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ALLIED GROUP LIMITED
(聯合集團有限公司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 373)



ALLIED PROPERTIES (H.K.) LIMITED
(聯合地產(香港)有限公司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 56)



新鴻基有限公司
SUN HUNG KAI & CO. LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 86)

JOINT ANNOUNCEMENT

(1) DISCLOSEABLE TRANSACTION – SHAREHOLDER LOAN TRANSACTION

(2) COMPLETION OF MAJOR TRANSACTION – DISPOSAL OF 70% EQUITY INTEREST IN SUN HUNG KAI FINANCIAL GROUP LIMITED

Exclusive Financial Adviser to SHK



Reference is made to the joint announcements dated 2 February 2015 and 25 February 2015 (together, the “**Announcements**”) and the circular dated 27 February 2015 of each of SHK, APL and AGL (together the “**Circulars**”) in relation to the Transaction. Unless otherwise defined, capitalized terms used in this joint announcement shall have the same meanings as those defined in the Announcements and the Circulars.

(1) DISCLOSEABLE TRANSACTION – SHAREHOLDER LOAN TRANSACTION

As advised and confirmed by SHK, on 2 June 2015, the Borrower, the Guarantors and the Lender entered into a term facility agreement (the “**Shareholder Loan Agreement**”), pursuant to which certain existing intra-group shareholder loans which the SHK Group has advanced to the SHKFGL Group on or prior to the signing of the Shareholder Loan Agreement (all such loans being the “**Shareholder Loans**”) shall survive Completion for a term of 12 months and will be guaranteed by the Guarantors (the “**Shareholder Loan Transaction**”). The term loan facility amount under the Shareholder Loan Agreement shall be in the range of approximately HK\$950,000,000 to HK\$1,150,000,000, and shall be notified by SHK to the Borrower no later than the 10th Business Day after the date of the Shareholder Loan Agreement.

The Shareholder Loan Transaction constitutes a discloseable transaction of each of AGL, APL and SHK under Chapter 14 of the Listing Rules, as the relevant percentage ratio(s) pursuant to Rule 14.07 of the Listing Rules in respect of the Shareholder Loan Transaction (calculated using the potential maximum facility amount of HK\$1,150,000,000) for each of AGL, APL and SHK exceeds 5% but is below 25%. The Shareholder Loan Transaction is therefore subject to the reporting and announcement requirements under the Listing Rules.

(2) COMPLETION OF MAJOR TRANSACTION – DISPOSAL OF 70% EQUITY INTEREST IN SUN HUNG KAI FINANCIAL GROUP LIMITED

As advised and confirmed by SHK, the AGL Board, the APL Board and the SHK Board are pleased to announce that all Conditions have been satisfied and completion of the Transaction took place on 2 June 2015 in accordance with the terms and conditions of the Sale and Purchase Agreement. Following Completion, SHKFGL has become a 30% associate of SHK.

Certain amendments in relation to the Transaction were agreed between SHK and Everbright Securities prior to Completion. Please refer to pages 5 to 6 of this joint announcement for further information.

(1) DISCLOSEABLE TRANSACTION – SHAREHOLDER LOAN TRANSACTION

As advised and confirmed by SHK, on 2 June 2015, the Borrower, the Guarantors and the Lender entered into the Shareholder Loan Agreement, pursuant to which the Shareholder Loans shall survive Completion for a term of 12 months and will be guaranteed by the Guarantors. The term loan facility amount under the Shareholder Loan Agreement shall be in the range of approximately HK\$950,000,000 to HK\$1,150,000,000, and shall be notified by SHK to the Borrower no later than the 10th Business Day after the date of the Shareholder Loan Agreement.

Principal Terms of the Shareholder Loan Agreement

As advised and confirmed by SHK, the principal terms of the Shareholder Loan Agreement are as follows:

- Date: 2 June 2015
- Parties:
- (1) The Borrower;
 - (2) The Guarantors (namely HKCo and Everbright Securities); and
 - (3) The Lender.
- Amount of Shareholder Loans: In the range of approximately HK\$950,000,000 to HK\$1,150,000,000.
- The final amount shall be notified by SHK to the Borrower no later than the 10th Business Day after the date of the Shareholder Loan Agreement.
- Purpose: The SHK Group has previously advanced intra-group shareholder loans to the SHKFGGL Group to support its operations and a portion of such shareholder loans will survive Completion in accordance with the terms of the Shareholder Loan Agreement.
- Interest rate: 6% per annum for each Interest Period ending on or prior to the date falling 6 months after the date of the Shareholder Loan Agreement and thereafter, 8% per annum.

Payment of accrued interest:	On the last day of each Interest Period.
Repayment of Shareholder Loans:	2 June 2016, being the date falling one year after the date of the Shareholder Loan Agreement.
Security for the Shareholder Loans:	Guarantee and indemnity by the Guarantors, and the Share Charge.

