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DISCLOSEABLE TRANSACTIONS

THE CONVERSIONS

On 9 December 2016, SHKSFL, an indirect wholly-owned subsidiary of the Company, exercised its conversion rights by serving the conversion notice to the Listco to convert part of the 2016 CB in the principal amount of HK\$1,500,000 into 2,083,333 Listco Shares (representing approximately 0.1% of the then enlarged issued capital of the Listco) at the conversion price of HK\$0.72 per Listco Share.

On 20 March 2017, SHKSFL exercised its conversion rights by serving the conversion notice to the Listco to convert part of the 2016 CB in the principal amount of HK\$28,080,000 into 39,000,000 Listco Shares (representing approximately 2.4% of the enlarged issued capital of the Listco) at the conversion price of HK\$0.72 per Listco Share.

THE DISPOSALS

Acceptance of General Offer

During the period from 17 January 2017 to 26 January 2017, SHKSFL/SIL, both being an indirect wholly-owned subsidiaries of the Company, accepted the General Offer and sold the following to the Offeror:

- (i) all the 2015 CB in the principal amount of HK\$94,924,500 at a consideration of HK\$65,725,723.80 (representing HK\$0.6924 in cash for every HK\$1.00 face value of the 2015 CB);

- (ii) a portion of the 2016 CB in the principal amount of HK\$107,036,422 at a consideration of HK\$160,554,633 (representing HK\$1.5 in cash for every HK\$1.00 face value of the 2016 CB); and
- (iii) 2,083,333 Listco Shares at a consideration of HK\$2,249,999.64 (representing HK\$1.08 per each share).

Disposal of Listco Shares under the Agreement

On 20 March 2017, SHKSFL and the Purchaser entered into the Agreement pursuant to which SHKSFL agreed to sell and the Purchaser agreed to purchase 39,000,000 Listco Shares at a consideration of HK\$39,000,000. The consideration of HK\$39,000,000 was determined after arm's length negotiations between SHKSFL and the Purchaser having regard to the recent trading price of the Listco Shares.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratio(s) for the Company exceeds 5% but is less than 25%, either the Conversions in aggregate or the Disposals in aggregate constitute discloseable transactions of the Company and are subject to announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Listco and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

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The above considerations are based on the relevant offer prices for the convertible bonds and Listco Shares under the General Offer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Offeror and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

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Completion shall take place on the tenth business day from the date of the Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Following the above Disposals, the Group will hold the 2016 CB in the principal amount of HK\$77,456,422 and will not hold any Listco Shares.

INFORMATION ON THE COMPANY

The Company is a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange. The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are consumer finance, mortgage loans, financial services and principal investments.

INFORMATION ON THE LISTCO, THE OFFEROR AND THE PURCHASER

The Listco

The Listco is a company incorporated under the laws of the Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Listco and its subsidiaries are principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development and investment, professional services (including provision of security and property management solutions) and other activities.

Set out below are the summary of financial results of the Listco extracted from its latest published annual report and interim report:

	For the year ended 31 March 2015 (Audited) (HK\$'000)	For the year ended 31 March 2016 (Audited) (HK\$'000)
Net profit (loss) before taxation	145,165	349,720
Net profit (loss) after taxation	103,271	306,474

The unaudited net assets of the Listco as at 30 September 2016 amounted to approximately HK\$2,040,228,000.

The Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and its principal business activity is investment holding.

The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and its principal business activity is investment holding.

REASONS AND BENEFITS FOR THE CONVERSIONS AND DISPOSALS

The Conversions

As the conversion price of the 2016 CB is HK\$0.72 per Listco Share to be converted, which is substantially lower than the then prevailing market price of the Listco Shares, the Directors consider that the exercise of the conversion rights and the subsequent sale of the relevant shares will enhance the return to the Shareholders.

The Directors believe that the terms of the Conversions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Disposals

With reference to the prevailing market conditions, the Directors consider that it is a good opportunity for the Group to realise its investment given that all the Disposals were made at a gain.

The Directors believe that the terms of the Disposals, including the terms under the General Offer and the Agreement, are fair and reasonable to the Company and in the interests of the Company and its Shareholders as a whole.

As a result of the Disposals, the Company's aggregated estimated gain is approximately HK\$75,000,000, being the aggregate gross sale proceeds (excluding brokerage and other transaction costs) from the Disposals less the consideration of purchasing the 2016 CB, 2015 CB and Listco Shares as recorded in the financial statements of the Company. The proceeds generated from the Disposals will be applied as general working capital of the Group.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratio(s) for the Company exceeds 5% but is less than 25%, either the Conversions in aggregate or the Disposals in aggregate constitute discloseable transactions of the Company and are subject to announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“2015 CB”	the zero coupon convertible bonds in the principal amount of HK\$94,924,500 carrying the rights to convert into 60,849,038 Listco Shares with the conversion price for each such share of HK\$1.56, which were acquired by the Group on 9 December 2016
“2016 CB”	the 10% coupon convertible bonds in the principal amount of HK\$214,072,844 carrying the rights to convert into 297,323,395 Listco Shares with the conversion price for each such share of HK\$0.72, which were acquired by the Group on 9 December 2016
“Agreement”	the sale and purchase agreement entered into between SHKSFL and the Purchaser dated 20 March 2017 pursuant to which SHKSFL agreed to sell and the Purchaser agreed to purchase 39,000,000 Listco Shares at a consideration of HK\$39,000,000
“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Main Board
“Completion”	completion of the transaction contemplated under the Agreement
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Conversions”	the conversions of 2016 CB in an aggregate principal amount of HK\$29,580,000 by SHKSFL on 9 December 2016 and 20 March 2017
“Directors”	the directors of the Company

“Disposals”	the disposals of 2015 CB in the principal amount of HK\$94,924,500, 2016 CB in the principal amount of HK\$107,036,422 and 41,083,333 Listco Shares by SHKSFL during the period from 9 December 2016 to 20 March 2017
“General Offer”	<p>(i) the mandatory unconditional cash general offer made by the Offeror on 7 December 2016 to acquire all the issued Listco Shares other than those already owned or agreed to be acquired by the Offeror and its Concert Parties pursuant to Rule 26.1 of the Takeovers Code; and</p> <p>(ii) the mandatory unconditional cash offer made by the Offeror on 7 December 2016 to acquire all the outstanding convertible bonds issued by the Listco pursuant to Rule 13.5 of the Takeovers Code</p>
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listco”	Asia Allied Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00711)
“Listco Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Listco
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offeror”	the offeror under the General Offer
“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
“Purchaser”	the purchaser under the Agreement

“SHKSFL”	Sun Hung Kai Structured Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“SIL”	Scienter Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“%”	per cent.

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

Hong Kong, 20 March 2017

As at the date of this announcement, the Board comprises:

Executive Directors:

Messrs. Lee Seng Huang (Group Executive Chairman), Simon Chow Wing Charn and Peter Anthony Curry

Non-Executive Director:

Mr. Jonathan Andrew Cimino (Mr. Joseph Kamal Iskander as his alternate)

Independent Non-Executive Directors:

Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Jacqueline Alee Leung and Mr. Peter Wong Man Kong