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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)

The Offeror

SUNHILL INVESTMENTS LIMITED
(陽山投資有限公司)

(Incorporated in Hong Kong with limited liability)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION OF APL
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)**

(2) PROPOSED DECLARATION OF SCHEME DIVIDEND

(3) MAJOR TRANSACTION FOR AGL

(4) PROPOSED WITHDRAWAL OF LISTING OF APL

AND

**(5) RESUMPTION OF TRADING IN SHARES OF
AGL AND APL**

Financial Adviser to the Offeror



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

Independent Financial Adviser to APL



PELICAN FINANCIAL
百利勤金融

INTRODUCTION

After trading hours of the Stock Exchange on 9th April, 2020, the Offeror, a direct wholly-owned subsidiary of AGL, requested the APL Board to put forward the Proposal to the Scheme Shareholders which will involve (i) the proposed privatisation of APL by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme); and (ii) subject to the Scheme having become binding and effective in accordance with its terms and conditions, the payment by APL of the Scheme Dividend to the Scheme Shareholders whose names appear on the register of members of APL on the Record Date.

As at the Last Trading Date, AGL directly and indirectly held approximately 74.996% of the total number of shares in issue of APL, of which (i) approximately 31.141% was held through the Offeror (a direct wholly-owned subsidiary of AGL); (ii) approximately 29.640% was held through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of AGL); and (iii) approximately 14.215% was directly held by AGL.

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 in cash to the Scheme Shareholder of (a) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (b) the Scheme Dividend of HK\$1.50 in cash for each APL Share to be paid by APL;
- (ii) the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of APL will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of Scheme Shares cancelled;
- (iii) AGL will, directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of AGL), own 100% of the total number of shares in issue of APL; and
- (iv) APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

TERMS OF THE PROPOSAL

The Proposal will provide that the Scheme Shares be cancelled in exchange for the payment to the Scheme Shareholders of:

Total PriceHK\$1.92 per Scheme Share

comprising (i) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Scheme Dividend of HK\$1.50 in cash for each APL Share to be paid by APL (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend pursuant to the AGL Waiver).

The Scheme Consideration and the Scheme Dividend will not be increased, and the Offeror and APL do not reserve the right to do so.

The Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the sections headed “Terms of the Proposal – Conditions of the Proposal” and “Terms of the Proposal – Scheme Dividend” below. The Scheme and the Scheme Dividend are inter-conditional. 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 by (i) the internal cash resources of the AGL Group; and (ii) the unsecured and interest-free Facility granted by Mr. Lee to the Offeror pursuant to the Facility Agreement.

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.

Payment of the Scheme Dividend under the Scheme by APL will be funded by the internal cash resources of the APL Group.

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

SCHEME DIVIDEND

Under the Proposal, subject to the approval of the Disinterested Scheme Shareholders at the APL General Meeting and the Scheme having become binding and effective in accordance with its terms and conditions, APL will pay a Scheme Dividend of HK\$1.50 per APL Share in cash to the APL Shareholders whose names appear on the register of members of APL on the Record Date.

By way of the AGL Waiver, the Offeror, AGL, Citiwealth and Capscore have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend and accordingly no Scheme Dividend will be paid or payable to the Offeror, AGL, Citiwealth and Capscore.

For the avoidance of doubt, the Scheme Dividend of HK\$1.50 per APL Share is a special dividend. It would not affect the right of eligible APL Shareholders to receive the interim dividend of HK\$0.08 per APL Share (in lieu of a final dividend) for the year ended 31st December, 2019 declared by the APL Board on 30th March, 2020.

MAJOR TRANSACTION FOR AGL

As one or more of the applicable percentage ratios in respect of the Proposal exceeds 25% but is less than 100%, the implementation of the Proposal constitutes a major transaction for AGL under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

AGL has received an irrevocable and unconditional approval in writing for the Proposal from a closely allied group of shareholders comprising the trustees of and companies controlled by the trustees of Lee and Lee Trust, namely Cashplus Management Limited and Minty Hongkong Limited, holding an aggregate of 131,706,380 AGL Shares (representing approximately 74.938% of the total number of issued shares in AGL as at the date of this joint announcement). Accordingly, in accordance with Rule 14.44 of the Listing Rules, the shareholders' approval requirement in respect of the Proposal under Chapter 14 of the Listing Rules has been satisfied in lieu of a general meeting of AGL. A circular of AGL containing, among others, details of the Proposal and information regarding APL will be despatched to the AGL Shareholders. As more time is required for preparing the information to be contained in such circular of AGL, it is expected that such circular will be despatched to the AGL Shareholders on or about 29th May, 2020.

