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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARY

Reference is made to the Previous Announcements of the Company in relation to the Disposal.

On 2nd October 2018, the Vendor, the Purchaser and the Liquidators entered into the Third Supplemental Agreement pursuant to which certain amendments shall be made to the Agreement in the following manner:

1. the Long Stop Date shall be changed from 30th September 2018 to 31st March 2019. Therefore, if the conditions precedent set out in the Agreement have not been satisfied (or waived) on or before 12:00 noon on 31st March 2019 (i.e. the new Long Stop Date), the Agreement shall cease and determine (save and except certain clauses as stated in the Agreement which shall continue to have full force and effect) and thereafter none of the parties to the Agreement shall have any obligations or liabilities towards each other thereunder save for any antecedent breaches of the terms thereof;
2. under the Third Supplemental Agreement, the Vendor further agrees to increase the advance to the Purchaser in its absolute discretion from an amount of HK\$30,000,000 to an amount of HK\$34,000,000 for the settlement of professional fees to be incurred by the Purchaser and/or the Liquidators in connection with the transactions contemplated under the Scheme, the Placing, the Public Offer, the Capital Reorganisation and the resumption of trading of the Purchaser Shares, and it is agreed among the parties that the Purchaser shall repay such loan to the Vendor who will be in the capacity of a general creditor of the Purchaser at an interest rate of 6% per annum;

3. in addition to clause 2 above, the Vendor covenants that upon receipt of the bills from the sponsor of the Purchaser, the legal advisers to such sponsor, the valuers, reporting accountants and other parties as agreed by the Vendor from time to time, subject to the approval of the bills by the Vendor, the Vendor shall increase the advance of additional fund in the maximum aggregate amount from HK\$10,000,000 to HK\$12,000,000 (or such other amount to be agreed by the parties in writing) for the settlement of such fees and such advance shall be repayable by the Purchaser at an interest rate of 6% per annum;

In addition to the amendments as disclosed above, certain amendments have also been made to the conditions precedent to the Agreement pursuant to the Third Supplemental Agreement. For completeness and clarity's sake, the Board would like to set out below the latest full set of the conditions precedent to the Agreement (taking into account all the amendments made to the conditions precedent pursuant to the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement):

- (i) the Purchaser and the Liquidators being satisfied in their absolute discretion with the results of the financial, legal and/or other due diligence review on the assets, liabilities, operations and affairs of the Target Company;
- (ii) the Vendor being satisfied in its absolute discretion that the Stock Exchange will approve the transactions contemplated in the Agreement;
- (iii) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of Vendor and the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (iv) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (v) all warranties under the Agreement remaining true and correct in all respects and not misleading;

- (vi) the approval from the Licensing Department of the SFC in relation to the change of substantial shareholder (as defined in the SFO) of the Target Company having been obtained and not having been revoked, cancelled or lapsed;
- (vii) if necessary, the Target Company having employed such number of qualified responsible officer(s) for each regulated activity as required under the SFO and the relevant rules and regulations to supervise the business of regulated activities carried on by the Target Company at Completion;
- (viii) all of the conditions precedent to the Public Offer and the Capital Reorganisation having been fulfilled (save for the condition for the Agreement having becoming unconditional);
- (ix) the Purchaser and the Liquidators having reasonably been satisfied that there has not been any material adverse change on the Target Company since the date of the Agreement;
- (x) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Subscription Shares, the Offer Shares, and the Placing Shares, if applicable;
- (xi) the necessary resolution(s) having been passed by the shareholders or the independent shareholders of the Purchaser (as the case may be) at the EGM to be convened and held to approve (i) the Agreement and the transactions contemplated hereunder; (ii) the Capital Reorganisation; (iii) the Subscriptions (in case of the lapse of the Subscription I, the YM Subscription and the Placing) and allotment and issue of the Subscription Shares (in case of the lapse of the Subscription Agreement I, the YM Subscription Shares and the Placing Shares); (iv) the Public Offer and the allotment and issue of the Offer Shares; (v) the Scheme, if required; and (vi) the Special Deal;
- (xii) the IPO Transactions Department of the Listing Division of the Stock Exchange and the SFC having approved the reverse takeovers contemplated under the Agreement;
- (xiii) the Listing Division of the Stock Exchange having approved in principle the resumption of the trading of the Purchaser Shares;
- (xiv) the meetings of the Purchaser Creditors having been convened, whereby the Scheme is approved by the Purchaser Creditors;

