, and make recommendations for the Board's consideration and approval.

In order to ensure that the Directors are committed to allocating sufficient time and attention to the affairs of the Group, all Directors are engaged by formal letters of appointment, which set out clearly the terms and conditions of their appointments. Directors (including all NEDs and INEDs) serve for a term of three years and are subject to rotation under the Articles.

The Board has adopted comprehensive Onboarding Guidelines for Directors, which set out a tailored induction programme that gives new Directors an understanding of the Group, its businesses and operations, risks and challenges, corporate culture and Board governance, with due regard to the Director's unique background, experience and skills.

The induction programme includes an introductory session with the Company Secretary, individual meetings with the Chairman, chairmen of the Board Committees, Directors and senior management, portfolio visits, and meetings with the Company's external advisors. Individual briefings are also arranged on specific topics such as Directors' responsibilities and the Group's business.

The Company has provided Chung Cordelia, the INED appointed during the year, with a full and comprehensive induction upon her appointment.

Priorities of our induction programme

To provide an overview of

- Hysan's corporate culture and its VMVs;
- the Group's strategies and challenges;
- the Group's business and key risks;
- the Group's corporate and organizational structure;
- the Board's culture, governance and dynamics; and
- the legal and regulatory obligations of a Director.

To familiarize new Directors with the Board and senior management

- meeting with the Chairman, Committee Chairmen and senior management; and
- introductory session with the Company Secretary and training by external advisors.

With new(er) board colleagues, we have even more interactive and dynamic sessions.

Directors' comments received in Board Evaluation 2023

Re-election

In considering the re-appointment of any existing member(s) of the Board, the Nomination Committee shall review the retiring Director's overall contribution to the Company as well as the selection criteria set out in the Nomination Policy and the Diversity Policy. The Nomination Committee will then make recommendations to the Board for its consideration, with the Board determining whether to recommend the proposed candidates for re-election at the AGM.

The Directors are subject to re-election at the first AGM following their appointment. Every Director will be subject to retirement by rotation at least once every three years under the Articles. Retiring Directors are eligible for re-election at the AGM in which they retire. There is no cumulative voting in Directors' elections. Each Director shall be elected by separate resolution.

Ongoing Review by the Nomination Committee

The Nomination Committee reviews the Board's structure, size, composition, commitment, independence and diversity from time to time, and undertakes a comprehensive review of the gender, age, tenure, cultural, educational and professional background, skills, knowledge and experience of each Director. The last review was conducted in November 2023.

The Nomination Committee was satisfied with the structure, size, composition, commitment, independence and diversity of the Board and the Board Committees.

While diversity in terms of length of service with the Board would in fact provide a proper balance between an understanding of the Group's practices and fresh perspectives, and despite the conclusion of the Nomination Committee that tenure would not affect our INEDs' independence, the Nomination Committee noted that INEDs' tenure is an increasing regulatory and governance concern to be addressed and considered the pathway for succession planning.

The Nomination Committee concluded that, for succession planning and long-term growth, the Board would require expertise in finance and accounting, risk management, real estate, ESG matters and technology. It also recommended that Board refreshment should take into account diversity of perspectives and Hysan's ultimate goal of gender parity at Board level.

Corporate Governance Report

Board Committees Refreshment

To maintain a balance between continuity and fresh perspectives while considering the evolving demands of the Board Committees, the Nomination Committee and the Board also considered and approved, the following changes to the composition of certain Board Committees:

With effect from 1 March 2023:

- Churchouse Frederick Peter was appointed as a member of the Remuneration Committee.
- Fan Yan Hok Philip ceased to be a member of the Sustainability Committee.
- Lee Tze Hau Michael was appointed as a member of the Sustainability Committee and ceased to be a member of the Remuneration Committee.

With effect from the conclusion of the 2023 AGM:

- Chung Cordelia was appointed as a member of the Remuneration Committee and a member of the Nomination Committee.
- Jebesen Hans Michael ceased to be the chairman of the Sustainability Committee following his retirement as a Non-Executive Director on the same day.
- Young Elaine Carole was appointed as the chairman of the Sustainability Committee.
- Fan Yan Hok Philip ceased to be a member of the Nomination Committee.
- Poon Chung Yin Joseph ceased to be a member of the Remuneration Committee.

All members of the Remuneration Committee are INEDs, following the above-mentioned changes.

Effectiveness

Board effectiveness stems from achieving the right composition, size, diversity, commitment and independence. This can be attained through a proper board process, ongoing reviews and a board evaluation process.

BOARD COMMITMENT

Board effectiveness is attained through the significant commitment and contributions of each Director.

Time Engagement

Our Directors, in particular our INEDs, demonstrated strong engagement and sufficient time commitment to the Company's affairs throughout the year.

Other Offices and Commitments

Directors disclose to the Company the number and nature of offices held in listed public companies and organizations and other significant commitments, together with the respective time engagement involved, twice a year. They also inform the Company promptly whenever there are changes regarding their other offices and commitments.

Other Directorships

None of our Directors, individually, held directorships in more than three public companies (excluding Hysan) as of 31 December 2023, and all of them have confirmed that he/she has given sufficient time to the affairs of the Company.

BOARD PROCESSES

Meetings of the Board and Board Committees

The Board held five meetings in 2023, exceeding the minimum number of board meetings required under the CG Code.

The Board Committees also met regularly during the year under review.

- To facilitate Directors' participation and engagement, we typically schedule our Board and Board Committee meetings six months before commencement of the calendar year, allowing Directors to plan their schedule ahead of time.
- Notice of at least 14 days is given to all Directors for the regular Board and Board Committee meetings.
- Draft agendas for the Board and Board Committee meetings are circulated to all Directors at least three weeks before each meeting to provide an opportunity for the Directors to include any other matters in the agenda.
- Agendas and meeting papers are uploaded to a private and secure digital board portal five days in advance of the intended date for regular meetings and reasonably in advance of any ad hoc meetings for sufficient preparation.
- Draft minutes of meetings of the Board and Board Committees are circulated for comment as soon as practicable after meetings.
- All signed Board and Board Committee minutes and resolutions are uploaded to the digital board portal for easy reference thereafter.
- Management and other department heads are invited to make presentations to the Board on operational topics during the year and to engage in open and in-depth discussions with the Board.
- Senior representatives from the valuer and the external auditor are invited to attend the Audit and Risk Management Committee meetings for approval of the portfolio valuation and the interim and final results.
- The Audit and Risk Management Committee also holds a closed session with the external auditor and internal auditor, in the absence of the senior management, twice a year.

During the year, the Directors also participated in the consideration and approval of matters of the Company by way of written resolutions circulated to them. A thorough analysis and supporting materials were posted on the digital board portal, followed by management's elaborations and discussions, also mainly via the digital board portal.

Efficient hybrid (physical and virtual) Board and Board Committee meetings were arranged by telephone and/or video conference to facilitate full participation in 2023. This technological connectivity continues to promote a high level of involvement and engagement at different levels of the business.



Paper received by the Board are in-depth, excellent, well formulated, clear.

Directors' comments received in Board Evaluation 2023

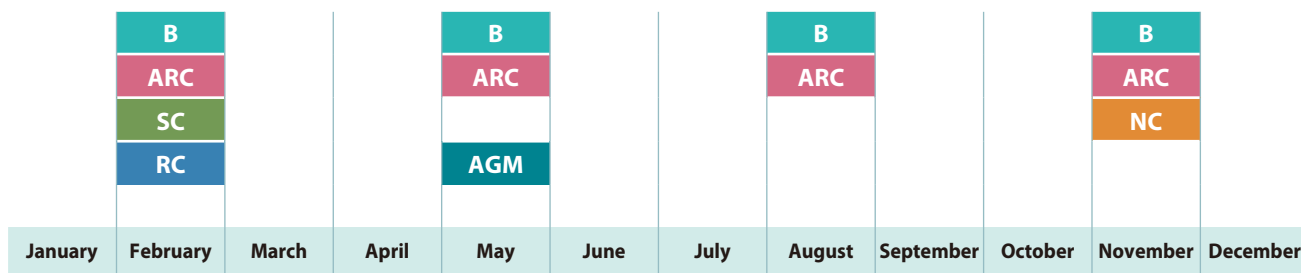


Corporate Governance Report

The use of the digital board portal also enables timely and secure distribution of information to Directors and facilitates communication and interactions among Directors and senior management in a sustainable manner.



Board and Board Committee meetings in 2023



B Board Meeting(s)	RC Remuneration Committee Meeting	SC Sustainability Committee Meeting
ARC Audit and Risk Management Committee Meeting(s)	NC Nomination Committee Meeting	AGM Annual General Meeting

Directors' Attendance at Meetings

As reflected in their high attendance in the Board and Board Committee meetings during the year, the Directors continued to participate extensively in the Board's discussions and decisions and Company affairs in 2023. The INEDs also held separate meetings with the Chairman to discuss Board and relevant matters.

The following table shows Directors' attendance at meetings.

Directors	Board ¹	Audit and Risk Management Committee	Remuneration Committee	Nomination Committee	Sustainability Committee	2023 AGM
Lee Irene Yun-Lien	5/5	4/4 ²	1/1 ²	1/1	–	1/1
Lui Kon Wai	5/5	4/4 ²	–	–	1/1 ²	1/1
Chung Cordelia ³	3/3	–	–	1/1	–	–
Churchouse Frederick Peter	5/5	4/4	–	1/1	–	1/1
Fan Yan Hok Philip	5/5	4/4	1/1	1/1	1/1	1/1
Poon Chung Yin Joseph	5/5	4/4	1/1	1/1	–	1/1
Wong Ching Ying Belinda	5/5	–	–	–	1/1	1/1
Young Elaine Carole	5/5	–	–	–	1/1	1/1
Jebsen Hans Michael ⁴	1/2	–	–	–	1/1	0/1
Lee Anthony Hsien Pin	5/5	4/4	–	–	–	1/1
Lee Chien	5/5	–	–	1/1	–	1/1
Lee Tze Hau Michael	5/5	–	1/1	–	–	1/1

Notes:

1. Included a dedicated half-day Board meeting held in November 2023 to discuss the Group's business plans and long-term directional strategy.
2. EDs are invited to present updates and/or answer relevant questions in order to facilitate the decision-making process. EDs are expressly excused from the sections of Remuneration Committee meetings when their own compensation packages are discussed.
3. Chung Cordelia was appointed as an INED with effect from the conclusion of the 2023 AGM.
4. Jebsen Hans Michael retired as a NED with effect from the conclusion of the 2023 AGM.

A great deal of time and effort is spent on discussing strategic matters of the Company, and big picture factors that will/may influence the company's interests and activities going forward.

Directors' comments received in Board Evaluation 2023

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors undertake continuous professional development and training programmes to keep abreast of the latest industry trends, knowledge and skills concerning their respective areas of expertise and professions.

During the year, all Directors received regular legal and regulatory updates to the Listing Rules and applicable laws and regulations, and had access to a comprehensive online board portal containing memoranda on Directors' Duties and Responsibilities and other training materials to discharge their duties. Directors also attended various seminars/talks organized by professional bodies and industry associations and presentations by distinguished speakers to develop and refresh their skills and knowledge on industry-related updates including, but not limited to, anti-corruption, risk management, ESG, finance and taxation. The training records, with details undertaken by the Directors maintained by the Company during the year, are as follows:

Directors	Attending seminars/training courses/talks/other professional development	Perusing regulatory and compliance updates/updates given at Board meetings
Lee Irene Yun-Lien	✓	✓
Lui Kon Wai	✓	✓
Chung Cordelia ¹	✓	✓
Churhouse Frederick Peter	✓	✓
Fan Yan Hok Philip	✓	✓
Poon Chung Yin Joseph	✓	✓
Wong Ching Ying Belinda	✓	✓
Young Elaine Carole	✓	✓
Jebsen Hans Michael ²	✓	✓
Lee Anthony Hsien Pin	✓	✓
Lee Chien	✓	✓
Lee Tze Hau Michael	✓	✓

Notes:

1. Chung Cordelia was appointed as an INED with effect from the conclusion of the 2023 AGM.
2. Jebsen Hans Michael retired as a NED with effect from the conclusion of the 2023 AGM.

While there are no prescribed training hours as such under the Listing Rules, considering the scope and scale of the Company's business, Directors are expected to undertake no less than eight hours of relevant training in each financial year. All Directors have fulfilled the recommended training hours for the year ended 31 December 2023.

In 2023, comprehensive training activities, including seminars, workshops and conferences, as well as regulatory updates relevant to the Company's business and their duties, were also provided to the senior management and the Company Secretary. During the year, the Company Secretary took no less than 15 hours of relevant professional training. Such internal and external trainings have equipped them with the skill and knowledge necessary for fulfilling their roles and supporting the sustainable growth of the Company, as well as an understanding of their duties and responsibilities when acting as directors of subsidiaries.

BOARD EVALUATION

Hysan's Board evaluation is an ongoing and continual process and is regarded as an important component of the mechanism to ensure independent views and inputs are available to the Board. In line with the best practice of the CG Code, Board evaluation in the form of a questionnaire are conducted on annual basis. In addition to the ongoing review by the Nomination Committee, the Directors play an important role in evaluating the performance of the Board and its four Board Committees (namely, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, and the Sustainability Committee) to ensure the effectiveness of the Board.

Board Evaluation Process

Our Board evaluation process consists of an anonymous online questionnaire covering a broad range of topics, including performance, dynamics and processes, proceedings of meetings, composition and diversity of the Board and Board Committees, risk management, cybersecurity and ESG, for completion by each Director. Being anonymous, Directors are encouraged to share comments, provide suggestions and raise any concerns.

2023 Board Evaluation

Consisting of both rating and open-ended questions, the Board evaluation for the year ended 31 December 2023 ("2023 Board Evaluation") was structured to solicit Director's views on

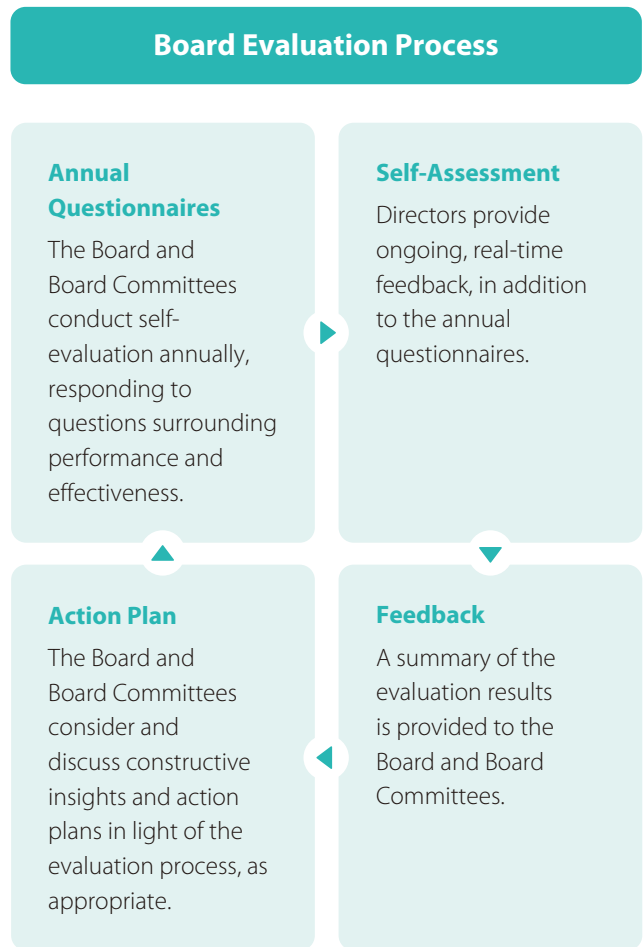
- the effectiveness and performance of the Board;
- areas for improvement; and
- future challenges and priorities of the Group.

The 2023 Board Evaluation focused on, inter alia, the following areas:

- **Leadership:** the roles of Directors, functions and effectiveness of the Board and Board Committees.
- **Composition:** Board structure, size, composition, commitment, independence and diversity.
- **Meetings and Processes:** proceedings of meetings, the integrity of financial statements and accounts, the corporate governance framework, the ESG governance framework and risk management process.
- **Decision Making and Accountability – The Board in Action:** performance effectiveness, supply of and access to information, the appropriateness of strategy, and levels of remuneration.
- **Training:** the quality of training, recommendations for future training events.

The 2023 Board Evaluation received a 100% response rate. The Directors perceived the Board and the Board Committees as highly effective, with positive and significant contributions by each Director. A detailed report for the 2023 Board Evaluation ("Evaluation Report") was prepared based on the collective comments of all Directors, which was further submitted to, considered and discussed by the Board with constructive feedback received.

The overall response was positive, and there were no material issues to report. Constructive qualitative feedback was received, particularly on open-ended questions. All Directors are of the view that this evaluation process is a timely opportunity to identify ways to improve performance.



