THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Allied Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to sell, dispose, acquire, purchase or subscribe for securities in the Company.

ALLIED GROUP LIMITED
（聯合集團有限公司）

(Incorporated in Hong Kong with limited liability)
(Stock Code: 373)

MAJOR TRANSACTION

PROPOSED PRIVATISATION OF APL BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 673 OF THE COMPANIES ORDINANCE)

Financial Adviser to the Offeror

YU MING INVESTMENT MANAGEMENT LIMITED
禹 銘 投 資 管 理 有 限 公 司

Capitalised terms used in this cover shall have the same meanings as those defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

The Proposal has been approved by written shareholders’ approval obtained from a closely allied group of Shareholders pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

8th June, 2020

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In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code;
"AGL Waiver"	the deed of waiver dated 9th April, 2020 executed by the Company, Citiwealth, Capscore and the Offeror in favour of APL to irrevocably and unconditionally waive and surrender their entitlements to the Scheme Dividend;
"Announcement"	the announcement dated 20th April, 2020 jointly issued by the Company, APL and the Offeror in relation to, among others, the Proposal;
"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), being a non wholly-owned subsidiary of the Company;
"APL Board"	the board of APL Directors;
"APL Director(s)"	the director(s) of APL;
"APL General Meeting"	general meeting of APL to be convened and to be held immediately following the Court Meeting to consider, and if think fit, approve all necessary resolutions for implementation of the Proposal (including the Scheme and the Scheme Dividend);
"APL Group"	APL and its subsidiaries;
"APL Share(s)"	ordinary share(s) of APL;
"APL Shareholder(s)"	holder(s) of APL Share(s);

"Authorisations"	all necessary notifications, registrations, applications, filings, authorisations, orders, recognitions, grants, waivers and consents, licences, confirmations, clearances, permissions, no-action relief, exemption relief orders and approvals (including without limitation any which are required or desirable under or in connection with any applicable laws and regulations or any licenses, permits or contractual obligations of APL), and all appropriate waiting periods (including extensions thereof), in connection with the Proposal;
"Board"	the board of Directors;
"Capscore"	Capscore Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
"Citiwealth"	Citiwealth Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
"close associate"	has the meaning ascribed to it under the Listing Rules;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
"Company"	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);
"Condition(s)"	the condition(s) of the Proposal (including the Scheme and the Scheme Dividend), as set out in the section headed "The Proposal – Conditions of the Proposal" and the section headed "The Proposal – Scheme Dividend" in the Letter from the Board of this circular;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Court Meeting"	a meeting of the holders of Scheme Shares to be convened at the direction of the High Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof;

"Director(s)"	the director(s) of the Company;
"Disinterested Scheme Shareholders"	holders of APL Shares other than the Offeror and the Offeror Concert Parties;
"Disinterested Shares"	has the meaning ascribed to it in section 674(3) of the Companies Ordinance;
"Effective Date"	the date on which the Scheme becomes effective in accordance with the Companies Ordinance;
"Enlarged Group"	the Group and the APL Group, following completion of the Proposal;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
"Facility"	an unsecured and interest-free one-year term loan facility of up to HK$250 million granted by Mr. Lee to the Offeror pursuant to the Facility Agreement for the exclusive purpose of partially financing the Scheme Consideration payable by the Offeror under the Proposal;
"Facility Agreement"	the facility agreement dated 9th April, 2020 entered into between Mr. Lee as lender and the Offeror as borrower in respect of the Facility;
"Group"	the Company and its subsidiaries;
"High Court"	the High Court of Hong Kong;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent APL Board Committee"	the independent board committee of APL formed to advise the Disinterested Scheme Shareholders on the Proposal;

"Independent APL Financial Adviser"	Pelican Financial Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent APL Board Committee and the Disinterested Scheme Shareholders on the Proposal;
"Last Trading Date"	9th April, 2020, being the last trading day of APL Shares prior to the publication of the Announcement;
"Latest Practicable Date"	3rd June, 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	31st December, 2020, or such later date as the Offeror, the Company and APL may agree or, to the extent applicable, as the Executive may consent and/or the High Court may direct;
"Mr. Lee"	Mr. Lee Seng Hui, the chief executive and an executive director of each of the Company and APL;
"Offeror"	Sunhill Investments Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
"Offeror Concert Party(ies)"	persons acting in concert with the Offeror in relation to APL, including but not limited to the Company, Citiwealth and Capscore;
"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;
"Proposal"	the proposal for the privatisation of APL, comprising both the Scheme and the Scheme Dividend;

"Record Date"	the appropriate record date to be announced in the Scheme Document for determining entitlements of the holders of the Scheme Shares to receive both the Scheme Consideration and the Scheme Dividend under the Proposal. The Record Date shall be confirmed upon the High Court hearing of the petition for the sanction of the Scheme;
"Registrar of Companies"	the Registrar of Companies appointed under the Companies Ordinance;
"Scheme"	a scheme of arrangement to be proposed under section 673 of the Companies Ordinance for the implementation of the Proposal;
"Scheme Consideration"	the amount of HK$0.42 per Scheme Share payable by the Offeror in cash to the Scheme Shareholders for the cancellation of the Scheme Shares pursuant to the Scheme;
"Scheme Dividend"	subject to, among others, the Scheme having become binding and effective in accordance with its terms and conditions and the approval of the Disinterested Scheme Shareholders at the APL General Meeting, the proposed special dividend of HK$1.50 per APL Share to be declared by APL payable in cash to the APL Shareholders whose names appear on the register of members of APL on the Record Date;
"Scheme Document"	the composite scheme document of the Offeror, the Company and APL to be issued to the APL Shareholders containing, *inter alia*, details of the Proposal;
"Scheme Shareholder(s)"	registered holder(s) of the Scheme Shares as at the Record Date;
"Scheme Share(s)"	APL Share(s), other than those held by the Offeror, the Company, Citiwealth and Capscore;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	ordinary share(s) of the Company;

"Shareholder(s)"	holder(s) of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers;
"Total Price"	the cash amount representing the aggregate of the Scheme Consideration and the Scheme Dividend, being HK$1.92;
"trading day"	a day on which the Stock Exchange is open for the business of dealings in securities;
"Yu Ming"	Yu Ming Investment Management Limited, a corporation licenced under the SFC and permitted to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO, being the financial adviser to the Offeror; and
"%"	per cent.

ALLIED GROUP LIMITED
（聯合集團有限公司）

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

Executive Directors:
Lee Seng Hui *(Chief Executive)*
Edwin Lo King Yau
Mak Pak Hung

Non-Executive Directors:
Arthur George Dew *(Chairman)*
Lee Su Hwei

Independent Non-Executive Directors:
David Craig Bartlett
Alan Stephen Jones
Lisa Yang Lai Sum

Registered Office:
22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

8th June, 2020

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

PROPOSED PRIVATISATION OF APL BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 673 OF THE COMPANIES ORDINANCE)

INTRODUCTION

Reference is made to the Announcement dated 20th April, 2020 jointly issued by the Company, APL and the Offeror in relation to, among others, the Proposal.

After trading hours of the Stock Exchange on 9th April, 2020, the Offeror, a direct wholly-owned subsidiary of the Company, requested the APL Board to put forward the Proposal to the Scheme Shareholders which will involve (i) the proposed privatisation of APL by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme); and (ii) subject to the Scheme having become binding and effective in accordance with its terms and conditions, the payment by APL of the Scheme Dividend to the Scheme Shareholders whose names appear on the register of members of APL on the Record Date.

As at the Last Trading Date, the Company directly and indirectly held approximately 74.996% of the total number of shares in issue of APL, of which (i) approximately 31.141% was held through the Offeror (a direct wholly-owned subsidiary of the Company); (ii) approximately 29.640% was held through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of the Company); and (iii) approximately 14.215% was directly held by the Company.

Upon completion of the Proposal,

(i) all Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment in cash to the Scheme Shareholder of (a) the Scheme Consideration of HK$0.42 in cash for each Scheme Share to be paid by the Offeror; and (b) the Scheme Dividend of HK$1.50 in cash for each APL Share to be paid by APL;

(ii) the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of APL will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of Scheme Shares cancelled;

(iii) the Company will, directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of the Company), own 100% of the total number of shares in issue of APL; and

(iv) APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

THE PROPOSAL

The Scheme Consideration and the Scheme Dividend

The Proposal will provide that the Scheme Shares be cancelled in exchange for the payment to the Scheme Shareholders of:

Total Price . . . . HK$1.92 per Scheme Share

comprising (i) the Scheme Consideration of HK$0.42 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Scheme Dividend of HK$1.50 in cash for each APL Share to be paid by APL (other than the Offeror, the Company, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend pursuant to the AGL Waiver).

As advised and confirmed by APL, as at the Latest Practicable Date, APL has 6,812,201,460 APL Shares in issue. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by APL as at the Latest Practicable Date.

The Scheme Consideration and the Scheme Dividend will not be increased, and the Offeror and APL do not reserve the right to do so.

Comparisons of value

The Total Price of HK$1.92 per Scheme Share represents:

– a premium of approximately 34.3% over the closing price of HK$1.43 per APL Share as quoted on the Stock Exchange on the Last Trading Date;

– a premium of approximately 36.2% over the average closing price of HK$1.41 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;

– a premium of approximately 39.1% over the average closing price of HK$1.38 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;

– a premium of approximately 33.3% over the average closing price of HK$1.44 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;

– a premium of approximately 23.1% over the average closing price of HK$1.56 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date;

– a premium of approximately 2.1% over the closing price of HK$1.88 per APL Share as quoted on the Stock Exchange on the Latest Practicable Date; and

– a discount of approximately 66.3% to the audited consolidated net asset value attributable to APL Shareholders of approximately HK$5.70 per APL Share as at 31st December, 2019.

The Total Price has been determined after taking into account, among others, the financial information of the APL Group and the prices at which the APL Shares were traded on the Stock Exchange over the past year.

Highest and lowest prices

During the six-month period preceding the Last Trading Date, the highest closing price of the APL Shares as quoted on the Stock Exchange was HK$1.63 each on 14th and 15th October, 2019, and the lowest closing price of the APL Shares as quoted on the Stock Exchange was HK$1.29 on 16th March, 2020.

Total consideration

As at the Latest Practicable Date, APL has 6,812,201,460 APL Shares in issue. The 1,703,289,939 Scheme Shares represents approximately 25.004% of the total number of shares in issue of APL as at the Latest Practicable Date.

On the assumption that there is no other change in the shareholding structure of APL before completion of the Proposal, the total amount of cash consideration required to effect the Proposal will be HK$3,270,316,683, of which (i) HK$715,381,774 (representing the aggregate Scheme Consideration payable under the Scheme) will be funded by the Offeror; and (ii) HK$2,554,934,909 (representing the entire amount of Scheme Dividend payable to the Scheme Shareholders) will be funded by APL.

Financial resources

Payment of the Scheme Consideration under the Scheme by the Offeror will be funded by (i) the internal cash resources of the Group; and (ii) the unsecured and interest-free Facility granted by Mr. Lee to the Offeror pursuant to the Facility Agreement.

As Mr. Lee is the chief executive and an executive director of the Company, the provision of the Facility constitutes a connected transaction for the Company under the Listing Rules. Since the Facility is conducted on normal commercial terms or better and is not secured by the assets of the Group, it constitutes a fully-exempt connected transaction for the Company pursuant to Rule 14A.90 of the Listing Rules.

As advised and confirmed by APL, payment of the Scheme Dividend under the Scheme by APL will be funded by the internal cash resources of the APL Group.

