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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)

### **Connected Transactions Project Financing**

The Board announces that on 26 May 2017, Gainwick (a 60%-owned subsidiary of the Company) as the borrower, entered into the Facility Agreement with, among others, the MLAs (including, among others, Hang Seng and HSBC) as mandated lead arrangers and the Lenders (including, among others, Hang Seng and HSBC) as lenders. Pursuant to the Facility Agreement, the Lenders agreed to, severally provide to Gainwick their respective portion of the Facility (with each of Hang Seng and HSBC providing a facility in the maximum amount of HK\$1,120 million) subject to the terms and conditions of the Facility Agreement.

Hang Seng holds approximately 24.64% equity interest in Barrowgate, a non wholly-owned subsidiary of the Company, and therefore is a substantial shareholder of Barrowgate. HSBC is the holding company of Hang Seng. Accordingly, both Hang Seng and HSBC are connected persons of the Company under the Listing Rules. The provisions of the Hang Seng Facility and the HSBC Facility under the Facility Agreement constitute connected transactions of the Company.

One of the applicable percentage ratios in respect of the aggregate of the Hang Seng Facility and HSBC Facility exceeds 5%. The Board (including the Independent Non-Executive Directors) have considered, confirmed and approved that the Facility (including the Hang Seng Facility and the HSBC Facility) is on normal commercial terms and in the ordinary and usual course of business of the Hysan Group, and the terms of the Facility Agreement and the Security Documents are fair and reasonable and in the interests of the Hysan Group and its shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Hang Seng Facility and HSBC Facility are only subject to the announcement and reporting requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board announces that on 26 May 2017, Gainwick (a 60% owned-subsubsidiary of the Company) as the borrower, entered into the Facility Agreement with, among others, the MLAs (including, among others, Hang Seng and HSBC) as mandated lead arrangers and the Lenders (including, among others, Hang Seng and HSBC) as lenders. Pursuant to the Facility Agreement, the Lenders agreed to, severally provide to Gainwick their respective portion of the Facility (with each of Hang Seng and HSBC providing a facility in the maximum amount of HK\$1,120 million) subject to the terms and conditions of the Facility Agreement.

Principal terms of the Facility Agreement are summarised as follows.

## **PRINCIPAL TERMS OF THE FACILITY AGREEMENT**

1. Date : 26 May 2017
2. Parties : (a) the MLAs as mandated lead arrangers;  
(b) the Lenders as lenders;  
(c) Bank of China (Hong Kong) Limited as agent;  
(d) Bank of China (Hong Kong) Limited as security agent;  
and  
(e) Gainwick as borrower.
3. Purpose : (a) to refinance up to 50% of the total sum of land premium paid for the Projects; and  
(b) to finance or refinance construction cost and related professional fees (including project management fee) of the Projects.
4. Total Facility Amount by the Lenders : Principal amount of HK\$5,000 million comprising 4 facilities being:  
  
Facility A and Facility C: HK\$1,144,300,000 and HK\$519,000,000 to refinance up to 50% of the land premium paid for Property 1 and Property 2 respectively.  
  
To be drawn in one lump sum from the date of the Facility Agreement to the date falling 1 month after the date of the Facility Agreement.  
  
Facility B and Facility D: HK\$2,255,700,000 and HK\$1,081,000,000, to finance or refinance construction cost and the related professional fees (including project management fee) for the residential property development on Property 1 and Property 2 respectively.  
  
To be drawn in multiple drawdowns from the date of the Facility Agreement to the date falling 1 month prior to the relevant final maturity date.
5. Hang Seng Facility : HK\$1,120 million (comprising 4 facilities in such proportions referred to in item 4 above).
6. HSBC Facility : HK\$1,120 million (comprising 4 facilities in such proportions referred to in item 4 above).

7. Term and final maturity : The Loan under each facility is repayable at the earlier of (i) 60 months from date of the Facility Agreement, and (ii) 12 months after the issuance of certificate of compliance in respect of property development on the relevant property for which the facility relates.
8. Interest rate : Sum of HIBOR and Interest Margin of the relevant Interest Period, payable on the last day of each interest period.
9. Non-refundable front end fee : 0.75% on the Facility amount, payable at the earlier of 14 days from the date of the Facility Agreement and the first drawdown date.
10. Commitment fee : Facility A and Facility C : Not applicable.  
Facility B and Facility D : 0.15% per annum on the undrawn balance, payable on a quarterly basis during the period on which the facility is available for drawdown, and on the last day of such period.
11. Conditions precedent : Facility is made available subject to the satisfaction of certain conditions customarily required for financing of similar nature, at the relevant times stated in the Facility Agreement and prior to each drawdown.
12. Security : The security for the Facility include : (i) guarantee of the Company and HKR, respectively guaranteeing, on a several basis, 60% and 40% of obligation of Gainwick under the Facility Agreement (in proportion to respective equity interests in Gainwick); (ii) a first ranking building mortgage over the Properties and the properties erected thereon, and a debenture incorporating a first floating charge over all of Gainwick's assets and undertakings; (iii) a first fixed charge over accounts into which Gainwick's sales proceeds, rental proceeds and other money to be received in relation to the Projects are deposited; (iv) several funding undertakings provided by the Company and HKR that, to the extent not having been financed by drawdown made under the relevant facilities, the Company and HKR will provide funding to Gainwick in relation to (A) all outstanding construction costs (including cost overrun) of the Projects and all other costs (including professional fees) required to complete the Projects without interruption or delay; and (B) payment of all financial costs and expenses in relation to the Projects; (v) joint and several undertaking from the Company and HKR to ensure completion of the Projects; (vi) share mortgage (by way of first fixed charge) over the entire issued share capital, present or future of Gainwick; (vii) subordination and assignment of all existing and future shareholders' loan and inter-company loans advanced to Gainwick; and (viii) assignments of sale proceeds, rental proceeds, insurance policies, main building and project-related contracts (except consultants' and design contracts) for each of the Projects.

