



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

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

28 September 2001

Waiver of the 25% monthly share repurchases restriction under Rule 10.06(2)(a) of the Listing Rules

Reference is made to the Share Repurchases Programme Announcement. In view of the current uncertainties in market conditions, the Company wishes to maximize flexibility and be in a position to fully utilize the Repurchase Mandate where it would be beneficial to shareholders and would enhance the net asset and/or earnings per Share. It has accordingly applied for a waiver from the restriction on a listed issuer (set out in Rule 10.06(2)(a) of the Listing Rules) to purchase, in any one calendar month, shares of the listed issuer on the Stock Exchange of more than 25% of the total number of such class of shares which were traded on the Stock Exchange in the preceding calendar month as stated in the Stock Exchange's daily quotation sheets for the previous month.

On 28 September 2001, the Stock Exchange granted the Waiver to the Company subject to the principal conditions mentioned below for a period of six months from the date of approval. The Waiver will expire on 27 March 2002.

CONDITIONS

1. *Minimum public float: HK\$100 million*

The expected market capitalization of the Company held by the public throughout the Waiver Period must be at least HK\$100 million.

2. *Repurchase up to 10% for each financial year*

The Company can only repurchase, within one financial year, up to 10% of its issued share capital from time to time.

3. *Minimum public float: 25%*

The public float of the Company at any time throughout the Waiver Period must not be less than 25% of the total issued share capital of the Company from time to time.

4. *Price and time restriction*

Price restriction: the repurchase price should not be higher than the latest (or current) independent bid price or the last independent sale (contracted) price quoted or reported on the System (as defined in the Rules of the Exchange), whichever is higher.

Time restriction: the Company shall not make the opening bid nor any bid in the last 30 minutes before the close of normal trading hours as stipulated in the Rules of the Exchange.

The Directors have undertaken to the Stock Exchange that they will procure the Company to comply with all the conditions as set out in the Share Repurchases Programme Announcement.

INFORMATION FOR SHAREHOLDERS

- i. Pursuant to the Repurchase Mandate granted by shareholders of the Company at its annual general meeting held on 8 May 2001, the Directors were authorized to repurchase up to a maximum of 103,025,130 Shares.
- ii. Given the restriction under Rule 10.06(2)(a) of the Listing Rules and low volume in recent trading of the Shares, the Directors wish to maximize flexibility and put the Company in a position where, if market conditions are such that it would be beneficial for the shareholders and would enhance the net asset and/or earnings per Share, the Company can fully utilize the Repurchase Mandate. Relevant considerations in the current circumstances include the fact that the Shares are currently trading at a discount of approximately 70.2% to their net asset value as stated as at 31 December 2000 (the price per Share was HK\$6.70 as at 28 September 2001, and the net asset value per Share as at 31 December 2000 was HK\$22.48). In the event that the Repurchase Mandate were to be exercised in full, the working capital or gearing position of the Company might be materially different as compared with the position disclosed in the audited consolidated accounts

for the year ended 31 December 2000. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

- iii. If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition and may give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at 28 September 2001, Lee Hysan Estate Company, Limited and certain of its subsidiaries are the substantial shareholders of the Company, being indirectly interested in approximately 41.72% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholding of Lee Hysan Estate Company, Limited and certain of its subsidiaries would be increased to approximately 46.02%.

Such increase may, taking into consideration of the then prevailing circumstances, give rise to an obligation to make a mandatory offer under Rule 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent as would result in takeover obligations.

- iv. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase to such extent allowable under the Companies Ordinance.
- v. None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intend to sell any Shares to the Company. No other connected person (as defined in the Listing Rules) has notified the Company that he has

a present intention to sell any Shares to the Company, or has undertaken not to do so.

- vi. The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the Companies Ordinance.

PUBLIC FLOAT LEVEL

At the close of business on 28 September 2001 (being the latest practicable date prior to publication of this announcement), 578,375,475 Shares were held in public hands (other than the afore-mentioned substantial shareholder and interests attributable to the Directors). Based on the closing price on 28 September 2001 of HK\$6.70 per Share, the market capitalization of the Company attributable to Shares held by the public is approximately HK\$3,875.1 million, representing approximately 56.24% of the issued share capital of the Company (1,028,333,605 Shares as at 28 September 2001).

REPURCHASE LIMIT

The Directors may or may not, depending on market conditions, exercise the Waiver during the Waiver Period. The Directors will ensure that the Company will be able to finance such repurchases from its internal available cash flow or working capital.

The Stock Exchange has the absolute discretion to remove or suspend the Waiver granted or shorten the Waiver Period without giving any prior notice, should circumstances so require.

DEFINITIONS

"Company"	Hysan Development Company Limited, a company incorporated under the laws of Hong Kong whose shares are listed on the Stock Exchange
"Directors"	the directors of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange

"Repurchase Mandate"	the Mandate granted by the shareholders on 8 May 2001 for the Company to repurchase up to 103,025,130 Shares
"Share Repurchases Programme Announcement"	the announcement of the Stock Exchange dated 5 November 1998 in relation to share repurchases
"Shares"	shares of HK\$5.00 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	Codes on Takeovers and Mergers
"Waiver"	the waiver pursuant to Rule 10.06(2)(g) of the Listing Rules in respect of the restriction on a listed issuer, in any one calendar month, to purchase shares of the listed issuer on the Stock Exchange of more than 25% of the total number of such class of shares which were traded on the Stock Exchange in the preceding calendar month as stated in the Stock Exchange's daily quotation sheets for the previous month
"Waiver Period"	the period from 28 September 2001 to 27 March 2002 being 6 months from the grant of the Waiver

By order of the Board

Wendy W.Y. Yung

Company Secretary

Hong Kong, 28 September 2001