Corporate Governance Report

The Evaluation Report concluded that the Board and its Board Committees continued to operate effectively with well-defined roles and responsibilities. The Board Committees are highly effective in assisting the Board with the management and governance of the Company.

The Directors were generally satisfied with the size, structure, composition, and diversity of the Board, noting the positive efforts made in achieving the gender diversity target, with a high female board representation, and the gradual refreshment of the Board and the Board Committees in the past 2 years.

A diverse board with balanced composition, the leadership of committed and highly engaged chairs of the Board and the Board Committees and productive Board and Board Committee meetings were widely cited as positive achievements of the Board. Directors also indicated that they were satisfied with the independent views and input available to the Board. There was sufficient access to all necessary resources and information, and adequate explanations were provided by the management to facilitate the Board's decision making. The Board's culture of transparency and accountability also encourages an open environment for the candid and constructive exchange of opinions and the exercise of independent judgement.

Directors further agreed that the Company should (i) remain vigilant for systemic risks to the financial system and effectively manage liquidity and leverage; (ii) continue to evaluate the risks and challenges in shaping the Company's strategies and business plans, considering the structural changes; and (iii) continue to heighten attention to the "E" (Environmental) aspect of ESG in our Sustainability framework and strategies.

Based on the findings of the 2023 Board Evaluation, and coupled with ongoing reviews by the Nomination Committee, the Board considered that Board effectiveness was ensured and maintained at all times during the year. The Board will continue to enhance its effectiveness in line with international best practices and in its sustained pursuit of excellent corporate governance.

Accountability

DEFINING CLEAR LINES OF ACCOUNTABILITY

Our corporate governance structure provides clear lines of accountability.

The Board has the responsibility to ensure that the Group is managed in a way that safeguards the interests of the Shareholders. Governed by the **Board of Directors Mandate**, Directors are required to act within their defined and clear authorities and powers. The **Schedule of Corporate Matters Reserved for the Board** further specifies the matters that would affect the Company's overall strategy, corporate governance, finances and Shareholders interest, which are reserved for decision and approval by the Board, whereas the roles and responsibilities of each Board Committees are set out under their respective written **Terms of Reference**. Authority for managing the Group's daily operations and other decisions is delegated to the Executive Committee and supported by various Management Committees. Management of the Group is accountable for ensuring that a similar process of delegation is in place within his/her department or area of responsibility.

The Board is regularly kept up to date on the key events, material transactions, business outlook and financials of the Group through management reports and monthly financial reports. Offering comprehensive and balanced interim assessments between Board meetings, these reports provide the Board with sufficient transparency regarding the Company's operations. To facilitate the decision-making process, senior management are regularly invited to our Board and Board Committee meetings to make presentations and answer any questions the Board and Board Committee members may have.

Board Accountability

The Board and Board Committees are held accountable and responsible to the Shareholders by various means:

- All Directors are appointed by formal letters of appointment, which clearly set out the terms and conditions of their appointments;
- All Directors are subject to rotation and the re-appointments of retiring Directors are subject to Shareholders' approval at AGMs;

- All Directors are required to make full disclosure of their cross-directorships and other commitments in the Company's annual reports;
- All Directors are required to make full disclosure of their associates and any potential connected transactions;
- Significant connected transactions must be approved by Shareholders in accordance with the Listing Rules and/or the full Board in accordance with Hysan's compliance policy, with connected transactions exempt under the Listing Rules requiring to be reported to and confirmed by the full Board after obtaining the Executive Committee's approval;
- All Directors are required to act within their defined authority and powers in accordance with the Group's corporate policies and guidelines, including but not limited to, the Code of Ethics, Board of Directors Mandate, Schedule of Corporate Matters Reserved for the Board and the terms of reference of each Board Committee;
- NEDs and INEDs are additionally subject to the relevant corporate governance policy on the "Roles and Requirements of Non-Executive Directors";
- All Directors are subject to ongoing review by the Nomination Committee as well as evaluation by other Board members;
- All Directors are subject to the Code of Ethics, Anti-Fraud Policy, Anti-Bribery and Corruption Policy and Whistleblowing Policy (which allows an individual to report any irregularity directly to an independent third party, in confidence);
- All Directors are required to review the annual reports, interim reports, announcements and circulars for publication in a timely manner and in accordance with applicable laws and regulations, e.g. the Companies Ordinance and the Listing Rules; and
- Financial statements of the Group are verified and audited by an independent external auditor.

Executives Accountability

The Executive Committee, Management Committees, and senior management of the Company (collectively the "Executives") are held accountable and responsible to the Board by various means:

- Executives are required to make full disclosure of their other commitments;
- Executives are required to make full disclosure of their associates and any potential connected transactions, which may require full Board approval and/or the full Board's review in accordance with Hysan's compliance policy;
- Executives are required to report and send timely updates to the Board on the key events and business outlook of the Group and submit monthly financial reports to the Board so that sufficient transparency is provided about the Company's operations;
- Executives are required to attend relevant sections of Board and Board Committees meetings to answer any questions that the Board and Board Committee members may have;
- Because of their office and duties, Executives are deemed to potentially have access to inside information and are thus subject to the Code for Securities Dealing by Restricted Employees, which governs dealings in the Company's securities; and
- Each Executive is required to declare semi-annually that they have complied with the Code for Securities Dealing by Restricted Employees throughout the relevant period. Each Executive has made such declarations for the year ended 31 December 2023.

Corporate Governance Report

2023 BOARD ACTIVITIES

An outline of the key areas of Board activities during the year is provided below.

Strategy

- Discussed the Group's strategic objectives, reaffirming Hysan's strong commitment to Hong Kong and the continual execution of the strategic plan at the core of Lee Gardens Hong Kong while continuing to build the complementary pillars.
- Discussed business strategy and opportunities for the sustainable growth of the Group in response to structural changes in the industry.
- Reviewed the upcoming challenges faced by the Group and discussed the mitigations, including the strategic move of rejuvenating our core portfolio, sustainability strategy and process, climate change-related compliance as well as cybersecurity.
- Considered and approved the Group's investment and development strategy, including rejuvenation and curation of the Lee Gardens area.
- Reviewed recent business developments, industry trends and market outlook.

Board Composition

- Approved the appointment of Chung Cordelia as an INED, a member of the Remuneration Committee and a member of the Nomination Committee.
- Reviewed the Board's structure, size, composition, diversity, Directors' time commitment, and the independence of the INEDs.
- Considered and approved the Board's refreshment to address regulatory concerns on INEDs' tenure.
- Considered and approved the reshuffling of Board Committees' composition for fresh perspectives while maintaining continuity.
- Reviewed and monitored the training and continuous professional development of Directors and senior management.

Governance and Accountability

- Reviewed, updated and approved key governance-related reports and policies to enhance our corporate governance practices and to align them with the latest developments and changes to the Listing Rules, the CG code and other relevant regulatory requirements. This included:
 - Schedule of Corporate Matters Reserved for the Board
 - Anti-fraud Policy
 - Board of Directors Mandate
 - Corporate Governance Guidelines
 - Shareholder Communication Policy
- Reviewed operational compliance of legal and regulatory requirements and related policies.
- Reviewed and updated the terms of reference of Board Committees.
- Considered and discussed feedback on the 2023 Board Evaluation, the evaluation process and the constructive insights and action plans, as appropriate.
- Received the reports from the chairs of all Board Committees, including updates on the proceedings of their meetings, key discussion points and areas of concern.
- Reviewed and approved connected transactions.
- Approved proposed resolutions to put forward to the AGM and the publication of related circular.

Financial, Operational and Business Performances

- Considered the financial performance of the business.
- Considered and approved the annual budget and treasury policy.
- Reviewed the interim and annual results, and approved the interim and annual reports.
- Approved and declared the payment of the first and second interim dividend.
- Reviewed and discussed financial forecasts and capital structure management.
- Reviewed operating results and regular updates of the Group's core businesses (i.e. office, retail, residential and property development segments) and pillars.
- Regular review of the Dividend Policy.

Risk Management and Internal Controls

- Reviewed the Group's risk appetite and assessed external and internal risk level movements and mitigating actions.
- Reviewed the effectiveness of Hysan's risk management and internal control systems.
- Met with the Company's valuers regularly during the year to discuss the portfolio valuation.
- Reviewed the major risks the Group faces including, but not limited to, the risks related to climate change, and cybersecurity threats.
- Reviewed and considered the Group's cybersecurity framework.

Remuneration and Incentives

- Reviewed and evaluated Directors' fees.
- Reviewed compensation for the senior management.
- Reviewed staff development plans and approved the adoption of a new long-term incentive scheme to retain and motivate high-performing individuals.

Sustainability

- Reviewed and considered the quarterly sustainability progress of the Group.
- Considered and approved the Sustainability Report.
- Considered and adopted the Sustainability Procurement Policy and Suppliers' Code of Conduct.
- Reviewed the management's ongoing monitoring of ESG-related risk.
- Reviewed the adequacy of resources of the Group's ESG functions.

Corporate Governance Report

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2023, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the 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 Company

Name	Number of ordinary shares held				Total	% of the total no. of issued shares (Note)
	Personal interests	Family interests	Corporate interests	Other interests		
Lee Irene Yun-Lien	479,100	–	–	–	479,100	0.046
Lui Kon Wai	100	–	–	–	100	0.000010
Lee Chien	970,000	98,000	–	–	1,068,000	0.103

Note:

The percentages were computed based on the total number of issued shares of the Company as at 31 December 2023 (i.e. 1,027,008,223 ordinary shares).

EDs have been granted share options under the Company's share option scheme adopted on 10 May 2005 (the "2005 Scheme") and/or the scheme that was adopted on 15 May 2015 (the "2015 Scheme"), details of which are set out in the section "Long-term Incentives: Share Option Schemes" on page 110. These constitute interests in underlying shares of equity derivatives of the Company under the SFO.

Apart from the above, as at 31 December 2023, no other interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations as defined in the SFO were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as its own code of conduct regarding the securities transactions of the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2023.

DIRECTORS' DISCLOSURE ON CONFLICTS OF INTEREST

The Board has a process in place to regularly review and resolve situations where a Director may have a conflict of interest.

To ensure compliance with disclosure requirements on potential conflicts of interests, all Directors are required to disclose to the Board the following information in relation to their interests upon appointment and on an annual basis:

- The number and nature of offices they hold in public companies or organisations and other significant commitments (if any) and their time engagements (and immediately if there is any change);
- Their interests in contracts with the Group; and
- Whether he or she has an interest in any business that competes with the Group.

In addition, all Directors are required to declare the nature and extent of their interests, if any, in any transaction, arrangement or other proposal to be considered by the Board.

In 2023, all Directors fulfilled the above disclosure requirements. No potential conflict of interest was determined by the Board to be material, except for the continuing connected transactions and connected transaction as disclosed in the Directors' Report on pages 128 to 130, which were reviewed in the Board meeting in February 2024.

Directors' Interests in Contracts

During the year, certain Directors had interests, directly or indirectly, in contracts with the Group. These contracts constituted related party transactions, continuing connected transactions, connected transactions or contracts of significance under applicable accounting or regulatory rules (details are disclosed in the "Directors' Report").

Directors' Interests in a Competing Business

The Group is principally engaged in property investment, development and management of high-quality investment properties in Hong Kong. The following Directors (excluding INEDs in accordance with Listing Rules disclosure requirements) were considered to have interests in other activities (the "Deemed Competing Business") that compete or are likely to compete with the said core business of the Group, all within the meaning of the Listing Rules:

- Jebsen Hans Michael and his alternate, Yang Chi Hsin Trevor, are directors of Jebsen and Company and certain of its subsidiaries (the "Jebsen Group"). Business activities of the Jebsen Group include investment holding and property investment in both Hong Kong and the People's Republic of China. Jebsen Hans Michael is also a substantial shareholder of the Jebsen Group.

Jebsen Hans Michael is an independent non-executive director of The Wharf (Holdings) Limited whose business includes, inter alia, property investment, development and management in both Hong Kong and the People's Republic of China.

Jebsen Hans Michael retired as a Non-executive Director and Yang Chi Hsin Trevor ceased to be his alternate with effect from 16 May 2023.

- Lee Chien was an independent non-executive director of Swire Pacific Limited whose business includes, inter alia, property investment and trading in Hong Kong, the People's Republic of China and the United States of America. He retired as an independent non-executive director of Swire Pacific Limited with effect from the conclusion of its annual general meeting held on 11 May 2023.

The Company's management team is separate and independent from that of the companies identified above. In addition, the relevant former Director/former alternate Director/Director hold non-executive roles and are not involved in the Company's day-to-day operations and management.

For the reasons stated above, coupled with the diligence of the INEDs and the Audit and Risk Management Committee, the Group is capable of carrying on its business independent of and at arm's length from the Deemed Competing Business.

Corporate Governance Report

OUR RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Control

Our risk management and internal control framework forms an essential part of our Governance Framework.

The Board has the overall responsibility of maintaining an effective and robust risk management and internal control system, determining the Group's risk appetite, and putting controls in place to mitigate risks in line with our long-term and strategic goals and targets.

With the support of the Audit and Risk Management Committee and the internal audit function, the Board oversees and reviews the Group's risk management and internal control system on an on-going basis, adopts appropriate policies and reviews the effectiveness of the systems at least annually in respect of the relevant financial year. The roles and responsibilities of each function/business unit are underpinned by the "Three Lines of Defence" model, with the first line to identify and manage risks, second line to oversee the management of risks, and third line to assess and advise on risk controls.

Details of our Risk Management and Internal Control Framework and activities during the year are set out in the "Risk Management and Internal Control Report" on pages 89 to 97.

Internal Audit

The internal audit function is carried out by the Group Internal Audit Department ("GIA"), which serves as the third line of defence independent of management and directly reports to the Audit and Risk Management Committee.

The GIA plays a major role in providing independent and objective assurance on risk management and internal controls as well as practices and procedures of the Group in conducting business, including the leasing business, accounting and financial reporting, and corporate communications processes, from time to time. The GIA is responsible for ensuring that our business affairs are conducted in full compliance with our corporate policies and guidelines. The GIA also examines and suggests areas of improvement for our corporate policies and guidelines.

Details of our internal audit activities during the year are set out in the "Risk Management and Internal Control Report" on page 97.

Operation Control

Our business is operated through a clear chain of delegation of authority and responsibility, from the Board to the Executive Committee and from the Executive Committee to the responsible business units.

To set out clear lines of accountability and maintain effective control, the Group has adopted comprehensive corporate policies and guidelines detailing our practices and procedures in carrying out our business. Key policies, guidelines and procedures are reviewed annually to ensure they are up to date and able to address the latest business developments and risks that the Group's operation faces.



The risk framework adopted provides a very good checklist to characterise risk components, size and pace of risk, and therefore how to respond.

Directors' comments received in Board Evaluation 2023



The Committee is highly skilled and knowledgeable in monitoring and mitigating both existing and emerging risks.

Directors' comments received in Board Evaluation 2023

Heads of business and supporting units are the risk managers and first line of defence to ensure full compliance with all applicable corporate policies and guidelines in their day-to-day operations. Heads of control functions, as the second line of defence, are responsible for enforcing and monitoring the effectiveness of internal controls and ensuring risks are effectively managed in accordance with the risk monitoring and assessment process.

Our Group's compliance policy sets out the control process for the early identification and recording of non-compliance in order to prevent and/or mitigate risks and potential loss. Each business unit, support unit and control function are required to report any irregularity or non-compliance immediately to the compliance team and submit a full compliance report twice a year, which will then be reported to the Audit and Risk Management Committee for confirmation.

The Group's reporting process and financial management are also part of our internal controls. The Board, supported by the Audit and Risk Management Committee, monitors the integrity of the Group's reporting process and financial management. It scrutinizes the full- and half-year financial statements and reviews in detail the work of the external auditor and external valuer, as well as any financial judgements and estimates made by the management.

In addition, our Legal and Secretarial Department issues quarterly legal and regulatory updates to the Board and reviews and updates our corporate policies and guidelines regularly to ensure compliance with the latest legal and regulatory requirements and international best practices, incorporating any suggestions from the GIA.

Through these means, we are able to effectively monitor compliance, prioritize each case identified, and ensure accurate reporting and timely follow-up.

Financial Reporting

The Board acknowledges its responsibilities for:

- preparing financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and that of the Group as at the end of the financial year and of their respective profit or loss for the year then ended, in accordance with Hong Kong Financial Reporting Standards, the Listing Rules and the Hong Kong Companies Ordinance;
- selecting suitable accounting policies and applying them on a consistent basis, making judgments and estimates that are prudent, fair and reasonable;
- stating the reasons for any significant departure from accounting standards;
- preparing the financial statements on a going concern basis, unless it is not appropriate to presume the Company and the Group will continue in business for the foreseeable future; and
- keeping proper accounting records for safeguarding the assets of the Company and of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance Report

Inside Information

The Group has adopted the Corporate Disclosure Policy, which sets out the procedures and controls for the handling and dissemination of inside information, with a particular focus on the disclosure of material information to investors, analysts and media. This policy also identifies spokespersons and clearly outlines the responsibilities for communication with each Stakeholder group. Details are available on the Company's website: www.hysan.com.hk/governance.

