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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
BUY-BACK OF SHARES BY UNITED ASIA FINANCE LIMITED**

As advised and confirmed by UAF, on 20 June 2019, UAF (an indirect non wholly-owned subsidiary of SHK) and the Vendor entered into the Agreement pursuant to which the Vendor conditionally agreed to sell and UAF conditionally agreed to buy back the Sale Shares, representing approximately 7.27% of the entire issued shares of UAF, for a consideration of JPY10,000,000,000 which shall be paid out of the distributable profits of UAF.

As UAF is an indirect non 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 UAF shall be a transaction of each of SHK, APL and AGL under the Listing Rules as the definition of “listed issuer” under Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction constitutes a discloseable transaction for each of SHK, APL and AGL on the basis that the relevant percentage ratio(s) of each of SHK, APL and AGL exceeds 5% but is below 25%.

Completion is subject to the satisfaction of the Conditions set out under the paragraph headed “Conditions precedent” and may or may not proceed. Accordingly, shareholders of SHK, APL and AGL, and prospective investors are reminded to exercise extreme caution when trading in the shares/securities of SHK, APL and AGL.

THE AGREEMENT

As advised and confirmed by UAF, on 20 June 2019, UAF (an indirect non wholly-owned subsidiary of SHK) and the Vendor entered into the Agreement pursuant to which the Vendor conditionally agreed to sell and UAF conditionally agreed to buy back the Sale Shares, representing approximately 7.27% of the entire issued shares of UAF, for a consideration of JPY10,000,000,000 which shall be paid out of the distributable profits of UAF.

Date

20 June 2019

Parties

Vendor: ORIX Asia Capital Limited

Purchaser: United Asia Finance Limited

As advised and confirmed by UAF, which has made all reasonable enquiries, and based on the confirmation of the Vendor, and to the best knowledge, information and belief of the SHK Directors, APL Directors and AGL Directors, having made all reasonable enquiries, other than the Vendor’s direct holding of the Sale Shares (i.e. approximately 7.27% of the entire issued shares of UAF), the Vendor and its respective ultimate beneficial owners are third parties independent of SHK, APL and AGL and their respective connected persons.

Asset to be acquired

As advised and confirmed by UAF, the Sale Shares represent approximately 7.27% of the entire issued shares of UAF. Details of UAF are set out in the paragraph headed “Information of UAF” below.

Consideration and payment

As advised and confirmed by UAF, the Consideration for the Sale Shares payable by UAF to the Vendor shall be JPY10,000,000,000 and will be settled by way of cash by UAF on the Completion Date.

As advised and confirmed by UAF, the Consideration was determined after arm's length negotiations between the Vendor and UAF, taking into account the book value attributable to the Sale Shares, percentage of the entire issued shares attributable to the Sale Shares and profit projection of UAF.

As advised and confirmed by UAF, the Consideration shall be paid out of the distributable profits of UAF.

Conditions precedent

As advised and confirmed by UAF, Completion is conditional upon fulfilment of all of the following Conditions on or before the Completion Date:

- (i) shareholders' resolutions of UAF authorising the execution of the Agreement by UAF and the Transaction, on which the Vendor shall abstain from voting, have been duly passed;
- (ii) board resolutions of the Vendor authorising the execution of the Agreement and the Completion by the Vendor of the Transaction in accordance with the constitutional documents of the Vendor, have been duly passed; and
- (iii) each of the Warranties shall remain true and accurate and not misleading in all material respects, as given on the date of the Agreement and as at Completion as if made on that date.

As advised and confirmed by UAF, UAF may, at its absolute discretion, waive any of the Conditions in (ii) and (iii) above. Each of UAF and the Vendor shall use their respective best endeavours to procure the fulfilment of all the Conditions.

Completion

As advised and confirmed by UAF, subject to the terms and conditions of the Agreement, Completion shall take place on the Completion Date.

As advised and confirmed by UAF, upon receipt of, among other things, the share certificate(s) in respect of the Sale Shares and letter(s) of resignation of all the existing director and alternate director of UAF nominated by the Vendor from the Vendor, UAF shall cancel the Sale Shares and update the register of members and the register of directors of UAF.

Completion is subject to the satisfaction of the Conditions set out under the paragraph headed “Conditions precedent” and may or may not proceed. Accordingly, shareholders of SHK, APL and AGL, and prospective investors are reminded to exercise extreme caution when trading in the shares/securities of SHK, APL and AGL.

