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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 CONTINUING CONNECTED TRANSACTION SERVICE AGREEMENT**

### **THE SERVICE AGREEMENT**

As advised and confirmed by SHK, on 31 December 2024, Caldisc (an indirect wholly-owned subsidiary of MIB, a Malaysian listed company) and SHK (an indirect non wholly-owned subsidiary of AGL) entered into the Service Agreement in relation to provision of staff and administrative services to SHK Group for a term of three years from 1 January 2025 to 31 December 2027 to support its businesses and the operations of its Australian subsidiary.

### **LISTING RULES IMPLICATIONS**

As at the date of this joint announcement, Mr. Lee is an executive director of SHK and also one of the trustees of the Lee and Lee Trust, being a discretionary trust which, together with Mr. Lee Seng Hui's personal interests, controls approximately 74.99% interest in the total number of shares in issue of AGL, which is indirectly interested in an aggregate of approximately 73.51% of the total number of shares in issue of SHK. Mr. Lee, together with his associates are directly and indirectly interested in approximately 71.66% of the total issued share capital of MIB, and none of such interests is indirectly held through AGL or SHK. Therefore, Caldisc, being an indirect wholly-owned subsidiary of MIB, is a connected person of each of SHK and AGL. As a result, the entering into of the Service Agreement by SHK constitutes a continuing connected transaction for each of SHK and AGL under the Listing Rules.

## **SHK**

As advised and confirmed by SHK, as more than one of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps exceed 0.1% but all are less than 5%, the entering into of the Service Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for SHK.

## **AGL**

As more than one of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps exceed 0.1% but all are less than 5%, the entering into of the Service Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for AGL.

## **THE SERVICE AGREEMENT**

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## **PRINCIPAL TERMS OF THE SERVICE AGREEMENT**

Date: 31 December 2024

Parties: (1) SHK; and  
(2) Caldisc

Term: Three years commencing from 1 January 2025 and expiring on 31 December 2027

Nature of transaction: SHK agreed to pay Caldisc Service Fees subject to the terms and conditions of the Service Agreement.

Payment terms in respect of the Services:

SHK agreed to pay Service Fees in the amount of Caldisc's Total Service Costs incurred in connection with providing the Services (determined using an appropriate allocation mechanism) plus local tax and applicable markup percentage on the Total Service Costs together with other applicable fees as agreed between SHK and Caldisc, which will be payable by SHK on a quarterly basis.

The Total Service Costs will be calculated on the basis of a reasonable and consistent methodology as agreed between SHK and Caldisc taking into consideration the following:

- (a) Costs incurred by Caldisc in connection with activities that provide no identifiable commercial benefit to SHK Group shall not be included in the calculation of Total Services Costs;
- (b) Total Service Costs shall exclude (i) interest expense on indebtedness not incurred specifically for SHK Group, (ii) restructuring costs, (iii) expenses of compliance (i.e. audits) imposed upon Caldisc which are not directly related to the activity in question, and (iv) income taxes;
- (c) Reasonable methods of allocation and apportionment of the Total Service Costs of a particular activity may include but are not limited to sales, total expenses, assets, manufacturing expenses, payroll, headcount, space utilized, and time spent. The costs incurred by supporting departments may be apportioned to other departments based on reasonable overall estimates, or such costs may be reflected in other departments' costs by means of application of reasonable departmental overhead rates based on full cost. The method of allocation of costs shall be applied consistently each year, unless a change in facts occurs which necessitates a change in the allocation method; and

- (d) Total Service Costs shall be exclusive of any local tax that may arise thereon.

The markup percentage varies among different types of the Services and would be determined consistent with the arm's length principle as required by applicable local statutes, regulations and guidelines and supported by benchmark studies of other comparable service providers, considering the functions performed and risks assumed by Caldisc.

The aggregate amount of the total Service Fees payable under the Service Agreement in each financial year shall not exceed the Annual Caps.

Particulars of the Services: Provision of staff for strategic planning, investment identification, accounting and book-keeping, executive services, company secretariat and compliance services, tax advisory services and other administrative support in Australia

Historical figures: The amount of fees paid and payable by SHK to Caldisc for staff and administrative services in support of SHK Group's business in Australia for the financial years ended 31 December 2022 and 2023 and the nine months ended 30 September 2024 were approximately A\$285,000 (equivalent to HK\$1,441,000), A\$235,000 (equivalent to HK\$1,184,000) and A\$145,000 (equivalent to HK\$733,000), respectively.