Hysan has also established the Disclosure Committee, which promotes consistent disclosure practices with the aim of ensuring the timely, accurate, complete and fair dissemination and disclosure of inside information of the Group in accordance with applicable laws, regulatory requirements and the Corporate Disclosure Policy.

For any matter involving potentially price sensitive or inside information, business units are required to escalate the matter to the Disclosure Committee. The Disclosure Committee will assess the materiality and nature of the information and advise the Board promptly whether such information constitutes inside information and the necessary disclosures and/or appropriate follow-up actions. All discussions are recorded in the formal meeting minutes of the Disclosure Committee for the Board's inspection upon request.

Whistleblowing, Anti-Bribery and Corruption, and Other Key Group Policies

Hysan is committed to high standards of integrity, ethics, openness, accountability and good corporate governance. Our internal control framework requires that we operate in compliance with all applicable laws and regulations, and we have in place policies and procedures that embed our values and commitments in key aspects of our operation, including anti-fraud, taxation and human rights. Details of our policies are available on the Company's website: www.hysan.com.hk/governance.

Hysan has put in place a Whistle-blowing Policy to provide a clear procedure for the reporting and handling of whistleblowing cases, which enables anyone (employees or third parties) who becomes aware of any existing or potential misconduct, malpractice or irregularities related to the Group to directly report to the Group's designated independent third party in confidence and with anonymity. The cases will be reported to the Audit and Risk Management Committee and be investigated in a confidential and timely manner. Results of the investigations will be reported to the Audit and Risk Management Committee, copying the GIA.

To promote a culture of integrity and honesty within the Group, the Anti-bribery and Corruption Policy was also adopted by the Board in 2022 to reinforce our existing anti-corruption system and practices embedded in our Code of Ethics.

We consider that our Code of Ethics, Anti-Fraud Policy and Anti-bribery and Corruption Policy, together with our Whistle-blowing Policy, form key elements of our internal control framework. To ensure integrity in our business practices and promote Hysan's core values and desired culture, all staff receive regular trainings on our Code of Ethics.

No regulatory breaches or confirmed cases of misconduct, malpractice or irregularity were reported in 2023.

SUSTAINABILITY

Sustainability Governance

A governance framework is crucial for the successful delivery of our sustainability strategy. The Board has the overall responsibilities for sustainability matters and established the Sustainability Committee in 2020 to support the Board in overseeing the Group’s corporate responsibility, sustainable development and climate change positions.



The Sustainability Committee is primarily responsible for overseeing, assessing, and managing any ESG related risks and issues, as well as bringing any such risks to the attention of the Board and the Audit and Risk Management Committee. As part of the Group’s overall risk management framework, any ESG related risks identified by the Sustainability Committee would be integrated into our overall enterprise risk management process, adopting the same set of risk assessment criteria.

The management level Sustainability Executive Committee and the operational level Sustainability Task Force ensure that the sustainability strategies and practices are integrated into the Group’s operations. They are also responsible for assisting the Board and the Sustainability Committee with identifying targets, exploring new initiatives, and identifying and managing any ESG related risks.

Corporate Governance Report

Sustainability Performance

During the year, the Board continued to further our sustainability strategy with a Community Business Model, focusing on environmental operations management and sustainable construction for our new developments and major enhancement works, as well as offering various social sustainability initiatives to our community.

Details of Hysan's sustainability framework and activities during the year are set out in:

- Sustainability Report 2023 available on Hysan's website: www.hysan.com.hk.
- The "Sustainability Committee Report" on pages 118 to 120.
- A summary of the Sustainability Report on pages 121 to 123.

The Sustainability Report is distributed electronically to reduce resource consumed for printing and distribution of hard copies. It is available for public viewing on Hysan's website (www.hysan.com.hk) and the Stock Exchange's website (www.hkexnews.hk). Limited copies are printed and distributed primarily to our Shareholders.

Engagement

Hysan believes that continued engagement and communication are keys to building trust and understanding between the Company and its Stakeholders. We attach great importance on engaging our Stakeholders, including Shareholders, employees, investors, and the wider community. Through various effective communication channels, we articulate our VMVs, keep our Stakeholders informed about our business strategies and outlook, understand their views and address their concerns.

SHAREHOLDERS ENGAGEMENT

Hysan maintains an open and constructive dialogue with its Shareholders and provides them with the information necessary to make sound investment decisions.

The importance of communication with Shareholders and investors of the Company has been recognized with the adoption of the Shareholder Communication Policy, which governs our framework for providing Shareholders with ready, equal and timely access to balanced and easily comprehensible information about the Company. The Shareholder Communication Policy was updated in 2023 to emphasize our commitment to enhancing communication with Stakeholders sustainably in accordance with the expanded paperless regime under the Listing Rules.

With the following measures in place, the Shareholder Communication Policy is considered to have been effectively implemented throughout the year ended 31 December 2023:

- Interim and annual results, the interim and annual reports and other corporate communications of the Company ("Corporate Communications")^{Note} are published in a timely manner on the Stock Exchange and Company's websites in accordance with the Listing Rules;
- The 2023 AGM was held in a hybrid format, which broadened the reach of the AGM to Shareholders who do not wish to attend in person or for oversea Shareholders who are not able to attend in person. Shareholders were given the opportunity to meet the Directors and senior management and to raise questions in person or via a real-time online portal. Please refer to the "General Meetings" section below for further details;
- On-going engagement has been maintained with the media, analysts and institutional investors through various communication channels, e.g. news conferences and analyst briefings held following the announcement of the 2022 final results and the 2023 interim results through live webcasts, press conferences, and face-to-face meetings. Questions were raised to the senior management through both the online portal and during the press conferences;

- Press releases and presentation materials were posted on the Company's website to facilitate Stakeholders' understanding of the Group's latest developments and to promote transparency;
- Shareholders with at least 5% of the total voting rights of all Shareholders can convene extraordinary general meetings;
- Shareholders' enquiries are promptly addressed by the appropriate Board Committees or the Board, if necessary;
- For the purpose of enhancing communication, all Shareholders are welcome to provide their feedback and views on various matters affecting the Company to the Directors or senior management through the Company Secretary;
- Shareholders are encouraged to access our Corporate Communications electronically via the Company's website as an effective and sustainable communication channel;
- Major nominee companies are invited to forward communication materials to Shareholders at our expense; and
- Proxy advisors are proactively engaged on the latest corporate governance trends.

Note:

"Corporate Communications" refers to any document issued or to be issued by Hysan for the information or action of holders of Hysan's securities including without limitation, interim/annual reports, notices, circulars, and proxy form of the Company and all other "corporate communications" as defined in the Listing Rules.

REPORTING AND TRANSPARENCY

Hysan commits to maintaining a high standard of transparency and keeps Shareholders and other Stakeholders abreast of the Company's financial and non-financial performances as well as strategy and outlook. The Group ensures these reporting and communication are provided in a timely, transparent and accessible manner by publishing:

- its interim and annual reports within three months of the financial period/year end;
- announcements (and circulars, where required) on material information or developments as required by the Listing Rules and/or the SFC, or voluntarily as the Board considers appropriate;
- in accordance with the requirements of the Listing Rules, all Corporate Communications on the Company's website, biographies of the Directors and the senior management, business and sustainability developments, the governance structure, financial calendar, and other news and developments at Hysan; and
- press releases, presentation materials and webcasts on the Company's website, in conjunction with the Company's AGM and results announcement.

Corporate Communications will be provided to Shareholders in plain language and in both English and Chinese for Shareholders' ease of understanding. Shareholders have the right to choose their preferred language (English or Chinese) and/or means of receipt (print or electronic) free of charge, at any time, with reasonable notice in writing, to the Company or the Company's Registrar or by e-mail to hysan14-ecom@hk.tricorglobal.com or cosec@hysan.com.hk, respectively.

DIVIDEND POLICY

The Company is committed to providing our Shareholders with sustainable and outstanding returns. All Shareholders are entitled to receive dividends according to our Dividend Policy. Dividend payment shall be determined based on the Group's financial performance, future capital requirements, and general economic and business conditions, etc.

The financial calendar and dividend-related dates for the year ended 31 December 2023 are set out in "Shareholder Information" on page 214.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

The Board is committed to treating all Shareholders equitably and fairly. The rights of our Shareholders are well recognised and effectively protected by

- the right to receive declared dividends and to vote and attend general meetings; and
- the right to convene general meetings and to put forward proposals for consideration at general meetings.

A general meeting of Shareholders can also be convened by the Board or with a written request signed by Shareholders holding at least 5% of the total voting rights of all the Shareholders. The Group's Procedures for Shareholders to Convene General Meetings/Put Forward Proposals are available on the Company's website.

GENERAL MEETINGS

Hysan's AGMs are usually held in the month of May each year. Serving as a key channel of communication with our Shareholders, AGM provides Shareholders with the opportunity to understand the business performance of the Company. Our Board members, in particular, the INEDs and the chairmen of Board Committees (or their delegates), senior management and external auditors, attend AGMs and engage with our Shareholders to understand their feedback and answer their questions.

To ensure our Shareholders have sufficient time to consider the proposed resolutions, AGM notices, circular and other documents, are dispatched to Shareholders more than 30 days prior to the AGMs. Comprehensive information is also given on each resolution to be proposed.

Since 2004, all votes at AGMs have been taken by poll. The poll is conducted and scrutinized by the Company's Registrar. Procedures for conducting the poll are explained at the AGMs prior to the taking of the poll. Poll results and Directors' attendance at the AGM are announced and posted on the websites of both the Stock Exchange and the Company.

2023 Hybrid AGM

The 2023 AGM was held in a hybrid format on 16 May 2023 with online attendance and physical attendance at the Principal Meeting Place at The Community Lab, 24/F, Lee Garden Five, 18 Hysan Avenue, Hong Kong.

Apart from attending and voting at the AGM in person at the Principal Meeting Place, Shareholders were given the option of attending and voting at the AGM through the live online webcast system ("e-Meeting System").

Shareholders attending the AGM via the e-Meeting System were also counted towards the quorum.

The e-Meeting System, which allows Shareholders to view the live meeting proceedings, submit questions by text to the interactive platform for Q&A, call to raise questions and vote online in real-time, offers Shareholders with the same participation and voting rights as those attending in person. Shareholders are encouraged to make use of the e-Meeting System to view the live meeting proceedings and participate in voting.

Holding hybrid AGMs promotes inclusivity, engagement and transparency, facilitates Shareholders' participation by providing convenient access and overcoming geographical constraints and space limitations, protects Shareholders' right to attend general meetings. The Online AGM enabled our Shareholders to participate in the 2023 AGM from anywhere with an internet connection and to meet with our Board members, senior management and auditors as if they were attending in person. This arrangement has also broadened the reach of the AGM and provided flexibility to our Shareholders who do not wish to attend in person or for other overseas Shareholders who are unable to attend in person.

Key matters resolved at the 2023 AGM included

- Receipt of the Statement of Accounts for the year ended 31 December 2022 and the Reports of the Directors and Auditor thereon;
- Re-election of Lee Irene Yun-Lien as Director;
- Re-election of Churchouse Frederick Peter as Director;
- Re-election of Lee Chien as Director;
- Re-election of Lee Tze Hau Michael as Director;
- Re-appointment of Deloitte Touche Tohmatsu as Auditor;
- Granting of a general mandate to allot, issue and deal with additional shares in the Company (not exceeding 10% of the number of its issued shares, and the discount for any shares to be issued shall not exceed 10%); and
- Granting of a general mandate to repurchase shares in the Company (not exceeding 10% of the number of its issued shares). All resolutions proposed at the 2023 AGM were passed by the Shareholders.

2024 AGM

The 2024 AGM will be held on 5 June 2024. Details of the meeting are set out in the notice of the 2024 AGM, which constitutes part of the circular to Shareholders sent together with this Annual Report. Notice of the 2024 AGM and the proxy form are also available on the websites of both the Stock Exchange and the Company.

Corporate Governance Report

INVESTOR RELATIONS

Hysan is committed to maintaining open and constructive dialogue via effective two-way communication with its Stakeholders, as well as fixed-income investors, analysts and credit rating agencies.

We provide regular updates on Hysan's operating and financial performances through a variety of channels to keep our Stakeholders informed about the business environment and how the Company responded to risks and challenges. Regular virtual and face-to-face meetings and conference calls with institutional investors as well as live webcasts and press conference for our post-results briefing were hosted by our senior management.

A dedicated Investor section that provides timely updates on the Company's business performance and key developments is also available on the Company's website: www.hysan.com.hk/investor.

Calendar of our Main Investor Relations Events

2023 1st Half	2023 2nd Half
<ul style="list-style-type: none">• Annual results announcement<ul style="list-style-type: none">– Press conference– Analyst briefing (live webcasts were also available)• Post-results roadshows• Annual General Meeting• Investor conferences	<ul style="list-style-type: none">• Interim results announcement<ul style="list-style-type: none">– Press conference– Analyst briefing (live webcasts were also available)• Post-results roadshows

CONSTITUTIONAL DOCUMENTS

The Company did not make any changes to its constitutional documents during the year ended 31 December 2023. The up-to-date consolidated version of the Company's constitutional documents is available on the websites of both the Stock Exchange and the Company.

By Order of the Board

Lee Irene Yun-Lien

Chairman

Hong Kong, 22 February 2024

Risk Management and Internal Control Report

RESPONSIBILITY

Responsibility for risk management is shared between the Board and the management of the Group. The Board has overall responsibility for reviewing and maintaining sound and effective risk management and internal control systems, while the management’s role is to design and implement such systems and report to the Board and the Audit and Risk Management Committee regarding the identification and management of risks. This process is crucial for achieving the Group’s business objectives.

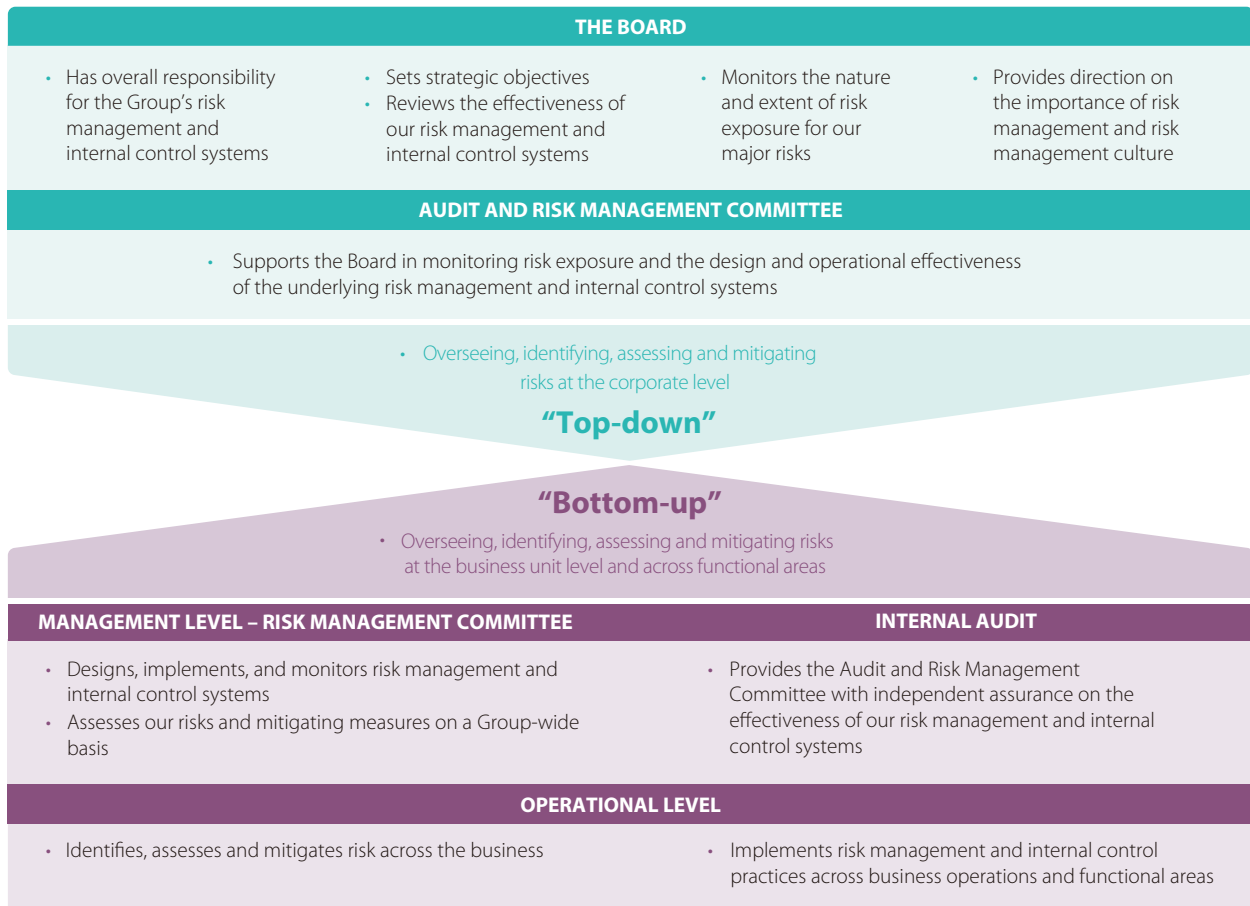
OUR RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Audit and Risk Management Committee supports the Board in monitoring the Group’s risk exposures and overseeing the design and operational effectiveness of its underlying risk management and internal control systems. Acting on behalf of the Board, the Audit and Risk Management Committee consistently supervises the following processes:

- i. Reviewing the Group’s principal business risks and the control measures used to mitigate, transfer or avoid such risks; the strengths and weaknesses of the Group’s overall risk management and internal control systems; and action plans to address such weaknesses or improve the assessment process;
- ii. Reviewing reports by the GIA on the Group’s business processes and operations, including action plans to address any control weaknesses identified, and receiving status updates and monitoring the implementation of such audit recommendations; and
- iii. Reviewing reports by the Group’s external and internal auditors regarding any control issues identified in the course of their work, and discussing with external and internal auditors the scope of their respective reviews and findings.

