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Hysan Development Company Limited

希慎興業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 00014)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

- 2023 marked the 100th anniversary of Hysan. Lee Gardens has transformed from a garden into a vibrant community. As we enter our 101st year, we continue to evolve with the expansion, transformation and rejuvenation of our portfolio to ensure a long-term future for Lee Gardens
- Hong Kong's economy saw some improvements while consumption was cautious and export sector remained weak. Geopolitical tensions and macro-economic uncertainties continued to impede recovery
- Office and Retail sectors were impacted by post-pandemic structural changes. Our areawide rejuvenation project will continue to reinforce Lee Gardens as a destination of choice for retail and premium office spaces
- Occupancy for Office portfolio was 89%, rental reversion remained negative
- Occupancy for Retail portfolio was 97%, rental reversion was predominantly positive
- Turnover and Recurring Underlying Profit decreased year-on-year by 7.2% and 11.2% respectively
- Loss attributable to owners of the Company was HK\$872 million for the year mainly arising from non-cash fair value decrease of investment properties of HK\$2,763 million

RESULTS

			Year ended 31 December		
			2023	2022	Change
			As at 31 December		
			2023	2022	
Turnover	HK\$ million	1	3,210	3,460	-7.2%
Recurring Underlying Profit	HK\$ million	2	1,832	2,063	-11.2%
Underlying Profit	HK\$ million	3	1,832	2,129	-14.0%
Reported Loss	HK\$ million	4	(872)	(1,157)	+24.6%
Basic Loss per Share	HK cent		(85)	(112)	+24.1%
Full-year Dividends per Share	HK cent		108	144	-25.0%
Shareholders' Funds	HK\$ million	5	67,182	70,200	-4.3%
Net Asset Value per Share	HK\$	6	65.4	68.4	-4.4%

Notes:

- Turnover** comprises gross rental income from leasing of investment properties located in Hong Kong and Mainland and management fee income from the provision of property management services for the year.
- Recurring Underlying Profit**, a non-HKFRS measure, is a performance indicator of the Group's core property investment business and is arrived at by excluding from Underlying Profit items that are non-recurring in nature.
- Underlying Profit**, a non-HKFRS measure, is arrived at by adding (i) Reported Loss excluding unrealized fair value change of investment properties and items not generated from the Group's core property investment business; and (ii) Profit attributable to holders of perpetual capital securities.
- Reported Loss** is the loss attributable to owners of the Company. It is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.
- Shareholders' Funds** are the equity attributable to owners of the Company.
- Net Asset Value per Share** represents Shareholders' Funds divided by the number of issued shares at year-end.

CHAIRMAN'S STATEMENT

This year, we celebrate the 100th anniversary of Hysan, a testament to our enduring presence in Hong Kong and a legacy of community development. I would like to express my heartfelt gratitude to everyone who has been a part of the history, culture and the collective memory of Hysan and Lee Gardens.

Over the past century, Lee Gardens has grown from a garden for the public, to now, one of the world's most bustling and vibrant destinations. Our dual-engine office and retail portfolio, combined with our community business model, provide resilience and strength in the face of uncertainty. The blend of offerings creates an array of lifestyle experiences for office tenants, shoppers, tourists and residents. Our unique portfolio is at the heart of Hong Kong Island, we connect people and curate communities through our diverse offerings, the attraction of our convenient and prime location, and an engaging approach to reaching out to customers of all ages with events and programmes designed to appeal to their interests and aspirations. As Hysan enters its 101st year, we continue to evolve with the expansion, transformation and rejuvenation of Lee Gardens. Our community business model and our deep engagement with our stakeholders are key ingredients which will ensure a long-term future for Lee Gardens.

2023 presented a mix of challenges and opportunities for Hysan. This was a year of global upheaval as the world gradually recovered from the pandemic. Many continuing and new challenges, including ongoing geopolitical tensions, escalating geoeconomic fragmentation, interest rate hikes, inflation concerns and the increasing frequency of extreme weather events were impediments to recovery.

Hong Kong was not immune to the impact of these external shocks. While there were improvements, especially in tourist numbers, consumption was cautious and the export sector remained weak. Expectations of prolonged high interest rates and concerns about the economic outlook on the Mainland dampened market sentiment in the local stock and property markets. Additionally, cities in the Greater Bay Area offered attractive day or weekend trips for Hong Kong, resulting in an imbalance in tourist flows.

Hong Kong's office sector continued to struggle against the backdrop of post-pandemic structural change. Landlords defended occupancy with more flexible lease terms and enhanced rental incentives as increased supply came to market. Lee Gardens is a highly desirable and competitive choice with our premium office space and facilities which include an abundance of retail, food and beverage offerings, situated in a well-connected, convenient and vibrant neighbourhood community.

The retail sector in Hong Kong is undergoing a transformation driven by changes in consumer behaviour, particularly a shift in tourist focus from extravagant shopping to experience-based tourism. In response, a brand-new lifestyle hub, #URBANHOOD, was unveiled in December 2023 at the basement of Hysan Place. This hub, spanning two levels, showcases a vibrant mix of nearly 40 lifestyle, entertainment, food and beverage brands from various Asian cities, including some making their debut in Hong Kong. This transformation was a continuation of our commitment to youth culture, celebrating a creative and lifestyle focused generation, connecting them with the ever-changing popular culture. Together with #UrbanSky, #UrbanPark, and over a hundred local and international brands and dining outlets in Hysan Place and around the Lee Gardens neighbourhood, #URBANHOOD offers an engaging experience that appeals to all generations.

Throughout the year, we introduced various initiatives to cater to the diverse interests and needs of our customers. Lee Garden's own indoor play space for toddlers and preschoolers was launched to provide novel and unique experiences for families. A series of festive events, promotions and thematic campaigns were designed to attract and engage locals and tourists.

Understanding customer behaviour and needs remains central to our Customer First philosophy. We continuously refined our offerings and launched targeted marketing and sales initiatives, collaborating with our tenants to attract and sustain our loyal Club Avenue membership. We are also focused on growing and grooming our Lee Gardens Club members. The performance of retail sales at Hysan surpassed that of the overall retail market in Hong Kong, leading to an increase in turnover rent of 45% year-on-year.

