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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)

**JOINT ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
EXTENSION OF LOAN REPAYMENT DATE**

Reference is made to the Previous Announcements in relation to a loan transaction between the Lender (an indirect wholly-owned subsidiary of APL) as the lender, the Borrower as the borrower and the Guarantor as guarantor. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements.

As advised and confirmed by APL, on 23rd January, 2019, the Lender entered into the Second Supplemental Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender agreed to, among other things, extend the repayment date of the Loan from 21st December, 2018 to six months from the first date of the first Interest Period on the terms and subject to the conditions therein. As at the date of the Second Supplemental Loan Agreement, HK\$570,000,000 has been drawn and remained outstanding and due to be repaid by the Borrower to the Lender.

The Previous Transactions

As advised and confirmed by SHK HK IND, on 11th October, 2018, Purchaser A (a direct wholly-owned subsidiary of SHK HK IND) entered into the Subscription Agreement A to subscribe for the Notes in the principal amount of US\$5,000,000. On 11th October, 2018, Purchaser B (an indirect wholly-owned subsidiary of AGL) also entered into the Subscription Agreement B to subscribe for the Notes in the principal amount of US\$2,500,000. The Notes are guaranteed by the Guarantor and certain Issuer's subsidiaries and secured by pledges over the issued shares of certain Issuer's subsidiaries, on the terms and subject to the conditions therein.

The SHK Transaction

As advised and confirmed by SHK, on 23rd January, 2019, Lender A (an indirect non-wholly owned subsidiary of SHK) as lender entered into the Loan Agreement A with the Borrower as borrower and the Guarantor as guarantor, pursuant to which, Lender A agreed to, among other things, make available to the Borrower a loan in the amount up to HK\$300,000,000 on the terms and subject to the conditions therein.

LISTING RULES IMPLICATIONS

As the Lender is an indirect wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL, the Transaction entered into by the Lender shall be a transaction of each of APL and AGL under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

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

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

Reference is made to the Previous Announcements in relation to a loan transaction between the Lender (an indirect wholly-owned subsidiary of APL) as the lender, the Borrower as the borrower and the Guarantor as guarantor. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements.

As advised and confirmed by APL, on 23rd January, 2019, the Lender entered into the Second Supplemental Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender agreed to, among other things, extend the repayment date of the Loan from 21st December, 2018 to six months from the first date of the first Interest Period on the terms and subject to the conditions therein. As at the date of the Second Supplemental Loan Agreement, HK\$570,000,000 has been drawn and remained outstanding and due to be repaid by the Borrower to the Lender.

THE SECOND SUPPLEMENTAL LOAN AGREEMENT

Date: 23rd January, 2019

Parties: (1) the Lender as the lender for the Second Supplemental Loan Agreement;
(2) the Borrower as the borrower for the Second Supplemental Loan Agreement; and
(3) the Guarantor as the guarantor for the Second Supplemental Loan Agreement.

Principal terms of the Second Supplemental Loan Agreement

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

Interest Period: a period of one month and the first Interest Period shall commence on the date of payment of the non-refundable loan arrangement fee, the accrued interests on the Loan and partial repayment of the Loan in the aggregate amount of HK\$300,000,000 to be made by the Borrower to the Lender on or after 24th January, 2019

Interest rate: 24% per annum, which shall commence on the first date of the first Interest Period

Repayment date: Six months from the first date of the first Interest Period

Securities: (i) Share Mortgage
(ii) Assignment

As advised and confirmed by APL, the non-refundable loan arrangement fee in respect of the Second Supplemental Loan Agreement which is payable by the Borrower is HK\$16,150,000.

The Share Mortgage

As advised and confirmed by APL, as one of the conditions precedent to the Second Supplemental Loan Agreement, the Share Mortgage is created by the Guarantor in favour of the Lender by way of first fixed mortgage of the Shares. The Lender, as mortgagee of the Share Mortgage, shall have rights, among other things, to transfer to itself the Shares upon execution of the Share Mortgage and dispose of the Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

The Assignment

As advised and confirmed by APL, as one of the conditions precedent to the Second Supplemental Loan Agreement, the Assignment is created by the HK Co as assignor in favour of the Lender as assignee by way of an assignment of all the right, title and interest as a creditor and the full benefit and right to receive and recover the loan in the amount of HK\$35,860,640 owed by the BVI Co to the HK Co, which shall be repayable to the Lender on demand by the Lender.

Save for the amendments made to the Loan Agreement by the Supplemental Loan Agreement and the Second Supplemental Loan Agreement, the provisions of the Loan Agreement and the rights and obligations thereunder shall remain in full force and effect.

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

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by APL, the terms of the Second Supplemental Loan Agreement, including the interest rates applicable, were arrived at after arm's length negotiations between the Lender, the Borrower and the Guarantor having taken into account the prevailing market interest rates and practices. Based on the confirmation of APL, the Second Supplemental Loan Agreement was entered into by the Lender having regard to (i) the costs of borrowing in providing the Loan to the Borrower; (ii) the interest to be generated by the Transaction; and (iii) the underlying securities. In view of the above, the APL Directors are of the view that the terms of the Second Supplemental Loan Agreement are on normal commercial terms and the Transaction is fair and reasonable, and in the interests of APL and its shareholders taken as a whole.