The Audit and Risk Management Committee reports its findings to the Board, which then takes them into consideration in forming its own view of the effectiveness of the Group’s risk management and internal control systems.

Hysan’s Top-Down/Bottom-up Risk Management Framework



Risk Management and Internal Control Report

2023 REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

In respect of the year ended 31 December 2023, the Board, with confirmation from the ED&COO, CFO, Head of Internal Audit and General Counsel & Company Secretary, considered the Group's risk management and internal control systems to be effective and adequate. No significant areas of concern that may affect the financial, operational and compliance controls, ESG compliance, internal audit, risk management and internal control functions of the Group were identified. The Group's risk management and internal control systems are designed to manage rather than to eliminate the risks of failure to achieve its business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

During the review, the Board also considered the resources and staff qualifications/experience of the Group's internal audit, accounting, financial reporting and business support functions, and found their training and budgets to be adequate.

OUR RISK MANAGEMENT AND INTERNAL CONTROL MODEL

Our risk management and internal control model is based on that of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the U.S., but with due consideration given to our organizational structure and business nature.

Our model has five components. The following section describes how the model fits our operational and control environment.

- **Control Environment** – We have a strong tradition of good corporate governance and are committed to maintaining high standards of integrity, openness, probity and accountability. A formal Code of Ethics is communicated to all staff, including new recruits. We have maintained a separate Whistleblowing Policy since 2016, under which whistleblowers can raise concerns in confidence through an independent third party, who then reports cases to the Audit and Risk Management Committee. In January 2021 and November 2022, we adopted a separate Anti-Fraud Policy and an Anti-Bribery and Corruption Policy respectively to promote an ethical corporate culture and emphasize our "zero tolerance" attitude to fraud, bribery and corruption. In November 2023, we updated the Anti-Fraud Policy to further reinforce a healthy and desired corporate culture and high standards of integrity and ethics. During the year, no material related issues were raised.

Following the Risk Management Guidelines developed in 2020, we adopted a Risk Appetite Statement in June 2021 that articulates the Group's principles regarding risk acceptance in pursuit of its strategic mission and business objectives. The statement defines the type of risk scenarios the Group should avoid and not to become exposed to, taking the varying levels of exposure into consideration.

- **Risk Assessment** – We continually improve our risk management process and the quality of information generated, while maintaining a simple and practical approach. We seek to embed risk management into all our operations (including retail, office, residential, property management and technical services, projects, marketing, and investment and strategic development) and functional areas (including finance, human resources and administration, business technology, legal and secretarial, corporate communications and sustainability departments).

Department heads review and update their risk registers on an annual basis, providing assurance that controls are appropriately embedded and operating effectively.

At the management level, the Risk Management Committee, comprising the Chairman, ED&COO, CFO, Group Financial Controller and Head of Internal Audit, sets relevant policies and regularly monitors potential weaknesses and action items. The Committee is also responsible for identifying and assessing macro and strategic risks, including emerging risks.

This bottom-up approach, in which operating unit heads identify operational risks, is combined with top-down stewardship to ensure a comprehensive assessment of the Group's major risks. Discussion sessions with all department heads further enhance the participatory and interactive aspects of our overall risk assessment and risk challenge process.

- **Control Activities** – Our business operations involve well-established business processes. The Group's control activities have traditionally been based on supervisor reviews, the segregation of duties, and well-defined physical and digital control points. These control policies have been formalized as written policies and procedures, with defined limits of delegated authority and segregated duties and controls.

The annual budgeting and planning process, one of our key control activities, takes into consideration all risk factors as well as the prevailing economic conditions and social trends. All operating units, in preparing their respective plans, are required to identify material risks that may have an impact on the achievement of their business objectives.

Action plans to mitigate identified risks are then required to be developed for implementation. Variance analyses are regularly performed and reported to the management and the Board, helping to identify deficiencies for which timely remedial actions can be taken.

The monitoring of major project expenditures is another significant control activity, as this represents a particularly capital-intensive aspect of our property business. For each project, a detailed analysis of expected risks and returns is submitted to the operating unit heads, ED&COO, CFO, Chairman and the Board for approval as appropriate. Criteria used to assess projects' business and financial feasibility are generally based on net present value, the payback period and the internal rate of return from projected cash flow, sensitivity analysis and life cycle analysis.

Management also conducts internal control self-assessment on an annual basis. All department and unit heads must complete a relevant control self-assessment questionnaire and confirm with management that appropriate internal control policies and procedures have been established and properly complied with.

- **Monitoring Activities** – The Board and the Audit and Risk Management Committee oversee the control process with assistance from our Internal Audit team. Management provides updated reports to the Audit and Risk Management Committee on major risks and appropriate mitigating measures on a regular basis. In 2023, the Audit and Risk Management Committee held four meetings (2022: four meetings) to address dynamic risks and enhance the risk management oversight function. Each meeting included a dedicated discussion of risk management, internal control systems and recent developments.

RISK MANAGEMENT PROCESS

The Group has a robust process to review and communicate risks across its multi-level risk governance structure. This consists of (i) an ongoing process integrated into its day-to-day operations, in which risk owners dynamically evaluate and report any emerging risks they encounter to the Risk Management Committee, and (ii) a periodic risk assessment process through which key risks identified by management are systematically assessed on a regular basis.

Ongoing Risk Monitoring Process

Risk owners and the Risk Management Committee promptly make assessments and take action in response to new or emerging risks. This is a continuous and interactive process that includes communication and consultation with Stakeholders.

- New risk confronted / anticipated
- Immediate risk review
- Assess risk
- Assess mitigation actions
- Notify parties
- Brainstorm and communicate
- Enforcement

Regular Risk Assessment Process

Risk Assessment

- Review and highlight key risks across different dimensions at the business unit level
- Analyse risks through detailed consideration of likelihood, impact and velocity, using established risk criteria

Risk Treatment

- Decide how to treat risks, based on the approaches of "Terminate, Transfer, Treat and Take" (or a combination thereof, where applicable)

Residual Risk and Risk Tolerance Level

- Collate the residual risk status (after risk treatment) with the risk tolerance level for each key risk
- Determine any further actions needed to close any risk gap

Risk Reporting

- Translate risk registers into a risk radar
- Effectively summarize and reflect the prioritized key risks of the Group

Risk Management and Internal Control Report

HYSAN'S "THREE LINES OF DEFENCE" MODEL

Clear responsibilities and robust controls are vital to help manage risks. Since 2017, we have reinforced our risk governance structure by adopting the "Three Lines of Defence" model to address how specific duties related to risk and control should be assigned and coordinated within the Group. This has reinforced Hysan's risk management capabilities and compliance culture across all divisions and functions.



The model aims to reinforce Hysan's risk management capabilities and compliance culture throughout the Group. The responsibilities of each of the defence lines are as follows:



OUR RISK PROFILE

Our approach for managing risk is underpinned by our understanding of our current risk exposures as well as how our risks are changing over time. The following table illustrates the nature of our major risks. Further analysis of our strategies is set out in other sections of this Annual Report as indicated below.

Risk area	Risk level changes during 2023	Description of risk change	Our mitigating measures
Overall business environment	▲	<ul style="list-style-type: none"> Uncertainties arising from geopolitical tensions, US elections and trade flow disruptions continue to loom over global trade, the economy, and financial markets. Continuation of high interest rate environment and tightening by central banks in the US and in Europe risk economic recession. Economic recovery lacks strength. 	<ul style="list-style-type: none"> Fine-tune our strategy execution programme with a focus on financial discipline; preserve liquidity in order to navigate the short-term shocks. Continue to improve operation efficiency and productivity and prioritize resources to capture and support business recovery. Focus on core portfolio curation to defend asset value and tap into new growth pillars for new sources of growth.
Office sector	▲	<ul style="list-style-type: none"> Local leasing demand remained weak. Average rents for Grade A offices in Hong Kong decreased in 2023 and may continue to decline with overhang vacancy and new upcoming supply. Co-working and work-from-home models continued to disrupt the traditional office leasing business. 	<ul style="list-style-type: none"> Diverse and flexible leasing efforts and maintaining a diversified tenant mix to ensure a more resilient tenant portfolio. Offer tailored solutions to increase marketability of office units. Embrace the co-working trend by collaborating with strong and leading co-working brands. Aim for mutual empowerment with our Retail portfolio.
Retail sector	▲	<ul style="list-style-type: none"> Decrease in consumer spending due to higher interest rates and downturn in the local property and stock markets. Competition due to new supply of malls. Changes in tourist and consumer behaviour from merchandise to experiential trades. Competition from Shenzhen, Hainan and other major cities. 	<ul style="list-style-type: none"> Enhancing the trade mix and shopping experience via our rejuvenation projects in the Lee Gardens portfolio to reinforce our position as the home of luxury flagships and as a trendsetter. Diverse and flexible leasing efforts as well as active curation of tenant mix to ensure a more resilient and sustainable tenant portfolio. Strengthen our long-term partnerships with strategic tenants. Achieve appropriate and balanced customer profile for the local resident and tourist market segments. Use mobile and business technology to drive loyalty programmes as well as shopping experiences that distinguish our offerings. Focus on marketing efforts to target relevant existing and potential new shoppers.
Residential sector	▲	<ul style="list-style-type: none"> Uncertainties in the economy affected demand for luxury residential units from expatriates. 	<ul style="list-style-type: none"> Flexible leasing offers to meet customer needs. Continue to invest in the enhancement of services and spaces of residential units and common areas to attract new tenants and improve rents.

Risk Management and Internal Control Report

Risk area	Risk level changes during 2023	Description of risk change	Our mitigating measures
Tai Po Residential Development Project	▲	<ul style="list-style-type: none"> Slower sales progress due to inactive residential sales market and higher interest rates, resulting in higher holding costs. 	<ul style="list-style-type: none"> Fine-tune our sales programme and incentives to capture market demand at the right moment.
Caroline Hill Road Commercial Development Project	—	<ul style="list-style-type: none"> Clouded outlook for commercial properties as uncertainties in local and global economies remained. Global inflation and supply chain disruption may lead to uncertainties in construction costs and progress delay. Foundation works completed in 2023 and superstructure works commenced. Project progress was satisfactory. 	<ul style="list-style-type: none"> Ensure the project is carefully and professionally designed to fit up-and-coming market demand and be competitive. Develop the project with best-in-class green building standards and impactful yet practical sustainability features. Management committee closely monitors the tender process and construction programme to manage construction costs and progress.
To Kwa Wan Residential Development Project	—	<ul style="list-style-type: none"> Clouded outlook for residential development properties as uncertainties in local and global economies remained. Global inflation and supply chain disruption may lead to uncertainties in construction costs and delay progress. Project progress was satisfactory. 	<ul style="list-style-type: none"> Ensure the project is carefully and professionally designed to fit up-and-coming market demand and be competitive. Approach the market at the right moment. Management committee closely monitors the tender process and construction programme to manage construction costs and progress.
Shanghai Investment Property – Lee Gardens Shanghai	—	<ul style="list-style-type: none"> Enhancement of Office area was completed, and leasing commenced in first quarter of 2023. Enhancement of Retail area continued with satisfactory progress. Recovery of local economic activities lacked strength; office demand and rental remained suppressed. 	<ul style="list-style-type: none"> Asset management plan, financial and operation controls and compliance procedures are clearly formulated and implemented according to local operation needs. Strong and experienced local team is formed with support from Hong Kong Head Office.
Human Resources	—	<ul style="list-style-type: none"> Competition for skilled personnel to support our growth strategy, including both frontline operations and management positions remained fierce. 	<ul style="list-style-type: none"> Improve working environment and benefits with an emphasis on wellbeing, to help recruit new employees and retain talented people more effectively. Enhance staff productivity with technology and process automation. Grow and develop talent via Mobile Learning, Hysan Forum and our Leadership Programme. Attract or retain talent via Management Trainee Program, Agile Leader Program and so on. Strengthen our employer brand.

Risk area	Risk level changes during 2023	Description of risk change	Our mitigating measures
Cybersecurity	▲	<ul style="list-style-type: none"> Increased risk of cybersecurity attacks on corporations can lead to operational hazard, reputational damage and claims from third parties. 	<ul style="list-style-type: none"> Regular cybersecurity reviews and upgrades to mitigate risks. Release a new security awareness programme to all company staff to raise awareness of cybersecurity. Engage external professionals to perform a technical review of corporate infrastructure. Put in place cybersecurity policies and procedures, as well as insurance for cyber risk. Information on cybersecurity risk and protection guidelines are available to all staff. Ongoing monitoring of key risk indicators.
ESG (including climate change)	—	<ul style="list-style-type: none"> Increasing attention from investors and the general public on public companies' ESG performance, including their management of climate risks. New requirements on compliance. 	<ul style="list-style-type: none"> Review continuously the requirements of ESG compliance and the expectations on sustainability performance from internal and external Stakeholders. Establish Climate Change Policy and update other sustainability-related policies, such as the Environmental Policy and Health & Safety Policy. Engage professional independent consultant(s) to conduct gap assessment towards the objective of net zero carbon. Devise a climate action roadmap, including both short and long-term initiatives. Plan for scenario analyses on physical and transition risk assessment, as per recommendations of TCFD. Adopt further technology and innovative solutions in support of Hysan's decarbonization journey. Increase use of sustainable financing for green and social initiatives.

Risk Management and Internal Control Report

Risk area	Risk level changes during 2023	Description of risk change	Our mitigating measures
Environmental Management regarding Climate Change	▲	<ul style="list-style-type: none"> Increasing frequency of extreme weather events. Climate change impacts Hysan's strategies and investments as society shifts to a low-carbon future. Climate change impacts the operations and management of buildings in our portfolio. 	<ul style="list-style-type: none"> Regular risk assessments and enhancement of preventive measures (such as water diversion and drainage maintenance) for extreme weather conditions. Regularly review transitional risks and physical risks in relation to climate change. Regularly update contingency plans. Monitor emissions from existing buildings and new development projects. Put in place ISO 14001 Environmental Management System, ISO 50001 Energy Management System and building analytics systems for daily operational risk management. Invest in renewable energy. Apply new technologies to mitigate operational risk. Assess and enhance indoor air quality.
Customer Data Protection and Privacy Protection	—	<ul style="list-style-type: none"> Given rapid developments in business technology, personal data might be collected through digital platforms and other channels. 	<ul style="list-style-type: none"> Continuously build a holistic approach to managing and protecting data and privacy through the implementation of a variety of processes, roles and controls. Established Data Privacy Management Group to oversee the privacy risks and control system and introduced new measures for personal information management. Conducted comprehensive privacy compliance review. Adopted stringent privacy policies and procedures, with strict compliance by all employees and service providers. A centralized data privacy inventory is in place to track the risks and controls of personal data privacy. No material customer data loss cases or customer privacy breaches reported in the last three years.
Anti-Fraud and Anti-Corruption	▲	<ul style="list-style-type: none"> External service providers and third parties are often engaged to provide business and technological solutions. Hysan continues to plan for business diversification across the Group. 	<ul style="list-style-type: none"> Adopted an Anti-Fraud Policy as a framework, supported by comprehensive anti-fraud procedures and guidelines. Adopted a separate Anti-Bribery and Corruption Policy to promote a healthy corporate culture and high standards of integrity and ethics. Put in place and regularly review our Code of Ethics and Whistleblowing Policy. Established an independent whistleblowing channel. Identified potential fraud risks across the Group; no material related cases reported in the last three years.