WITHDRAWAL OF LISTING

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new APL 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. APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

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 APL 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 and the Scheme Dividend), an explanatory statement, the expected timetable relating to the Proposal, the recommendation of the Independent APL Board Committee, the letter of advice from the Independent APL Financial Adviser and notices of the Court Meeting and the APL General Meeting will be despatched to the APL Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

INDEPENDENT APL BOARD COMMITTEE AND INDEPENDENT APL 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 APL Board currently has two non-executive directors and three independent non-executive directors. Mr. Arthur George Dew, the chairman and a non-executive director of APL, is also the chairman and a non-executive director of AGL. Mr. Li Chi Kong, a non-executive director of APL, is also a general consultant of AGL. Mr. Alan Stephen Jones and Mr. David Craig Bartlett, independent non-executive directors of APL, are also independent non-executive directors of AGL. In order to avoid any perceived conflict of interests, Mr. Arthur George Dew, Mr. Li Chi Kong, Mr. Alan Stephen Jones and Mr. David Craig Bartlett had not joined the Independent APL Board Committee.

The Independent APL Board Committee comprising Mr. Steven Samuel Zoellner only has been formed to advise the Disinterested Scheme Shareholders on the Proposal. The recommendation of the Independent APL 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 APL General Meeting, will be set out in the Scheme Document.

Pelican Financial Limited has been appointed to advise the Independent APL Board Committee and the Disinterested Scheme Shareholders on the Proposal, and such appointment has been approved by the Independent APL Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from the Independent APL 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 APL General Meeting, will be set out in the Scheme Document.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES OF AGL AND APL

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

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

APL Shareholders and potential investors of APL should be aware that the Scheme and the Scheme Dividend are inter-conditional, and the payment of the Scheme Dividend is subject to, among others, approval of the Disinterested Scheme Shareholders at the APL General Meeting and the Scheme having become binding and effective in accordance with its terms and conditions. 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. Accordingly, the Scheme Dividend may or may not materialise. APL Shareholders and potential investors of APL should therefore exercise caution when dealing in securities of APL. 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 APL 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 other response to 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 APL will be contained in the Scheme Document.

INTRODUCTION

After trading hours of the Stock Exchange on 9th April, 2020, the Offeror, a direct wholly-owned subsidiary of AGL, requested the APL Board to put forward the Proposal to the Scheme Shareholders which will involve (i) the proposed privatisation of APL by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme); and (ii) subject to the Scheme having become binding and effective in accordance with its terms and conditions, the payment by APL of the Scheme Dividend to the Scheme Shareholders whose names appear on the register of members of APL on the Record Date.

As at the Last Trading Date, AGL directly and indirectly held approximately 74.996% of the total number of shares in issue of APL, of which (i) approximately 31.141% was held through the Offeror (a direct wholly-owned subsidiary of AGL); (ii) approximately 29.640% was held through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of AGL); and (iii) approximately 14.215% was directly held by AGL.

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 in cash to the Scheme Shareholder of (a) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (b) the Scheme Dividend of HK\$1.50 in cash for each APL Share to be paid by APL;
- (ii) the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of APL will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of Scheme Shares cancelled;
- (iii) AGL will, directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of AGL), own 100% of the total number of shares in issue of APL; and
- (iv) APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

TERMS OF THE PROPOSAL

The Scheme Consideration and the Scheme Dividend

The Proposal will provide that the Scheme Shares be cancelled in exchange for the payment to the Scheme Shareholders of:

Total Price HK\$1.92 per Scheme Share

comprising (i) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Scheme Dividend of HK\$1.50 in cash for each APL Share to be paid by APL (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend pursuant to the AGL Waiver).

As at the date of this joint announcement, APL has 6,812,201,460 APL 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 APL.

No price increase statement

The Scheme Consideration and the Scheme Dividend will not be increased, and the Offeror and APL do not reserve the right to do so.