In 2023, we also made significant progress in the rejuvenation of the Lee Gardens hub. Major enhancement works at Lee Garden One were completed with the unveiling of the arcade in late 2023. The flagship stores of our key luxury anchor tenants are undergoing renovations and will be completed in stages during 2024 and 2025. The reopening of these flagship stores will reinforce our status as home to top luxury brands at Lee Gardens on Hysan Avenue.

Our roots run deep in Hong Kong and Causeway Bay in particular. The rich tapestry of Lee Gardens' legacy was built upon our community, and it is for this reason that our Community Business Model, which prioritises inclusivity, social wellbeing, environmental stewardship, positive economic impact and liveability, remains fundamental to our sustainability strategy.

During the year, we are delighted to have received prestigious awards that recognised our commitment to sustainability. These included the Distinction Award of The Hong Kong Management Association Hong Kong Sustainability Award 2023 and, for the 20th consecutive year, the Corporate Governance Award of the Hong Kong Institute of Certified Public Accountants Best Corporate Governance and ESG Awards 2023. These accolades are testaments to our unwavering dedication to achieving excellence in ESG.

We are committed to addressing climate change. Our Caroline Hill Road project adheres to the highest sustainability standards and is designed to withstand climate challenges. Furthermore, we are focused on “S”, the social element in ESG. We actively promote sports, art and culture through community programmes, promoting inclusivity and positive social impact, and ensuring their accessibility to a wider community in Hong Kong.

Looking ahead, while the local and global economic outlook for 2024 remains uncertain, what will always remain true is our commitment to fostering development and growth. Therefore, the Board has made the decision to adjust our dividend in order to build for the future.

We look forward to the next 100 years of Lee Gardens, where people come to work, live and enjoy, now, and for generations to come.

Lee Irene Yun-Lien

Chairman

Hong Kong, 22 February 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Strategy

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

Review of Results

In HK\$ million	2023	2022	Change
Turnover	3,210	3,460	-7.2%
- Office	1,472	1,578	-6.7%
- Retail	1,533	1,643	-6.7%
- Residential	205	239	-14.2%
Recurring Underlying Profit	1,832	2,063	-11.2%
Underlying Profit	1,832	2,129	-14.0%

Hysan's Hong Kong investment property portfolio comprises three sectors – office, retail and residential – covering a floor area of approximately 4.5 million square feet. As at 31 December 2023, office properties accounted for around 55% of the Group's investment portfolio by gross floor area, while retail properties made up around 30%. Our office and retail properties are located in Causeway Bay's Lee Gardens precinct. Approximately 15% of the Group's investment portfolio by gross floor area is residential, mainly comprising its Bamboo Grove apartments in Hong Kong's Mid-Levels.

Turnover and Recurring Underlying Profit saw year-on-year declines of 7.2% and 11.2% respectively. Structural changes continued to put pressure on the office and residential sector. On average approximately 10% of our retail area were closed for the major enhancement works of Lee Gardens rejuvenation project. The corresponding impact has been reflected in our retail turnover.

The Board of Directors has declared a second interim dividend of HK81 cents per share (2022: HK117 cents) which will be payable in cash.

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

	<u>2023</u> HK\$ million	<u>2022</u> HK\$ million
Reported loss	(872)	(1,157)
Change in fair value of properties	2,020	2,858
Investment properties	2,763	3,213
Less: Effect of other non-controlling interests	(732)	(344)
Share of associates (net of tax)	(11)	(11)
Change in fair value of other financial investments	267	1
Imputed interest income on interest-free loan to a joint venture	(24)	(24)
Other gains and losses	(1)	1
Profit attributable to perpetual capital securities holders	442	450
Underlying Profit	1,832	2,129
One-off exchange gain	-	(66)
Recurring Underlying Profit	1,832	2,063

Key Performance Indicators

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

Key Performance Indicators	Definition	Business Performance		
		Sector	2023	2022
Turnover Growth	Rental revenue in current year vs that in last year	Office	-6.7%	-8.7%
		Retail	-6.7%	+1.4%
		Residential	-14.2%	-8.1%
Occupancy Rate	Percentage of total lettable area leased / total lettable area of each portfolio at year-end	Office	89%	90%
		Retail	97%	99%
		Residential	60%	61%
Property Expenses Ratio	Property expenses divided by turnover	N/A	19.3%	16.4%

Review of Operations

Office

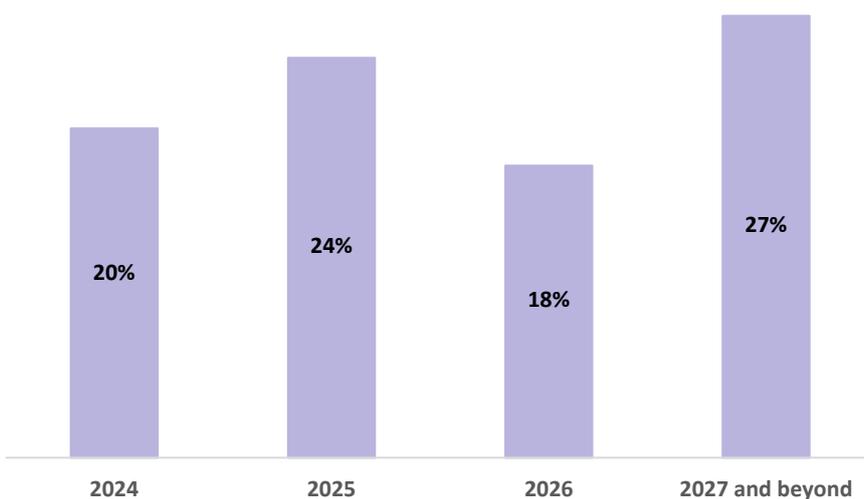
Turnover of the Group's office portfolio saw a decline of 6.7% to HK\$1,472 million (2022: HK\$1,578 million), including turnover rent of HK\$5 million (2022: HK\$11 million).

Due to global economic uncertainties, high interest rates, geopolitical tensions and financial stress among corporates on the Mainland, Hong Kong's office market remained weak. Coupled with a slower-than-expected economic recovery, the demand for Grade A offices softened, resulting in a city-wide Grade A office vacancy rate of 13% as of the end of 2023. Furthermore, the increasing number of landlords willing to offer more flexible lease terms, enhanced rental incentives, and higher agency fees has contributed to the challenging environment for Hong Kong's office market. Looking ahead, the office market in Hong Kong is expected to continue facing downward pressure due to a substantial increase in the supply of new projects in 2023 and 2024.

