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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
CONNECTED TRANSACTION
LOAN TRANSACTION**

As advised and confirmed by SHK, on 23 October 2018, SHK Credit (an indirect non-wholly owned subsidiary of SHK) as lender entered into the Loan Agreement with Mr. Wong as borrower, pursuant to which, SHK Credit agreed to, among other things, make available to Mr. Wong the Loan on the terms and subject to the conditions therein.

As SHK Credit 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 SHK Credit 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.

As advised and confirmed by SHK, as at the date of this joint announcement, Mr. Wong is an independent non-executive director of SHK. Mr. Wong is therefore a connected person of each of SHK, APL and AGL and the Transaction will constitute a connected transaction for each of SHK, APL and AGL pursuant to Chapter 14A of the Listing Rules.

Since all the relevant percentage ratios (other than the profits ratio) in respect of the Transaction exceed 0.1% but less than 5%, the connected transaction is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

THE LOAN AGREEMENT

As advised and confirmed by SHK, on 23 October 2018, SHK Credit (an indirect non-wholly owned subsidiary of SHK) as lender entered into the Loan Agreement with Mr. Wong as borrower, pursuant to which, SHK Credit agreed to, among other things, make available to Mr. Wong the Loan on the terms and subject to the conditions therein.

Date: 23 October 2018

Parties: (1) SHK Credit as the lender for the Loan Agreement; and
(2) Mr. Wong as the borrower for the Loan Agreement.

Principal terms of the Loan Agreement

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

Loan Facilities: (1) a short term loan in the amount of HK\$10,000,000;
(2) an instalment loan in the amount of HK\$115,000,000;
and
(3) a term loan in the amount of HK\$30,000,000.

Loan A

Loan amount: HK\$10,000,000

Term: Six months from the date of drawdown of Loan A

Purpose: HK\$5,000,000 from Loan A shall be applied and used by Mr. Wong for settlement of deposit and part payment of the purchase price of the Property and the remaining HK\$5,000,000 from Loan A shall be applied and used by Mr. Wong for settlement of part of the Stamp Duty payable to the Inland Revenue Department in respect of the sale and purchase of the Property

Interest rate: 18% per annum

Loan B

Loan amount: HK\$115,000,000

Term: Twelve months from the date of drawdown of Loan B

Purpose: Loan B shall be applied and used by Mr. Wong for settlement of balance of the purchase price of the Property

Interest rate: 19.625% per annum for the 1st instalment

7.625% per annum for the 2nd to 12th instalment

Loan C

Loan amount: HK\$30,000,000

Term: Twelve months from the date of drawdown of Loan C

Purpose: Loan C shall be applied and used by Mr. Wong for the full repayment of Loan A and the working capital of his businesses

Interest rate: 7.625% per annum

Security for the Loan: First Legal Charge

First Legal Charge

As advised and confirmed by SHK, Loan B and Loan C are secured by the First Legal Charge, which shall be created by Mr. Wong in favour of SHK Credit. Loan A shall be secured by the First Legal Charge upon the formal completion of sale and purchase of the Property.

As advised and confirmed by SHK, SHK Credit, as mortgagee of the First Legal Charge, shall have rights, among other things, to sell, assign, call in, collect and convert into money or otherwise dispose of or deal with the Property or any interest therein upon the occurrence of any event of default or the occurrence of any event which may lead to a default by Mr. Wong.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

As advised and confirmed by SHK, as Mr. Wong, an independent non-executive director of SHK, is the borrower under the Loan Agreement, Mr. Wong was considered to have an interest in the Loan Agreement and the Transaction and had abstained from voting on the relevant resolutions of the SHK Board approving the Transaction. Save as disclosed above, none of the SHK Directors had any interest in the Loan Agreement and the Transaction and had abstained from voting on the relevant resolutions of the SHK Board.

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 (including the independent non-executive directors) consider that the terms of the Loan Agreement are on normal commercial terms and the Transaction is fair and reasonable, in the ordinary and usual course of business of SHK Credit, 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 (including the independent non-executive directors) consider that the terms of the Loan Agreement are on normal commercial terms and the Transaction is fair and reasonable, in the ordinary and usual course of business of SHK Credit, and in the interests of AGL and its shareholders taken as a whole.

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

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 61.43% by APL.

The Lender

As advised and confirmed by SHK, SHK Credit, the lender under the Loan Agreement, is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of mortgage loan finance. SHK Credit holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

As at the date of this joint announcement, SHK Credit is beneficially owned as to approximately 92.23% by SHK.

The Borrower

As advised and confirmed by SHK, Mr. Wong, the borrower under the Loan Agreement, is an independent non-executive director of SHK.

LISTING RULES IMPLICATIONS

As SHK Credit 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 SHK Credit 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.

As advised and confirmed by SHK, as at the date of this joint announcement, Mr. Wong is an independent non-executive director of SHK. Mr. Wong is therefore a connected person of each of SHK, APL and AGL and the Transaction will constitute a connected transaction for each of SHK, APL and AGL pursuant to Chapter 14A of the Listing Rules.

Since all of the relevant percentage ratios (other than the profits ratio) in respect of the Transaction exceed 0.1% but less than 5%, the connected transaction is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

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;
“connected person”	having the meaning ascribed to it under the Listing Rules;
“First Legal Charge”	The mortgage to be created by Mr. Wong in favour of SHK Credit by way of a first legal charge over the Property upon the formal completion of sale and purchase of the Property;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Inland Revenue Department”	The Hong Kong Inland Revenue Department;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Loan”	loan facilities consisting of Loan A, Loan B and Loan C, made available by SHK Credit to Mr. Wong on the terms and subject to the conditions set out in the Loan Agreement;
“Loan A”	a short term loan in the amount of HK\$10,000,000 to be made available by SHK Credit to Mr. Wong on the terms and subject to the conditions set out in the Loan Agreement;
“Loan B”	an instalment loan in the amount of HK\$115,000,000 to be made available by SHK Credit to Mr. Wong on the terms and subject to the conditions set out in the Loan Agreement;
“Loan C”	a term loan in the amount of HK\$30,000,000 to be made available by SHK Credit to Mr. Wong on the terms and subject to the conditions set out in the Loan Agreement;
“Loan Agreement”	the loan agreement entered into between SHK Credit as lender and Mr. Wong as borrower on 23 October 2018;
“Mr. Wong”	Mr. Peter Wong Man Kong, the independent non-executive director of SHK, being the borrower under the Loan Agreement and the mortgagor under the First Legal Charge;
“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;
“Property”	a residential property located in Deep Water Bay, Hong Kong;
“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 Credit”	Sun Hung Kai Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of SHK, being the lender under the Loan Agreement and the mortgagee under the First Legal Charge;
“SHK Directors”	directors of SHK;
“Stamp Duty”	Hong Kong ad valorem stamp duty;
“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
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, 23 October 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) 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, Ms. Jacqueline Alee Leung and Mr. Peter Wong Man Kong being the Independent Non-Executive Directors.