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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)**

**SHK** 新工投資有限公司  
**Hong Kong Industries Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 666)**

*The Offeror*

**BRIGHT CLEAR LIMITED**

**(晴輝有限公司)**

*(Incorporated in the British Virgin Islands with limited liability)*

**JOINT ANNOUNCEMENT**

- (1) PROPOSED PRIVATISATION OF SHK IND  
BY THE OFFEROR  
BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)  
IN THE FORM OF A TAKEOVER OFFER**
- (2) PROPOSED WITHDRAWAL OF LISTING OF SHK IND SHARES  
AND**
- (3) RESUMPTION OF TRADING IN SHARES OF  
AGL AND SHK IND**

*Financial Adviser to the Offeror*



**YU MING INVESTMENT MANAGEMENT LIMITED**  
禹銘投資管理有限公司

*Independent Financial Adviser to SHK IND*



**PELICAN FINANCIAL**  
百利勤金融

## **INTRODUCTION**

After trading hours of the Stock Exchange on 11th December, 2020, the Offeror, an indirect wholly-owned subsidiary of AGL, requested the SHK IND Board to put forward the Proposal to the Scheme Shareholders which will involve the proposed privatisation of SHK IND by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme) involving cancellation of all the Scheme Shares and allotment and issue of new SHK IND Shares to the Offeror.

As at the Last Trading Date, AGL, indirectly through the Offeror, held approximately 74.978% of the total number of shares in issue of SHK IND.

Upon completion of the Proposal,

- (i) all Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment of the Scheme Consideration of HK\$0.21 in cash for each Scheme Share to be paid by the Offeror;
- (ii) the issued share capital of SHK IND will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of SHK IND will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new SHK IND Shares as the number of Scheme Shares cancelled;
- (iii) AGL will, indirectly through the Offeror, own 100% of the total number of shares in issue of SHK IND; and
- (iv) SHK IND will apply to the Stock Exchange for the withdrawal of the listing of the SHK IND Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

## **THE PROPOSAL**

Under the Proposal, if the Scheme becomes unconditional, the Scheme Shareholders will receive from the Offeror the Scheme Consideration of HK\$0.21 in cash for each Scheme Share, as consideration for the cancellation of the Scheme Shares held as at the Effective Date.

### **The Scheme Consideration will not be increased.**

The Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed “The Proposal – Conditions of the Proposal” below. All Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse.

## **FINANCIAL RESOURCES**

Payment of the Scheme Consideration under the Scheme by the Offeror will be funded first by the internal cash resources of the AGL Group, and then by the unsecured and interest-free Facility granted by Mr. Lee to the Offeror pursuant to the Facility Agreement, if required.

As Mr. Lee is the chief executive and an executive director of AGL, the provision of the Facility constitutes a connected transaction for AGL under the Listing Rules. Since the Facility is conducted on normal commercial terms or better and is not secured by the assets of the AGL Group, it constitutes a fully-exempt connected transaction for AGL pursuant to Rule 14A.90 of the Listing Rules.

Yu Ming, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of Scheme Consideration required to effect the Proposal.

## **LISTING RULES IMPLICATIONS FOR AGL**

As none of the applicable percentage ratios in respect of the Proposal exceeds 5%, the implementation of the Proposal is not a notifiable transaction for AGL under Chapter 14 of the Listing Rules and is therefore not subject to any reporting, announcement, circular or shareholders' approval requirements under Chapter 14 of the Listing Rules. This joint announcement is issued by AGL pursuant to the requirements of the Takeovers Code only.

## **WITHDRAWAL OF LISTING OF SHK IND SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new SHK IND Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. SHK IND will apply to the Stock Exchange for the withdrawal of the listing of the SHK IND Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the SHK IND Shares and the day on which the Scheme and the withdrawal of the listing of the SHK IND Shares on the Stock Exchange will become effective.

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the SHK IND Shares on the Stock Exchange will not be withdrawn.

## **SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal (including the Scheme), an explanatory statement, the expected timetable relating to the Proposal, the recommendation of the Independent Board Committee, the letter of advice from the Independent SHK IND Financial Adviser and notices of the Court Meeting and the General Meeting will be despatched to the SHK IND Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT SHK IND FINANCIAL ADVISER**

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, a board which receives an offer must, in the interests of shareholders, establish an independent committee of the board to make a recommendation as to whether the offer is, or is not, fair and reasonable and as to acceptance or voting, and the members of the independent board committee should comprise all non-executive directors who have no direct or indirect interest in the offer.