Conditions of the Proposal

The Proposal (including the Scheme and the Scheme Dividend) will become effective and binding on APL and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of the following conditions and the conditions set out in the section headed "Scheme Dividend" in this Letter from the Board:

(i) the approval of the Scheme at the Court Meeting (by way of poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all Disinterested Shares, provided that:

   (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are cast either in person or by proxy at the Court Meeting; and

   (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Disinterested Scheme Shareholders;

(ii) the passing of a special resolution by a majority of at least 75% of the votes cast by APL Shareholders present and voting, in person or by proxy, at APL General Meeting (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of APL by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new APL Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;

(iii) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of APL involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;

(iv) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of APL and the Scheme respectively;

(v) passing of an ordinary resolution by the Disinterested Scheme Shareholders at the APL General Meeting approving the declaration and payment of the Scheme Dividend;

(vi) all Authorisations (if any) in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;

(vii) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or its implementation in accordance with its terms);

(viii) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms;

(ix) the implementation of the Proposal not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in:

(a) any indebtedness (actual or contingent) of any member of the APL Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date;

(b) any agreement, arrangement, licence, permit or instrument to which any member of the APL Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject (or any of the rights, liabilities, obligations or interests of any member of the APL Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the APL Group arising in relation thereto); or

(c) the creation or enforcement of any security interest over the whole or any part of the business, property or assets of any member of the APL Group or any such security (whenever arising) becoming enforceable,

in each case, which is material in the context of the APL Group as a whole or in the context of the Proposal or its implementation in accordance with its terms; and

(x) since the date of the Announcement:

(a) there having been no adverse change in the business, assets, financial or trading, positions, profits or prospects of any member of the APL Group which is material in the context of the APL Group taken as a whole or in the context of the Proposal; and

(b) there not having been instituted, threatened in writing or remaining outstanding any litigation, arbitration, other proceedings or other dispute resolution process to which any such member is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government, quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, instituted or remaining outstanding, in each case, which is material in the context of the APL Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms.

The Offeror reserves the right to waive all or any of the above conditions, either in whole or in respect of any particular matter, except for conditions (i) to (v). APL does not have the right to waive any of the above conditions. All of the above conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse. If the Proposal is withdrawn, not approved or lapses, the listing of the APL Shares on the Stock Exchange will not be withdrawn.

With reference to the condition in paragraph (vi), as at the Latest Practicable Date, the Offeror is not aware of any requirement for such Authorisations other than those set out in the Conditions in paragraphs (i) to (v).

With reference to the condition in paragraph (vii), as at the Latest Practicable Date, the Offeror is not aware of any such action, proceeding, suit, investigation, statute, regulation, demand or order.

With reference to the condition in paragraph (viii), as at the Latest Practicable Date, the Offeror is not aware of any such non-compliance or regulatory requirement other than those set out in the Conditions in paragraphs (i) to (v).

With reference to the condition in paragraph (ix), as at the Latest Practicable Date, the Offeror is not aware of any such event or circumstance.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the above conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to a right to invoke any such condition are of material significance to the Offeror in the context of the Proposal.

If approved, the Proposal will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the APL General Meeting.

The entitlements of the Scheme Shareholders to receive both the Scheme Consideration and the Scheme Dividend under the Proposal will be determined on the Record Date.

Assuming that the above conditions are satisfied or validly waived (as applicable) on or before the Long Stop Date, it is currently expected that the Scheme will become binding and effective in or around September 2020. A detailed expected timetable will be included in the Scheme Document.

Scheme Dividend

Under the Proposal, subject to the following conditions (neither of which can be waived), APL will pay a Scheme Dividend of HK$1.50 per APL Share in cash to all APL Shareholders whose names appear on the register of members of APL on the Record Date:

(i) passing of an ordinary resolution by the Disinterested Scheme Shareholders at the APL General Meeting approving the declaration and payment of the Scheme Dividend; and

(ii) the Scheme having become binding and effective in accordance with its terms and conditions.

By way of the AGL Waiver, the Offeror, the Company, Citiwealth and Capscore have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend (the "**Excluded Entitlements**") and accordingly no Scheme Dividend will be paid or payable to the Offeror, the Company, Citiwealth and Capscore. The Excluded Entitlements will be retained by APL, and APL will be wholly-owned by the Company directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of the Company) upon the completion of the Proposal.

As advised and confirmed by APL, the APL Board, recognising that the Scheme Dividend is an integral part of the Proposal, recommended the amount of the Scheme Dividend of HK$1.50 per APL Share, subject to the conditions of the Scheme Dividend being satisfied on or before the Long Stop Date.

The Scheme Dividend will be paid by APL to the APL Shareholders (other than the Offeror, the Company, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend pursuant to the AGL Waiver) in cash after the Scheme having become binding and effective in accordance with its terms and conditions and the approval of the Disinterested Scheme Shareholders at the APL General Meeting, and will be paid on the same date on which the Scheme Consideration will be paid by the Offeror to the Scheme Shareholders.

The Scheme Document, which will be despatched to the APL Shareholders in due course, will contain further details of the Scheme Dividend, including but not limited to the arrangements regarding the payment of the Scheme Dividend, overseas shareholders' entitlements, and the expected timetable of the Scheme Dividend.

SHAREHOLDING STRUCTURE OF APL

On the assumption that there is no other change in the shareholding structure of APL before completion of the Proposal, the table below sets out the shareholding structure of APL as at the Latest Practicable Date and immediately upon completion of the Proposal:

APL Shareholders	**As at the Latest Practicable Date**		**Immediately upon completion of the Proposal** *(Note 1)*	
	Number of APL Shares	*Approximate %*	*Number of APL Shares*	*Approximate %*
Offeror *(Note 2)*	2,121,437,331	31.141	3,824,727,270	56.145
Offeror Concert Parties				
The Company *(Note 2)*	968,354,880	14.215	968,354,880	14.215
Capscore *(Note 2)*	1,973,216,190	28.966	1,973,216,190	28.966
Citiwealth *(Note 2)*	45,903,120	0.674	45,903,120	0.674
Aggregate number of APL Shares held by the Offeror and the Offeror Concert Parties	5,108,911,521	74.996	6,812,201,460	100.000
Scheme Shareholders *(Note 3)*	1,703,289,939	25.004	–	–
Total number of APL Shares	6,812,201,460	100.000	6,812,201,460	100.000

Notes:

1. Under the Scheme, the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. On the assumption that there is no change in the shareholding structure of APL before completion of the Proposal, forthwith upon such reduction, the issued share capital of APL will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of the Scheme Shares cancelled. The reserve created in the APL's books of account as a result of the capital reduction will be applied in paying up in full the new APL Shares so issued to the Offeror.

2. Each of Capscore and Citiwealth is a direct wholly-owned subsidiary of the Company and a fellow subsidiary of the Offeror. The APL Shares in which the Company, the Offeror, Capscore and Citiwealth are interested will not form part of the Scheme Shares and will not be voted at the Court Meeting and will not be entitled to the Scheme Dividend and will not be cancelled upon the Scheme becoming effective.

3. As advised and confirmed by APL, Mr. Steven Samuel Zoellner, being an independent non-executive director of APL and holder of 22,402 APL Shares (representing approximately 0.001% of the Scheme Shares) as at the Latest Practicable Date, is also a Scheme Shareholder under the Scheme.

4. All percentages in the above table are approximations.

As advised and confirmed by APL, no APL Shareholder (including the Offeror and the Offeror Concert Parties) are restricted from voting on the special resolution to be proposed at the APL General Meeting to approve and give effect to the Scheme under the Companies Ordinance, the Takeovers Code, the Listing Rules and the articles of association of APL, including the approval of the reduction of the issued share capital of APL by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new APL Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled, which is set out in the condition in paragraph (ii) in the section above headed "The Proposal — Conditions of the Proposal".

The Offeror and the Offeror Concert Parties will, however, abstain from voting on the ordinary resolutions to be proposed at the APL General Meeting approving the declaration and payment of the Scheme Dividend.

The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Offeror and the Offeror Concert Parties will vote in favour of the special resolution to be proposed at the APL General Meeting.

Upon the Scheme becoming effective, the Company will hold 100% of the total number of shares in issue of APL, of which (i) approximately 56.145% will be held indirectly through the Offeror (a direct wholly-owned subsidiary of the Company); (ii) approximately 29.640% will be held indirectly through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of the Company); and (iii) approximately 14.215% will be held directly by Company.

FINANCIAL EFFECTS OF THE PROPOSAL

Assets and liabilities

As illustrated in the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming the completion of the Proposal had taken place on 31st December, 2019, the total assets of the Enlarged Group as at 31st December, 2019 would become approximately HK$65,564.7 million on a pro forma basis and the total liabilities of the Enlarged Group as at 31st December, 2019 would become approximately HK$20,053.2 million on a pro forma basis.

Earnings

After completion of the Proposal, the Company's beneficial interests in APL will increase from approximately 74.996% to 100% and hence APL will become a wholly-owned subsidiary of the Company instead of being a non wholly-owned subsidiary of the Company. The financial results of APL will continue to be included in the consolidated financial statements of the Group. There is no gain or loss to be recognised from the Proposal in the consolidated income statement of the Group since such change in ownership interest in existing subsidiary that does not result in losing control over the subsidiary is accounted for as an equity transaction.

REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Scheme Shareholders

The Proposal gives Scheme Shareholders an opportunity to receive the Total Price for their Scheme Shares at a premium over the current market price. Despite that the Total Price is at a discount of 66.3% to the audited consolidated net asset value attributable to APL Shareholders as at 31st December, 2019, the Total Price is 48.8% higher than the lowest closing price of APL Shares and 1.1% higher than the highest closing price of APL Shares in the past two years up to and including the date of the Announcement. Scheme Shareholders who prefer to switch investment of their holding in APL Shares into securities of other companies with better prospects or higher share trading volume might not be able to do so because of the thin trading volume of the APL Shares. For certain Scheme Shareholders, given the current state of the economy and the uncertainty on the timing of a recovery, they may find the Proposal particularly timely.

Based on the above reasons, the Directors (excluding the Directors who abstained from voting in the Board, namely Mr. Lee, Mr. Arthur George Dew, Ms. Lee Su Hwei, Mr. Alan Stephen Jones and Mr. David Craig Bartlett) consider that the terms of the Proposal and the Total Price are fair and reasonable so far as the Scheme Shareholders are concerned and also in the interests of the Scheme Shareholders.

For the Shareholders

The Total Price comprising the Scheme Consideration payable by the Group and the Scheme Dividend forgone by the Group, is at a significant premium over the recent trading price of APL Shares. There is a dilemma in every privatisation such as the Proposal. It may first seem unfair to the Group. However, no transaction can be consummated unless it benefits parties on both sides. The Group, though effectively paying a high price for the Scheme Shares in the Proposal, the Company would upon completion of the Proposal acquire a further approximately 25.004% interest in APL at a discount to the consolidated net asset value of APL.

The full consolidation of the shareholding in APL following the completion of the Proposal will enable the Company to maximise the operational and financial control over APL and to allow an overall more efficient and cost-effective organisational structure for the Company. The Company will be able to enjoy the flexibility to manage APL's business and to integrate certain APL's current operations into the Company in the absence of the listing status of APL. Given the increasing administrative and compliance costs for maintaining APL's listing status, the Board considers that the implementation of the Proposal will facilitate the Company to focus its management time and financial resources to the core businesses of APL, and also the Company.

In view of the above, the Directors (excluding the Directors who abstained from voting in the Board, namely Mr. Lee, Mr. Arthur George Dew, Ms. Lee Su Hwei, Mr. Alan Stephen Jones and Mr. David Craig Bartlett) are of the view that the terms of the Proposal are on normal commercial terms and the Proposal is fair and reasonable, and in the interests of the Company and the Shareholders taken as a whole.

INTENTION OF THE COMPANY AND THE OFFEROR WITH REGARD TO APL

It is the intention of the Company and the Offeror for the APL Group to maintain its existing business upon the privatisation of APL. The Company and the Offeror has no plan to introduce any material changes to the business and/or assets of the APL Group, to redeploy its fixed assets or to discontinue the employment of employees of the APL Group as a result of the Proposal.

As at the Latest Practicable Date, the Company has no intention (i) to alter the listing status of the listed companies in which APL is interested; or (ii) to seek a separate listing of APL and/or its assets following the implementation of the Proposal.

INFORMATION ON THE OFFEROR AND THE COMPANY

The Offeror is incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. The principal business activity of the Offeror is investment holding.

The Company is 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 the Company is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, the provision of finance and investments in listed and unlisted securities.

As at the Latest Practicable Date, the Company is beneficially owned as to approximately 74.950% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust.

INFORMATION ON APL

APL is 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 and the provision of finance and investments in listed and unlisted securities.

As at the Latest Practicable Date, APL is beneficially owned as to approximately 74.996% by the Company.

