

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.



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 SHK, on 18th September, 2017, the Lender as the lender entered into the Loan Agreement with the Borrower as the 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 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%.

THE TRANSACTION

As advised and confirmed by SHK, on 18th September, 2017, the Lender as the lender entered into the Loan Agreement with the Borrower as the 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.

THE LOAN AGREEMENT

Date: 18th September, 2017

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, the Mortgagor, Guarantor A and Guarantor B, and to the best knowledge, information and belief of the SHK Directors, APL Directors and AGL Directors, having made all reasonable enquiries, the Borrower, the Mortgagor, Guarantor A, Guarantor B and the ultimate beneficial owner(s) of the Borrower and the Mortgagor, are all 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\$600,000,000, (i) the first drawdown of which shall be in the amount of HK\$210,000,000 (the “First Drawdown”); and (ii) the second drawdown of which shall be in the amount of HK\$390,000,000 (the “Second Drawdown”), and such amounts shall only be drawn within the availability period of the Loan
Term:	six months from the date of First Drawdown
Availability period:	the period commencing from 18th September, 2017 to 29th September, 2017 (both dates inclusive)
Purpose:	the Loan shall be applied and used by the Borrower for its corporate purposes

- Interest rate:
- (i) in respect of the amount of HK\$210,000,000 drawn under the First Drawdown, approximately 21% per annum for the first month from its drawdown date and 18% per annum thereafter; and
 - (ii) in respect of the amount of HK\$390,000,000 drawn under the Second Drawdown, 18% per annum

- Security for the Loan:
- (1) Deed of Guarantee;
 - (2) Share Mortgage A; and
 - (3) Share Mortgage B (if any)

The Deed of Guarantee

As advised and confirmed by SHK, Guarantor A and Guarantor B have agreed to guarantee the due and punctual performance of the obligations of the Borrower under the Loan Agreement.

Share Mortgage A

As advised and confirmed by SHK, the Loan is secured by Share Mortgage A created by the Mortgagor in favour of the Lender by way of first fixed mortgage of Shares A and other security interests in Securities Account A. The Lender, as mortgagee of Share Mortgage A, shall have rights, among other things, to dispose of Shares A upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

Share Mortgage B

As advised and confirmed by SHK, the Second Drawdown is conditional upon, among others, the Lender having received Share Mortgage B created by the Borrower in favour of the Lender by way of first fixed mortgage of Shares B and other security interests in Securities Account B, and thereafter the Loan shall be secured by Share Mortgage B. The Lender, as mortgagee of Share Mortgage B, shall have rights, among other things, to dispose of Shares B 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 the 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 the AGL and its shareholders taken as a whole.

INFORMATION ABOUT AGL, APL, SHK, THE LENDER, THE BORROWER, THE MORTGAGOR, GUARANTOR A AND GUARANTOR B

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 56.80% 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 activity of the Lender is the provision of loan finance. 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 BVI with limited liability and is an indirect wholly-owned subsidiary of the Mortgagor. The principal business activity of the Borrower is investment holding.

The Mortgagor

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

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.

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 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;
“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;
“Borrower”	the borrower under the Loan Agreement and the mortgagor under Share Mortgage B;
“BVI”	the British Virgin Islands;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Deed of Guarantee”	the irrevocable and unconditional guarantee executed by Guarantor A and Guarantor B in favour of the Lender;
“Guarantor A”	one of the guarantors under the Deed of Guarantee;
“Guarantor B”	one of the guarantors under the Deed of Guarantee;
“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”	Itso Limited, a company incorporated in Hong Kong with limited liability, being the lender under the Loan Agreement;
“Listco”	a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of HK\$600,000,000 made or to be 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 the lender and the Borrower as the borrower dated 18th September, 2017;
“Mortgagor”	the mortgagor under Share Mortgage A;
“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;
“Securities Account A”	the securities account in the name of the Mortgagor opened and maintained with SHKIS;
“Securities Account B”	the securities account in the name of the Borrower opened and maintained with SHKIS;
“Share Mortgage A”	the mortgage over Shares A and other security interests in Securities Account A dated 18th September, 2017 provided by the Mortgagor as the mortgagor in favour of the Lender as the mortgagee;
“Share Mortgage B”	the mortgage over Shares B and other security interests in Securities Account B to be or may be provided by the Borrower as the mortgagor in favour of the Lender as the mortgagee;
“Shares A”	110,512,492 issued shares of the Listco;
“Shares B”	198,741,641 issued shares of the Listco;
“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, 18th September, 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.