Notes:



where "inherent risks" have increased (i.e. before taking into consideration mitigating activities)



where "inherent risks" have decreased



where "inherent risks" have remained broadly the same

OUR EFFORTS TO ENHANCE THE INTERNAL CONTROL ENVIRONMENT AND ACTIVITIES IN 2023

In addition to the actions described above, the following section outlines examples of the improvements we have made to strengthen our risk management and internal control systems.

Control Environment – Compliance policies	<ul style="list-style-type: none"> We have established clear guidelines for policy owners regarding the establishment and ongoing review of corporate policies and procedures. This ensures that these policies and procedures adequately address the business and strategic developments and mitigate the relevant emerging risks. We conduct annual review of the Anti-Fraud Policy, the Anti-Bribery and Corruption Policy, and Group's Whistleblowing Policy to ensure there are adequate guidelines for our fraud risk management, as well as for the prevention and detection of misappropriation. 	<ul style="list-style-type: none"> Ongoing review process in place to ensure compliance
Control Environment – Risk Assessment and Control Self-Assessment Questionnaire	<ul style="list-style-type: none"> We developed an online system to facilitate our risk owners' annual risk assessments as well as a self-control questionnaire. 	<ul style="list-style-type: none"> Systematic and efficient control assessment
Control Environment – Ethics of the Group	<ul style="list-style-type: none"> Our audits continue to evaluate the design, implementation and effectiveness of the Group's ethics-related objectives, programmes and activities from various perspectives. These include tone at the top, reporting structures, communications, and so forth. Below are some examples of past audits that have included ethical elements: <ul style="list-style-type: none"> Finance and Treasury review in 2023 Fraud risk management in Marketing Operation in 2022 Corporate Communications Review, in which sustainability governance was covered, in 2022 Cultural audit in 2021 Data privacy audits in 2023 and 2020 Fraud risk management in Residential Operation in 2021 Human Resource audit in 2018 	<ul style="list-style-type: none"> Maintain high level of ethical standards for the employees of the Group
Monitoring Activities – Cost review of development projects	<ul style="list-style-type: none"> We conduct ongoing and periodic reviews of the costs and controls of development projects as the Group continues to execute several strategic developments, including the Caroline Hill Road Site Project and major asset enhancement projects. These reviews aim to ensure proper cost management and control of development projects. 	<ul style="list-style-type: none"> Ongoing review process in place to ensure proper development cost control

The Risk Management Committee
Hong Kong, 22 February 2024

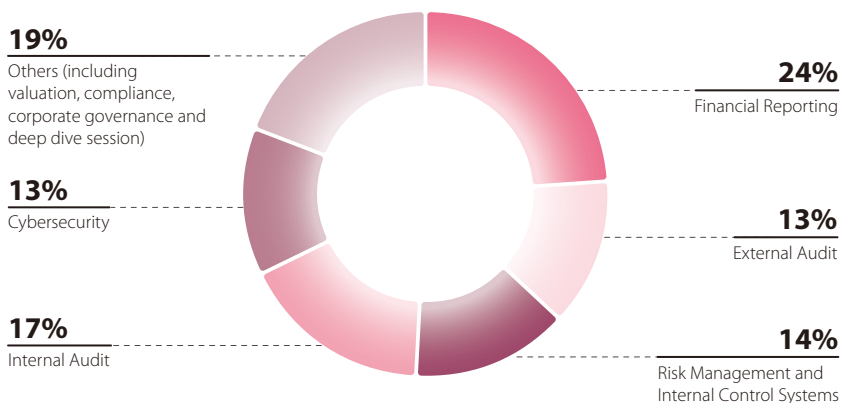
Audit and Risk Management Committee Report

Dear Shareholders,

We are pleased to present the report of the Audit and Risk Management Committee for 2023, which provides an overview of the works undertaken by the Committee during the year.

In 2023, the Committee continued to play a key oversight role for the Board in reviewing the Group's risk management and internal control systems, monitoring internal and external auditors, and overseeing the financial reporting process. The Committee further provided independent and impartial oversight in relation to the overall risk approach of the Group. Recommendations were also made on the Group's risk appetite, profile and tolerance.

Committee activities and agenda time during the year



Composition in 2023	Poon Chung Yin Joseph* (Chairman) Churchouse Frederick Peter* Fan Yan Hok Philip* Lee Anthony Hsien Pin * INED
Independence Weighting	75%
Meeting Schedule	<ul style="list-style-type: none"> Four meetings were held during the year, with two of those meetings specifically focused on addressing dynamic risks (including cybersecurity) and enhancing the risk management oversight function. Two pre-meeting sessions were held with external and internal auditors, without the presence of the management, to further facilitate open dialogue and assurance.
Highlights in 2023 and 2024	<ul style="list-style-type: none"> Strengthened corporate policies and procedures for risk management. Conducted a procurement control review on development projects and major asset enhancement projects. Enhanced the Group's data privacy management. Ongoing monitoring and enhancement of risk management and internal control systems in accordance with the Listing Rules requirements. Strengthened governance and monitoring of capital and financial management. Reviewed and updated Anti-Fraud Policy. Reviewed and updated its terms of reference.

ROLES AND AUTHORITIES

The Audit and Risk Management Committee’s main roles and authorities are to:

- Oversee the Group’s financial management and reporting processes and monitor the work carried out by the external auditor;
- Review and assess the Company’s risk management and internal control systems;
- Assess and review the risk appetite of the Group;
- Review reports on major risks faced by the Group;
- Review resource adequacy and staff qualifications, skillsets and experience in the Group’s internal audit, accounting, and financial reporting functions, as well as their training programmes and budget;
- Review and ensure adequacy of corporate policies and procedures and effectiveness of the Group’s compliance framework;
- Review the effectiveness of the Company’s internal audit function; and
- Oversee the Company’s relationship with the external auditor and provision of non-audit services.

ACTIVITIES

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

From March 2023 to February 2024, the Audit and Risk Management Committee held four meetings. The Board Chairman and senior management (including the ED & COO, CFO and Group Financial Controller), internal auditor, external auditor and independent professional valuer presented updates and answered relevant questions to facilitate the Committee’s decision-making process. Details of matters discussed in the meetings are given below.

Meeting of the Audit and Risk Management Committee Over the Past 12 Months

May 2023	August 2023	November 2023	February 2024
<ul style="list-style-type: none"> • Internal Audit Report • Cybersecurity • Deep-dive on business risks and challenges • Legal and Regulatory Update 	<ul style="list-style-type: none"> • Interim Results • Internal Audit Report • External Auditor Report • Legal and Regulatory Update 	<ul style="list-style-type: none"> • External Audit Progress Report • Property Valuations • Internal Audit Report • Annual Review of Risk Assessment and Results • Cybersecurity • Annual Review of Adequacy of Resources • Review and update of Anti-Fraud Policy • Legal and Regulatory Update 	<ul style="list-style-type: none"> • Annual Results • Internal Audit Report • Property Valuations • Annual Review of Risk Management and Internal Control Effectiveness • Effectiveness and Independence of External Auditor • External Audit Completion Report • External Audit Plan For 2024 • Annual Review of Continuing Connected Transactions • Review and update of its terms of reference • Legal and Regulatory Update

Audit and Risk Management Committee Report

FINANCIAL REPORTING

The Audit and Risk Management Committee reviewed and discussed with management and the external auditor, and recommended to the Board for approval, the unaudited financial statements for the first six months ended 30 June 2023, the audited financial statements for the year ended 31 December 2023, and the Independent Auditor's Report for the year ended 31 December 2023, prior to their publication.

Within this process, management is responsible for the preparation of the Group's financial statements, including the selection and application of appropriate accounting policies, while the external auditor is responsible for auditing and attesting to the Group's financial statements and evaluating the Group's system of internal controls in this regard. Formal statements of Directors' responsibility for the financial statements are contained in the "Corporate Governance Report" of this Annual Report.

The Committee's review and recommendations were based on the external auditor's review work, as well as the following:

- Discussions with the external auditor and internal auditor regarding the scope of their respective reviews and findings;
- Discussions with management regarding significant parameters and judgments affecting the Group's financial statements, including the valuation of investment properties as at 30 June 2023 and 31 December 2023 by the independent professional valuer, Knight Frank Petty Limited; and
- A joint review with both management and the external auditor of the key audit matters included in the Independent Auditor's Report for the year ended 31 December 2023.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key initiatives in relation to our review of risk management and internal control systems during the year are given below:

Corporate Policies and Procedures

We strengthened and set out clear guidelines for policy owners regarding the establishment and ongoing review of corporate policies and procedures. This ensures these policies and procedures adequately address the business and strategic developments and mitigate the relevant emerging risks.

The Anti-Fraud Policy, as a separate policy designed to further promote an ethical culture and emphasize Hysan's "zero tolerance" attitude towards fraud, has been reviewed and updated in 2023. The Anti-Bribery and Corruption Policy, adopted in 2022, is another distinct policy that reinforces and expands our existing anti-corruption systems and practices.

We also conducted an annual review of the Group's Whistleblowing Policy. Under this policy, employees and related third parties who deal with the Group (e.g. consultants, contractors, suppliers, agents, and customers) can raise concerns, in confidence or anonymously, about misconduct, malpractice, or irregularities in any matters related to the Group. The Audit and Risk Management Committee ensures that the concerns raised are investigated and followed up appropriately.

Procurement Control Review

We strengthened the risk management approach to the procurement process of development projects as the Group continues to execute several strategic developments, such as the Caroline Hill Road Site Project and major asset enhancement initiatives.

Reviews were conducted to strengthen the procurement control process of selected functions. Procurement policies were updated to address specific functional needs and with a fraud prevention focus.

Data Privacy

We established a Data Privacy Management Group to oversee the data privacy risks and control system of the Group. We also enhanced the Group's data privacy management procedures, setting out clear guidelines on data collection, access, data inventory maintenance, internal and external communication, and incident response protocols in order to build awareness of handling personal information and ensure data privacy management procedures are followed in all functional areas.

The Company also conducted a comprehensive data privacy compliance review across major business and supporting units (including the newly established Shanghai operation) on their compliance with the applicable privacy laws as well as our relevant corporate policies and statements in the collection, use, storage and retention of personal data. All employees were also required to complete mandatory annual training in data privacy to refresh their knowledge and understanding of data privacy practices and regulations. The Company's unwavering commitment and efforts in data privacy protection were honoured with a Gold Award at the "Privacy-Friendly Awards 2023" organized by the Office of the Privacy Commissioner for Personal Data.

Internal Controls

With the acquisition of Lee Gardens Shanghai, the Group extended and implemented our corporate policies, as well as financial and operational controls in our Shanghai office to ensure compliance with the Group's policies on corporate governance, risk management and internal controls, while also addressing risks specific to the local operations in Shanghai.

We continued our ongoing monitoring and enhancement of internal controls in accordance with Listing Rules' requirements.

Capital and Financial Management

To address the heightened risks associated with a weak economic environment, the Group's capital commitment to major construction projects and the elevated interest rate environment, we enhanced our monitoring and control process for managing our capital and financing structures. The management (i) continuously monitors the Company's credit metrics, cash deployment, funding plan, liquidity buffers, and funding costs, (ii) takes appropriate action in view of the market environment and outlook, and (iii) provides quarterly and ad hoc reports to the Board.

Media Policy and Practices

We regularly reviewed the Group's Corporate Communications operation, strengthening awareness and practices with regard to dissemination of information to the public via traditional and social media.

In addition, the Audit and Risk Management Committee:

- Evaluated the financial aspects of the Group's strategy implementation;
- Considered the Group's key corporate risks, including the overall business environment, operational risks and ESG risks and compliance, with the overall approach set by senior management;
- Considered the key imminent risks and risk registers presented by the management;
- Reviewed all legal and regulatory updates and trends that may affect the Group and their implications;
- Reviewed the methodology used by the Group's independent professional valuer, Knight Frank Petty Limited, in the valuation of its investment properties and discussed the key judgements made by the valuer;
- Reviewed resource adequacy and staff qualifications and experience in the Group's internal audit, accounting and financial reporting functions, as well as their training programmes and budget; and

Audit and Risk Management Committee Report

- Reviewed the annual risk management and internal control systems performance for 2023, based on the following:
 - Reports from the GIA on the review of the Company's continuing connected transactions for the year ended 31 December 2023, as well as the adequacy and effectiveness of the related internal control procedures;
 - Regular reports from management regarding major risks, movements in risk levels and mitigating actions, as well as special reports on major risk items identified (as detailed above);
 - Regular reports from the GIA, including the implementation status of its recommendations;
 - Certification and confirmation of controls' effectiveness by management, covering financial, operational and compliance controls, ESG compliance, internal audit, risk management and internal control, as well as the adoption of a control self-assessment questionnaire across the operating departments; and
 - Confirmation from the external auditor that it had not identified any control weaknesses in respect of the Group's financial reporting cycle during its audit.

INFORMATION SECURITY

The Audit and Risk Management Committee places great emphasis on information security and has a primary oversight responsibility for cybersecurity risks. The topic of information security has been a regular item on the Committee's meeting agenda in the May and November Committee meetings. During the meetings, senior management provided regular updates on matters relating to information security of the Group, including regular reviews and assurance on the security of the infrastructure and updates on system enhancements. The Committee dedicated substantial time in numerous discussions on this issue.

Technical Infrastructure Security Review

We engaged a professional service provider to conduct an in-depth security review and penetration tests of the Group's technical infrastructure to identify and mitigate cybersecurity risks. Potential vulnerability issues were highlighted to guide the strengthening of network protections.

During the year, the Committee also undertook ongoing review of the information system to ensure that the current cybersecurity system meets the necessary standards and requirements to effectively safeguard the Group against cyber threats. After considering the update from management, the Committee was satisfied that the current information security system is adequate and fit for purpose as assessed by external professional experts.

To enhance understanding of the importance of cybersecurity and strengthen the Company's overall security posture, all employees were mandated to attend "Cybersecurity Awareness Training" on an annual basis. A tailored Cybersecurity Awareness Training Program consisting of a series of courses covering a wide range of related topics was also provided to all employees in 2023.

Third-Party Information Security

The Group has implemented a security policy to govern third-party suppliers who support and maintain our systems. These suppliers undergo an evaluation process and where necessary, additional security controls are implemented to safeguard our systems and user data. Furthermore, the Group conducts regular reviews to ensure that suppliers consistently adhere to our security standards. Various controls have been enforced to authorize login access during specific time slots and for legitimate reasons. Each support request is meticulously recorded to prevent any unauthorized actions during support sessions. All control processes are periodically reviewed and updated for ongoing effectiveness.

The Audit and Risk Management Committee was satisfied with the adequacy and effectiveness of the Company's risk management and internal control systems, including resource adequacy and staff qualifications and experience in the Group's accounting, financial reporting and internal audit functions, as well as their training programmes and budget. No significant areas of concern that might affect financial, operational and compliance controls, ESG compliance, cybersecurity, internal audit, risk management or internal control were identified.

THE FOLLOWING MEASURES ARE IN PLACE TO ENSURE THE INDEPENDENCE OF EXTERNAL AUDITORS:

- Detailed assessment of the external auditor's independence, service quality and remuneration level;
- Annual confirmation of the auditor's independence issued by the external auditor;
- A rotation arrangement for the lead audit partner was established and implemented by the external auditor;
- The lead audit partner is required to comply with professional ethical standards and independence policies and requirements applicable to the work performed;
- The award of any non-audit services provided by the Group's external auditors (and their affiliates) is subject to the Group's procurement policy which is consistent with all other third-party vendor relationships;
- All non-audit services were pre-approved by the Audit and Risk Management Committee; and
- Appropriate policies and procedures have been established to identify audit and non-audit services, as well as prohibited non-audit services that might impair the independence of the auditor. The external auditor confirmed its independence with regard to the non-audit services provided.

A summary of external auditor's services and fees for the years ended 31 December 2023 and 2022 is as follows:

	2023 HK\$ million	2022 HK\$ million
Audit services	3.5	3.5
Non-audit services		
– Recurring (Note a)	0.6	0.6
– One-time transactional		
• Technology services (Note b)	7.0	6.2
• Other services (Note c)	–	0.4
Total	11.1	10.7

Notes:

- Recurring services include statutory compliance and regulatory or government procedures required to comply with financial, accounting or regulatory report matters.
- Deloitte Advisory (Hong Kong) Limited ("Deloitte Consulting") was appointed to provide technology services, system integration and application management for our customer relationship management ("CRM") platforms based on their demonstrated subject matter expertise in implementing similar CRM solutions, proven track record from past projects and competitive pricing presented through a rigorous tender process. To maintain Auditor's independence, the External Auditor confirmed that such technology services are provided by professionals from Deloitte Consulting who are not audit engagement team members and Deloitte Consulting did not assume any management responsibility during the provision of such services.
- Other services include assurance services required for transaction compliance (e.g. major transactions as defined by the Listing Rules and offering of guaranteed notes). Leveraging the external auditors ensures efficiency and consistent quality of the assurance exercises. It also reduces onboarding costs by utilizing the external auditors' existing institutional knowledge of the Company.

