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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

On 30 August 2007, Perfect Win Properties Limited (“Perfect Win”), an indirect wholly owned subsidiary of Hysan Development Company Limited (“Hysan” or the “Company”, Hysan and its subsidiaries are referred to as “Hysan Group”) entered into a lease (the “Lease”) and a supplemental lease (the “Supplemental Lease”), both dated 30 August 2007, with Bonde Limited (“Bonde”) in respect of certain premises in The Lee Gardens. Perfect Win and Bonde also entered into a carpark licence agreement on 6 July 2007 in respect of a carparking space at The Lee Gardens. The Lease, Supplemental Lease and the carpark licence agreement are collectively referred to as the “Leases”.

Bonde is a company 100% beneficially owned by Mr. Michael T.H. Lee (“Mr. Lee”), the former Managing Director of the Company who stepped down on 8 May 2007 and hence a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Accordingly, the Leases (in aggregate) constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. As each of the percentage ratios (other than the profit ratio) in respect of the Leases on annual aggregated basis is less than 2.5%, the transactions are only subject to the announcement, reporting and annual review requirements set out in Rules 14A.37 to 14A.40 and Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders’ approval requirements under Rule 14A.34 of the Listing Rules.

The particulars of the Leases are set out below:-

	Lease	Supplemental Lease
Date	: 30 August 2007	30 August 2007
Parties	: Perfect Win as landlord Bonde as tenant	Perfect Win as landlord Bonde as tenant
Premises	: Room 3703 The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong	Room 3704 The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
Terms *	: 3 years commencing from 1 July 2007	35 months commencing from 1 August 2007
Expiry Date	: 30 June 2010	30 June 2010
Rent	: Collectively HK\$101,600 per month (exclusive of operating charges and Government rates)	
Operating charges	: Collectively HK\$13,709 per month (subject to revision by Perfect Win from time to time)	

Carpark Licence Agreement

Date : 6 July 2007

Parties : Perfect Win as landlord
Bonde as tenant

Premises : A carparking space at The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

Terms : 34 months commencing from 1 September 2007

Expiry Date : 30 June 2010

Rent : HK\$5,200 per month

The annual consideration and maximum aggregate annual value (“Annual Cap”) in respect of the Leases are as follows:

Annual consideration : 2007: HK\$507,299 (on pro-rata basis)
2008: HK\$1,446,108
2009: HK\$1,446,108
2010: HK\$723,054 (on pro-rata basis)

Annual Cap : 2007: HK\$775,000 (on pro-rata basis based on the maximum cap)
2008: HK\$1,550,000
2009: HK\$1,550,000
2010: HK\$775,000 (on pro-rata basis based on the maximum cap)

* Rent-free periods are granted under the respective leases both expiring on 31 August 2007.

The annual consideration includes the rent and operating charges but exclusive of Government rates, to be paid in cash in advance on a monthly basis. Where the unexpired term of the Leases is less than one year, the annual consideration will be calculated on a pro-rata basis. For the purpose of providing a more flexible basis for setting annual caps for the transactions in compliance of the disclosure requirements of the Listing Rules, the Directors have taken into account of the historic increment rates and possible changes in maintenance and management costs estimating any possible further adjustments of the operating charges and have determined accordingly the Annual Cap of the Leases for each of the financial years ending 31 December 2007, 2008, 2009 and 2010 as set out above.

The maximum monthly basic rent specified in the Leases was determined on an arm’s length basis based on prevailing market rates and the operating charges were determined in accordance with on-going Hysan rates generally applicable to its portfolio.

REASONS FOR THE TRANSACTION

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 of the Company (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 Company and its shareholders as a whole, and that it was entered in the ordinary and usual course of business of Hysan Group after due negotiations and on arm’s length basis with reference to the prevailing market conditions. The Directors (including Independent non-executive Directors) also believe that the Annual Cap of the Leases is fair and reasonable.

REGULATORY ASPECTS

Bonde is a company 100% beneficially owned by Mr. Lee, the former Managing Director of the Company who stepped down on 8 May 2007 and hence a connected person of the Company under the Listing Rules. Accordingly, the Leases (in aggregate) constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

Given that each of the percentage ratios (other than the profit ratio) in respect of the Leases on annual aggregated basis is less than 2.5%, the transaction falls under Rule 14A.34 of the Listing Rules and is only subject to the announcement, reporting and annual review requirements set out in Rules 14A.37 to 14A.40 and Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Rule 14A.34 of 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.

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.

Perfect Win is an indirect wholly owned subsidiary of the Company. Its principal business is property investment.

Bonde's principal business is investment holding.

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

Hong Kong, 30 August 2007

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; (Independent non-executive Directors) Dr. Geoffrey Meou-tsen Yeh and Tom Behrens-Sorensen; (Non-executive Directors) Fa-kuang Hu, Hans Michael Jebesen, Anthony Hsien Pin Lee, Chien Lee and Dr. Deanna Ruth Tak Yung Rudgard; and (Executive Director) Pauline Wah Ling Yu Wong.