The historical figures of the service fees paid and payable by SHK reflected the actual level of the staff and administrative services in support of SHK Group's business in Australia that were provided by Caldisc.

Annual Caps and the basis  
of determining the same:

In determining the Annual Caps, besides taking into account the historical figures of the service fees paid and payable by SHK, the SHK Directors have also taken into consideration the existing and expected scale of SHK Group's operations in Australia, its anticipated business growth and the addition of the remuneration of those designated staff who provide the Services to SHK Group, the local tax and applicable markup percentage, and having done so, the Annual Caps for the financial years ending 31 December 2025, 2026 and 2027 shall be A\$1,292,000 (equivalent to HK\$6,526,000), A\$1,439,000 (equivalent to HK\$7,273,000) and A\$1,697,000 (equivalent to HK\$8,574,000), respectively.

Internal Control:

Caldisc will, at the reasonable request of SHK, produce records relating to the transactions and fee calculation pursuant to the terms under the Service Agreement and such amount shall be agreed with SHK. The finance department of each of SHK and AGL will carry out periodic review to identify the transactions that may be at risk of exceeding the Annual Caps and take appropriate measures in respect of such transactions.

As provided under the Service Agreement, if the aggregate amount of Service Fees payable in a financial year approaches the Annual Cap in respect of the financial year, the relevant member of the SHK Group receiving the Services will liaise with Caldisc to determine the following:

- (a) if the chargeable Services should continue to be provided for the remainder of the financial year; or
- (b) if the Annual Cap shall be increased for the Services to continue to be provided for the remainder of the financial year; and, if so, the relevant member of the SHK Group receiving the Services will give such notice in writing to Caldisc.

The audit committee and the auditor of each of SHK and AGL will conduct annual review on the pricing and the Annual Caps in respect of the Service Agreement. The independent non-executive directors of each of SHK and AGL will review the transactions under the Service Agreement to ensure that the transactions are entered into in the ordinary and usual course of business of SHK or AGL (as the case may be), on normal commercial terms, and the terms are fair and reasonable and in the interests of SHK, AGL and their respective shareholders as a whole (as the case may be).

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SERVICE AGREEMENT**

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. In recent years, it has extended its strategy to incubate, accelerate and support emerging asset managers in the Asia-Pacific region, including Australia. Leveraging the resources of Caldisc, a member of MIB operating in Australia, SHK Group can enjoy economies of scale brought by the sharing of the Services which will maximize cost efficiency by minimizing setup, overheads and fixed maintenance cost. In addition, since the designated staff of Caldisc is required only to devote part of their time to the affairs of SHK Group in the course of providing the Services, the SHK Directors consider that it is reasonable for SHK to be charged for the Services in the amount of Caldisc's Total Service Costs incurred in connection with providing the Services (determined using an appropriate allocation mechanism) plus local tax and applicable markup percentage on the Total Service Costs as agreed between SHK and Caldisc.

As advised and confirmed by SHK, the SHK Directors (including the independent non-executive SHK Directors) are of the view that the transactions contemplated under the Service Agreement are conducted in the ordinary and usual course of business of SHK, the Service Agreement was entered into after arm's length negotiations on normal commercial terms and that the terms of the Service Agreement (including the Annual Caps) are fair and reasonable so far as SHK and its shareholders are concerned and are 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 (including the independent non-executive AGL Directors) are of the view that the transactions contemplated under the Service Agreement are conducted in the ordinary and usual course of business of AGL, the Service Agreement was entered into after arm's length negotiations on normal commercial terms and that the terms of the Service Agreement (including the Annual Caps) are fair and reasonable so far as AGL and its shareholders are concerned and are in the interests of AGL and its shareholders as a whole.

## **INFORMATION ABOUT AGL, SHK AND CALDISC**

### **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 development and investment of residential, office and commercial properties, 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 73.51% by AGL.

### **Caldisc**

As advised and confirmed by SHK, Caldisc is a company incorporated in Australia with limited liability, which is an indirect wholly-owned subsidiary of MIB. Its principal business activities involve in the provision of corporate administrative services to members entities within MIB.

