
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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** 希慎興業有限公司, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other material facts not contained herein the omission of which would make any statement contained in this circular misleading.

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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)

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSALS FOR
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

A notice convening the AGM to be held at Harbour View Ballroom II & III, Level 4, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Tuesday, 9 May 2006 at 12:00 noon is set out on pages 2 to 4 of this circular.

Whether or not you intend to attend the AGM, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's registered office at 49th Floor, Manulife Plaza, The Lee Gardens, 33 Hysan Avenue, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

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INVITATION TO SHAREHOLDERS



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

Managing Director

Michael Tze Hau LEE

Independent non-executive Directors

Per JORGENSEN

Dr. Geoffrey Meou-tsen YEH

Non-executive Directors

Fa-kuang HU

Hans Michael JEBSEN

Anthony Hsien Pin LEE

Chien LEE

Dr. Deanna Ruth Tak Yung RUDGARD

Executive Director

Pauline Wah Ling YU WONG

Registered Office:

49th Floor

Manulife Plaza

The Lee Gardens

33 Hysan Avenue

Hong Kong

31 March 2006

Dear Shareholder(s)

On behalf of the Board and management, we invite you to attend Hysan Development Company Limited's Annual General Meeting to be held on Tuesday, 9 May 2006.

We aim to continually enhance our corporate governance practices, including the quality of our reporting and communications with our shareholders. Detailed explanation on the business to be considered at the Meeting, together with Board Recommendations, is set out in this circular.

We regard annual general meetings as one of the principal channels to communicate with our shareholders. We look forward to seeing you at the Meeting. If you are unable to attend the Meeting in person, we encourage you to appoint a proxy to attend and vote on your behalf.

Yours faithfully,
Peter T.C. Lee
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the members of Hysan Development Company Limited 希慎興業有限公司 (the “**Company**”) will be held at Harbour View Ballroom II & III, Level 4, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Tuesday, 9 May 2006 at 12:00 noon for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31 December 2005 together with the Reports of Directors and Auditors thereon.
2. To declare a final dividend (together with a scrip alternative) for the year ended 31 December 2005.
3. To re-elect Directors.
4. To re-appoint Messrs. Deloitte Touche Tohmatsu as Auditors and authorise the Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions and Special Resolution respectively:

ORDINARY RESOLUTIONS

5. **“That:**
 - (a) subject to paragraph (c), a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period all the powers of the Company to allot, issue and dispose of additional shares in the Company and to make or grant offers, agreements, options, warrants or other securities which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and other securities which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to a share option or otherwise) by the Directors pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) Rights Issue, or (ii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to the eligible participants of shares or rights to acquire shares of the Company or (iii) any scrip dividend or similar arrangement pursuant to the Articles of Association of the Company from time to time, shall not exceed, where the shares are to be allotted wholly for cash, 10%, and in any event 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said mandate shall be limited accordingly;
 - (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Members in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

6. **“That:**

- (a) a general mandate be and is hereby unconditionally given to the Directors to exercise during the Relevant Period all the powers of the Company to purchase or otherwise acquire shares of HK\$5.00 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate nominal amount of shares so purchased or otherwise acquired shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution, and the said mandate shall be limited accordingly.
- (b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Members in general meeting.”

7. **“That,** conditional upon the passing of Resolutions numbered 5 and numbered 6 set out in the Notice convening this Meeting, the aggregate nominal amount of the shares which are purchased or otherwise acquired by the Company pursuant to Resolution numbered 6 shall be added to the aggregate nominal amount of the shares which may be issued pursuant to Resolution numbered 5.”

SPECIAL RESOLUTION

8. **“That** the Articles of Association of the Company are hereby amended:

- (i) by adding to the end of Article 153 the following:
“If any such cheque or warrant has been, or shall be alleged to have been, lost, stolen or destroyed, the Board may, at the request of the person(s) entitled to it, issue a replacement cheque, warrant or other financial instrument or other form of payment subject to compliance with such conditions as to evidence and indemnity and the payment of such out-of-pocket expenses incurred by the Company in connection with the request as the Board may think fit.”

NOTICE OF ANNUAL GENERAL MEETING

(ii) by adding to the end of Article 154 the following:

“After such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses but the Board may nevertheless in its absolute discretion make an ex gratia payment equal to the whole or part of such dividends or bonuses to the member or other person who could have claimed that dividends or bonuses immediately before it was forfeited. No dividends or bonuses shall bear interest against the Company.”