Comparisons of value

The Total Price of HK\$1.92 per Scheme Share represents:

- a premium of approximately 34.3% over the closing price of HK\$1.43 per APL Share as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 36.2% over the average closing price of HK\$1.41 per APL 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 39.1% over the average closing price of HK\$1.38 per APL 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 33.3% over the average closing price of HK\$1.44 per APL 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 23.1% over the average closing price of HK\$1.56 per APL 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 66.3% to the audited consolidated net asset value attributable to APL Shareholders of approximately HK\$5.70 per APL Share as at 31st December, 2019.

The Total Price has been determined after taking into account, among others, the financial information of the APL Group and the prices at which the APL Shares were traded on the Stock Exchange over the past year.

Highest and lowest prices

During the six-month period preceding the Last Trading Date, the highest closing price of the APL Shares as quoted on the Stock Exchange was HK\$1.63 each on 14th and 15th October, 2019, and the lowest closing price of the APL Shares as quoted on the Stock Exchange was HK\$1.29 each on 16th March, 2020.

Total consideration

As at the date of this joint announcement, APL has 6,812,201,460 APL Shares in issue. The 1,703,289,939 Scheme Shares represents approximately 25.004% of the total number of shares in issue of APL.

On the assumption that there is no other change in the shareholding structure of APL before completion of the Proposal, the total amount of cash consideration required to effect the Proposal will be HK\$3,270,316,683, of which (i) HK\$715,381,774 (representing the aggregate Scheme Consideration payable under the Scheme) will be funded by the Offeror; and (ii) HK\$2,554,934,909 (representing the entire amount of Scheme Dividend payable to the Scheme Shareholders) will be funded by APL.

Confirmation of financial resources

Payment of the Scheme Consideration under the Scheme by the Offeror will be funded by (i) the internal cash resources of the AGL Group; and (ii) the unsecured and interest-free Facility granted by Mr. Lee to the Offeror pursuant to the Facility Agreement.

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.

Payment of the Scheme Dividend under the Scheme by APL will be funded by the internal cash resources of the APL Group.

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

Conditions of the Proposal

The Proposal (including the Scheme) will become effective and binding on APL and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of the following conditions and the conditions set out in the section headed “Scheme Dividend” to this joint announcement:

- (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;

- (ii) the passing of a special resolution by a majority of at least 75% of the votes cast by APL Shareholders present and voting, in person or by proxy, at APL 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 APL by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new APL 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 APL 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 APL and the Scheme respectively;
- (v) passing of an ordinary resolution by the Disinterested Scheme Shareholders at the APL General Meeting approving the declaration and payment of the Scheme Dividend;
- (vi) 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;
- (vii) 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);
- (viii) 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;

- (ix) 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 APL 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 APL 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 APL Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the APL 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 APL Group or any such security (whenever arising) becoming enforceable,

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

- (x) 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 APL Group which is material in the context of the APL 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 APL 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 (v). APL 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 APL Shares on the Stock Exchange will not be withdrawn.

With reference to the condition in paragraph (vi), 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 (v).

With reference to the condition in paragraph (vii), 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 (viii), 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 (v).

With reference to the condition in paragraph (ix), as at the date of this joint announcement, the Offeror is not aware of any such event or circumstance.

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.

If approved, the Proposal will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the APL General Meeting.

The entitlements of the Scheme Shareholders to receive both the Scheme Consideration and the Scheme Dividend 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 in or around October 2020. A detailed expected timetable will be included in the Scheme Document.

Scheme Dividend

Under the Proposal, subject to the following conditions (neither of which can be waived), APL will pay a Scheme Dividend of HK\$1.50 per APL Share in cash to all APL Shareholders whose names appear on the register of members of APL on the Record Date.

- (i) passing of an ordinary resolution (i) by the Disinterested Scheme Shareholders at the APL General Meeting approving the declaration and payment of the Scheme Dividend; and
- (ii) the Scheme having become binding and effective in accordance with its terms and conditions.

By way of the AGL Waiver, the Offeror, AGL, Citiwealth and Capscore have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend (the “**Excluded Entitlements**”) and accordingly no Scheme Dividend will be paid or payable to the Offeror, AGL, Citiwealth and Capscore. The Excluded Entitlements will be retained by APL, and APL will be wholly-owned by AGL directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of AGL) upon the completion of the Proposal.

