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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 LOAN TRANSACTION**

As advised and confirmed by APL, on 27 January 2016, the Lender (an indirect wholly owned subsidiary of APL) as lender entered into the Loan Agreement with the Borrower (an indirect non-wholly owned subsidiary of Borrower A) as borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan at the interest rate per annum of the aggregate of HIBOR and 2.75% for a period of six months from the drawdown date thereunder on the terms and subject to the conditions therein for its general working capital.

As advised and confirmed by APL, on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018, 27 June 2018 and 31 July 2018, the Lender as lender entered into the Supplemental Agreements with the Borrower as borrower, pursuant to which the Lender, among other things, accepted the Borrower's requests for extension of the repayment date for the Loan up to 31 August 2018 on the terms and subject to the conditions therein. All other terms and conditions of the Loan Agreement remained unchanged and in full force and effect in all respects, save for that (i) in the Supplemental Agreement dated 15 July 2016, the interest rate was changed to a rate per annum of the aggregate of HIBOR and 2.9%, (ii) in the Supplemental Agreement dated 20 January 2017, the interest rate was changed to a rate per annum of the aggregate of HIBOR and 2.75%, and (iii) in the Supplemental Agreement dated 31 July 2018, the interest rate for the Loan was changed to 7% per annum. As at the date of this joint announcement, the total amount of the Loan remained outstanding and due for repayment by the Borrower to the Lender.

Reference is made to the Joint Announcement in relation to the SHK Loan Transaction. As advised and confirmed by SHK, on 28 June 2018, Lender A (an indirect wholly owned subsidiary of SHK) as lender entered into the SHK Loan Agreement with Borrower A as borrower, pursuant to which, Lender A agreed to, among other things, make available to Borrower A a loan of up to HK\$500,000,000 at the interest rate of approximately 25.7% per annum for the first month from the drawdown date and 13% per annum thereafter on the terms and subject to the conditions therein for its general working capital. The loan is secured by the assignment of loan, debenture and share mortgages, details of which are provided in the Joint Announcement.

As advised and confirmed by APL, on 31 August 2018, the Lender as lender entered into the Eighth Supplemental Agreement with the Borrower as borrower, pursuant to which, (i) the Lender accepted the Borrower's request to extend the repayment date for the Loan to 28 February 2019, and (ii) the interest rate for the Loan was changed to 1.5% per month. Save for the aforesaid, all other terms and conditions of the Loan Agreement as supplemented by the Supplemental Agreements remained unchanged and in full force and effect in all respects as at the date of this joint announcement.

As advised and confirmed by APL, in order to diversify the assets portfolio among its subsidiaries, the Deed of Assignment was entered into among the Lender, the New Lender (an indirect wholly owned subsidiary of APL) and the Borrower on 31 August 2018, pursuant to which the Lender as assignor agreed to sell, and the New Lender as assignee agreed to purchase, all of the Lender's right, title and interest under and in respect of the Loan Agreement as supplemented by the Supplemental Agreements and the Eighth Supplemental Agreement upon the terms and subject to the conditions set out in the Deed of Assignment at a consideration of HK\$150,000,000. The Assignment takes effect on the date of the Deed of Assignment.

As both the Lender and the New Lender are indirect wholly owned subsidiaries of APL, which is a non-wholly owned subsidiary of AGL, the Transaction and the Assignment entered into by the Lender and the New Lender shall be transactions 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.

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

## **THE LOAN AGREEMENT**

As advised and confirmed by APL, on 27 January 2016, the Lender (an indirect wholly owned subsidiary of APL) as lender entered into the Loan Agreement with the Borrower (an indirect non-wholly owned subsidiary of Borrower A) as borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan at the interest rate per annum of the aggregate of HIBOR and 2.75% for a period of six months from the drawdown date thereunder on the terms and subject to the conditions therein for its general working capital.

## **THE SUPPLEMENTAL AGREEMENTS**

As advised and confirmed by APL, on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018, 27 June 2018 and 31 July 2018, the Lender as lender entered into the Supplemental Agreements with the Borrower as borrower, pursuant to which the Lender, among other things, accepted the Borrower's requests for extension of the repayment date for the Loan up to 31 August 2018 on the terms and subject to the conditions therein. All other terms and conditions of the Loan Agreement remained unchanged and in full force and effect in all respects, save for that (i) in the Supplemental Agreement dated 15 July 2016, the interest rate was changed to a rate per annum of the aggregate of HIBOR and 2.9%, (ii) in the Supplemental Agreement dated 20 January 2017, the interest rate was changed to a rate per annum of the aggregate of HIBOR and 2.75%, and (iii) in the Supplemental Agreement dated 31 July 2018, the interest rate for the Loan was changed to 7% per annum. As at the date of this joint announcement, the total amount of the Loan remained outstanding and due for repayment by the Borrower to the Lender.

## **THE SHK LOAN AGREEMENT**

Reference is made to the Joint Announcement in relation to the SHK Loan Transaction. As advised and confirmed by SHK, on 28 June 2018, Lender A (an indirect wholly owned subsidiary of SHK) as lender entered into the SHK Loan Agreement with Borrower A as borrower, pursuant to which, Lender A agreed to, among other things, make available to Borrower A a loan of up to HK\$500,000,000 at the interest rate of approximately 25.7% per annum for the first month from the drawdown date and 13% per annum thereafter on the terms and subject to the conditions therein for its general working capital. The loan is secured by the assignment of loan, debenture and share mortgages, details of which are provided in the Joint Announcement.