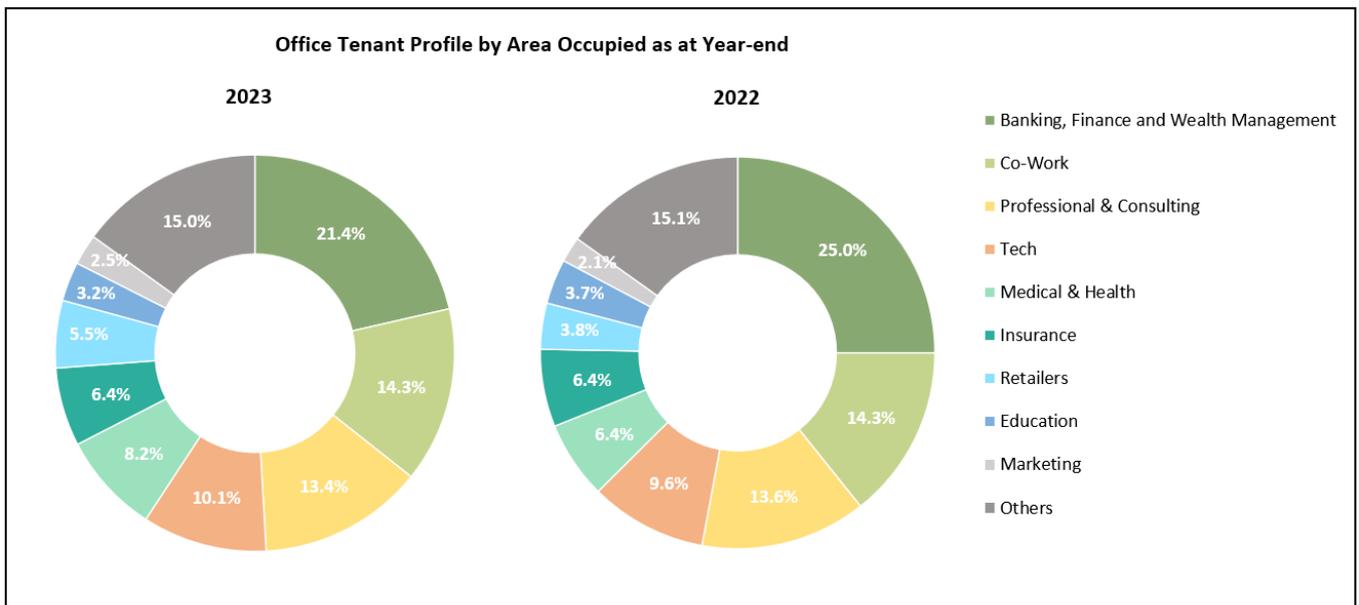
The average rental reversion rate on renewals, rent review and new lettings for Hysan's Lee Gardens portfolio remained negative. Occupancy was at 89% as at 31 December 2023 (2022: 90%).

In light of lower rents and increased availability of new supply, there is a growing trend among corporates to consider relocating to better quality buildings in prime locations. The unique features of Lee Gardens, a well-connected and vibrant community that offers top-quality office facilities and an abundance of popular retail offerings, further enhance our appeal to tenants from the finance, wealth management, high-end retail, medical and health services sectors. For instance, Hermes and the medical group Adventist & Procare leased new floors in Lee Garden One and Lee Garden Two respectively. UOB and Chanel also expanded their offices in Lee Gardens. We will capitalise on this opportunity and attract more new tenants from these sectors.

Office Lease Expiry Profile by Area Occupied (As at 31 December 2023)



As at the end of 2023, the Banking, Finance and Wealth Management sector continued to occupy the largest share 21.4% (2022: 25.0%) of our tenant portfolio by floor area. The Co-work sector and Professional and Consulting sectors were second and third. Office demand from the medical and health sector has risen due to the uptick in business performance following the resumption of normal travel with the Mainland.



Retail

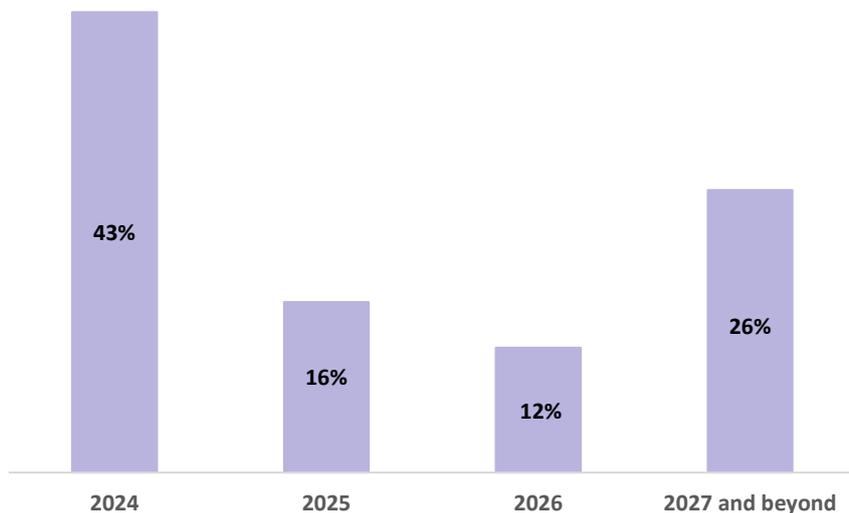
The Group's retail portfolio turnover decreased by 6.7% to HK\$1,533 million (2022: HK\$1,643 million). This included turnover rent of HK\$154 million (2022: HK\$106 million). Retail occupancy stood at a robust 97% as at 31 December 2023 (2022: 99%). The rental reversion rate on renewals, rent review and new lettings was predominantly positive during 2023.

During the year, Hong Kong's retail sales showed signs of improvement, thanks to the revival of inbound tourism, the continued improvement in household income, and the implementation of various promotional campaigns and activities by the Hong Kong Government. However, the recovery was impeded by a challenging external environment and a strong Hong Kong dollar. Additionally, the strong inclination of residents to travel and spend in nearby cities in the Greater Bay Area and overseas resulted in an imbalance in tourist flows, further impacting Hong Kong's retail sector. As a result, only a moderate increase in sales was observed from the second quarter of the year, and Hong Kong's retail industry has yet to return to pre-pandemic level.

