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 **Hysan 希慎**  
**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**

For business continuity purposes, on 31 March 2022, 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 non-wholly owned subsidiary of the Company and a connected person of the Company under the Listing Rules by virtue of Jebsen & Co. holding 10% issued shares in Barrowgate. Jebsen & Co. is an associate of Mr. Jebsen, a Non-Executive Director of the Company and therefore a connected person of the Company at listed issuer level. HLCL and HPML are wholly-owned subsidiaries of the Company.

Accordingly, the Service Agreements and transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules. As certain applicable percentage ratios in respect of the Annual Caps for the Service Agreements on an annual aggregated basis are 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	: 31 March 2022	31 March 2022
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
Term	: 3 years commencing from 1 April 2022	3 years commencing from 1 April 2022
Expiry Date	: 31 March 2025	31 March 2025

Services	:	Provision of leasing, marketing, renewal, rent reviews and rental collection services 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 carried out by HLCL solely; (b) Half a month of new rent will be charged for rent review negotiated by HLCL; and (c) The lower of one fourth of a month's rent or HK\$10,000 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\$6,500,000 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\$45,000,000 per annum.

Annual Caps	:	HK\$45,000,000 per annum	HK\$6,500,000 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 growth in rental levels expected to be driven by continuous asset enhancements and area curation, lease expiry profiles, projected operating expenses as well as potential inflationary impact 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 of the Service Agreements is in line with Hysan Group's policy of centralizing the leasing activities, lease administration and property management of its portfolio.

The Directors (including Independent Non-Executive Directors but excluding Mr. Jebsen who has material interest in the transactions) are of the view that the transactions contemplated under the Service Agreements are on normal commercial terms, 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 terms of the Service Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Directors (including Independent Non-Executive Directors but excluding Mr. Jebsen who has material interest in the transactions) also believe that the Annual Caps for the Service Agreements are fair and reasonable.

## **REGULATORY ASPECTS**

Barrowgate is a non-wholly owned subsidiary of the Company and a connected person of the Company under the Listing Rules by virtue of Jebsen & Co. holding 10% issued shares in Barrowgate. Jebsen & Co. is an associate of Mr. Jebsen, a Non-Executive Director of the Company and therefore a connected person of Hysan at the listed issuer level. HLCL and HPML are wholly-owned subsidiaries of the Company. Accordingly, the Service Agreements and transactions contemplated 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, Mr. Jebsen abstained from voting on the relevant resolutions for approving the Service Agreements in the meeting of the Board.

Given that certain applicable percentage ratios in respect of the Annual Caps for the Service Agreements on an annual aggregated basis are 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 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**

Hysan Group's principal businesses are property investment, management and development. 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, capitalized 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 under the Listing Rules;

“Barrowgate”	Barrowgate Limited, a company incorporated in Hong Kong with limited liability and beneficially owned as to 65.36% by the Company, 24.64% by Hang Seng and 10% by Jebsen & Co.;
“Board”	the board of Directors;
“connected person”	shall have the same meaning ascribed to such term under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Hang Seng”	Hang Seng Bank Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HLCL”	Hysan Leasing Company Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Company;
“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 the Company;
“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 (stock code: 14);
“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;
“Leasing Service Agreement”	leasing service agreement dated 31 March 2022, entered into between Barrowgate and HLCL for the provision of leasing services to the Premises;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange as amended from time to time;
“Premises”	Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong;
“Property Management Service Agreement”	property management service agreement dated 31 March 2022, entered into between Barrowgate and HPML for the provision of property management services to the Premises;
“Mr. Jebsen”	Mr. Jebsen Hans Michael, a Non-Executive Director of Hysan;
“Service Agreements”	the Leasing Service Agreement and the Property Management Service Agreement;

“Stock Exchange”                    The Stock Exchange of Hong Kong Limited; and

“%”                                        per cent.

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

Hong Kong, 31 March 2022

*As at the date of this announcement, the Board comprises: Lee Irene Yun-Lien (Chairman), Lui Kon Wai (Executive Director and Chief Operating Officer), Churchouse Frederick Peter\*\*, Fan Yan Hok Philip\*\*, Poon Chung Yin Joseph\*\*, Wong Ching Ying Belinda\*\*, Young Elaine Carole\*\*, Jebson 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](http://www.hysan.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).*