By Order of the Board

Wendy W.Y. Yung

Company Secretary

Hong Kong, 31 March 2006

Notes:

1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. The proxy need not be a member of the Company.
2. In order to be valid, a form of proxy must be deposited at the Company's registered office at 49th Floor, Manulife Plaza, The Lee Gardens, 33 Hysan Avenue, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the Meeting.
3. The register of members will be closed from Thursday, 4 May 2006 to Tuesday, 9 May 2006, both dates inclusive. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Standard Registrars Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Wednesday, 3 May 2006.
4. Further information on voting procedures are set out in the section "Voting Information: Frequently Asked Questions and Answers" in the circular to be sent to shareholders (the "**Circular**").
5. Detailed information on the businesses to be transacted at the Annual General Meeting (the "**AGM**") are set out in the section "Business of the Meeting and Board Recommendations" of the Circular.
6. At the AGM, the Chairman of the Meeting will exercise his power under Article 78 of the Articles of Association of the Company to put each of the resolutions set out in this notice to be voted by way of poll. On a poll, every member present in person (or in the case of a corporation by its corporate representative) or by proxy shall have one vote for each share of any class of which he is the holder.

As at the date of this notice, the Board of Directors comprises (Chairman) Peter Ting Chang Lee; (Independent non-executive Deputy Chairman) Sir David Akers-Jones; (Managing Director) Michael Tze Hau Lee; (Independent non-executive Directors) Per Jorgensen and Dr. Geoffrey Meou-tsen Yeh; (Non-executive Directors) Fa-kuang Hu, Hans Michael Jebesen, Anthony Hsien Pin Lee, Chien Lee, Dr. Deanna Ruth Tak Yung Rudgard; and (Executive Director) Pauline Wah Ling Yu Wong.

VOTING INFORMATION: FREQUENTLY ASKED QUESTIONS AND ANSWERS

Your vote is important, and you can exercise your right to vote whether you choose to attend the AGM or not. Find out how below:

Q. Am I entitled to vote?

- A.** You are entitled to vote if you are a registered holder of Shares of Hysan Development Company Limited as of 9 May 2006 (the date of AGM).

The register of members will be closed from Thursday, 4 May to Tuesday, 9 May 2006, both days inclusive. If you have recently purchased the Shares, you must deliver to Standard Registrars Limited the share certificates, share transfer form or relevant evidence to establish that you own the Shares no later than 4:00 p.m. on Wednesday, 3 May 2006.

Q. What am I voting on?

- A.** You are voting on the resolutions as set out in the Notice of AGM on pages 2 to 4, and “Business of the Meeting and Board Recommendations” on pages 7 to 8 of this circular.

Q. How can I vote?

- A.** 1. Attending the AGM

You are entitled to attend the AGM and cast your vote in person. To vote shares registered in the name of a corporation, the corporation must have submitted a properly executed form of proxy or corporate representative authorisation to the Company.

2. By Proxy

If you do not plan to attend the AGM, you may cast your vote by proxy in one of the two ways. **Your proxy must vote as you instruct in the form of proxy:**

- (a) You may authorise the Chairman of the Company named in the form of proxy to vote your shares. Please indicate how you would like your shares voted.
- (b) You may appoint some other person to attend the AGM and vote your shares on your behalf. Please print your appointee’s name in the blank space on the form of proxy and indicate how you would like your shares voted. A proxy need not be a shareholder of the Company.

Q. When shall I return my form of proxy?

- A.** To be valid, the **original** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the same, must be completed and **returned to the Company’s registered office at 49th Floor, Manulife Plaza, The Lee Gardens, 33 Hysan Avenue, Hong Kong, not less than 48 hours before the time for holding the AGM or any adjournment thereof.** Forms of proxy sent electronically or by any other data transmission process will not be accepted.

Q. Who votes my shares and how will they be voted if I return a form of proxy?

- A.** By properly completing and returning a form of proxy, you are authorising the person named in the form of proxy to attend the AGM and to vote your shares. The shares represented by your proxy must be voted as you instruct in the form of proxy. If you properly complete and return your form of proxy but do not specify how you wish to cast your votes, your proxy will vote at his discretion.

VOTING INFORMATION: FREQUENTLY ASKED QUESTIONS AND ANSWERS

Q. Can I revoke a proxy or voting instruction?

- A.** Completion and return of a form of proxy will not preclude a member from attending in person and voting at the AGM should he so wish. Therefore, your attendance at the AGM will override your proxy appointment.