The retail sector in Hong Kong is undergoing a transformation driven by changes in consumer behaviour, particularly a shift in tourist focus from extravagant shopping to experience-based tourism. In view of this, Hysan Place unveiled a brand-new lifestyle hub on the basement floors. This hub showcases nearly 40 lifestyle, entertainment, and food and beverage brands from various Asian cities, including some making their debut in Hong Kong. This transformation was inspired by the concept of #URBANHOOD, which aims to engage a creative and lifestyle focused generation, connecting them with popular culture. Together with #UrbanSky, #UrbanPark, and over a hundred local and international brands and dining outlets in Hysan Place and the nearby area, #URBANHOOD offers an engaging experience that caters for all generations.

The rejuvenation of Lee Gardens also made significant progress throughout the year. Major enhancement works at Lee Garden One were completed with the arcade area reopened in late 2023. The flagship stores of our key luxury anchor tenants are undergoing renovation and will be completed in stages by 2024 and 2025. The reopening of these flagship stores will reinforce Lee Gardens as the premier destination for top luxury brands in Hong Kong.

Retail Lease Expiry Profile by Area Occupied (As at 31 December 2023)



Marketing Initiatives and Loyalty Programmes

In 2023, we implemented a range of diversified marketing programmes to enhance our core business and promote inclusivity in Lee Gardens.

Despite the global economic uncertainties, we implemented various initiatives to sustain members' traffic and sales. These included refining the lounge service, providing personalised services for top-tier members, and launching sales boosting programmes targeting different transaction levels. As a result, the retention rate of top-tier members returned to pre-covid levels, and Club Avenue achieved a modest increment in total member sales.

The introduction of #UrbanPark and Playdot at Lee Gardens brought novelty and unique experiences to cater to the diverse interests and needs of our customers. At the beginning of the year, we unveiled #UrbanPark, the first-ever covered skatepark in Hong Kong, at Hysan Place with an exciting opening party featuring a world-renowned skateboarder. This campaign received support from international luxury and skateboarding brands through sponsorships and a premium crossover pop-up shop. Throughout the year, we also hosted collaborative skateboarding events with I.T. and Chivas to further engage trendsetters. In August, we launched Playdot, an exclusive indoor play space in Lee Garden Two. This introduction extended the range of activities available for our members and their children, providing them a unique and immersive experience. Parent-child activities and learning workshops were also regularly held at Playdot to create enjoyable moments for our members and their children while allowing the children to learn through play.

Throughout the year, we organised thematic campaigns, incorporating installations and sales promotions, to attract more visitors and boost sales during festive seasons. In January, we held the “Unfold Your Aesthetic Stories” Chinese New Year campaign, which combined traditional paper art with immersive experiences and digital interactions, creating a memorable and festive atmosphere for our members during the holidays. In March, we organised the Kids Carnival, which garnered support from 30 children’s and homeware brands, reinforcing the position of Lee Garden Two and Three as destinations for families and children. In December, we collaborated with renowned visual artist and illustrator, Jirayu Koo, for the “Glom Glom All The Way” Christmas campaign. This campaign offered a captivating visual experience with art, lifestyle and fashion. A series of engagement programmes, including family portraits with Santa Claus and enchanting performance, were also held to enhance the overall Christmas shopping experience in Lee Gardens.

Furthermore, we implemented a diverse range of rewards programmes to enhance awareness and sales on our e-Commerce hy! Platform. The iconic Power Up campaign offered discounts on e-vouchers from over 100 participating tenants this year, and we once again, partnered with Hang Seng Bank to provide additional rewards. This campaign returned with great success, generating promising sales and reactivating inactive members.

Residential

In 2023, the increased demand from an influx of young professionals and graduates through various talent schemes had a positive impact on Hong Kong’s mass residential leasing market. However, the luxury residential leasing market continued to face challenges and remained sluggish. Despite some sporadic big-ticket lease transactions, overall demand, particularly for older developments, remained low primarily due to the lack of demand from expatriates. As a result, Hysan’s residential leasing portfolio turnover saw a decline of 14.2% to HK\$205 million (2022: HK\$239 million). Occupancy was at 60% as at 31 December 2023 (2022: 61%). The average rental reversion in the sector was negative for renewals, rent reviews and new lettings.

Core Expansion & Strategic Pillars

Commercial Property Development – Caroline Hill Road Project

The construction works for the Caroline Hill Road project, our strategic joint venture development with Chinachem Group, are on track. The entire project is progressing on schedule for opening in late 2026. This is an important milestone in our long-term growth plans and will reinforce the Lee Gardens precinct as one of Hong Kong's most unique destinations.

The Caroline Hill Road Project is included under “investment properties” in our consolidated statement of financial position.

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

Our joint-venture luxury residential project, VILLA LUCCA, was granted a Certificate of Compliance in the first quarter of 2023. This development of 262 garden houses and apartments is the first residential project on Tai Po's prestigious Lo Fai Road in recent years. It was honoured with a Merit Award at the Hong Kong Institute of Architects Annual Awards 2022-23, recognising its exceptional craftsmanship and visionary design.

Hong Kong's luxury residential sales market cooled down for most of 2023 due to interest rate hikes and stresses in the global financial sector. Despite the poor market sentiment, we adopted a price adjustment strategy in Q4 2023 to boost transactions. As a result, over 60 houses and apartments were sold or leased during the year, with over half of the transactions completed in the last quarter of 2023. Looking ahead, we will prepare more show flats to attract potential buyers who are seeking a “ready” home in Hong Kong.

Hysan owns a 25% stake in a joint venture to develop the Urban Renewal Authority's residential project at Bailey Street/Wing Kwong Street in Kowloon's To Kwa Wan district. The development plan was approved during the year and is targeted for completion in 2027. Hysan will apply our expertise by overseeing the design and operation of the retail portion of the project.

