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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)



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
SUBSCRIPTION OF INTERESTS IN A PARTNERSHIP**

THE SUBSCRIPTION

As advised and confirmed by SHK, on 15 July 2024 (Hong Kong time) (after trading hours), the Subscriber (an indirect wholly owned subsidiary of SHK and an indirect non-wholly owned subsidiary of AGL) resolved to subscribe for limited partners interests in the Partnership with the commitment amount of EUR€54.2 million (equivalent to approximately HK\$460.7 million). In addition, on 15 July 2024 (Hong Kong time) (after trading hours), the Subscriber entered into the Partnership Agreement and the General Partner Shareholder Agreement, as amended and restated, to formalize the partnership between the Subscriber and Colony Investment.

As advised and confirmed by SHK, the Partnership, via its wholly owned subsidiaries, has executed a commitment to subscribe for preferred equity shares in a vehicle which in turn invests in preferred equity shares in the Target, one of Europe's largest hotel owners with over 700 owned or leased hotels in over 20 countries and totalling more than 100,000 rooms.

LISTING RULES IMPLICATIONS

As the Subscriber is an indirect wholly owned subsidiary of SHK, which is an indirect non-wholly owned subsidiary of AGL, the Transaction entered into by the Subscriber shall be regarded as a transaction for each of SHK 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.

SHK

As advised and confirmed by SHK, as one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction, together with the Previous Commitment, exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of SHK and is subject to the reporting and announcement requirements but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

AGL

As advised and confirmed by AGL, as one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction, together with the Previous Commitment, exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of AGL and is subject to the reporting and announcement requirements but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION

As advised and confirmed by SHK, on 15 July 2024 (Hong Kong time) (after trading hours), the Subscriber (an indirect wholly owned subsidiary of SHK and an indirect non-wholly owned subsidiary of AGL) resolved to subscribe for limited partners interests in the Partnership with the commitment amount of EUR€54.2 million (equivalent to approximately HK\$460.7 million). In addition, on 15 July 2024 (Hong Kong time) (after trading hours), the Subscriber entered into the Partnership Agreement and the General Partner Shareholder Agreement, as amended and restated, to formalize the partnership between the Subscriber and Colony Investment. The Partnership, via its wholly owned subsidiaries, has executed a commitment to subscribe for preferred equity shares in a vehicle which in turn invests in preferred equity shares in the Target, one of Europe’s largest hotel owners with over 700 owned or leased hotels in over 20 countries and totalling more than 100,000 rooms.

THE COMMITMENT AND THE PARTNERSHIP AGREEMENT

Date: 15 July 2024

Parties:

- (1) The Subscriber (an indirect wholly owned subsidiary of SHK and an indirect non-wholly owned subsidiary of AGL);
- (2) Colony Partner (100% owned by Colony Investment); and
- (3) The General Partner.

As advised and confirmed by SHK, and to the best knowledge, information and belief of SHK Directors and AGL Directors, after having made all reasonable enquiries, each of the Partnership, Colony Partner, the General Partner, Colony Investment, the Target and their respective ultimate beneficial owner(s) are third parties independent of SHK and AGL and their respective connected persons, except that SHK held 99% interest in the Partnership and 50% interest in the General Partner.

Commitment: The Subscriber resolved to subscribe for limited partners interests in the Partnership with the commitment amount of EUR€54.2 million (equivalent to approximately HK\$460.7 million).

The commitment amount will be funded by SHK's internal resources.

Management: The Partnership is managed by the General Partner, which has sole discretion to make investments on behalf of the Partnership and to exercise certain powers.

Profit sharing: All items of income or expense and capital gain or losses of the Partnership attributable to the investment, net of investment advisory fee and applicable tax, shall be apportioned in proportion to the Subscriber's and Colony Partner's respective sharing percentages.

Right of first offer: After the second anniversary from the date of the Partnership Agreement, if the Subscriber or Colony Partner intends to sell interests in the Partnership, it has to first notify the other party of the intended sale setting out the proposed sale price and details of the sale interests. The other party has the right to buy the sale interests. Drag along and tag along provisions commonly found in joint venture arrangements are contained in the Partnership Agreement.

Purpose of the Partnership: To establish a joint venture between two like-minded investors to carry on the business of identifying, negotiating, making, monitoring and realizing investments either directly or through one or more investment holding vehicles.

Purpose of the Commitment: This funding will enable the Partnership to meet its payment obligations related to the downstream preferred equity investment in the Target.