Guarantee and Indemnity

Each Guarantor irrevocably and unconditionally:

- (a) guarantees to the Lender punctual performance by the Borrower of all the Borrower's obligations under the Finance Documents;
- (b) undertakes with the Lender that whenever the Borrower does not pay any amount when due under or in connection with any Finance Document, each Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with the Lender that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal it will, as an independent and primary obligation, indemnify the Lender immediately on demand against any cost, loss or liability it reasonably incurs as a result of the Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by each Guarantor under this indemnity will not exceed the amount it would have had to pay if the amount claimed had been recoverable on the basis of a guarantee.

The guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Borrower and HKCo under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

Share Charge

The obligations of the Borrower to repay the Loan to the Lender and the obligations of each Guarantor to guarantee such repayment are, in each case, secured by the Share Charge. The Share Charge also secures the payment obligations of Everbright Securities in respect of the Put Right (as defined below).

Immediate recourse

Each Guarantor waives any right it may have of first requiring the Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantors. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

Until all amounts which may be or become payable by the Borrower under or in connection with the Finance Documents have been irrevocably paid in full, the Lender (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Lender (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantors shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from the Guarantors or on account of the Guarantors' liability.

(2) COMPLETION OF MAJOR TRANSACTION – DISPOSAL OF 70% EQUITY INTEREST IN SUN HUNG KAI FINANCIAL GROUP LIMITED

As advised and confirmed by SHK, the AGL Board, the APL Board and the SHK Board are pleased to announce that all Conditions have been satisfied and completion of the Transaction took place on 2 June 2015 in accordance with the terms and conditions of the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement, SHK has sold and Everbright Securities has acquired the Shares, representing 70% equity interest in SHKFGL, at a consideration of HK\$4,095,000,000, which has been received in full by SHK on the Completion Date (but subject to post-Completion adjustment as summarised in the Circulars). Following Completion, SHKFGL has become a 30% associate of SHK.

The following amendments in relation to the Transaction were agreed between SHK and Everbright Securities prior to Completion:

- (a) For an exercise by SHK of its right to require Everbright Securities to buy some or all of the shares which SHK holds in SHKFGL (the “**Put Right**”) other than in respect of the occurrence of certain trigger events described in the Circulars, the put period is changed to the period of six months commencing on the third anniversary of Completion and the

period of six months commencing on the fifth anniversary of Completion (the “**Put Option Period**”).

If SHK exercises the Put Right during the period of six months commencing on the third anniversary of Completion, the price per share is equal to the Initial Consideration per share, plus a guaranteed yield of 8.8% per annum (inclusive of any dividends declared and received) in the intervening period (the “**Original Price**”). If SHK exercises the Put Right during the period of six months commencing on the fifth anniversary of Completion, the price per share is the higher of: (i) the Original Price and (ii) the fair market value of the shares. Fair market value shall be mutually agreed between SHK and Everbright Securities, failing which as determined by an independent valuer based on agreed valuation principles.

- (b) SHK may, for the period from the completion of the exercise of the Put Right to the earliest of: (i) eighteen months after the date of such completion, (ii) the day immediately preceding the day falling 28 clear days before the Proposed Listco submits an initial listing application and (iii) any other date which such completion is required to occur by any rules or formal guidance issued by the relevant stock exchange, subscribe for shares in the Proposed Listco (the “**Reinvestment Shares**”) at the put price received upon the exercise of the Put Right plus a guaranteed yield of 8.8% per annum inclusive of the aggregate amount of all dividends that have been declared and received in respect of such shares. The number of Reinvestment Shares is to be determined in accordance with the Shareholders’ Agreement.
- (c) SHK may, following the occurrence of certain trigger events, have all of its Reinvestment Shares redeemed or repurchased by the Proposed Listco and/or purchased by Everbright Securities, in each case, at the reinvestment price paid by SHK in respect of such Reinvestment Shares.
- (d) SHK will not be required to make any payment pursuant to the Sale and Purchase Agreement by way of downward adjustment to the purchase price for the Shares unless the Actual NAV is HK\$2,800,000,000 or less.

Save for the aforesaid, the arrangements in relation to the Transaction as disclosed in the Announcements and Circulars remain unchanged. Please refer to the Announcements and Circulars for further details of the Transaction.

REASONS FOR AND BENEFITS OF THE SHAREHOLDER LOAN TRANSACTION

As advised and confirmed by SHK, the SHK Group has previously advanced intra-group shareholder loans to the SHKFGL Group to support its operations and a portion of such shareholder loans will survive Completion. It should be noted that the Shareholder Loan Transaction consolidating the surviving proportion of these prior intra-group loans is based upon terms attractive to the Lender given (i) the interest income to be generated by the Shareholder Loan Transaction; (ii) the underlying securities; and (iii) the strength of the Borrower.

In view of the above, the SHK Board is of the view that the terms of the Shareholder Loan Transaction are on normal commercial terms and are fair and reasonable and in the interests of SHK and its shareholders taken as a whole.

Based on the information and the confirmations provided by SHK and to the best knowledge, information and belief of the AGL Board, the AGL Board considers that the terms of the Shareholder Loan Transaction are on normal commercial terms and are fair and reasonable and in the interests of AGL and its shareholders taken as a whole.