Financial information of the APL Group

Based on the audited consolidated financial statements of APL, the consolidated net profit before and after taxation and consolidated profit attributable to owners of APL for the financial years ended 31st December, 2018 and 2019 and the consolidated net assets of APL (represented by equity attributable to owners of APL) as at 31st December, 2018 and 2019 are as follows:

	For the year ended 31st December	
	2019	**2018**
	HK$ Million	*HK$ Million*
Consolidated net profit before taxation from continuing operations	4,229.0	3,492.3
Consolidated net profit after taxation from continuing operations	3,993.8	3,248.4
Consolidated profit attributable to owners of APL	2,880.3	2,343.4

	As at 31st December	
	2019	**2018**
	HK$ Million	*HK$ Million*
Consolidated net assets	38,804.1	36,737.7

WITHDRAWAL OF LISTING OF APL SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new APL Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the APL Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for APL, except with the consent of the Executive. The Offeror has no intention to seek such consent.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Proposal exceeds 25% but is less than 100%, the implementation of the Proposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Save for Mr. Steven Samuel Zoellner (an independent non-executive director of APL and hence a connected person at the subsidiary level of the Company) holding approximately 0.001% of the Scheme Shares as at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the holders of Scheme Shares and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the Proposal if the Company were to convene a general meeting for such approval.

If a general meeting were to be convened for the approval of the Proposal, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Proposal at such general meeting.

The Company has received an irrevocable and unconditional approval in writing for the Proposal from a closely allied group of Shareholders comprising the trustees of and the companies wholly controlled by the trustees of Lee and Lee Trust, namely Cashplus Management Limited and Minty Hongkong Limited, holding 55,861,688 Shares and 75,844,692 Shares respectively and thus an aggregate of 131,706,380 Shares (representing approximately 74.938% of the total number of issued shares in the Company as at the Latest Practicable Date). Accordingly, in accordance with Rule 14.44 of the Listing Rules, the shareholders' approval requirement in respect of the Proposal under Chapter 14 of the Listing Rules has been satisfied in lieu of a general meeting of the Company.

SCHEME DOCUMENT

A Scheme Document including, among other things, further details of the Proposal (including the Scheme and the Scheme Dividend), an explanatory statement, the expected timetable relating to the Proposal, the recommendation of the Independent APL Board Committee, the letter of advice from the Independent APL Financial Adviser and notices of the Court Meeting and the APL General Meeting will be despatched to the APL Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

WARNING NOTICE

Shareholders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Yours faithfully,
For and on behalf of the Board
Allied Group Limited
Edwin Lo King Yau
Executive Director

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial year ended 31st December, 2017, 2018 and 2019 were set out in the relevant annual reports of the Company posted on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.alliedgroup.com.hk/).

Please also see below quick links to the relevant annual reports:

- Annual report of the Company for the year ended 31st December, 2017 posted on 20th April, 2018:

  http://doc.irasia.com/listco/hk/alliedgroup/annual/ar192887-ew00373ar.pdf

  https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0420/ltn20180420861.pdf

- Annual report of the Company for the year ended 31st December, 2018 posted on 17th April, 2019:

  http://doc.irasia.com/listco/hk/alliedgroup/annual/ar210194-ew00373.pdf

  https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417854.pdf

- Annual report of the Company for the year ended 31st December, 2019 posted on 27th April, 2020:

  http://doc.irasia.com/listco/hk/alliedgroup/annual/ar228736-ew00373.pdf

  https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701216.pdf

INDEBTEDNESS OF THE GROUP

As at the close of business on 30th April, 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$20,188.4 million, comprising of: (i) secured and guaranteed bank loans of approximately HK$3,581.2 million; (ii) unsecured and guaranteed bank loans of approximately HK$1,693.9 million, (iii) unsecured and unguaranteed bank loans of approximately HK$6,936.6 million; (iv) unsecured and unguaranteed other borrowings of approximately HK$62.1 million; (v) unsecured and unguaranteed loan from an associate of approximately HK$5.7 million; (vi) unsecured and unguaranteed loan from a joint venture of approximately HK$40.0

million; (vii) unsecured and guaranteed notes of approximately HK$7,786.6 million and (viii) unsecured and guaranteed commercial paper of approximately HK$82.3 million. The Group's secured borrowings were secured by charges over the following assets of the Group including investment properties, hotel property, land and buildings, bonds, bank deposits and bank balances together with certain securities in respect of a listed subsidiary held by the Group.

The Group recognised right-of-use assets and corresponding lease liabilities in respect of all leases unless they qualify for low value or short-term lease. The lease liabilities represent obligation to make lease payment for right of using underlying assets. As at 30th April, 2020, the Group had lease liabilities of approximately HK$185.7 million of which (i) approximately HK$40.1 million were secured by rental deposits and guaranteed; (ii) approximately HK$126.2 million were secured by rental deposits and unguaranteed and (iii) approximately HK$19.4 million were unsecured and unguaranteed.

The Group had contingent liabilities relating to guarantees to a joint venture in the amount of approximately HK$103.4 million and an independent third party of approximately HK$430.3 million respectively.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30th April, 2020.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30th April, 2020, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, taking into account of its existing cash and bank balances, credit facilities and other internal resources available and based on the assumption that the Proposal having been completed, the Enlarged Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As stated in the 2019 annual report of the Company, the outbreak of the Coronavirus disease (COVID-19) in 2020 has put significant pressure on the global and local economy as well as on the Group's principal businesses. Although recently Hong Kong reported single-digit or zero COVID-19 cases daily, the Group considers it difficult to estimate how long it may take for COVID-19 to be contained globally, and the time needed thereafter for global and local economic recovery. The Group expects that under the current situation, the Group's core recurring income will likely be affected in 2020, but the scale of such is not yet known. Notwithstanding that several branches of United Asia Finance Limited ("**UAF**") in mainland China were closed in accordance with quarantine measures and their business was disrupted during such period, after these branches reopened, the business and loan books of UAF have been slightly impacted. On the other hand, for UAF's business in Hong Kong, the travel bans, social distancing orders and mandatory business closures may be likely to produce increased unemployment and in turn affect the credit quality of consumer finance loans, which may lead to rising delinquencies and slower loan origination, and hence pressure on the Group's consumer finance business.

The Group's investment and finance business, which is mainly carried out by Sun Hung Kai & Co. Limited ("**SHK**"), has also felt the impact of the falling market. SHK has been managing its investment portfolio with prudence under these challenging market conditions and will continue to evaluate market conditions and seek to capture opportunities prudently.

In terms of its property and related businesses, the Group expects that the increased vacancy rates of residential, commercial and retail sectors of the local property market and the decreased rental rates in Hong Kong as a result of the outbreak of the COVID-19 may put short-term pressure on the local property business of the Group in 2020. Meanwhile, although the mainland property market is expected to be weak in the short term, the Group considers that when the spread of COVID-19 slows down, the property market in mainland China should stabilise and hence may offset the unfavourable impact of COVID-19 on the Group's property and related businesses in the first quarter of 2020.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as those disclosed in the section headed "Financial and Trading Prospects of the Group" in this appendix, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2019 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

CONSOLIDATED FINANCIAL INFORMATION OF THE APL GROUP FOR THE THREE YEARS ENDED 31ST DECEMBER, 2019

The consolidated financial information, together with the accompanying notes to the financial statements, of the APL Group for each of the three financial years ended 31st December, 2019 is disclosed on pages 114 to 289 of the annual report of APL for the year ended 31st December, 2017, pages 123 to 337 of the annual report of APL for the year ended 31st December, 2018 and pages 147 to 369 of the annual report of APL for the year ended 31st December, 2019 respectively, all of which are published on both the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the APL (http://www.alliedproperties.com.hk).

Please see below for the quick links to the relevant annual reports of APL:

- Annual report of APL for the year ended 31st December, 2017 posted on 20th April, 2018:

  https://doc.irasia.com/listco/hk/alliedproperties/annual/ar192883-ew00056ar.pdf

  http://www1.hkexnews.hk/listedco/listconews/sehk/2018/0420/ltn20180420757.pdf

- Annual report of APL for the year ended 31st December, 2018 posted on 17th April, 2019:

  https://doc.irasia.com/listco/hk/alliedproperties/annual/ar210201-ew00056.pdf

  https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417768.pdf

- Annual report of APL for the year ended 31st December, 2019 posted on 27th April, 2020:

  https://doc.irasia.com/listco/hk/alliedproperties/annual/ar228731-ew00056.pdf

  https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701082.pdf

MANAGEMENT DISCUSSION AND ANALYSIS ON THE APL GROUP FOR THE YEAR ENDED 31ST DECEMBER, 2017

Set out below is the management discussion and analysis of the APL Group as extracted from the annual report of APL for the year ended 31st December, 2017 for the purpose of providing further information relating to the financial condition and results of operations of the APL Group during such period. Such extract was prepared as at the date of such annual report (being prior to the Latest Practicable Date) and speaks as of the date of such annual report. Terms used below shall have the same meanings as defined in the said annual report.

INTRODUCTION

The core businesses of the Company and its subsidiaries and associates consist of property investment, property development, hospitality related activities, financial services and elderly care services. The Company is a subsidiary of Allied Group Limited ("**Allied Group**"). The Company's interests in property investment and development, hospitality related activities and elderly care services in Hong Kong and overseas are mainly held through its wholly owned subsidiaries or the 50% owned Allied Kajima Limited ("**AKL**"). Tian An China Investments Company Limited ("**TACI**"), being an associate held by the Company, is engaged in property investment and development and property management businesses in The People's Republic of China, while its subsidiary Asiasec Properties Limited is principally engaged in property investment and development, investment holding and estate management in Hong Kong. The Company's financial services business is mainly conducted through the Company's 57.29% holding in Sun Hung Kai & Co. Limited ("**SHK**") as well as SHK's effective 58.18% holding in United Asia Finance Limited ("**UAF**").

FINANCIAL HIGHLIGHTS

	2017	**2016**
	HK$ Million	*HK$ Million*
Revenue	4,374.3	3,974.6
Profit for the year attributable to owners of the Company	3,991.1	4,352.9
Equity attributable to owners of the Company	35,019.2	30,983.0
Return on equity attributable to owners of the Company	11.4%	14.0%
Earnings per share	HK58.59 cents	HK63.88 cents

	At 31st December, 2017	**At 31st December, 2016**
Net asset value per share	HK$5.1	HK$4.5
Gearing ratio	26.7%	12.2%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the year was HK$4,374.3 million (2016: HK$3,974.6 million). The increase is mainly due to higher revenue arising from SHK, higher rental income and building services income, as well as full year income generated from the elderly care business which was acquired in the second half of 2016.

The profit attributable to the owners of the Company for the year was HK$3,991.1 million (2016: HK$4,352.9 million), a decrease of HK$361.8 million.

The profit attributable to the owners of the Company was primarily a mixed result of:–

– lower contribution from associate TACI;

– good performance of the consumer finance business and principal investments of SHK; and

– a higher fair value gain on revaluation of the investment properties.

Earnings per share

Earnings per share amounted to HK58.59 cents (2016: HK63.88 cents).

Material Acquisitions and Disposals

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year.

Capital Management and Treasury Policy

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisaton of the debt and equity balance. The capital structure of the Group consists of debts (which include bank and other borrowings and notes) and equity attributable to owners of the Company comprising issued share capital and reserves. The Group's management reviews the capital structure on an ongoing basis using gearing ratio, which is the net debt comprising the Group's bank and other borrowings and notes issued less short-term pledged bank deposit, bank deposits and cash and cash equivalents divided by equity attributable to owners of the Company.

In addition, the Group's treasury policy is to ensure that funding requirements for capital commitments, investments and operations of the Group can be fulfilled and liquidity can be managed to ensure that fund inflows are matched against all maturing repayment obligations to achieve maximum harmony on cash flow management. The credit facilities of the Group are reviewed from time to time and new credit facilities will be obtained or renewed. The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group involving the management of the relevant group companies.

Financial Resources, Liquidity and Capital Structure

On 11th September, 2017, under the guaranteed medium term note programme, Sun Hung Kai & Co. (BVI) Limited further issued US$550 million (including intra-group holdings of US$4.4 million) 4.65% US dollar denominated notes ("**4.65% Notes**") for a net consideration of HK$4,289.0 million. The 4.65% Notes are listed on The Stock Exchange of Hong Kong Limited. The 4.65% Notes will mature on 8th September, 2022. During the year, the Group purchased part of the 4.65% Notes with a total nominal value of US$4.8 million from the market at a total consideration of HK$37.7 million. The nominal value of the 4.65% Notes after eliminating the intra-group holdings was US$540.8 million or equivalent to HK$4,228.0 million at the reporting date.

