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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
DISCLOSEABLE TRANSACTION
LOAN TRANSACTION

As advised and confirmed by APL, on 27 January 2016, Lender A (an indirect wholly owned subsidiary of APL) as lender entered into the Previous Loan Agreement with Borrower A (an indirect non-wholly owned subsidiary of the Borrower) as borrower, pursuant to which, Lender A agreed to, among other things, make available to Borrower A a loan of up to HK\$150,000,000 on the terms and subject to the conditions therein.

As advised and confirmed by APL, on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018 and 27 June 2018, Lender A as lender entered into the Previous Supplemental Agreements with Borrower A as borrower, pursuant to which Lender A, among other things, accepted Borrower A's requests for extension of the repayment date for the loan under the Previous Loan Agreement up to 31 July 2018 on the terms and subject to the conditions therein. As at 27 June 2018, being the date of the last Previous Supplemental Agreement, HK\$150,000,000 of the loan under the Previous Loan Agreement remained outstanding and due for repayment by Borrower A to Lender A.

As advised and confirmed by SHK, on 28 June 2018, the Lender (an indirect wholly owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower as borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan on the terms and subject to the conditions therein.

As the Lender is an indirect wholly owned subsidiary of SHK, which is an indirect non-wholly owned subsidiary of APL, which in turn is a non-wholly owned subsidiary of AGL, the Transaction entered into by the Lender shall be a transaction of each of SHK, APL and AGL under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction constitutes a discloseable transaction for SHK, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

The Transaction, on a stand-alone basis, does not constitute a notifiable transaction for APL, as none of the percentage ratio(s) exceeds 5%. However, the Transaction, when aggregated with the Previous Transaction in accordance with the Listing Rules, constitutes a discloseable transaction for APL, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

The Transaction, on a stand-alone basis and when aggregated with the Previous Transaction in accordance with the Listing Rules, constitutes a discloseable transaction for AGL, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

THE PREVIOUS LOAN AGREEMENT

As advised and confirmed by APL, on 27 January 2016, Lender A (an indirect wholly owned subsidiary of APL) as lender entered into the Previous Loan Agreement with Borrower A (an indirect non-wholly owned subsidiary of the Borrower) as borrower, pursuant to which, Lender A agreed to, among other things, make available to Borrower A a loan of up to HK\$150,000,000 at the interest rate per annum of the aggregate of HIBOR and 2.75% for a period of six months from the drawdown date thereunder on the terms and subject to the conditions therein for its general working capital.

THE PREVIOUS SUPPLEMENTAL AGREEMENTS

As advised and confirmed by APL, on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018 and 27 June 2018, Lender A as lender entered into the Previous Supplemental Agreements with Borrower A as borrower, pursuant to which Lender A, among other things, accepted Borrower A’s requests for extension of the repayment date for the loan under the Previous Loan Agreement up to 31 July 2018 on the terms and subject to the conditions therein. All other terms and conditions of the Previous Loan Agreement

remained unchanged and in full force and effect in all respects, save for that (i) in the Previous Supplemental Agreement dated 15 July 2016, the interest rate was changed to a rate per annum of the aggregate of HIBOR and 2.9%, and (ii) in the Previous Supplemental Agreement dated 20 January 2017, the interest rate was changed to a rate per annum of the aggregate of HIBOR and 2.75%. As at 27 June 2018, being the date of the last Previous Supplemental Agreement, HK\$150,000,000 of the loan under the Previous Loan Agreement remained outstanding and due for repayment by Borrower A to Lender A.

THE LOAN AGREEMENT

As advised and confirmed by SHK, on 28 June 2018, the Lender (an indirect wholly owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower as borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan on the terms and subject to the conditions therein.

Date: 28 June 2018

Parties: (1) the Lender as the lender for the Loan Agreement; and
(2) the Borrower as the borrower for the Loan Agreement

As advised and confirmed by SHK, which has made all reasonable enquiries, and based on the confirmations of the Borrower and the Securing Party, and to the best knowledge, information and belief of the SHK Directors, APL Directors and AGL Directors, having made all reasonable enquiries, the Borrower and the Securing Party and their respective ultimate beneficial owners are third parties independent of SHK, APL and AGL and their respective connected persons.

