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**ALLIED GROUP LIMITED**

(聯合集團有限公司)

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 373)**

**Discloseable Transaction**

**Connected Transaction**



**ALLIED PROPERTIES (H.K.) LIMITED**

(聯合地產(香港)有限公司)

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 56)**

**Discloseable Transaction**

**Connected Transaction**



**新鴻基有限公司**

**SUN HUNG KAI & CO. LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 86)**

**Discloseable Transaction**

**Connected Transaction**

**JOINT ANNOUNCEMENT**

**LOAN TRANSACTION**

As advised and confirmed by SHK, on 2 January 2013, SHKSFL as lender and SHKISL as arranger entered into the Facility Agreement with AFSCL as borrower, pursuant to which SHKSFL has agreed to make available to AFSCL a secured term Facility of HK\$600,000,000, to be applied for AFSCL's general corporate purposes, for a term of 48 months from the Drawdown Date. The Facility is secured by the Security Deed.

As each of SHKSFL and SHKISL is an indirect wholly-owned subsidiary of SHK, which is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL, the Transaction is a transaction in respect of each of SHK, APL and AGL under the Listing Rules, as a listed issuer (as defined in Rule 14A.10 of the Listing Rules) includes the listed issuer's subsidiaries.

As AFSCL is a substantial shareholder of SHK, AFSCL is a connected person to each of SHK, APL and AGL under Rule 14A.11 of the Listing Rules. Therefore the Transaction constitutes a connected transaction for each of SHK, APL and AGL under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.04 of the Listing Rules) for the Transaction, for each of SHK, APL and AGL, exceed 5% and the consideration of which exceeds HK\$10,000,000, the Transaction is in respect of each of SHK, APL and AGL subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.04 of the Listing Rules) for the Transaction, for each of SHK, APL and AGL exceed 5% but all such ratios are less than 25%, the Transaction also constitutes a discloseable transaction for each of SHK, APL and AGL under Chapter 14 of the Listing Rules.

#### **GENERAL – AGL**

As at the date of this joint announcement, AGL is making reasonable enquiries to ascertain whether any shareholder of AGL is required to abstain from voting if AGL is to convene a shareholders' general meeting for approving the Transaction. If there is no shareholder of AGL required to abstain from voting, AGL will, pursuant to Rule 14A.43 of the Listing Rules, apply to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Transaction. AGL will seek the Stock Exchange's approval that a written approval from Lee and Lee Trust, the controlling shareholder of AGL holding 124,242,492 shares of AGL as at the date of this joint announcement, representing approximately 64.98% of the entire issued share capital of AGL, in lieu of holding a physical general meeting is acceptable for the approval of the Transaction. Subject to the grant of the waiver by the Stock Exchange pursuant to Rule 14A.44 of the Listing Rules, the shareholders' approval requirement will be satisfied by means of written approval by Lee and Lee Trust instead of by holding a physical general meeting to approve the Transaction. Further announcement will be made if application for waiver is made to the Stock Exchange by AGL.

An independent board committee of AGL has been established to advise the Independent Shareholders of AGL in relation to the Transaction. The independent financial adviser for AGL is to be appointed to advise the independent board committee of AGL and the Independent Shareholders of AGL in relation to the Transaction. A circular for AGL containing, among other things:

- (a) further information on the Transaction;
- (b) a letter of advice from the independent financial advisor of AGL to the independent board committee and the Independent Shareholders of AGL;
- (c) a letter of recommendation from the independent board committee of AGL to the Independent Shareholders of AGL; and

- (d) the notice of extraordinary general meeting of AGL if no waiver is sought by AGL under Rule 14A.43 of the Listing Rules,

is expected to be despatched to the shareholders of AGL on or before 23 January 2013.

#### **GENERAL – APL**

As at the date of this joint announcement, APL is making reasonable enquiries to ascertain whether any shareholder of APL is required to abstain from voting if APL is to convene a shareholders' general meeting for approving the Transaction. If there is no shareholder of APL required to abstain from voting, APL will, pursuant to Rule 14A.43 of the Listing Rules, apply to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Transaction. APL will seek the Stock Exchange's approval that a written approval from AGL, the controlling shareholder of APL holding 5,101,211,521 shares of APL as at the date of this joint announcement, representing approximately 74.97% of the entire issued share capital of APL, in lieu of holding a physical general meeting is acceptable for the approval of the Transaction. Subject to the grant of the waiver by the Stock Exchange pursuant to Rule 14A.44 of the Listing Rules, the shareholders' approval requirement will be satisfied by means of written approval by AGL instead of by holding a physical general meeting to approve the Transaction. Further announcement will be made if application for waiver is made to the Stock Exchange by APL.

