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新鴻基地產發展有限公司

Sun Hung Kai Properties Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code : 16)

PROPOSED BONUS WARRANTS ISSUE

Proposed Bonus Warrants Issue

The Board proposes the Bonus Warrants Issue on the basis of one (1) Warrant for every twelve (12) Shares held on the Record Date.

Each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share at an initial subscription price of HK\$98.60, subject to adjustments, at any time during the period which is expected to commence on the date of the issue of the Warrants, which is expected to be on Wednesday, 23 April 2014, and end on the date falling twenty four months from the date of issue of the Warrants, which is expected to be on Friday, 22 April 2016 (both days inclusive).

Record Date and Closure of Register of Members

The register of members of the Company will be closed from Thursday, 10 April 2014 to Monday, 14 April 2014 (both days inclusive) in order to establish the entitlements of the Qualifying Shareholders to the Bonus Warrants Issue. No transfer of Shares may be registered during the book close period. The last day for dealing in Shares cum-entitlements to the Bonus Warrants Issue will be Monday, 7 April 2014.

General

The Bonus Warrants Issue is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and any New Shares.

A circular containing, amongst other things, further details of the Bonus Warrants Issue will be despatched to the Shareholders as soon as practicable.

THE PROPOSED BONUS WARRANTS ISSUE

The Board proposes, subject to the satisfaction of the condition below, to make the Bonus Warrants Issue on the basis of one (1) Warrant for every twelve (12) Shares held on the Record Date. Warrants to be issued in relation to the Bonus Warrants Issue will only be issued to Qualifying Shareholders.

GENERAL MANDATE

The Warrants will be issued under the authority of the general mandate to issue securities granted to the Board at the Company's annual general meeting held on 14 November 2013. Under the said general mandate and on the basis of 2,670,961,605 issued Shares as at 14 November 2013, the Directors were authorized generally to issue up to 267,096,160 Shares. No Share has been allotted or issued under the general mandate since it was approved and 267,096,160 Shares can be issued under the general mandate.

CONDITION TO THE BONUS WARRANTS ISSUE

The Bonus Warrants Issue will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and any New Share(s).

SUBSCRIPTION PRICE AND SUBSCRIPTION PERIOD

The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share at an initial subscription price of HK\$98.60, subject to customary anti-dilutive adjustments in market transactions of this type in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues and capital distributions, at any time during the period which is expected to commence on the date of the issue of the Warrants, which is expected to be on Wednesday, 23 April 2014, and end on the date falling twenty four months from the date of issue of the Warrants, which is expected to be on Friday, 22 April 2016 (both days inclusive).

The initial subscription price of HK\$98.60 represents:

- (i) a discount of approximately 0.55% to the closing price of HK\$99.15 per Share as quoted on the Stock Exchange on Thursday, 27 February 2014 (being the date immediately preceding the date of this announcement); and
- (ii) a premium of approximately 0.61% to the average closing price of approximately HK\$98.00 per Share as quoted on the Stock Exchange for the past ten trading days ended on Thursday, 27 February 2014.

SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS

On the basis of 2,704,538,776 Shares in issue as at the date of this announcement, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 225,378,231 Warrants would be issued pursuant to the Bonus Warrants Issue. Full exercise of the subscription rights attaching to the 225,378,231 Warrants at the initial subscription price of HK\$98.60 per New Share would result in the issue of 225,378,231 New Shares, representing approximately 8.33% of the issued ordinary share capital of the Company as at the date of this announcement and approximately 7.69% of the issued share capital of the Company as enlarged by the issue of such New Shares, and the receipt by the Company of subscription monies totalling approximately HK\$22,222,000,000.

As at the date of this announcement, save for options granted under the Company's share option schemes adopted in 2002 and 2012, there are no other outstanding options, warrants, convertible securities or similar rights to subscribe for Shares. As at the date of this announcement and based on information currently available, it is expected that the New Shares to be issued upon exercise of the Warrants will not exceed 20% of the issued share capital of the Company at the time of issue of the Warrants.

FRACTIONAL ENTITLEMENTS

Fractional entitlements to the Warrants (if any) will not be issued to the Qualifying Shareholders but will be aggregated and sold in the market for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

OVERSEAS SHAREHOLDERS

The Bonus Warrants Issue will not be registered or filed under any securities legislation in any jurisdiction outside Hong Kong. In determining whether it would be necessary or expedient to exclude an Overseas Shareholder who is registered as a member of the Company on the Record Date, the Directors will make enquiry pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange of the relevant place in which such Overseas Shareholder is residing. If the Directors are of the view that, after such enquiry, the exclusion of such Overseas Shareholder is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Warrants will not be granted to such Overseas Shareholder.

