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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 86)

JOINT ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

LEASING OF PREMISES

LEASING AGREEMENT V

On 29th January, 2014, Dalian Tian An, an indirect wholly-owned subsidiary of Tian An, entered into Leasing Agreement V with Dalian UAF, an indirect non wholly-owned subsidiary of SHK, in relation to the leasing of premises located in Dalian Tian An International Building, Dalian, the PRC for a term of two years and six months, commenced on 1st January, 2014 to 30th June, 2016.

Upon the entering into of Leasing Agreement V, there are in total five leasing agreements entered into between the Tian An Group and the SHK Group as at the date of this joint announcement.

LISTING RULES IMPLICATIONS

Tian An

As APL is a substantial shareholder of Tian An and SHK is a subsidiary of APL, SHK and its subsidiaries are connected persons of Tian An within the meaning of the Listing Rules.

Upon the entering into of the Leasing Agreement V, the applicable Percentage Ratio(s) for Tian An in respect of the aggregate annual amounts payable by the SHK Group to the Tian An Group for each of the financial years ending 31st December, 2014 and 31st December, 2015 and the six months ending 30th June, 2016 under the Leasing Transactions exceed 0.1% but are less than 5%. Accordingly, the Leasing Transactions constitute continuing connected transactions of Tian An under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements for Tian An under Chapter 14A of the Listing Rules.

SHK

As APL is a substantial shareholder of SHK and holds more than 30% shareholding interest in Tian An, Tian An and its subsidiaries are connected persons of SHK within the meaning of the Listing Rules.

Upon the entering into of the Leasing Agreement V, the applicable Percentage Ratio(s) for SHK in respect of the aggregate annual amounts payable by the SHK Group to the Tian An Group for the financial year ending 31st December, 2015 and the six months ending 30th June, 2016 under the Leasing Transactions fall below 0.1%. However, the applicable Percentage Ratio(s) for SHK in respect of the aggregate annual amount payable by the SHK Group to the Tian An Group for the financial year ending 31st December, 2014 under the Leasing Transactions exceed 0.1% but are less than 5%. Accordingly, the Leasing Transactions in the financial year ending 31st December, 2014 constitute continuing connected transactions of SHK under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements for SHK under Chapter 14A of the Listing Rules.

BACKGROUND

On 29th January, 2014, Dalian Tian An, an indirect wholly-owned subsidiary of Tian An, entered into Leasing Agreement V with Dalian UAF, an indirect non wholly-owned subsidiary of SHK, in relation to the leasing of premises located in Dalian Tian An International Building, Dalian, the PRC, for a term of two years and six months, commenced on 1st January, 2014 to 30th June, 2016.

LEASING AGREEMENT V

Date:	29th January, 2014
Lessor:	Dalian Tian An
Lessee:	Dalian UAF
Premises:	Units 01-06, 52nd Floor, Dalian Tian An International Building, No. 88 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province, PRC
Leased area:	1368.44 square metres
Usage:	Office premises
Term of the lease:	Two years and six months commenced on 1st January, 2014 and expiring on 30th June, 2016 (both days inclusive) (with a rent-free period of 90 days)

Total rental over the lease term: RMB6,372,311.98

Management fee: RMB32,842.56 per month

Rental deposit (inclusive of management fee deposit): RMB545,006.58

The rental payable under Leasing Agreement V was arrived at after arm's length negotiation between the lessor and the lessee with reference to the prevailing market conditions and the rental levels of similar properties in the vicinity of the leased premises with reference to the opinion of an independent valuer.

EXISTING LEASING AGREEMENTS

In addition to Leasing Agreement V, the Tian An Group and the SHK Group have entered into the following leasing agreements since May 2011:

(1) Leasing Agreement I

Date: 26th May, 2011

Lessor: Dalian Tian An

Lessee: Dalian UAF

Premises: Unit 04, 32nd Floor, Dalian Tian An International Building, No. 88 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province, PRC

Leased area: 208.27 square metres

Usage: Office premises

Term of the lease: 1st August, 2011 to 31st July, 2014

Monthly rental: RMB19,004.64

Management fee: RMB4,998.48 per month

Rental deposit (inclusive of management fee deposit): RMB48,006.24

(2) Leasing Agreement II

Date:	20th March, 2012
Lessor:	Dalian Tian An
Lessee:	Dalian UAF
Premises:	Unit 05, 32nd Floor, Dalian Tian An International Building, No. 88 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province, PRC
Leased area:	268.07 square metres
Usage:	Office premises
Term of the lease:	15th May, 2012 to 31st July, 2014
Monthly rental	RMB26,092.15
Management fee:	RMB6,433.68 per month
Rental deposit (inclusive of management fee deposit):	RMB65,051.66

