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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
EXTENSION OF LOAN REPAYMENT DATE**

Reference is made to the Previous Announcements in relation to a loan transaction between the Lender (an indirect wholly-owned subsidiary of SHK) as the lender and the Borrower as the borrower and the Previous Transactions.

As advised and confirmed by SHK, on 5 August 2019, the Lender entered into the Supplemental Loan Agreement with the Borrower, pursuant to which the Lender and the Borrower agreed to, among other things, extend the repayment date of the Loan from 28 June 2019 to 26 June 2020 on the terms and subject to the conditions therein. As at the date of the Supplemental Loan Agreement, the loan amount of HK\$500,000,000 remained outstanding and due to be repaid by the Borrower to the Lender.

The Previous Transactions

As advised and confirmed by APL, on 27 January 2016, Lender A (an indirect wholly-owned subsidiary of APL) as lender entered into the Previous Loan Agreement with Borrower A (an indirect non-wholly owned subsidiary of the Borrower) as borrower, pursuant to which, Lender A agreed to, among other things, make available to Borrower A a loan of up to HK\$150,000,000 on the terms and subject to the conditions therein.

As advised and confirmed by APL, on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018, 27 June 2018, 31 July 2018 and 31 August 2018, Lender A as lender entered into the Previous Supplemental Agreements with Borrower A as borrower, pursuant to which Lender A, among other things, accepted Borrower A's requests for extension of the repayment date for the loan under the Previous Loan Agreement up to 28 February 2019 on the terms and subject to the conditions therein. As at 31 August 2018, being the date of the last Previous Supplemental Agreement, the total amount of the loan under the Previous Loan Agreement remained outstanding and due for repayment by Borrower A to Lender A.

As advised and confirmed by APL, on 31 August 2018, Lender A, the New Lender (an indirect wholly-owned subsidiary of APL) and Borrower A entered into the Deed of Assignment, pursuant to which, Lender A as assignor agreed to sell, and the New Lender as assignee agreed to purchase, all of Lender A's right, title and interest under and in respect of the Previous Loan Agreement as supplemented by the Previous Supplemental Agreements upon the terms and subject to the conditions set out therein.

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 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 constitutes a discloseable transaction for SHK, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

The Transaction, on a stand-alone basis, does not constitute a notifiable transaction for APL, as none of the percentage ratio(s) exceeds 5%. However, the Transaction, when aggregated with the previous transaction contemplated under the Deed of Assignment in accordance with the Listing Rules, constitutes a discloseable transaction for APL, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

The Transaction, on a stand-alone basis and when aggregated with the previous transaction contemplated under the Deed of Assignment in accordance with the Listing Rules, constitutes a discloseable transaction for AGL, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

Reference is made to the Previous Announcements in relation to a loan transaction between the Lender (an indirect wholly-owned subsidiary of SHK) as the lender and the Borrower as the borrower and the Previous Transactions.

As advised and confirmed by SHK, on 5 August 2019, the Lender entered into the Supplemental Loan Agreement with the Borrower, pursuant to which the Lender and the Borrower agreed to, among other things, extend the repayment date of the Loan from 28 June 2019 to 26 June 2020 on the terms and subject to the conditions therein. As at the date of the Supplemental Loan Agreement, the loan amount of HK\$500,000,000 remained outstanding and due to be repaid by the Borrower to the Lender.

THE SUPPLEMENTAL LOAN AGREEMENT

Date: 5 August 2019

Parties: (1) the Lender; and
(2) the Borrower.

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

THE TERMS OF THE SUPPLEMENTAL LOAN AGREEMENT

As advised and confirmed by SHK, pursuant to the Supplemental Loan Agreement, upon satisfaction of all conditions precedent under the Supplemental Loan Agreement, the Loan Agreement will be amended and supplemented, inter alia, as follows:

Repayment date: 26 June 2020

Interest rate: (i) approximately 25.7% per annum for the first month from the date of drawdown of the Loan;
(ii) 13% per annum thereafter until 27 June 2019;
(iii) approximately 14.5% per annum for the period between 28 June 2019 and 27 July 2019; and
(iv) 14% per annum thereafter.

As advised and confirmed by SHK, save for the amendments in the Supplemental Loan Agreement, the provisions of the Loan Agreement and the rights and obligations thereunder shall remain in full force and effect.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, the terms of the Supplemental Loan Agreement, including the interest rates 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 Supplemental 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 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 Supplemental 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 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 AGL and its shareholders taken as a whole.

THE PREVIOUS TRANSACTIONS

As advised and confirmed by APL, on 27 January 2016, Lender A (an indirect wholly-owned subsidiary of APL) as lender entered into the Previous Loan Agreement with Borrower A (an indirect non-wholly owned subsidiary of the Borrower) as borrower, pursuant to which, Lender A agreed to, among other things, make available to Borrower A a loan of up to HK\$150,000,000 on the terms and subject to the conditions therein.

As advised and confirmed by APL, on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018, 27 June 2018, 31 July 2018 and 31 August 2018, Lender A as lender entered into the Previous Supplemental Agreements with Borrower A as borrower, pursuant to which Lender A, among other things, accepted Borrower A's requests for extension of the repayment date for the loan under the Previous Loan Agreement up to 28 February 2019 on the terms and subject to the conditions therein. As at 31 August 2018, being the date of the last Previous Supplemental Agreement, the total amount of the loan under the Previous Loan Agreement remained outstanding and due for repayment by Borrower A to Lender A.

