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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
DISCLOSEABLE TRANSACTION
LOAN TRANSACTION

As advised and confirmed by SHK, on 17th June, 2016, the Lender (an indirect wholly-owned subsidiary of SHK) 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 AGL, APL and SHK 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 AGL, APL and SHK respectively on the basis that the relevant percentage ratio(s) of each of AGL, APL and SHK exceeds 5% but is below 25%.

INTRODUCTION

As advised and confirmed by SHK, on 17th June, 2016, the Lender (an indirect wholly-owned subsidiary of SHK) 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: 17th June, 2016

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 and the Chargor, and to the best knowledge, information and belief of the AGL Directors, APL Directors and SHK Directors, having made all reasonable enquiries, the Borrower, the Chargor and their respective ultimate beneficial owners, being those who are holding an interest of 10% or more of voting shares of the Borrower and their respective ultimate beneficial owners (where applicable), are all third parties independent of AGL, APL and SHK 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\$1,000,000,000

Term: 3 months from the drawdown date of the Loan

Purpose: the Loan shall be applied and used by the Borrower for its working capital

Interest rate: 1% per month

Non-refundable commitment fee: HK\$7,500,000

Security for the Loan: (1) the Debenture; and
(2) the Share Mortgage

The Debenture

As advised and confirmed by SHK, the Loan is secured by the Debenture by way of first fixed and floating charge over all the undertaking, property and assets of the Chargor created by the Chargor in favour of the Lender.

The Debenture and all security constituted or pursuant to the Debenture shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

The Share Mortgage

As advised and confirmed by SHK, the Loan is secured by the Share Mortgage by way of first fixed mortgage of the Shares created by the Borrower in favour of the Lender.

The Lender, as mortgagee of the Share Mortgage, shall have rights, among other things, to dispose of the Shares 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 and fee 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 AND THE CHARGOR

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, 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, 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 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 structured finance, consumer finance, mortgage loans and principal investments.

As at the date of this joint announcement, SHK is beneficially owned as to approximately 55.85% 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 activities of the Lender are provision of loan finance and securities trading. 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 with limited liability in the Cayman Islands and continued in Bermuda, the shares of which are listed on the main board of the Stock Exchange. The principal business activity of the Borrower is investment holding.

The Chargor

As advised and confirmed by SHK, the Chargor is a company incorporated in Hong Kong with limited liability, and is a direct wholly-owned subsidiary of the Borrower. The principal business activity of the Chargor is securities investment.

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 AGL, APL and SHK 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 AGL, APL and SHK respectively on the basis that the relevant percentage ratio(s) of each of AGL, APL and SHK 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 the Share Mortgage;
“Chargor”	the chargor under the Debenture, which is a direct wholly-owned subsidiary of the Borrower;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Debenture”	the debenture created by the Chargor in favour of the Lender by way of first fixed and floating charge over all the undertaking, property and assets of the Chargor;

“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”	Sun Hung Kai Structured Finance Limited, a company incorporated in Hong Kong with limited liability, being the lender under the Loan Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of HK\$1,000,000,000 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 17th June, 2016;
“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;
“Shares”	all issued shares of the Chargor;
“Share Mortgage”	the mortgage created by the Borrower as the mortgagor in favour of the Lender as the mortgagee over the Shares;
“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 each of AGL and APL;
“SHK Board”	the board of SHK Directors;

“SHK Directors”	directors 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, 17th June, 2016

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 (Mr. Joseph Kamal Iskander as his alternate) 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.