- (xv) the final sanction from the High Court of Hong Kong of the Scheme having been obtained (to the extent necessary);
- (xvi) the final sanction from Grand Court of Cayman Islands of the Scheme having been obtained (to the extent necessary);
- (xvii) the Subscription Agreement I becoming unconditional in accordance with the terms thereof (save for any conditions requiring the Agreement to become unconditional);
- (xviii) the YM Subscription Agreement becoming unconditional in accordance with the terms thereof (save for any conditions requiring the Agreement to become unconditional);
- (xix) if applicable, the Placing Agreement becoming unconditional in accordance with the terms thereof (save for any conditions requiring the Agreement to become unconditional);
- (xx) the Underwriting Agreement becoming unconditional in accordance with the terms thereof (save for any conditions requiring the Agreement to become unconditional); and
- (xxi) if necessary, the necessary ordinary resolution(s) having been passed by the Shareholders at a general meeting to be convened and held to approve the Agreement and the transactions contemplated thereunder.

The Vendor and the Purchaser can mutually agree to waive either condition (xvii) or condition (xix), and the other conditions (i.e. conditions (i)-(xvi), (xviii), and (xx)-(xxi)) are not waivable.

Save as the above, there are no material changes to the Agreement. The Board considers that the entering into of the Third Supplemental Agreement is fair and reasonable and in the interest of the Shareholders and the Group as a whole.

DEFINITIONS

Capitalised terms used in this announcement shall have the same meanings as those defined in the Previous Announcements unless defined in this section or the context otherwise requires, and in case of inconsistency, the definitions set out in this announcement shall prevail over those set out in the Previous Announcements:

“Agreement”	the sale and purchase agreement entered into between the Vendor, the Purchaser and the Liquidators dated 24th August 2016 pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital in the Target Company (as amended, modified or supplemented by the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement);
“Capital Reduction”	the proposed reduction of the nominal value of the issued and unissued Purchaser Shares from HK\$0.1 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued and unissued Purchaser Shares;
“EGM”	an extraordinary general meeting of the Purchaser to be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder;
“Mr. Warren Lee”	Mr. Lee Wa Lun, Warren, a subscriber under the Subscriptions;
“Offer Shares”	241,705,083 new Purchaser Shares proposed to be issued under the Public Offer;
“Placing”	the placing of the 512,698,586 new Purchaser Shares upon the lapse of Subscription Agreement I;
“Placing Agreement”	the conditional placing agreement to be entered into between the Purchaser and the placing agent in respect of the Placing;

“Placing Shares”	the 512,698,586 new Purchaser Shares falling to be allotted and issued pursuant to the Placing Agreement;
“Previous Announcements”	the announcements of the Company dated 24th August 2016, 7th February 2017, and 13th November 2017;
“Public Offer”	the issue and offer of the Offer Shares for subscription in Hong Kong on and subject to the terms and conditions described in the prospectus and the application forms in relation to the Public Offer;
“Special Deal”	the proposed settlement of the indebtedness due to the Purchaser Creditors, who are shareholders of the Purchaser, under the Scheme, which will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code;
“Subscriber I”	an individual, being a subscriber under the Subscriptions;
“Subscription Agreements”	collectively, the Subscription Agreement I and the YM Subscription Agreement;
“Subscription Agreement I”	the conditional share subscription agreement to be entered into between the Purchaser and Subscriber I in relation to the subscription of the Subscription Shares I by Subscriber I;
“Subscription I”	the subscription of the Subscription Shares I by Subscriber I subject to the terms and conditions in the Subscription Agreement I;
“Subscription Shares”	collectively, Subscription Shares I and YM Subscription Shares;
“Subscription Shares I”	512,698,586 new Purchaser Shares to be subscribed by Subscriber I pursuant to Subscription Agreement I;
“Subscriptions”	collectively, the Subscription I and the YM Subscription pursuant to the respective Subscription Agreements;

“Third Supplemental Agreement”	the supplemental agreement entered into between the Vendor, the Purchaser and the Liquidators dated 2nd October 2018;
“Underwriting Agreement”	the underwriting agreement proposed to be entered into between the Purchaser as issuer and Sun Hung Kai Investment Services Limited as underwriter in relation to the Public Offer;
“YM Subscription”	the subscription of the YM Subscription Shares by Mr. Warren Lee and the YM Team subject to the terms and conditions in YM Subscription Agreement;
“YM Subscription Agreement”	the conditional share subscription agreement to be entered into between the Purchaser, Mr. Warren Lee and the YM Team in relation to the subscription of the YM Subscription Shares by Mr. Warren Lee and the YM Team;
“YM Subscription Shares”	284,750,000 new Purchaser Shares in aggregate to be subscribed by Mr. Warren Lee and the YM Team pursuant to the YM Subscription Agreement; and
“YM Team”	the employees of the Target Company other than Mr. Warren Lee.

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

Hong Kong, 2nd October 2018

As at the date of this announcement, the 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.