

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Hysan Development Company Limited

希慎興業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 00014)

Revised Annual Caps for Existing Continuing Connected Transactions

Reference is made to the Previous Announcement in respect of the Lease and Licence Agreements between Barrowgate and Jebsen & Co. Jebsen & Co. is a connected person of the Company under the Listing Rules by virtue of it being a substantial shareholder of Barrowgate holding 10% equity interest, and also being an associate of Mr. Jebsen, a Non-Executive Director of the Company. The Lease and the Licence Agreements and transactions thereunder therefore constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

Pursuant to the terms of the Lease, the rent for the period from 1 September 2016 to 31 August 2018 was subject to review and should be revised at the then prevailing market rent. The operating charges of the Lease were also subject to revision from time to time during the continuance of the term of the Lease in accordance with rates generally applicable to the Company's portfolio. On 16 August 2016, Barrowgate and Jebsen & Co. entered into the Memorandum to give effect to the increase of rent under the Lease, whereby the annual aggregated consideration of the Lease and the Licence Agreements will be increased for each of the financial years ending 31 December 2016, 2017 and 2018 and the Company has resolved to revise the respective Annual Caps.

As each of the applicable percentage ratios in respect of the revised Annual Caps for the Transactions on an annual aggregated basis is more than 0.1% and less than 5%, the Transactions continue to fall under Rule 14A.76(2) of the Listing Rules and are only subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the Previous Announcement in respect of the Lease and Licence Agreements between Barrowgate and Jebsen & Co. Pursuant to the terms of the Lease, the rent for the period from 1 September 2016 to 31 August 2018 was subject to review and should be revised at the then prevailing market rent. The operating charges of the Lease were also subject to revision from time to time during the continuance of the term of the Lease in accordance with rates generally applicable to the Company's portfolio. On 16 August 2016, Barrowgate and Jebsen & Co entered into the Memorandum to give effect to the increase of rent under the Lease.

DETAILS OF THE LEASE, LICENCE AGREEMENTS, MEMORANDUM AND REVISED ANNUAL CAPS

Particulars of the Transactions under the Lease (as supplemented by the Memorandum) and the Licence Agreements are summarised as follows:

Date of the Memorandum : 16 August 2016

Parties to the Memorandum	:	Barrowgate as landlord Jebsen & Co. as tenant
Premises relating to the Lease	:	Office units at 28 th , 30 th and 31 st Floors, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
Premises relating to the Licence Agreements	:	Car parking spaces nos. 113, 141 and 142 at Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
Terms of the Lease and the Licence Agreements	:	from 1 September 2013 to 31 August 2018
New rent for the Lease effective from 1 September 2016	:	HK\$2,765,419 per month (exclusive of operating charges and Government rates)
Current carpark licence fees for the Licence Agreements	:	HK\$19,200 in aggregate per month (subject to revision from time to time)
Revised operating charges for the Lease	:	HK\$316,441 per month (subject to revision from time to time)
Previously Announced Annual Caps for the Lease and the Licence Agreements	:	2016: HK\$32,900,000 2017: HK\$32,900,000 2018: HK\$22,200,000 (on pro-rata basis)
Revised Annual Caps for the Lease (as supplemented by the Memorandum) and the Licence Agreements	:	2016: HK\$36,900,000 2017: HK\$45,000,000 2018: HK\$30,200,000 (on pro-rata basis)

Notes:

1. The annual aggregated considerations based on the agreed amounts of the rent, carpark licence fees and operating charges receivable pursuant to the Lease (as supplemented by the Memorandum) and the Licence Agreements for each of the financial years of 2016, 2017 and 2018 are HK\$31,966,216, HK\$37,212,720 and HK\$24,808,480 (on pro-rata basis) respectively.
2. In respect of the transactions under the Lease (as supplemented by the Memorandum) and the Licence Agreements for the whole of 2016, the annual aggregated consideration (as set out in Note 1 above) includes the sum of rent, carpark licence fee and operating charges (i) received for the period from 1 January 2016 to 31 August 2016 (i.e. HK\$19,561,976); and (ii) receivable for the period from 1 September 2016 to 31 December 2016 (i.e. HK\$12,404,240).