Audit and Risk Management Committee Report

EXTERNAL AUDITOR

The Group engaged Deloitte Touche Tohmatsu as the external auditor of the Company and regards their independence as crucial to the effectiveness of our corporate governance. In overseeing the Group's relationship with the external auditor and ensuring its independence, the Audit and Risk Management Committee:

- Reviewed and considered the terms of engagement of the external auditor in respect of the Group's 2023 results (including the 2023 annual audit, the related results announcement, and the annual review of continuing connected transactions) and the annual update regarding its MTN Programme;
- Reviewed the audit progress report of the external auditor;
- Reviewed the annual assessment of the auditor's independence, qualifications, expertise and services, and remained satisfied with the same;
- Reviewed and considered the 2023 audit service plan of the external auditor and the terms of its engagement in respect of the 2023 interim results review; and
- Recommended to the Board that the Shareholders be asked to re-appoint Deloitte Touche Tohmatsu as the Group's external auditor for 2023.

The Audit and Risk Management Committee and the Group were satisfied that the auditor's independence and objectivity were not in any way impaired by the provision of non-audit services.

INTERNAL AUDIT

The Audit and Risk Management Committee reviewed the internal audit plan regarding the key risks and business strategy of the Group, details of specific significant internal audit findings, management responses to audit reports issued during the year, and regular reports on their implementation status. Following the Group's three-year audit plan, Internal Audit continually conducted projects that highlighted control gaps for management rectification. Audit findings were presented via audit reports, including management responses regarding the status of subsequent follow-up and implementation.

EVALUATION

The Board and Board Committee evaluation process, which took place during the year, concluded that the Audit and Risk Management Committee was effective in fulfilling its roles in 2023. For details, please refer to the "Board Evaluation" section of the Corporate Governance Report (pages 73 to 74).

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

Members of the Audit and Risk Management Committee

Poon Chung Yin Joseph (Chairman)
Churchouse Frederick Peter
Fan Yan Hok Philip
Lee Anthony Hsien Pin

Hong Kong, 22 February 2024

“

“Led by experienced, diligent, probing chair; members are engaged.”

Directors' comments received in Board Evaluation 2023

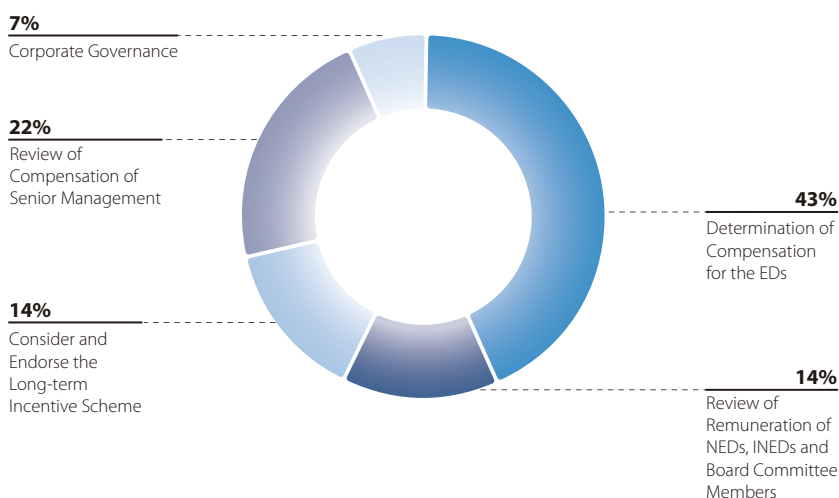
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Remuneration Committee Report

Dear Shareholders,

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

Committee activities and agenda time during the year



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

Remuneration Committee Report

ROLES AND AUTHORITIES

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

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

ACTIVITIES

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

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

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

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

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

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

REMUNERATION POLICY

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

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

2. Market Benchmarking

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

3. Performance-linked

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

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

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

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

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

Remuneration Committee Report

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

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

Notes:

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

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

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

Remuneration Policy for NEDs and INEDs

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

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

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

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

Director Fee Levels

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

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

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

Notes:

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

Remuneration Committee Report

Human Resources Practices

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

Long-term Incentives: Share Option Schemes

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

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

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

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

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

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

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

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

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

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

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

Grant and vesting structures

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

Movement of share options

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

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

As at 31 December 2023:

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

Remuneration Committee Report

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

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the Review Year			Balance as at 31.12.2023
					Granted	Exercised	Cancelled/ lapsed (Note b)	
2005 Scheme								
Executive Director								
Lee Irene Yun-Lien	7.3.2013	39.92	7.3.2014 – 6.3.2023	265,000	–	–	(265,000)	–
	10.3.2014	32.84	10.3.2015 – 9.3.2024	325,000	–	–	–	325,000
	12.3.2015	36.27	12.3.2016 – 11.3.2025	300,000	–	–	–	300,000
Other employee participants								
	28.3.2013	39.20	28.3.2014 – 27.3.2023	85,000	–	–	(85,000)	–
	31.3.2014	33.75	31.3.2015 – 30.3.2024	46,000	–	–	(10,000)	36,000
	31.3.2015	34.00	31.3.2016 – 30.3.2025	61,000	–	–	(14,000)	47,000
				1,082,000	–	–	(374,000)	708,000

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the Review Year			Balance as at 31.12.2023
					Granted	Exercised	Cancelled/ lapsed (Note b)	
2015 Scheme								
Executive Directors								
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017 – 8.3.2026	375,000	–	–	–	375,000
	23.2.2017	36.25	23.2.2018 – 22.2.2027	300,000	–	–	–	300,000
	1.3.2018	44.60	1.3.2019 – 29.2.2028	373,200	–	–	–	373,200
	22.2.2019	42.40	22.2.2020 – 21.2.2029	494,200	–	–	–	494,200
	21.2.2020	29.73	21.2.2021 – 20.2.2030	650,000	–	–	–	650,000
	26.2.2021	33.05	26.2.2022 – 25.2.2031	664,000	–	–	–	664,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	819,000	–	–	–	819,000
Lui Kon Wai	29.3.2018	41.50	29.3.2019 – 28.3.2028	179,000	–	–	–	179,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	203,000	–	–	–	203,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	262,000	–	–	–	262,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	267,000	–	–	–	267,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	400,000	–	–	–	400,000
Other employee participants								
	31.3.2016	33.05	31.3.2017 – 30.3.2026	106,000	–	–	(21,000)	85,000
	31.3.2017	35.33	31.3.2018 – 30.3.2027	208,667	–	–	(30,000)	178,667
	29.3.2018	41.50	29.3.2019 – 28.3.2028	260,000	–	–	(46,000)	214,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	393,000	–	–	(63,000)	330,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	498,000	–	–	(95,000)	403,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	605,000	–	–	(115,000)	490,000
	31.3.2022	23.36	31.3.2023 – 30.3.2032	860,000	–	–	(161,000)	699,000
				7,917,067	–	–	(531,000)	7,386,067

Notes:

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

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

One-off Share Award Plan

In commemoration of the momentous occasion of the 100th anniversary of the establishment of Hysan in Hong Kong, the Company adopted a one-off share award plan ("100A Share Award Plan") on 15 October 2023 (the "Adoption Date") to signify and reaffirm the Group's commitment and optimism to the continued success of Hysan for the next one hundred years and beyond. The 100A Share Award Plan also serves as a gesture of appreciation and recognition for the dedication and valuable contributions of the Group's employees to Hysan's success.

The 100A Share Award Plan is a one-off plan and is funded solely by existing shares of the Company ("Shares") purchased from the market. Subject to the provisions of the 100A Share Award Plan, the Executive Committee may within the term of the 100A Share Award Plan and at its absolute discretion select any employee of the Group for participation in the 100A Share Award Plan ("Selected Employees"), and grant 100 fully-vested Shares to each of the Selected Employees at no consideration ("Awarded Shares"). The Selected Employees are not required to pay any amount on application or acceptance of the Awarded Shares. The maximum number of Awarded Shares which may be awarded under the 100A Share Award Plan shall not exceed 50,000 Shares, representing approximately 0.0049% of the issued share capital of the Company as at the Adoption Date and the date of this Annual Report. As at the date of this Annual Report, the total number of Shares available for issue in respect of awards which may be granted under the 100A Share Award Plan is zero.

All Awarded Shares granted during the year were granted and vested on 27 November 2023 and the 100A Share Award Plan was terminated on the same date upon the vesting of all Awarded Shares to the Selected Employees. No further Awarded Shares will be granted under the 100A Share Award Plan.

Movement of Awarded Shares

During the year, an aggregate of 47,800 fully-vested Shares (representing approximately 0.0047% of the issued Shares as at the date of the Annual Report) have been granted to 478 Selected Employees under the 100A Share Award Plan.

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

Name	Date of grant	Purchase price HK\$	Vesting date (Note a)	Balance as at 1.1.2023	Changes during the Review Year			
					Granted	Vested	Cancelled/ lapsed (Note b)	Balance as at 31.12.2023
Executive Directors								
Lee Irene Yun-Lien	27.11.2023	-	27.11.2023	-	100	(100)	-	-
Lui Kon Wai	27.11.2023	-	27.11.2023	-	100	(100)	-	-
The five highest paid individuals (excluding the EDs)	27.11.2023	-	27.11.2023	-	500	(500)	-	-
Other employee participants	27.11.2023	-	27.11.2023	-	47,100	(47,100)	-	-
				-	47,800	(47,800)	-	-

Notes:

- All Awarded Shares granted have vested on 27 November 2023, i.e. date of grant.
- None of the Awarded Shares granted have performance targets.
- The closing prices of the Shares immediately before the date of grant (i.e. 24 November 2023) was HK\$15.22.
- The weighted average closing price of the Shares immediately before the date of vesting (i.e. 24 November 2023) was HK\$15.22.
- The fair value of the Awarded Shares at the date of grant was HK\$15.04 per share. The Group has applied HKFRS 2 to account for the Awarded Shares.
- During the year, 200 Awarded Shares, with a total fair value of HK\$3,008, were granted to the EDs, a total of 500 Awarded Shares, with a total fair value of HK\$7,520, were granted to the five top-paid employees (excluding the EDs), and a total of 47,100 Awarded Shares, with a total fair value of HK\$708,384 were granted to other employee participants.

COMMITTEE EFFECTIVENESS

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

Members of the Remuneration Committee

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

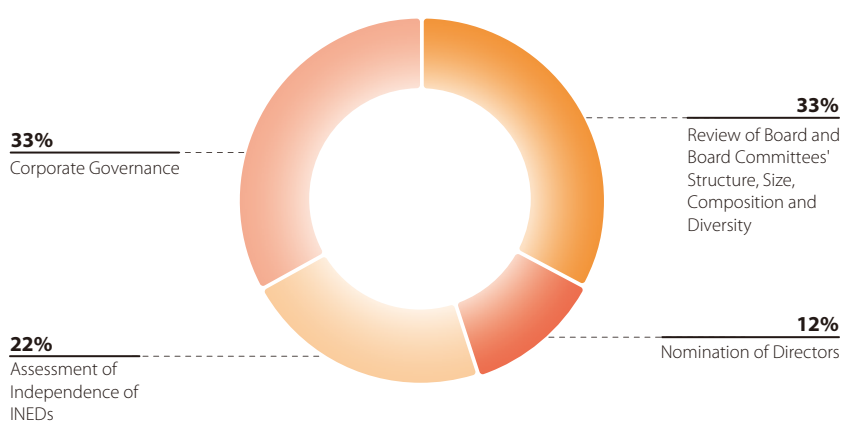
Hong Kong, 22 February 2024

Nomination Committee Report

Dear Shareholders,

We are pleased to present the Nomination Committee Report for 2023. The primary roles of the Nomination Committee are to review the Board's structure, size, composition and diversity, and to recommend Board appointments. The roles of the Directors continue to evolve in line with the growing demands of a fast-changing business environment. The Board is constantly looking ahead to ensure that our Directors have the skills and experience required to drive the highest standards of performance. During the year, we were pleased to welcome Chung Cordelia to the Board.

Committee activities and agenda time during the year



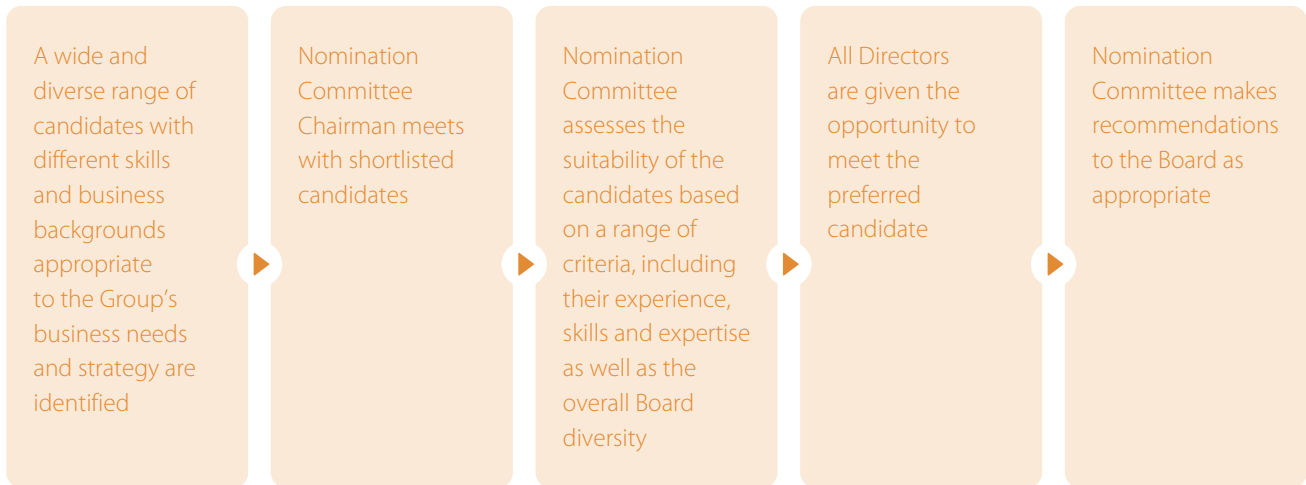
Composition in 2023	<p>Lee Irene Yun-Lien (Chairman)</p> <p>Chung Cordelia* (appointed on 16 May 2023)</p> <p>Churchouse Frederick Peter*</p> <p>Poon Chung Yin Joseph*</p> <p>Lee Chien</p> <p>Fan Yan Hok Philip* (ceased to be a member on 16 May 2023)</p> <p>* INED</p>
Independence Weighting	60%
Meeting Schedule	<ul style="list-style-type: none"> At least one meeting every year One meeting in 2023
Highlights in 2023	<ul style="list-style-type: none"> Nominated Chung Cordelia as an INED and a member of the Remuneration Committee and the Nomination Committee Considered Hysan's diversity agenda and reviewed the progress on achieving the gender diversity target at Board level Considered Board refreshment and the reshuffling of Board Committee's composition for fresh perspectives while maintaining continuity Considered the re-appointment of Directors and independence of INEDs Reviewed and updated its terms of reference

ROLES AND AUTHORITIES

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

- Review and make recommendations on the structure, size, composition and diversity of the Board with a view to complementing our corporate strategies;
- Review the Diversity Policy;
- Review the independence of INEDs pursuant to the Listing Rules' requirements;
- Oversee the general succession planning of the Board and that for the senior management team;
- Oversee the human capital of the Group, including the diversity and gender ratio of the workforce;
- Review the time commitment and effort required of Directors to discharge their responsibilities;
- Review the training and continuous professional development of the Directors; and
- Recommend the nomination of Directors after careful consideration of the attributes and values required in accordance with the Company's Nomination Policy, while also taking into account diversity aspects (including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) and our diversity agenda with due regard to the benefits of diversity, as set out under the Diversity Policy.

Director Recruitment Process



Nomination Committee Report

ACTIVITIES

During 2023, the Nomination Committee held one meeting. Details of matters discussed in the Committee meeting are given below.