The SHK IND Board currently has one non-executive director and three independent non-executive directors. Mr. Arthur George Dew, a non-executive director of SHK IND, is also the chairman and a non-executive director of AGL. In order to avoid any perceived conflict of interests, Mr. Arthur George Dew has refrained from joining the Independent Board Committee.

The Independent Board Committee comprising Mr. Albert Ho, Mr. Peter Lee Yip Wah and Mr. Louie Chun Kit has been formed to advise the Disinterested Scheme Shareholders on the Proposal and as to voting. The recommendation of the Independent Board Committee as to whether the Proposal is or is not fair and reasonable, and as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the General Meeting, will be set out in the Scheme Document.

Pelican Financial Limited has been appointed as the Independent SHK IND Financial Adviser to advise the Independent Board Committee and the Disinterested Scheme Shareholders on the Proposal and as to voting, and such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from the Independent SHK IND Financial Adviser as to whether the Proposal is or is not fair and reasonable, and as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the General Meeting, will be set out in the Scheme Document.

## **SUSPENSION AND RESUMPTION OF TRADING IN SHARES OF AGL AND SHK IND**

At the request of AGL, trading in the AGL Shares on the Stock Exchange was suspended from 9:00 a.m. on 14th December, 2020, pending the issue of this joint announcement. An application has been made by AGL to the Stock Exchange for the resumption of trading in the AGL Shares on the Stock Exchange with effect from 9:00 a.m. on 21st December, 2020.

At the request of SHK IND, trading in the SHK IND Shares on the Stock Exchange was suspended from 9:00 a.m. on 14th December, 2020, pending the issue of this joint announcement. An application has been made by SHK IND to the Stock Exchange for the resumption of trading in the SHK IND Shares on the Stock Exchange with effect from 9:00 a.m. on 21st December, 2020.

## **WARNINGS**

**AGL Shareholders and potential investors of AGL should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. AGL Shareholders and potential investors of AGL should therefore exercise caution when dealing in securities of AGL. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

**SHK IND Shareholders and potential investors of SHK IND should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. SHK IND Shareholders and potential investors of SHK IND should therefore exercise caution when dealing in securities of SHK IND. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

**This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of SHK IND in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or rejection of the Proposal should be made only on the basis of information in the Scheme Document.**

**The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Details in relation to overseas shareholders of SHK IND will be contained in the Scheme Document.**

## **INTRODUCTION**

After trading hours of the Stock Exchange on 11th December, 2020, the Offeror, an indirect wholly-owned subsidiary of AGL, requested the SHK IND Board to put forward the Proposal to the Scheme Shareholders which will involve the proposed privatisation of SHK IND by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme) involving cancellation of all the Scheme Shares and allotment and issue of new SHK IND Shares to the Offeror.

As at the Last Trading Date, AGL, indirectly through the Offeror, held approximately 74.978% of the total number of shares in issue of SHK IND.

Upon completion of the Proposal,

- (i) all Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment of the Scheme Consideration of HK\$0.21 in cash for each Scheme Share to be paid by the Offeror;
- (ii) the issued share capital of SHK IND will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of SHK IND will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new SHK IND Shares as the number of Scheme Shares cancelled;
- (iii) AGL will, indirectly through the Offeror, own 100% of the total number of shares in issue of SHK IND; and
- (iv) SHK IND will apply to the Stock Exchange for the withdrawal of the listing of the SHK IND Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

## **THE PROPOSAL**

### **The Scheme Consideration**

Under the Proposal, if the Scheme becomes unconditional, the Scheme Shareholders will receive from the Offeror the Scheme Consideration of HK\$0.21 in cash for each Scheme Share, as consideration for the cancellation of the Scheme Shares held as at the Effective Date.

As at the date of this joint announcement, SHK IND has 4,111,704,320 SHK IND Shares in issue. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by SHK IND. SHK IND does not have any outstanding dividends declared and has no intention to declare such dividend prior to completion of the Proposal.

### **No price increase statement**

The Scheme Consideration will not be increased.

## **Comparisons of value**

The Scheme Consideration of HK\$0.21 per Scheme Share represents:

- a premium of approximately 50.0% over the closing price of HK\$0.140 per SHK IND Share as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 54.4% over the average closing price of HK\$0.136 per SHK IND Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;
- a premium of approximately 56.7% over the average closing price of HK\$0.134 per SHK IND Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- a premium of approximately 66.7% over the average closing price of HK\$0.126 per SHK IND Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;
- a premium of approximately 72.1% over the average closing price of HK\$0.122 per SHK IND Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date; and
- a discount of approximately 22.2% to the audited consolidated net asset value attributable to SHK IND Shareholders of approximately HK\$0.270 per SHK IND Share as at 31st December, 2019 and a discount of approximately 21.6% to the unaudited consolidated net asset value attributable to SHK IND Shareholders of approximately HK\$0.268 per SHK IND Share as at 30th June, 2020.

