

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 86)**

**CONTINUING CONNECTED TRANSACTION  
IN RESPECT OF LICENSING OF SIGNAGE SPACE  
AND REVISION OF ANNUAL CAPS**

**THE LICENSE AGREEMENT**

The Board announces that UAF, an indirect non wholly-owned subsidiary of the Company, and Jaffe entered into the License Agreement on 30 September 2021 for a term commencing on 1 October 2021 and expiring on 31 March 2022 (both days inclusive) pursuant to which Jaffe granted a license over the roof top signage space facing the north and south sides of China Online Centre to UAF for the purpose of LED display.

As the Transaction has been aggregated with the Previous Transactions as announced in the Previous Announcements for the Listing Rules purposes, the annual caps with respect to the Previous Transactions will be aggregated with the annual caps with respect to the License Agreement.

**LISTING RULES IMPLICATIONS**

UAF is an indirect non wholly-owned subsidiary of the Company. The Company is indirectly held as to approximately 72.97% by AGL which, in turn, indirectly owns 100% interest in Jaffe. Accordingly, Jaffe is regarded as a connected person of the Company under the Listing Rules and the Transaction constitutes a continuing connected transaction of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements under the Listing Rules.

The Transaction, on a standalone basis, is exempted from the reporting, announcement and independent shareholders' approval requirements as all applicable percentage ratios are less than 0.1%. However, the Transaction, when aggregated with the Previous Transactions, shall be subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as the applicable percentage ratios exceed 0.1% but all are less than 5%.

Details of the Master Lease Agreement, the Sub-tenancy Agreement, the License Agreement and the transactions contemplated thereunder will be included in the next published annual report of the Company in accordance with Rule 14A.49 of the Listing Rules.

References are made to the Previous Announcements in relation to, among other things, the Master Lease Agreement and the Sub-tenancy Agreement.

## **THE LICENSE AGREEMENT**

The Board announces that UAF, an indirect non wholly-owned subsidiary of the Company, and Jaffe entered into the License Agreement on 30 September 2021 for a term commencing on 1 October 2021 and expiring on 31 March 2022 (both days inclusive) pursuant to which Jaffe granted a license over the roof top signage space facing the north and south sides of China Online Centre to UAF for the purpose of LED display.

The License Fee payable by UAF to Jaffe during the term of the License Agreement shall be HK\$150,000 per month. The License Fee was determined with reference to the prevailing market conditions and the license fee levels of similar roof top signage spaces in the vicinity of China Online Centre, where opinion from an independent professional valuer has been sought to confirm that the License Fee is fair and reasonable.

## **ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES**

The Transaction is a lease based on the definition under HKFRS 16 “Leases”. The Company applies the short term lease exemption to the Transaction which has a lease term of 12-months or less since commencement and hence the payments of License Fee are recognised as expenses in the consolidated statement of profit or loss of the Group. As such, the Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The Company is required to set annual caps with respect to the Transaction pursuant to Rule 14A.53 of the Listing Rules.

## **THE PREVIOUS TRANSACTIONS**

### **The Master Lease Agreement**

As disclosed in the announcement of the Company dated 1 December 2020, the Company as lessee and Art View (a company which is indirectly owned as to 50% by AGL) as lessor entered into the Master Lease Agreement on 1 December 2020 whereby any member of the Group may continue, amend or renew the existing leases or enter into new leases in relation to Allied Kajima Building with Art View from time to time during the period commencing on 1 January 2021 and ending on 31 December 2023 (both days inclusive) subject to annual caps.

### **The Sub-tenancy Agreement**

As disclosed in the announcement of the Company dated 1 April 2021, UAF as lessee and AGL as lessor entered into the Sub-tenancy Agreement on 1 April 2021 for a term commencing on 1 April 2021 and expiring on 31 March 2023 (both days inclusive) pursuant to which AGL sub-leased a portion of 24/F of Allied Kajima Building and the rights of usage of the ancillary facilities of 23/F of Allied Kajima Building to UAF.

The Previous Transactions and the Transaction have been aggregated for the Listing Rules purposes on the basis that they all relate to properties leased or licensed by AGL or its associates to the Group.

## **AGGREGATED AND REVISED ANNUAL CAPS**

The annual caps with respect to the License Agreement for each of the two years ending 31 December 2022 are HK\$750,000 and HK\$750,000 respectively, which has been determined based on (i) the amount of License Fee and (ii) the contemplated electricity charges of approximately HK\$100,000 per month for operating the LED display.

