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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
LOAN TRANSACTION**

As advised and confirmed by the Lender, on 28 May 2019, the Lender (an indirect non-wholly owned subsidiary of SHK) as lender entered into the Previous Loan Agreement with the Borrower as borrower and the Guarantor as guarantor, pursuant to which, the Lender agreed to, among other things, make available to the Borrower a loan of up to HK\$100,000,000 on the terms and subject to the conditions therein.

As advised and confirmed by the Lender, on 26 November 2019, the Lender as lender entered into the Loan Agreement with the Borrower as borrower and the Guarantor as guarantor, 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 non-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 Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction, on a stand-alone basis and when aggregated with the Previous Transaction in accordance with the Listing Rules, constitutes a discloseable transaction for each of SHK and AGL on the basis that the relevant percentage ratio(s) of each of SHK and AGL exceeds 5% but is below 25%.

As advised and confirmed by APL, The Transaction, on a stand-alone basis and when aggregated with the Previous Transaction in accordance with the Listing Rules, does not constitute a notifiable transaction under Chapter 14 of the Listing Rules for APL on the basis that none of the applicable percentage ratio(s) exceeds 5%.

THE PREVIOUS LOAN AGREEMENT

As advised and confirmed by the Lender, on 28 May 2019, the Lender (an indirect non-wholly owned subsidiary of SHK) as lender entered into the Previous Loan Agreement with the Borrower as borrower and the Guarantor as guarantor, pursuant to which, the Lender agreed to, among other things, make available to the Borrower a loan of up to HK\$100,000,000 at the interest rate per annum of 8.12% for a period of twelve months from the first drawdown date thereunder on the terms and subject to the conditions therein for its general working capital.

THE LOAN AGREEMENT

As advised and confirmed by the Lender, on 26 November 2019, the Lender as lender entered into the Loan Agreement with the Borrower as borrower and the Guarantor as guarantor, 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.

Date: 26 November 2019

Parties:

- (1) the Lender as the lender for the Loan Agreement;
- (2) the Borrower as the borrower for the Loan Agreement; and
- (3) the Guarantor as the guarantor for the Loan Agreement.

As advised and confirmed by the Lender, which has made all reasonable enquiries, and based on the confirmations of the Borrower and the Guarantor, and to the best knowledge, information and belief of the SHK Directors and AGL Directors, having made all reasonable enquiries, the Borrower and its ultimate beneficial owner and the Guarantor are third parties independent of SHK and AGL and their respective connected persons.

Principal terms of the Loan Agreement

As advised and confirmed by the Lender, the principal terms of the Loan Agreement are as follows:

Loan amount:	HK\$380,000,000
Term:	Twelve months from the drawdown of the Loan
Purpose:	The Loan shall be applied and used by the Borrower for its general working capital
Interest rate:	(i) 6.802039% per annum for the first month from the drawdown date; and (ii) 6% per annum thereafter
Securities for the Loan:	Debenture

Debenture

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

The Debenture and all security constituted by 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.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by the Lender, the terms of the Loan Agreement, including the interest rate applicable, were arrived at after arm's length negotiations between the Lender, the Borrower and the Guarantor, having taken into account the prevailing market interest rates and practices. Based on the confirmation of the Lender, 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 the Lender, the Transaction is part of the ordinary and usual course of business of the Lender. As advised and confirmed by SHK, 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 the Lender and 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 AGL and its shareholders taken as a whole.

INFORMATION ABOUT AGL, SHK, THE LENDER, THE BORROWER AND THE GUARANTOR

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.

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 62.09% by APL.

The Lender

As advised and confirmed by the Lender, the Lender is a company incorporated in Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of SHK and is principally engaged in money lending. 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 the Lender, the Borrower is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of financial management and consultancy services. The Borrower holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Guarantor

As advised and confirmed by the Lender, the Guarantor is an individual, being the sole director and shareholder of the Borrower.

LISTING RULES IMPLICATIONS

As the Lender is an indirect non-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 Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction, on a stand-alone basis and when aggregated with the Previous Transaction in accordance with the Listing Rules, constitutes a discloseable transaction for each of SHK and AGL on the basis that the relevant percentage ratio(s) of each of SHK and AGL exceeds 5% but is below 25%.

As advised and confirmed by APL, The Transaction, on a stand-alone basis and when aggregated with the Previous Transaction in accordance with the Listing Rules, does not constitute a notifiable transaction under Chapter 14 of the Listing Rules for APL on the basis that none of the applicable percentage ratio(s) exceeds 5%.

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;
“Borrower”	BH Capitalink Development Limited, a company incorporated in Hong Kong with limited liability, being the borrower in the Previous Transaction and the Transaction;

“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Debenture”	the debenture dated 26 November 2019 created by the Borrower in favour of the Lender by way of a first fixed and floating charge over all the assets of the Borrower;
“Guarantor”	Mr. Lau Yau Cheung, the sole director and shareholder of the Borrower, being the guarantor under the Previous Loan Agreement and the Loan Agreement;
“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”	SHK Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of SHK, being the lender in the Previous Transaction and the Transaction;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of HK\$380,000,000, 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, the Borrower and the Guarantor on 26 November 2019;
“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 Loan Agreement”	the loan agreement entered into between the Lender, the Borrower and the Guarantor on 28 May 2019;
“Previous Transaction”	the transaction as contemplated under the Previous Loan Agreement;

“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;
“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 SHK Board
Sun Hung Kai & Co. Limited
Simon Chow Wing Charn
Executive Director

Hong Kong, 26 November 2019

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 SHK Board comprises Messrs. Lee Seng Huang (Group Executive Chairman) and Simon Chow Wing Charn being the Executive Directors; Mr. Peter Anthony Curry and Mr. Jonathan Andrew Cimino being the Non-Executive Directors; and Mr. Evan Au Yang Chi Chun, Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Jacqueline Alee Leung being the Independent Non-Executive Directors.