The Scheme Consideration has been determined after taking into account, among others, the financial information of the SHK IND Group and the prices at which the SHK IND Shares were traded on the Stock Exchange over the past 2 years.

## **Highest and lowest prices**

During the six-month period preceding the Last Trading Date, the highest closing price of the SHK IND Shares as quoted on the Stock Exchange was HK\$0.148 on 24th and 25th November, 2020, and the lowest closing price of the SHK IND Shares as quoted on the Stock Exchange was HK\$0.115 on 12th, 15th to 19th, 22nd to 24th June, 21st August and 16th, 19th to 23rd, 27th October, 2020.

## **Total consideration**

As at the date of this joint announcement, SHK IND has 4,111,704,320 SHK IND Shares in issue. The 1,028,814,714 Scheme Shares represent approximately 25.022% of the total number of shares in issue of SHK IND.

On the assumption that there is no other change in the shareholding structure of SHK IND before completion of the Proposal, the total amount of Scheme Consideration required to effect the Proposal will be HK\$216,051,089.94.

### **Confirmation of financial resources**

Payment of the Scheme Consideration under the Scheme by the Offeror will be funded first by the internal cash resources of the AGL Group, and then by the unsecured and interest-free Facility granted by Mr. Lee to the Offeror pursuant to the Facility Agreement, if required.

As Mr. Lee is the chief executive and an executive director of AGL, the provision of the Facility constitutes a connected transaction for AGL under the Listing Rules. Since the Facility is conducted on normal commercial terms or better and is not secured by the assets of the AGL Group, it constitutes a fully-exempt connected transaction for AGL pursuant to Rule 14A.90 of the Listing Rules.

Yu Ming, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of Scheme Consideration required to effect the Proposal.

### **Conditions of the Proposal**

The Proposal (including the Scheme) will become effective and binding on SHK IND and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of the following conditions:

- (i) the approval of the Scheme at the Court Meeting (by way of poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all Disinterested Shares, provided that:
  - (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are cast either in person or by proxy at the Court Meeting; and
  - (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Disinterested Scheme Shareholders;

For the avoidance of doubt, the Scheme takes the form of a “takeover offer” within the meaning of section 674(5) of the Companies Ordinance. The approval from the majority in the number of the Disinterested Scheme Shareholders present and voting at the Court Meeting (commonly known as the headcount test) under section 674(1)(c)(ii) of the Companies Ordinance is not applicable and is replaced by the requirement that the votes cast against the Schemes do not exceed 10% of the total voting rights attached to all Disinterested Shares.

- (ii) the passing of a special resolution by a majority of at least 75% of the votes cast by SHK IND Shareholders present and voting, in person or by proxy, at the General Meeting (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of SHK IND by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new SHK IND Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (iii) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of SHK IND involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (iv) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of SHK IND and the Scheme respectively;
- (v) all Authorisations (if any) in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (vi) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or its implementation in accordance with its terms);
- (vii) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms;
- (viii) the implementation of the Proposal not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in:
  - (a) any indebtedness (actual or contingent) of any member of the SHK IND Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date;
  - (b) any agreement, arrangement, licence, permit or instrument to which any member of the SHK IND Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject (or any of the rights, liabilities, obligations or interests of any member of the SHK IND Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the SHK IND Group arising in relation thereto); or

- (c) the creation or enforcement of any security interest over the whole or any part of the business, property or assets of any member of the SHK IND Group or any such security (whenever arising) becoming enforceable,

in each case, which is material in the context of the SHK IND Group as a whole or in the context of the Proposal or its implementation in accordance with its terms; and

(ix) since the date of this joint announcement:

- (a) there having been no adverse change in the business, assets, financial or trading, positions, profits or prospects of any member of the SHK IND Group which is material in the context of the SHK IND Group taken as a whole or in the context of the Proposal; and
- (b) there not having been instituted, threatened in writing or remaining outstanding any litigation, arbitration, other proceedings or other dispute resolution process to which any such member is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government, quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, instituted or remaining outstanding, in each case, which is material in the context of the SHK IND Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms.

The Offeror reserves the right to waive all or any of the above conditions, either in whole or in respect of any particular matter, except for conditions (i) to (iv). SHK IND does not have the right to waive any of the above conditions. All of the above conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse.