## **LISTING RULES IMPLICATIONS**

As at the date of this joint announcement, Mr. Lee, an executive director of SHK and also one of the trustees of the Lee and Lee Trust, being a discretionary trust which, together with Mr. Lee Seng Hui's personal interests, controls approximately 74.99% interest in the total number of shares in issue of AGL, which is indirectly interested in an aggregate of approximately 73.51% of the total number of shares in issue of SHK. Mr. Lee, together with his associates are directly and indirectly interested in approximately 71.66% of the total issued share capital of MIB, and none of such interests is indirectly held through AGL or SHK. Therefore, Caldisc, being an indirect wholly-owned subsidiary of MIB, is a connected person of each of SHK and AGL. As a result, the entering into of the Service Agreement by SHK constitutes a continuing connected transaction for each of SHK and AGL under the Listing Rules.

### **SHK**

As advised and confirmed by SHK, as more than one of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps exceed 0.1% but all are less than 5%, the entering into of the Service Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for SHK.

Mr. Lee has abstained from voting on the relevant board resolutions of SHK. None of the other SHK Directors has any material interest in the transactions contemplated under the Service Agreement and is required to abstain from voting on the board resolutions of SHK approving the transactions contemplated under the Service Agreement.

### **AGL**

As more than one of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps exceed 0.1% but all are less than 5%, the entering into of the Service Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for AGL.



Mr. Lee Seng Hui, an executive director and the chief executive of AGL, and Ms. Lee Su Hwei, a non-executive director of AGL, each of them being a trustee of the Lee and Lee Trust, have voluntarily abstained from voting on the relevant board resolutions of AGL approving the transactions contemplated under the Service Agreement although they were not considered by the AGL Board to be materially interested in the transactions. None of the other AGL Directors has any material interest in the transactions contemplated under the Service Agreement and is required to abstain from voting on the board resolutions of AGL approving the transactions contemplated under the Service Agreement.

## **DEFINITIONS**

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

“A\$”	Australian Dollar, a lawful currency of Australia;
“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;
“Annual Cap(s)”	the maximum annual transaction amount payable by SHK to Caldisc in respect of the Services for the three financial years ending 31 December 2027 or any of the said financial years;
“Caldisc”	Caldisc Pty Limited, a company incorporated in Australia with limited liability, which is an indirect wholly-owned subsidiary of MIB;
“connected persons”	having the meaning ascribed to it under the Listing Rules;

“Direct Costs”	such costs identified directly with the Services performed by Caldisc for the benefit of SHK Group, including costs for (i) cash compensation (i.e. salaries, severance payments and employment related on-costs), leave associated costs, bonuses, and travel expenses attributable to Caldisc’s employees directly engaged in performing the Services; (ii) materials and supplies directly consumed by Caldisc in performing the Services; (iii) other costs incurred specifically in connection with the performance of the Services by Caldisc for the benefit of SHK Group; and (iv) costs that are reasonably identified and agreed to be regarded as “Direct Costs” between SHK and Caldisc from time to time;
“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;
“Indirect Costs”	costs other than Direct Costs which are reasonably allocable to a particular activity undertaken by Caldisc in connection with its provision of the Services, including costs with respect to utilities, occupancy, and other overhead burdens of the departments employing the staff carrying out the Services and other applicable general and administrative expenses to the extent reasonably allocable to a particular activity of Caldisc in connection with its provision of the Services;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“MIB”	Mulpha International Berhad, a company incorporated in Malaysia, the shares of which are listed on Bursa Malaysia (Stock Code: 3905.KL), and a connected person of each of SHK and AGL;
“Mr. Lee”	Mr. Lee Seng Huang, an executive director of the SHK and one of the trustees of the Lee and Lee Trust;
“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;
“Services”	the services provided by Caldisc to SHK Group pursuant to the Service Agreement;
“Service Agreement”	a service agreement entered into between SHK and Caldisc on 31 December 2024 in relation to provision of the Services to SHK Group for a term of three years from 1 January 2025 to 31 December 2027 to support its businesses and the operations of its Australian subsidiary;
“Service Fees”	the service fees payable to Caldisc in relation to its provision of the Services to SHK Group under the Service Agreement;
“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;
“SHK Group”	SHK together with its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Total Service Costs” the sum of Direct Costs and Indirect Costs relating to the Services undertaken by Caldisc;

“%” 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, 31 December 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 A\$ into HK\$ is based on the approximate exchange rate of A\$1 to HK\$5.05. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or A\$ have been, could have been or may be converted at such or any other rate at all.*