



Hysan Development Company Limited (希慎興業有限公司)

Incorporated under Hong Kong Companies Ordinance, Cap. 32 with limited liability

20 August 2001

Connected Transactions: Acquisition of Remaining 30% interests in Lee Theatre Plaza

On 20 August 2001, the Group entered into an Agreement with the Vendors whereby it has agreed to acquire a 30% equity interest in the issued share capital of, and the 30% of the total outstanding shareholders' loan to, Lee Theatre Realty. Lee Theatre Realty is the holding vehicle for the Property.

The Group is beneficially interested in 70% of the issued share capital of Lee Theatre Realty and 70% of the outstanding shareholders' loan owed by Lee Theatre Realty prior to the Acquisitions.

The Share Vendor, being a substantial shareholder of Lee Theatre Realty, and the Loan Vendor, being the holding company of the Share Vendor, are connected persons of the Company and the Acquisitions constitute connected transactions for the Company under the Listing Rules. As the consideration and value of the Acquisitions is less than 3% of the book value of the net tangible assets of the Company based on its latest audited consolidated financial statements, the Acquisitions fall within the de minimus provision of and are subject to the disclosure requirements set out in Rule 14.25(1) of the Listing Rules. Details of the Acquisitions will be included in the next published annual report of the Company as required under the Listing Rules in accordance with Rules 14.25(1)(A) to (D) of the Listing Rules.

THE AGREEMENT DATED 20 AUGUST, 2001

Parties

- (1) the Share Purchaser, a wholly-owned subsidiary of the Company
- (2) the Loan Assignee, a wholly-owned subsidiary of the Company

- (3) the Share Vendor, a wholly-owned subsidiary of the Loan Vendor
- (4) the Loan Vendor

Assets acquired under the Agreement

- (1) The Sale Shares
- (2) The Sale Loan

Consideration, Payment Terms and Adjustment mechanism

The total consideration for the Acquisitions, arrived at after arm's length negotiations, is the sum of HK\$516,000,000.00 (being 30% of the value of the Property determined pursuant to the independent valuation conducted by Jones Lang LaSalle, a valuer, referred to below) less 30% of the Completion Net Current Liabilities.

The consideration will be apportioned into two parts :-

- (i) for the Sale Loan, being the amount of the Sale Loan which will stand outstanding as at Completion;
- (ii) for the Sale Shares, the balance of the consideration.

A deposit of HK\$51,600,000.00 representing part of the consideration for the Sale Shares has been paid by Share Purchaser to the Share Vendor upon signing of the Agreement. At Completion, the balance of the consideration on the basis of 30% of the Estimated Net Current Liabilities, will be paid.

Within sixty (60) days of Completion, the Completion Accounts and a statement certifying the Completion Net Current Liabilities will be prepared by the Reporting Accountants and delivered by the Share Purchaser to the Share Vendor. Adjustments will be made to the consideration based on the Completion Accounts pursuant to the Agreement.

The consideration is funded by the Company principally out of borrowings.

Condition and Completion

The Agreement is unconditional and Completion is scheduled to take place on 15

September 2001, or any other date within 45 days from the date of the Agreement as the parties may agree.

Information on Lee Theatre Realty and the Property

Lee Theatre Realty's principal business is that of a holding vehicle for the Property. Prior to the Acquisitions, the issued share capital of Lee Theatre Realty was owned as to 70% by the Share Purchaser and 30% by the Share Vendor. Outstanding shareholders' loans were owed as to 70% to the Group and as to 30% to the Loan Vendor.

The Property is known as "Lee Theatre Plaza" and is located at 99 Percival Street and 2-4 Matheson Street, Causeway Bay, Hong Kong. It comprises a 25-storey (including 2 basements and a mezzanine floor) commercial complex which was completed in 1994.

According to a property valuation report prepared by Jones Lang LaSalle, a valuer, for the transaction, the Property is valued at HK\$1,720,000,000.00 as at 16 August 2001.

Reason for the Acquisitions

The Company is principally engaged in property investment activities. The Acquisitions represent a good opportunity for the Company to increase its interests in Lee Theatre Realty to 100% at a favourable price.

The Directors (including independent non-executive Directors) currently in Hong Kong consider the terms of the Acquisitions to be fair and reasonable and in the interests of the Company and all the shareholders as a whole.

GENERAL

The Share Vendor, being a substantial shareholder of Lee Theatre Realty, and the Loan Vendor, being the holding company of the Share Vendor, are connected persons of the Company and the Acquisitions constitute connected transactions for the Company under the Listing Rules. As the consideration and value of the Acquisitions is less than 3% of the book value of the net tangible assets of the Company based on its latest audited consolidated financial statements, the

Acquisitions fall within the de minimus provision of and are subject to the disclosure requirements set out in Rule 14.25(1) of the Listing Rules. Details of the Acquisitions will be included in the next published annual report of the Company as required under the Listing Rules in accordance with Rules 14.25(1)(A) to (D) of the Listing Rules.

DEFINITION

“Acquisitions”	the acquisitions of the Sale Shares and the Sale Loan pursuant to the Agreement
“Agreement”	the agreement dated 20 August 2001 entered into between the Purchasers and the Vendors in relation to the Acquisitions
“Company”	Hysan Development Company Limited, a company incorporated under the laws of Hong Kong whose shares are listed on The Stock Exchange of Hong Kong Limited
“Completion”	completion of the Acquisitions pursuant to the Agreement
“Completion Accounts”	the audited completion accounts of Lee Theatre Realty for the period beginning 1 January 2001 and ending on the Completion Date, which will be prepared, audited and delivered pursuant to the Agreement
“Completion Date”	the date on which Completion occurs
“Completion Net Current Liabilities”	the value of the audited Net Current Liabilities of Lee Theatre Realty as at the Completion Date
“Directors”	the directors of the Company
“Estimated Net Current Liabilities”	the value of the Net Current Liabilities of Lee Theatre Realty as determined by the Proforma Accounts
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lee Theatre Realty”	Lee Theatre Realty Limited, a company incorporated under the laws of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Assignee”	Chinaspark Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Loan Vendor”	The Sincere Company Limited, a company incorporated under the laws of Hong Kong whose shares are listed on The Stock Exchange of Hong Kong Limited
“Net Current Liabilities”	the absolute amount of the net current liabilities of Lee Theatre Realty as shown in the Proforma Accounts or the Completion Accounts (as the case maybe)
“Proforma Accounts”	the unaudited proforma management accounts of Lee Theatre Realty as at, and for the period beginning 1 January 2001 and ending on the Completion Date, which will be produced by the Share Purchaser to the Share Vendor pursuant to the Agreement
“Property”	Lee Theatre Plaza, 99 Percival Street, Causeway Bay, Hong Kong
“Purchasers”	collectively, the Share Purchaser and the Loan Assignee
“Reporting Accountants”	Deloitte Touche Tohmatsu
“Sale Loan”	the advance made by the Loan Vendor to Lee Theatre Realty which will stand outstanding from Lee Theatre Realty to the Loan Vendor as at the Completion Date, together with interests accrued thereon up to but excluding the Completion Date, which is unsecured

“Sale Shares”	3 fully paid “B” ordinary shares of HK\$1.00 each of Lee Theatre Realty beneficially owned by the Share Vendor, representing 30% of the issued share capital of Lee Theatre Realty
“Share Purchaser”	Kwong Hup Holding Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Share Vendor”	Sincere B.V.I. Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Loan Vendor
“Vendors”	collectively, the Share Vendor and the Loan Vendor
“%”	percentage

By order of the Board
Wendy W.Y. Yung
Company Secretary
20 August, 2001