As the Transaction has been aggregated with the Previous Transactions for the Listing Rules purposes, the annual caps with respect to the Previous Transactions will be aggregated with the annual caps with respect to the License Agreement, and the revised annual caps with respect to the aggregated transactions for the three years ending 31 December 2023 are set out below:

	<b>For the years ending</b>		
	<b>31 December 2021 (HK\$)</b>	<b>31 December 2022 (HK\$)</b>	<b>31 December 2023 (HK\$)</b>
Annual caps with respect to:			
– Master Lease Agreement	78,576,000	15,865,000	12,443,000
– Sub-tenancy Agreement	184,000	269,000	68,000
– License Agreement	750,000	750,000	–
	<u>79,510,000</u>	<u>16,884,000</u>	<u>12,511,000</u>
<b>Aggregated annual caps</b>	<b><u>79,510,000</u></b>	<b><u>16,884,000</u></b>	<b><u>12,511,000</u></b>

## **REASONS FOR AND BENEFITS OF THE TRANSACTION AND REVISION OF ANNUAL CAPS**

As UAF principally engages in the business of money lending and consumer finance, the licensing of the roof top signage space of China Online Centre is for the continuing marketing and promotional needs of UAF. The Directors (including the Independent Non-Executive Directors) are of the view that the License Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the License Agreement as well as the annual caps with respect to the aggregated transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

UAF is an indirect non wholly-owned subsidiary of the Company. The Company is indirectly held as to approximately 72.97% by AGL which, in turn, indirectly owns 100% interest in Jaffe. Accordingly, Jaffe is regarded as a connected person of the Company under the Listing Rules and the Transaction constitutes a continuing connected transaction of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements under the Listing Rules.

The Transaction, on a standalone basis, is exempted from the reporting, announcement and independent shareholders' approval requirements as all applicable percentage ratios are less than 0.1%. However, the Transaction, when aggregated with the Previous Transactions, shall be subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as the applicable percentage ratios exceed 0.1% but all are less than 5%.

Details of the Master Lease Agreement, the Sub-tenancy Agreement, the License Agreement and the transactions contemplated thereunder will be included in the next published annual report of the Company in accordance with Rule 14A.49 of the Listing Rules.

As at the date of this announcement, Mr. Lee Seng Huang (the Group Executive Chairman and an Executive Director of the Company), Mr. Lee Seng Hui and Ms. Lee Su Hwei are the trustees of Lee and Lee Trust, being a discretionary trust which together with the personal interest of Mr. Lee Seng Hui, controls approximately 74.96% interest in the total number of shares in issue of AGL. Accordingly, Mr. Lee Seng Huang is deemed to be interested in the Transaction and has abstained from voting on the relevant board resolutions of the Company.

## **INFORMATION ABOUT THE COMPANY, UAF, AGL AND JAFFE**

### **The Company**

The Company is 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 the Company is investment holding. The principal business activities of its major subsidiaries are financing which includes consumer finance, specialty finance & mortgage loans, and investment management & funds management.

As at the date of this announcement, the Company is beneficially owned as to approximately 72.97% by AGL.

### **UAF**

UAF is a company incorporated in Hong Kong with limited liability and an indirect non wholly-owned subsidiary of the Company. The principal business activity of UAF is money lending and consumer finance.

## **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, provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, the provision of finance and investments in listed and unlisted securities.

## **Jaffe**

Jaffe is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of AGL. The principal business activity of Jaffe is property holding.

## **DEFINITIONS**

“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), being a substantial shareholder of the Company
“Allied Kajima Building”	Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, which is owned as to 100% by Art View
“Art View”	Art View Properties Limited, a company incorporated in Hong Kong with limited liability, which is indirectly owned as to 50% by AGL
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Online Centre”	China Online Centre, No. 333 Lockhart Road, Wanchai, Hong Kong, which is owned as to 100% by Jaffe
“Company”	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 a non wholly-owned subsidiary of AGL

“connected person”	having the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jaffe”	Jaffe Development Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of AGL
“License Agreement”	the license agreement dated 30 September 2021 entered into between UAF and Jaffe for a term commencing on 1 October 2021 and expiring on 31 March 2022 (both days inclusive) pursuant to which Jaffe granted a license over the roof top signage space facing the north and south sides of China Online Centre to UAF for the purpose of LED display
“License Fee”	the license fee (inclusive of management fee but exclusive of government rates and electricity charges, etc.) payable by UAF to Jaffe under the License Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Lease Agreement”	the master lease agreement dated 1 December 2020 entered into between the Company as lessee and Art View as lessor for a term commencing on 1 January 2021 and ending on 31 December 2023 (both days inclusive)
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.08 of the Listing Rules to be applied for determining the classification of a transaction
“Previous Announcements”	the announcements of the Company dated 1 December 2020 and 1 April 2021

“Previous Transactions”	the transactions contemplated under the Master Lease Agreement and the Sub-tenancy Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-tenancy Agreement”	the sub-tenancy agreement dated 1 April 2021 entered into between UAF and AGL for a term commencing on 1 April 2021 and expiring on 31 March 2023 (both days inclusive) pursuant to which a portion of 24/F of Allied Kajima Building and the rights of usage of the ancillary facilities of 23/F of Allied Kajima Building was sub-leased by AGL to UAF
“Transaction”	the transaction contemplated under the License Agreement
“UAF”	United Asia Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect non wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board  
**Sun Hung Kai & Co. Limited**  
**Simon Chow Wing Charn**  
*Executive Director*

Hong Kong, 30 September 2021

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Messrs. Lee Seng Huang (*Group Executive Chairman*) and Simon Chow Wing Charn

*Non-Executive Director:*

Mr. Peter Anthony Curry

*Independent Non-Executive Directors:*

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