On 20th November, 2017, under the guaranteed medium term note programme, Sun Hung Kai & Co. (BVI) Limited further issued HK$447.5 million 2.8% HK dollar denominated notes ("**2.8% Notes**") at discount for a net consideration of HK$446.7 million. The 2.8% Notes will mature on 20th November, 2018.

The 6.375% US dollar denominated notes and 3% US dollar denominated notes matured in September and December 2017 respectively and the outstanding balance was repaid.

At the end of the reporting period, the Group's net borrowings amounted to HK$9,334.1 million (2016: HK$3,784.9 million), representing bank and other borrowings and notes issued totalling HK$12,532.7 million (2016: HK$10,874.5 million) less bank deposits, bank balances and cash of HK$3,198.6 million (2016: HK$7,089.6 million) and the Group had equity attributable to owners of the Company of HK$35,019.2 million (2016: HK$30,983.0 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to owners of the Company was 26.7% (2016: 12.2%). At the end of the reporting period, the current ratio (current assets/current liabilities) of the Group was 3.7 times, which increased from the 3.5 times applicable at the end of the preceding year.

	2017	2016
	HK$ Million	*HK$ Million*
Bank loans are repayable as follows:		
On demand or within one year	1,752.9	2,004.9
More than one year but not exceeding two years	1,395.8	1,753.4
More than two years but not exceeding five years	309.6	1,074.2
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	1,018.0	260.8
More than one year but not exceeding two years	14.0	450.8
More than two years but not exceeding five years	–	9.2
	4,490.3	5,553.3
Other borrowings are repayable as follows:		
Within one year	–	24.0
Over five years	35.0	35.0
	35.0	59.0
Renminbi denominated notes are repayable as follows:		
Within one year	536.5	6.3
More than one year but not exceeding five years	–	551.5
US dollar denominated notes are repayable as follows:		
Within one year	92.3	2,257.7
More than one year but not exceeding five years	6,930.4	2,446.7
HK dollar denominated notes are repayable within one year	448.2	–
	8,007.4	5,262.2
	12,532.7	10,874.5

The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

Other than the Renminbi denominated notes, US dollar denominated notes and HK dollar denominated notes, most of the bank and other borrowings of the Group are charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profile.

At the end of the reporting period, the Group had HK$4,525.3 million in bank and other borrowings, which were denominated in HK dollars, British pounds and US dollars. The Group had HK$3,198.6 million in bank deposits, bank balances and cash, which were mainly denominated in HK dollars, Euro, Renminbi and US dollars.

Segment Information

The operating business organised and managed in each segment represents a strategic business unit that offers different products and services for the purpose of resource allocation and assessment of segment performance by the Executive Directors of the Company. The Group has the following reportable and operating segments:

- Investment and finance – investment and provision of term loan financing.

- Consumer finance – providing consumer loan finance products.

- Property rental, hotel operations and management services – property rental, hotel operations managed by third parties and provision of property management services.

- Others – elderly care services, development and sale of properties and property based investments.

The Group has merged its "Sale of properties and property based investments" and "Others" business segments into "Others" in the 2017 annual financial statements. There is no impact on the recognition of the amounts included in these business segments for both the current and prior years arising from these changes of business segments. The directors consider that these changes to segment reporting are in line with the changes of internal reporting reviewed by the chief operating decision maker in 2017. The comparative figures for Others segment were restated.

Inter-segment transactions have been entered into on terms agreed by the parties concerned.

Segment revenue and results

Analysis of the Group's revenue and results is as follows:

	Investment and finance HK$ Million	Consumer finance HK$ Million	2017 Property rental, hotel operations and management services HK$ Million	Others HK$ Million	Total HK$ Million
Segment revenue	701.9	3,122.2	488.8	80.0	4,392.9
Less: inter-segment revenue	(6.3)	–	(12.3)	–	(18.6)
Segment revenue from external customers	695.6	3,122.2	476.5	80.0	4,374.3
Segment results	1,444.3	1,444.7	1,040.7	3.9	3,933.6
Reversal of impairment loss on interest in an associate					107.6
Impairment loss on interest in an associate					(4.1)
Finance costs					(384.3)
Share of results of associates					1,277.3
Share of results of joint ventures	(28.7)	–	688.1	–	659.4
Profit before taxation					5,589.5
Taxation					(322.0)
Profit for the year					5,267.5

Risk of Foreign Exchange Fluctuation

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

The Group's foreign exchange risk primarily arises from currency exposures originating from proprietary trading positions, and loan and advances denominated in foreign currencies, mainly in Australian dollars, British pounds and Renminbi. Foreign exchange risk is managed and monitored by senior management of the relevant group companies. The risk arises from open currency positions are subject to management approved limits and are monitored and reported daily. As the majority of the Group's assets and investments were dominated in HK dollars and US dollars, the risk exposure was relatively low. Should the Group consider that its exposure to foreign currency risk justifies hedging, the Group may use forward contracts or hedging contracts to reduce the risks.

Contingent Liabilities

At the end of the reporting period, the Group had guarantees as follows:

	2017	2016
	HK$ Million	*HK$ Million*
Indemnities on banking facility made available to joint venture	112.7	104.7
Financial guarantees under loan guarantee business*	19.2	81.9
	131.9	186.6

* The Group has provided guarantees to lenders of its loan guarantee customers to guarantee the repayment of debts owed by the loan guarantee customers to their lenders. At 31st December, 2017, the outstanding guarantee amount was HK$19.2 million (2016: HK$81.9 million).

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties, land and buildings and properties held for sale with an aggregate carrying value of HK$7,766.9 million (2016: HK$6,827.4 million) together with certain securities in respect of a listed subsidiary with investment cost of HK$276.6 million (2016: HK$276.6 million) were pledged to secure loans and general banking facilities to the extent of HK$2,388.5 million (2016: HK$1,762.3 million) granted to the Group. Facilities amounting to HK$990.0 million (2016: HK$840.8 million) were utilised at the end of the reporting period.

At the end of the reporting period, a bank deposit of HK$1.2 million (2016: Nil) was pledged to secure a guarantee issued to third parties by a bank in favour of a subsidiary to the extent of HK$1.2 million (2016: Nil).

OPERATIONAL REVIEW

Properties

Hong Kong

- The Group's rental income from its Hong Kong property portfolio increase slightly when compared to 2016.
- The net gain in the value of the Group's property portfolio, including investment properties owned by SHK, was HK$982.3 million during the year, higher than that of 2016 by HK$402.2 million.
- The hotel division reported an increase in average room rates and occupancies, resulting in an increased contribution.

- AKL, the Group's 50% joint venture holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel, Sofitel Philippine Plaza Hotel and the Wanchai Jaffe Road hotel redevelopment, contributed a profit increase of 176% mainly due to increase in fair value of its property portfolio during the year. Foundation work on the Jaffe Road hotel site is being carried out.

Mainland PRC

- The profit attributable to the owners of TACI was HK$2,054.1 million (2016: HK$5,713.0 million).

- The decrease in profit of TACI was mainly due to a lower contribution from disposal of non- core assets and the absence of a large one-off gain from a bargain purchase of an interest in a Hong Kong listed subsidiary, Asiasec Properties Limited. For 2017, disposal of non-core assets contributed HK$1,634.0 million (2016: HK$3,937.7 million). By increasing its stake in an Australian listed company, Tian An Australia Limited, at a discount to the stated net asset value, TACI also recorded a gain of HK$60.9 million in 2017 (2016: HK$1,588.6 million).

- There are a total of 15 cyberparks over 12 cities. The overall contribution of TACI's cyberpark unit has increased, with sales and leasing improved in most of its cyberparks. Those on the Pearl River Delta have been contributing most and TACI will concentrate on developing new cyberparks and urban renewal projects in this region where it has ample manpower and marketing resources.

- Phase 2 of TACI's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen, with a gross floor area of approximately 599,400m^2 is under construction and expected to be completed in 2018.

- Asiasec Properties Limited reported a profit attributable to its shareholders of HK$169.2 million (2016: HK$61.8 million).

Financial Services

Investment and Finance

- The profit attributable to owners of SHK was HK$1,824.3 million (2016: HK$1,109.6 million). The better performance during the year was mainly due to improved performances of all main sectors of SHK's businesses.

- SHK's principal investments division which included the structured finance business provided a pre-tax contribution of HK$1,082.3 million (2016: HK$472.6 million) to its earnings. An improved performance from United Asia Finance Limited ("**UAF**") and a net valuation gain of HK$108.6 million (2016: HK$203.5 million) from its 30% stake in Everbright Sun Hung Kai Company Limited (previously Sun Hung Kai Financial Limited) also contributed significantly.

- Sun Hung Kai Credit Limited ("**SHKC**") made a pre-tax profit contribution of HK$35.0 million for the year (2016: HK$1.8 million). The loan portfolio of SHKC now exceeds HK$2 billion and based on the latest data available from the Land Registry, is now the top-ranked non-bank mortgage provider in terms of the number of new loans originated for first mortgages.

Consumer Finance

- Profit before tax of UAF, the 58% owned subsidiary of SHK, amounted to HK$1,444.7 million for the year, an increase of 99% from 2016.

- The improved performance was due to a turnaround of its mainland China business which registered a profit before tax of HK$302.6 million whilst UAF's Hong Kong business continued to maintain a steady increase in profitability.

- At the end of the year, the consolidated consumer finance gross loan balance amounted to HK$9.8 billion, representing an increase of 15% from the end of 2016. The use of technology to improve online reach and productivity has allowed UAF to close 23 underperforming branches in mainland China and 1 branch in Hong Kong during the year. Currently, UAF has 84 branches operating on the mainland and 49 branches in Hong Kong.

Investments

- In December 2017, the Group's associate APAC Resources Limited ("**APAC**") completed its share repurchase offer. As a result, the Group's interest in APAC increased to 33.91% at the end of 2017 (2016: 28.44%). APAC contributed a profit of HK$207.5 million (2016: HK$118.3 million) to the Group during the year.

EMPLOYEES

The total number of headcount of the Group as at 31st December, 2017 was 5,005 (2016: 5,271). This net decrease in headcount reflects mainly the rationalisation of UAF's branch network in mainland China. Total staff costs, including Directors' emoluments, amounted to HK$960.9 million (2016: HK$877.9 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme. The Group recognises the importance of continuing professional education and development, and appropriate courses are arranged on a periodical basis as well as subsidies are granted to employees who take job-related courses.

LONG TERM CORPORATE STRATEGIES

The Group is engaged in its businesses of investment, structured finance, consumer finance, property and related businesses, elderly care services and other investments. The Group's policy has been to adopt the following long term strategies:

1. To maintain the organic growth of its core businesses;

2. To maintain a balance between the demands of short term returns and long term capital appreciation; and

3. To seek investment opportunities that assist in strengthening and broadening its earnings base.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE APL GROUP FOR THE YEAR ENDED 31ST DECEMBER, 2018

Set out below is the management discussion and analysis of the APL Group as extracted from the annual report of APL for the year ended 31st December, 2018 for the purpose of providing further information relating to the financial condition and results of operations of the APL Group during such period. Such extract was prepared as at the date of such annual report (being prior to the Latest Practicable Date) and speaks as of the date of such annual report. Terms used below shall have the same meanings as defined in the said annual report.

INTRODUCTION

The core businesses of the Company and its subsidiaries and associates consist of property investment, property development, hospitality related activities, financial services and elderly care services. The Company is a subsidiary of Allied Group Limited ("**Allied Group**"). The Company's interests in property investment and development, hospitality related activities and elderly care services in Hong Kong and overseas are mainly held through its wholly owned subsidiaries or the 50% owned Allied Kajima Limited ("**AKL**"). Tian An China Investments Company Limited ("**TACI**"), being an associate held by the Company, is engaged in property investment and development and property management businesses in The People's Republic of China, while its subsidiary Asiasec Properties Limited is principally engaged in property investment and development, investment holding and estate management in Hong Kong. The Company's financial services business is mainly conducted through the Company's 61.48% holding in Sun Hung Kai & Co. Limited ("**SHK**") as well as SHK's effective 58.18% holding in United Asia Finance Limited ("**UAF**"). APAC Resources Limited ("**APAC**"), being an associate held by the Company, is engaged in commodity trading, resources investment and principal investment and financial services business.

