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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)

Pursuant to rule 14.36 of the Listing Rules

JOINT ANNOUNCEMENT

DEED OF SETTLEMENT IN RESPECT OF LOAN TRANSACTION

Reference is made to the Previous Announcements in relation to a loan transaction between the Lender, an indirect wholly-owned subsidiary of SHK, the Borrower and the Guarantor.

As advised and confirmed by SHK, a judgment had been entered against, inter alia, the Borrower and the Guarantor for the indebtedness under the Loan Agreement as amended and/or supplemented by the Supplemental Agreements on 18th December, 2015.

As advised and confirmed by SHK, on 19th May, 2016, the Lender entered into the Deed of Settlement with the Borrower and the Guarantor, pursuant to which, the parties agreed to terminate the Loan Agreement as amended and/or supplemented by the Supplemental Agreements upon the Borrower having repaid the sum of HK\$325,000,000 on the date of the Deed of Settlement.

As advised and confirmed by SHK, immediately prior to the entering of the Deed of Settlement, HK\$400,000,000 of the loan principal remained outstanding and due for repayment by the Borrower to the Lender under the Loan Agreement as amended and/or supplemented by the Supplemental Agreements.

This joint announcement is made by AGL, APL and SHK pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Deed of Settlement constitutes termination of the transaction previously announced under the Previous Announcements.

Reference is made to the joint announcements of AGL and APL dated 17th June, 2013 and 8th May, 2014 and the joint announcement of AGL and SHK dated 5th March, 2015 (the “**Previous Announcements**”) in relation to a loan transaction between the Lender, an indirect wholly-owned subsidiary of SHK, the Borrower and the Guarantor.

As advised and confirmed by SHK, a judgment had been entered against, inter alia, the Borrower and the Guarantor for the indebtedness under the Loan Agreement as amended and/or supplemented by the Supplemental Agreements on 18th December, 2015.

As advised and confirmed by SHK, on 19th May, 2016, the Lender entered into the Deed of Settlement with the Borrower and the Guarantor, pursuant to which, the parties agreed to terminate the Loan Agreement as amended and/or supplemented by the Supplemental Agreements upon the Borrower having repaid the sum of HK\$325,000,000 on the date of the Deed of Settlement.

As advised and confirmed by SHK, immediately prior to the entering of the Deed of Settlement, HK\$400,000,000 of the loan principal remained outstanding and due for repayment by the Borrower to the Lender under the Loan Agreement as amended and/or supplemented by the Supplemental Agreements.

THE DEED OF SETTLEMENT

As advised and confirmed by SHK, on 19th May, 2016, the Deed of Settlement was entered into between the Lender, the Borrower and the Guarantor.

THE TERMS OF THE DEED OF SETTLEMENT

As advised and confirmed by SHK, pursuant to the Deed of Settlement, the parties have agreed, among other things, that upon the Borrower having repaid the sum of HK\$325,000,000 for the indebtedness under the Loan Agreement as amended and/or supplemented by the Supplemental Agreements on the date of the Deed of Settlement, the repayment obligation of the Borrower under the Loan Agreement as amended and/or supplemented by the Supplemental Agreements shall be deemed to have been satisfied and discharged in full and the Loan Agreement as amended and/or supplemented by the Supplemental Agreements shall be terminated.

As advised and confirmed by SHK, sufficient impairment allowance in relation to the outstanding indebtedness under the Loan Agreement as amended and/or supplemented by the Supplemental Agreements had been made for the year ended 31st December, 2015 and therefore the entering into of the Deed of Settlement will not have any negative impact on the profit or loss of SHK for the year ending 31st December, 2016.

REASONS FOR ENTERING INTO THE DEED OF SETTLEMENT

As advised and confirmed by SHK, in view of the financial condition of the Borrower and the Guarantor and taking into account the enforcement of the collaterals of the loan under the Loan Agreement as amended and/or supplemented by the Supplemental Agreements in the PRC through legal proceedings will be required and may take time, the SHK Directors are of the opinion that the entering into of the Deed of Settlement is more beneficial to SHK and its shareholders taken as a whole and the terms of the Deed of Settlement are fair and reasonable, and in the interests of SHK and its shareholders taken as a whole.

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

LISTING RULES IMPLICATIONS

This joint announcement is made by AGL, APL and SHK pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Deed of Settlement constitutes termination of the transaction previously announced under the Previous Announcements.

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 securities of which are listed on the main board of the Stock Exchange (Stock Code: 56 and Warrant Code: 1183) and a non wholly-owned subsidiary of AGL;
“APL Board”	the board of APL Directors;
“APL Directors”	directors of APL;
“Borrower”	the borrower under the Loan Agreement, the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement and the Fifth Supplemental Agreement;
“Deed of Settlement”	the deed of settlement entered into between the Lender, the Borrower and the Guarantor dated 19th May, 2016;
“Fifth Supplemental Agreement”	the fifth supplemental loan agreement to the Loan Agreement entered into between the Lender, the Borrower and the Guarantor on 5th March, 2015;
“Fourth Supplemental Agreement”	the fourth supplemental loan agreement to the Loan Agreement entered into between the Lender, the Borrower and the Guarantor on 8th May, 2014;

“Guarantor”	the guarantor under the Loan Agreement, the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement and the Fifth Supplemental Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Lender”	Itso Limited, a company incorporated in Hong Kong with limited liability, being the lender under the Loan Agreement, the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement and the Fifth Supplemental Agreement;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Agreement”	the loan agreement entered into between the Lender, the Borrower and the Guarantor dated 17th June, 2013;
“PRC”	the People’s Republic of China;
“Second Supplemental Agreement”	the second supplemental loan agreement to the Loan Agreement entered into between the Lender, the Borrower and the Guarantor on 16th January, 2014;
“SHK”	Sun Hung Kai & Co., 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: 86) and an indirect non wholly-owned subsidiary of each of AGL and APL;
“SHK Board”	the board of SHK Directors;
“SHK Directors”	directors of SHK;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

- “Supplemental Agreement” the supplemental loan agreement to the Loan Agreement entered into between the Lender, the Borrower and the Guarantor on 17th September, 2013;
- “Supplemental Agreements” the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement and the Fifth Supplemental Agreement; and
- “Third Supplemental Agreement” the third supplemental loan agreement to the Loan Agreement entered into between the Lender, the Borrower and the Guarantor on 23rd April, 2014.

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, 19th May, 2016

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 (Mr. Joseph Kamal Iskander as his alternate) being the Non-Executive Director; 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.