As advised and confirmed by APL, on 31 August 2018, Lender A, the New Lender (an indirect wholly-owned subsidiary of APL) and Borrower A entered into the Deed of Assignment, pursuant to which, Lender A as assignor agreed to sell, and the New Lender as assignee agreed to purchase, all of Lender A's right, title and interest under and in respect of the Previous Loan Agreement as supplemented by the Previous Supplemental Agreements upon the terms and subject to the conditions set out therein.

INFORMATION ABOUT AGL, APL, SHK, THE LENDER, THE BORROWER AND THE SECURING PARTY

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.

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, elderly care services, 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 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 61.90% 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 and is principally engaged in the provision of loan financing 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 in the British Virgin Islands with limited liability. The principal business activity of the Borrower is investment holding.

The Securing Party

As advised and confirmed by SHK, the Securing Party is a company incorporated in Hong Kong with limited liability. The principal business activity of the Securing Party is investment holding.

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 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 constitutes a discloseable transaction for SHK, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

The Transaction, on a stand-alone basis, does not constitute a notifiable transaction for APL, as none of the percentage ratio(s) exceeds 5%. However, the Transaction, when aggregated with the previous transaction contemplated under the Deed of Assignment in accordance with the Listing Rules, constitutes a discloseable transaction for APL, as the relevant percentage ratio(s) exceeds 5% but is below 25%.

The Transaction, on a stand-alone basis and when aggregated with the previous transaction contemplated under the Deed of Assignment in accordance with the Listing Rules, constitutes a discloseable transaction for AGL, as the relevant percentage ratio(s) 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;
“Assignment”	the assignment dated 28 June 2018 created by the Securing Party in favour of the Lender of a shareholder’s loan in the amount of approximately HK\$711,000,000 owed by the Borrower to the Securing Party;
“Borrower”	the borrower under the Loan Agreement and the Supplemental Loan Agreement, the mortgagor under the Listed Company Share Mortgage, the chargor under the Debenture and a wholly-owned subsidiary of the Securing Party;

“Borrower A”	the borrower under the Previous Loan Agreement, as supplemented by the Previous Supplemental Agreements, a party to the Deed of Assignment and an indirect non-wholly owned subsidiary of the Borrower;
“Borrower Shares”	the entire issued shares of the Borrower;
“Borrower Share Mortgage”	the mortgage dated 28 June 2018 created by the Securing Party in favour of the Lender as the mortgagee over the Borrower Shares;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Debenture”	the debenture dated 28 June 2018 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;
“Deed of Assignment”	the deed of assignment entered into among Lender A as assignor, the New Lender as assignee and Borrower A dated 31 August 2018;
“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 and an indirect wholly-owned subsidiary of SHK, being the lender under the Loan Agreement and the Supplemental Loan Agreement;
“Lender A”	AP Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of APL, being the lender under the Previous Loan Agreement, as supplemented by the Previous Supplemental Agreements and the assignor under the Deed of Assignment;

“Listed Company”	a company listed on the main board of the Stock Exchange;
“Listed Company Shares”	3,165,974,000 shares of the Listed Company;
“Listed Company Share Mortgage”	the mortgage dated 28 June 2018 created by the Borrower in favour of the Lender as the mortgagee over the Listed Company Shares and other security interests in the Securities Account;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of HK\$500,000,000, made available by the Lender to the Borrower on the terms and subject to the conditions set out in the Loan Agreement, as amended by the Supplemental Loan Agreement;
“Loan Agreement”	the loan agreement entered into between the Lender as lender and the Borrower as borrower on 28 June 2018;
“New Lender”	AP Diamond Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of APL, being the assignee under the Deed of Assignment;
“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 Announcements”	the joint announcement of SHK, APL and AGL dated 28 June 2018 in relation to the transactions contemplated under the Loan Agreement and the joint announcement of AGL and APL dated 31 August 2018 in relation to the transactions contemplated under the Previous Transactions;
“Previous Loan Agreement”	the loan agreement entered into between Lender A and Borrower A on 27 January 2016;

“Previous Supplemental Agreement(s)”	the supplemental agreements to the Previous Loan Agreement entered into between Lender A and Borrower A on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018, 27 June 2018, 31 July 2018 and 31 August 2018;
“Previous Transactions”	the transactions contemplated under the Previous Loan Agreement, as supplemented by the Previous Supplemental Agreements and the transaction contemplated under the Deed of Assignment;
“Securing Party”	the assignor under the Assignment and the mortgagor under the Borrower Share Mortgage;
“Securities Account”	the securities account in the name of the Borrower opened and maintained with SHKIS;
“Supplemental Loan Agreement”	the supplemental loan agreement to the Loan Agreement entered into between the Lender and the Borrower on 5 August 2019;
“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;
“SHKIS”	Sun Hung Kai Investment Services Limited, a company incorporated in Hong Kong with limited liability, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and a 30%-owned associate of SHK;

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“Transaction” the transaction contemplated under the Supplemental 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
Mark Wong Tai Chun
Executive Director

On behalf of the SHK Board
Sun Hung Kai & Co. Limited
Simon Chow Wing Charn
Executive Director

Hong Kong, 5 August 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 APL Board comprises Messrs. Lee Seng Hui (Chief Executive) and Mark Wong Tai Chun being the Executive Directors; Messrs. Arthur George Dew (Chairman) and Li Chi Kong being the Non-Executive Directors; 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) and Simon Chow Wing Charn being the Executive Directors; Messrs. Peter Anthony Curry and 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.