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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 Transaction

Lease with Option to Purchase a Residential Unit at Bamboo Grove

LEASE WITH OPTION TO PURCHASE

On 24 April 2026, the Landlord (a wholly-owned subsidiary of the Company) as landlord entered into the Tenancy Agreement with the Tenant, pursuant to which the Landlord agreed to let to the Tenant, and the Tenant agreed to rent from the Landlord, the Unit for a term of five years and six months commencing from 25 April 2026 and expiring on 24 October 2031 (both days inclusive). The Tenancy Agreement also grants to the Tenant the Option to Purchase the Unit at the Purchase Price, which may be exercised at the discretion of the Tenant subject to the fulfilment of certain conditions precedent and other terms of the Tenancy Agreement.

LISTING RULES IMPLICATIONS

As the Tenant is an executive Director and the Chief Operating Officer of the Company, he is a connected person of the Company under the Listing Rules. The Lease Transaction constitutes a continuing connected transaction of the Company and the grant of the Option to Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Lease Transaction are less than 0.1%, the Lease Transaction is exempt from the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that the exercise of the Option to Purchase is not at the Landlord's discretion, the transactions contemplated by the Option to Purchase are classified as if the Option to Purchase had been exercised pursuant to Rule 14A.79(1) of the Listing Rules. As one or more of the applicable percentage ratios in respect of the transactions contemplated by the Option to Purchase exceed 0.1% and all of the applicable percentage ratios are less than 5%, such transactions are only subject to the announcement and reporting requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Company will comply with the applicable disclosure requirements under the Listing Rules upon the exercise or non-exercise or the lapse of the Option to Purchase (as the case may be).

INTRODUCTION

On 24 April 2026, the Landlord (a wholly-owned subsidiary of the Company) as landlord entered into the Tenancy Agreement with the Tenant, pursuant to which the Landlord agreed to let to the Tenant, and the Tenant agreed to rent from the Landlord, the Unit for a term of five years and six months commencing from 25 April 2026 and expiring on 24 October 2031 (both days inclusive).

THE LEASE TRANSACTION

Principal terms of the Lease Transaction under the Tenancy Agreement are summarised below.

1. Date of Tenancy Agreement : 24 April 2026
2. Parties : (a) The Landlord as landlord
(b) The Tenant as tenant
3. Unit : A residential unit of Bamboo Grove with a saleable area of approximately 1,503 square feet.
4. Term : A fixed term of five years and six months, commencing from 25 April 2026 and expiring on 24 October 2031 (both days inclusive).
5. Rent (inclusive of management fee and rates) : (i) 1st to 30th months of the Term: HK\$76,800 per month.
(ii) 31st to 66th months of the Term: the prevailing Rent immediately prior to the first day of the 31st month of the Term (the “**Rent Review Date**”), as adjusted based on the percentage change in the average rents of class D private domestic premises published by the Rating and Valuation Department of Hong Kong as at 31 December 2027 as compared to 31 December 2025, provided that such reviewed Rent shall not be less than the Rent prevailing immediately prior to the Rent Review Date.

The Rent shall be payable by the Tenant on a monthly basis in advance.
6. User : The Unit shall be used only for the purpose of a private residence of the Tenant and his family.
7. Use of Car Parking Space : The Tenant shall, during the Term, be entitled to use, without payment of any fee, one designated car parking space at Bamboo Grove.

THE OPTION TO PURCHASE

The Tenancy Agreement also grants the Tenant the Option to Purchase the Unit at the Purchase Price, which may be exercised at the discretion of the Tenant subject to the fulfilment of certain conditions precedent and other terms of the Tenancy Agreement. The principal terms of the Option to Purchase are summarised below.

1. Purchase Price : HK\$40,000,000
2. Validity period : The Option to Purchase may not be exercised within five years from the commencement date of the Term. The Option to Purchase may be exercised by the Tenant while the Tenancy Agreement is in force and continuing at any time after 24 April 2031 and before 25 May 2031, otherwise the Option to Purchase shall lapse.
3. Payment Terms of the Purchase Price; Signing of the Sale and Purchase Agreement; and Completion : Within fourteen (14) days after the Tenant exercises the Option to Purchase, 10% of the Purchase Price shall be paid by the Tenant, and the Landlord (as vendor) and the Tenant (as purchaser) shall enter into the Sale and Purchase Agreement. The remaining 90% of the Purchase Price shall be paid on or before Completion, which shall take place before the expiry of the Term.

The Tenant shall be entitled to the Rental Rebate offered by the Landlord whereby the total sum of the Rent actually paid by the Tenant under the Tenancy Agreement will be applied towards settlement of the balance of Purchase Price directly upon Completion.

Upon Completion, the Tenancy Agreement shall be terminated.