Based on the information and the confirmation provided by APL and to the best knowledge, information and belief of the AGL Directors, the AGL Directors consider that the Transaction is fair and reasonable and in the interests of AGL and its shareholders taken as a whole.

THE PREVIOUS TRANSACTIONS

As advised and confirmed by SHK HK IND, on 11th October, 2018, Purchaser A (a direct wholly-owned subsidiary of SHK HK IND) entered into the Subscription Agreement A to subscribe for the Notes in the principal amount of US\$5,000,000. On 11th October, 2018, Purchaser B (an indirect wholly-owned subsidiary of AGL) also entered into the Subscription Agreement B to subscribe for the Notes in the principal amount of US\$2,500,000. The Notes are guaranteed by the Guarantor and certain Issuer's subsidiaries and secured by pledges over the issued shares of certain Issuer's subsidiaries, on the terms and subject to the conditions therein.

THE SHK TRANSACTION

As advised and confirmed by SHK, on 23rd January, 2019, Lender A (an indirect non-wholly owned subsidiary of SHK) as lender entered into the Loan Agreement A with the Borrower as borrower and the Guarantor as guarantor, pursuant to which, Lender A agreed to, among other things, make available to the Borrower a loan in the amount up to HK\$300,000,000 on the terms and subject to the conditions therein.

Loan amount: up to HK\$300,000,000

Term: six months from the drawdown date

Purpose: the loan under the Loan Agreement A shall be applied and used by the Borrower solely for the partial repayment of the Loan and the payment of arrangement fee and interests accrued on the Loan.

Interest rate: (i) 24.5% per annum for the first interest period; and (ii) 24% per annum thereafter

INFORMATION ABOUT AGL, APL, THE LENDER, THE BORROWER, THE GUARANTOR, THE BVI CO AND THE HK CO

AGL

AGL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance and investments in listed and unlisted securities.

APL

APL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange.

The principal business activity of APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance and investments in listed and unlisted securities.

As at the date of this joint announcement, APL is beneficially owned as to approximately 74.99% by AGL.

The Lender

As advised and confirmed by APL, the Lender is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of APL. The principal business activities of the Lender are investment holding and property holding.

The Borrower

As advised and confirmed by APL, the Borrower is a company incorporated in the British Virgin Islands with limited liability. The principal business activity of the Borrower is investment holdings.

The Guarantor

As advised and confirmed by APL, the Guarantor is an individual.

The BVI Co

As advised and confirmed by APL, the BVI Co is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Guarantor. The principal business activity of the BVI Co is investment holdings.

The HK Co

As advised and confirmed by APL, the HK Co is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the BVI Co. The principal business activity of the HK Co is investment holdings.

LISTING RULES IMPLICATIONS

As the Lender is an indirect wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL, the Transaction entered into by the Lender shall be a transaction of each of APL and AGL under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

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

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

DEFINITIONS

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

“Assignment”	the assignment created by the HK Co in favour of the Lender of a loan in the amount of HK\$35,860,640 owed by the BVI Co to the HK Co;
“Borrower”	the borrower under the Loan Agreement, the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and Loan Agreement A, and the controlling shareholder of the Listed Company;
“BVI Co”	a party to the Assignment and the sole shareholder of the HK Co;

“Guarantor”	the guarantor under the Loan Agreement, the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Loan Agreement A, the personal guarantor for the Notes, the sole shareholder of the Borrower, the sole shareholder of the BVI Co and the mortgagor under the Share Mortgage;
“HK Co”	the assignor under the Assignment and a direct wholly-owned subsidiary of the BVI Co;
“Interest Period”	a period of one month and the first Interest Period shall commence on the date of payment of the non-refundable loan arrangement fee, the accrued interests on the Loan and partial repayment of the Loan in the aggregate amount of HK\$300,000,000 to be made by the Borrower to the Lender on or after 24th January, 2019;
“Lender”	AP Diamond Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of APL, being the lender under the Loan Agreement, the Supplemental Loan Agreement and the Second Supplemental Loan Agreement, the mortgagee under the Share Mortgage and the assignee under the Assignment;
“Lender A”	SHK Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of SHK, being the lender under the Loan Agreement A;
“Loan Agreement A”	the loan agreement entered into between Lender A as lender and the Borrower as borrower and the Guarantor as guarantor dated 23rd January, 2019;
“Previous Announcements”	the announcements dated 24th September, 2018 and 9th November, 2018 respectively made by AGL;

“Second Supplemental Loan Agreement”	the second supplemental loan agreement to the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement entered into between the Lender, the Borrower and the Guarantor on 23rd January, 2019;
“Share Mortgage”	the mortgage created by the Guarantor in favour of the Lender by way of a first fixed mortgage over the Shares;
“Shares”	the entire issued shares of the BVI Co;
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 86) and an indirect non-wholly owned subsidiary of each of APL and AGL;
“SHK Transaction”	the transaction contemplated under the Loan Agreement A; and
“Transaction”	the transaction contemplated under the Second Supplemental Loan Agreement.

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, 23rd January, 2019

As at the date of this joint announcement, the AGL Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors; Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.

As at the date of this joint announcement, the APL Board comprises Messrs. Lee Seng Hui (Chief Executive) and Mark Wong Tai Chun being the Executive Directors; Messrs. Arthur George Dew (Chairman) and Li Chi Kong being the Non-Executive Directors; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.