If the Proposal is withdrawn, not approved or lapses, the listing of the SHK IND Shares on the Stock Exchange will not be withdrawn and it is the intention of the SHK IND Board for SHK IND to continue adhering to its existing business focus and strategies in such.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the above conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to a right to invoke any such condition are of material significance to the Offeror in the context of the Proposal.

With reference to the condition in paragraph (v), as at the date of this joint announcement, the Offeror is not aware of any requirement for such Authorisations other than those set out in the Conditions in paragraphs (i) to (iv). With reference to the condition in paragraph (vi), as at the date of this joint announcement, the Offeror is not aware of any such action, proceeding, suit, investigation, statute, regulation, demand or order. With reference to the condition in paragraph (vi), if it is to be waived by the Offeror, such condition shall only be waived to the extent that it would not make the implementation of the Proposal be illegal. With reference to the condition in paragraph (vii), as at the date of this joint announcement, the Offeror is not aware of any such non-compliance or regulatory requirement other than those set out in the conditions in paragraphs (i) to (iv). With reference to the condition in paragraph (viii) and (ix) (b), as at the date of this joint announcement, the Offeror is not aware of any such event or circumstance.

If approved, the Proposal will be binding on all of the Scheme Shareholders. The qualification of Scheme Shareholders for entitlements to receive the Scheme Consideration under the Proposal will be determined on the Record Date.

Assuming that the above conditions are satisfied or validly waived (as applicable) on or before the Long Stop Date, it is currently expected that the Scheme will become binding and effective on or around April 2021. A detailed expected timetable will be included in the Scheme Document.

**AGL Shareholders and potential investors of AGL should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. AGL Shareholders and potential investors of AGL should therefore exercise caution when dealing in securities of AGL. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

**SHK IND Shareholders and potential investors of SHK IND should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. SHK IND Shareholders and potential investors of SHK IND should therefore exercise caution when dealing in securities of SHK IND. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **ARRANGEMENTS MATERIAL TO THE PROPOSAL**

As at the date of this joint announcement:

- (i) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the SHK IND Shares which might be material to the Proposal (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (ii) there is no outstanding derivative in respect of securities in SHK IND which has been entered into by the Offeror and/or the Offeror Concert Parties;
- (iii) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal;
- (iv) neither the Offeror nor any of the Offeror Concert Parties has received any irrevocable commitment to vote for or against the Proposal; and
- (v) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in SHK IND which the Offeror and/or the Offeror Concert Parties has borrowed or lent.

## SHAREHOLDING STRUCTURE OF SHK IND

On the assumption that there is no other change in the shareholding structure of SHK IND before completion of the Proposal, the table below sets out the shareholding structure of SHK IND as at the date of this joint announcement and immediately upon completion of the Proposal:

SHK IND Shareholders	As at the date of this joint announcement		Immediately upon completion of the Proposal (Note 1)	
	Number of SHK IND Shares	Approximate %	Number of SHK IND Shares	Approximate %
Offeror (Note 2)	3,082,889,606	74.978	4,111,704,320	100.000
Scheme Shareholders (Note 3)	1,028,814,714	25.022	–	–
<b>Total number of SHK IND Shares</b>	<b>4,111,704,320</b>	<b>100.000</b>	<b>4,111,704,320</b>	<b>100.000</b>

Notes:

- Under the Scheme, the issued share capital of SHK IND will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. On the assumption that there is no change in the shareholding structure of SHK IND before completion of the Proposal, forthwith upon such reduction, the issued share capital of SHK IND will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new SHK IND Shares as the number of the Scheme Shares cancelled. The reserve created in the SHK IND's books of account as a result of the capital reduction will be applied in paying up in full the new SHK IND Shares so issued to the Offeror.
- The SHK IND Shares in which the Offeror are interested will not form part of the Scheme Shares and will not be voted at the Court Meeting and will not be cancelled upon the Scheme becoming effective.
- Each of Mr. Albert Ho and Mr. Peter Lee Yip Wah, each being an independent non-executive director of SHK IND and holder of 2,296,000 and 3,410,000 SHK IND Shares respectively (representing approximately 0.056% and 0.083% of the SHK IND Shares respectively) as at the date of this joint announcement, is also a Scheme Shareholder under the Scheme.
- All percentages in the above table are approximations.

All SHK IND Shareholders will be entitled to vote on the special resolution to be proposed at the General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of SHK IND by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new SHK IND Shares (credited as fully paid) as is equal to the number of the Scheme Shares, which is set out in the condition in paragraph (ii) in the section above headed "The Proposal – Conditions of the Proposal". The Offeror has indicated that, if the Scheme is approved at the Court Meeting, the Offeror will vote in favour of such resolution to be proposed at the General Meeting.

