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

(Incorporated under Hong Kong Companies Ordinance, Cap. 32 with limited liability)  
(Stock Code: 00014)

### Continuing Connected Transactions Renewal of Lease Agreements

On 9 November 2005, Kwong Wan Realty Limited (“Kwong Wan”), a wholly-owned subsidiary of Hysan Development Company Limited (“Hysan”, Hysan and its subsidiaries are referred as “Hysan Group”) and property owner of Bamboo Grove, 74-86 Kennedy Road, Hong Kong (“Bamboo Grove”) entered into a lease renewal agreement with Lee Hysan Estate Company, Limited (“Lee Hysan Estate”), in respect of a unit in Bamboo Grove.

On 9 November 2005, OHA Property Company Limited (“OHA”), a wholly-owned subsidiary of Hysan and property owner of One Hysan Avenue, Hong Kong, (“One Hysan Avenue”) entered into a lease renewal agreement with Atlas Corporate Management Limited (“Atlas”), in respect of a unit in One Hysan Avenue.

Atlas is a wholly-owned subsidiary of Lee Hysan Estate which is a substantial shareholder of Hysan, holding 40.74% equity interest in Hysan. Accordingly, the aforementioned lease renewal agreements between Kwong Wan and Lee Hysan Estate and OHA and Atlas (the “Leases”) constitute continuing connected transactions under Rule 14A.14 of Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited. As each of the percentage ratios (other than the profit ratio) in respect of each of the Leases is on an annual basis less than 2.5%, the transactions are only subject to announcement and reporting requirements and are exempt from independent shareholders’ approval requirements under the Listing Rules.

The particulars of the Leases are set out below:

#### Lease between Kwong Wan and Lee Hysan Estate

Date of agreement : 9 November 2005  
Parties to the agreement : Kwong Wan Realty Limited as landlord  
Lee Hysan Estate Company, Limited as tenant  
Premises : Penthouse 01 on 36th and 37th Floors, Bamboo Grove, and Carparking Space No. 173, No. 74 Kennedy Road, Hong Kong  
Term : 2 years commencing from 1 November 2005  
Annual consideration : HK\$2,644,800

The annual consideration includes the rent and management fee but exclusive of rates, to be paid in cash in advance on a monthly basis. The maximum monthly basic rent specified in the lease was determined on an arm’s length basis based on prevailing market rates. Management fee was determined in accordance with on-going Hysan rates generally applicable to its portfolio. Where the unexpired term of the lease is less than one year, the annual consideration will be calculated on a pro-rata basis.

#### Lease between OHA and Atlas

Date of agreement : 9 November 2005  
Parties to the agreement : OHA Property Company Limited as landlord  
Atlas Corporate Management Limited as tenant  
Premises : Whole of 21st Floor, One Hysan Avenue, Causeway Bay, Hong Kong  
Term : 3 years commencing from 1 November 2005  
Annual consideration : HK\$1,357,632

The annual consideration includes the rent and operating charges but exclusive of rates, to be paid in cash in advance on a monthly basis. The maximum monthly basic rent specified in the lease was determined on an arm’s length basis based on prevailing market rates. Operating charges were determined in accordance with on-going Hysan rates applicable to its portfolio. Where the unexpired term of the lease is less than one year, the annual consideration will be calculated on a pro-rata basis.

The terms and conditions of the above leases are not incidental to each other.

#### GENERAL

The Hysan Group’s principal businesses are property investment, management and development and has a sizeable property portfolio in Hong Kong with one of its core business in property leasing.

Kwong Wan and OHA are wholly-owned subsidiaries of Hysan. The principal business of Kwong Wan and OHA is property investment.

Lee Hysan Estate is a substantial shareholder of Hysan, holding 40.74% interest in Hysan. Its principal business is investment holding.

Atlas is a wholly-owned subsidiary of Lee Hysan Estate. Its principal business is provision of corporate management services.

## REASONS FOR THE TRANSACTIONS

The Leases are entered into by the Hysan Group in the ordinary course of its business of leasing and in line with Hysan Group's corporate strategy of maximising its properties' cashflow and value.

The Directors (including Independent non-executive Directors) are of the view that the Leases and the terms therein are on normal commercial terms, are fair and reasonable and in the interests of the shareholders of Hysan and Hysan Group, and that it was entered in the ordinary and usual course of business of Kwong Wan and OHA after due negotiations and on arm's length basis with reference to the prevailing market condition.

## REGULATORY ASPECTS

Atlas is a wholly-owned subsidiary of Lee Hysan Estate which is a substantial shareholder of Hysan, holding 40.74% equity interest in Hysan. Accordingly, the Leases constitute continuing connected transactions under Rule 14A.14 of the Listing Rules.

Given that each of the percentage ratios (other than the profit ratio) in respect of each of the Leases is on an annual basis less than 2.5%, the transactions therefore fall under Rule 14A.34 of the Listing Rules and are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under the Listing Rules.

Particulars of the Leases will be disclosed in future annual reports and accounts of Hysan in accordance with Rule 14A.46 of the Listing Rules.

*As at the date of this announcement, the Board of Directors comprises (Chairman) Peter Ting Chang Lee; (Independent non-executive Deputy Chairman) Sir David Akers-Jones; (Managing Director) Michael Tze Hau Lee; (Independent non-executive Directors) Per Jorgensen, David Muir Turnbull and Dr. Geoffrey Meou-tsen Yeh; (Non-executive Directors) Fa-kuang Hu, Hans Michael Jebsen, Anthony Hsien Pin Lee, Chien Lee and Dr. Deanna Ruth Tak Yung Rudgard; and (Executive Director) Pauline Wah Ling Yu Wong.*

By Order of the Board  
**Wendy W. Y. Yung**  
Company Secretary

Hong Kong, 9 November 2005

Please also refer to the published version of this announcement China Daily.