The APL Board, recognising that the Scheme Dividend is an integral part of the Proposal, recommended the amount of the Scheme Dividend of HK\$1.50 per APL Share, subject to the conditions of the Scheme Dividend being satisfied on or before the Long Stop Date.

The Scheme Dividend will be paid by APL to the APL Shareholders (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend pursuant to the AGL Waiver) in cash after the Scheme having become binding and effective in accordance with its terms and conditions and the approval of the Disinterested Scheme Shareholders at the APL General Meeting, and will be paid on the same date on which the Scheme Consideration will be paid by the Offeror to the Scheme Shareholders.

For the avoidance of doubt, the Scheme Dividend of HK\$1.50 per APL Share is a special dividend. It would not affect the right of eligible APL Shareholders to receive the interim dividend of HK\$0.08 per APL Share (in lieu of a final dividend) for the year ended 31st December, 2019 declared by the APL Board on 30th March, 2020.

The Scheme Document, which will be despatched to the APL Shareholders in due course, will contain further details of the Scheme Dividend, including but not limited to the arrangements regarding the payment of the Scheme Dividend, overseas shareholders' entitlements, and the expected timetable of the Scheme Dividend.

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.

APL Shareholders and potential investors of APL should be aware that the Scheme and the Scheme Dividend are inter-conditional, and the payment of the Scheme Dividend is subject to, among others, approval of the Disinterested Scheme Shareholders at the APL General Meeting and the Scheme having become binding and effective in accordance with its terms and conditions. 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. Accordingly, the Scheme Dividend may or may not materialise. APL Shareholders and potential investors of APL should therefore exercise caution when dealing in securities of APL. 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 APL 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 APL 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 APL which the Offeror and/or the Offeror Concert Parties has borrowed or lent.

SHAREHOLDING STRUCTURE OF APL

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

APL Shareholders	As at the date of this joint announcement		Immediately upon completion of the Proposal (Note 1)	
	Number of APL Shares	Approximate %	Number of APL Shares	Approximate %
Offeror (Note 2)	2,121,437,331	31.141	3,824,727,270	56.145
Offeror Concert Parties				
AGL (Note 2)	968,354,880	14.215	968,354,880	14.215
Capscore (Note 2)	1,973,216,190	28.966	1,973,216,190	28.966
Citiwealth (Note 2)	45,903,120	0.674	45,903,120	0.674
Aggregate number of APL Shares held by the Offeror and the Offeror Concert Parties	5,108,911,521	74.996	6,812,201,460	100.000
Scheme Shareholders (Note 3)	1,703,289,939	25.004	–	–
Total number of APL Shares	<u>6,812,201,460</u>	<u>100.000</u>	<u>6,812,201,460</u>	<u>100.000</u>

Notes:

1. Under the Scheme, the issued share capital of APL 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 APL before completion of the Proposal, forthwith upon such reduction, the issued share capital of APL 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 APL Shares as the number of the Scheme Shares cancelled. The reserve created in the APL's books of account as a result of the capital reduction will be applied in paying up in full the new APL Shares so issued to the Offeror.
2. Each of Capscore and Citiwealth is a direct wholly-owned subsidiary of AGL and a fellow subsidiary of the Offeror. The APL Shares in which AGL, the Offeror, Capscore and Citiwealth are interested will not form part of the Scheme Shares and will not be voted at the Court Meeting and will not be entitled to the Scheme Dividend and will not be cancelled upon the Scheme becoming effective.
3. Mr. Steven Samuel Zoellner, being an independent non-executive director of APL and holder of 22,402 APL Shares (representing approximately 0.001% of the Scheme Shares) as at the date of this joint announcement, is also a Scheme Shareholder under the Scheme.
4. All percentages in the above table are approximations.

As at the date of this joint announcement:

- (i) the issued share capital of APL comprises 6,812,201,460 APL Shares;
- (ii) the Offeror directly holds 2,121,437,331 APL Shares, representing approximately 31.141% of the total number of shares in issue of APL;
- (iii) the Offeror Concert Parties owns, controls or has direction over an aggregate of 2,987,474,190 APL Shares, representing approximately 43.855% of the total number of shares in issue of APL;
- (iv) save as disclosed in paragraphs (ii) and (iii) above, the Offeror and the Offeror Concert Parties do not legally and beneficially own, control or have direction over any other APL Shares; and
- (v) there are no convertible securities, warrants or options in respect of APL Shares held, controlled or directed by the Offeror or Offeror Concert Parties.

