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Hysan Development Company Limited

希慎興業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 00014)

Termination of Continuing Connected Transactions

Reference is made to the Lease entered into between Treasure Matrix (a wholly-owned subsidiary of the Company) and Barrowgate.

The Board announces that on 28 June 2018, Treasure Matrix has entered into the Surrender Agreement with Barrowgate to surrender the Lease.

Barrowgate is a connected person of the Company under the Listing Rules by virtue of it being a non-wholly owned subsidiary of the Company, and also having a substantial shareholder which is an associate of Mr. Jebsen, a Non-Executive Director of the Company. Accordingly, the Lease constituted continuing connected transactions for the Company under the Listing Rules.

As the continuing connected transactions under the Lease were terminated pursuant to the Surrender Agreement, this announcement is made pursuant to Rule 14A.35 of the Listing Rules.

Reference is made to the Lease entered into between Treasure Matrix (a wholly-owned subsidiary of the Company) and Barrowgate.

SURRENDER AGREEMENT

On 28 June 2018, Treasure Matrix and Barrowgate have entered into the Surrender Agreement to terminate the Lease with effect from the Surrender Date. Pursuant to the Surrender Agreement, inter alia, Treasure Matrix shall surrender and deliver up vacant possession of the Premises to Barrowgate, and both parties will be released from all the obligations under the Lease on the Surrender Date.

REASONS FOR ENTERING INTO THE SURRENDER AGREEMENT

The Hysan Group's principal businesses are property investment, management and development and Hysan Group has a sizeable property portfolio in Hong Kong with one of its core businesses in property leasing.

Barrowgate's principal business is property investment.

Treasure Matrix's principal business is the operation of a restaurant business at the Premises.

To align with the Hysan Group’s corporate strategy of maximising its long-term properties value and re-positioning of Lee Garden Two, Barrowgate will adjust the trade-mix of Lee Garden Two. On the other hand, Treasure Matrix has decided to discontinue its business and operation at the Premises. Therefore, Treasure Matrix and Barrowgate have agreed to enter into the Surrender Agreement to early terminate the Lease.

The Directors (including Independent Non-Executive Directors) are of the view that the terms of the Surrender Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, and the Surrender Agreement is entered in the ordinary and usual course of business of Hysan Group after due negotiations and on an arm’s length basis.

LISTING RULES IMPLICATIONS

Barrowgate is a connected person of the Company under the Listing Rules by virtue of it being a non-wholly owned subsidiary of the Company, and also having a substantial shareholder which is an associate of Mr. Jebsen, a Non-Executive Director of the Company. Accordingly, the Lease constituted continuing connected transactions for the Company under the Listing Rules. As the continuing connected transactions under the Lease were terminated pursuant to the Surrender Agreement, this announcement is made pursuant to Rule 14A.35 of the Listing Rules. As an associate of Mr. Jebsen is interested in the Transaction, Mr. Jebsen has abstained from voting on the relevant resolution in respect of the Transaction in Board meeting. Other than Mr. Jebsen, no other Director has declared any material interest in the Transaction.

DEFINITIONS

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

“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 and 10% by Jebsen & Co.;
“Board”	the board of directors of the Company;
“connected person”	shall have the same meaning ascribed to such term in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“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;
“Jebsen & Co.”	Jebsen & Company Limited, a company incorporated in Hong Kong with limited liability and an associate of Mr. Jebsen;

“Lease”	collectively, (a) a lease dated 28 March 2014 entered into between Treasure Matrix and Barrowgate (as supplemented by a memorandum of rent review) in respect of Shop Nos. 308 & 311 on the Third Floor at Lee Garden Two for a term commencing from 28 March 2014 to 27 March 2019; (b) the New Licence Agreements; and (c) the Other Licence Agreements; details as disclosed in the Previous Announcements;
“Lee Garden Two”	28 Yun Ping Road, Causeway Bay, Hong Kong;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Jebsen”	Mr. Jebsen Hans Michael, a Non-Executive Director of Hysan;
“New Licence Agreements”	two licence agreements both dated 27 March 2017 entered into between Treasure Matrix and Barrowgate in respect of the renewal of (1) licence for use of various storerooms and advertising spaces at Lee Garden Two for a term commencing from 1 November 2017 to 27 March 2019; and (2) licence for use of Portion 1, 3/F Lee Garden Two for a term commencing from 1 December 2017 to 27 March 2019;
“Other Licence Agreements”	two licence agreements both dated 28 March 2014 entered into between Treasure Matrix and Barrowgate in respect of the use of area outside Shop Nos. 308 & 311, and lifts and advertising spaces at Lee Garden Two respectively for a term commencing from 28 March 2014 to 27 March 2019;
“Premises”	all those premises and licenced areas under the Lease;
“Previous Announcements”	the announcements of the Company dated 31 March 2014 and 27 March 2017 in relation to the Lease;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	shall have the same meaning ascribed to such term in the Listing Rules;
“Surrender Agreement”	the Surrender Agreement dated 28 June 2018 entered into between Treasure Matrix and Barrowgate in relation to the termination of the Lease;
“Surrender Date”	15 July 2018;
“Treasure Matrix”	Treasure Matrix Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Hysan; and

“Transaction”

the transaction under the Surrender Agreement.

By Order of the Board
Lee Irene Yun-Lien
Chairman

Hong Kong, 28 June 2018

*As at the date of this announcement, the Board comprises: Lee Irene Yun-Lien (Chairman), Churchouse Frederick Peter**, Fan Yan Hok Philip**, Lau Lawrence Juen-Yee**, Poon Chung Yin Joseph**, Jebsen Hans Michael* (Yang Chi Hsin Trevor as his alternate), Lee Anthony Hsien Pin* (Lee Irene Yun-Lien as his alternate), Lee Chien* and Lee Tze Hau Michael*.*

* *Non-Executive Directors*

** *Independent Non-Executive Directors*

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