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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



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

JOINT ANNOUNCEMENT

LOAN TRANSACTION

As advised and confirmed by SHK, on 11th June, 2013, SHKIB (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower, pursuant to which, SHKIB agreed to, among other things, make available to the Borrower the Facility for the purposes of (i) funding the working capital of the Borrower Group; (ii) redeeming or buying back the Convertible Notes; and (iii) the repayment of amounts owing under Facility Agreement A and Facility Agreement B.

As SHKIB is a 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 entered into by SHKIB shall be a deemed transaction for each of SHK, APL and AGL under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction constitutes a discloseable transaction for each of AGL and APL on the basis that the relevant percentage ratio(s) exceeds 5% but is below 25%. As advised and confirmed by SHK, the Transaction does not constitute a notifiable transaction for SHK on the basis that none of the percentage ratio(s) exceeds 5%.

INTRODUCTION

As advised and confirmed by SHK, on 11th June, 2013, SHKIB (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower, pursuant to which, SHKIB agreed to, among other things, make available to the Borrower the Facility for the purposes of (i) funding the working capital of the Borrower Group; (ii) redeeming or buying back the Convertible Notes; and (iii) the repayment of amounts owing under Facility Agreement A and Facility Agreement B.

THE LOAN AGREEMENT

The Loan Agreement

Date: 11th June, 2013

Parties: (1) SHKIB as the lender for the Loan Agreement
(2) The Borrower as the borrower for the Loan Agreement

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

Principal terms of the Loan Agreement

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

Facility: A revolving facility in the limit up to A\$60,000,000 where SHKIB has the option to provide such amount in HK\$ or A\$ at its discretion. In the event that the Facility is made available to the Borrower in A\$, SHKIB may be subject to currency exchange risk and will decide at that stage whether to hedge such risk or not.

Maturity date: 1st August, 2014 or the Extended Maturity Date.

Purposes: The Facility shall be applied by the Borrower for (i) funding the working capital of the Borrower Group; (ii) redeeming or buying back the Convertible Notes; and (iii) the repayment of amounts owing under Facility Agreement A and Facility Agreement B.

Interest rate: At the rate of 10% per annum.

Arrangement fee: A\$300,000.

Renewal fee: 0.25% of the then Facility on each Extended Maturity Date.

Line fee: 1.5% per annum on the Facility.

Security for the Facility: The Shares charged under the Specific Security Agreement.

The Specific Security Agreement

The Facility is secured by the Specific Security Agreement executed by the Borrower in favour of SHKIB by way of charge over the Shares.

Other agreements in connection with the Transaction: Subordination Deed A and Subordination Deed B

Subordination Deed A

Subordination Deed A will be executed by SHKIB in favour of Senior Creditor A where, among other things, the Facility will be subordinated to Loan A and the Facility will not be payable or otherwise capable of satisfaction until Loan A and any other indebtedness to Senior Creditor A are satisfied in full (unless Senior Creditor A agrees otherwise).

Subordination Deed B

Subordination Deed B will be executed by SHKIB in favour of Senior Creditor B where, among other things, the Facility will be subordinated to Loan B and the Facility will not be payable or otherwise capable of satisfaction until Loan B and any other indebtedness to Senior Creditor B are satisfied in full (unless Senior Creditor B agrees otherwise).

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, the terms of the Loan Agreement were arrived at after arm's length negotiations between SHKIB and the Borrower. Based on the confirmation of SHK, the Loan Agreement was entered into by SHKIB having regard to (i) the costs of borrowing in providing the Facility to the Borrower; (ii) the interest income to be generated by the Transaction; and (iii) the underlying securities. In addition, as advised and confirmed by SHK, the Transaction is part of the ordinary and usual course of business of SHKIB. In view of the above, the SHK Exco is of the view that the terms of the Loan Agreement are on normal commercial terms and the Transaction is fair and reasonable, and is in the interests of SHK and its shareholders taken as a whole.

Based on the information and the confirmation provided by SHK and to the best knowledge, information and belief of the AGL Directors and the APL Directors, the AGL Directors and the APL Directors consider that the Transaction is fair and reasonable and in the interests of AGL and APL and their shareholders taken as a whole.

