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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 Transaction under New Listing Rules**

Reference is made to certain amendments of the Listing Rules regarding continuing connected transactions, which came into effect on 3 June 2010. The Lease entered into by a subsidiary of the Company (Barrowgate) in the ordinary course of business now constitutes a continuing connected transaction due to the Amendments. Particulars of the Lease are given below in accordance with the requirements of the Listing Rules.

On 22 December 2008, Barrowgate entered into the Lease with MF Jebsen in respect of certain office units at Lee Gardens Two. Upon effective of the Amendments, MF Jebsen became an associate of Mr. Jebsen, a Non-executive Director of the Company, by virtue of its being controlled (more than 50%) by the brother of Mr. Jebsen. Accordingly, the Lease constitutes a continuing connected transaction 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 Lease on annual aggregated basis is less than 5%, the Lease 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.

#### **DETAILS OF THE LEASE**

Particulars of the Lease are set out below:-

Date	: 22 December 2008
Parties	: Barrowgate as landlord MF Jebsen as tenant
Premises	: 24 <sup>th</sup> and 25 <sup>th</sup> Floor, Caroline Centre, Lee Gardens Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
Terms	: 3 years commencing from 1 February 2008
Expiry Date	: 31 January 2011

Rent : HK\$959,178 per month (exclusive of operating charges and Government rates) payable monthly in advance

Operating Charges : HK\$168,583 per month (subject to revision from time to time)

The annual consideration in respect of the Lease is as follows:

Annual Consideration : 2010: HK\$7,819,143 (on pro-rata basis)  
2011: HK\$1,127,761 (on pro-rata basis)  
(Note)

*Note:*

The annual consideration includes the sum of rent and operating charges received and receivable under the Lease for the period from effective date of the Amendments (i.e. 3 June 2010) to 31 December 2010, and receivable for the period from 1 January 2011 to 31 January 2011.

The annual consideration includes the rent and operating charges but exclude Government rates and other outgoings, to be paid in cash in advance on a monthly basis. Where any of the unexpired terms of the Lease is less than one year, the annual consideration will be calculated on a pro-rata basis.

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

## **REASONS FOR THE LEASE**

The Lease was entered into by 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 Lease and its respective 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 then prevailing market conditions.

## **REGULATORY ASPECTS**

MF Jebsen became a connected person of the Company due to the Amendments by virtue of its being controlled (more than 50%) by the brother of Mr. Jebsen, a Non-executive Director of the Company. Accordingly, the Lease now constitutes a continuing connected transaction 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 Lease on annual aggregated basis is less than 5%, the Lease 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 Lease 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.

Barrowgate's principal business is property investment.

MF Jebsen's principal business is trading.

## DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Amendments”	the amendments to the Listing Rules relating to connected transactions effective 3 June 2010;
“associate”	shall have the same meaning ascribed to such term in the Listing Rules;
“Barrowgate”	Barrowgate Limited, a company incorporated in Hong Kong with limited liability and beneficially owned as to 65.36% by Hysan;
“connected person”	shall have the same meaning ascribed to such term in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“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;
“Hysan” or “Company”	Hysan Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Hysan Group”	Hysan and its subsidiaries;
“Lease”	a lease dated 22 December 2008 entered into between Barrowgate and MF Jebsen in respect of leasing of 24 <sup>th</sup> and 25 <sup>th</sup> Floors at Lee Gardens Two;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“MF Jebsen”	MF Jebsen International Limited, a company incorporated in Hong Kong with limited liability and an associate of Mr. Jebsen;
“Mr. Jebsen”	Mr. Hans Michael JEBSEN, a Non-executive Director of the Company; and

“Stock Exchange”

The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**Wendy Wen Yee YUNG**  
*Executive Director and Company Secretary*

Hong Kong, 30 July 2010

*As at the date of this announcement, the Board of Directors comprises: **Independent non-executive Chairman** – Sir David AKERS-JONES; **Chief Executive Officer** – Gerry Lui Fai YIM; **Independent non-executive Directors** – Nicholas Charles ALLEN, Philip Yan Hok FAN and Joseph Chung Yin POON; **Non-executive Directors** – Hans Michael JEBSEN (Kam Wing LI as his alternate), Anthony Hsien Pin LEE, Chien LEE, Michael Tze Hau LEE and Dr. Deanna Ruth Tak Yung RUDGARD; and **Executive Director** – Wendy Wen Yee YUNG.*

*This announcement is published on the website of the Company ([www.hysan.com.hk](http://www.hysan.com.hk)) and the designated issuer website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).*