4. Conditions precedent to the exercise of the Option to Purchase :
 - (i) The Tenant shall have duly performed and observed the terms and conditions of the Tenancy Agreement throughout the Term and there shall be no rental arrears under the Tenancy Agreement;
 - (ii) the Tenant shall remain under full-time employment by the Company until the expiry date of the Term or the date of Completion, if earlier; and
 - (iii) all the Performance Targets shall have been achieved.

The Landlord may, at its sole discretion (in the case of waiver of any of the conditions precedent in subparagraphs (ii) or (iii) above, acting on the recommendation of the Remuneration Committee), waive any of the above conditions precedent.

In addition to the provision of the Rental Rebate towards settlement of the Purchase Price, the Company has agreed to pay a deferred bonus in the amount of HK\$12,000,000 to the Tenant which may only be applied towards settlement of the Purchase Price upon Completion, on the conditions that the Tenant shall remain under full-time employment with the Company for five years from 25 April 2026 and until Completion and that all the Performance Targets shall have been achieved. If the Tenant does not exercise the Option to Purchase, no such deferred bonus will be payable by the Company.

INFORMATION ON THE UNIT

The net rental incomes attributable to the Unit for the two financial years ended 31 December 2024 and 31 December 2025 were as follows:

	For the year ended 31 December	
	2025	2024
	HK\$	HK\$
	(approximately)	(approximately)
Net rental income before taxation	432,000	288,000
Net rental income after taxation	361,000	241,000

As at 31 December 2025, the book value of the Unit was approximately HK\$26,707,000.

FINANCIAL EFFECT OF THE DISPOSAL UPON EXERCISE OF THE OPTION TO PURCHASE

If the Option to Purchase is exercised by the Tenant pursuant to the terms and conditions of the Tenancy Agreement, a disposal gain or loss may be accrued, which is calculated based on the Purchase Price, less the estimated book value of the Unit recorded in the financial statements of the Hysan Group on the date of Completion. The net sales proceeds from such disposal of Unit are intended to be used as the general working capital of the Hysan Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE WITH OPTION TO PURCHASE

Bamboo Grove, a residential development by the Hysan Group, is situated in a prime location on Kennedy Road at Mid-Levels, Hong Kong. The development comprises 6 blocks of a total of 345 residential units and 436 car parking spaces. It has been held by the Hysan Group for leasing purposes. Since August 2025, the Hysan Group has initiated a phased sale of the residential units in 2 blocks of Bamboo Grove (of which the Unit forms part) along with a portion of the car parking spaces.

The Tenancy Agreement was entered into in the ordinary and usual course of business of the Company, and the terms thereunder were determined after arm's length negotiations between the parties. The initial Rent of HK\$76,800 per month for the first 30 months under the Tenancy Agreement has been determined with reference to the market rental value as at 31 December 2025 as appraised by the Independent Property Valuer. The Rent for the remainder of the Term will be reviewed and adjusted based on the mechanism set out in the Tenancy Agreement provided that such review may only result in an upward adjustment of the Rent.

Regarding the Option to Purchase, the Purchase Price was determined on an arm's length basis between the parties, with reference to the prevailing market price of comparable prime residential properties in nearby locations and the valuation of the Unit of HK\$40,000,000 as at 31 December 2025 as appraised by the Independent Property Valuer.

The grant of the Option to Purchase under the Tenancy Agreement, together with the availability of the Rental Rebate and the deferred bonus if the Option to Purchase is exercised, forms part of the overall incentive scheme for reward and retention purposes in respect of the Tenant, which has been determined having regard to his past performance and his critical role in executing the Hysan Group's strategy, and is conditional upon, among other things, his continued employment and achievement of the Performance Targets, thereby aligning his interests with the long-term success and strategic objectives of the Hysan Group.

In determining the overall incentive structure of the Tenant, the Board has also referenced a market benchmark analysis of the remuneration packages of executive directors with similar roles and responsibilities of comparable companies listed on the Stock Exchange.

The Independent Financial Adviser is of the view that the Tenancy Agreement (including the Lease Transaction and the Option to Purchase), which was entered into in the ordinary and usual course of business of the Hysan Group, forms part of the overall incentive scheme for reward and retention purposes in respect of the Tenant and on such basis is on normal commercial terms after arm's length negotiation and its terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Having considered the above and the views of the Independent Financial Adviser, the Directors (including the independent non-executive Directors, other than Mr. Lui Kon Wai who had abstained from voting on the relevant Board resolution approving the Tenancy Agreement) are of the opinion that the Tenancy Agreement (including the Lease Transaction and the Option to Purchase contemplated thereunder):

- (a) was entered into in the ordinary and usual course of business of the Hysan Group;
- (b) is on normal commercial terms entered into after arm's length negotiation; and
- (c) is on terms which are fair and reasonable and in the interests of the Hysan Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