An independent board committee of APL has been established to advise the Independent Shareholders of APL in relation to the Transaction. The independent financial adviser for APL is to be appointed to advise the independent board committee of APL and the Independent Shareholders of APL in relation to the Transaction. A circular for APL containing, among other things:

- (a) further information on the Transaction;
- (b) a letter of advice from the independent financial advisor of APL to the independent board committee and the Independent Shareholders of APL;
- (c) a letter of recommendation from the independent board committee of APL to the Independent Shareholders of APL; and
- (d) the notice of extraordinary general meeting of APL if no waiver is sought by APL under Rule 14A.43 of the Listing Rules,

is expected to be despatched to the shareholders of APL on or before 23 January 2013.

## **GENERAL – SHK**

As AFSCL is considered to have a material interest which is different from other shareholders of SHK so far as the Transaction is concerned, AFSCL and its associates will be required to abstain from voting at the extraordinary general meeting of SHK on the resolutions approving the Transaction.

SHK has established an independent board committee comprising all independent non-executive directors of SHK to advise the Independent Shareholders of SHK in respect of the Transaction. SHK will appoint an independent financial adviser to advise the independent board committee of SHK and the Independent Shareholders of SHK in this regard.

The extraordinary general meeting will be convened by SHK at which resolutions will be proposed to seek approval from the Independent Shareholders of SHK for the Transaction.

A circular for SHK, containing, among other things:

- (a) further information on the Transaction;
- (b) a letter of advice from the independent financial advisor of SHK to the independent board committee and the Independent Shareholders of SHK;
- (c) a letter of recommendation from the independent board committee of SHK to the Independent Shareholders of SHK; and
- (d) the notice of extraordinary general meeting of SHK to be held to approve the Transaction,

is expected to be despatched to the shareholders of SHK on or before 23 January 2013.

## **THE FACILITY AGREEMENT**

**Date:** 2 January 2013

**Parties:** (1) SHKSFL as the lender;  
(2) SHKISL as the arranger; and  
(3) AFSCL as the borrower

## **PRINCIPAL TERMS OF THE FACILITY AGREEMENT**

As advised and confirmed by SHK, SHKSFL has agreed to provide a secured term Facility to AFSCL of HK\$600,000,000, to be applied for AFSCL's general corporate purposes, for a term of 48 months from the Drawdown Date, on the terms and subject to the conditions set out in the Facility Agreement, including, among other things, each of SHK, APL and AGL having passed shareholders' resolutions approving the Transaction. Interest accrued on the loan under the Facility is charged at the Interest Rate and is payable by AFSCL quarterly in arrears in accordance with the terms of the Facility Agreement. Pursuant to the Facility Agreement, AFSCL is required to repay the loan under the Facility, together with all accrued interest, in full on the day falling 48 months from the Drawdown Date, subject to the terms and conditions set out in the Facility Agreement. In addition, as advised and confirmed by SHK, (i) the Arrangement Fee and Commitment Fee shall be payable to each of SHKISL and SHKSFL respectively from the proceeds of the drawdown of the Facility; and (ii) an amount of HK\$32,000,000 from the proceeds of the drawdown of the Facility shall be kept in the Share and Cash Collateral Account on Drawdown Date for the purposes of meeting interest payments under the Facility.

## **SECURITY PROVIDED BY AFSCL PURSUANT TO THE FACILITY AGREEMENT**

As advised and confirmed by SHK and pursuant to the terms of the Facility Agreement, the loan under the Facility is secured by the Security Deed executed by AFSCL as chargor in favour of SHKSFL as chargee by way of a first fixed charge over, amongst others, the Pledged Securities and the Share and Cash Collateral Account.

Upon the occurrence of an event of default under the Facility Agreement which is continuing, SHKSFL, as chargee under the Security Deed, has the right, amongst others, to sell or otherwise dispose of the Pledged Securities charged to it and to enter into possession in respect of the Share and Cash Collateral Account.