Upon the Scheme becoming effective, the Offeror will hold 100% of the total number of shares in issue of SHK IND.

## **FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT SHK IND FINANCIAL ADVISER**

The Offeror has appointed Yu Ming as its financial adviser in connection with the Proposal.

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, a board which receives an offer must, in the interests of shareholders, establish an independent committee of the board to make a recommendation as to whether the offer is, or is not, fair and reasonable and as to acceptance or voting, and the members of the independent board committee should comprise all non-executive directors who have no direct or indirect interest in the offer.

The SHK IND Board currently has one non-executive director and three independent non-executive directors. Mr. Arthur George Dew, a non-executive director of SHK IND, is also the chairman and a non-executive director of AGL. In order to avoid any perceived conflict of interests, Mr. Arthur George Dew has refrained from joining the Independent Board Committee.

The Independent Board Committee comprising Mr. Albert Ho, Mr. Peter Lee Yip Wah and Mr. Louie Chun Kit has been formed to advise the Disinterested Scheme Shareholders on the Proposal and as to voting. The recommendation of the Independent Board Committee as to whether the Proposal is or is not fair and reasonable, and as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the General Meeting, will be set out in the Scheme Document.

Pelican Financial Limited has been appointed as the Independent SHK IND Financial Adviser to advise the Independent Board Committee and the Disinterested Scheme Shareholders on the Proposal and as to voting, and such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from the Independent SHK IND Financial Adviser as to whether the Proposal is or is not fair and reasonable, and as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the General Meeting, will be set out in the Scheme Document.

## **REASONS FOR AND BENEFITS OF THE PROPOSAL**

### **For Disinterested Scheme Shareholders**

The Proposal gives Disinterested Scheme Shareholders an opportunity to receive the Scheme Consideration for their Scheme Shares at a premium over the current market price. The Scheme Consideration is (i) approximately 98.1% premium over the lowest closing price of HK\$0.106 per SHK IND Share in the past two years and; (ii) approximately 6.7% discount to the highest closing price of HK\$0.225 per SHK IND Share in the past two years, with only six trading days' closing price were above the Scheme Consideration. Disinterested Scheme Shareholders who prefer to switch investment of their holding in SHK IND Shares into securities of other companies with better prospects or higher share trading volume might not be able to do so in the absence of the Proposal because of the thin trading volume of the SHK IND Shares. For some Disinterested Scheme Shareholders, given the current state of the economy and the uncertainty on the timing of a recovery, they may find the Proposal particularly timely.

## **For SHK IND**

SHK IND Shares have been trading at a steep discount to its consolidated net asset value, ranging from approximately 16.0% to approximately 60.4% in the past two years (calculated by the lowest and the highest closing price of SHK IND Shares over the unaudited consolidated net asset value attributable to SHK IND Shareholders per SHK IND Share of approximately HK\$0.268 as at 30th June, 2020). SHK IND has not been able to raise equity capital lest diluting the interests of SHK IND Shareholders, and the listing is losing its very purpose while the cost of maintaining its listing, including regulatory compliance, disclosure and publication of financial statements keep escalating.

## **For AGL and its shareholders**

The Scheme Consideration payable by the AGL Group is at a significant premium over the recent trading price of SHK IND Shares. There is a dilemma in every privatisation such as the Proposal. It may first seem unfair to the AGL Group. However, no transaction can be consummated unless it benefits parties on both sides. The AGL Group, though effectively paying a high price for the Scheme Shares in the Proposal, AGL would upon completion of the Proposal acquire a further approximately 25.022% interest in SHK IND at a discount to the consolidated net asset value of SHK IND.

The full consolidation of the shareholding in SHK IND following the completion of the Proposal will enable AGL to maximise the operational and financial control over SHK IND and to allow an overall more efficient and cost-effective organisational structure for AGL. AGL will be able to enjoy the flexibility to manage SHK IND's business and to integrate certain SHK IND's current operations into AGL in the absence of the listing status of SHK IND. Given the increasing administrative and compliance costs for maintaining SHK IND's listing status, the AGL Board considers that the implementation of the Proposal will facilitate AGL to focus its management time and financial resources to the core businesses of SHK IND, and also AGL.

In view of the above, the AGL Directors (except for Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Arthur George Dew who abstained from voting) are of the view that the terms of the Proposal are on normal commercial terms and the Proposal is fair and reasonable, and in the interests of AGL and the AGL Shareholders taken as a whole.