Composition of the Board and Board Committees

Regarding the composition of the Board and the Board Committees, the Committee:

- Considered and endorsed the nomination of Chung Cordelia as an INED and a member of the Remuneration Committee and the Nomination Committee and recommended her appointment for the Board's approval. The recommendation was made on the basis of Chung Cordelia's extensive multinational experience specialising in information technology and knowledge of the building industry, in accordance with the Company's Nomination Policy and Diversity Policy. The appointment of Chung Cordelia reflects the Group's commitment to refresh the average tenure of Directors and expand the Board's breadth of experience by including fresh perspectives from a diversified business and professional background;
- Considered and endorsed proposed changes to the Board Committees' compositions to take effect during the year, for fresh perspectives while maintaining continuity;
- Reviewed Hysan's diversity agenda and progress on achieving the gender diversity target. Having exceeded the gender diversity target of 33% female Directors by appointment of new female INED during the year, the Committee reviewed and affirmed the ultimate goal of achieving gender parity at Board level;
- Considered Board refreshment and succession planning taking into account Hysan's diversity agenda and increasing regulatory and governance concerns regarding long serving INEDs;
- The Board continued to engage Li Xinzhe Jennifer as an advisor to the Board to enrich the Board's skills and diversity and support its strategic decision making;
- Assessed the structure, size, composition and diversity of the Board and Board Committees, and monitored the progress made towards enriching the skills and experience of Board members, while improving Board diversity in its widest sense (including gender) in line with the Company's strategy;
- The Nomination Committee was satisfied that the current composition and size of the Board is appropriate for the time being;
- Reviewed the time commitment of Directors. As reflected in Directors' high rates of attendance, the Committee was satisfied that all Directors were committed to the Company and had contributed to the Board through their participation in the Company's affairs and discussions at Board and Board Committee meetings during the year (please also refer to the table on page 71 for Directors' attendance record);
- Reviewed the contributions of those Directors who are due to retire and are subject to re-election at the forthcoming 2024 AGM with the support of the Board;
- Recommended the re-appointment of Directors to the Board; and
- Reviewed the training of the Directors and senior management.

Independence of INEDs

The Committee assessed the independence and commitment of each of the INEDs during the year. Details of Board Independence, including the Process of Independence Assessment, are set out on pages 62 to 65.

The Committee and the Board were thus satisfied that, notwithstanding the length of service of each INED, as well as the number and nature of offices they hold in other public companies and/or their other commitments, they remained highly committed, are independent and impartial, and continue to be in a position to discharge their duties and responsibilities in the coming year.

Review of Policy

The Committee reviewed the Nomination Policy and Diversity Policy during the year (available on the Company's website) on the nomination procedures and the progress on achieving the measurable objectives set in accordance with the CG Code, respectively.

COMMITTEE EFFECTIVENESS

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

Members of the Nomination Committee

Lee Irene Yun-Lien (Chairman)
Chung Cordelia
Churchouse Frederick Peter
Poon Chung Yin Joseph
Lee Chien

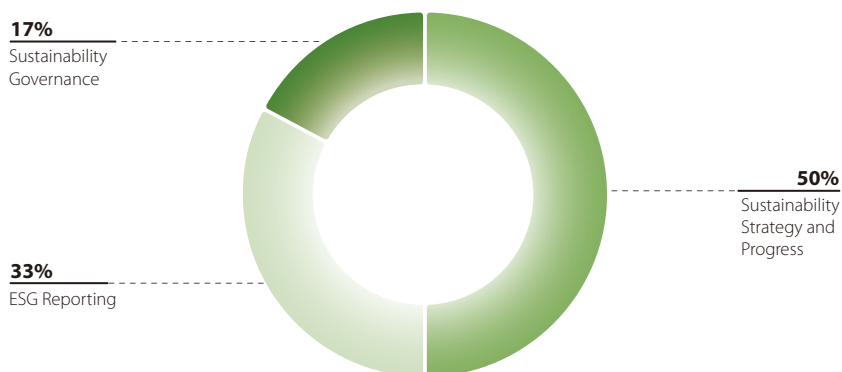
Hong Kong, 22 February 2024

Sustainability Committee Report

Dear Shareholders,

We are pleased to present the Sustainability Committee Report for 2023. The primary roles of the Sustainability Committee are to review and oversee the Group's overall vision and action plans for corporate responsibility, sustainability development and related policies. The Committee is tasked with bringing any ESG related risks and issues to the attention of the Board. It also assesses and makes recommendations on matters concerning the Group's sustainability opportunities and risks.

Committee activities and agenda time during the year



Composition in 2023	<p>Young Elaine Carole* (Chairman) (redesignated as the chairman on 16 May 2023)</p> <p>Wong Ching Ying Belinda*</p> <p>Lee Tze Hau Michael (appointed on 1 March 2023)</p> <p>Fan Yan Hok Philip* (ceased to be a member on 1 March 2023)</p> <p>Jebsen Hans Michael B.B.S. (ceased to be a member on 16 May 2023)</p> <p>* INED</p>
Independence Weighting	66.7%
Meeting Schedule	<ul style="list-style-type: none"> At least one meeting every year One meeting in 2023
Highlights in 2023 and 2024	<ul style="list-style-type: none"> Reviewed and endorsed the Group's sustainability strategy Reviewed the progress of ESG initiatives on a quarterly basis and the status of climate actions Reviewed sustainability finance framework and initiatives Assessed sustainability risks and issues Reviewed the sustainability report Adoption of sustainability related policies Reviewed and updated its terms of reference

ROLES AND AUTHORITIES

The Sustainability Committee’s main roles and authorities are to:

- Review and endorse the Group’s corporate responsibility and sustainability plans, strategies and policies, practices and frameworks, and report to the Board;
- Review and evaluate the adequacy and effectiveness of the actions taken by the Group, based on its corporate responsibility and sustainability plans, strategies, priorities, policies and frameworks, and recommend improvements;
- Review, assess and bring any ESG related risks and issues to the attention of the Board and the Audit and Risk Management Committee as part of its oversight of the Group’s overall risk management process;
- Monitor and review existing and/or emerging issues, trends and investments related to the corporate responsibility and sustainability priorities of the Group;
- Monitor and review the Group’s corporate responsibility and sustainability policies and practices to ensure they remain relevant and compliant with legal and regulatory requirements (including, but not limited to, the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange and the Listing Rules); and
- Review the annual corporate responsibility and sustainability report and relevant disclosures in the Company’s annual report and provide recommendations to the Board for approval.

ACTIVITIES

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

From March 2023 to February 2024, the Sustainability Committee held one meeting and received quarterly updates on the sustainability progress of the Group from the management. Management attended the meeting to present updates and answer questions and facilitate the Committee’s decision-making process. Details of matters discussed and/or considered during the year are given below.

The Activities and Agenda of the Sustainability Committee Over the Past 12 Months

May Quarterly Update	August Quarterly Update	November Quarterly Update	February 2024 Meeting
<ul style="list-style-type: none"> • Sustainability Progress Update 2022 • Regulatory update on HKEx consultation paper on proposed changes to ESG disclosure • Status update on the Community Lab • Update on status of climate actions 	<ul style="list-style-type: none"> • Sustainability Progress Update – Q2 2023 • Policy and relevant regulatory update, e.g. ISSB introduction • Awareness training to staff <ul style="list-style-type: none"> • Climate Change • Human Trafficking • Cybersecurity • Wellness, Arts and Culture Programs to Stakeholders • The Community Lab: Last mile testing programme update 	<ul style="list-style-type: none"> • Sustainability Progress Update – Q3 2023 • Policy and relevant regulatory update, e.g., HKEx adoption of ISSB, relevant update as per 2023 Policy Address • GRESB benchmarking results highlights • Green building certification for existing buildings LG1 and LG2 • Awards & recognitions: <ul style="list-style-type: none"> • Zero Carbon Ready Building (ZCRB) Certification for LG1 and Hysan Place • HKMA 2023 HK Sustainability Award – Distinction 	<ul style="list-style-type: none"> • Sustainability Progress Update – Q4 2023 • Sustainability Report 2023 • Annual review of adequacy of resources for ESG functions • Annual review of ESG risks • Update on status of climate actions • Adoption of sustainability related policies • Reviewed and updated the terms of reference

Sustainability Committee Report

Review of the Group's Sustainability Strategies

The Committee reviewed the Group's sustainability strategies and objectives, considered the Group's action plan and identified potential related risks and challenges, as benchmarked against international standards and industry peers. It also identified material ESG-related issues.

Discussion of ESG Overview and Initiatives

In terms of the Group's ESG activities and initiatives, the Committee:

- Reviewed the Group's engagement strategy on a regular basis to prepare for the future. Hysan has consistently engaged with the community in which it operates, since our community is core to the Group's heritage;
- Reviewed ESG measures taken to promote the sustainable development of the Group, highlighting our initiatives to ensure the safety and well-being of our employees and the community;
- Reviewed our sustainability finance framework and initiatives to support eligible green or social projects;
- Reviewed ESG-related sustainability efforts and achievements; and
- Identified short- and long-term sustainability targets across the Group and reviewed their progress.

Sustainability Governance

With regard to sustainability governance, the Committee:

- Reviewed, endorsed and reported to the Board and the Audit and Risk Management Committee (as part of its oversight of the Group's overall risk management process) on the major ESG risks that are integrated into the Group's risk assessment process, including risks related to ESG compliance and environmental management related to climate change, as well as corresponding mitigation measures. Details are set out in the Risk Management and Internal Control Report;
- Reviewed the framework for sustainability governance and confirmed its satisfaction with the adequacy of resources for ESG performance and reporting;
- Reviewed its terms of reference to enhance the Group's sustainability governance structure; and
- Established the Climate Change Policy to identify, assess, monitor and report on climate-related issues. More details are set out in the 2023 Sustainability Report.

COMMITTEE EFFECTIVENESS

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

Members of the Sustainability Committee

Young Elaine Carole (Chairman)

Wong Ching Ying Belinda

Lee Tze Hau Michael

Hong Kong, 22 February 2024

Sustainability Report 2023 – Summary

The following summary of Hysan’s Sustainability Report 2023 (the “Sustainability Report”) provides an overview of the sustainability approach taken by Hysan and its Environmental, Social and Governance (“ESG”) performance for the reporting period from 1 January 2023 to 31 December 2023. The Sustainability Report aligns with the ESG Reporting Guide of HKEx, based on reporting principles that include “materiality”, “quantitative”, “consistency” and “balance”. The Sustainability Report also references Global Reporting Initiative (“GRI”) Standards 2021 and focuses on sustainability issues that have been identified as material to Hysan’s business and its stakeholders.

Aligning with HKEx and its latest incorporation of the International Sustainability Standards Board (“ISSB”), we have continued to share our climate disclosures in accordance with the framework recommended by the Task Force on Climate-related Financial Disclosures (“TCFD”).

In the Sustainability Report, we highlight the progress that has been made through the implementation of Hysan’s Community Business Model and how it steers our sustainable development. This gives our stakeholders a clear understanding as to why we do and what we do in our quest to curate a portfolio not just for today, but for generations to come.

COMMUNITY BUSINESS MODEL

At Hysan, we strive to create a high-quality property portfolio and make a positive impact on the community. Our sustainability approach – as illustrated in our Community Business Model – harnesses the power of collaboration, innovation and responsible practices for a more sustainable and resilient future. Through the Community Business Model, we prioritise the wellbeing and aspirations of our communities, setting a path with focused outcomes of inclusivity, social wellbeing, liveability, environmental stewardship and positive economic impacts. Our aim is to create sustainable and vibrant neighbourhoods that adapt to change for a unique community experience that will last for generations to come.

OUR TARGETS

In 2023, we continued to build on our past accomplishments and positive performance in sustainability, which exceeded several targets ahead of schedule despite challenging economic conditions. We stayed on track with our goals for reducing purchased electricity intensity and carbon emissions intensity (Scope 1 and Scope 2). Additionally, we have made significant progress in achieving diversity and inclusion at the board level, with over one-third of directors comprising women in 2023, also surpassing our target.

COMMITMENT TO SBTi

In 2023, Hysan made a significant commitment to the Science Based Targets initiative (“SBTi”). By signing the pledge, we have dedicated ourselves to combating climate change by setting greenhouse gas emissions reduction targets in support of the Paris Agreement of holding the global average temperature rise to 1.5°C above pre-industrial levels. We are currently in the process of strategising our decarbonization roadmap, which will include setting near- and long-term decarbonization targets to achieve net-zero carbon emissions no later than 2050. Hysan is currently preparing for science-based targets (“SBT”) validation, which we expect to complete within the next two years.



In 2023, Hysan made a significant commitment by joining the SBTi as a crucial step towards achieving our climate change ambitions.

Having made this commitment to SBTi, we will (i) develop an SBT aligned with the SBTi criteria, and (ii) submit the target to the SBTi for validation in the following 24 months. Subsequently, we will set a new baseline year for our decarbonization target.


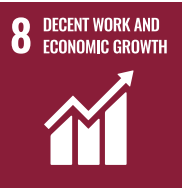


Sustainability Report 2023 – Summary

STATUS OF OUR ESG TARGETS IN 2023

Category	Targets	2023 Status
Governance	<ul style="list-style-type: none"> Diversity & Inclusion: to have one-third of the Board comprised of women directors by 2025 Zero cases of data privacy incidents and regulatory breaches 	<ul style="list-style-type: none"> Achieved Achieved
Environment	<ul style="list-style-type: none"> Achieve 20% reduction in carbon intensity by 2024 (Baseline: 2005) Achieve 20% reduction in purchased electricity intensity use by 2024 (Baseline: 2005) Complete energy audit for 75% of our portfolio by 2025 Achieve 40% debt financed by sustainable finance 	<ul style="list-style-type: none"> Achieved On track Achieved Achieved
Community	<ul style="list-style-type: none"> Number of impact partners (NGOs) engaged Number of beneficiaries 	<ul style="list-style-type: none"> 20 NGOs 16,856 beneficiaries
People	<ul style="list-style-type: none"> Reduce workplace injury rate to <0.5% by 2030 Zero work-related employee fatalities Increase number of training hours by 30% by 2030 (Baseline: 2020) 	<ul style="list-style-type: none"> On track Achieved Achieved

OUR CONTRIBUTION TO THE SDGS

We focus our sustainability efforts on the four key United Nations Sustainable Development Goals (“SDGs”) that are highly relevant to our business. These SDGs are illustrated below, highlighting our alignment with sustainable development objectives.

SDGs	Hysan’s contributions towards selected SDGs
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>3 – Good Health and Wellbeing</p> <ul style="list-style-type: none"> Promote community wellness and resilience, health & safety via various programmes and activities to stakeholders in the community. Set out and maintain comprehensive management measures to provide a safe and healthy environment for our staff at work and in our community.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8 – Decent Work and Economic Growth</p> <ul style="list-style-type: none"> Promote sustainable economic growth. Drive tenants’ business growth. Nurture entrepreneurs and incubate innovative new businesses. Provide an inclusive environment of decent work.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>11 – Sustainable Cities and Communities</p> <ul style="list-style-type: none"> Make cities and neighbourhoods inclusive, safe, resilient and sustainable. Apply climate actions and develop green and WELL buildings to optimise impacts. Conduct activities that contribute to community health and wellness, family and children, art and culture, environmental sustainability, diversity and inclusion.
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>17 – Partnerships for the Goals</p> <ul style="list-style-type: none"> Mobilise multiple resources, including support from project partners, non-governmental organisations (“NGOs”) and the government, to make positive social impacts, particularly in the area of our operations. Enhance the use of enabling technology.

CLIMATE RISKS ASSESSMENT

In accordance with the TCFD's guidelines for disclosing climate-related financial risks, we are conducting a thorough climate-related risk assessment that encompasses both physical and transition risks. This assessment is being carried out in phases by third party consultants. The initial phase of our study was nearing completion as of the writing of the 2023 Sustainability Report.

The study's initial phase includes a physical risk assessment, which involves computing climate hazards at asset locations in Hong Kong and Shanghai, across different timeframes, using proprietary datasets and the most up-to-date climate models with local meteorological data. We considered two climate scenarios (SSP2-4.5 and SSP5-8.5) and three time-horizons (Baseline, 2030 and 2050), based on the IPCC's Sixth Assessment Report. The assessment identified key acute risks, including tropical cyclones, extreme heat, pluvial floods, landslides and chronic risks such as water stress. The findings highlight the urgency of implementing robust adaptation strategies. In the next phase, Hysan plans to conduct a detailed asset-level assessment of selected properties with the highest iso-risk to evaluate their sensitivity and adaptive capacity. The assessment will consider factors such as building infrastructure, systems and susceptibility to extreme weather events. This in-depth evaluation will inform the measures we implement to enhance asset resilience.

Concurrently, we assessed transition risks and identified inherent risks within categories that include Policy and Legal, Technology, Market, and Reputation. We are in the process of evaluating and identifying these inherent risks at the operational level in collaboration with various business departments. The residual risks identified will be incorporated into our corporate risk management framework, in line with our proactive approach to addressing climate-related risks.

The transition risk assessment focused on risks associated with the shift towards a low-carbon economy and considered risk types such as policy and legal risks, technological risks, market risks, and reputational risks. The assessment utilised scenarios developed by the Network for Greening the Financing System (NGFS) and examined risks and opportunities based on their impact and regional specification. Key transition risks and opportunities identified include changing demands for a lower-carbon economy, the development of a carbon trading market, potential increases in insurance premiums, exposure to litigation risks, the need for technological improvement and innovation, potential financial impacts from property damage, and increased costs of raw materials. The identified inherent risks will be evaluated at the operational level in collaboration with business departments, and the residual risks will be incorporated into Hysan's corporate risk management framework to proactively address climate-related risks.