In view of the above, Warrants which would otherwise be issued to the Non-Qualifying Shareholder(s) under the Bonus Warrants Issue will be sold in the market as soon as possible if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such Non-Qualifying Shareholder(s). Remittance thereof will be posted to them, at their own risk, unless the amount falling to be distributed to such person(s) is less than HK\$100, in which case it will be retained for the benefit of the Company.

All Overseas Shareholders should consult their professional advisers as to whether or not they are permitted to participate in the Bonus Warrants Issue or whether any government or other consents are required or other formalities need to be observed.

REASONS FOR THE BONUS WARRANTS ISSUE

The Directors believe that the Bonus Warrants Issue is expected to strengthen the capital base of the Company and position it well to capture the apparently rising business opportunities in Hong Kong for growth, while providing Shareholders with an option to capitalize on the Company's future development.

The Company intends to apply any subscription monies received as and when subscription rights are exercised towards general working capital of the Group and potential investments to be identified.

FUND RAISING ACTIVITIES OF THE GROUP IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities by issue of equity securities in the twelve months immediately before the date of this announcement.

LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the New Shares. The New Shares will rank pari passu in all respects with the then existing issued Shares.

CERTIFICATES FOR THE WARRANTS AND BOARD LOT

Subject to the satisfaction of the condition to the Bonus Warrants Issue, it is expected that certificates for the Warrants will be posted on or before Wednesday, 23 April 2014 at the risk of the Qualifying Shareholders entitled thereto to their respective addresses shown on the register of members of the Company.

Dealings in the Warrants are expected to commence on the Stock Exchange on Thursday, 24 April 2014. The Warrants are expected to be traded on the Stock Exchange in board lots of 1,000 Warrants.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10 April 2014 to Monday, 14 April 2014 (both days inclusive) in order to establish entitlements of the Qualifying Shareholders to the Bonus Warrants Issue.

The last day for dealing in Shares cum-entitlements to the Bonus Warrants Issue will be Monday, 7 April 2014. In order to qualify for the Bonus Warrants Issue, all outstanding transfer of Shares should be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, situated at Shop Nos. 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 9 April 2014.

EXPECTED TIMETABLE

The expected timetable for the Bonus Warrants Issue set out below is for indicative purposes only and has been prepared on the assumption that the condition of the Bonus Warrants Issue will be fulfilled. All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

The expected timetable for implementing the Bonus Warrants Issue is set forth below:

2014

Last day of dealings in Shares cum-entitlements to the Bonus Warrants Issue	Monday, 7 April
First day of dealings in Shares ex-entitlements to the Bonus Warrants Issue	Tuesday, 8 April
Latest time for lodging forms of transfer of Shares to ensure entitlement to the Bonus Warrants Issue	Wednesday, 9 April
Closure of register of members of the Company, both days inclusive	Thursday, 10 April to Monday, 14 April
Record Date	Monday, 14 April
Despatch of the Warrant certificates by	Wednesday, 23 April
Commencement of dealings in the Warrants on the Stock Exchange	Thursday, 24 April

GENERAL

A circular containing, among other things, further details of the Bonus Warrants Issue will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Bonus Warrants Issue”	the proposed bonus issue of Warrants by the Company to the Shareholders on the basis of one (1) Warrant for every twelve (12) Shares held on the Record Date

“Company”	Sun Hung Kai Properties Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 16)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiry, are of the view that it would be necessary or expedient to exclude them from the Bonus Warrants Issue on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is/are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholder(s), whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Monday, 14 April 2014, being the record date for ascertaining the entitlements of Shareholders to the Bonus Warrants Issue
“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Warrant(s)” warrant(s) proposed to be issued by the Company to
subscribe for New Shares at an initial subscription price of
HK\$98.60 per New Share, subject to adjustments

“%” per cent

By order of the Board
YUNG Sheung-tat, Sandy
Company Secretary

Hong Kong, 28 February 2014

As at the date hereof, the Board comprises nine Executive Directors, being KWOK Ping-kwong, Thomas (Chairman & Managing Director)(KWOK Kai-fai, Adam being his Alternate Director), KWOK Ping-luen, Raymond (Chairman & Managing Director)(KWOK Ho-lai, Edward being his Alternate Director), WONG Chik-wing, Mike (Deputy Managing Director), LUI Ting, Victor (Deputy Managing Director), CHAN Kui-yuen, Thomas, KWONG Chun, CHAN Kwok-wai, Patrick (Chief Financial Officer), TUNG Chi-ho, Eric and FUNG Yuk-lun, Allen; four Non-Executive Directors, being LEE Shau-kee (Vice Chairman), WOO Po-shing (WOO Ka-biu, Jackson being his Alternate Director), KWAN Cheuk-yin, William and WONG Yick-kam, Michael; and seven Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric, FUNG Kwok-lun, William, LEUNG Nai-pang, Norman, LEUNG Kui-king, Donald and LEUNG KO May-yee, Margaret.

This announcement is made in English and Chinese. In case of any inconsistency, the English version shall prevail.