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

Upon the Scheme becoming effective, AGL will hold 100% of the total number of shares in issue of APL, of which (i) approximately 56.145% will be held indirectly through the Offeror (a direct wholly-owned subsidiary of AGL); (ii) approximately 29.640% will be held indirectly through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of AGL); and (iii) approximately 14.215% will be held directly by AGL.

FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT APL BOARD COMMITTEE AND INDEPENDENT APL 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 APL Board currently has two non-executive directors and three independent non-executive directors. Mr. Arthur George Dew, the chairman and a non-executive director of APL, is also the chairman and a non-executive director of AGL. Mr. Li Chi Kong, a non-executive director of APL, is also a general consultant of AGL. Mr. Alan Stephen Jones and Mr. David Craig Bartlett, independent non-executive directors of APL, are also independent non-executive directors of AGL. In order to avoid any perceived conflict of interests, Mr. Arthur George Dew, Mr. Li Chi Kong, Mr. Alan Stephen Jones and Mr. David Craig Bartlett had not joined the Independent APL Board Committee.

The Independent APL Board Committee comprising Mr. Steven Samuel Zoellner only has been formed to advise the Disinterested Scheme Shareholders on the Proposal. The recommendation of the Independent APL 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 APL General Meeting, will be set out in the Scheme Document.

Pelican Financial Limited has been appointed to advise the Independent APL Board Committee and the Disinterested Scheme Shareholders on the Proposal, and such appointment has been approved by the Independent APL Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from the Independent APL 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 APL General Meeting, will be set out in the Scheme Document.

REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Disinterested Scheme Shareholder

The Proposal gives Disinterested Scheme Shareholders an opportunity to receive the Total Price for their Scheme Shares at a premium over the current market price. The Total Price is 48.8% higher than the lowest closing price of APL Shares and 1.1% higher than the highest closing price of APL Shares in the past two years. Disinterested Scheme Shareholders who prefer to switch investment of their holding in APL Shares into securities of other companies with better prospects or higher share trading volume might not be able to do so because of the thin trading volume of the APL 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 the avoidance of doubt, APL would not be in the position to pay the Scheme Dividend to the Scheme Shareholders if not for the AGL Waiver. The reason is that without the AGL Waiver, in addition to the payment of the Scheme Dividend to the Scheme Shareholders holding approximately 25.004% of the total number of APL Shares in issue, APL would also have to pay the Scheme Dividend to the Offeror, AGL, Citiwealth and Capscore (which in aggregate hold approximately 74.996% of the total number of APL Shares in issue as at the date of this joint announcement), thereby demanding approximately four times the cash outflow from APL compared to the Proposal.

For APL

APL Shares have been trading at a steep discount to its consolidated net asset value, ranging from 66.7% to 77.4% in the past two years (calculated by the lowest and the highest closing price of APL Shares over the audited consolidated net asset value attributable to APL Shareholders of approximately HK\$5.7 per APL Share as at 31st December, 2019). APL has not been able to raise equity capital lest diluting the interests of APL 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. The APL Board (excluding the APL Directors who abstained from voting in the APL Board, namely Mr. Lee (the chief executive and an executive director of each of AGL and APL), Mr. Arthur George Dew, Mr. Alan Stephen Jones and Mr. David Craig Bartlett and the member of the Independent APL Board Committee, namely Mr. Steven Samuel Zoellner, who will give his views following consideration of the advice of the Independent APL Financial Adviser as to the fairness and reasonableness of the Proposal) believes that if the Proposal is welcome by the Disinterested Scheme Shareholders, APL would be able to focus its management time and financial resources to areas other than a listing that serves little useful purpose.

For AGL and its shareholders

The Total Price comprising the Scheme Consideration payable by the AGL Group and the Scheme Dividend forgone by the AGL Group, is at a significant premium over the recent trading price of APL 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 25.004% interest in APL at a discount to the consolidated net asset value of APL.

The full consolidation of the shareholding in APL following the completion of the Proposal will enable AGL to maximise the operational and financial control over APL and to allow an overall more efficient and cost-effective organisational structure for AGL. AGL will be able to enjoy the flexibility to manage APL's business and to integrate certain APL's current operations into AGL in the absence of the listing status of APL. Given the increasing administrative and compliance costs for maintaining APL'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 APL, and also AGL.