(All the above security documents for the Facility be hereinafter referred to as “**Security Documents**”, collectively.)

## **REASONS FOR THE FACILITY AGREEMENT**

The Facility serves to finance the costs of land premium, construction cost and all related costs to be incurred for the Projects.

The terms of the Facility Agreement (covering the terms of the Hang Seng Facility and HSBC Facility) and the Security Documents have been determined after arm’s length negotiations with the Lenders on normal commercial terms.

The Board (including the Independent Non-Executive Directors) have considered, confirmed and approved that the Facility (including the Hang Seng Facility and the HSBC Facility) is on normal commercial terms and in the ordinary and usual course of business of the Hysan Group, and the terms of the Facility Agreement and the Security Documents are fair and reasonable and in the interests of the Hysan Group and its shareholders as a whole.

None of the Directors has a material interest in the Hang Seng Facility or HSBC Facility. Irene Yun Lien LEE, Chairman of the Company, is also a director of Hang Seng and HSBC, and had abstained voluntarily from voting on the relevant resolution at a Board meeting of the Company approving the Facility Agreement and the Security Documents.

## **LISTING RULES IMPLICATIONS**

Hang Seng holds approximately 24.64% equity interest in Barrowgate, a non wholly-owned subsidiary of the Company, and therefore is a substantial shareholder of Barrowgate. HSBC is the holding company of Hang Seng. Accordingly, both Hang Seng and HSBC are connected persons of the Company under the Listing Rules. The provisions of the Hang Seng Facility and the HSBC Facility under the Facility Agreement constitute connected transactions of the Company.

Despite one of the applicable percentage ratios in respect of the aggregate of the Hang Seng Facility and HSBC Facility exceeds 5%, the entering into the Hang Seng Facility and HSBC Facility by the Company with Hang Seng and HSBC, being connected persons at the subsidiary level, is subject to the reporting and announcement requirements only but exempt from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A 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.

Gainwick’s principal activity is to own and develop the Projects.

Each of Hang Seng and HSBC is a licensed bank in Hong Kong.

## DEFINITIONS

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

“Barrowgate”	Barrowgate Limited, a company incorporated in Hong Kong with limited liability and a 65.36% owned subsidiary of the Company;
“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;
“Gainwick”	Gainwick Limited, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company (60% owned by the Company and 40% owned by HKR);
“Facility”	the banking facilities in a total amount of HK\$5,000 million provided by the Lenders to Gainwick under the Facility Agreement;
“Facility Agreement”	the facility agreement dated 26 May 2017 entered into between the MLAs as mandated lead arrangers, the Lenders as lenders, Bank of China (Hong Kong) Limited as agent and security agent, and Gainwick as borrower;
“HIBOR”	Hong Kong Inter-bank Offered Rate;
“HKR”	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited;
“HSBC Facility”	being part of the Facility (in the total sum of HK\$1,120 million) provided by HSBC to Gainwick under the Facility Agreement;
“Hang Seng”	Hang Seng Bank Limited;
“Hang Seng Facility”	being part of the Facility (in the total sum of HK\$1,120 million) provided by Hang Seng to Gainwick under the Facility Agreement;
“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;

“Interest Margin”	0.65% per annum;
“Interest Period”	one, two or three months or subject to availability 6 months at the selection of Gainwick and mutually agreed with the Lenders;
“Loan”	the loans to be provided under the Facility;
“Lenders”	Bank of China (Hong Kong) Limited, HSBC, Hang Seng, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and DBS Bank Ltd., Hong Kong Branch;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“MLAs”	Bank of China (Hong Kong) Limited, HSBC, Hang Seng, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and DBS Bank Ltd.;
“Project 1”	development of the residential site at the Property 1;
“Project 2”	development of the residential site at the Property 2;
“Projects”	collectively, Project 1 and Project 2;
“Property 1”	Tai Po Town Lot No. 223, Lo Fai Road, Tai Po, New Territories, Hong Kong;
“Property 2”	Tai Po Town Lot No. 229, Lo Fai Road, Tai Po, New Territories, Hong Kong;
“Properties”	collectively, Property 1 and Property 2;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	shall have the same meaning ascribed to such term in the Listing Rules; and
“%”	percent.

By Order of the Board  
**Irene Yun Lien LEE**  
*Chairman*

Hong Kong, 26 May 2017

*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), 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).*