(3) Leasing Agreement III

Date:	20th April, 2013
Lessor:	Nanjing Tiandu
Lessee:	SHK (Nanjing)
Premises:	Unit 1205, 12th Floor, Nanjing Tian An International Building, No. 98 Zhongshan South Road, Nanjing, PRC
Leased area:	144.05 square metres
Usage:	Office premises
Term of the lease:	1st May, 2013 to 30th April, 2014
Monthly rental:	RMB11,392
Management fee:	RMB1,008.4 per month
Public water and electricity charge:	RMB288.1 per month
Rental deposit (inclusive of management fee deposit):	RMB39,435.00

(4) Leasing Agreement IV

Date:	18th June, 2013
Lessor:	Dalian Tian An
Lessee:	SHK (Dalian)
Premises:	Unit 01B, 21st Floor, Dalian Tian An International Building, No. 88 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province, PRC
Leased area:	70.19 square metres
Usage:	Office premises
Term of the lease:	1st July, 2013 to 30th June, 2014
Monthly rental	RMB7,472.31
Management fee:	RMB1,684.56 per month
Rental deposit: (inclusive of management fee deposit)	RMB18,313.74

The above amounts of monthly rental and management fee for each of Leasing Agreement I, Leasing Agreement II, Leasing Agreement III and Leasing Agreement IV were arrived at after arm's length negotiation between the lessor and the lessee with reference to the then prevailing market conditions and the rental levels of similar properties in the vicinity of the leased premises with reference to the opinion of an independent valuer.

ANNUAL CAPS

Based on the rentals, management fees and other charges payable under each of the Leasing Agreements, it is expected that the aggregate amount payable by the SHK Group to the Tian An Group for the leasing of the PRC Premises for the financial years ending 31st December, 2014, 31st December, 2015 and six months ending 30th June, 2016 will not exceed RMB3,499,000 (equivalent to approximately HK\$4,429,000), RMB2,998,000 (equivalent to approximately HK\$3,795,000) and RMB1,363,000 (equivalent to approximately HK\$1,725,000) respectively, which are the cap amounts for such aggregate payment by the SHK Group to the Tian An Group under the Leasing Agreements for the corresponding periods.

Tian An and SHK will comply with Rule 14A.36 of the Listing Rules if there is a material change in the terms of any of the Leasing Agreements upon renewal or the annual caps are exceeded.

REASONS FOR AND BENEFITS OF THE LEASING TRANSACTIONS

Tian An

The Tian An Group is engaged in the business of property investment and owns office premises in various provinces of the PRC. Leasing out the PRC premises provides the Tian An Group with stable revenue.

The Tian An Directors (including the independent non-executive directors) are of the view that the Leasing Agreements were entered into in the ordinary and usual course of business of the Tian An Group and on normal commercial terms, and the terms as well as the annual caps for the Leasing Transactions are fair and reasonable and in the interests of Tian An and its shareholders as a whole.

SHK

Dalian UAF is wholly-owned by UAF which in turn is a non wholly-owned subsidiary of SHK. UAF and its subsidiaries have been expanding its financing business in the PRC in the past few years. Due to the business expansion in Dalian, Dalian UAF requires additional premises in Dalian for office purpose and therefore entering into Leasing Agreement V.

In view of the above and that (i) the Tian An Group owns office premises in Dalian and Nanjing; (ii) compared with independent third party, the Tian An Group has a better understanding of the SHK Group's requirements in terms of office premises; and (iii) the amount payable pursuant to the Leasing Agreements reflect prevailing market rates, the SHK Directors (including the independent non-executive directors) are of the view that the Leasing Agreements were entered into in the ordinary and usual course of business of the SHK Group and on normal commercial terms, the terms as well as the annual caps for the Leasing Transactions are fair and reasonable and in the interests of SHK and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Tian An

As APL is a substantial shareholder of Tian An and SHK is a subsidiary of APL, SHK and its subsidiaries are connected persons of Tian An within the meaning of the Listing Rules.