## **INTENTION OF THE OFFEROR WITH REGARD TO SHK IND**

The Offeror has no current plan to introduce any material changes to the business and/or assets of the SHK IND Group, to redeploy its fixed assets or to discontinue the employment of employees of the SHK IND Group as a result of the Proposal.

## **INFORMATION ON THE OFFEROR AND AGL**

The Offeror 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 the Offeror is investment holding.

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.

As at the date of this joint announcement, AGL is beneficially owned as to approximately 74.966% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust.

## **INFORMATION ON SHK IND**

SHK IND 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 IND is investment holding. The principal business activities of its major subsidiaries are investments in listed and unlisted financial instruments.

As at the date of this joint announcement, SHK IND is beneficially owned as to approximately 74.978% by AGL through the Offeror.

### **Interest of SHK IND Directors**

Each of Mr. Albert Ho and Mr. Peter Lee Yip Wah, each being an independent non-executive director of SHK IND and holder of 2,296,000 and 3,410,000 SHK IND Shares respectively (representing approximately 0.056% and 0.083% of the SHK IND Shares respectively) as at the date of this joint announcement, is also a Scheme Shareholder under the Scheme and will be entitled to vote at the Court Meeting and the General Meeting.

Notwithstanding their holding of SHK IND Shares, Mr. Albert Ho and Mr. Peter Lee Yip Wah are considered by the SHK IND Board to be interested in the Scheme and the Proposal in the same manner as the other Scheme Shareholders and are therefore not required to abstain from voting on the relevant board resolutions of SHK IND.

Despite the common directorships and/or senior management role of Mr. Arthur George Dew and Mr. Mark Wong Tai Chun in both AGL and SHK IND as well as the common directorship of Mr. Warren Lee Wa Lun in both Yu Ming and SHK IND, they are not considered by the SHK IND Board to be materially interested in the Scheme and the Proposal, or is required to abstain from voting on the relevant board resolutions of SHK IND.

Notwithstanding the above, each of Mr. Warren Lee Wa Lun, Mr. Mark Wong Tai Chun and Mr. Arthur George Dew has voluntarily abstained from voting at the relevant meeting of the SHK IND Board to avoid any perceived conflict of interests. All the independent non-executive SHK IND Directors, namely Mr. Albert Ho, Mr. Peter Lee Yip Wah and Mr. Louie Chun Kit, have voted to put forward the Proposal to the Scheme Shareholders for consideration at the relevant meeting of the SHK IND Board, while having reserved their views regarding the Proposal to be given upon received and consideration of the advice from the Independent SHK IND Financial Adviser.

## Financial information of the SHK IND Group

Based on the published 2018 annual report, 2019 annual report and 2020 interim report of SHK IND, the consolidated net profit/(loss) before and after taxation and consolidated profit/(loss) attributable to owners of SHK IND for the financial years ended 31st December, 2018 and 2019 and the consolidated net assets of SHK IND (represented by equity attributable to owners of SHK IND) as at 31st December, 2019 and 30th June, 2020 are as follows:

	For the year ended 31st December	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net profit/(loss) before taxation	14,472	(36,903)
Net profit/(loss) after taxation	14,472	(36,903)
Profit/(loss) attributable to owners of SHK IND	14,472	(43,567)

  

	As at	As at
	30th June, 2020 <i>HK\$'000</i>	31st December, 2019 <i>HK\$'000</i>
Net assets	1,100,205	1,111,044

## WITHDRAWAL OF LISTING OF SHK IND SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new SHK IND Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. SHK IND will apply to the Stock Exchange for the withdrawal of the listing of the SHK IND Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

A detailed timetable for the implementation of the Proposal (including but not limited to the dates of the Court Meeting and the General Meeting, the last day for dealing in the SHK IND Shares, the Record Date, the Effective Date and the date of withdrawal of the listing of the SHK IND Shares on the Stock Exchange) will be included in the Scheme Document.

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the SHK IND Shares on the Stock Exchange will not be withdrawn.

**If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for SHK IND, except with the consent of the Executive. The Offeror has no intention to seek such consent.**

## **OVERSEAS SCHEME SHAREHOLDERS**

The making and implementation of the Proposal to holders of Scheme Shares who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any holders of Scheme Shares who are not resident in Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas holders of Scheme Shares wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholders in such jurisdiction.

