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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 **Renewal of Lease**

On 4 November 2011, OHA entered into the New Lease with Atlas in respect of the renewal of a lease of an office unit in One Hysan Avenue.

Atlas is a connected person of the Company under the Listing Rules by virtue of its being a wholly-owned subsidiary of LHE, a substantial shareholder of the Company. Accordingly, the New 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 New Lease on annual aggregated basis is less than 5%, the New 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 NEW LEASE

Particulars of the New Lease are set out below:-

Date	: 4 November 2011
Parties	: OHA as landlord Atlas as tenant
Premises	: Whole of 21/F., One Hysan Avenue, Causeway Bay, Hong Kong
Terms	: 3 years commencing from 1 November 2011
Expiry Date	: 31 October 2014
Rent	: HK\$199,527 per month (exclusive of operating charges, Government rates and other outgoings) payable monthly in advance
Operating Charges	: HK\$28,432 per month (subject to revision from time to time) payable monthly in advance
Extra Air-conditioning Operating Charges	: HK\$5,218 per month (subject to revision from time to time) payable monthly in advance

The annual aggregated consideration and Annual Caps in respect of the New Lease are as follows:-

Annual Aggregated Consideration : 2011: HK\$2,569,654 (*Note*)
2012: HK\$2,798,124
2013: HK\$2,798,124
2014: HK\$2,331,770 (on pro-rata basis)

Annual Cap : 2011 : HK\$2,770,000 (*Note*)
2012 : HK\$3,130,000
2013 : HK\$3,180,000
2014 : HK\$2,690,000 (on pro-rata basis)

Note:

The annual aggregated consideration and annual cap for the whole of 2011 include the sum of rent, operating charges and extra air-conditioning operating charges (i) received under the previous lease for the period from 1 January 2011 to 31 October 2011 (i.e. HK\$2,103,300 with cap previously set at HK\$2,250,000); and (ii) receivable under the New Lease (i.e. HK\$466,354 with cap set at HK\$520,000) for the period from 1 November 2011 to 31 December 2011.

The annual aggregated consideration includes the rent, operating charges and extra air-conditioning operating charges but excludes Government rates and other outgoings, to be paid in cash in advance on a monthly basis. Where any of the unexpired terms of the New Lease is less than one year, the annual aggregated consideration will be calculated on a pro-rata basis. For the purpose of providing a more flexible basis for setting Annual Caps for the New Lease 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 in determining the Annual Cap of the New Lease for each of the financial years ending 31 December 2011, 2012, 2013 and 2014 as set out above.

The maximum monthly basic rent specified in the New 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 the Company's portfolio.

REASONS FOR THE TRANSACTION

The New Lease is renewal of the previous lease and 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 Directors (including Independent non-executive Directors) are of the view that the New Lease 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 Caps of the New Lease are fair and reasonable.

REGULATORY ASPECTS

Atlas is a connected person of the Company under the Listing Rules by virtue of its being a wholly-owned subsidiary of LHE, a substantial shareholder of the Company. Accordingly, the New Lease constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules. Being also director / alternate director of LHE group, Mr. Chien LEE, Mr. Anthony Hsien Pin LEE, Mr. Michael Tze Hau LEE and Mr. Siu Chuen LAU did not vote in the related resolution for the New Lease.

Given that each of the percentage ratios (other than the profit ratio) in respect of the New Lease on annual aggregated basis is less than 5%, the New 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 New 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.

OHA's principal business is property investment.

Atlas' principal business is provision of corporate management services.

DEFINITIONS

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

“Annual Cap(s)”	Maximum aggregate annual value(s) to be received under the New Lease;
“Atlas”	Atlas Corporate Management Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of LHE;
“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;
“LHE”	Lee Hysan Estate Company, Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder holding approximately 40.87% of issued share capital of the Company;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;

“New Lease”	a lease dated 4 November 2011 entered into between OHA and Atlas in respect of renewal of a lease of an office unit in One Hysan Avenue;
“OHA”	OHA Property Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Hysan; 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, 4 November 2011

As at the date of this announcement, the Board of Directors comprises: Irene Yun Lien LEE (Chairman), Gerry Lui Fai YIM (Chief Executive Officer), Nicholas Charles ALLEN**, Philip Yan Hok FAN**, Joseph Chung Yin POON**, Hans Michael JEBSEN* (Kam Wing LI as his alternate), Siu Chuen LAU*, Anthony Hsien Pin LEE* (Irene Yun Lien LEE as his alternate), Chien LEE*, Michael Tze Hau LEE* and Wendy Wen Yee YUNG (Executive Director).*

* *Non-executive Directors*

** *Independent non-executive Directors*

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