FINANCIAL HIGHLIGHTS

	2018	**2017**
	HK$ Million	*HK$ Million*
Revenue	4,915.4	4,374.3
Profit for the year attributable to owners of the Company	2,343.4	3,991.1
Equity attributable to owners of the Company	36,737.7	35,019.2
Return on equity attributable to owners of the Company	6.4%	11.4%
Earnings per share		
– Basic	HK34.40 cents	HK58.59 cents
– Diluted	HK34.39 cents	HK58.58 cents

	At 31st December, 2018	**At 31st December, 2017**
Net asset value per share attributable to owners of the Company	HK$5.4	HK$5.1
Gearing ratio	32.1%	26.7%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the year was HK$4,915.4 million (2017: HK$4,374.3 million). The increase is mainly due to higher interest income from the consumer finance business and loans business, and higher management and services fees from building services.

The profit attributable to the owners of the Company for the year was HK$2,343.4 million (2017: HK$3,991.1 million), a decrease of HK$1,647.7 million.

The decrease in profit attributable to the owners of the Company was primarily a combination of:

– lower contributions from associates TACI & APAC;

– decreased profit contribution from the consumer finance business and principal investments of SHK; and

– a lower fair value gain on revaluation of the investment properties.

Earnings per share

Basic earnings per share amounted to HK34.40 cents (2017: HK58.59 cents).

Material Acquisitions and Disposals

During the year, SHK group disposed of two of its wholly-owned subsidiaries, SWAT Securitisation Fund and Maple Shade Limited for consideration of HK$312.9 million. The Group disposed of its 38.09% interest in an associate, Tanami Gold NL, to APAC Resources Mining Limited (a wholly-owned subsidiary of APAC) for a consideration of HK$119.8 million. Further financial details of the transactions are set out in note 13 to the consolidated financial statements.

Capital Management and Treasury Policy

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisaton of the debt and equity balance. The capital structure of the Group consists of debts (which include bank and other borrowings and notes/papers payable) and equity attributable to owners of the Company comprising issued share capital and reserves. The Group's management reviews the capital structure on an ongoing basis using gearing ratio, which is the net debt comprising the Group's bank and other borrowings and notes/papers payable less short-term pledged bank deposits and bank balances, bank deposits and cash and cash equivalents divided by equity attributable to owners of the Company.

In addition, the Group's treasury policy is to ensure that funding requirements for capital commitments, investments and operations of the Group can be fulfilled and liquidity can be managed to ensure that fund inflows are matched against all maturing repayment obligations to achieve maximum harmony on cash flow management. The credit facilities of the Group are reviewed from time to time and new credit facilities will be obtained or renewed. The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group involving the management of the relevant group companies.

Financial Resources, Liquidity and Capital Structure

The 4.75% US dollar denominated notes ("**4.75% Notes**") are listed on The Stock Exchange of Hong Kong Limited. The nominal value of the 4.75% Notes after eliminating the intra-group holdings was US$354.9 million or equivalent to HK$2,779.0 million (2017: US$354.9 million or equivalent to HK$2,774.6 million) at the reporting date.

The 4.65% US dollar denominated notes ("**4.65% Notes**") are listed on The Stock Exchange of Hong Kong Limited. The nominal value of the 4.65% Notes after eliminating the intra-group holdings was US$540.8 million or equivalent to HK$4,234.7 million (2017: US$540.8 million or equivalent to HK$4,228.0 million) at the reporting date.

At the end of the reporting period, the Group's net borrowings amounted to HK$11,802.5 million (2017: HK$9,334.1 million), representing bank and other borrowings and notes/papers payable totalling HK$17,207.6 million (2017: HK$12,532.7 million) less bank deposits, bank balances and cash of HK$5,405.1 million (2017: HK$3,198.6 million) and the Group had equity attributable to owners of the Company of HK$36,737.7 million (2017: HK$35,019.2 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to owners of the Company was 32.1% (2017: 26.7%). At the end of the reporting period, the current ratio (current assets/current liabilities) of the Group was 2.3 times, which decreased from the 3.7 times applicable at the end of the preceding year.

	2018 *HK$ Million*	2017 *HK$ Million*
Bank loans are repayable as follows:		
On demand or within one year	3,767.0	1,752.9
More than one year but not exceeding two years	1,899.7	1,395.8
More than two years but not exceeding five years	–	309.6
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	3,300.8	1,018.0
More than one year but not exceeding two years	56.0	14.0
More than two years but not exceeding five years	446.0	–
	9,469.5	4,490.3
Other borrowings are repayable over five years	62.1	35.0
Renminbi denominated notes are repayable within one year	–	536.5
US dollar denominated notes are repayable as follows:		
Within one year	113.3	92.3
More than one year but not exceeding five years	6,926.5	6,930.4
HK dollar denominated notes/papers are repayable within one year	636.2	448.2
	7,676.0	8,007.4
	17,207.6	12,532.7

The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

Other than the Renminbi denominated notes, US dollar denominated notes and HK dollar denominated notes/papers, most of the bank and other borrowings of the Group are charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profile.

At the end of the reporting period, the Group had HK$9,531.6 million in bank and other borrowings, which were denominated in HK dollars, British pounds, Renminbi and US dollars. The Group had HK$5,405.1 million in bank deposits, bank balances and cash, which were mainly denominated in HK dollars, Australian dollars, Renminbi and US dollars.

Segment Information

The operating business organised and managed in each segment represents a strategic business unit that offers different products and services for the purpose of resource allocation and assessment of segment performance by the Executive Directors of the Company. The Group has the following reportable and operating segments:

- Investment and finance – investment and provision of mortgage loan and term loan financing.
- Consumer finance – providing consumer loan finance products.
- Property rental, hotel operations and management services – property rental, hotel operations managed by third parties and provision of property management services.
- Others – elderly care services, development and sale of properties and property based investments.

Inter-segment transactions have been entered into on terms agreed by the parties concerned.

Segment results represent the results earned by each strategic business unit without allocation of reversal of impairment loss on interests in associates, impairment loss on interest in an associate, finance costs, share of results of associates and share of results of joint ventures.

Segment revenue and results

Analysis of the Group's revenue and results is as follows:

	2018				
	Investment and finance	**Consumer finance**	**Property rental, hotel operations and management services**	**Others**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment revenue	877.0	3,422.1	544.3	92.6	4,936.0
Less: inter-segment revenue	(5.0)	–	(15.6)	–	(20.6)
Segment revenue from external customers	872.0	3,422.1	528.7	92.6	4,915.4
Segment results	1,097.1	1,207.9	754.4	7.8	3,067.2
Reversal of impairment loss on interests in associates					77.6
Finance costs					(455.8)
Share of results of associates					498.5
Share of results of joint ventures	3.8	–	332.4	–	336.2
Profit before taxation					3,523.7
Taxation					(247.5)
Profit for the year					3,276.2

	2017				
	Investment and finance	Consumer finance	Property rental, hotel operations and management services	Others	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment revenue	701.9	3,122.2	488.8	80.0	4,392.9
Less: inter-segment revenue	(6.3)	–	(12.3)	–	(18.6)
Segment revenue from external customers	695.6	3,122.2	476.5	80.0	4,374.3
Segment results	1,444.3	1,444.7	1,040.7	3.9	3,933.6
Reversal of impairment loss on interest in an associate					107.6
Impairment loss on interest in an associate					(4.1)
Finance costs					(384.3)
Share of results of associates					1,277.3
Share of results of joint ventures	(28.7)	–	688.1	–	659.4
Profit before taxation					5,589.5
Taxation					(322.0)
Profit for the year					5,267.5

Risk of Foreign Exchange Fluctuation

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

The Group's foreign exchange risk primarily arises from currency exposures originating from proprietary trading positions, and loan and advances denominated in foreign currencies, mainly in Australian dollars, British pounds and Renminbi. Foreign exchange risk is managed and monitored by senior management of the relevant group companies. The risk arises from open currency positions are subject to management approved limits and are monitored and reported daily. As the majority of the Group's assets and investments were dominated in HK dollars and US dollars, the risk exposure was relatively low. Should the Group consider that its exposure to foreign currency risk justifies hedging, the Group may use forward contracts or hedging contracts to reduce the risks.

Contingent Liabilities

At the end of the reporting period, the Group had guarantees as follows:

	2018	2017
	HK$ Million	*HK$ Million*
Indemnities on banking facility made available to joint venture		
At 1st January	112.7	104.7
Exchange adjustments	(5.7)	8.0
At 31st December	107.0	112.7

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties and land and buildings with an aggregate carrying value of HK$8,896.5 million (2017: HK$7,766.9 million), bank deposits and bank balances of HK$20.0 million (2017: Nil) together with certain securities in respect of a listed subsidiary with investment cost of HK$276.6 million (2017: HK$276.6 million) were pledged to secure loans and general banking facilities to the extent of HK$3,735.7 million (2017: HK$2,251.5 million) granted to the Group. Facilities amounting to HK$3,137.3 million (2017: HK$990.0 million) were utilised at the end of the reporting period.

At the end of the reporting period, a bank deposit of HK$nil (2017: HK$1.2 million) was pledged to secure a guarantee issued to third parties by a bank in favour of a subsidiary to the extent of HK$nil (2017: HK$1.2 million).

OPERATIONAL REVIEW

Properties

Hong Kong

- The Group's rental income from its Hong Kong property portfolio increased slightly across most of its portfolio when compared to 2017.

- In 2018, the net gain in the value of the Group's property portfolio, including investment properties owned by SHK, was HK$756.5 million, lower than that of 2017 by HK$225.8 million.

- The hotel division continued to report increases in average room rates and occupancies, resulting in an increased contribution.

- AKL, the Group's 50% joint venture holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel, Sofitel Philippine Plaza Hotel and the Wanchai Jaffe Road hotel redevelopment, recorded a profit decrease of 52% mainly due to a lower fair value increase in its property portfolio during the year. Foundation work on the Jaffe Road hotel site was completed and superstructure work is in progress.

Mainland PRC

- The profit attributable to the owners of TACI was HK$1,251.2 million (2017: HK$2,054.1 million).

- The decrease in profit of TACI was mainly due to the absence of a one-off gain of HK$1,634.0 million on the disposal of a subsidiary which was recorded in 2017. Although there was no one- off gain from such disposal, TACI booked substantial sales and contributions from its ongoing development projects.

- Rental income was up by 9% as compared with 2017, due to additional investment properties coming on stream.

- TACI has a total of 15 cyberparks over 12 cities. The overall contribution of TACI's cyberpark unit increased during the year. The cyberparks on the Pearl River Delta have been contributing most and TACI will concentrate on developing new cyberparks and urban renewal projects in this region where it has ample manpower and marketing resources.

- Phase 2 of TACI's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen is under construction and is expected to be completed in 2019.

- Asiasec Properties Limited, the listed subsidiary of TACI, reported a profit attributable to its shareholders of HK$112.7 million (2017: HK$169.2 million).

Financial Services

Investment and Finance

- The profit attributable to owners of SHK was HK$1,183.8 million (2017: HK$1,824.3 million).

- SHK's principal investments division which included the structured finance business provided a pre-tax contribution of HK$360.6 million (2017: HK$1,082.3 million) to its earnings. This division's investments portfolio was affected by mark-to-market losses in the second half of 2018.

- Sun Hung Kai Credit Limited recorded a profit attributable to its owner of HK$95.2 million for the year (2017: HK$29.4 million). Its loan portfolio reached HK$3.9 billion at the end of 2018 from HK$2.1 billion at end of 2017.

Consumer Finance

- Profit attributable to owners of UAF for the year amounted to HK$1,000.4 million (2017: HK$1,162.6 million), a decrease of HK$162.2 million.

- During the year, UAF adopted a conservative lending policy in the mainland China in view of a weak credit environment. UAF focused its efforts on building a leaner, more efficient business model by introducing a new automated credit scoring system, continuation of development of online platforms and streamlining of its physical branches in mainland China.

- For UAF's business in Hong Kong, it achieved satisfactory growth and the gross loan book increased by 19% on a year-on-year basis and continued to deliver solid profitability.

- At the end of the year, the consolidated consumer finance gross loan balance amounted to HK$10.4 billion, representing an increase of 6% from the end of 2017. As at the end of 2018, UAF had 46 branches operating in 15 mainland China cities and 49 branches in Hong Kong.