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

Shanghai Investment Property – Lee Gardens Shanghai

Lee Gardens Shanghai features approximately 0.7 million square feet of gross floor area for commercial activities, with 375 parking spaces available. Enhancement work on the office tower was completed in 2023, and tenants began moving in during the first quarter of 2023. Enhancement of the retail space started in 2023 and is expected to be completed in 2024. Pre-leasing activities for the retail space began in 2023, and the first tenant is expected to move in during the first half of 2024.

The investment is included under “investment properties” in our consolidated statement of financial position.

Shanghai Investment Property - Grand Gateway 66

This investment property, in which Hysan owns a 26% stake, demonstrated resilient performance despite the impact of COVID measures in Shanghai. The investment is included under “investments in associates” under our consolidated statement of financial position.

Greater Bay Area Flex - Joint Venture with IWG plc

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

Following the easing of COVID-19 restrictions, the performance of our flexible workspace business has further improved. Despite the overall challenges in the office market, occupancy has grown. This growth can be attributed to the increasing demand for flexible workspaces as "hybrid working" continues to proliferate. Through our partnership with one of the world's largest flexible workspace platforms, we are confident and optimistic about our Greater Bay Area Flex business.

With the addition of five new centres in Hong Kong and Shenzhen during the year, the joint venture now operates 39 centres across the Greater Bay Area as of the end of 2023. We will continue to expand IWG's brand within the region's growing flexible workspace market.

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

Medical and Health - New Frontier Group

New Frontier Group is a leading private healthcare services provider based in the Mainland that operates a system of acute hospitals, an online hospital, rehabilitation and geriatric hospitals, oncology centres, ambulatory centres, outpatient clinics, a home health network, doctor groups, training centres and health insurance services across the country. Its growth momentum continued in 2023.

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

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

Financial Review

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

Operating Costs

The Group's operating costs are generally classified as property expenses (direct costs and front-line staff wages and benefits) and administrative expenses (indirect costs, largely comprising payroll related costs of management and head office staff).

In response to the economic situation, the Group adopted rigorous cost control measures and kept our operating cost down during the year. However, the significant increase in electricity tariff and the turnover impact of the Lee Gardens rejuvenation project drove up our operating costs to turnover ratio to 29% (2022: 26%). Excluding the negative turnover impact of Lee Gardens rejuvenation project, the Group's operating costs to turnover ratio would be approximately 27.3% on a like-for-like basis.

Finance Costs

Finance costs increased to HK\$478 million, as compared with HK\$423 million in 2022, contributed by the interest rate hike during the year. The effective interest rate for the year was 4.2%, as compared with 2.8% in 2022.

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

Revaluation of Investment Properties

As at 31 December 2023, the Group's investment real estate portfolio was valued at HK\$96,005 million, a decrease of 0.8% from the HK\$96,787 million recorded at the prior year-end.

The valuation was carried out by Knight Frank Petty Limited, an independent professional valuer, on the basis of market value. A fair value loss on investment properties (after considering capital expenditure spent on the Group's investment properties) of HK\$2,763 million (2022: HK\$3,213 million) was recognized in the Group's consolidated statement of profit or loss for the year. The loss mainly reflects heightened market risk in the office sector weakened by continued global economic uncertainties.

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

	2023 HK\$ million	2022 HK\$ million	Change
Office	35,688	36,906	-3.3%
Retail	32,480	31,517	+3.1%
Residential	8,647	8,724	-0.9%
Property under development	19,190	19,640	-2.3%
	96,005	96,787	-0.8%

Investments in Associates and Joint Ventures

The Group's investments in associates are primarily represented by its interest in Grand Gateway 66, a retail, office and residential complex in Shanghai, China. The share of results of associates decreased to HK\$270 million (2022: HK\$274 million). The Group's share of the revaluation gain (net of deferred tax) amounting to HK\$11 million (2022: revaluation gain of HK\$11 million). The properties at Grand Gateway 66 were revalued at fair value by an independent professional valuer for both years ended 31 December 2022 and 2023.

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

Other Financial Investments

Investment in New Frontier Group was one of the key initiatives which provides strategic exposure for the Group in the fast-growing healthcare sector in Mainland. As at 31 December 2023, other financial investments totalled HK\$1,557 million (2022: HK\$2,035 million). The decrease was mainly due to the fair value loss of HK\$525 million (2022: fair value loss of HK\$43 million).

Bank Deposits

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

Excluding imputed interest income of HK\$24 million (2022: HK\$24 million) recognized on an interest-free loan to a joint venture company for a residential site development in Tai Po, like-for-like interest income increased to HK\$198 million (2022: HK\$121 million) resulting from higher deposit rate on the bank deposits placed.

Cash Flow

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

	2023 HK\$ million	2022 HK\$ million
Cash generated from operations	2,431	2,591
Net investment and advance to joint ventures and other financial investments	(531)	(2,530)
Net (repayments) borrowings	(1,334)	5,516
Repurchase and distribution of perpetual capital securities	(442)	(857)
Bank deposits	4,166	(3,100)
Interest and taxation	(1,014)	(833)
Dividends paid	(1,585)	(1,593)
Considerations for share repurchase	(1)	(162)
Capital expenditure	(1,669)	(3,081)
Net cash inflow (outflow)	21	(4,049)

The Group's cash generated from operations was HK\$2,431 million (2022: HK\$2,591 million), HK\$160 million lower than that in 2022, reflecting lower Recurring Underlying Profit from our core leasing business.

Net investment and advance to joint ventures and other financial investments, amounted to HK\$531 million (2022: HK\$2,530 million) related to advance to the residential site development in Tai Po.

Net repayments amounted to HK\$1,334 million in 2023, reflecting issuance and repayment of fixed rate notes, drawdown and repayment of bank loans and drawdown of loan from non-controlling interest. In 2022, total net borrowings were HK\$5,516 million.

In 2020, the Group through a wholly owned subsidiary of the Company (the "Issuer") issued US\$850 million (equivalent to approximately HK\$6,604 million) 4.10% subordinated perpetual capital securities, which are unconditionally and irrevocably guaranteed by the Company. Further, the Issuer issued US\$500 million (equivalent to approximately HK\$3,875 million) 4.85% senior perpetual capital securities, which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purposes and the capital securities are listed on The Stock Exchange of Hong Kong Limited. In 2023, the distribution paid to perpetual capital securities holders amounted to HK\$442 million (2022: HK\$458 million).