## **THE EIGHTH SUPPLEMENTAL AGREEMENT**

As advised and confirmed by APL, on 31 August 2018, the Lender as lender entered into the Eighth Supplemental Agreement with the Borrower as borrower, pursuant to which, (i) the Lender accepted the Borrower's request to extend the repayment date for the Loan to 28 February 2019, and (ii) the interest rate for the Loan was changed to 1.5% per month. Save for the aforesaid, all other terms and conditions of the Loan Agreement as supplemented by the Supplemental Agreements remained unchanged and in full force and effect in all respects as at the date of this joint announcement.

## **THE DEED OF ASSIGNMENT**

As advised and confirmed by APL, in order to diversify the assets portfolio among its subsidiaries, the Deed of Assignment was entered into among the Lender, the New Lender (an indirect wholly owned subsidiary of APL) and the Borrower on 31 August 2018, pursuant to which the Lender as assignor agreed to sell, and the New Lender as assignee agreed to purchase, all of the Lender's right, title and interest under and in respect of the Loan Agreement as supplemented by the Supplemental Agreements and the Eighth Supplemental Agreement upon the terms and subject to the conditions set out in the Deed of Assignment at a consideration of HK\$150,000,000. The Assignment takes effect on the date of the Deed of Assignment.

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

## **REASONS FOR AND BENEFITS OF THE TRANSACTION AND THE ASSIGNMENT**

As advised and confirmed by APL, the terms of the Eighth Supplemental Agreement were arrived at after arm's length negotiations between the Lender and the Borrower, having taken into account the prevailing market interest rates and practices. Based on the confirmation of APL, the Eighth Supplemental Agreement was entered into by the Lender having regard to (i) the costs of continuing to make available the Loan to the Borrower; and (ii) the interest income to be generated by the Transaction. In addition, as advised and confirmed by APL, the Deed of Assignment was entered into in order to diversify the assets portfolio among its subsidiaries. In view of the above, the APL Directors are of the view that the terms of the Eighth Supplemental Agreement and the Deed of Assignment are on normal commercial terms and the Transaction and the Assignment are 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 and the Assignment are fair and reasonable and in the interests of AGL and its shareholders taken as a whole.

## **INFORMATION ABOUT AGL, APL, THE LENDER, THE NEW LENDER AND THE BORROWER**

### **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 Hong Kong with limited liability and is an indirect wholly owned subsidiary of APL and principally engages in money lending. The Lender holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

### **The New Lender**

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

## **The Borrower**

As advised and confirmed by APL, the Borrower is a company incorporated in Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of Borrower A. The principal business activity of the Borrower is investment holding.

## **LISTING RULES IMPLICATIONS**

As both the Lender and the New Lender are indirect wholly owned subsidiaries of APL, which is a non-wholly owned subsidiary of AGL, the Transaction and the Assignment entered into by the Lender and the New Lender shall be transactions 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.

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

## **DEFINITIONS**

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

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373);
“AGL Board”	the board of AGL Directors;
“AGL Directors”	directors of AGL;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 56) and a non-wholly owned subsidiary of AGL;
“APL Board”	the board of APL Directors;
“APL Directors”	directors of APL;

“Assignment”	the assignment of the Loan by the Lender to the New Lender as contemplated under the Deed of Assignment;
“Borrower”	the borrower under the Loan Agreement, as supplemented by the Supplemental Agreements and the Eighth Supplemental Agreement, a party to the Deed of Assignment and an indirect non-wholly owned subsidiary of Borrower A;
“Borrower A”	the borrower under the SHK Loan Agreement;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Deed of Assignment”	the deed of assignment entered into among the Lender as assignor, the New Lender as assignee and the Borrower dated 31 August 2018;
“Eighth Supplemental Agreement”	the eighth supplemental agreement to the Loan Agreement entered into between the Lender as lender and the Borrower as borrower on 31 August 2018;
“HIBOR”	the Hong Kong Interbank Offered Rate for an interest period of one month for Hong Kong dollars;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Joint Announcement”	the joint announcement of AGL, APL and SHK dated 28 June 2018 in relation to the SHK Loan Transaction;
“Lender”	AP Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of APL, being the lender under the Loan Agreement, as supplemented by the Supplemental Agreements and the Eighth Supplemental Agreement and the assignor under the Deed of Assignment;

“Lender A”	Sun Hung Kai Structured Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of SHK, being the lender in the SHK Loan Transaction;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of HK\$150,000,000, made available to the Borrower on the terms and subject to the conditions set out in the Loan Agreement, as supplemented by the Supplemental Agreements and the Eighth Supplemental Agreement;
“Loan Agreement”	the loan agreement entered into between the Lender as lender and the Borrower as borrower dated 27 January 2016;
“New Lender”	AP Diamond Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of APL, being the assignee under the Deed of the Assignment;
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“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 Loan Agreement”	the loan agreement entered into between Lender A as lender and Borrower A as borrower on 28 June 2018;
“SHK Loan Transaction”	the transaction as contemplated under the SHK Loan Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;



“Supplemental Agreement(s)” the supplemental agreements to the Loan Agreement entered into between the Lender and the Borrower on 15 July 2016, 20 January 2017, 31 July 2017, 30 October 2017, 24 January 2018, 27 June 2018 and 31 July 2018;

“Transaction” the transaction contemplated under the Loan Agreement, as supplemented by the Supplemental Agreements and the Eighth Supplemental Agreement; and

“%” per cent.

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

On behalf of the APL Board  
**Allied Properties (H.K.) Limited**  
**Mark Wong Tai Chun**  
*Executive Director*

Hong Kong, 31 August 2018

*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.*