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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)

SUPPLEMENTAL JOINT ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION SERVICE AGREEMENT

Reference is made to the joint announcement (the “**Joint Announcement**”) of Allied Group Limited (“**AGL**”) and Sun Hung Kai & Co. Limited (“**SHK**”) dated 31 December 2024 in relation to the Service Agreement between SHK and Caldisc for the provision of staff and administrative services to SHK Group in support of its businesses and operations in Australia. Unless the context requires otherwise, capitalised terms used in this supplemental joint announcement shall have the same meaning as defined under the Joint Announcement.

In addition to the information provided in the Joint Announcement, AGL and SHK would like to provide supplemental information about the pricing policies in relation to the Service Agreement and the basis on which the Annual Caps are determined.

PRICING POLICIES

As disclosed in the Joint Announcement, the Service Fees are 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.

As advised and confirmed by SHK, the applicable markup percentage ranges from 7.5% to 12% depending on the types of Services to be provided by Caldisc. The markup percentage is determined on an arm's length basis in accordance with applicable transfer pricing rules under the Organisation for Economic Co-operation and Development Transfer Pricing Guidelines and other applicable local statutes and regulations.

SHK has also compared, among other things, the price and terms of the provision of similar services in the same or nearby areas by other comparable independent third party service providers in the ordinary course of business to ensure that the markup percentage adopted under the Service Agreement was determined in accordance with the actual market circumstances (such as through conducting transfer pricing comparability analysis to calculate the arm's length range of markup percentage using the markup percentage adopted by independent third party service providers, so as to ensure that the markup percentage adopted under the Service Agreement will be within such range).

BASIS ON WHICH THE ANNUAL CAPS ARE DETERMINED

As advised and confirmed by SHK, the Annual Caps were increased as compared with the historical transaction amount mainly as a result of (a) the restructuring of SHK Group's office in Australia leading to the significant increase of outsourcing activities in certain specialised advisory services and additional operational services; and (b) the expected business growth resulting from the anticipated increase in investment opportunities which necessitates the engagement for the Services, and were determined based on the remuneration of the senior officers of Caldisc who shall provide the specialised advisory services under the Service Agreement, the historical figures reflecting the service fees for other general administrative services for which the Company has been engaging Caldisc in the preceding financial years, additional operational services for which the Company has to engage Caldisc under the Service Agreement following the restructuring of the Australian office of SHK Group, the applicable markup percentage ranging from 7.5% to 12% and local tax (if any).

Each of AGL and SHK confirms that the above information does not affect other information contained in the Joint Announcement, and the content contained therein remains correct and unchanged.

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, 13 January 2025

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.