In 2022, the Group repurchased perpetual capital securities with principal amount of HK\$425 million with cash consideration at HK\$399 million.

Cash from bank deposits was HK\$4,166 million (2022: cash placed in bank deposits: HK\$3,100 million), which was mainly attributable to reduction in deposits with longer tenor.

The Group paid dividends of HK\$1,479 million (2022: HK\$1,486 million), via a 2022 second interim dividend of HK117 cents per share (2022: HK117 cents) and a 2023 first interim dividend of HK27 cents per share (2022: HK27 cents).

During the year, the Group purchased a total of 48,400 ordinary shares for a total of consideration of approximately HK\$1 million on the Stock Exchange for a one-off share award plan adopted by the Company on 15 October 2023 in commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong. In 2022, the Group repurchased 7.3 million of its own shares as part of its capital management programme for an aggregate consideration of approximately HK\$162 million.

Capital Expenditure and Management

Total cash outlay of capital expenditure decreased to HK\$1,669 million during the year (2022: HK\$3,081 million). The capital expenditure during the year was mainly related to Caroline Hill Road project and enhancement works in Lee Gardens area. The Group is committed to enhancing the asset value of its investment property portfolio through selective enhancement and redevelopment.

Treasury Policy

Capital Structure Management

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

Funding Sources

The Group's total Gross Debt¹ level as at 31 December 2023 decreased to HK\$25,717 million (31 December 2022: HK\$27,487 million), mainly resulting from the debts repayment during the year.

As at 31 December 2023, bank loans accounted for approximately 39% of the Group's total Gross Debt with the remaining 61% from capital market financing (31 December 2022: 39% : 61%).

The following table shows the Group's sources of debt financing as at 31 December 2023 (in HK\$ million):

	Available	Drawn	Undrawn
Secured term loans ²	12,951	7,912	5,039
Unsecured term loans	2,150	2,150	-
Committed revolving loans	6,369	-	6,369
Capital market issuances	15,625	15,625	-
Total committed facilities	37,095	25,687	11,408
Uncommitted loans	2,500	30	2,470
Total source of debts financing	39,595	25,717	13,878

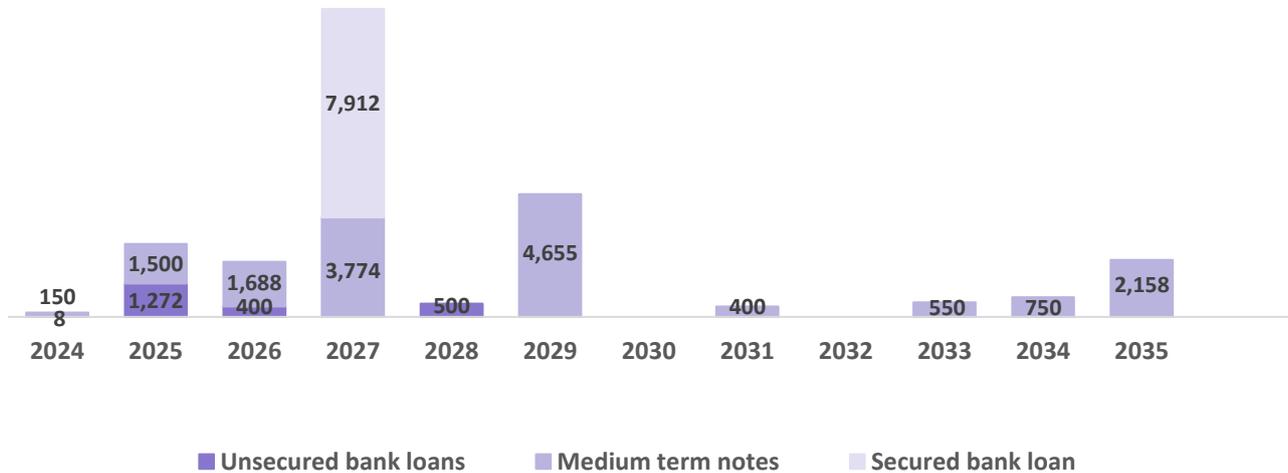
¹ The Gross Debt represents the contractual principal payment obligations as at 31 December 2023. However, in accordance with the Group's accounting policies, the debt is measured at amortized costs, using the effective interest method. As disclosed in the Group's consolidated statement of financial position as at 31 December 2023, the book value of the outstanding debt of the Group was HK\$25,564 million (31 December 2022: HK\$27,277 million).

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

Maturity Profile

The Group maintains a well-staggered debts maturity profile in the coming 12 years to match with the nature of our assets and operations. As at 31 December 2023, the average maturity of debt portfolio was about 4.5 years (2022: 4.8 years) and have approximately HK\$158 million debts maturing in 2024.

The following shows the debts maturity profile of the Group at 2023 year-end (in HK\$ million):



Gearing ratio and net interest coverage

The Group's gearing ratio, as measured by Net Debt to Equity ratio³, was 27.2% at year-end 2023 (31 December 2022: 23.4%). The Group's Net Interest Coverage⁴ decreased to 9.6 times for 2023 (2022: 13.1 times).

Credit Rating

The Group keeps an active dialogue with credit rating agencies and aims at maintaining investment-grade credit ratings. As at 31 December 2023, the Group's credit ratings were maintained at Baa1 from Moody's and BBB+ from Fitch, reflecting the Group's strong financial position and prudent capital management strategy.

Liquidity Management

As at 31 December 2023, the Group has cash and bank deposits totalling about HK\$3,854 million (31 December 2022: HK\$7,771 million). In order to preserve liquidity and for yields enhancement, the Group invested HK\$994 million (2022: HK\$992 million) in investment-grade debts securities.

Further liquidity, if needed, is available from the undrawn committed facilities offered by the Group's relationship banks. These facilities amounted to HK\$6,369 million at the year-end of 2023 (31 December 2022: HK\$4,900 million).

³ Net Debt to Equity is defined as borrowings less time deposits, cash and cash equivalents divided by total equity.

⁴ Net Interest Coverage is defined as gross profit less administrative expenses before depreciation divided by net interest expenses after interest capitalization.