Investments

- At end of 2018, the Group held approximately 35.78% interest in APAC. The Group's share of the results of APAC for 2018 amounted to a loss of HK$132.9 million (2017: profit of HK$207.5 million). The loss reported at APAC was mainly due to unrealised losses from fair value changes of its financial investments.

EMPLOYEES

The total number of headcount of the Group as at 31st December, 2018 was 4,262 (2017: 5,005). The net decrease in headcount is mainly the result of the branch consolidation of UAF in mainland China, as the business migrated further online. Total staff costs, including Directors' emoluments, amounted to HK$988.3 million (2017: HK$960.9 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme. The Group recognises the importance of continuing professional education and development, and appropriate courses are arranged on a periodical basis as well as subsidies are granted to employees who take job-related courses.

LONG TERM CORPORATE STRATEGIES

The Group is engaged in its businesses of investment, structured finance, consumer finance, property and related businesses, elderly care services and other investments. The Group's policy has been to adopt the following long term strategies:–

1. To maintain the organic growth of its core businesses;

2. To maintain a balance between the demands of short term returns and long term capital appreciation; and

3. To seek investment opportunities that assist in strengthening and broadening its earnings base.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE APL GROUP FOR THE YEAR ENDED 31ST DECEMBER, 2019

Set out below is the management discussion and analysis of the APL Group as extracted from the annual report of APL for the year ended 31st December, 2019 for the purpose of providing further information relating to the financial condition and results of operations of the APL Group during such period. Such extract was prepared as at the date of such annual report (being prior to the Latest Practicable Date) and speaks as of the date of such annual report. Terms used below shall have the same meanings as defined in the said annual report.

INTRODUCTION

The core businesses of the Company and its subsidiaries and associates consist of property investment, property development, hospitality related activities and financial services. The Company is a subsidiary of Allied Group Limited ("**Allied Group**"). The Company's interests in property investment and development and hospitality related activities in Hong Kong and overseas are mainly held through its wholly owned subsidiaries or the 50% owned Allied Kajima Limited ("**AKL**"). Tian An China Investments Company Limited ("**TACI**"), being an associate held by the Company, is engaged in property investment and development and property management businesses in The People's Republic of China, while its subsidiary Asiasec Properties Limited ("**Asiasec**") is principally engaged in property investment, property leasing and estate management in Hong Kong. The Company's financial services business is mainly conducted through the Company's 62.39% holding in Sun Hung Kai & Co. Limited ("**SHK**") as well as SHK's effective 62.74% holding in United Asia Finance Limited ("**UAF**"). APAC Resources Limited ("**APAC**"), being an associate held by the Company, is engaged in commodity trading, resources investment and principal investment and financial services business.

FINANCIAL HIGHLIGHTS

	2019 *HK$ Million*	**2018** *HK$ Million*
Revenue (from continuing operations)	4,735.9	4,585.2
Profit for the year attributable to owners of the Company (continuing and discontinued operations)	2,880.3	2,343.4
Equity attributable to owners of the Company	38,804.1	36,737.7
Return on equity attributable to owners of the Company	7.4%	6.4%
Earnings per share (from continuing and discontinued operations)		
– Basic	HK42.28 cents	HK34.40 cents
– Diluted	HK42.25 cents	HK34.39 cents

	At 31st December, 2019	**At 31st December, 2018**
Net asset value per share attributable to owners of the Company	HK$5.7	HK$5.4
Gearing ratio	29.8%	32.1%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the year from continuing operations was HK$4,735.9 million (2018: HK$4,585.2 million). The increase is mainly due to higher interest income from consumer finance and loan finance businesses.

The profit attributable to the owners of the Company for the year (including continuing and discontinued operations) was HK$2,880.3 million (2018: HK$2,343.4 million), an increase of HK$536.9 million.

The increase in profit attributable to the owners of the Company was primarily a combination of:

– higher contributions from associates TACI and APAC;

– increased profit contribution from the investment management business of SHK;

– a gain of HK$82.7 million on disposal of the property management and elderly care services businesses; and

– a lower fair value gain on revaluation of the investment properties.

Earnings per share

Basic earnings per share amounted to HK42.28 cents (2018: HK34.40 cents).

Capital Management and Treasury Policy

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisaton of the debt and equity balance. The capital structure of the Group consists of debts (which include bank and other borrowings and notes/paper payable) and equity attributable to owners of the Company comprising issued share capital and reserves. The Group's management reviews the capital structure on an ongoing basis using gearing ratio, which is the net debt comprising the Group's bank and other borrowings and notes/paper payable less short-term pledged bank deposits and bank balances, bank deposits and cash and cash equivalents divided by equity attributable to owners of the Company.

In addition, the Group's treasury policy is to ensure that funding requirements for capital commitments, investments and operations of the Group can be fulfilled and liquidity can be managed to ensure that fund inflows are matched against all maturing repayment obligations to achieve maximum harmony on cash flow management. The credit facilities of the Group are reviewed from time to time and new credit facilities will be obtained or renewed. The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group involving the management of the relevant group companies.

Financial Resources, Liquidity and Capital Structure

In November 2019, the Group commenced a tender offer to purchase the 4.75% US dollar medium term notes due in 2021 ("**4.75% Notes**") and the 4.65% US dollar medium term notes due in 2022 ("**4.65% Notes**"). The Group ultimately purchased US$112 million (including intra-group holdings of US$7 million) of 4.75% Notes and US$105 million (including intra-group holdings of US$7 million) of 4.65% Notes in mid-November 2019. At the same time, the Group issued US$350 million new 5.75% US dollar medium term notes due in 2024 ("**5.75% Notes**").

The 4.75% Notes are listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The nominal value of the 4.75% Notes after eliminating the intra-group holdings was US$249.8 million or equivalent to HK$1,944.9 million (2018: US$354.9 million or equivalent to HK$2,779.0 million) at the reporting date.

The 4.65% Notes are listed on the Stock Exchange. The nominal value of the 4.65% Notes after eliminating the intra-group holdings was US$442.7 million or equivalent to HK$3,447.0 million (2018: US$540.8 million or equivalent to HK$4,234.7 million) at the reporting date.

The 5.75% Notes are listed on the Stock Exchange. The nominal value of the 5.75% Notes after eliminating the intra-group holdings was US$333.4 million or equivalent to HK$2,596.2 million (2018: Nil) at the reporting date.

At the end of the reporting period, the Group's net borrowings amounted to HK$11,552.5 million (2018: HK$11,802.5 million), representing bank and other borrowings and notes/paper payable totalling HK$17,782.0 million (2018: HK$17,207.6 million) less bank deposits, bank balances and cash of HK$6,229.5 million (2018: HK$5,405.1 million) and the Group had equity attributable to owners of the Company of HK$38,804.1 million (2018: HK$36,737.7 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to owners of the Company was 29.8% (2018: 32.1%). At the end of the reporting period, the current ratio (current assets/current liabilities) of the Group was 2.6 times, which increased from the 2.3 times applicable at the end of the preceding year.

	2019	2018
	HK$ Million	*HK$ Million*
Bank loans are repayable as follows:		
On demand or within one year	4,473.6	3,767.0
More than one year but not exceeding two years	1,488.4	1,025.1
More than two years but not exceeding five years	1,081.7	874.6
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	1,775.6	3,300.8
More than one year but not exceeding two years	446.0	56.0
More than two years but not exceeding five years	–	446.0
	9,265.3	9,469.5
Other borrowings are repayable over five years	62.1	62.1
US dollar denominated notes are repayable as follows:		
Within one year	116.2	113.3
More than one year but not exceeding five years	5,301.2	6,926.5
US dollar denominated senior notes are repayable as follows:		
Within one year	19.5	–
More than one year but not exceeding five years	2,585.1	–
HK dollar denominated notes/paper are repayable within one year	432.6	636.2
	8,454.6	7,676.0
	17,782.0	17,207.6

Other than the US dollar denominated notes, US dollar denominated senior notes and HK dollar denominated notes/paper, most of the bank and other borrowings of the Group are charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profile.

At the end of the reporting period, the Group had HK$9,327.4 million in bank and other borrowings, which were denominated in HK dollars, Australian dollars, British pounds and US dollars. The Group had HK$6,229.5 million in bank deposits, bank balances and cash, which were mainly denominated in HK dollars, Australian dollars, Renminbi and US dollars.

The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

Material Acquisitions and Disposals

On 25th April, 2019, Allied Properties Investments (1) Company Limited ("**API**"), an indirect wholly- owned subsidiary of the Company, was allotted 145,557,338 rights shares of APAC, an associate of the Company, at a consideration of HK$160.1 million pursuant to the rights issue of APAC. In addition, API acquired additional 21,545,616 shares in APAC from the market at a consideration of HK$22.5 million during the year. As a result, the Group's beneficial equity interest in APAC increased from 35.78% as at 31st December, 2018 to 37.56% as at 31st December, 2019.

On 27th June, 2019, UAF completed the repurchase of ordinary shares from ORIX Asia Capital Limited, a then minority shareholder which held 7.27% of the then issued ordinary shares of UAF, at a cash consideration of JPY10 billion (equivalent to HK$730.4 million). As a result, the Group's beneficial equity interest in UAF increased from 58.18% to 62.74%. Further details were disclosed in the joint announcements of the Company, Allied Group and SHK dated 20th and 27th June, 2019.

On 18th October, 2019, the Company entered into a sale and purchase agreement to dispose of its entire interest in AP Elderly Care Limited ("**Disposal**") to Allied Services Hong Kong Limited ("**Allied Services**"), an indirect wholly-owned subsidiary of AGL, at a consideration of HK$260.0 million. The Disposal was completed on 17th December, 2019 and the gain on disposal was HK$82.7 million. Further details of the Disposal were set out in the announcements of the Company dated 18th October, 2019, 8th November, 2019, 10th December, 2019, 17th December, 2019 and the circular dated 20th November, 2019.

Segment Information

The operating business organised and managed in each segment represents a strategic business unit that offers different products and services for the purpose of resource allocation and assessment of segment performance by the Executive Directors of the Company. The Group has the following reportable and operating segments:

– Investment and finance – investment and provision of mortgage loan and term loan financing.

– Consumer finance – provision of consumer SME and other financing.

– Property sales, property rental, hotel operations and management services – property sales, property rental, hotel operations managed by third parties and provision of management services.

During the year, the operations of provision of Discontinued Businesses which were included in the "property rental, hotel operations and management services" segment and "Others" segment respectively in previous periods were discontinued as a result of the disposal of a group of subsidiaries as described in note 15. The business activities remained in "Others" segment are development and sale of properties and properties based investments and there were no results, assets and liabilities for these remaining activities in the "Others" segment for 2019 and 2018. Accordingly, the "Others" segment is no more separately shown for the purpose of segmental information. In addition, the "Property rental, hotel operations and management services" segment was renamed as "Property sales, property rental, hotel operations and management services" and the business activities of which comprise the sale of properties, property rental, hotel operations managed by third parties and provision of management services. Prior year segment disclosures have been represented to conform with the current year's presentation.

Inter-segment transactions have been entered into on terms agreed by the parties concerned.

Segment results represent the results earned by each strategic business unit without allocation of reversal of impairment loss on interests in associates, impairment loss on interest in an associate, finance costs, share of results of associates and share of results of joint ventures.

Segment revenue and results

Analysis of the Group's revenue and results from continuing operations is as follows:

	2019			
	Investment and finance	**Consumer finance**	**Property sales, property rental, hotel operations and management services**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment revenue	961.6	3,504.7	286.7	4,753.0
Less: inter-segment revenue	(3.2)	–	(13.9)	(17.1)
Segment revenue from external customers from continuing operations	958.4	3,504.7	272.8	4,735.9
Segment results	2,169.8	1,276.0	314.6	3,760.4
Impairment loss on interest in an associate				(135.9)
Finance costs				(494.9)
Share of results of associates				1,005.9
Share of results of joint ventures	1.9	–	91.6	93.5
Profit before taxation				4,229.0
Taxation				(235.2)
Profit for the year from continuing operations				3,993.8

	2018			
	Investment and finance	**Consumer finance**	**Property sales, property rental, hotel operations and management services**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million* (Restated)	*HK$ Million* (Restated)
Segment revenue	877.0	3,422.1	304.5	4,603.6
Less: inter-segment revenue	(5.0)	–	(13.4)	(18.4)
Segment revenue from external customers from continuing operations	872.0	3,422.1	291.1	4,585.2
Segment results	1,097.1	1,207.9	732.0	3,037.0
Reversal of impairment loss on interests in associates				77.6
Finance costs				(455.8)
Share of results of associates				497.3
Share of results of joint ventures	3.8	–	332.4	336.2
Profit before taxation				3,492.3
Taxation				(243.9)
Profit for the year from continuing operations				3,248.4

Risk of Foreign Exchange Fluctuation

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

The Group's foreign exchange risk primarily arises from currency exposures originating from proprietary trading positions, private equity investments, loan and advances and bank and other borrowings denominated in foreign currencies, mainly in Australian dollars, British pounds, Euro, Canadian dollars and Renminbi. Foreign exchange risk is managed and monitored by senior management of the relevant group companies. The risk arises from open currency positions are subject to management approved limits and are monitored and reported daily. As the majority of the Group's assets and investments were dominated in HK dollars and US dollars, the risk exposure was relatively low. Should the Group consider that its exposure to foreign currency risk justifies hedging, the Group may use forward or hedging contracts to reduce the risks.

