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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 Renewal of Lease

The Board is pleased to announce that on 28 October 2024, Earn Extra entered into the New Lease with Jebsen & Co. in relation to renewal of the existing lease for the Premises for another term of 18 months.

Jebsen & Co. is a connected person of the Company at the subsidiary level under the Listing Rules by virtue of it being a substantial shareholder holding 10% equity interest in Barrowgate, an indirect non-wholly-owned subsidiary of the Company. Accordingly, the New Lease constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Annual Caps for the New Lease on an annual aggregated basis is more than 1% and less than 5%, the New Lease falls under Rule 14A.76(2) of the Listing Rules and is only subject to announcement, reporting and annual review requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the Company's announcement dated 19 March 2021 in respect of a lease entered into between Earn Extra and Jebsen & Co. in respect of the Premises. The said lease will expire on 31 October 2024 and Earn Extra has on 28 October 2024 entered into the New Lease for the Premises with Jebsen & Co. for another term of 18 months.

DETAILS OF THE NEW LEASE

Particulars of the New Lease are set out below:-

New Lease

Date : 28 October 2024

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 : Prevailing rate of HK\$524,083 per month (subject to adjustment as may be notified by Earn Extra from time to time), payable in advance on a monthly basis

Term : 18 months commencing from 1 November 2024 to 30 April 2026

Annual Caps for the New Lease

The Annual Caps in respect of the New Lease are as follows:

Annual Caps for : 2024: HK\$9,700,000 (on pro-rata basis)
the New Lease : 2025: HK\$59,000,000
(Note) : 2026: HK\$20,000,000 (on pro-rata basis)

Note:

The Annual Caps for the years 2024 and 2026 are the maximum aggregate annual values to be received by Hysan Group under the New Lease for the two months and four months ending 31 December 2024 and 30 April 2026 respectively.

The annual aggregated consideration payable by Jebsen & 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 determining the Annual Caps for the New Lease, the Directors have taken into account the possible future upward changes in the level of operating charges and other relevant costs pursuant to the New Lease. A buffer has therefore been built in when determining the Annual Caps of the New Lease for each of the relevant period(s) or year(s).

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 increments as may be notified by Earn Extra from time to time.

REASONS FOR, AND THE BENEFITS OF, ENTERING INTO THE NEW LEASE

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

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, orientation, conditions and facilities), the rental rate 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 more favourable than the terms offered by Hysan 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 increments as may be notified by Earn Extra as the landlord from time to time.

Based on the above reasons, the Board (including Independent Non-Executive Directors) have considered, confirmed, and approved that the transactions contemplated under the New Lease are on normal commercial terms, in the ordinary and usual course of business of Hysan Group after due negotiations and on an arm's length basis with reference to the prevailing market conditions, the terms of the New Lease are fair and reasonable and the New Lease is in the interest of the Company and its shareholders as a whole. The Board (including Independent Non-Executive Directors) also are of the view that the Annual Caps as set out above are fair and reasonable.

LISTING RULES IMPLICATIONS

Jebsen & Co. is a connected person of the Company at the subsidiary level under the Listing Rules by virtue of it being a substantial shareholder holding 10% equity interest in Barrowgate, an indirect non-wholly-owned subsidiary of the Company. Accordingly, the New Lease constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Annual Caps for the New Lease on an annual aggregated basis is more than 1% and less than 5%, the New Lease 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 circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF HYSAN GROUP AND JEBSEN & CO.

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.

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 Hysan Group under the New Lease;
“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;
“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 (stock code: 00014);
“Hysan Group”	Hysan and its subsidiaries;
“Jebsen & Co.”	Jebsen and Company Limited, a company incorporated in Hong Kong with limited liability;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“New Lease”	a lease dated 28 October 2024 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; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
Lee Irene Yun-Lien
Chairman

Hong Kong, 28 October 2024

*As at the date of this announcement, the Board comprises: Lee Irene Yun-Lien (Chairman), Lui Kon Wai (Executive Director and Chief Operating Officer), Chung Cordelia**, Churchouse Frederick Peter**, Poon Chung Yin Joseph**, Wong Ching Ying Belinda**, Young Elaine Carole**, 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).