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

As advised and confirmed by SHK, the terms of the Facility Agreement were arrived at after arm's length negotiations between SHKSFL, SHKISL and AFSCL. Based on the confirmation of SHK, the Facility Agreement was entered into by SHKSFL and SHKISL having considered (i) the costs of borrowing in providing the loan under the Facility to AFSCL; (ii) the interest income to be generated by the loan under the Facility; and (iii) the underlying securities.

In view of the above, the SHK Directors (other than its independent non-executive directors) believe that the Facility Agreement is on normal commercial terms, fair and reasonable and in the interests of SHK and its shareholders taken as a whole.

Having taken into account the reasons for entering into the Facility Agreement and the recommendation of SHK, the APL Directors (other than its independent non-executive directors) consider that the Facility Agreement is on normal commercial terms, fair and reasonable and in the interest of APL and its shareholders taken as a whole.

Having taken into account the reasons for entering into the Facility Agreement, the recommendation of SHK and the concurrence of APL on the recommendation of SHK, the AGL Directors (other than its independent non-executive directors) consider that the Facility Agreement is on normal commercial terms, fair and reasonable and in the interest of AGL and its shareholders taken as a whole.

## **LISTING RULES IMPLICATIONS**

As each of SHKSFL and SHKISL is an indirect wholly-owned subsidiary of SHK, which is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL, the Transaction is a transaction in respect of each of SHK, APL and AGL under the Listing Rules, as a listed issuer (as defined in Rule 14A.10 of the Listing Rules) includes the listed issuer's subsidiaries.

As AFSCL is a substantial shareholder of SHK, AFSCL is a connected person to each of SHK, APL and AGL under Rule 14A.11 of the Listing Rules. Therefore the Transaction constitutes a connected transaction for each of SHK, APL and AGL under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.04 of the Listing Rules) for the Transaction, for each of SHK, APL and AGL, exceed 5% and the consideration of which exceeds HK\$10,000,000, the Transaction is in respect of each of SHK, APL and AGL subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.04 of the Listing Rules) for the Transaction, for each of SHK, APL and AGL, exceed 5% but all such ratios are less than 25%, the Transaction also constitutes a discloseable transaction for each of SHK, APL and AGL under Chapter 14 of the Listing Rules.

## **INFORMATION ABOUT AGL, APL, SHK, SHKSFL, SHKISL AND AFSCL**

### **AGL**

AGL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of financial services, the provision of elderly care service, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

## **APL**

APL is a company incorporated in Hong Kong with limited liability, the securities 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, the provision of financial services, the provision of elderly care service and medical and aesthetic equipment distribution.

As at the date of this joint announcement, APL is beneficially owned as to approximately 74.97% by AGL.

## **SHK**

SHK is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange.

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are wealth management and brokerage, capital market, consumer finance as well as principal investments.

As at the date of this joint announcement, SHK is beneficially owned as to approximately 55.05% by APL.

## **SHKSFL**

As advised and confirmed by SHK, SHKSFL is a company incorporated in Hong Kong with limited liability. The principal business activity of SHKSFL is provision of loan finance. SHKSFL holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

As at the date of this joint announcement, SHKSFL is an indirect wholly-owned subsidiary of SHK.

## **SHKISL**

As advised and confirmed by SHK, SHKISL is a company incorporated in Hong Kong with limited liability. The principal business activities of SHKISL include investment holding, share brokerage and margin financing. SHKISL is a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As at the date of this joint announcement, SHKISL is an indirect wholly-owned subsidiary of SHK.

## **AFSCL**

As advised and confirmed by SHK, based on confirmations provided by AFSCL, AFSCL is a company incorporated in the Cayman Islands with limited liability. Its principal business is investment holding.

As at the date of this joint announcement, SHK is beneficially owned as to approximately 15.80% by AFSCL.