Upon the entering into of the Leasing Agreement V, the applicable Percentage Ratio(s) for Tian An in respect of the aggregate annual amounts payable by the SHK Group to the Tian An Group for each of the financial years ending 31st December, 2014 and 31st December, 2015 and the six months ending 30th June, 2016 under the Leasing Transactions exceed 0.1% but are less than 5%. Accordingly, the Leasing Transactions constitute continuing connected transactions of Tian An under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements for Tian An under Chapter 14A of the Listing Rules.

Mr. Lee Seng Hui (being the Chairman and a Non-Executive Director of Tian An) is one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interest, indirectly owns approximately 69.22% interest in the issued share capital of AGL, which owns approximately 74.99% of APL, which in turn indirectly holds approximately 48.66% of the issued share capital of Tian An. Since APL indirectly owns approximately 56.16% interests in the issued share capital of SHK, Mr. Lee Seng Hui is deemed to be interested in the continuing connected transaction in respect of the Leasing Transactions and therefore has abstained from voting on the relevant resolutions of Tian An.

SHK

As APL is a substantial shareholder of SHK and holds more than 30% shareholding interest in Tian An, Tian An and its subsidiaries are connected persons of SHK within the meaning of the Listing Rules.

Upon the entering into of the Leasing Agreement V, the applicable Percentage Ratio(s) for SHK in respect of the aggregate annual amounts payable by the SHK Group to the Tian An Group for the financial year ending 31st December, 2015 and the six months ending 30th June, 2016 under the Leasing Transactions fall below 0.1%. However, the applicable Percentage Ratio(s) for SHK in respect of the aggregate annual amount payable by the SHK Group to the Tian An Group for the financial year ending 31st December, 2014 under the Leasing Transactions exceed 0.1% but are less than 5%. Accordingly, the Leasing Transactions in the financial year ending 31st December, 2014 constitute continuing connected transactions of SHK under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements for SHK under Chapter 14A of the Listing Rules.

Mr. Lee Seng Huang (being an Executive Director and Group Executive Chairman of SHK) is one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with Mr. Lee Seng Hui's personal interest, indirectly owns approximately 69.22% interest in the issued share capital of AGL, which in turn owns approximately 74.99% of APL. Since APL indirectly owns approximately 48.66% interests in the issued share capital of Tian An, Mr. Lee Seng Huang is deemed to be interested in the continuing connected transaction in respect of the Leasing Transactions and therefore has abstained from voting on the relevant resolutions of SHK.

INFORMATION ABOUT TIAN AN, SHK, DALIAN TIAN AN, NANJING TIANDU, DALIAN UAF, SHK (DALIAN) AND SHK (NANJING)

Tian An

Tian An is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board and is owned as to approximately 48.66% by APL.

The principal business activity of Tian An is investment holding. The Tian An Group is engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, property investment and property management, as well as the manufacture, sales and trading of cement and clinker in the PRC.

SHK

SHK is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board and is a non wholly-owned subsidiary of APL.

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are wealth management and brokerage, capital markets, consumer finance as well as principal investments.

Dalian Tian An

Dalian Tian An is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Tian An.

The principal business activities of Dalian Tian An are property development and property investment.

Nanjing Tiandu

Nanjing Tiandu is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Tian An.

The principal business activities of Nanjing Tiandu are property development and property investment.

Dalian UAF

Dalian UAF is a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of SHK.

The principal business activity of Dalian UAF is money lending in Dalian.

SHK (Dalian)

SHK (Dalian) is a branch set up in Dalian under 新鴻基(上海)投資顧問有限公司(SHK (Shanghai) Investment Consultancy Limited*) which is an indirect wholly-owned subsidiary of SHK.

The principal business activities of SHK (Dalian) are investment consultancy and advising services.

SHK (Nanjing)

SHK (Nanjing) is a representative office set up in Nanjing under Sun Hung Kai Investment Services Limited which is an indirect wholly-owned subsidiary of SHK.

The principal business activities of SHK (Nanjing) are liaison and consultancy services.

DEFINITIONS

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (Stock Code: 373)
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board (Stock Code: 56 and Warrant Code: 1183), is a substantial shareholder of SHK and Tian An
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Dalian Tian An”	Dalian Tian An Tower Co., Ltd., an indirect wholly-owned subsidiary of Tian An
“Dalian UAF”	大連保稅區亞聯財小額貸款有限公司(United Asia Finance (Free Trade Zone Dalian) Limited*), a wholly-owned subsidiary of UAF and an indirect non wholly-owned subsidiary of SHK
“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
“Leasing Agreement I”	a leasing agreement dated 26th May, 2011 entered into between Dalian Tian An and Dalian UAF, as described in the section headed “Leasing Agreement I” in this joint announcement

“Leasing Agreement II”	a leasing agreement dated 20th March, 2012 entered into between Dalian Tian An and Dalian UAF, as described in the section headed “Leasing Agreement II” in this joint announcement
“Leasing Agreement III”	a leasing agreement dated 20th April, 2013 entered into between Nanjing Tiandu and SHK (Nanjing), as described in the section headed “Leasing Agreement III” in this joint announcement
“Leasing Agreement IV”	a leasing agreement dated 18th June, 2013 entered into between Dalian Tian An and SHK (Dalian), as described in the section headed “Leasing Agreement IV” in this joint announcement
“Leasing Agreement V”	a leasing agreement dated 29th January, 2014 entered into between Dalian Tian An and Dalian UAF, as described in the section headed “Leasing Agreement V” in this joint announcement
“Leasing Agreements”	Leasing Agreement I, Leasing Agreement II, Leasing Agreement III, Leasing Agreement IV and Leasing Agreement V collectively
“Leasing Transactions”	the transactions contemplated under the Leasing Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“Nanjing Tiandu”	Nanjing Tiandu Industry Co., Ltd., an indirect wholly-owned subsidiary of Tian An
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, for the purpose of this joint announcement only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China

“PRC Premises”	<ol style="list-style-type: none"> (1) Unit 04, 32nd Floor, Dalian Tian An International Building, No. 88 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province, PRC; (2) Unit 05, 32nd Floor, Dalian Tian An International Building, No. 88 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province, PRC; (3) Unit 1205, 12th Floor, Nanjing Tian An International Building, No. 98 Zhongshan South Road, Nanjing, PRC; (4) Unit 01B, 21st Floor, Dalian Tian An International Building, No. 88 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province, PRC; and (5) Units 01-06, 52nd Floor, Dalian Tian An International Building, No. 88 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province, PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board (Stock Code: 86), and a non wholly-owned subsidiary of APL
“SHK Board”	the board of directors of SHK
“SHK (Dalian)”	新鴻基(上海)投資顧問有限公司大連分公司 (SHK (Shanghai) Investment Consultancy Limited, Dalian Branch*), which is set up under 新鴻基(上海)投資顧問有限公司 (SHK (Shanghai) Investment Consultancy Limited*), an indirect wholly-owned subsidiary of SHK
“SHK Directors”	directors of SHK
“SHK Group”	SHK and its subsidiaries
“SHK (Nanjing)”	H.K. Sun Hung Kai Investment Services Limited Nanjing Representative Office, which is set up under Sun Hung Kai Investment Services Limited, an indirect wholly-owned subsidiary of SHK

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“Tian An”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board (Stock Code: 28) and is owned as to approximately 48.66% by APL as at the date of this joint announcement
“Tian An Board”	the board of directors of Tian An
“Tian An Directors”	directors of Tian An
“Tian An Group”	Tian An and its subsidiaries
“UAF”	United Asia Finance Limited, a company incorporated in Hong Kong with limited liability, an indirect non wholly-owned subsidiary of SHK

On behalf of the Board
Tian An China Investments Company Limited
Tao Tsan Sang
Executive Director

On behalf of the Board
Sun Hung Kai & Co. Limited
Peter Anthony Curry
Executive Director

Hong Kong, 29th January, 2014

For the purpose of this joint announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.79. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this joint announcement, the Tian An Board comprises Mr. Song Zengbin (Deputy Chairman), Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ma Sun (Deputy Managing Director), Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang being the Executive Directors; Mr. Lee Seng Hui (Chairman), Dr. Moses Cheng Mo Chi and Mr. Lee Shu Yin being the Non-Executive Directors; and Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.

As at the date of this joint announcement, the SHK Board comprises Mr. Lee Seng Huang (Group Executive Chairman), Mr. William Leung Wing Cheung, Mr. Joseph Tong Tang and Mr. Peter Anthony Curry being the Executive Directors; Mr. Goh Joo Chuan, Ho Chi Kit (Roy Kuan as his alternate) and Leung Pak To (Liu Zheng as his alternate) being the Non-executive Directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Mr. Carlisle Caldwell Procter and Mr. Peter Wong Man Kong as Independent Non-Executive Directors.

* *The English translation of the Chinese name of the relevant entity included in this announcement is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.*