The Tenant is Mr. Lui Kon Wai, an executive Director and the Chief Operating Officer of the Company. Hence, the Tenant is a connected person of the Company under the Listing Rules, and the Lease Transaction constitutes a continuing connected transaction of the Company and the grant of the Option to Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Lease Transaction are less than 0.1%, the Lease Transaction is exempt from the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that the exercise of the Option to Purchase is not at the Landlord's discretion, the transactions contemplated by the Option to Purchase are classified as if the Option to Purchase had been exercised pursuant to Rule 14A.79(1) of the Listing Rules. As one or more of the applicable percentage ratios in respect of the transactions contemplated by the Option to Purchase exceed 0.1% and all of the applicable percentage ratios are less than 5%, such

transactions are only subject to the announcement and reporting requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Company will comply with the applicable disclosure requirements under the Listing Rules upon the exercise or non-exercise or the lapse of the Option to Purchase (as the case may be).

The Option to Purchase is not exercisable during the first five years of the Term so as to provide a longer-term incentive for the Tenant to remain employed by the Hysan Group and to continue contributing to the Hysan Group's sustained performance. Accordingly, the Term of the Lease Transaction has been set at five years and six months to allow a six-month period (after the end of the initial five-year non-exercise period) for the Tenant to exercise the Option to Purchase and complete the purchase while continuing to rent the Unit pending Completion.

The Independent Financial Adviser is of the opinion that (i) a term of five years and six months, which is longer than three years, is required for the Lease Transaction, and (ii) it is a normal business practice for agreements of this type (being a lease with an option to purchase) to adopt such a term.

As Mr. Lui Kon Wai has a material interest in the transactions contemplated under the Tenancy Agreement, he had abstained from voting on the relevant Board resolution approving such transactions.

INFORMATION ON THE HYSAN GROUP AND THE LANDLORD

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.

The Landlord's principal business is property investment.

DEFINITIONS

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

“Bamboo Grove”	Bamboo Grove (竹林苑), Nos. 74-86 Kennedy Road, Hong Kong;
“Board”	the board of Directors;
“Completion”	the completion of the sale and purchase of the Unit pursuant to the Sale and Purchase Agreement;
“connected person”	shall have the same meaning ascribed to such term in the Listing Rules;
“Director(s)”	the director(s) 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;
“Independent Financial Adviser”	Ballas Capital Limited (博思融資有限公司), being a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and an independent financial adviser engaged by the Company;
“Independent Property Valuer”	Colliers International (Hong Kong) Limited, an independent property valuer engaged by the Hysan Group;
“Landlord”	Kwong Wan Realty Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and the registered owner of the Unit;
“Lease Transaction”	the letting of the Unit by the Landlord to the Tenant pursuant to the Tenancy Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Performance Targets”	the performance targets determined by the Chairman of the Company and/or the Board and as set out in annual performance appraisal in respect of each of five financial years ending 31 December 2030 (which may include without limitation, performance targets in respect of the Hysan Group);
“Purchase Price”	the purchase price in the amount of HK\$40,000,000 payable for the purchase of the Unit if the Option to Purchase is exercised by the Tenant pursuant to the Tenancy Agreement;
“Option to Purchase”	the option granted by the Landlord to the Tenant to purchase the Unit, subject to the terms and conditions of the Tenancy Agreement;
“Remuneration Committee”	the remuneration committee of the Company;
“Rent”	the rent payable by the Tenant to the Landlord pursuant to the Tenancy Agreement;
“Rental Rebate”	the rental rebate, being the total sum of the Rent actually paid by the Tenant under the Tenancy Agreement, to be paid by the Landlord towards settlement of the balance of Purchase Price of the Unit upon Completion, if the Option to Purchase is exercised;

“Sale and Purchase Agreement”	the sale and purchase agreement to be entered into between the Landlord as vendor and the Tenant as purchaser for the sale and purchase of the Unit if the Option to Purchase is exercised by the Tenant;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	the tenancy agreement entered into between the Landlord (as landlord) and the Tenant (as tenant) on 24 April 2026 in relation to the Unit;
“Tenant”	Mr. Lui Kon Wai, an executive Director and the Chief Operating Officer of the Company;
“Term”	the term of the Tenancy Agreement, being a period of five years and six months commencing from 25 April 2026 and expiring on 24 October 2031 (both days inclusive); and
“Unit”	a residential unit at Bamboo Grove with a saleable area of approximately 1,503 square feet.

By Order of the Board
Lee Irene Yun-Lien
Chairman

Hong Kong, 24 April 2026

*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**, Wong Ching Ying Belinda**, Young Elaine Carole**, Zhang Yong**, 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*

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