## **GENERAL – AGL**

As at the date of this joint announcement, AGL is making reasonable enquiries to ascertain whether any shareholder of AGL is required to abstain from voting if AGL is to convene a shareholders' general meeting for approving the Transaction. If there is no shareholder of AGL required to abstain from voting, AGL will, pursuant to Rule 14A.43 of the Listing Rules, apply to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Transaction. AGL will seek the Stock Exchange's approval that a written approval from Lee and Lee Trust, the controlling shareholder of AGL holding 124,242,492 shares of AGL as at the date of this joint announcement, representing approximately 64.98% of the entire issued share capital of AGL, in lieu of holding a physical general meeting is acceptable for the approval of the Transaction. Subject to the grant of the waiver by the Stock Exchange pursuant to Rule 14A.44 of the Listing Rules, the shareholders' approval requirement will be satisfied by means of written approval by Lee and Lee Trust instead of by holding a physical general meeting to approve the Transaction. Further announcement will be made if application for waiver is made to the Stock Exchange by AGL.

An independent board committee of AGL has been established to advise the Independent Shareholders of AGL in relation to the Transaction. The independent financial adviser for AGL is to be appointed to advise the independent board committee of AGL and the Independent Shareholders of AGL in relation to the Transaction. A circular for AGL containing, among other things:

- (a) further information on the Transaction;
- (b) a letter of advice from the independent financial advisor of AGL to the independent board committee and the Independent Shareholders of AGL;
- (c) a letter of recommendation from the independent board committee of AGL to the Independent Shareholders of AGL; and
- (d) the notice of extraordinary general meeting of AGL if no waiver is sought by AGL under Rule 14A.43 of the Listing Rules,

is expected to be despatched to the shareholders of AGL on or before 23 January 2013.



## **GENERAL – APL**

As at the date of this joint announcement, APL is making reasonable enquiries to ascertain whether any shareholder of APL is required to abstain from voting if APL is to convene a shareholders' general meeting for approving the Transaction. If there is no shareholder of APL required to abstain from voting, APL will, pursuant to Rule 14A.43 of the Listing Rules, apply to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Transaction. APL will seek the Stock Exchange's approval that a written approval from AGL, the controlling shareholder of APL holding 5,101,211,521 shares of APL as at the date of this joint announcement, representing approximately 74.97% of the entire issued share capital of APL, in lieu of holding a physical general meeting is acceptable for the approval of the Transaction. Subject to the grant of the waiver by the Stock Exchange pursuant to Rule 14A.44 of the Listing Rules, the shareholders' approval requirement will be satisfied by means of written approval by AGL instead of by holding a physical general meeting to approve the Transaction. Further announcement will be made if application for waiver is made to the Stock Exchange by APL.

An independent board committee of APL has been established to advise the Independent Shareholders of APL in relation to the Transaction. The independent financial adviser for APL is to be appointed to advise the independent board committee of APL and the Independent Shareholders of APL in relation to the Transaction. A circular for APL containing, among other things:

- (a) further information on the Transaction;
- (b) a letter of advice from the independent financial advisor of APL to the independent board committee and the Independent Shareholders of APL;
- (c) a letter of recommendation from the independent board committee of APL to the Independent Shareholders of APL; and
- (d) the notice of extraordinary general meeting of APL if no waiver is sought by APL under Rule 14A.43 of the Listing Rules,

is expected to be despatched to the shareholders of APL on or before 23 January 2013.

## **GENERAL – SHK**

As AFSCL is considered to have a material interest which is different from other shareholders of SHK so far as the Transaction is concerned, AFSCL and its associates will be required to abstain from voting at the extraordinary general meeting of SHK on the resolutions approving the Transaction.

SHK has established an independent board committee comprising all independent non-executive directors of SHK to advise the Independent Shareholders of SHK in respect of the Transaction. SHK will appoint an independent financial adviser to advise the independent board committee of SHK and the Independent Shareholders of SHK in this regard.

The extraordinary general meeting will be convened by SHK at which resolutions will be proposed to seek approval from the Independent Shareholders of SHK for the Transaction.

A circular for SHK containing, among other things,

- (a) further information on the Transaction;
- (b) a letter of advice from the independent financial advisor of SHK to the independent board committee and the Independent Shareholders of SHK;
- (c) a letter of recommendation from the independent board committee of SHK to the Independent Shareholders of SHK; and
- (d) the notice of extraordinary general meeting of SHK to be held to approve the Transaction,

is expected to be despatched to the shareholders of SHK on or before 23 January 2013.