Contingent Liabilities

At the end of the reporting period, the Group had guarantees to a joint venture in the amount of HK$105.2 million (2018: HK$107.0 million) and an independent third party of HK$389.3 million (2018: Nil), respectively and the movement is as follows:

	2019	**2018**
	HK$ Million	*HK$ Million*
At 1st January	107.0	112.7
Additions	387.7	–
Exchange adjustments	(0.2)	(5.7)
At 31st December	494.5	107.0

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties, hotel property and land and buildings with an aggregate carrying value of HK$9,900.0 million (2018: HK$8,896.5 million), bank deposits and bank balances of HK$33.2 million (2018: HK$20.0 million) together with certain securities in respect of a listed subsidiary with investment cost of HK$277.4 million (2018: HK$276.6 million) were pledged to secure loans and general banking facilities to the extent of HK$5,014.4 million (2018: HK$3,735.7 million) granted to the Group. Facilities amounting to HK$1,597.8 million (2018: HK$3,137.3 million) were utilised at the end of the reporting period.

OPERATIONAL REVIEW

Properties

Hong Kong

- The Group's rental income from its Hong Kong property portfolio was maintained at a similar level to that of 2018.

- In 2019, the net gain in the value of the Group's property portfolio, including investment properties owned by SHK, was HK$112.1 million (2018: HK$756.5 million).

- The hotel division reported a decrease in average room rates and occupancies due to the decrease in tourists in Hong Kong arising from the city protests in the second half of 2019, resulting in a decreased contribution.

- AKL, the Group's 50% joint venture holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel, Sofitel Philippine Plaza Hotel and the Wanchai Jaffe Road hotel redevelopment, recorded a profit decrease of 72.5% mainly due to a lower fair value gain in its property portfolio during the year and the reduction in the profit contribution from Novotel Century Hong Kong hotel, as its performance in second half year of 2019 was affected by the social protests. Superstructure work on the Jaffe Road hotel site is in progress. The construction of the hotel is expected to be completed in 2021.

Mainland PRC

- The profit attributable to the owners of TACI was HK$1,345.9 million (2018: HK$1,251.2 million).

- The increase in profit of TACI was mainly due to an increase in the share of results of its joint ventures which was partially off-set by a decrease in recognised sales for completed properties and a decrease in fair vale gains in respect of its investment properties.

- There is a total of 16 cyberparks over 12 cities. The overall contribution of TACI's cyberpark unit has increased. Those cyberparks on the Pearl River Delta have been contributing most and TACI will concentrate on developing new cyberparks and urban renewal projects in this region where it has ample manpower and marketing resources.

- Phase 2 Part 1 and Part 2 of TACI's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen, with gross floor area ("**GFA**") of approximately 456,100 m^2 was completed in 2019 and the remaining part of Phase 2 with GFA of approximately 143,300 m^2 was completed in March 2020.

- Asiasec, the listed subsidiary of TACI, reported a profit attributable to its shareholders of HK$58.0 million (2018: HK$112.7 million).

Financial Services

Investment and Finance

- The profit attributable to owners of SHK was HK$2,085.2 million (2018: HK$1,183.8 million).

- SHK's investment management division provided a pre-tax contribution of HK$1,083.2 million (2018: HK$83.2 million) to its earnings.

- SHK's specialty finance business, which provides tailored funding solutions to corporates, investment funds and high net worth individuals, reported a pre-tax contribution of HK$64.8 million (2018: HK$241.7 million). The gross loan balance reduced from HK$2.6 billion as at 2018 to HK$2.1 billion at the end of 2019, as a result of repayments of outstanding loans and fewer new loans made in 2019. A conservative approach was adopted in credit approval considering the adverse impact on the economy from the US-China trade disputes and social unrest in Hong Kong.

- Sun Hung Kai Credit Limited made a pre-tax contribution of HK$121.4 million (2018: HK$114.1 million), a 6% year of year increase. Its gross loan balance was HK$3.6 billion at the end of 2019 (2018: HK$3.9 billion).

Consumer Finance

- Profit attributable to owners of UAF for the year amounted to HK$1,057.8 million (2018: HK$1,000.4 million).

- During the year, UAF's operation in mainland China continued to adopt a cautious approach. Focus was on lowering operating costs by reducing manpower and branch network as well as a conservative lending approach. UAF China will continue to develop its credit scoring system to enhance efficiencies and improve the credit quality of its loan portfolio.

- The social unrest in Hong Kong and the prolonged US-China trade dispute weighed on the performance of the Hong Kong economy in the second half of 2019. As a result, UAF Hong Kong was adversely impacted by higher charges for expected credit losses. However, the negative impact on contribution was partly mitigated by increased revenue from the growth in the loan portfolio.

- At the end of the year, the consolidated consumer finance gross loan balance amounted to HK$11.1 billion, representing an increase of 7% from the end of 2018. During the year, 16 branches in mainland China were closed. As at the end of 2019, UAF has 30 branches operating in 15 mainland China cities and 48 branches in Hong Kong.

- In June 2019, UAF completed the repurchase of its ordinary shares from ORIX Asia Capital Limited, a then minority shareholder which held 7.27% of the then issued ordinary shares of UAF, at a cash consideration of JPY10 billion. As a result, SHK's beneficial interest in UAF increased from 58% to 63%. The repurchase has been earnings accretive for the Group.

Investments

- At end of 2019, the Group held a 37.56% interest in APAC. Share of results of APAC for 2019 amounted to a profit of HK$302.2 million (2018: loss of HK$132.9 million). The profits contributed by APAC mainly comprised unrealised gains from fair value changes of its financial investments and reversal of impairment loss on interests in its associates.

- During the year, the Group has disposed of its entire interests in AP Elderly Care Limited to Allied Services, an indirectly wholly-owned subsidiary of AGL at a consideration of HK$260.0 million. The principal activities of AP Elderly Care Limited and its subsidiaries are provision of property management services and elderly care services. The disposal was completed on 17th December, 2019 and the gain on disposal was HK$82.7 million.

EMPLOYEES

The total number of headcount of the Group as at 31st December, 2019 was 2,402 (2018: 4,262). The net decrease in headcount are mainly a result of the ongoing branch consolidation of UAF in Mainland China, as the business migrated further online and its continuous effort in driving cost efficiency and the disposal of entire interest in AP Elderly Care Limited. Total staff costs (including continuing and discontinued operations), including Directors' emoluments, amounted to HK$972.5 million (2018: HK$988.3 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme. The Group recognises the importance of continuing professional education and development, and appropriate courses are arranged on a periodical basis as well as subsidies are granted to employees who take job-related courses.

SIGNIFICANT INVESTMENT

As at 31st December, 2019, the Group held 733,269,096 (2018: 733,269,096) shares in TACI, representing 48.86% (2018: 48.66%) interests in TACI at an investment cost of HK$3,027.8 million (2018: HK$3,027.8 million). The results, assets and liabilities of TACI are accounted for using equity method in the consolidated financial statements of the Group. The carrying amount of the interests in TACI as at 31st December, 2019 amounted to HK$11,206.9 million (2018: HK$10,979.4 million), representing 16.0% (2018: 16.2%) of the Group's total assets and constituting a significant investment of the Group according to the Rules Governing the Listing of Securities on the Stock Exchange. The market value of the investments in TACI as at 31st December, 2019 is HK$2,544.4 million (2018: HK$3,043.1 million), representing 3.6% (2018: 4.5%) of the Group's total assets.

TACI is engaged in property investment and development and property management businesses in mainland PRC, while its listed subsidiary, Asiasec, is principally engaged in property investment and property management businesses in Hong Kong. The Group's interests in property investment and development in Mainland PRC is mainly held through its investment in TACI and the Group's investments strategy for the investment in TACI is for long term strategic purpose.

The profit attributable to owners of TACI for the year was HK$1,345.9 million (2018: HK$1,251.2 million). The Group's share of profits of TACI for the year is HK$655.0 million (2018: HK$608.8 million). During the year, the Group received dividends of HK$146.7 million (2018: HK$146.7 million) from TACI. Further details of interests in TACI are set out in note 25 to the consolidated financial statements.

LONG TERM CORPORATE STRATEGIES

The Group is engaged in its businesses of investment, structured finance, consumer finance, property and related businesses and other investments. The Group's policy has been to adopt the following long term strategies:

1. To maintain the organic growth of its core businesses;

2. To maintain a balance between the demands of short term returns and long term capital appreciation; and

3. To seek investment opportunities that assist in strengthening and broadening its earnings base.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") presented below is prepared to illustrate the financial effect on the financial position of the Group as if the Proposal had been completed on 31st December, 2019.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not purport to present the true picture of the financial effect on the financial position of the Group upon the completion of the Proposal as at 31st December, 2019 or at any future dates.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Proposal as if the Proposal had been completed on 31st December, 2019.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31st December, 2019 as extracted from the annual report of the Group for the year ended 31st December, 2019, after making pro forma adjustments relating to the Proposal that are (i) directly attributable to the Proposal and (ii) factually supportable, as if the Proposal had been completed on 31st December, 2019.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

The completion of the Proposal as at 31st December, 2019

	The Group as at 31st December, 2019	Pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$ Million (Audited) *(Note 1)*	*HK$ Million* *(Note 2)*	*HK$ Million* *(Note 3)*	*HK$ Million* *(Note 4)*	*HK$ Million*
Non-current assets					
Investment properties	9,972.7				9,972.7
Property, plant and equipment	1,071.2				1,071.2
Right-of-use assets	212.3				212.3
Net investments in finance lease	6.2				6.2
Goodwill	132.9				132.9
Intangible assets	32.5				32.5
Interests in associates	13,738.9				13,738.9
Interests in joint ventures	3,753.6				3,753.6
Financial assets at fair value through other comprehensive income	363.5				363.5
Amounts due from associates	284.7				284.7
Loans and advances to consumer finance customers	2,770.5				2,770.5
Mortgage loans	1,270.7				1,270.7
Deferred tax assets	788.7				788.7
Financial assets at fair value through profit or loss	8,020.0				8,020.0
Term loans	84.0				84.0
Trade receivables, prepayments and other receivables	39.8				39.8
	42,542.2	–	–	–	42,542.2
Current assets					
Other inventories	0.2				0.2
Financial assets at fair value through profit or loss	5,151.6				5,151.6
Loans and advances to consumer finance customers	7,643.0				7,643.0
Mortgage loans	2,356.2				2,356.2
Term loans	2,812.9				2,812.9
Trade receivables, prepayments and other receivables	571.7				571.7
Amounts due from brokers	462.1				462.1
Amounts due from associates	242.1				242.1
Amounts due from joint ventures	8.8				8.8
Financial assets at fair value through other comprehensive income	8.0				8.0
Tax recoverable	4.4				4.4
Tax reserve certificates	7.1				7.1
Short-term pledged bank deposits and bank balances	33.2				33.2
Bank deposits	68.1				68.1
Cash and cash equivalents	6,931.6	(715.4)	(2,554.9)	(8.2)	3,653.1
	26,301.0	(715.4)	(2,554.9)	(8.2)	23,022.5

	The Group as at 31st December, 2019	Pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$ Million (Audited) *(Note 1)*	*HK$ Million* *(Note 2)*	*HK$ Million* *(Note 3)*	*HK$ Million* *(Note 4)*	*HK$ Million*
Current liabilities					
Trade payable, other payables and accruals	477.4				477.4
Financial assets sold under repurchase agreements	386.2				386.2
Financial liabilities at fair value through profit or loss	715.8				715.8
Amounts due to associates	5.7				5.7
Amounts due to joint ventures	40.1				40.1
Tax payable	368.1				368.1
Bank and other borrowings due within one year	6,695.2				6,695.2
Notes/paper payable	566.4				566.4
Lease liabilities	136.5				136.5
Provisions	154.7				154.7
	9,546.1	–	–	–	9,546.1
Net current assets	16,754.9	(715.4)	(2,554.9)	(8.2)	13,476.4
Total assets less current liabilities	59,297.1	(715.4)	(2,554.9)	(8.2)	56,018.6
Non-current liabilities					
Bank and other borrowings due after one year	2,632.2				2,632.2
Notes/paper payable	7,635.1				7,635.1
Lease liabilities	77.1				77.1
Deferred tax liabilities	157.8				157.8
Provisions	4.9				4.9
	10,507.1	–	–	–	10,507.1
Net assets	48,790.0	(715.4)	(2,554.9)	(8.2)	45,511.5

Notes:

1. The balances have been extracted from the consolidated statement of financial position of the Group as at 31st December, 2019 contained in the published annual report of the Group for the year ended 31st December, 2019.

