
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hysan Development Company Limited (the “Company”), you should at once hand this circular and the accompanying form of election to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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)

Chairman

Peter Ting Chang LEE

Independent non-executive Deputy Chairman

Sir David AKERS-JONES

Independent non-executive Directors

Fa-kuang HU

(Raymond Liang-ming HU as his alternate)

Dr. Geoffrey Meou-tsen YEH

Non-executive Directors

Hans Michael JEBSEN

(Kam Wing LI as his alternate)

Anthony Hsien Pin LEE

(Peter Ting Chang LEE as his alternate)

Chien LEE

Dr. Deanna Ruth Tak Yung RUDGARD

(Peter Ting Change LEE as her alternate)

Executive Directors

Ricky Tin For TSANG

Wendy Wen Yee YUNG

Registered Office:

49th Floor
Manulife Plaza
The Lee Gardens
33 Hysan Avenue
Hong Kong

20 May 2009

Dear Shareholder(s),

**FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2008
OPTION TO RECEIVE SHARES IN LIEU OF CASH DIVIDEND**

INTRODUCTION

At the Annual General Meeting of shareholders of the Company held on 18 May 2009, an ordinary resolution had been passed to declare a final dividend of HK54 cents per ordinary share (the “Share(s)”) in the capital of the Company.

The final dividend is payable in cash with a scrip dividend alternative (**the “Scrip Dividend”**) to shareholders whose names appeared on the Register of Members on Monday, 18 May 2009 (**the “Record Date”**). The latest time for submission of transfer forms to qualify for the final dividend was 4:00 p.m. on Wednesday, 13 May 2009. Brief details of the Scrip Dividend arrangement were announced on 18 May 2009.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend.

DETAILS OF THE SCHEME

Shareholders have the choice of receiving in respect of each existing Share:

- (i) a cash dividend of HK54 cents; or
- (ii) an allotment of new Shares (**the “New Shares”**) credited as fully paid, save for adjustment for fractional entitlements, having a Market Value (as defined below), equal to the dividend of HK54 cents which the shareholder would otherwise receive in cash; or
- (iii) partly cash and partly New Shares.

The number of New Shares to be allotted to shareholders who elect to receive their dividends in scrip is calculated by dividing the total amount of the cash dividend which each of them would otherwise have been entitled to receive by the Market Value of HK\$14.852 per Share, being the average of the closing prices of the Shares on the Stock Exchange for the 5 consecutive Stock Exchange dealing days commencing on Tuesday, 12 May 2009, the first day the Shares traded ex-dividend (**the “Market Value”**).

The formula used for calculating the entitlement is as follows:

Number of Shares held as at 18 May 2009 x HK54 cents = Maximum dividend available

$$\frac{\text{Maximum dividend available}}{\text{Market Value (HK\$14.852)}} = \text{Maximum number of New Shares (rounded down to the nearest whole number)}$$

Fractions of New Shares resulting from shareholders' election will not be allotted to shareholders and entitlements to New Shares will be rounded down to the nearest whole number. Fractional entitlements will be aggregated and sold for the benefit of the Company.

STOCK EXCHANGE LISTING AND DESPATCH OF DIVIDEND WARRANTS AND SHARE CERTIFICATES

Application has been made to the Stock Exchange for listing of and permission to deal in the New Shares. It is expected that cheques for cash entitlements and/or (subject to such application being granted) definitive share certificates for the New Shares will be posted to shareholders by ordinary post at their risks on or about Tuesday, 9 June 2009. The New Shares will, on allotment and issue, rank *pari passu* in all respects with the existing Shares save that they will not rank for the final dividend for the year ended 31 December 2008.

Subject to the granting of approval for listing of and permission to deal in the New Shares on the Stock Exchange, such New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System (**“CCASS”**) with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by Hong Kong Securities Clearing Company Limited. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek the advice of their licensed securities dealer or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

The Shares of the Company are listed and dealt in or on the Stock Exchange. Certain US\$ and HK\$ denominated Guaranteed Notes issued by a Group subsidiary, Hysan (MTN) Limited, that are guaranteed by the Company are listed on the Luxemburg Stock Exchange and the Stock Exchange respectively. Save as disclosed herein, none of the equity or debt securities of the Company are otherwise listed or dealt in or on any other stock exchange nor is listing of or permission to deal in or on any other exchange being or proposed to be sought.

