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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)

### Continuing Connected Transaction New Lease

On 19 March 2021, Earn Extra has entered into the New Lease with Jebsen & Co. in respect of the Premises for a fixed term of 3 years.

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% of its equity interest, and also being an associate of Mr. Jebsen, a Non-Executive Director of the Company. Accordingly, the Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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

### DETAILS OF THE TRANSACTION

Particulars of the Transaction are set out below:-

#### New Lease

Parties	: Earn Extra as landlord Jebsen & Co. as tenant
Premises	: The whole of 20th, 21st and 22nd Floors of Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong
Rent	: HK\$3,846,480 per month, payable in advance on a monthly basis (exclusive of operating charges, Government rates and other outgoings)
Operating Charges	: HK\$500,043 per month (subject to revision as may be notified by Earn Extra from time to time), payable in advance on a monthly basis
Term	: 3 years commencing from 1 November 2021 to 31 October 2024

## **Annual Caps for the Transaction**

The Annual Caps in respect of the Transaction are as follows:

Annual Caps for	: 2021: HK\$9,600,000 (on pro-rata basis)
Transaction	2022: HK\$58,000,000
(Note)	2023: HK\$58,500,000
	2024: HK\$49,300,000 (on pro-rata basis)

*Note:*

The Annual Caps for the years 2021 and 2024 are the maximum aggregate annual values to be received by the Hysan Group under the New Lease for the 2 months and 10 months ending 31 December 2021 and 31 October 2024 respectively.

The annual aggregated consideration payable by Jebesen & Co. under the New Lease includes the rent and operating charges but excludes Government rates and other outgoings, and shall be paid in cash in advance on a monthly basis.

For the purpose of providing a more flexible basis for setting the Annual Caps for the Transaction, the Directors have taken into account the possible future upward changes in the level of operating charges and other relevant costs pursuant to the Transaction. An upward buffer has therefore been built in when determining the Annual Caps of the Transaction for each of the relevant periods or years.

The monthly 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 and are subject to revision as may be notified by Earn Extra from time to time.

## **REASONS FOR, AND THE BENEFITS OF, ENTERING INTO THE TRANSACTION**

The entering into of the New Lease of the Premises is beneficial and commercially necessary for the business operation of the Group. The Transaction was entered into by the Hysan Group in the ordinary course of its business of leasing and in line with the Hysan Group's corporate strategy of maximizing its properties cash flow and value.

Having taken into consideration recent market comparables for rental rates of properties of similar size and with similar attributes within the same building (including factors such as size, floor levels, conditions and facilities), the rental rates under the New Lease is considered to be at market level agreed by a willing landlord and a willing tenant on an arm's length basis and the terms under the New Lease are no less favourable than the terms offered by the Group to independent third parties. The basis of the operating charges is and shall be the same as those Earn Extra charges other tenants of the same building and are subject to revision as may be notified by Earn Extra as the landlord from time to time.

Based on the above reasons, the Directors (including Independent Non-Executive Directors) are of the view that the terms of the Transaction are fair and reasonable, the Transaction is on normal commercial terms, in the interests of the Company and its shareholders as a whole, and was entered in the ordinary and usual course of business of the Hysan Group after due negotiations and on an arm's length basis with reference to the prevailing market conditions. The Directors (including Independent Non-Executive Directors) also believe that the Annual Caps as set out above are fair and reasonable, and in the interests of the Hysan Group and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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% of its equity interest, and also being an associate of Mr. Jebsen, a Non-Executive Director of the Company. Accordingly, the Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Due to the interest of an associate of Mr. Jebsen in the Transaction, Mr. Jebsen has abstained from voting on the board resolutions of the Company approving the Transaction in Board meeting. Other than Mr. Jebsen, no other Director has declared any material interest in the Transaction.

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

## **INFORMATION OF THE HYSAN GROUP AND JEBSEN & CO.**

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

Earn Extra's principal business is property investment.

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

## **DEFINITIONS**

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

“Annual Caps”	maximum aggregate annual value(s) to be received by the Hysan Group under the Transaction;
“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;
“Earn Extra”	Earn Extra Investments Limited, a company incorporated in Hong Kong with limited liability, and a wholly owned subsidiary 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 ordinary shares of which are listed on the Main Board of the Stock Exchange;
“Hysan Group”	Hysan and its subsidiaries;
“Jebsen & Co.”	Jebsen and 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;
“Mr. Jebsen”	Mr. Jebsen Hans Michael, a Non-Executive Director of Hysan;
“New Lease”	the lease dated 19 March 2021 entered into between Earn Extra and Jebsen & Co. in respect of the Premises;
“Premises”	the whole of 20th, 21st and 22nd Floors of Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Transaction”	the transaction contemplated under the New Lease.

By Order of the Board  
**Lee Irene Yun-Lien**  
*Chairman*

Hong Kong, 19 March 2021

*As at the date of this announcement, the Board comprises: Lee Irene Yun-Lien (Chairman), Churchouse Frederick Peter\*\*, Fan Yan Hok Philip\*\*, Poon Chung Yin Joseph\*\*, Wong Ching Ying Belinda\*\*, 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*

*This announcement is published on the websites of the Company (www.hysan.com.hk) and the Stock Exchange (www.hkexnews.hk).*