Any acceptance by the holders of Scheme Shares will be deemed to constitute a representation and warranty from such persons to the Offeror and SHK IND and their respective advisers, including Yu Ming, the financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the receipt of the Scheme Document by overseas holders of Scheme Shares is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the SHK IND Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or SHK IND or their respective shareholders), the Scheme Document may not be despatched to such overseas holders of Scheme Shares. For that purpose, SHK IND will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas holders of Scheme Shares. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such holders of Scheme Shares. If any such waiver is granted by the Executive, the Offeror and SHK IND reserve the right to make arrangements in respect of the holders of Scheme Shares not resident in Hong Kong in relation to the Proposal. Such arrangements may include notifying any matter in connection with the Scheme or the Proposal to the holders of Scheme Shares having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such holders of Scheme Shares are resident. The notice will be deemed to have been sufficiently given despite any failure by such holders of Scheme Shares to receive or see that notice.

## **TAXATION ADVICE**

Holders of Scheme Shares are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of the Offeror, AGL, SHK IND, Yu Ming or the Independent SHK IND Financial Adviser or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of the implementation of the Proposal.

## **LISTING RULES IMPLICATIONS FOR AGL**

As none of the applicable percentage ratios in respect of the Proposal exceeds 5%, the implementation of the Proposal is not a notifiable transaction for AGL under Chapter 14 of the Listing Rules and is therefore not subject to any reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. This joint announcement is issued by AGL pursuant to the requirements of the Takeovers Code only.

## **SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal (including the Scheme), an explanatory statement, the expected timetable relating to the Proposal, the recommendation of the Independent Board Committee, the letter of advice from the Independent SHK IND Financial Adviser and notices of the Court Meeting and the General Meeting will be despatched to the SHK IND Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the General Meeting.

## **DISCLOSURE OF DEALINGS**

Associates (as defined in the Takeovers Code) of the Offeror, AGL and SHK IND are reminded to disclose their dealings in SHK IND Shares under Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in any relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## GENERAL

As at the date of this joint announcement:

- (i) other than the Scheme Consideration for each Scheme Share cancelled payable under the Scheme, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares;
- (ii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and the Offeror Concert Parties on one hand and the Scheme Shareholders and persons acting in concert with them on the other hand; and
- (iii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any SHK IND Shareholder; and (ii) SHK IND, its subsidiaries or associated companies.

## SUSPENSION AND RESUMPTION OF TRADING IN SHARES OF AGL AND SHK IND

At the request of AGL, trading in the AGL Shares on the Stock Exchange was suspended from 9:00 a.m. on 14th December, 2020, pending the issue of this joint announcement. An application has been made by AGL to the Stock Exchange for the resumption of trading in the AGL Shares on the Stock Exchange with effect from 9:00 a.m. on 21st December, 2020.

At the request of SHK IND, trading in the SHK IND Shares on the Stock Exchange was suspended from 9:00 a.m. on 14th December, 2020, pending the issue of this joint announcement. An application has been made by SHK IND to the Stock Exchange for the resumption of trading in the SHK IND Shares on the Stock Exchange with effect from 9:00 a.m. on 21st December, 2020.

**This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of SHK IND in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or rejection of the Proposal should be made only on the basis of information in the Scheme Document.**

## DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“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 Director(s)”	the director(s) of AGL;
“AGL Group”	AGL and its subsidiaries;
“AGL Share(s)”	ordinary share(s) of AGL;
“AGL Shareholder(s)”	holder(s) of AGL Share(s);
“associates”	has the meaning ascribed to it under the Takeovers Code;
“Authorisations”	all necessary notifications, registrations, applications, filings, authorisations, orders, recognitions, grants, waivers and consents, licences, confirmations, clearances, permissions, no-action relief, exemption relief orders and approvals (including without limitation any which are required or desirable under or in connection with any applicable laws and regulations or any licenses, permits or contractual obligations of SHK IND), and all appropriate waiting periods (including extensions thereof), in connection with the Proposal;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Condition(s)”	the condition(s) of the Proposal (including the Scheme), as set out in the section headed “The Proposal – Conditions of the Proposal” in this joint announcement;
“Court Meeting”	a meeting of the holders of Scheme Shares to be convened at the direction of the High Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof;
“Disinterested Scheme Shareholder(s)”	holders of SHK IND Shares other than the Offeror and the Offeror Concert Parties;