Interest Rate Management

Interest expenses represent one of the key cost drivers of the Group's business. The Group monitors its interest rate exposure closely and adopts an appropriate hedging strategy in light of market conditions. The fixed rate debt ratio (after taking into account interest rate swap) as at 31 December 2023 was 62% (31 December 2022: 61%). The effective interest rate increased to 4.2% at year-end 2023 from 2.8% at year-end 2022.

Foreign Exchange Management

The Group aims to achieve minimal currency exposure and does not speculate in currency movements for asset and liability management. The Group monitors and manages its foreign currency exposure, including USD and RMB, where appropriate, by applying systematic measures to mitigate foreign currency risks.

All USD fixed rate notes were hedged via cross-currency swaps to effectively convert the debts into HKD. A USD bank loan has also been drawn down as a natural hedge against the Group's outstanding foreign currency balances in the investment in debts securities.

Use of Derivatives

As at 31 December 2023, outstanding derivatives were all related to the hedging of foreign exchange exposures and interest rates. Strict internal guidelines have been established to ensure derivatives are used to manage volatility or to adjust the appropriate risk profile of the Group's treasury assets and liabilities.

Counterparty Credit Risk

All deposits are placed with banks with strong credit ratings and counterparty risk is monitored on a regular basis.

Before entering into any hedging transaction, the Group will ensure that its counterparty possesses strong investment-grade ratings to control credit risk. As part of our risk management, a limit on maximum risk-adjusted credit exposure is assigned to each counterparty, which basically reflects the credit quality of the counterparty.

Sustainable Finance Initiatives

The sustainable finance transactions at year-end were approximately HK\$19,300 million, representing around 49% of the Group's total debts and facilities. We aim to increase gradually the sustainable finance portion of the Group's total indebtedness.

FINANCIAL INFORMATION

The final results of the Group for the year ended 31 December 2023 have been reviewed by the Audit and Risk Management Committee and the Board of the Company. The financial information relating to the years ended 31 December 2023 and 2022 in this announcement does not constitute the Company's statutory consolidated financial statements for those years, but represents an extract from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows.

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2023 in due course. The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 22 February 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<u>Notes</u>	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
Turnover	3	3,210	3,460
Property expenses		(621)	(567)
Gross profit		2,589	2,893
Investment income		261	248
Other gains and losses		1	(1)
Administrative expenses		(307)	(332)
Finance costs		(478)	(423)
Change in fair value of investment properties		(2,763)	(3,213)
Change in fair value of other financial investments		(267)	(1)
Share of results of:			
associates		270	274
joint ventures		(37)	(52)
Loss before taxation		(731)	(607)
Taxation	5	(295)	(342)
Loss for the year	6	(1,026)	(949)
(Loss) profit for the year attributable to:			
Owners of the Company		(872)	(1,157)
Perpetual capital securities holders		442	450
Other non-controlling interests		(596)	(242)
		(1,026)	(949)
Loss per share (expressed in HK cents)	7		
Basic		(85)	(112)
Diluted		(85)	(112)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<u>Notes</u>	<u>2023</u> <i>HK\$ million</i>	<u>2022</u> <i>HK\$ million</i>
Non-current assets			
Investment properties		96,005	96,787
Property, plant and equipment		594	623
Investments in associates		5,488	5,491
Loans to associates		8	10
Investments in joint ventures		445	473
Loans to joint ventures		4,029	3,485
Other financial investments		1,557	2,035
Debt securities		900	992
Deferred tax assets		96	96
Other financial assets		198	383
Other receivables	9	954	442
		<u>110,274</u>	<u>110,817</u>
Current assets			
Accounts and other receivables	9	304	562
Debt securities		94	-
Other financial assets		-	15
Time deposits		1,271	5,211
Cash and cash equivalents		2,583	2,560
		<u>4,252</u>	<u>8,348</u>
Current liabilities			
Accounts payable and accruals	10	1,097	1,026
Deposits from tenants		352	387
Amounts due to non-controlling interests		199	214
Borrowings		158	3,244
Taxation payable		1	32
		<u>1,807</u>	<u>4,903</u>
Net current assets		<u>2,445</u>	<u>3,445</u>
Total assets less current liabilities		<u>112,719</u>	<u>114,262</u>
Non-current liabilities			
Amounts due to non-controlling interests		5,264	4,635
Borrowings		25,406	24,033
Other financial liabilities		576	514
Deposits from tenants		511	498
Deferred tax liabilities		1,271	1,171
		<u>33,028</u>	<u>30,851</u>
Net assets		<u>79,691</u>	<u>83,411</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

As at 31 December 2023

	<u>Notes</u>	<u>2023</u> <i>HK\$ million</i>	<u>2022</u> <i>HK\$ million</i>
Capital and reserves			
Share capital		7,723	7,723
Reserves		59,459	62,477
Equity attributable to owners of the Company		<u>67,182</u>	70,200
Perpetual capital securities		10,224	10,224
Other non-controlling interests		<u>2,285</u>	2,987
Total equity		<u><u>79,691</u></u>	<u><u>83,411</u></u>

Notes:

1. Basis of Preparation

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

2. Principal Accounting Policies

In the current year, the Group has applied all of the new and amendments to HKFRSs issued by the HKICPA that are relevant to its operations and effective for the Group’s financial year beginning on 1 January 2023. The application of these new and amendments to HKFRSs had no material effect on the results and financial position of the Group for the current and/or prior accounting years.

3. Turnover

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

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

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

4. Segment Information

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

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

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

Residential segment – leasing of luxury residential properties and related facilities

Property development segment – development of properties for sale or leasing

Segment turnover and results

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

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

	<u>Retail</u> HK\$ million	<u>Office</u> HK\$ million	<u>Residential</u> HK\$ million	<u>Property</u> <u>Development</u> HK\$ million	<u>Consolidated</u> HK\$ million
For the year ended					
31 December 2022					
Turnover					
Leasing of investment properties	1,468	1,373	212	-	3,053
Provision of property management services	175	205	27	-	407
Segment revenue	1,643	1,578	239	-	3,460
Property expenses	(276)	(229)	(62)	-	(567)
Segment profit	1,367	1,349	177	-	2,893
Investment income					248
Other gains and losses					(1)
Administrative expenses					(332)
Finance costs					(423)
Change in fair value of investment properties					(3,213)
Change in fair value of other financial investments					(1)
Share of results of:					
associates					274
joint venture					(52)
Loss before taxation					(607)

