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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)

Discloseable Transaction
Extension of Loan Repayment Date

Discloseable Transaction
Extension of Loan Repayment Date



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 86)

(1) Discloseable Transaction
Extension of Loan Repayment Date
and
(2) Connected Transaction
Service Agreement

JOINT ANNOUNCEMENT

References are made to the Previous Announcements in relation to a loan transaction between the Lender (an indirect wholly-owned subsidiary of SHK), the Borrower, Guarantor A, Guarantor B and the Subsidiary. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements.

THE TRANSACTION

As advised and confirmed by SHK, on 25th May, 2017, the Lender entered into the Fourth Supplemental Loan Agreement with the Borrower, Guarantor A, Guarantor B and the Subsidiary, pursuant to which, the Lender agreed to, among other things, extend the repayment date of the Loan from 22nd May, 2017 to 22nd May, 2018. As at the date of the Fourth Supplemental Loan Agreement, HK\$700,000,000 of the Loan remained outstanding and due for repayment by the Borrower to the Lender.

THE ENGAGEMENT

As advised and confirmed by SHK and APL, in connection with the Fourth Supplemental Loan Agreement, on 25th May, 2017, the Lender entered into the Service Agreement with the Service Provider, pursuant to which, the Lender has agreed to engage the Service Provider to provide the Services on the terms and subject to the conditions therein. In consideration of the Service Provider successfully procuring the Borrower, Guarantor A, Guarantor B and the Subsidiary to enter into the Fourth Supplemental Loan Agreement with the Lender, the Lender has agreed to pay to the Service Provider the Fee within three business days from the date of the Fourth Supplemental Loan Agreement.

LISTING RULES IMPLICATIONS

In respect of the Transaction, as 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 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 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%.

As APL is a substantial shareholder of SHK, the Service Provider is an indirect wholly-owned subsidiary of APL and the Lender is an indirect wholly-owned subsidiary of SHK, each of APL and the Service Provider is a connected person of SHK. Accordingly, the Engagement constitutes a connected transaction of SHK under Chapter 14A of the Listing Rules. However, as each of the relevant percentage ratio(s) (other than the profits ratio) in respect of the Service Agreement is less than 5% for SHK, the Engagement is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A.76 of the Listing Rules.

References are made to the Previous Announcements in relation to a loan transaction between the Lender (an indirect wholly-owned subsidiary of SHK), the Borrower, Guarantor A, Guarantor B and the Subsidiary. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements.

THE TRANSACTION

As advised and confirmed by SHK, on 25th May, 2017, the Lender entered into the Fourth Supplemental Loan Agreement with the Borrower, Guarantor A, Guarantor B and the Subsidiary, pursuant to which, the Lender agreed to, among other things, extend the repayment date of the Loan from 22nd May, 2017 to 22nd May, 2018. As at the date of the Fourth Supplemental Loan Agreement, HK\$700,000,000 of the Loan remained outstanding and due for repayment by the Borrower to the Lender.

The Fourth Supplemental Loan Agreement

Date: 25th May, 2017

- Parties:
- (1) The Lender as the lender of the Fourth Supplemental Loan Agreement
 - (2) The Borrower as the borrower of the Fourth Supplemental Loan Agreement
 - (3) Guarantor A and Guarantor B as the guarantors of the Fourth Supplemental Loan Agreement
 - (4) The Subsidiary as a party to the Fourth Supplemental Loan Agreement

As at the date of this joint announcement, as advised and confirmed by SHK, which has made all reasonable enquiries and based on the confirmations of the Borrower, Guarantor A, Guarantor B, the Subsidiary, Chargor A and Chargor B, and to the best knowledge, information and belief of the AGL Directors, APL Directors and SHK Directors, having made all reasonable enquiries, the Borrower and its ultimate beneficial shareholders (those who are holding an interest of 10% or more of voting shares of the Borrower and their respective ultimate beneficial shareholders (where applicable)); Guarantor A, Guarantor B, the Subsidiary, Chargor A and Chargor B, are all third parties independent of SHK, APL and AGL and their respective connected persons.

The Terms of the Fourth Supplemental Loan Agreement

As advised and confirmed by SHK, pursuant to the Fourth Supplemental Loan Agreement, the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement has now been amended and supplemented, inter alia, as follows:

Fourth Supplemental Loan Agreement

Repayment date: 22nd May, 2018

Interest rate: (1) approximately 42% per annum for the first month from 22nd May, 2017; and

(2) 18% per annum thereafter

Save for the amendments made by the Fourth Supplemental Loan Agreement, the provisions of the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement and the rights and obligations thereunder shall remain in full force and effect.

THE ENGAGEMENT

The Service Agreement

As advised and confirmed by SHK and APL, in connection with the Fourth Supplemental Loan Agreement, on 25th May, 2017, the Lender entered into the Service Agreement with the Service Provider, pursuant to which, the Lender has agreed to engage the Service Provider to provide the Services on the terms and subject to the conditions therein.

In consideration of the Service Provider successfully procuring the Borrower, Guarantor A, Guarantor B and the Subsidiary to enter into the Fourth Supplemental Loan Agreement with the Lender, the Lender has agreed to pay to the Service Provider the Fee within three business days from the date of the Fourth Supplemental Loan Agreement.

