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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)

**ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
LOAN TRANSACTION**

As advised and confirmed by APL, on 24th September 2018, the Lender (an indirect wholly-owned subsidiary of APL) as lender entered into the Loan Agreement with the Borrower as borrower and the Guarantor as guarantor pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan for the Borrower's general working capital purpose.

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.

As advised and confirmed by SHK HK IND, on 27th June 2018 and 1st August 2018, the Purchaser (a direct wholly-owned subsidiary of SHK HK IND) acquired from independent third parties the Notes with face value of US\$4,000,000 and US\$1,000,000 respectively for an aggregate consideration of US\$4,916,125 or equivalent to approximately HK\$38,592,000. The Notes were guaranteed by certain of the Issuer's subsidiaries, on the terms and subject to the conditions therein.

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

As advised and confirmed by APL, the Transaction does not constitute a notifiable transaction for APL, as none of the percentage ratio(s) exceeds 5%.

THE LOAN AGREEMENT

As advised and confirmed by APL, on 24th September 2018, the Lender (an indirect wholly-owned subsidiary of APL) as lender entered into the Loan Agreement with the Borrower as borrower and the Guarantor as guarantor pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan for the Borrower's general working capital purpose.

Date: 24th September 2018

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

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

Principal Terms of the Loan Agreement

As advised and confirmed by APL, the principal terms of the Loan Agreement are as follows:

Loan amount:	HK\$570,000,000.
Term:	from the Drawdown Date to the Repayment Date.
Purpose:	the Loan shall be applied and used by the Borrower for the Borrower's general working capital purpose.
Interest rate:	7% per annum.
Arrangement fee:	3.5% of the Loan.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by APL, the terms of the 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 Loan Agreement was entered into by the Lender having regard to (i) the costs of borrowing in providing the Loan to the Borrower; and (ii) the interest and fee income to be generated by the Transaction. In view of the above, the APL Directors are of the view that the terms of the 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 TRANSACTION

As advised and confirmed by SHK HK IND, on 27th June 2018 and 1st August 2018, the Purchaser (a direct wholly-owned subsidiary of SHK HK IND) acquired from independent third parties the Notes with face value of US\$4,000,000 and US\$1,000,000 respectively for an aggregate consideration of US\$4,916,125 or equivalent to approximately HK\$38,592,000. The Notes were guaranteed by certain of the Issuer's subsidiaries, on the terms and subject to the conditions therein.

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

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 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 and is an investment holding and property holding company.

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.

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

As advised and confirmed by APL, the Transaction does not constitute a notifiable transaction for APL, as none of the percentage ratio(s) exceeds 5%.

DEFINITIONS

In this 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 Directors”	directors of APL;
“Borrower”	the borrower under the Loan Agreement and a controlling shareholder of the Issuer;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Drawdown Date”	the date of drawdown of the Loan;

“Guarantor”	the guarantor under the Loan Agreement and the sole shareholder of the Borrower;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuer”	a company listed and traded on the Stock Exchange;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of HK\$570,000,000;
“Loan Agreement”	the loan agreement entered into between the Lender as lender, the Borrower as borrower and the Guarantor as guarantor dated 24th September 2018;
“Notes”	fixed-rate senior notes in the face value of US\$5,000,000 issued by the Issuer;
“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;
“Previous Transaction”	the acquisition by the Purchaser of the Notes with face value of US\$4,000,000 and US\$1,000,000 from independent third parties on 27th June 2018 and 1st August 2018 respectively for an aggregate consideration of US\$4,916,125 or equivalent to approximately HK\$38,592,000;
“Purchaser”	Long Set Investments Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of SHK HK IND;

“Repayment Date”	means 9th November 2018 or such other date as may be agreed in writing between the Lender and the Borrower;
“SHK HK IND”	SHK Hong Kong Industries 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: 666) and an indirect non wholly-owned subsidiary of AGL;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Loan Agreement;
“US\$”	US dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 24th September 2018

As at the date of this 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.