For further details on our Climate Risks Assessment, please refer to the "Environment" section of the 2023 Sustainability Report.

Directors' Report

The Directors submitted their report together with the audited consolidated financial statements for the year ended 31 December 2023, which were approved by the Board on 22 February 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Group continued throughout 2023 to be property investment, management, and development. Details of the Group's principal subsidiaries, associates and joint ventures as at 31 December 2023 are set out in notes 16 to 18 respectively to the consolidated financial statements.

The turnover and results of the Group are principally derived from the leasing of investment properties located in Hong Kong. The Group's turnover and results by operating segment are set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss on page 137.

The first interim dividend of HK27 cents per share, amounting to approximately HK\$277 million, was paid to Shareholders during the year.

The Board declared a second interim dividend of HK81 cents per share which will be payable in cash to the Shareholders whose names appear on the register of members on 8 March 2024, totalling approximately HK\$832 million. The dividends declared and paid for ordinary shares in respect of the full year 2023 will total approximately HK\$1,109 million, and the balance of the profit will be retained.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position and material attributable factors relating to the development and likely future developments of the Group's business, are provided throughout this Annual Report, particularly in the following separate sections:

- (a) Review of the Group's business – "Management's Discussion and Analysis";
- (b) The Group's risk management framework, the principal risks the Group is facing and the controls in place – "Risk Management and Internal Control Report";
- (c) Particulars of important events affecting the Group that have occurred since the end of the financial year 2023 – "Chairman's Statement", "Management's Discussion and Analysis" and "Notes to the Consolidated Financial Statements";
- (d) Future development of the Group's business – "Key Facts" and "Chairman's Statement";
- (e) Analysis using financial key performance indicators – "Management's Discussion and Analysis";
- (f) Discussion of the Group's environmental policies and performance – "Sustainability Report 2023 – Summary";
- (g) Discussion of the Group's compliance with the relevant laws and regulations that have a significant impact on the Group – "Corporate Governance Report", "Sustainability Report 2023 – Summary" and "Independent Auditor's Report"; and
- (h) An account of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends – "Directors' Report" and "Sustainability Report 2023 – Summary".

A detailed discussion of the Group's environmental policies and performance, its compliance with the relevant laws and regulations that have a significant impact on the Group, and its key relationships with Stakeholders, is contained in the separate Sustainability Report 2023, which is available on the websites of both the Stock Exchange and the Company.

These discussions form part of this Directors' Report.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on pages 140 and 141 and note 30 to the consolidated financial statements respectively.

INVESTMENT PROPERTIES

All of the Group's investment properties were revalued by an independent professional valuer as at 31 December 2023 using the fair value model. Details of movements during the year in the investment properties of the Group are set out in note 14 to the consolidated financial statements.

Details of the major investment properties of the Group as at 31 December 2023 are set out in the section "Schedule of Principal Properties" of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and fully complied with the code provision of the CG Code throughout the year.

Further information on the Company's corporate governance practices is set out in the following separate reports:

- (a) "Corporate Governance Report" (pages 38 to 88) – this gives detailed information on the Group's compliance with the CG Code and relevant laws and regulations, its adoption of local and international best practices, Directors' service contracts, and Directors' interests in shares, contracts and competing business;
- (b) "Risk Management and Internal Control Report" (pages 89 to 97) – this sets out the Group's framework for risk assessment and internal control (including control environment, control activities and work completed during the year);
- (c) "Audit and Risk Management Committee Report" (pages 98 to 104) – this sets out the terms of reference, work performed and findings of the Audit and Risk Management Committee for the year;
- (d) "Remuneration Committee Report" (pages 105 to 113) – this gives detailed information on Directors' remuneration and interests (including information on Directors' compensation);
- (e) "Nomination Committee Report" (pages 114 to 117) – this sets out the terms of reference, work performed and findings of the Nomination Committee for the year; and
- (f) "Sustainability Committee Report" (pages 118 to 120) – this sets out the terms of reference, work performed and findings of the Sustainability Committee for the year.

Further information on the Group's sustainability policies and practices is contained in the separate Sustainability Report 2023, which is available on the websites of both the Stock Exchange and the Company.

THE BOARD

As at 31 December 2023 and up to the date of this report, the composition of the Board is set out below:

Lee Irene Yun-Lien (*Chairman*)

Lui Kon Wai (*Executive Director and Chief Operating Officer*)

Chung Cordelia**

Churchouse Frederick Peter**

Fan Yan Hok Philip**

Poon Chung Yin Joseph**

Wong Ching Ying Belinda**

Young Elaine Carole**

Lee Anthony Hsien Pin*

(Lee Irene Yun-Lien as his alternate)

Lee Chien*

Lee Tze Hau Michael*

* Non-Executive Director

** Independent Non-Executive Director

Changes with effect from conclusion of the 2023 AGM:

- (a) Jebsen Hans Michael retired as a NED; and
- (b) Chung Cordelia was appointed as an INED.

On 9 May 2023, Chung Cordelia obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange. She confirmed that she understood her obligations as a Director.

The biographical details of the Directors are set out on pages 47 to 53. Details of their remuneration are set out in Note 10 to the Financial Statements.

Under Article 114 of the Articles, one-third (or such other number as may be required under applicable legislation) of the Directors (and where the applicable number is not an integral number, to be rounded upwards), who have been longest in office shall retire from office by rotation at each AGM. A retiring Director is eligible for re-election.

Particulars of Directors seeking re-election at the forthcoming 2024 AGM are set out in the related circular to Shareholders.

The Company received from each INED an annual confirmation of his or her independence with regard to each of the factors referred to in Rule 3.13 (1) to (8) of the Listing Rules, and the Company considered all of them to be independent. The Nomination Committee also reviewed the Directors' independence in a meeting held in November 2023 (See "Corporate Governance Report" and "Nomination Committee Report").

The names of Directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report are available on the Company's website: www.hysan.com.hk.

DIRECTORS' INTERESTS IN SHARES

Details of the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations are set out in "Corporate Governance Report" on pages 38 to 88.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 December 2023, the interests or short positions of substantial Shareholders and other persons of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Aggregate long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary shares held	% of the total no. of issued shares (Note)
Lee Hysan Company Limited	Beneficial owner	433,130,735	42.17
Silchester International Investors LLP	Investment manager	83,647,000	8.14
First Eagle Investment Management, LLC	Investment manager	52,460,214	5.10
BlackRock, Inc.	Investment manager	51,720,535	5.03

Note:

The percentages were computed based on the total number of issued shares of the Company as at 31 December 2023 (i.e. 1,027,008,223 ordinary shares).

Apart from the above, no other interest or short position in the shares or underlying shares of the Company were recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2023.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to contracts entered into by the Group in the ordinary course of business and that were negotiated on normal commercial terms and on an arm's length basis. Further details are set out in note 35 to the consolidated financial statements.

Some of these transactions also constituted "Continuing Connected Transactions" and "Connected Transactions" under the Listing Rules, as identified below.

CONTINUING CONNECTED TRANSACTIONS

Certain transactions entered into by the Group constituted continuing connected transactions (the "Continuing Connected Transactions") that were subject to announcement, reporting and annual review requirements but exempt from the circular and Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules. Details of the Continuing Connected Transactions subsisting during the year and required to be disclosed are set out as follows:

I. Lease granted by the Group

The following lease arrangement ("Hysan Place Lease Agreement") was entered into by Earn Extra Investments Limited ("Earn Extra"), a wholly-owned subsidiary of the Company and the owner of Hysan Place, 500 Hennessy Road, Hong Kong ("Hysan Place"), as landlord, with the following connected person:

Connected person	Date of agreement	Term	Premises	Annual Caps
Jebsen and Company	19 March 2021	3 years commencing from 1 November 2021 to 31 October 2024	Office units on the 20th, 21st and 22nd Floors of Hysan Place	2021: HK\$9,600,000 (on pro-rata basis) 2022: HK\$58,000,000 2023: HK\$58,500,000 2024: HK\$49,300,000 (on pro-rata basis)

Jebsen and Company is a connected person of the Company under the Listing Rules by virtue of it being (i) a substantial shareholder of Barrowgate Limited ("Barrowgate"), holding 10% legal and beneficial interest in Barrowgate; and (ii) an associate of Jebsen Hans Michael, a former NED of the Company retired on 16 May 2023. The Hysan Place Lease Agreement and the transactions contemplated thereunder hence constitute continuing connected transactions of the Company under the Listing Rules. The aggregate contract amounts for transactions contemplated under the Hysan Place Lease Agreement, calculated based on rental and operating charges at prevailing rates, for the financial year ended 31 December 2023 is HK\$52,516,511.

II. Provision of leasing and property management services to a non-wholly-owned subsidiary regarding Lee Garden Two

- (a) The following management agreement ("Leasing Services Agreement") was entered into between Hysan Leasing Company Limited, a wholly-owned subsidiary of the Company, and Barrowgate, a connected subsidiary of the Company, for the provision of leasing marketing and lease administration services in respect of Lee Garden Two:

Connected person	Date of agreement	Terms	Premises	Annual Caps
Barrowgate	31 March 2022	3 years commencing from 1 April 2022 to 31 March 2025	Whole premises of Lee Garden Two	HK\$45,000,000

- (b) The following management agreement ("Property Management Services Agreement") was entered into between Hysan Property Management Limited, a wholly-owned subsidiary of the Company, and Barrowgate, a connected subsidiary of the Company, for the provision of property management services in respect of Lee Garden Two:

Connected person	Date of agreement	Terms	Premises	Annual Caps
Barrowgate	31 March 2022	3 years commencing from 1 April 2022 to 31 March 2025	Whole premises of Lee Garden Two	HK\$6,500,000

CONTINUING CONNECTED TRANSACTIONS continued

II. Provision of leasing and property management services to a non-wholly-owned subsidiary regarding Lee Garden Two continued

Barrowgate is a connected subsidiary of the Company under the Listing Rules by virtue of it (i) being a non wholly-owned subsidiary of the Company; and (ii) having a substantial shareholder, namely Jebesen and Company, which is an associate of Jebesen Hans Michael, a former NED of the Company retired on 16 May 2023. The Leasing Services Agreement, the Property Management Services Agreement and transactions thereunder hence constitute continuing connected transactions of the Company under the Listing Rules. The aggregate contract amounts for transactions entered into under the Leasing Services Agreement and Property Management Services Agreement for the financial year ended 31 December 2023 are HK\$20,189,108 and HK\$4,474,937 respectively, calculated on the basis of the fee schedules as prescribed in the respective agreements.

All the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the respective companies within the Group, after due negotiations on an arm's length basis with reference to the prevailing market conditions. Announcements in respect of the Continuing Connected Transactions were published in accordance with the Listing Rules. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules insofar as applicable.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 128 to 129 of the Annual Report in accordance with Rule 14A.56 of the Listing Rules.

The Company's Internal Audit has reviewed the Continuing Connected Transactions and the related internal control procedures, and concluded that the internal control procedures are adequate and effective. Pursuant to Rule 14A.55 of the Listing Rules, all INEDs have reviewed the Continuing Connected Transactions and the report of the auditor and confirmed that the each of the Continuing Connected Transactions are:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or better; and
3. on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONNECTED TRANSACTION

The following transaction entered into by the Group during the year constituted connected transaction ("Connected Transaction") which was subject to the notification and announcement requirements but exempt from the circular and Shareholders' approval requirements under the Listing Rules. Details of the Connected Transaction are set out as follows:

I. Provision of financial assistance to the Group by a connected person

On 22 November 2023, Hysan (Shanghai) Properties Limited (希慎(上海)房地產有限公司) ("Hysan (SH) Properties"), an indirect wholly-owned subsidiary of the Company, entered into the facility agreement ("Facility Agreement") with HSBC Bank (China) Limited, Shanghai Branch ("HSBC (China)") as the lender, pursuant to which HSBC (China) agreed to grant Hysan (SH) Properties a facility in a maximum amount of RMB200 million for a term of two years (the "Facility"). The interest rate under the Facility was at the sum of one-year RMB loan prime rate and interest margin of 0.45% per annum of the relevant interest period. The Company provided a guarantee on the full amount owed by Hysan (SH) Properties under the Facility Agreement pursuant to the security documents ("Security Documents").

Hang Seng Bank Limited ("Hang Seng") is a substantial shareholder of Barrowgate. HSBC, being the holding company of Hang Seng, and HSBC (China) being its group company, are connected person of the Company at the subsidiary level under the Listing Rules. None of the Directors has a material interest in the Facility Agreement or the Security Documents. Lee Irene Yun-Lien, the executive Chairman, was also the independent non-executive chairman of Hang Seng, and had abstained voluntarily from voting on the relevant Board resolution approving the Facility Agreement and the Security Documents.

Details of the Facility was disclosed in the Company's announcement dated 22 November 2023.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Having a revenue ratio of 1.34% under the revenue test calculated by reference to the related annual consideration (the percentage ratios for assets ratio and consideration ratio are 0.04% and 0.32% respectively), the Hysan Place Lease Agreement entered into between Jebesen and Company and Earn Extra is considered contracts of significance under paragraph 15 of Appendix D2 to the Listing Rules. Details of the transaction are set out under (I) of section headed "Continuing Connected Transactions" above.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, 24.03% of the aggregate amount of purchases was attributable to the Group's five largest suppliers, with the largest supplier accounting for 7.59% of the Group's total purchases. The aggregate amount of turnover attributable to the Group's five largest customers was less than 30% (being the Listing Rule disclosure threshold) of total turnover of the Group.

None of the Directors, their close associates or any Shareholders (which to the knowledge of the Director owns more than 5% of the Company's issued shares) had any interest in the Group's five largest suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, a subsidiary of the Company purchased a total of 48,400 ordinary shares of the Company ("Awarded Shares") for a total 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 100th anniversary of the establishment of Hysan in Hong Kong. Details of the shares purchased are as follows:-

Month of purchase in 2023	Number of ordinary shares purchased	Consideration per share		Aggregate consideration paid HK\$ million
		Highest HK\$	Lowest HK\$	
October	48,400	14.58	14.34	1

All Awarded Shares have been granted, vested, cancelled/lapsed pursuant to the terms of the 100A Share Award Plan. Details of the 100A Share Award Plan are set out in the announcement of the Company dated 27 November 2023.

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

ISSUANCE OF SECURITIES

During the year, the Company has issued several Fixed Rate Notes (the "Fixed Rate Notes") under the Group's US\$4 billion Medium Term Note Programme ("MTN Programme"). These Fixed Rate Notes are unconditionally and irrevocably guaranteed by the Company. The list of these Fixed Rate Notes issued during the year is as below:

1. HK\$250 million 4.41% Fixed Rate Note due in April 2033
2. CNY\$200 million 3.55% Fixed Rate Note due in April 2026
3. HK\$300 million 4.3% Fixed Rate Note due in May 2033
4. CNY\$250 million 3.15% Fixed Rate Note due in June 2026
5. CNY\$450 million 3.1% Fixed Rate Note due in November 2026

The issuer under the MTN Programme is Hysan (MTN) Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company. For further details of the Fixed Rate Notes, please refer to note 26 to the consolidated financial statements. Save as disclosed above, the Group has not issued any debentures during the year.

EQUITY-LINKED AGREEMENTS

The Company granted share options under share option schemes as adopted from time to time. Share options granted are subject to three years vesting period and the consideration for each grant of option is HK\$1. During the year, none of the ordinary shares of the Company has been issued pursuant to the exercise of share options. As at 31 December 2023, share options exercisable into a total of 8,094,067 ordinary shares of the Company (including fully-vested share options exercisable into 6,341,720 shares of the Company) remained outstanding.

The Company adopted a one-off share award plan on 15 October 2023 to grant fully-vested shares to selected employees of the Group to commemorate the 100th anniversary of the establishment of Hysan in Hong Kong.

For further details of the above share option/award schemes, please refer to "Remuneration Committee Report".

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

DONATIONS

During the year, the Group made donations of approximately HK\$0.1 million to charitable and non-profit-making organizations.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him or her in the execution of the duties of his or her office or in relation thereto. The Directors and Officers Liability Insurance ("D&O Insurance") taken out by the Company throughout the year provides adequate cover for such indemnities to all the Directors of the Company and its subsidiaries. The relevant provisions in the Articles and the D&O Insurance were in force during the financial year ended 31 December 2023 and as of the date of approval of this report.

AUDITOR

A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company is to be proposed at the forthcoming 2024 AGM.

By Order of the Board

Lee Irene Yun-Lien

Chairman

Hong Kong, 22 February 2024