INFORMATION ABOUT AGL, APL, SHK, THE LENDER, THE BORROWER, GUARANTOR A, GUARANTOR B, THE SUBSIDIARY, CHARGOR A, CHARGOR B AND THE SERVICE PROVIDER

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, mortgage loans, financial services and principal investments.

As at the date of this joint announcement, SHK is beneficially owned as to approximately 56.74% 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. The principal business activities of the Lender are 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 Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange. The principal business activities of the Borrower are research and development, manufacturing, production, distribution, sales and/or leasing of batteries, battery management systems, battery packs, battery charging equipment, energy storage system, and/or other related products or applications and/or electric vehicles and/or their related core components and/or providing solutions or consultation to energy storage and/or various battery or electric vehicle business projects and/or any ancillary businesses.

Guarantor A

As advised and confirmed by SHK, Guarantor A is an individual.

Guarantor B

As advised and confirmed by SHK, Guarantor B is an individual.

The Subsidiary

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

Chargor A

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

Chargor B

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

The Service Provider

As advised and confirmed by APL, the Service Provider is a company incorporated in the British Virgin Islands with limited liability, and is an indirect wholly-owned subsidiary of APL, and is principally engaged in property trading and holding, investment holding and consultancy services.

REASONS FOR AND BENEFITS OF THE TRANSACTION AND THE ENGAGEMENT

The Transaction

As advised and confirmed by SHK, the terms of the Fourth Supplemental 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 Fourth Supplemental Loan Agreement was entered into by the Lender having regard to (i) the costs of borrowing in extending the repayment date for the repayment of the Loan by 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 Fourth Supplemental 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.

The Engagement

As advised and confirmed by SHK and APL, the Service Provider has previously facilitated the relevant parties to enter into the Third Supplemental Loan Agreement by arranging and coordinating the negotiation between the parties. In view of the Service Provider's previous contribution and involvement in the Previous Renewal, the SHK Directors believe that by engaging the Service Provider, the Service Provider could smoothen the negotiation between the parties to the Fourth Supplemental Loan Agreement and provide effective assistance in securing the Transaction. The terms of the Service Agreement, including the Fee, were arrived at after arm's length negotiations between the Lender and the Service Provider having taken into account the amount of the Loan and the prevailing market practice.

In view of the above, the SHK Directors (including the independent non-executive directors) consider that the terms of the Engagement are fair and reasonable, the Engagement is on normal commercial terms or better, in the ordinary and usual course of business of the SHK Group and in the interests of SHK and its shareholders taken as a whole.

LISTING RULES IMPLICATIONS

Discloseable Transaction – The Transaction

As 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 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 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%.

Connected Transaction – The Engagement

As APL is a substantial shareholder of SHK, the Service Provider is an indirect wholly-owned subsidiary of APL and the Lender is an indirect wholly-owned subsidiary of SHK, each of APL and the Service Provider is a connected person of SHK. Accordingly, the Engagement constitutes a connected transaction of SHK under Chapter 14A of the Listing Rules. However, as each of the relevant percentage ratio(s) (other than the profits ratio) in respect of the Service Agreement is less than 5% for SHK, the Engagement is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A.76 of the Listing Rules.

Mr. Lee Seng Huang (executive director and group executive chairman of SHK) is one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with Mr. Lee Seng Hui, owns approximately 74.53% interest in the total number of shares in issue of AGL which in turn owns approximately 74.99% of the total number of shares in issue of APL. Accordingly, Mr. Lee Seng Huang is deemed to be interested in the Engagement and has abstained from voting on the relevant board resolutions of SHK.

DEFINITIONS

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

“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Engagement”	the arrangement contemplated under the Service Agreement;
“Fee”	the service fee of HK\$14,000,000 payable by the Lender to the Service Provider under the Service Agreement;
“Fourth Supplemental Loan Agreement”	the fourth supplemental loan agreement entered into between the Lender as the lender, the Borrower as the borrower, Guarantor A and Guarantor B as the guarantors and the Subsidiary dated 25th May, 2017, pursuant to which the Lender has agreed to, among other things, extend the repayment date for the Loan from 22nd May, 2017 to 22nd May, 2018;
“Previous Announcements”	the announcements dated 22nd December, 2014, 22nd September, 2015 and 22nd July, 2016 jointly made by AGL, APL and SHK;
“Previous Renewal”	the transaction contemplated under the Third Supplemental Loan Agreement;
“Service Agreement”	the service agreement entered into between the Lender as the lender and the Service Provider as the agent dated 25th May, 2017, pursuant to which the Lender has agreed to appoint the Service Provider to provide the Services;

“Service Provider”	AP Diamond Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of APL;
“Services”	to facilitate and coordinate the negotiation of the terms and details of the Fourth Supplemental Loan Agreement and to procure the signing of the Fourth Supplemental Loan Agreement between the Lender, the Borrower, Guarantor A, Guarantor B and the Subsidiary;
“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 AGL and APL;
“SHK Group”	SHK and its subsidiaries;
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules; and
“Transaction”	the transaction contemplated under the Fourth Supplemental Loan Agreement.

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, 25th May, 2017

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. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Jacqueline Alee Leung and Mr. Peter Wong Man Kong being the Independent Non-Executive Directors.