Principal terms of the Loan Agreement

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

Loan amount: HK\$500,000,000

Term: twelve months from the date of drawdown of the Loan

Purpose: the Loan shall be applied and used by the Borrower for its general working capital

Interest rate: approximately 25.7% per annum for the first month from the date of drawdown of the Loan and 13% per annum thereafter

Securities for the Loan:

- (i) the Assignment;
- (ii) the Debenture;
- (iii) the Listed Company Share Mortgage; and
- (iv) the Borrower Share Mortgage

Assignment

As advised and confirmed by SHK, the Loan is secured by the Assignment created by the Securing Party in favour of the Lender by way of an assignment of all the right, title and interest as a creditor and the full benefit and right to receive and recover the shareholder's loan in the amount of approximately HK\$711,000,000 owed by the Borrower to the Securing Party, which shall be repayable to the Lender on demand by the Lender.

Debenture

As advised and confirmed by SHK, the Loan is secured by the Debenture created by the Borrower in favour of the Lender by way of a first fixed and floating charge over all the assets of the Borrower.

The Debenture and all security constituted by or pursuant to the Debenture shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

Listed Company Share Mortgage

As advised and confirmed by SHK, the Loan is secured by the Listed Company Share Mortgage created by the Borrower in favour of the Lender by way of a first fixed mortgage of the Listed Company Shares and other security interests in the Securities Account.

The Lender, as mortgagee of the Listed Company Share Mortgage, shall have rights, among other things, to transfer to itself the Listed Company Shares upon execution of the Listed Company Share Mortgage and dispose of the Listed Company Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

Borrower Share Mortgage

As advised and confirmed by SHK, the Loan is secured by the Borrower Share Mortgage created by the Securing Party in favour of the Lender by way of a first fixed mortgage of the Borrower Shares.

The Lender, as mortgagee of the Borrower Share Mortgage, shall have rights, among other things, to transfer to itself the Borrower Shares upon execution of the Borrower Share Mortgage and dispose of the Borrower Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, the terms of the Loan Agreement, including the interest rate applicable, were arrived at after arm's length negotiations between the Lender and the Borrower, having taken into account the prevailing market interest rates and practices. Based on the confirmation of SHK, the Loan Agreement was entered into by the Lender having regard to (i) the costs of borrowing in providing the Loan to the Borrower; (ii) the interest income to be generated by the Transaction; and (iii) the underlying securities. In addition, as advised and confirmed by SHK, the Transaction is part of the ordinary and usual course of business of the Lender. In view of the above, the SHK Directors are of the view that the terms of the Loan Agreement are on normal commercial terms and the Transaction is fair and reasonable, and in the interests of SHK and its shareholders taken as a whole.

Based on the information and the confirmation provided by SHK and to the best knowledge, information and belief of the APL Directors, the APL Directors consider that the Transaction is fair and reasonable and in the interests of APL and its shareholders taken as a whole.

Based on the information and the confirmation provided by SHK and to the best knowledge, information and belief of the AGL Directors, the AGL Directors consider that the Transaction is fair and reasonable and in the interests of AGL and its shareholders taken as a whole.

INFORMATION ABOUT AGL, APL, SHK, THE LENDER, THE BORROWER AND THE SECURING PARTY

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, elderly care services, the provision of finance and investments in listed and unlisted securities.

APL

APL 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 APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance 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 securities 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 consumer finance, principal investments, mortgage loans and financial services.

As at the date of this joint announcement, SHK is beneficially owned as to approximately 57.29% by APL.

The Lender

As advised and confirmed by SHK, the Lender is a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of SHK and is principally engaged in the provision of loan finance and securities trading. The Lender holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Borrower

As advised and confirmed by SHK, the Borrower is a company incorporated in the British Virgin Islands with limited liability. The principal business activity of the Borrower is investment holding.

The Securing Party

As advised and confirmed by SHK, the Securing Party is a company incorporated in Hong Kong with limited liability. The principal business activity of the Securing Party is investment holding.