Q. What will be the procedures for demanding a poll?

- A. The Chairman of the AGM intends to demand a poll regarding the voting for all the resolutions set out in the Notice of AGM. On a poll, every member present in person (or in the case of a corporation by its corporate representative) or by proxy shall have one vote for each Share of which he is the holder. The results of the voting by poll will be published in the local newspapers and on the Company's and the Stock Exchange's websites on the business day following the AGM.**

In any event, a poll may be demanded (before or on the declaration of the results of the show of hands):

- (a) by the Chairman; or
- (b) in writing by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) in writing by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) in writing by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Q. What if I have a question?

- A.** If you have any question regarding the AGM, please contact Hysan's Company Secretarial Department at 2895-5777.

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

RESOLUTION NUMBERED 1 – RECEIVING 2005 FINANCIAL STATEMENTS

The full audited financial statements together with the Reports of Directors and Auditors thereon, are set out on pages 67 to 72 and pages 83 to 136 of the 2005 Annual Report.

The audited financial statements have been reviewed by the Audit Committee. A report of the Audit Committee is set out on pages 80 to 81 of the 2005 Annual Report.

RESOLUTION NUMBERED 2 – DECLARATION OF FINAL DIVIDEND

The Board has recommended a final dividend for the year ended 31 December 2005 of HK35 cents per Share. Subject to passing Resolution numbered 2, such final dividend is expected to be paid on or about 9 June 2006, together with a scrip dividend alternative, to shareholders whose names appear on the Company's register of members on 9 May 2006.

A circular containing details of the scrip dividend and the form of election will be mailed to shareholders on or about 16 May 2006.

The share register will be closed from Thursday, 4 May 2006 to Tuesday, 9 May 2006, both dates inclusive. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Standard Registrars Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 pm on Wednesday, 3 May 2006.

RESOLUTION NUMBERED 3 – RE-ELECTION OF DIRECTORS

Under the Company's current Articles of Association, one-third (or such other number as may be required under applicable legislation) of the Directors; and where the applicable number is not an integral number, to be rounded upwards, who have been longest in office shall retire from office by rotation. Accordingly, Peter T. C. Lee (Chairman), Sir David Akers-Jones (Independent non-executive Deputy Chairman), Hans Michael Jebsen (non-executive Director) and Chien Lee (non-executive Director) will retire and, being eligible, offer themselves for re-election at the forthcoming AGM. Their proposed re-election will be considered by separate resolutions.

Details of the background information on the retiring Directors who are proposed for re-election are set out on pages 9 to 11 of this circular.

RESOLUTION NUMBERED 4 – RE-APPOINTMENT OF AUDITORS

The Audit Committee has recommended to the Board (which in turn endorsed the view) that, subject to shareholders' approval at the forthcoming AGM, Deloitte Touche Tohmatsu be re-appointed as the external auditors of the Company for 2006.

RESOLUTIONS NUMBERED 5, 6 AND 7 – GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 10 May 2005, a general mandate under Section 57B of the Companies Ordinance and the Listing Rules was given to the Directors to issue and purchase shares in the Company. These general mandates will lapse at the conclusion of the AGM. Resolutions will therefore be proposed at the AGM to renew the grant of these general mandates. The relevant resolutions, in summary, are:

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

- an ordinary resolution (**Resolution numbered 5**) to give the Directors a general and unconditional mandate to allot, issue and dispose of additional shares in the Company, not exceeding, where the Shares are to be allotted wholly for cash, 10%, and in any event 20% of the Company's issued share capital as at the date of passing the resolution (as adjusted in accordance with Resolution numbered 7), for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Issue Mandate**");
- an ordinary resolution (**Resolution numbered 6**) to give the Directors a general and unconditional mandate to exercise all the powers of the Company to purchase an amount of Shares in the Company not exceeding 10% of the Company's issued share capital as at the date of passing the resolution, for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Share Repurchase Mandate**"); and
- conditional upon the passing of Resolutions numbered 5 and 6 to grant the Issue Mandate and the Share Repurchase Mandate, an ordinary resolution (**Resolution numbered 7**) to authorise the Directors to exercise the powers to allot, issue and dispose of additional shares in the Company under the Issue Mandate in respect of the aggregate nominal amount of share capital in the Company purchased by the Company.