## **DEFINITIONS**

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AFSCL”	Asia Financial Services Company Limited, a company incorporated in the Cayman Islands with limited liability, being the borrower under the Facility Agreement;
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373);
“AGL Directors”	directors of AGL;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 56 and Warrant Code: 1183) and a non wholly-owned subsidiary of AGL;
“APL Directors”	directors of APL;
“Arrangement Fee”	an arrangement fee of HK\$12,000,000 less the aggregate fees, costs and expenses of SHKISL and AFSCL in connection with the Facility, to be payable by AFSCL to SHKISL in accordance with the terms of the Facility Agreement;

“Commitment Fee”	a commitment fee of HK\$36,000,000, to be payable by AFSCL to SHKSFL in accordance with the terms of the Facility Agreement;
“Drawdown Date”	the date of drawdown of the Facility;
“Facility”	the term loan facility in an aggregate amount equal to HK\$600,000,000 (to the extent not cancelled, reduced or transferred under the Facility Agreement);
“Facility Agreement”	the facility agreement dated 2 January 2013 entered into by SHKSFL as the lender, SHKISL as the arranger and AFSCL as the borrower;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules;
“Interest Rate”	the fixed interest rate of 6.5% per annum to be charged under the Facility Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Pledged Securities”	the Pledged Shares and the Pledged Warrants;
“Pledged Shares”	the 341,600,000 ordinary shares of SHK (including any related rights in respect of such shares) deposited or to be deposited in the Share and Cash Collateral Account and any ordinary shares of SHK issued to AFSCL pursuant to the exercise of any Pledged Warrants and deposited in the Share and Cash Collateral Account or transferred to or held by any person in circumstances where SHKSFL has any right, title or interest in respect of same;
“Pledged Warrants”	HK\$427,000,000 in face value of warrants held by AFSCL which are exercisable to subscribe for ordinary shares of SHK, details of which were disclosed in SHK’s announcement dated 26 April 2010;
“Security Deed”	the security deed dated 2 January 2013 executed by AFSCL as chargor in favour of SHKSFL as chargee by way of a first fixed charge over, amongst others, all of AFSCL’s rights and interests in the Pledged Securities and the Share and Cash Collateral Account;

“Share and Cash Collateral Account”	the share and cash account of AFSCL, in which the Pledged Securities and all dividends, interest and other payment in respect of the Pledged Securities are deposited or will be deposited;
“SHK”	Sun Hung Kai & Co. 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: 86) and an indirect non wholly-owned subsidiary of AGL and APL;
“SHK Directors”	directors of SHK;
“SHKISL”	Sun Hung Kai Investment Services Limited, a company incorporated in Hong Kong with limited liability, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and an indirect wholly-owned subsidiary of SHK, being the arranger under the Facility Agreement;
“SHKSFL”	Sun Hung Kai Structured Finance Limited, a company incorporated in Hong Kong with limited liability, a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and an indirect wholly-owned subsidiary of SHK, being the lender under the Facility Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Facility Agreement; and
“%”	per cent.

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

On behalf of the board of  
**Allied Properties (H.K.) Limited**  
**Li Chi Kong**  
*Executive Director*

On behalf of the board of  
**Sun Hung Kai & Co. Limited**  
**Joseph Tong Tang**  
*Executive Director*

Hong Kong, 2 January 2013

As at the date of this joint announcement, the AGL Directors are:

*Executive Directors:*

Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung

*Non-Executive Directors:*

Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei

*Independent Non-Executive Directors:*

Messrs. Wong Po Yan, David Craig Bartlett and Alan Stephen Jones

As at the date of this joint announcement, the APL Directors are:

*Executive Directors:*

Messrs. Lee Seng Hui (Chief Executive), Li Chi Kong and Mark Wong Tai Chun

*Non-Executive Director:*

Mr. Arthur George Dew (Chairman)

*Independent Non-Executive Directors:*

Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett

As at the date of this joint announcement, the SHK Directors are:

*Executive Directors*

Messrs. Lee Seng Huang (Group Executive Chairman), William Leung Wing Cheung, Joseph Tong Tang and Peter Anthony Curry

*Non-Executive Directors*

Messrs. Goh Joo Chuan, Leung Pak To, Roy Kuan and Ho Chi Kit (alternate to Mr. Roy Kuan)

*Independent Non-Executive Directors*

Messrs. David Craig Bartlett, Alan Stephen Jones, Carlisle Caldow Procter and Peter Wong Man Kong