LISTING RULES IMPLICATIONS

As the Lender is an indirect wholly owned subsidiary of SHK, which is an indirect non-wholly owned subsidiary of APL, which in turn is a non-wholly owned subsidiary of AGL, the Transaction entered into by the Lender shall be a transaction of each of SHK, APL and AGL under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction constitutes a discloseable transaction for SHK, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

The Transaction, on a stand-alone basis, does not constitute a notifiable transaction for APL, as none of the percentage ratio(s) exceeds 5%. However, the Transaction, when aggregated with the Previous Transaction in accordance with the Listing Rules, constitutes a discloseable transaction for APL, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

The Transaction, on a stand-alone basis and when aggregated with the Previous Transaction in accordance with the Listing Rules, constitutes a discloseable transaction for AGL, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGL”	Allied Group 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: 373);
“AGL Board”	the board of AGL Directors;
“AGL Directors”	directors of AGL;
“APL”	Allied Properties (H.K.) 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: 56) and a non-wholly owned subsidiary of AGL;
“APL Board”	the board of APL Directors;
“APL Directors”	directors of APL;
“Assignment”	the assignment dated 28 June 2018 created by the Securing Party in favour of the Lender of a shareholder’s loan in the amount of approximately HK\$711,000,000 owed by the Borrower to the Securing Party;
“Borrower”	the borrower under the Loan Agreement, the mortgagor under the Listed Company Share Mortgage, the chargor under the Debenture and a wholly owned subsidiary of the Securing Party;
“Borrower A”	the borrower in the Previous Transaction and an indirect non-wholly owned subsidiary of the Borrower;
“Borrower Shares”	the entire issued shares of the Borrower;

“Borrower Share Mortgage”	the mortgage dated 28 June 2018 created by the Securing Party in favour of the Lender as the mortgagee over the Borrower Shares;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Debenture”	the debenture dated 28 June 2018 created by the Borrower in favour of the Lender by way of a first fixed and floating charge over all the assets of the Borrower;
“HIBOR”	the Hong Kong Interbank Offered Rate for an interest period of one month for Hong Kong dollars;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Lender”	Sun Hung Kai Structured Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of SHK, being the lender under the Loan Agreement;
“Lender A”	AP Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of APL, being the lender in the Previous Transaction;
“Listed Company”	a company listed on the main board of the Stock Exchange;
“Listed Company Shares”	3,165,974,000 shares of the Listed Company;
“Listed Company Share Mortgage”	the mortgage dated 28 June 2018 created by the Borrower in favour of the Lender as the mortgagee over the Listed Company Shares and other security interests in the Securities Account;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Loan”	the loan in the amount of HK\$500,000,000, made available by the Lender to the Borrower on the terms and subject to the conditions set out in the Loan Agreement;
“Loan Agreement”	the loan agreement entered into between the Lender as lender and the Borrower as borrower on 28 June 2018;
“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;
“Previous Loan Agreement”	the loan agreement entered into between Lender A and Borrower A on 27 January 2016;
“Previous Supplemental Agreement(s)”	the supplemental agreements to the Previous Loan Agreement entered into between Lender A and Borrower A on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018 and 27 June 2018;
“Previous Transaction”	the transaction as contemplated under the Previous Loan Agreement which was supplemented by the Previous Supplemental Agreements;
“Securing Party”	the assignor under the Assignment and the mortgagor under the Borrower Share Mortgage;
“Securities Account”	the securities account in the name of the Borrower opened and maintained with SHKIS;
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 86) and an indirect non-wholly owned subsidiary of each of APL and AGL;
“SHK Board”	the board of SHK Directors;
“SHK Directors”	directors of SHK;

“SHKIS”	Sun Hung Kai Investment Services Limited, a company incorporated in Hong Kong with limited liability, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and a 30%-owned associate of SHK;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Loan Agreement; and
“%”	per cent.

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, 28 June 2018

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), Simon Chow Wing Charn and Peter Anthony Curry being the Executive Directors; Mr. Jonathan Andrew Cimino being the Non-Executive Director; and Mr. Evan Au Yang Chi Chun, Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Jacqueline Alee Leung and Mr. Peter Wong Man Kong being the Independent Non-Executive Directors.