In view of the above, the AGL Directors (excluding the AGL Directors who abstained from voting in the AGL Board, namely Mr. Lee, Mr. Arthur George Dew, Ms. Lee Su Hwei, Mr. Alan Stephen Jones and Mr. David Craig Bartlett) 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 APL

It is the intention of the Offeror for the APL Group to maintain its existing business upon the privatisation of APL. The Offeror has no plan to introduce any material changes to the business and/or assets of the APL Group, to redeploy its fixed assets or to discontinue the employment of employees of the APL Group as a result of the Proposal.

INFORMATION ON THE OFFEROR AND AGL

The Offeror is incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL. The principal business activity of the Offeror is investment holding.

AGL is 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 74.950% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust.

INFORMATION ON APL

APL is 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 and 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 74.996% by AGL.

Financial information of the APL Group

Based on the audited consolidated financial statements of APL, the consolidated net profit before and after taxation and consolidated profit attributable to owners of APL for the financial years ended 31st December, 2018 and 2019 and the consolidated net assets of APL (represented by equity attributable to owners of APL) as at 31st December, 2018 and 2019 are as follows:

	For the year ended	
	31st December	
	2019	2018
	<i>HK\$'Million</i>	<i>HK\$'Million</i>
Consolidated net profit before taxation	4,229.0	3,492.3
Consolidated net profit after taxation	3,993.8	3,248.4
Consolidated profit attributable to owners of APL	2,880.3	2,343.4

	As at 31st December	
	2019	2018
	<i>HK\$'Million</i>	<i>HK\$'Million</i>

Consolidated net assets	38,804.1	36,737.7
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WITHDRAWAL OF LISTING OF APL SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new APL 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. APL will apply to the Stock Exchange for the withdrawal of the listing of the APL 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 APL Shares and the dates on which the Scheme and the withdrawal of the listing of the APL Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document.

The Disinterested Scheme Shareholders will be notified of the exact dates of the Court Meeting and the APL General Meeting to approve and give effect to the Scheme, and the dates on which the Scheme and the withdrawal of the listing of the APL 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 APL 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 APL, 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 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 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 APL 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 APL Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or APL or their respective shareholders), the Scheme Document may not be despatched to such overseas holders of Scheme Shares. For that purpose, APL 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 APL 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, APL, Yu Ming or the Independent APL 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.

MAJOR TRANSACTION FOR AGL

As one or more of the applicable percentage ratios in respect of the Proposal exceeds 25% but is less than 100%, the implementation of the Proposal constitutes a major transaction for AGL under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Save for Mr. Steven Samuel Zoellner (an independent non-executive director of APL and hence a connected person at the subsidiary level of AGL) holding approximately 0.001% of the Scheme Shares as at the date of this joint announcement, to the best knowledge, information and belief of the AGL Directors having made all reasonable enquiries, the holders of Scheme Shares and their ultimate beneficial owner(s) are third parties independent of AGL and its connected persons.

AGL has received an irrevocable and unconditional approval in writing for the Proposal from a closely allied group of shareholders comprising the trustees of and the companies controlled by the trustees of Lee and Lee Trust, namely Cashplus Management Limited and Minty Hongkong Limited, holding an aggregate of 131,706,380 AGL Shares (representing approximately 74.938% of the total number of issued shares in AGL as at the date of this joint announcement). Accordingly, in accordance with Rule 14.44 of the Listing Rules, the shareholders' approval requirement in respect of the Proposal under Chapter 14 of the Listing Rules has been satisfied in lieu of a general meeting of AGL. A circular of AGL containing, among others, details of the Proposal and information regarding APL will be despatched to the AGL Shareholders. As more time is required for preparing the information to be contained in such circular of AGL, it is expected that such circular will be despatched to the AGL Shareholders on or about 29th May, 2020.

SCHEME DOCUMENT

A Scheme Document including, among other things, further details of the Proposal (including the Scheme and the Scheme Dividend), an explanatory statement, the expected timetable relating to the Proposal, the recommendation of the Independent APL Board Committee, the letter of advice from the Independent APL Financial Adviser and notices of the Court Meeting and the APL General Meeting will be despatched to the APL 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 APL General Meeting.