2. The adjustment represents the payment of the Scheme Consideration to the Scheme Shareholders by the Offeror. As at 31st December, 2019, APL has 6,812,201,460 APL Shares in issue and approximately 74.996% of APL Shares are held by the Company and three direct wholly-owned subsidiaries of the Company. A Scheme Consideration of HK$0.42 per Scheme Share is paid in cash to the Scheme Shareholders of the 1,703,289,939 Scheme Shares, which represents approximately 25.004% of the total number of shares in issues of APL.

3. The amount represents the payment of the Scheme Dividend to the Scheme Shareholders, as part of the Proposal. As at 31st December, 2019, APL has 6,812,201,460 APL Shares in issue and approximately 74.996% of APL Shares are held by the Company and three direct wholly-owned subsidiaries of the Company. A Scheme Dividend of HK$1.5 per Scheme Share is paid to the Scheme Shareholders of the 1,703,289,939 Scheme Shares, which represents approximately 25.004% of the total number of shares in issues of APL.

4. The adjustment represents the transaction costs pursuant to the Proposal.

5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31st December, 2019.

C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company in respect of the Enlarged Group's unaudited pro forma financial information for the purpose of incorporation in this circular.

Deloitte. 德勤

To the Directors of Allied Group Limited

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Allied Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31st December, 2019 and related notes as set out on pages III-1 to III-3 of Appendix III to the circular issued by the Company dated 8th June, 2020 (the "**Circular**"), in connection with the proposed privatisation of Allied Properties (H.K.) Limited ("**APL**"), a non wholly-owned subsidiary of the Company, by Sunhill Investments Limited, a direct wholly-owned subsidiary of the Company, by way of a scheme of arrangement (the "**Proposal**").

The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-3 of Appendix III to the Circular. The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposal on the Group's financial position as at 31st December, 2019 as if the Proposal had taken place at 31st December, 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31st December, 2019, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31st December, 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

- The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

- We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8th June, 2020

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Directors	Name of companies	Number of Shares interested	Approximate % of the total number of issued Shares	Nature of interests
Lee Seng Hui	the Company	131,729,301	74.95%	Personal interests (held as beneficial owner) in 22,921 Shares and other interests in 131,706,380 Shares *(Note 1)*
Lee Su Hwei	the Company	131,706,380	74.93%	Other interests *(Note 1)*

Notes:

1. Mr. Lee and Ms. Lee Su Hwei are the trustees of Lee and Lee Trust, being a discretionary trust which indirectly held 131,706,380 Shares.

2. All interests stated above represent long positions.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (other than independent non-executive Directors) and their respective close associates (as defined in the Listing Rules) was considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules:

(a) Mr. Arthur George Dew and Mr. Lee are directors of APL which, through certain of its subsidiaries and a close associate, is partly engaged in the business of money lending and is partly involved in the investment and trading in securities in the resources and related industries and financial instruments;

(b) Mr. Lee and Ms. Lee Su Hwei are two of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of APL, Sun Hung Kai & Co. Limited ("**SHK**"), SHK Hong Kong Industries Limited ("**SHK HK IND**"), Tian An China Investments Company Limited ("**TACI**"), Asiasec Properties Limited ("**Asiasec**"), APAC Resources Limited ("**APAC**"), Tanami Gold NL ("**Tanami Gold**") and Dragon Mining Limited ("**Dragon Mining**") which, through their subsidiaries and/or a close associate, are partly engaged in the businesses as follows:

- APL, through a subsidiary, is partly engaged in the business of money lending;

- APL, through certain of its subsidiaries and a close associate, is partly involved in the investment and trading in securities in the resources and related industries and financial instruments;

- SHK, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment;

- SHK HK IND, through certain of its subsidiaries, is partly involved in the trading in securities and investment in financial instruments;

- TACI, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment and property management;

- Asiasec, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and property management;

- APAC, through certain of its subsidiaries, is partly engaged in the business of money lending and is partly involved in the investment and trading in listed securities in the resources and related industries;

- Tanami Gold, through certain of its subsidiaries, is involved in the exploration for, and mining and processing gold ores and is partly involved in the investment and trading in listed securities in the resources and related industries; and

- Dragon Mining, through certain of its subsidiaries, is involved in the exploration for, and mining and processing gold ores and is partly involved in the investment and trading in listed securities in the resources and related industries.

(c) Mr. Lee is a director of Allied Kajima Limited which, through certain of its subsidiaries, is partly engaged in the businesses of property rental and hospitality related activities;

(d) Mr. Lee is a director of a non wholly-owned subsidiary of SHK which is engaged in the business of money lending;

(e) Mr. Lee and Mr. Edwin Lo King Yau are directors of TACI which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment and property management;

(f) Mr. Edwin Lo King Yau is a director of Asiasec which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and property management;

(g) Mr. Lee and Mr. Arthur George Dew are directors of APAC which, through certain of its subsidiaries, is partly engaged in the business of money lending and is partly involved in the investment and trading in listed securities in the resources and related industries;

(h) Mr. Lee is a director of Mount Gibson Iron Limited which, through certain of its subsidiaries, is partly involved in the investment and trading in listed securities in the resources and related industries;

(i) Mr. Arthur George Dew is a director of SHK HK IND which, through certain of its subsidiaries, is partly involved in the trading in securities and investment in financial instruments;

(j) Mr. Arthur George Dew is the non-executive director of Tian An Australia Limited which, through certain of its subsidiaries, is partly engaged in property development; and

(k) Mr. Arthur George Dew is the non-executive director of each of Tanami Gold and Dragon Mining. Tanami Gold and Dragon Mining, through certain of their subsidiaries, are involved in the exploration for, and mining and processing gold ores and are partly involved in the investment and trading in listed securities in the resources and related industries.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship or shareholding, they will fulfil their fiduciary duties in order to ensure that they will act in the best interest of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

5. DIRECTOR'S INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31st December, 2019 (being the date of which the latest published audited financial statements of the Group were made up).

As at the Latest Practicable Date, save for the Facility Agreement, none of the Directors was materially interested in any contract, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. For information only:

(a) a tenancy agreement dated 12th July, 2016 ("**Tenancy Agreement I**") was entered into between San Pack Properties Limited ("**San Pack**", a non wholly-owned subsidiary of the Company) as the landlord and San Tai Distribution Company Limited (a company of which Mr. Edwin Lo King Yau ("**Mr. Lo**") can exercise more than 50% of the voting rights at the general meetings) as the tenant for the period from 1st July, 2016 to 30th June, 2019. The Tenancy Agreement I was subsequently renewed on 25th March, 2019 for a term of three months from 1st July, 2019 to 30th September, 2019 and further renewed on 30th September, 2019 for a term of three years from 1st October, 2019 to 30th September, 2022; and

(b) a tenancy agreement dated 4th November, 2016 ("**Tenancy Agreement II**", together with Tenancy Agreement I, "**Tenancy Agreements**") was entered into between San Pack as the landlord and China Pacific Group Limited (a company of which Mr. Lo can exercise more than 50% of the voting rights at the general meetings) as the tenant for the period from 1st April, 2016 to 31st March, 2019. The Tenancy Agreement II was subsequently renewed on 25th March, 2019 for a term of six months from 1st April, 2019 to 30th September, 2019 and further renewed on 30th September, 2019 for a term of three years from 1st October, 2019 to 30th September, 2022.

The total rental of HK$15.1 million pursuant to the Tenancy Agreements (including their renewals) during the year ended 31st December, 2019 are considered insignificant in relation to the Group's business.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinions or advices which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants Registered Public Interest Entity Auditors

The expert named above has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter, report and/or advice and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the expert named above:

(a) did not have any direct or indirect interest in any assets which have since 31st December, 2019 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. MATERIAL CONTRACTS

Save and except the transactions disclosed below, there are no material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the Group) having been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

(a) the agreement and its four supplemental agreements dated 24th August, 2016, 7th February 2017, 13th November, 2017, 2nd October, 2018 and 28th December, 2018 respectively entered into between Fine Era Limited ("**Fine Era**", a wholly-owned subsidiary of the Company), China Agrotech Holdings Limited (in liquidation) ("**China Agrotech**", currently known as Da Yu Financial Holdings Limited) and the joint and several liquidators of China Agrotech pursuant to which Fine Era conditionally agreed to sell, and China Agrotech conditionally agreed to purchase, the entire issued capital of Yu Ming at a consideration of HK$400 million, particulars of which were disclosed in the Company's announcements dated 24th August, 2016, 7th February, 2017, 13th November, 2017, 2nd October, 2018, 28th December, 2018 and 25th July, 2019.

(b) the deed of undertaking dated 4th May, 2018 executed by Asia Financial Services Company Limited ("**Asia Financial Services**") in favour of SHK, an indirect non wholly-owned subsidiary of the Company, pursuant to which Asia Financial Services irrevocably undertaken to SHK to, if so required by SHK, execute a share buy-back contract (the "**Buy-back Contract**") with Asia Financial Services as vendor and SHK as purchaser relating to an off-market share buy-back by SHK of 145,000,000 shares ("**Buy-back Share(s)**") in SHK held by Asia Financial Services at the buy-back price of HK$4.75 for each Buy-back Share, particulars of which were set out in the announcement of SHK dated 4th May, 2018, circular of SHK dated 25th June, 2018 and joint announcements of the Company and APL dated 4th May, 2018 and 25th June, 2018 respectively;

(c) the Buy-back Contract dated 20th July, 2018 entered into between Asia Financial Services as vendor and SHK as purchaser in respect of the off-market share buy-back by SHK of 145,000,000 Buy-back Shares held by Asia Financial Services at the buy-back price of HK$4.75 for each Buy-back Share, particulars of which were set out in the announcements of SHK and joint announcements of the Company and APL dated 24th July, 2018 and 17th September, 2018 respectively;

(d) the conditional sale and purchase agreement dated 20th June, 2019 entered into between ORIX Asia Capital Limited ("**ORIX**") as the vendor and United Asia Finance Limited ("**UAF**"), an indirect non wholly-owned subsidiary of the Company, as the purchaser, pursuant to which ORIX conditionally agreed to sell and UAF conditionally agreed to buy back 12,500,000 issued and fully-paid ordinary shares in the capital of UAF (representing approximately 7.27% of the then entire issued shares of UAF) for a consideration of JPY10 billion which shall be paid out of the distributable profits of UAF, particulars of which were set out in the joint announcements of the Company, APL and SHK dated 20th and 27th June, 2019 respectively;

(e) the Facility Agreement; and

(f) the AGL Waiver.

9. CORPORATE AND OTHER INFORMATION

(a) The registered office of the Company is located at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(b) The share registrar of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Ms. Lau Tung Ni, a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Institute of Chartered Secretaries.

(d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day for the period of 14 days commencing from the date of this circular:

(a) the articles of association of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(c) the annual reports of the Company for the two financial years ended 31st December, 2018 and 2019;

(d) the report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix III to this circular;

(e) the consent letter from Deloitte Touche Tohmatsu referred to in the section headed "Expert and Consent" in this appendix; and

(f) this circular.