INFORMATION OF UAF

As advised and confirmed by UAF, UAF is a company incorporated in Hong Kong with limited liability, an indirect non wholly-owned subsidiary of SHK, and is principally engaged in consumer financing. UAF holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

As advised and confirmed by UAF, as at the date of this joint announcement, UAF is beneficially owned as to approximately 58.18% by SHK. Upon Completion, UAF shall be beneficially owned as to approximately 62.74% by SHK.

As advised and confirmed by UAF, set out below is the financial information of UAF based on its audited financial statements for each of the two years ended 31 December 2017 and 31 December 2018, respectively:

	For the year ended 31 December 2017	For the year ended 31 December 2018
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3,096,181.7	3,392,495.5
Net profit before taxation	1,444,724.3	1,207,657.5
Net profit after taxation	1,163,749.6	1,001,444.0

The audited net asset value of UAF was approximately HK\$8,268,995,000 as at 31 December 2018.

INFORMATION OF AGL, APL, SHK AND THE VENDOR

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 61.64% by APL.

The Vendor

As advised and confirmed by UAF, the Vendor under the Agreement is a company incorporated in Hong Kong with limited liability and its principal business activities are investment holding and money lending.

As at the date of this joint announcement, the Vendor owns approximately 7.27% of the entire issued shares of UAF.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by UAF, UAF recorded revenue of HK\$3.4 billion and a net profit after taxation of HK\$1.0 billion for the year ended 31 December 2018.

As advised and confirmed by UAF, as at the date of this joint announcement, UAF is beneficially owned as to approximately 58.18% by SHK. Upon Completion, SHK's beneficial interest in UAF shall be increased to approximately 62.74%, which will improve the management and operational efficiency of UAF in implementing business decisions, developing strategies and enhancing the competitiveness of UAF.

As advised and confirmed by UAF, the terms of the Agreement were arrived at after arm's length negotiations between the Vendor and UAF. Based on the confirmation of UAF, as a result of the Transaction, the share of profits of UAF of its remaining shareholders will increase. In view of the above, the SHK Directors are of the view that the terms of the 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.

LISTING RULES IMPLICATIONS

As UAF is an indirect non 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 UAF shall be a transaction of each of SHK, APL and AGL under the Listing Rules as the definition of "listed issuer" under Chapter 14 of the Listing Rules shall include the listed issuer's subsidiaries.

The Transaction constitutes a discloseable transaction for each of SHK, APL and AGL on the basis that the relevant percentage ratio(s) of each of SHK, APL and AGL 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;
“Agreement”	the conditional sale and purchase agreement dated 20 June 2019 entered into between the Vendor as the vendor and UAF as the purchaser in respect of the sale and purchase of the Sale Shares;
“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;
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Agreement;
“Completion Date”	27 June 2019 or such other date as agreed between the Vendor and UAF in writing;
“Conditions”	the conditions set out under the paragraph headed “Conditions precedent” of this joint announcement;
“Consideration”	JPY10,000,000,000, being the total consideration for the sale and purchase of the Sale Shares;

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“JPY”	Japanese Yen, the lawful currency of Japan;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“Sale Shares”	12,500,000 issued and fully-paid ordinary shares in the capital of UAF representing approximately 7.27% of the entire issued shares of UAF prior to Completion to be sold by the Vendor to UAF pursuant to the Agreement;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Agreement;
“UAF”	United Asia Finance Limited (亞洲聯合財務有限公司), a company incorporated in Hong Kong with limited liability, an indirect non wholly-owned subsidiary of SHK, being the purchaser under the Agreement;
“Vendor”	ORIX Asia Capital Limited (歐力士亞洲資本有限公司), a company incorporated in Hong Kong with limited liability, being the vendor under the Agreement;

“Warranties” the representations and warranties made by the Vendor under the 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
Mark Wong Tai Chun
Executive Director

On behalf of the SHK Board
Sun Hung Kai & Co. Limited
Simon Chow Wing Charn
Executive Director

Hong Kong, 20 June 2019

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) and Mark Wong Tai Chun being the Executive Directors; Messrs. Arthur George Dew (Chairman) and Li Chi Kong being the Non-Executive Directors; 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) and Simon Chow Wing Charn being the Executive Directors; Messrs. Peter Anthony Curry and Jonathan Andrew Cimino being the Non-Executive Directors; and Mr. Evan Au Yang Chi Chun, Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Jacqueline Alee Leung being the Independent Non-Executive Directors.