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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 lender, the Borrower as 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 26th July, 2019, the Lender entered into the Fourth 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 to 23rd August, 2019 or 24th September, 2019 (subject to the Borrower serving a notice for extension of the Loan as mentioned below) on the terms and subject to the conditions therein. Immediately before entering into the Fourth Supplemental Loan Agreement, HK\$275,542,054.79 has been repaid by the Borrower and HK\$359,457,945.21 remained outstanding.

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 Lender A, on 26th July, 2019, Lender A (an indirect non wholly-owned subsidiary of SHK) as lender entered into the Third Supplemental Loan Agreement A with the Borrower as borrower and the Guarantor as guarantor, pursuant to which, Lender A agreed to, among other things, extend the repayment date of the Loan A to 23rd August, 2019 or 24th September, 2019 (subject to the Borrower serving a notice for extension of the Loan A as mentioned below) 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 Chapter 14 of 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 Chapter 14 of 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, does not constitute a notifiable transaction for AGL, as none of the percentage ratio(s) exceeds 5%. However, the Transaction, when aggregated with the Previous Transactions and the SHK Transaction in accordance with Chapter 14 of 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 lender, the Borrower as 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 26th July, 2019, the Lender entered into the Fourth 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 to 23rd August, 2019 or 24th September, 2019 (subject to the Borrower serving a notice for extension of the Loan as mentioned below) on the terms and subject to the conditions therein. Immediately before entering into the Fourth Supplemental Loan Agreement, HK\$275,542,054.79 has been repaid by the Borrower and HK\$359,457,945.21 remained outstanding.

As advised and confirmed by APL, prior to the entering into of the Fourth Supplemental Loan Agreement, in consideration of the Lender forbearing from exercising any of its rights and remedies under the Deed of Undertaking dated 10th April, 2019, the Covenantor as covenantor has executed a further deed of undertaking on 10th May, 2019 in favour of the Lender, pursuant to which, the Covenantor irrevocably and unconditionally undertook to, among other things, pay an additional loan arrangement fee and in the event that the Covenantor obtain any loan under any credit facility, facility agreement, loan agreement, factoring agreement or other agreement relating to borrowing, apply such loan simultaneously towards full payment of the Loan and the Loan A.

THE FOURTH SUPPLEMENTAL LOAN AGREEMENT

Date: 26th July, 2019

Parties:

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

Principal terms of the Fourth Supplemental Loan Agreement

As advised and confirmed by APL, pursuant to the Fourth Supplemental Loan Agreement, upon satisfaction of all conditions precedent under the Fourth Supplemental Loan Agreement, the repayment date of the Loan will be extended to 23rd August, 2019 or 24th September, 2019 subject to an option to extend the repayment date from 23rd August, 2019 to 24th September, 2019 which shall be exercisable by the Borrower by serving a written notice to the Lender with the acknowledgement of the Guarantor no later than 22nd August, 2019 and conditional upon no events of default under the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, the Second Supplemental Loan Agreement, the Third Supplemental Loan Agreement and the Fourth Supplemental Loan Agreement shall have occurred or be continuing.

As advised and confirmed by APL, the non-refundable loan arrangement fee in respect of the Fourth Supplemental Loan Agreement which is payable by the Borrower is HK\$1,000,000. A further non-refundable loan arrangement fee of HK\$1,000,000 shall be payable by the Borrower in the event that the Borrower has exercised the option to extend the repayment date from 23rd August, 2019 to 24th September, 2019 as mentioned in the foregoing.

The Deed of Undertaking

As advised and confirmed by APL, as one of the conditions precedent to the Fourth Supplemental Loan Agreement, the Deed of Undertaking dated 26th July, 2019 is executed by the Covenantor as covenantor in favour of the Lender. The Covenantor irrevocably and unconditionally undertakes, among other things, that if the Covenantor obtains any loan under any credit facility, facility agreement, loan agreement, factoring agreement or other agreement relating to borrowing, it shall apply such loan simultaneously towards full payment of the Loan and the Loan A.

Save for the amendments made to the Loan Agreement by the Supplemental Loan Agreement, the Second Supplemental Loan Agreement, the Third Supplemental Loan Agreement and the Fourth 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 and the Covenantor and to the best knowledge, information and belief of the APL Directors and AGL Directors having made all reasonable enquiries, the Borrower and the Covenantor 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 Fourth 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 Fourth Supplemental Loan Agreement was entered into by the Lender having regard to (i) the costs of borrowing in providing the Loan; (ii) the income 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 Fourth 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 Lender A, on 26th July, 2019, Lender A (an indirect non wholly-owned subsidiary of SHK) as lender entered into the Third Supplemental Loan Agreement A with the Borrower as borrower and the Guarantor as guarantor, pursuant to which, Lender A has, among other things, agreed to extend the repayment date of the Loan A to 23rd August, 2019 or 24th September, 2019 (subject to the Borrower serving a notice for extension of Loan A as mentioned below) on the terms and subject to the conditions therein.

As advised and confirmed by Lender A, prior to the entering into of the Third Supplemental Loan Agreement A, on 10th May, 2019, Lender A as lender entered into the Second Supplemental Loan Agreement A with the Borrower as borrower and the Guarantor as guarantor, pursuant to which, Lender A, the Borrower and the Guarantor agreed to, among other things, adjust the interest rate under the Loan Agreement A, as amended and/or supplemented by the Supplemental Loan Agreement A and the Second Supplemental Loan Agreement A on the terms and subject to the conditions in the Second Supplemental Loan Agreement A.