DISCLOSURE OF DEALINGS

Associates (as defined in the Takeovers Code) of the Offeror, AGL and APL are reminded to disclose their dealings in APL 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 APL Shareholder; and (ii) APL, its subsidiaries or associated companies.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES OF AGL AND APL

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

At the request of APL, trading of the APL Shares on the Stock Exchange was suspended from 9:00 a.m. on 14th April, 2020, pending the issue of this joint announcement. An application has been made by APL to the Stock Exchange for the resumption of trading of the APL Shares on the Stock Exchange with effect from 9:00 a.m. on 21st April, 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 APL 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 other response to 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);
“AGL Waiver”	the deed of waiver dated 9th April, 2020 executed by AGL, Citiwealth, Capscore and the Offeror in favour of APL to irrevocably and unconditionally waive and surrender their entitlements to the Scheme Dividend;
“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), being a non wholly-owned subsidiary of AGL;
“APL Board”	the board of APL Directors;
“APL Director(s)”	the director(s) of APL;
“APL General Meeting”	general meeting of APL 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 and the Scheme Dividend);

“APL Group”	APL and its subsidiaries;
“APL Share(s)”	ordinary share(s) of APL;
“APL Shareholder(s)”	holder(s) of APL Share(s);
“associates”	has the meaning ascribed to it under the Listing Rules;
“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 APL), and all appropriate waiting periods (including extensions thereof), in connection with the Proposal;
“Capscore”	Capscore Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“Citiwealth”	Citiwealth Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Condition(s)”	the condition(s) of the Proposal (including the Scheme and the Scheme Dividend), as set out in the section headed “Terms of the Proposal — Conditions of the Proposal” and the section headed “Terms of the Proposal – Scheme Dividend” in this joint announcement;
“connected person”	has the meaning ascribed to it under the Listing Rules;

“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 Shareholders”	holders of APL Shares other than the Offeror and the Offeror Concert Parties;
“Disinterested Shares”	has the meaning ascribed to it in section 674(3) 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 one-year term loan facility of up to HK\$250 million granted by Mr. Lee to the Offeror pursuant to the Facility Agreement for the exclusive purpose of partially financing the Scheme Consideration payable by the Offeror under the Proposal;
“Facility Agreement”	the facility agreement dated 9th April, 2020 entered into between Mr. Lee as lender and the Offeror as borrower in respect of the Facility;
“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 APL Board Committee”	the independent board committee of APL formed to advise the Disinterested Scheme Shareholders on the Proposal;
“Independent APL Financial Adviser”	Pelican Financial Limited, a licensed corporation 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 APL Board Committee and the Disinterested Scheme Shareholders on the Proposal;

“Last Trading Date”	9th April, 2020, being the last trading day of APL 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”	31st December, 2020, or such later date as the Offeror, AGL and APL 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 each of AGL and APL;
“Offeror”	Sunhill Investments Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“Offeror Concert Party(ies)”	persons acting in concert with the Offeror in relation to APL, including but not limited to AGL, Citiwealth and Capscore;
“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 APL, comprising both the Scheme and the Scheme Dividend;
“Record Date”	the appropriate record date to be announced for determining entitlements of holders of the Scheme Shares to receive the Scheme Consideration and for determining of the entitlements of the holders of the Scheme Shares to receive the Scheme Dividend 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\$0.42 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 Dividend”	subject to, among others, the Scheme having become binding and effective in accordance with its terms and conditions and the approval of Disinterested Scheme Shareholders at the APL General Meeting, the proposed special dividend of HK\$1.50 per APL Share to be declared by APL payable in cash to the APL Shareholders whose names appear on the register of members of APL on the Record Date;
“Scheme Document”	the composite scheme document of the Offeror, AGL and APL to be issued to the APL Shareholders containing, inter alia, details of the Proposal;
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Record Date;
“Scheme Share(s)”	APL Share(s), other than those held by the Offeror, AGL, Citiwealth and Capscore;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Total Price”	the cash amount representing the aggregate of the Scheme Consideration and the Scheme Dividend, being HK\$1.92;
“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
Sunhill Investments 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 APL Board
Allied Properties (H.K.) Limited
Mark Wong Tai Chun
Executive Director

Hong Kong, 20th April, 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 and Ms. Lisa Yang Lai Sum 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 APL 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 APL) 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 APL 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 APL and AGL) 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 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.

The APL 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) 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.