FORM OF ELECTION

A form of election has been prepared for use by shareholders who wish to receive the final dividend wholly in the form of New Shares or partly in cash and partly in the form of New Shares, or to make a permanent election to receive Shares in lieu of any further dividend in cash form and, is enclosed with this circular.

If you wish to receive, in lieu of the cash dividend, in whole or in part, an allotment of New Shares, you should complete and sign the form of election in accordance with the instructions printed thereon and return it so that it is received by the share registrars and transfer office of the Company, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (the "Registrars") so as to arrive no later than 4:00 p.m. on Wednesday, 3 June 2009. No acknowledgement of receipt of the form of election will be issued.

If you wish to receive the whole of the final dividend in cash you should NOT complete the form of election.

Shareholders who do not specify the number of Shares in respect of which they are electing to receive an allotment of New Shares, or if they elect to receive New Shares in respect of a greater number of Shares than their registered holding on the Record Date, then they will be deemed to have chosen to receive New Shares in respect of all the Shares of which they were then registered as the holders.

Shareholders who elect to receive the final dividend wholly in the form of New Shares may also elect to receive all future dividends, which are declared in cash with an option to receive New Shares, wholly in the form of New Shares by completing Box D on the form of election. **Shareholders who have elected to receive all future dividends wholly in the form of New Shares and wish to continue to receive dividends wholly in the form of New Shares would not be sent forms of election.** Such election or a notice not to be sent forms of election may be revoked at any time by giving 7 days' notice in writing to the Registrars. **Forms of election in respect of future dividends will not be sent to shareholders who make an election or give the aforesaid notice unless they notify the Registrars in writing of their wish to revoke their election or notice.**

OVERSEAS SHAREHOLDERS

Shareholders with registered addresses in the United States of America or any of its territories or possessions or Malaysia will be excluded from receiving the form of election and will only receive the final dividend wholly in cash. Having obtained and taken into consideration legal opinions in those jurisdictions, the Directors considered such exclusion to be necessary and expedient pursuant to Rule 13.36(2) of the Rules Governing the Listing of Securities on the Stock Exchange on account either of the legal restrictions under the laws of the relevant place or of the requirements of the relevant regulatory body or stock exchange in that place. All shareholders resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to receive the final dividend in scrip form or whether any government or other consents are required or other formalities need to be observed. No shareholder receiving a copy of this circular and/or a form of election in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him without the Company having to obtain any registration or comply with other legal requirements, governmental or regulatory procedures or any similar formalities. It is the responsibility of any person outside Hong Kong who wishes to receive New Shares under this scheme to comply with the laws of the relevant jurisdictions including obtaining any registration or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Persons who receive New Shares in lieu of the cash dividend must also comply with any restrictions on the resale of the Shares which may apply outside Hong Kong.

GENERAL

Whether or not it is to your advantage to elect to receive New Shares instead of cash, in whole or in part, will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom must be solely the responsibility of each shareholder. If you are in any doubt as to what to do, you should consult your professional advisers.

Shareholders who are trustees are recommended to take professional advice as to whether a decision to receive New Shares is within their powers and as to the effect of such decision having regard to the terms of the trust instrument.

TIMETABLE OF EVENTS

2009

Shares quoted ex-dividend	Tuesday, 12 May
Latest time for submission of transfer forms to qualify for the final dividend	4:00 p.m. on Wednesday, 13 May
Book closing dates	Thursday, 14 May to Monday, 18 May
Record date for the final dividend	Monday, 18 May
Last date for receipt of forms of election by the Registrars	4:00 p.m. on Wednesday, 3 June
Payment date for dividend warrants and certificates for New Shares mailed	on or about Tuesday, 9 June
Expected first day of dealings in New Shares in Hong Kong	on or about Tuesday, 9 June (subject to the proper receipt of share certificates for the New Shares by the relevant shareholders of the Company)

ADJUSTMENTS TO SUBSCRIPTION PRICES IN RELATION TO SHARE OPTIONS GRANTED UNDER THE SHARE OPTION SCHEMES

The Directors have been advised that in accordance with the terms of the share option schemes adopted by the Company, the Scrip Dividend will not result in any adjustment to the subscription prices payable on the exercise of the options granted under the share option schemes.

Yours faithfully,
Peter T.C. LEE
Chairman