The full text of these resolutions is set out in the Notice of AGM. As required under the Listing Rules, an explanatory statement providing the requisite information regarding the Share Repurchase Mandate is set out on pages 12 to 14 of this circular.

The Directors wish to state that they have no immediate plan to issue any new Shares, other than pursuant to: (i) the scrip dividend alternative which is being proposed to be offered; and (ii) the exercise of the options granted under the Company's Share Option Schemes.

RESOLUTION NUMBERED 8 – AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Some amendments to the Company's Articles of Association are proposed principally to refine and improve on the mechanics of paying dividends including empowering the Directors at its absolute discretion to make an ex-gratia payment to any shareholder regarding forfeited dividends (unclaimed after 6 years of declaration). The procedures on obtaining replacement dividend cheque or warrant in the event of loss are also refined.

The Directors consider that the proposed amendments to the Articles of Association are beneficial to the Company and the shareholders. This special business will be considered as a special resolution at the Meeting, which requires not less than 75% of the votes cast by shareholders attending and entitled to vote at the Meeting.

BOARD RECOMMENDATIONS

The Directors consider that the proposed resolutions as set out in the Notice of AGM, including, among other things, the proposed resolutions in relation to the granting of the Issue Mandate and Share Repurchase Mandate and the amendments to the Articles of Association are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend shareholders to vote in favour of the proposed resolutions.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

Information on Directors standing for re-election at the AGM is set out below:

	Director since	Board committee memberships	Emoluments received for 2005 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Peter Ting Chang Lee <i>J.P.</i> <i>Chairman</i>	1988	Chairman of Nomination Committee; and Member of Investment Committee	5,494,106 <i>(Notes 1(a), (e) and (f))</i>	6,083,823 Shares (Personal and corporate interests) and 1,350,000 options (Personal interests) <i>(Note 2(a))</i>

Mr. Peter T.C. Lee joined the Board in 1988, became Managing Director in 1999, and Chairman in 2001. Mr. Lee is a non-executive director of Cathay Pacific Airways Limited, Hang Seng Bank Limited, SCMP Group Limited, Maersk (China) Shipping Company Limited, and a director of a number of other companies. He is also vice president of the Real Estate Developers Association of Hong Kong. He is a member of the founding Lee family and a director of Lee Hysan Estate Company, Limited, a Substantial shareholder of the Company. Mr. Peter T.C. Lee holds a Bachelor of Science Degree in Civil Engineering from the University of Manchester and is also qualified as a Solicitor of the Supreme Court of England and Wales. He is aged 52.

Save as disclosed above, Mr. Peter T.C. Lee has no relationship with any other directors, senior management, Substantial or controlling shareholders of the Company. There is no other matter that needs to be brought to the attention of shareholders or other information that should be disclosed under Rule 13.51(2) of the Listing Rules.

	Director since	Board committee memberships	Emoluments received for 2005 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Sir David Akers-Jones <i>G.B.M., K.B.E., C.M.G., J.P.</i> <i>Independent non-executive Deputy Chairman</i>	1989	Chairman of Audit Committee and Emoluments Review Committee; and Member of Nomination Committee	157,500 <i>(Notes 1(c), (e) and (f))</i>	Nil

Sir David was appointed a Director in 1989 and became the Deputy Chairman in 2001. He is Chairman of GAM Hong Kong Limited, Deputy Chairman of CNT Group Limited and a non-executive director of various other companies including China Everbright International Limited and K. Wah International Holdings Limited. He is also a chairman and member of various voluntary organisations. He received his Master of Arts Degree at Oxford University. He was formerly the Chief Secretary of Hong Kong. He is aged 78.

Sir David has confirmed to the Board his independence under Rule 3.13 of the Listing Rules. He has no relationship with any directors, senior management or Substantial or controlling shareholders of the Company.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

Sir David has served the Board for more than 9 years, having been appointed in 1989. The Board believes that “independence” is a matter of judgment and conscience but that, in order to be independent, non-executive Directors should be free from any business or other relationships that might interfere with the exercise of their independent judgment. Sir David demonstrates his willingness to exercise independent judgment and provides objective challenges to management. There is no evidence that length of tenure is having an adverse impact on his independence. The Board considers that Sir David remains independent, notwithstanding the length of his tenure.

Save as disclosed above, there is no other matter that needs to be brought to the attention of shareholders or other information that should be disclosed under Rule 13.51(2) of the Listing Rules.