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

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

Segment assets

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

	<u>Retail</u> <i>HK\$ million</i>	<u>Office</u> <i>HK\$ million</i>	<u>Residential</u> <i>HK\$ million</i>	<u>Property</u> <u>Development</u> <i>HK\$ million</i>	<u>Consolidated</u> <i>HK\$ million</i>
As at 31 December 2023					
Segment assets	32,520	35,695	8,658	23,336	100,209
Investments in and loans to associates					5,496
Investment in joint venture					328
Other financial investments					1,557
Other assets					6,936
Consolidated assets					<u>114,526</u>
As at 31 December 2022					
Segment assets	31,549	36,919	8,725	23,264	100,457
Investments in and loans to associates					5,501
Investment in joint venture					334
Other financial investments					2,035
Other assets					10,838
Consolidated assets					<u>119,165</u>

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

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

Included in the Retail and Office segment is an investment property located in Mainland accounting to HK\$602 million (2022: HK\$642 million) and HK\$2,962 million (2022: HK\$3,370 million) respectively.

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

All the Group's non-current assets excluding financial instruments and deferred tax assets are located in Hong Kong, except for those assets with carrying amounts of HK\$9,079 million (2022: HK\$9,510 million) which operate in Mainland.

Other segment information

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

5. Taxation

	<u>2023</u> HK\$ million	<u>2022</u> HK\$ million
Current tax		
Hong Kong Profits Tax		
- current year	200	264
- (over) under-provision in prior years	(4)	5
Deferred tax	99	73
	295	342

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

6. Loss for The Year

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

7. Loss Per Share

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

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

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

During the years ended 31 December 2023 and 2022, the computation of diluted loss per share does not assume the exercise of all of the Company's outstanding share options as their assumed exercise would result in a decrease in loss per share.

8. Dividends

(a) Dividends recognized as distribution during the year:

	<u>2023</u> <i>HK\$ million</i>	<u>2022</u> <i>HK\$ million</i>
2023 first interim dividend paid - HK27 cents per share	277	-
2022 first interim dividend paid - HK27 cents per share	-	277
2022 second interim dividend paid - HK117 cents per share	1,202	-
2021 second interim dividend paid - HK117 cents per share	-	1,209
	<u>1,479</u>	<u>1,486</u>

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

	<u>2023</u> <i>HK\$ million</i>	<u>2022</u> <i>HK\$ million</i>
Second interim dividend (in lieu of a final dividend) - HK81 cents per share (2022: HK117 cents per share)	<u>832</u>	<u>1,202</u>

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

9. Accounts and Other Receivables

	<u>2023</u> <i>HK\$ million</i>	<u>2022</u> <i>HK\$ million</i>
Accounts receivable	58	46
Interest receivable	55	66
Prepayments in respect of investment properties	721	235
Other receivables and prepayments	424	657
Total	<u>1,258</u>	<u>1,004</u>
Analysed for reporting purposes as:		
Current assets	304	562
Non-current assets	954	442
	<u>1,258</u>	<u>1,004</u>

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

	<u>2023</u> <i>HK\$ million</i>	<u>2022</u> <i>HK\$ million</i>
Less than 30 days	31	21
31-90 days	16	16
Over 90 days	11	9
	<u>58</u>	<u>46</u>

10. Accounts Payable and Accruals

	<u>2023</u> <i>HK\$ million</i>	<u>2022</u> <i>HK\$ million</i>
Accounts payable	289	295
Interest payable	80	85
Other payables	728	646
	<u>1,097</u>	<u>1,026</u>

At the end of the reporting period, accounts payable of the Group with carrying amount of HK\$168 million (2022: HK\$193 million) were aged less than 90 days based on invoice date.

ADDITIONAL INFORMATION

Corporate Governance

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

The Company fully complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules throughout the review year. The Board reviews its corporate governance practices continuously to cope with the evolving needs of the Group. Further information on the Company's corporate governance practices is available on our website at www.hysan.com.hk.

Corporate Responsibility and Sustainability

The Group's first corporate responsibility/sustainability report was published in 2006. This year's report is the 18th report we have produced focusing on our social and environmental efforts.

Our "Sustainability Report 2023", setting out the Group's corporate responsibility and sustainability performance, will, on publication, be available on our website at www.hysan.com.hk. The Group has applied the principles and complied with all applicable requirements and provisions of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Listing Rules in preparation of its Sustainability Report. The reported information will also be verified by Hong Kong Quality Assurance Agency.

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

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

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 momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong. Details of the shares purchased are as follows:-

Month of 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.

Human Resources Practices

The Group aims to attract, retain and develop high calibre individuals committed to attaining our objectives. 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 so as to maximize shareholder value and achieve long-term growth. Details on our human resources programmes, training and development will be set out in the "Sustainability Report 2023".

Closure of Register of Members

The second interim dividend will be paid to the shareholders of the Company whose names appear on the register of members on Friday, 8 March 2024 and the payment date will be on or about Friday, 22 March 2024. The register of members will be closed on Friday, 8 March 2024, on which date no transfer of shares will be registered. The ex-dividend date will be Wednesday, 6 March 2024. In order to qualify for the second interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Thursday, 7 March 2024.

The register of members will also be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Company's forthcoming annual general meeting (the "AGM"), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Standard Limited at the abovementioned address, not later than 4:00 p.m. on Thursday, 30 May 2024.

AGM

The AGM will be held on Wednesday, 5 June 2024. The Notice of AGM will be published on the websites of the Company (www.hysan.com.hk) and the Stock Exchange (www.hkexnews.hk), and despatched to shareholders around end of March 2024.

By Order of the Board

Lee Irene Yun-Lien

Chairman

Hong Kong, 22 February 2024

*As at the date of this announcement, the Board comprises: Lee Irene Yun-Lien (Chairman), Lui Kon Wai (Executive Director and Chief Operating Officer), Chung Cordelia**, Churthouse 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* and Lee Tze Hau Michael*.*

* Non-Executive Directors

** Independent Non-Executive Directors

This final results announcement is published on the websites of the Company (www.hysan.com.hk) and the Stock Exchange (www.hkexnews.hk). The Annual Report 2023 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites around end of March 2024.