Based on the information and the confirmations provided by SHK and to the best knowledge, information and belief of the APL Board, the APL Board considers that the terms of the Shareholder Loan Transaction are on normal commercial terms and are fair and reasonable and in the interests of APL and its shareholders taken as a whole.

INFORMATION ABOUT AGL, APL, SHK, SHKFGL, HKCO, THE SHKFGL GROUP, THE BORROWER AND THE LENDER

AGL

AGL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of financial services, and investments in listed and unlisted securities.

APL

APL 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 APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of financial services, and investments in listed and unlisted securities.

As at the date of this joint announcement, APL is beneficially owned as to approximately 74.99% by AGL.

SHK

SHK is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange.

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are structured finance, consumer finance, as well as principal investments.

As at the date of this joint announcement, SHK is beneficially owned as to approximately 54.76% by APL.

SHKFGL, HKCo and the SHKFGL Group

As advised and confirmed by SHK, SHKFGL is a company incorporated in the British Virgin Islands with limited liability and, following Completion a 30% associate of SHK. The principal business activity of SHKFGL is investment holding.

HKCo, a wholly-owned subsidiary of SHKFGL, is one of the largest Hong Kong-based brokerage and wealth management service providers with a branch and office network in Hong Kong, Macau and Mainland China, offering diversified and customised financial services to its retail, corporate and institutional clients.

The SHKFGL Group comprises of SHKFGL and its subsidiaries.

The Borrower

As advised and confirmed by SHK, the Borrower is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SHKFGL. The principal business activity of the Borrower is financial services.

The Lender

As advised and confirmed by SHK, the Lender is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SHK. The principal business activities of the Lender are investment holding, securities trading and financial services.

INFORMATION ABOUT EVERBRIGHT SECURITIES

As advised and confirmed by SHK, Everbright Securities is a wholly-owned subsidiary of EBS, a company listed on the Shanghai Stock Exchange. EBS is a leading full-service securities firm in the PRC with an integrated business platform, extensive branch network and substantial customer base.

LISTING RULES IMPLICATIONS FOR THE SHAREHOLDER LOAN TRANSACTION

The Lender is an indirect wholly-owned subsidiary of SHK, which in turn is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL. The Shareholder Loan Transaction constitutes a discloseable transaction of each of AGL, APL and SHK under Chapter 14 of the Listing Rules, as the relevant percentage ratio(s) pursuant to Rule 14.07 of the Listing Rules in respect of the Shareholder Loan Transaction (calculated using the potential maximum facility amount of HK\$1,150,000,000) for each of AGL, APL and SHK exceeds 5% but is below 25%. The Shareholder Loan Transaction is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Borrower”	Sun Tai Cheung Finance Company Limited, an indirect wholly-owned subsidiary of SHKFGL
“Finance Documents”	The Shareholder Loan Agreement and any other document designated as a “Finance Document” by the Lender and the Borrower
“Guarantors”	HKCo and Everbright Securities (each, a “ Guarantor ”)
“Interest Period”	In relation to the Shareholder Loan, three (3) Months or any other period agreed between the Borrower and Lender provided that an Interest Period for the Shareholder Loan shall not extend beyond the Termination Date. The first Interest Period shall start on the date of the Shareholder Loan Agreement and in respect of each subsequent Interest Period, on the last day of its preceding Interest Period
“Lender”	Itso Limited, an indirect wholly-owned subsidiary of SHK
“Month”	A period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that: (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end

The above rules will only apply to the last Month of any period

“Proposed Listco”

SHKFGL or a holding company which owns, directly or indirectly, a majority of the Shares or which holds the business or any of the substantial assets of the SHKFGL Group, whose shares are to be the subject of a listing

“Share Charge”

The security over shares agreement dated 2 June 2015 between Everbright Securities, SHK and the Lender pursuant to which Everbright Securities charges 30% of the total issued share capital of SHKFGL in favour of SHK and the Lender

“Termination Date”

means the date falling 1 year after the date of the Shareholder Loan Agreement provided that if such date is not a Business Day, the Termination Date will instead be the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not)

On behalf of the AGL Board
Allied Group Limited
Edwin Lo King Yau
Executive Director

On behalf of the APL Board
Allied Properties (H.K.) Limited
Li Chi Kong
Executive Director

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

Hong Kong, 2 June 2015

As at the date of this joint announcement, the AGL Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors; Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.

As at the date of this joint announcement, the APL Board comprises Messrs. Lee Seng Hui (Chief Executive), Li Chi Kong and Mark Wong Tai Chun being the Executive Directors; Mr. Arthur George Dew (Chairman) being the Non-Executive Director; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett 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), William Leung Wing Cheung, Joseph Tong Tang and Peter Anthony Curry being the Executive Directors; Messrs. Ahmed Mohammed Aqil Qassim Alqassim (Mr. Joseph Kamal Iskander as his alternate), Ho Chi Kit (Mr. Roy Kuan as his alternate) and Leung Pak To (Mr. Liu Zheng as his alternate) being the Non-Executive Directors; 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.