	Director since	Board committee memberships	Emoluments received for 2005 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Hans Michael Jebsen <i>B.B.S.</i> <i>Non-executive Director</i>	1994	Member of Investment Committee	85,000 <i>(Note 1(d), (e) and (f))</i>	2,492,914 Shares (Personal and corporate interests) <i>(Note 2(c))</i>

Mr. Jebsen was appointed a non-executive Director in 1994. He is chairman of Jebsen and Company Limited as well as a director of other Jebsen Group companies worldwide. He is also an independent non-executive director of The Wharf (Holdings) Limited. He is aged 49.

Mr. Jebsen has no relationship with any directors, senior management or Substantial or controlling shareholders of the Company and there is no other matter that needs to be brought to the attention of shareholders or other information that should be disclosed under Rule 13.51(2) of the Listing Rules.

	Director since	Board committee memberships	Emoluments received for 2005 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Chien Lee <i>Non-executive Director</i>	1988	Member of Audit Committee	100,000 <i>(Notes 1(b), (e) and (f))</i>	8,083,823 Shares (Personal, corporate and trustee interests) <i>(Note 2(b))</i>

Mr. Chien Lee was appointed a non-executive Director in 1988, he is a private investor and a non-executive director of a number of companies including Swire Pacific Limited and Television Broadcasts Limited. He is a member of the founding Lee family and a director of Lee Hysan Estate Company, Limited, a Substantial shareholder of the Company. Mr. Chien Lee received a Bachelor of Science Degree in Mathematical Science, a Master of Science Degree in Operations Research and a Master of Business Administration Degree from Stanford University. He is aged 52.

Save as disclosed above, Mr. Chien Lee has no relationship with any other directors, senior management, Substantial or controlling shareholders of the Company. There is no other matter that needs to be brought to the attention of shareholders or other information that should be disclosed under Rule 13.51(2) of the Listing Rules.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

Notes:

1.
 - (a) Mr. Peter Ting Chang Lee received annual director fee of HK\$111,000 as Chairman of the Board and a fee of HK\$25,000 for serving as chairman of the Nomination Committee and as a member of the Investment Committee in 2005. Mr. Lee also received a compensation package of HK\$5,358,106 (which comprises a combination of basic salary, benefits, bonus) and long-term incentive in the form of Executive Share Options from the Company.
 - (b) Mr. Chien Lee received annual director fee of HK\$75,000 and a fee of HK\$25,000 for serving as a member of the Audit Committee in 2005.
 - (c) Sir David Akers-Jones received annual director fee of HK\$92,500 and a fee of HK\$65,000 for serving as chairman of the Audit Committee and Emoluments Review Committee and as a member on the Nomination Committee in 2005.
 - (d) Mr. Hans Michael Jebsen received annual director fee of HK\$75,000 and a fee of HK\$10,000 for serving as a member on the Investment Committee in 2005.
 - (e) The respective annual director fees for serving on the Board and on its committees were approved by the shareholders in the 2005 annual general meeting (held on 10 May 2005) having given consideration to the level of responsibility, experience and abilities required of the relevant Directors and the remuneration offered for similar positions in comparable companies. The executive Director also receives remuneration package determined by the Emoluments Review Committee taking into account comparables of Hong Kong-based companies competing within a similar talent pool, with particular emphasis on property industry. Details on Director emoluments are set out in "Directors' Remuneration and Interests Report" and notes 8 and 42 to the financial statements set out in the 2005 Annual Report.
 - (f) Save as disclosed in 1(a) to (e) above, the Directors received no other compensation from the Group.
2.
 - (a) 2,000,000 Shares were held by Mr. Peter Ting Chang Lee personally and 4,083,823 Shares were held by a corporation in which he was a member entitled to exercise one-third or more of the voting power at general meeting. Corporate interests of Mr. Peter Ting Chang Lee and Mr. Chien Lee relate to the same corporation.