“Disinterested Share(s)”	SHK IND Share(s) in issue other than those held by (i) the Offeror (or by a nominee on its behalf) or the Offeror Concert Parties; and (ii) an associate (as defined in section 667(1)(b) of the Companies Ordinance) of the Offeror, except a person who falls within section 667(1)(b)(iii) of the Companies Ordinance or a person specified in section 674(4) of the Companies Ordinance; or (iii) a person who is a party to an acquisition agreement within the meaning of section 667(5) of the Companies Ordinance with the Offeror (except a person specified in section 674(4) of the Companies Ordinance), or by a nominee on behalf of the person under the acquisition agreement, as described in section 674(3)(a) of the Companies Ordinance;
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Facility”	an unsecured and interest-free loan facility of HK\$218,000,000 granted by Mr. Lee to the Offeror pursuant to the Facility Agreement for the exclusive purpose of financing the Scheme Consideration payable by the Offeror under the Scheme (if required);
“Facility Agreement”	the facility agreement dated 11th December, 2020 entered into between Mr. Lee as lender and the Offeror as borrower in respect of the Facility;
“General Meeting”	general meeting of SHK IND to be convened and to be held immediately following the Court Meeting to consider, and if think fit, approve all necessary resolutions for implementation of the Proposal (including the Scheme);
“High Court”	the High Court of Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of SHK IND formed to advise the Disinterested Scheme Shareholders on the Proposal;

“Independent SHK IND Financial Adviser”	Pelican Financial Limited, a corporation licenced under the SFC and permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Disinterested Scheme Shareholders on the Proposal and as to voting;
“Last Trading Date”	11th December, 2020, being the last trading day of SHK IND Shares prior to the publication of this joint announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30th September, 2021, or such later date as the Offeror, AGL and SHK IND may agree or, to the extent applicable, as the Executive may consent and/or the High Court may direct;
“Mr. Lee”	Mr. Lee Seng Hui, the chief executive and an executive director of AGL;
“Offeror”	Bright Clear Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of AGL;
“Offeror Concert Party(ies)”	person(s) acting in concert with the Offeror in relation to SHK IND, including but not limited to AGL;
“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;
“Proposal”	the proposal for the privatisation of SHK IND, comprising the Scheme;
“Record Date”	the appropriate record date to be announced for determining entitlements of the holders of the Scheme Shares to receive the Scheme Consideration under the Proposal;
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance;
“Scheme”	a scheme of arrangement to be proposed under section 673 of the Companies Ordinance for the implementation of the Proposal;
“Scheme Consideration”	the amount of HK\$0.21 per Scheme Share payable by the Offeror in cash to the Scheme Shareholders for the cancellation of the Scheme Shares pursuant to the Scheme;

“Scheme Document”	the composite scheme document of the Offeror, AGL and SHK IND to be issued to the SHK IND Shareholders containing, <i>inter alia</i> , details of the Proposal;
“Scheme Share(s)”	SHK IND Share(s) held by the Scheme Shareholders (being all SHK IND Shares other than those held by the Offeror);
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Record Date;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SHK IND”	SHK Hong Kong Industries 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: 666), being an indirect non wholly-owned subsidiary of AGL;
“SHK IND Board”	the board of SHK IND Directors;
“SHK IND Director(s)”	the director(s) of SHK IND;
“SHK IND Group”	SHK IND and its subsidiaries;
“SHK IND Share(s)”	ordinary share(s) of SHK IND;
“SHK IND Shareholder(s)”	holder(s) of SHK IND Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities;

“Yu Ming” Yu Ming Investment Management Limited, a corporation licenced under the SFC and permitted to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO, being the financial adviser to the Offeror; and

“%” per cent.

On behalf of the board  
**Bright Clear Limited**  
**Edwin Lo King Yau**  
*Director*

On behalf of the AGL Board  
**Allied Group Limited**  
**Edwin Lo King Yau**  
*Executive Director*

On behalf of the SHK IND Board  
**SHK Hong Kong**  
**Industries Limited**  
**Warren Lee Wa Lun**  
*Chairman*

Hong Kong, 18th December, 2020

*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, Ms. Lisa Yang Lai Sum and Mr. Kelvin Chau Kwok Wing being the Independent Non-Executive Directors.*

*The AGL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the SHK IND Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the directors of SHK IND in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the directors of the Offeror are Messrs. Edwin Lo King Yau and Kelvin Lam Kam Wing.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the SHK IND Group and AGL) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the respective directors of SHK IND and AGL in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the composition of the SHK IND Board is as follows: Mr. Warren Lee Wa Lun (Chairman) and Mr. Mark Wong Tai Chun are Executive Directors; Mr. Arthur George Dew is Non-Executive Director; and Mr. Albert Ho, Mr. Peter Lee Yip Wah and Mr. Louie Chun Kit are Independent Non-Executive Directors.*

*The SHK IND Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to AGL and the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the respective directors of AGL and the Offeror in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*