The cash contribution committed by the Subscriber corresponds with the interest that the Subscriber has in the Partnership, which was determined after arm's length negotiations between the parties, having considered the size and expected internal return of the underlying investment in the Target.

THE GENERAL PARTNER SHAREHOLDER AGREEMENT

Date: 15 July 2024

Parties: (1) The Subscriber;
(2) Colony Investment
(together the "GP Shareholders"); and
(3) The General Partner.

As advised and confirmed by SHK, to the best knowledge, information and belief of SHK Directors and AGL Directors, after having made all reasonable enquiries, each of the General Partner and Colony Investment and their respective ultimate beneficial owner(s) are third parties independent of SHK and AGL and their respective connected persons, except that SHK held 50% interest in the General Partner.

Purpose: To establish governance arrangements among GP Shareholders to ensure the prudent administration and management of the General Partner, which in turn oversees the investments of the Partnership.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, SHK is a leader in alternative investing in Hong Kong with investment across public markets, alternatives and real estate and has established track record of generating long-term risk adjusted returns for its shareholders. SHK leverages its internal expertise, external network and financial position to invest in attractive risk-adjusted opportunities. This investment in a leading, institutional scale platform, aligns with SHK's strategy to invest on a well-covered, downside protected basis while generating at attractive equity-like returns.

As advised and confirmed by SHK, based on the above, the SHK Directors consider that the Commitment, the terms of the Partnership Agreement and the General Partner Shareholder Agreement, and the Transaction are fair and reasonable and in the interests of SHK and its shareholders 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 Commitment, the terms of the Partnership Agreement and the General Partner Shareholder Agreement, and the Transaction are fair and reasonable and in the interests of AGL and its shareholders as a whole.

INFORMATION ABOUT AGL, SHK, THE SUBSCRIBER, THE PARTNERSHIP, COLONY INVESTMENT, COLONY PARTNER AND THE GENERAL PARTNER

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 development mainly comprising apartments, villas, office buildings and commercial properties, property investment, hospitality related activities, investment and operation of healthcare, hospital, eldercare and related businesses, provision of property management, cleaning and security guarding services, and the provision of finance, investments in listed and unlisted securities and funds management.

SHK

SHK 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 SHK is investment holding. The principal business activities of its major subsidiaries are credit which includes consumer finance, mortgage loans & private credit, and investment management & funds management.

As at the date of this joint announcement, SHK is beneficially owned as to approximately 73.50% by AGL.

The Subscriber

As advised and confirmed by SHK, the Subscriber is a company incorporated in Hong Kong with limited liability, which is an indirect wholly owned subsidiary of SHK and an indirect non-wholly owned subsidiary of AGL. The principal business activities of the Subscriber are investment holding, securities trading and financial services.

The Partnership

As advised and confirmed by SHK, the Partnership is a Luxembourg special limited partnership established and existing under the laws of Luxembourg. The Partnership is managed by the General Partner to carry on the business of holding, monitoring and realizing qualifying investments either directly or through one or more investment holding vehicles.

As advised and confirmed by SHK, the Partnership was established as a joint venture between the Subscriber, Colony Partner and the General Partner on 19 February 2024. As at the date of this joint announcement, the Partnership is owned as to 99% by the Subscriber, 1% by Colony Partner and less than 0.0001% by the General Partner. Since there was no material operations after the recent establishment of the Partnership, save and except for holding of investments, and no material profits or losses have been recorded. The net asset value of the Partnership is approximately equivalent to the Previous Commitment.

As advised and confirmed by SHK, as at the date of this joint announcement, the Partnership is a joint venture of each of SHK and AGL and will not be consolidated in the consolidated financial statements of each of SHK and AGL.

Colony Investment

As advised and confirmed by SHK, Colony Investment is a simplified joint stock company incorporated under the laws of France and a private equity and real estate investment manager focused on European real estate and asset backed operational businesses.

Colony Partner

As advised and confirmed by SHK, Colony Partner is a Luxembourg special limited partnership established and existing under the laws of Luxembourg and 100% owned by Colony Investment.

The General Partner

As advised and confirmed by SHK, the General Partner, a private limited liability company incorporated under the laws of Luxembourg, is the managing general partner of the Partnership. The General Partner was established as a joint venture between the Subscriber and Colony Investment and was owned as to 50% and 50% by the Subscriber and Colony Investment respectively on 22 February 2024. As at the date of this joint announcement, the shareholding percentage of the Subscriber and Colony Investment in the General Partner remains unchanged. As advised and confirmed by SHK, the General Partner is a joint venture of each of SHK and AGL and will not be consolidated in the consolidated financial statements of each of SHK and AGL.