The annual aggregated consideration receivable by Barrowgate under the Lease (as supplemented by the Memorandum) and the Licence Agreements includes the rent, operating charges and carpark licence fee but excludes Government rates, and shall be paid in cash in advance on a monthly basis. The new rent for the Lease as agreed in the Memorandum was determined on an arm's length basis based on prevailing market rates. The revised operating charges were determined in accordance with on-going rates generally applicable to the Company's portfolio and are subject to revision from time to time. For the purpose of providing a more flexible basis for setting the revised Annual Caps for the Transactions, the Directors have taken into account of the historic increment rates, the revised rental amount, the existing amounts of carpark licence fee and operating charges, possible further changes in the level of licence fee and operating charges and other amounts receivable pursuant to the Transactions. A buffer has also been built in determining the revised Annual Caps of the Transactions for each of the financial years ending 31 December 2016, 2017 and 2018 as set out above.

The historical amounts received by the Hysan Group pursuant to the Lease and the Licence Agreements for the four months ended 31 December 2013 was HK\$9,570,800, and for the financial years ended 31 December 2014 and 31 December 2015 were HK\$28,884,708 and HK\$29,115,636, respectively.

REASONS FOR THE TRANSACTIONS

The Lease, the Licence Agreement and the Memorandum were entered into by Hysan Group in the ordinary course of its business of leasing and in line with Hysan Group's corporate strategy of maximizing its properties cash flow and value.

Having taken into consideration recent market comparables at the same location (taking into factors such as size and floor levels), monthly rent under the Memorandum is considered by the Company to be at market level agreed by a willing landlord and a willing tenant on an arm's length basis.

Based on the above reasons, the Directors (including Independent Non-Executive Directors) are of the view that the Transactions and their 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 they were 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 revised Annual Caps as set out above are fair and reasonable.

REGULATORY ASPECTS

Jebsen & Co. is a connected person of the Company under the Listing Rules by virtue of it being a substantial shareholder of Barrowgate holding 10% equity interest, and also being an associate of Mr. Jebsen, a Non-Executive Director of the Company. Accordingly, the Transactions (in aggregate) therefore constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. Mr. Jebsen's alternate attended the Board meeting on his behalf for considering the relevant resolution. Due to the interest of an associate of Mr. Jebsen in the Transactions, Mr. Jebsen's alternate abstained from voting the relevant resolution in the Board meeting. Other than Mr. Jebsen, no other Directors have a material interest in the Transactions.

Given that each of the applicable percentage ratios in respect of the revised Annual Caps for the Transactions on an annual aggregated basis is more than 0.1% and less than 5%, the Transactions continue to fall under Rule 14A.76(2) of the Listing Rules and are only subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Particulars of the Transactions will be disclosed in relevant annual reports and accounts of Hysan in accordance with Rule 14A.71 of the Listing Rules.

GENERAL

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 business in property leasing.

Barrowgate's principal business is property investment.

Jebsen & Co.'s principal business is diversified trading and investment.

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 by the Hysan Group under the Transactions;
“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;
“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;
“Jebsen & Co.”	Jebsen & Company Limited, a company incorporated in Hong Kong with limited liability and an associate of Mr. Jebsen;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Lease”	a lease dated 28 March 2013 entered into between Barrowgate and Jebsen & Co. in respect of a lease of certain office units at Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong;
“Licence Agreements”	3 licence agreements all dated 28 March 2013 (as supplemented from time to time) entered into between Barrowgate and Jebsen & Co. in respect of licences for use of 3 fixed car parking space nos. 113, 141 and 142 (relocated from car parking space nos. 112, 138 and 150) at Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong;
“Memorandum”	a memorandum dated 16 August 2016 supplementing the terms of the Lease and entered into between Barrowgate and Jebsen & Co.;
“Mr. Jebsen”	Mr. Hans Michael JEBSEN, a Non-Executive Director of Hysan;

“Previous Announcement”	the announcement of the Company dated 28 March 2013 in relation to the Lease and the Licence Agreements;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Transactions”	transactions under the Lease (as supplemented by the Memorandum) and the Licence Agreements.

By Order of the Board
Irene Yun Lien LEE
Chairman

Hong Kong, 16 August 2016

*As at the date of this announcement, the Board comprises: Irene Yun Lien LEE (Chairman), Frederick Peter CHURCHOUSE**, Philip Yan Hok FAN**, Lawrence Juen-Yee LAU**, Joseph Chung Yin POON**, Hans Michael JEBSEN* (Trevor Chi-Hsin YANG as his alternate), Siu Chuen LAU*, Anthony Hsien Pin LEE* (Irene Yun Lien LEE as his alternate), Chien LEE* and Michael Tze Hau LEE*.*

* *Non-Executive Directors*

** *Independent Non-Executive Directors*

This announcement is published on the website of the Company (www.hysan.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk).