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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

CONNECTED TRANSACTION

THE HY SALE AND PURCHASE AGREEMENT

On 6th May, 2016, SHK, Boneast, Shine Star and Hing Yip entered into the HY Sale and Purchase Agreement, pursuant to which (i) Boneast agreed to sell and Shine Star agreed to purchase the entire issued share capital of Hing Yip; and (ii) SHK agreed to assign and Shine Star agreed to take as an assignment of the benefits of the HY Shareholder's Loan, at the aggregate consideration of RMB23,106,600 (equivalent to HK\$27,606,452) payable from Shine Star to Boneast.

The HY Completion took place on the same day of the date of the HY Sale and Purchase Agreement.

THE SH SALE AND PURCHASE AGREEMENT

On 6th May, 2016, SHK, Boneast, Shine Star and Sing Hing entered into the SH Sale and Purchase Agreement, pursuant to which (i) Boneast agreed to sell and Shine Star agreed to purchase the entire issued share capital of Sing Hing; and (ii) SHK agreed to assign and Shine Star agreed to take as an assignment of the benefits of the SH Shareholder's Loan, at the aggregate consideration of RMB61,179,300 (equivalent to HK\$73,093,548) payable from Shine Star to Boneast.

The SH Completion took place on the same day of the date of the SH Sale and Purchase Agreement.

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 (including Boneast) are connected persons of Tian An within the meaning of the Listing Rules. As a result, the Sale and Purchase Agreements constitute a connected transaction of Tian An.

As the applicable Percentage Ratio(s) for Tian An in respect of the Sale and Purchase Agreements exceed 0.1% but are less than 5%, the Transactions are only subject to the reporting and announcement requirements but exempt from the circular and the shareholders' approval requirements 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 (including Shine Star) are connected persons of SHK within the meaning of the Listing Rules. As a result, the Sale and Purchase Agreements also constitute a connected transaction of SHK.

As the applicable Percentage Ratio(s) for SHK in respect of the Sale and Purchase Agreements exceed 0.1% but are less than 5%, the Transactions are only subject to the reporting and announcement requirements but exempt from the circular and the shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE HY SALE AND PURCHASE AGREEMENT

A summary of the major terms of the HY Sale and Purchase Agreement is as follows:

Date of the HY Sale and Purchase Agreement

6th May, 2016

Parties to the HY Sale and Purchase Agreement

- (i) SHK
- (ii) Boneast (as the vendor)
- (iii) Shine Star (as the purchaser)
- (iv) Hing Yip (as the subject company)

Asset to be acquired

Pursuant to the HY Sale and Purchase Agreement, (i) Boneast agreed to sell and Shine Star agreed to purchase the entire issued share capital of Hing Yip; and (ii) SHK agreed to assign and Shine Star agreed to take as an assignment of the benefits of the HY Shareholder's Loan.

The principal asset of Hing Yip is the 1st PRC Property.

Consideration and payment terms

The total consideration payable by Shine Star under the HY Sale and Purchase Agreement is RMB23,106,600 (equivalent to HK\$27,606,452) which will be paid by the Purchaser to the Vendor by way of cheque(s) or cash remittance upon the HY Completion.

Basis for determination of the consideration

The total consideration of RMB23,106,600 (equivalent to HK\$27,606,452) for the HY Sale and Purchase Agreement has been arrived at after arm's length negotiation between the parties and with reference to the market value of the 1st PRC Property as stated in a valuation report prepared by an independent property valuer.

Completion

The HY Completion took place on the same day of the date of the HY Sale and Purchase Agreement.

Upon the HY Completion, Hing Yip has ceased to be a subsidiary of SHK and has become an indirect wholly-owned subsidiary of Tian An.

THE SH SALE AND PURCHASE AGREEMENT

A summary of the major terms of the SH Sale and Purchase Agreement is as follows:

Date of the SH Sale and Purchase Agreement

6th May, 2016

Parties to the SH Sale and Purchase Agreement

- (i) SHK
- (ii) Boneast (as the vendor)
- (iii) Shine Star (as the purchaser)
- (iv) Sing Hing (as the subject company)

Asset to be acquired

Pursuant to the SH Sale and Purchase Agreement, (i) Boneast agreed to sell and Shine Star agreed to purchase the entire issued share capital of Sing Hing; and (ii) SHK agreed to assign and Shine Star agreed to take as an assignment of the benefits of the SH Shareholder's Loan.

The principal asset of Sing Hing is the 2nd PRC Property.

Consideration and payment terms

The total consideration payable by Shine Star under the SH Sale and Purchase Agreement is RMB61,179,300 (equivalent to HK\$73,093,548) which will be paid by the Purchaser to the Vendor by way of cheque(s) or cash remittance upon the SH Completion.

Basis for determination of the consideration

The total consideration of RMB61,179,300 (equivalent to HK\$73,093,548) for the SH Sale and Purchase Agreement has been arrived at after arm's length negotiation between the parties and with reference to the market value of the 2nd PRC Property as stated in a valuation report prepared by an independent property valuer.

Completion

The SH Completion took place on the same day of the date of the SH Sale and Purchase Agreement.

Upon the SH Completion, Sing Hing has ceased to be a subsidiary of SHK and has become an indirect wholly-owned subsidiary of Tian An.

INFORMATION ABOUT TIAN AN, SHK, SHINE STAR AND BONEAST

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 apartments, villas, office buildings and commercial properties, property investment and property management 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 structured finance, consumer finance, mortgage loans and principal investments.

Shine Star

Shine Star is incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Tian An.

The principal business activity of Shine Star is investment holding.

Boneast

Boneast is incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of SHK.

The principal business activity of Boneast is investment holding.

INFORMATION ON HING YIP

As advised and confirmed by SHK, Hing Yip is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of SHK. The principal business activity of Hing Yip is property investment. It has no other material asset other than the 1st PRC Property. The original acquisition cost of Hing Yip by the SHK Group was approximately HK\$13,806,000.

As advised and confirmed by SHK, the net profit before and after taxation of Hing Yip for each of the two financial years ended 31st December, 2015 are set out below:

	Year ended 31st December,	
	2014	2015
	HK\$'000	HK\$'000
	(approximately)	(approximately)
Net profit (loss) before taxation	362	(2,058)
Net profit (loss) after taxation	47	(1,258)

As at 30th April, 2016, the net asset value of Hing Yip in the consolidated financial statements of SHK together with HY Shareholder's Loan was HK\$22,774,000.

In respect of unit 1901A of the 1st PRC Property, Hing Yip has entered into a tenancy agreement with a company, of which 25% of the shareholding is held by an associate of SHK, with a term from 8th November, 2012 to 31st December, 2017 and a monthly rental of approximately RMB21,000 (equivalent to approximately HK\$25,000).

In respect of unit 1903 of the 1st PRC Property, Hing Yip has entered into a tenancy agreement with an indirect wholly-owned subsidiary of an associate of SHK, which is also a connected person of Tian An, with a term from 3rd May, 2016 to 30th June, 2016 and a monthly rental of approximately RMB40,000 (equivalent to approximately HK\$48,000). Following the HY Completion, this tenancy agreement will become an exempted connected transaction for Tian An under Rule 14A.76 of the Listing Rules.

INFORMATION ON SING HING

As advised and confirmed by SHK, Sing Hing is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of SHK. The principal business activity of Sing Hing is property investment. It has no other material asset other than the 2nd PRC Property. The original acquisition cost of Sing Hing by the SHK Group was approximately HK\$38,478,000.

As advised and confirmed by SHK, the net profit before and after taxation of Sing Hing for each of the two financial years ended 31st December, 2015 are set out below:

	Year ended 31st December,	
	2014	2015
	HK\$'000	HK\$'000
	(approximately)	(approximately)
Net profit (loss) before taxation	6,186	(3,415)
Net profit (loss) after taxation	4,233	(995)

As at 30th April, 2016, the net asset value of Sing Hing in the consolidated financial statements of SHK together the SH Shareholder's Loan was HK\$60,434,000.

In respect of the 2nd PRC Property, Sing Hing has entered into a tenancy agreement with a tenant with a term from 25th December, 2013 to 31st July, 2016 and a monthly rental of approximately RMB310,000 (equivalent to approximately HK\$370,000).

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Tian An

The Tian An Directors consider that the acquisitions of Hing Yip and Sing Hing and hence the 1st PRC Property and the 2nd PRC Property respectively by Shine Star are good investments at the given considerations and expect that the leasing of the PRC Properties will generate a reasonable return to the Tian An Group.

In view of the above, the Tian An Directors (including the independent non-executive directors) are of the view that the terms of the Sale and Purchase Agreements are fair and reasonable and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Tian An Group and in the interests of Tian An and its shareholders taken as a whole.

SHK

The SHK Directors consider that the sale of Hing Yip and Sing Hing and hence the 1st PRC Property and the 2nd PRC Property respectively by Boneast at the given considerations was arrived at after arm's length negotiation between the parties and with reference to the market value of the PRC Properties as stated in a valuation report prepared by an independent property valuer and will provide a reasonable return on investment to the SHK Group.

In view of the above, the SHK Directors (including the independent non-executive directors) are of the view that the terms of the Sale and Purchase Agreements are fair and reasonable and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the SHK Group and in the interests of SHK and its shareholders taken as a whole.

As a result of the sale of Hing Yip and Sing Hing, the SHK Group is expected to recognize a gain of approximately HK\$4,172,000 and HK\$10,454,000 respectively, which are calculated on the basis of the difference between (i) the consideration of each of the Sale and Purchase Agreements and (ii) the SHK Group's carrying value of investment in Hing Yip and Sing Hing together with the HY Shareholder's Loan and SH Shareholder's Loan. The gain or loss to be recorded in the SHK Group's consolidated financial statements is subject to audit. The SHK Group intends to use the net proceeds of the sale of Hing Yip and Sing Hing for general working capital purposes.

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 (including Boneast) are connected persons of Tian An within the meaning of the Listing Rules. As a result, the Sale and Purchase Agreements constitute a connected transaction of Tian An.

As the applicable Percentage Ratio(s) for Tian An in respect of the Sale and Purchase Agreements exceed 0.1% but are less than 5%, the Transactions are only subject to the reporting and announcement requirements but exempt from the circular and the shareholders' approval requirements 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 interests, indirectly owns approximately 73.90% interests in the total issued shares of AGL, which in turn owns approximately 74.95% of the total issued shares of APL, and which in turn indirectly owns approximately 48.66% of the total issued shares of Tian An. Since APL indirectly owns approximately 55.54% interests in the total issued shares of SHK, Mr. Lee Seng Hui is deemed to be interested in the connected transaction in respect of the Transactions and therefore has abstained from voting on the relevant resolutions of Tian An.

Mr. Patrick Lee Seng Wei (being the Managing Director and an Executive Director of Tian An) is also one of the directors of each of Hing Yip and Sing Hing. In view of the aforesaid common directorship, Mr. Patrick Lee Seng Wei has abstained voluntarily from voting on the relevant resolutions of Tian An.

Apart from the above, none of the Tian An Directors has any material interest in the Transactions and is required to abstain from voting on the board resolutions approving the Sale and Purchase Agreements and the transactions contemplated thereunder.

SHK

As APL is a substantial shareholder of SHK and holds more than 30% shareholding interest in Tian An, Tian An and its subsidiaries (including Shine Star) are connected persons of SHK within the meaning of the Listing Rules. As a result, the Sale and Purchase Agreements also constitute a connected transaction of SHK.

As the applicable Percentage Ratio(s) for SHK in respect of the Sale and Purchase Agreements exceed 0.1% but are less than 5%, the Transactions are only subject to the reporting and announcement requirements but exempt from the circular and the shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lee Seng Huang (being the Group Executive Chairman and Executive Director 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 interests, indirectly owns approximately 73.90% interests in the total issued shares of AGL, which in turn owns approximately 74.95% of the total issued shares of APL, and which in turn indirectly owns approximately 55.54% of the total issued shares of SHK. Since APL indirectly owns approximately 48.66% interests in the total issued shares of Tian An, Mr. Lee Seng Huang is deemed to be interested in the connected transaction in respect of the Transactions and therefore has abstained from voting on the relevant resolutions of SHK.

Apart from the above, none of the SHK Directors has any material interest in the Transactions and is required to abstain from voting on the board resolutions approving the Sale and Purchase Agreements and the transactions contemplated thereunder.

DEFINITIONS

“1st PRC Property”	Units 1901-1903 on the 19th Floor of the Building with total gross floor areas of 513.48 square metres
“2nd PRC Property”	Units 1101-1109 on the 11th Floor of the Building with total gross floor areas of 1,359.54 square metres
“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) and is a substantial shareholder of Tian An and SHK
“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) and is a substantial shareholder of Tian An and SHK
“Boneast”	Boneast Assets Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of SHK
“Building”	the building named Tian An Centre (天安中心大厦) situated at No. 338 Nanjing Road West, Shanghai, PRC where the 1st PRC Property and the 2nd PRC Property are situated
“Encumbrance”	any mortgage, charge, pledge, lien, hypothecation, equities, adverse claims, restrictions, pre-emption rights or other encumbrance, priority or security interest or other rights of whatsoever nature or interest or any agreement for any of the same
“Hing Yip”	Hing Yip Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect 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 PRC
“HY Completion”	the completion of the transactions contemplated under the HY Sale and Purchase Agreement
“HY Sale and Purchase Agreement”	the sale and purchase agreement dated 6th May, 2016 entered into among SHK, Boneast as the vendor, Shine Star as the purchaser and Hing Yip as the subject company
“HY Shareholder’s Loan”	an aggregate amount in the sum of HK\$9,132,227.49 due from Hing Yip to SHK as at 30th April, 2016 which is outstanding on an unsecured interest-free loan account repayable on demand and free from all Encumbrance

“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 which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Percentage Ratio(s)”	having the meaning as ascribed to it under the Listing Rules
“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 Properties”	the 1st PRC Property and the 2nd PRC Property
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreements”	the HY Sale and Purchase Agreement and the SH Sale and Purchase Agreement
“SH Completion”	the completion of the transactions contemplated under the SH Sale and Purchase Agreement
“SH Sale and Purchase Agreement”	the sale and purchase agreement dated 6th May, 2016 entered into among SHK, Boneast as the vendor, Shine Star as the purchaser and Sing Hing as the subject company
“SH Shareholder’s Loan”	an aggregate amount in the sum of HK\$23,340,888.39 due from Sing Hing to SHK as at 30th April, 2016 which is outstanding on an unsecured interest-free loan account repayable on demand and free from all Encumbrance
“Shine Star”	Shine Star Properties Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Tian An
“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 an indirect non wholly-owned subsidiary of APL
“SHK Board”	the board of directors of SHK
“SHK Directors”	directors of SHK
“SHK Group”	SHK and its subsidiaries

“Sing Hing”	Sing Hing Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of SHK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“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
“Transactions”	the transactions contemplated under the Sale and Purchase Agreements
“%”	per cent.

On behalf of the Tian An Board
Tian An China Investments Company Limited
Edwin Lo King Yau
Executive Director

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

Hong Kong, 6th May, 2016

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 RMB0.837. 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 Messrs. Lee Seng Huang (Group Executive Chairman), Simon Chow Wing Charn and Peter Anthony Curry being the Executive Directors; Mr. Jonathan Andrew Cimino (Mr. Joseph Kamal Iskander as his alternate) being the Non-Executive Director; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Jacqueline Alee Leung and Mr. Peter Wong Man Kong being the Independent Non-Executive Directors.