LISTING RULES IMPLICATIONS

As the Subscriber is an indirect wholly owned subsidiary of SHK, which is an indirect non-wholly owned subsidiary of AGL, the Transaction entered into by the Subscriber shall be regarded as a transaction for each of SHK 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.

SHK

As advised and confirmed by SHK, as one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction, together with the Previous Commitment, exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of SHK and is subject to the reporting and announcement requirements but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules. Regarding the Previous Commitment, all the applicable percentage ratios (as defined in the Listing Rules) are less than 5%, the Previous Commitment did not constitute a notifiable transaction of SHK for the purpose of the Listing Rules.

AGL

As advised and confirmed by AGL, as one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction, together with the Previous Commitment, exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of AGL and is subject to the reporting and announcement requirements but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules. Regarding the Previous Commitment, all the applicable percentage ratios (as defined in the Listing Rules) are less than 5%, the Previous Commitment did not constitute a notifiable transaction of AGL for the purpose 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;
“Colony Investment”	Colony Investment Management SAS, a simplified joint stock company incorporated under the laws of France, a private equity and real estate investment manager wholly owned by Nadra Moussalem, a party independent of SHK and AGL and their respective connected persons;
“Colony Partner”	Colony Invest Platform I SCSP, a Luxembourg special limited partnership established and existing under the laws of Luxembourg and 100% owned by Colony Investment;
“Commitment”	the commitment amount of EUR€54.2 million (equivalent to approximately HK\$460.7 million) resolved by Subscriber to subscribe for limited partners interests in the Partnership on 15 July 2024 (Hong Kong time);
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“EUR€”	Euros, the lawful currency of the European Union Member States;
“General Partner”	Colony SHK Gen Par S.à r.l., a Luxembourg private limited liability company incorporated under the laws of Luxembourg and the general partner managing the Partnership;
“General Partner Shareholder Agreement”	the First Amended and Restated Shareholders’ Agreement relating to the General Partner dated 15 July 2024 (Hong Kong time) entered into between the Subscriber, Colony Investment and the General Partner for establishing governance arrangements among shareholders to ensure the prudent administration and management of the General Partner;
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Partnership”	Colony Sun Hung Kai Capital Solutions SCSp, a Luxembourg special limited partnership established and existing under the laws of Luxembourg;
“Partnership Agreement”	the Second Amended and Restated Limited Partnership Agreement relating to the Partnership dated 15 July 2024 (Hong Kong time) entered into between the Subscriber, Colony Partner and the General Partner for formation of the Partnership;
“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;
“Previous Commitment”	EUR€21.5 million, being the total commitment made to the Partnership within 12 months;
“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 AGL;
“SHK Board”	the board of SHK Directors;
“SHK Directors”	directors of SHK;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Sun Hung Kai Strategic Capital Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly owned subsidiary of SHK and an indirect non-wholly owned subsidiary of AGL;
“Target”	a public limited liability company incorporated under the laws of Luxembourg and a prominent, multinational hotel owner and operator with assets mostly based in Europe;

“Transaction” the transaction contemplated under the Commitment, the Partnership Agreement and the General Partner Shareholder Agreement;

“%” per cent.

On behalf of the AGL Board
Allied Group Limited
Edwin Lo King Yau
Executive Director

On behalf of the SHK Board
Sun Hung Kai & Co. Limited
Brendan James McGraw
Executive Director

Hong Kong, 15 July 2024

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), Mr. Akihiro Nagahara (Vice Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Lisa Yang Lai Sum and Mr. Kelvin Chau Kwok Wing 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 Brendan James McGraw being the Executive Directors; Messrs. Simon Chow Wing Charn and Peter Anthony Curry being the Non-Executive Directors; and Mr. Evan Au Yang Chi Chun, Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Vivian Alexa Kao, Ms. Jacqueline Alee Leung and Mr. Wayne Robert Porritt being the Independent Non-Executive Directors.

For the purpose of this joint announcement, conversion of EUR€ into HK\$ is based on the approximate exchange rate of EUR€1 to HK\$8.5003. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or EUR€ have been, could have been or may be converted at such or any other rate at all.