Upon satisfaction of all conditions precedent under the Third Supplemental Loan Agreement A, the Loan Agreement A will be amended and supplemented, inter alia, as follows:

Repayment date: 23rd August, 2019 or 24th September, 2019 (subject to an option to extend the repayment date as mentioned below) or such other date as may be agreed in writing between Lender A and the Borrower

Option to extend the repayment date: the Borrower shall have the option to extend the repayment date from 23rd August, 2019 to 24th September, 2019 following the exercise of such option by serving a written notice to Lender A with the acknowledgment of the Guarantor specifying such option request no later than 22nd August, 2019 and conditional upon no events of default under the Loan Agreement A, as amended and/or supplemented by the Supplemental Loan Agreement A, the Second Supplemental Loan Agreement A and the Third Supplemental Loan Agreement A shall have occurred or be continuing

Interest rate: (i) 24.5% per annum for the first Interest Period; (ii) 24% per annum thereafter until 9th April, 2019; (iii) 29.9679% per annum thereafter until 23rd April, 2019; (iv) 36.25313% per annum for the period between 24th April, 2019 and 10th May, 2019; (v) 24% per annum for the period between 11th May, 2019 and 23rd July, 2019; (vi) 27.618333% per annum for the period between 24th July, 2019 and 23rd August, 2019; and (vii) 27.125% per annum thereafter (if applicable)

The Deed of Undertaking A

As advised and confirmed by Lender A, as one of the conditions precedent to the Third Supplemental Loan Agreement A, the Deed of Undertaking A dated 26th July, 2019 is executed by the Covenantor as covenantor in favour of Lender A. The Covenantor irrevocably and unconditionally undertakes, among other things, that if the Covenantor obtains any loan under any credit facility, facility agreement, loan agreement, factoring agreement or other agreement relating to borrowing, it shall apply such loan simultaneously towards full payment of the Loan and the Loan A.

INFORMATION ABOUT AGL, APL, THE LENDER, THE BORROWER, THE GUARANTOR AND THE COVENANTOR

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 Covenantor

As advised and confirmed by APL, the Covenantor 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 Covenantor is property development.

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 Chapter 14 of 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 Chapter 14 of 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, does not constitute a notifiable transaction for AGL, as none of the percentage ratio(s) exceeds 5%. However, the Transaction, when aggregated with the Previous Transactions and the SHK Transaction in accordance with Chapter 14 of 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:

“Borrower”	the borrower under the Loan Agreement, the Supplemental Loan Agreement, the Second Supplemental Loan Agreement, the Third Supplemental Loan Agreement, the Fourth Supplemental Loan Agreement, the Loan Agreement A, the Supplemental Loan Agreement A, the Second Supplemental Loan Agreement A and the Third Supplemental Loan Agreement A, and the controlling shareholder of the Listed Company;
“Covenantor”	the covenantor under the Deed of Undertaking and the Deed of Undertaking A;
“Deed of Undertaking”	a deed of undertaking executed by the Covenantor in favour of the Lender;
“Deed of Undertaking A”	a deed of undertaking executed by the Covenantor in favour of Lender A;
“Fourth Supplemental Loan Agreement”	the fourth supplemental loan agreement to the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement entered into between the Lender as lender, the Borrower as borrower and the Guarantor as guarantor on 26th July, 2019;
“Guarantor”	the guarantor under the Loan Agreement, the Supplemental Loan Agreement, the Second Supplemental Loan Agreement, the Third Supplemental Loan Agreement, the Fourth Supplemental Loan Agreement, the Loan Agreement A, the Supplemental Loan Agreement A, the Second Supplemental Loan Agreement A and the Third Supplemental Loan Agreement A, the personal guarantor for the Notes and the sole shareholder of the Borrower and the Covenantor;

“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, the Second Supplemental Loan Agreement, the Third Supplemental Loan Agreement and the Fourth Supplemental Loan Agreement;
“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, the Supplemental Loan Agreement A, the Second Supplemental Loan Agreement A and the Third Supplemental Loan Agreement A;
“Loan”	the loan in the aggregate amount of HK\$635,000,000 under the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, the Second Supplemental Loan Agreement, the Third Supplemental Loan Agreement and the Fourth Supplemental Loan Agreement;
“Loan A”	the loan in the aggregate amount of HK\$365,000,000 under the Loan Agreement A, as amended and/or supplemented by the Supplemental Loan Agreement A, the Second Supplemental Loan Agreement A and the Third Supplemental Loan Agreement A;
“Previous Announcements”	the announcements dated 24th September, 2018 and 9th November, 2018 respectively made by AGL, and the joint announcements dated 23rd January, 2019 and 10th April, 2019 respectively made by AGL and APL;
“SHK Transaction”	the transaction contemplated under the Third Supplemental Loan Agreement A;

“Second Supplemental Loan Agreement A”	the second supplemental loan agreement to the Loan Agreement A as amended and/or supplemented by the Supplemental Loan Agreement A entered into between Lender A as lender and the Borrower as borrower and the Guarantor as guarantor dated 10th May, 2019;
“Third Supplemental Loan Agreement A”	the third supplemental loan agreement to the Loan Agreement A as amended and/or supplemented by the Supplemental Loan Agreement A and the Second Supplemental Loan Agreement A entered into between Lender A as lender, the Borrower as borrower and the Guarantor as guarantor on 26th July, 2019; and
“Transaction”	the transaction contemplated under the Fourth 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, 26th July, 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.