The options granted to Mr. Peter Ting Chang Lee were under the Company's Share Option Schemes with holding period of 2 years and vesting period of 5 years. Details of options granted to Mr. Lee are set out in "Directors' Remuneration and Interests Report" and notes 42 to the financial statements set out in the 2005 Annual Report.
 - (b) 850,000 Shares were held by Mr. Chien Lee personally and 4,083,823 Share were held by a corporation in which he was a member entitled to exercise more than one-third of the voting power at general meeting. Corporate interests of Mr. Chien Lee and Mr. Peter Ting Chang Lee relate to the same corporation. In addition, 3,150,000 Shares are held though a discretionary trust of which Mr. Lee was one of the beneficiaries.
 - (c) 60,000 Shares were held by Mr. Hans Michael Jebsen personally and 2,432,914 Shares were held by a corporation in which he was a member entitled to exercise one-third or more of the voting power at general meeting.
3. No Director proposed for re-election at the AGM has a service contract with the Company or any of its Subsidiaries that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

EXPLANATORY STATEMENT ON THE SHARE REPURCHASE MANDATE

This is an explanatory statement as required under the Listing Rules in connection with the resolution authorising the Share Repurchase Mandate proposed to be considered, and if thought fit, passed by shareholders of the Company at the AGM. The Listing Rules provide that all repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate to the directors of the company to make such repurchases or by specific approval in relation to specific transactions. This explanatory statement also constitutes the memorandum required under Section 49 BA(3) of the Companies Ordinance.

Share Capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,053,260,841 Shares of HK\$5.00 each.

On the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 105,326,084 Shares.

Reasons for Repurchase

The Directors believe that the Share Repurchase Mandate is in the best interests of the Company and its shareholders.

Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its shareholders.

Funding of Repurchase

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.

In the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period, 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 2005 as contained in the 2005 Annual Report. However, the Directors do not propose to exercise the Share 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.

EXPLANATORY STATEMENT ON THE SHARE REPURCHASE MANDATE

Share Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months before the printing of this circular were as follows:

	Highest HK\$	Lowest HK\$
Year 2005		
March	16.85	15.30
April	16.45	15.15
May	16.65	14.95
June	16.30	15.10
July	18.30	15.65
August	20.05	17.90
September	20.85	18.30
October	19.70	16.50
November	18.95	16.35
December	19.35	17.65
Year 2006		
January	20.55	18.80
February	20.25	18.35

Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to Ordinary Resolution numbered 6 and in accordance with the Listing Rules and the Companies Ordinance.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Share Repurchase Mandate if such Mandate is approved by the shareholders.

No connected persons have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to do so in the event that the Share Repurchase Mandate is approved by the shareholders.

Effect of the Takeovers Code

If on the exercise of the power to repurchase Shares pursuant to the Share 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 Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**").

As at the Latest Practicable Date, Lee Hysan Estate Company, Limited ("**LHE**") and certain of its subsidiaries are the Substantial shareholders of the Company, which are indirectly interested in approximately 40.74% of the issued share capital of the Company. Lee Hysan Company Limited, being LHE's holding company, is also deemed to have same interests pursuant to the provisions of the Securities and Futures Ordinance. In the event that the Directors exercise in full the power to repurchase Shares which are proposed to be granted

EXPLANATORY STATEMENT ON THE SHARE REPURCHASE MANDATE

pursuant to the Share Repurchase Mandate, the shareholding of Lee Hysan Company Limited, LHE and certain of its subsidiaries would be increased to approximately 45.26%.

Such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the Share Repurchase Mandate to such an extent as would result in takeover obligations.

Save as disclosed above, the Directors are not aware of any shareholder or group of shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any purchases pursuant to the Share Repurchase Mandate.

Share Purchase made by the Company

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context otherwise requires:

“AGM” or “Annual General Meeting” or “Meeting”	means the annual general meeting of the Company to be held at Harbour View Ballroom II & III, Level 4, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on 9 May 2006 at 12:00 noon or any adjournment thereof;
“Articles of Association”	means the articles of association of the Company (as amended from time to time);
“associate”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	means the auditors for the time being of the Company;
“Board”	means the board of Directors or a duly authorised committee of the board of Directors;
“business day”	has the meaning ascribed to it under the Listing Rules;
“Companies Ordinance”	means the Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
“Company”	means Hysan Development Company Limited, a company incorporated in Hong Kong with limited liability;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	means the directors from time to time of the Company;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	means 27 March 2006 being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as modified from time to time;
“Notice of AGM”	means the notice convening the AGM as set out on pages 2 to 4 of this circular;
“Securities and Futures Ordinance” or “SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;

DEFINITIONS

“Share(s)”	means ordinary share(s) of HK\$5.00 each in the Company (or of such other nominal amount as comprising the ordinary share capital of the Company as shall result from a sub-division or a consolidation of the share capital of the Company from time to time);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidiary”	means a company which is for the time being a subsidiary (within the meaning of section 2(4) of the Companies Ordinance) of the Company; and
“Substantial shareholder”	has the meaning ascribed to it under the Listing Rules.