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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 Transactions Renewal of Leasing and Property Management Service Agreements

On 20 March 2019, Barrowgate entered into the Service Agreements with each of HLCL and HPML, regarding the provision of leasing and property management services for Lee Garden Two respectively.

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, namely Jebsen & Co. which is an associate of Mr. Jebsen, a Non-Executive Director of the Company. HLCL and HPML are wholly-owned subsidiaries of the Company.

Accordingly, the Service Agreements and transactions thereunder constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. As the highest of all of the applicable percentage ratios in respect of the Annual Caps for the Service Agreements on an annual aggregated basis is more than 0.1% and less than 5%, the Service Agreements 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.

#### DETAILS OF THE SERVICE AGREEMENTS

Particulars of the Service Agreements are set out below:

	<u>Leasing Services</u>	<u>Property Management Services</u>
Date	: 20 March 2019	20 March 2019
Parties	: HLCL as agent Barrowgate as principal	HPML as agent Barrowgate as owner
Premises	: Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong	Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
Terms	: 3 years commencing from 1 April 2019	3 years commencing from 1 April 2019
Expiry Date	: 31 March 2022	31 March 2022

Provision of Services	: Provision of leasing marketing, renewal, rent reviews and rental collection for the Premises	Provision of property management and maintenance services for the Premises
Services Charges	: <i>Commission for leasing marketing and reviews:</i> (a) One month of rent will be charged for transactions solely carried out by HLCL; (b) Half a month of new rent will be charged for rent review negotiated by HLCL; and (c) One fourth of a month's rent will be charged for transactions carried out with contribution from third party agents.	Equivalent to 10% of the total budgeted management expenses but not exceeding HK\$5,000,000 per annum which is payable on a monthly basis at the end of the month.

The above service charges are payable on a monthly basis at the end of the month.

*Fees for rental collection:*  
3% of the monthly rent or licence fee and operating charges or management fees actually received on leases, tenancies or licences shall be payable to HLCL on a monthly basis.

The total service charges shall not exceed HK\$40,000,000 per annum.

Annual Caps	: HK\$40,000,000 per annum	HK\$5,000,000 per annum
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The service charges for the respective Service Agreements were determined based on the range set by market rates in line with industry practice. The respective Annual Caps were determined taking into account the projected rental levels, and lease expiry profiles as well as projected operating expenses for the coming three years. A buffer has also been built in determining the Annual Caps.

## **REASONS FOR THE TRANSACTIONS**

The Service Agreements are renewal of the existing service agreements and were entered into by Hysan Group in the ordinary course of its businesses of leasing and property management. The entering into the Service Agreements is in line with Hysan Group's policy of centralising the leasing activities, lease administration and property management of its portfolio.

The Directors (including Independent Non-Executive Directors but excluding Mr. Jebsen as he has a material interest in the transaction) are of the view that the Service Agreements and the 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 but excluding Mr. Jebsen as he has a material interest in the transaction) also believe that the Annual Caps of the Service Agreements are fair and reasonable.

## **REGULATORY ASPECTS**

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, namely Jebsen & Co. which is an associate of Mr. Jebsen, a Non-Executive Director of the Company. HLCL and HPML are wholly-owned subsidiaries of the Company. Accordingly, the Service Agreements and transactions thereunder constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. Due to the interest of an associate of Mr. Jebsen in the Service Agreements, he abstained from voting on the relevant resolution for approving the Service Agreements in the meeting of the board of Directors.

Given that the highest of all of the applicable percentage ratios in respect of the Annual Caps for the Service Agreements on an annual aggregated basis is more than 0.1% and less than 5%, the Service Agreements 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 Service Agreements will be disclosed in the 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 businesses in property leasing.

HLCL's principal business is provision of leasing administration services.

HPML's principal business is provision of property management services.

Barrowgate's principal business is property 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 under the Service Agreements;
“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.;
“connected person”	shall have the same meaning ascribed to such term in the Listing Rules;
“Director(s)”	the director(s) of the Company;

“HLCL”	Hysan Leasing Company Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Hysan directly;
“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;
“HPML”	Hysan Property Management Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Hysan directly;
“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;
“Premises”	Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong;
“Mr. Jebsen”	Mr. Jebsen Hans Michael, a Non-Executive Director of Hysan;
“Service Agreements”	a new leasing service agreement and a new property management service agreement, both dated 20 March 2019, entered into between Barrowgate with HLCL and HPML, respectively, for provision of leasing and property management services for Lee Garden Two respectively;
“substantial shareholder”	shall have the same meaning ascribed to such term in the Listing Rules; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 20 March 2019

*As at the date of this announcement, the Board of Directors comprises: Lee Irene Yun-Lien (Chairman), Churchouse Frederick Peter\*\*, Fan Yan Hok Philip\*\*, Lau Lawrence Juen-Yee\*\*, 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 website of the Company ([www.hysan.com.hk](http://www.hysan.com.hk)) and the designated issuer website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).*