INFORMATION ABOUT AGL, APL, SHKIB AND THE BORROWER

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 services, 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 services, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

As at the date of this joint announcement, APL is beneficially owned as to approximately 74.98% by AGL.

SHKIB

As advised and confirmed by SHK, SHKIB is a company incorporated under the laws of Brunei. SHKIB is principally engaged in international offshore banking and related services. SHKIB holds a full international banking licence under Brunei's International Banking Order, 2000.

As at the date of this joint announcement, SHKIB is an indirect wholly-owned subsidiary of SHK, which in turn is beneficially owned as to approximately 55.94% by APL.

The Borrower

As advised and confirmed by SHK, based on the confirmation provided by the Borrower, the Borrower is a company incorporated in Australia with limited liability. The principal business activities of the Borrower and its subsidiaries are investment in, and management of, retail, commercial and industrial property and retirement villages; development of land and properties; and funds and asset management.

LISTING RULES IMPLICATIONS

As SHKIB is a 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 entered into by SHKIB shall be a deemed transaction for each of SHK, APL and AGL under the Listing Rules as the definition of "listed issuer" under the Listing Rules shall include the listed issuer's subsidiaries.

The Transaction constitutes a discloseable transaction for each of AGL and APL on the basis that the relevant percentage ratio(s) exceeds 5% but is below 25%. As advised and confirmed by SHK, the Transaction does not constitute a notifiable transaction for SHK on the basis that none of the percentage ratio(s) exceeds 5%.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“A\$”	Australian dollars, the lawful currency of Australia;
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373);
“AGL Board”	board of AGL Directors;
“AGL Directors”	directors of AGL;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the 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 Board”	board of APL Directors;
“APL Directors”	directors of APL;
“Borrower”	the borrower under the Loan Agreement and Facility Agreement A;
“Borrower Group”	including, but not limited to, the Borrower, the guarantors under the Facility Agreement A, each of their subsidiaries and holding companies;
“Brunei”	Brunei Darussalam;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Convertible Notes”	the A\$125,000,000 convertible notes issued by the Borrower on 5th January, 2011;
“Extended Maturity Date”	an extension of one year in respect of the current Maturity Date, which is conditional upon SHKIB;
“Facility”	the revolving facility in the limit up to A\$60,000,000 (SHKIB has the option to provide such amount in HK\$ or A\$ at its discretion) made available by SHKIB to the Borrower on the terms and subject to the conditions set out in the Loan Agreement;

“Facility Agreement A”	the facility agreement entered into between the Borrower, Senior Creditor A and others dated 22nd February, 2012;
“Facility Agreement B”	the facility agreement entered into between Senior Creditor B and a company within the Borrower Group dated 31st July, 2009 and varied on 1st April, 2010 and as amended and restated on 29th September, 2010;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Loan A”	the loan granted under Facility Agreement A;
“Loan Agreement”	the loan agreement entered into between SHKIB and the Borrower dated 11th June, 2013;
“Loan B”	the loan granted under Facility Agreement B;
“Maturity Date”	1st August, 2014 or the Extended Maturity Date;
“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;
“Senior Creditor A”	the lender under Facility Agreement A and the senior creditor under Subordination Deed A;
“Senior Creditor B”	the lender under Facility Agreement B and the senior creditor under Subordination Deed B;
“Shares”	a number of different classes of shares of a company incorporated in Australia with limited liability and held by the Borrower;
“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 each of AGL and APL;

“SHK Exco”	the executive committee of and with powers delegated from the board of directors of SHK;
“SHKIB”	Sun Hung Kai International Bank [Brunei] Limited, a company incorporated under the laws of Brunei, a full international banking licence holder to conduct international banking business in Brunei under Brunei’s International Banking Order, 2000 and an indirect wholly-owned subsidiary of SHK, being the lender under the Loan Agreement;
“Specific Security Agreement”	the specific security agreement executed by the Borrower in favour of SHKIB dated 11th June, 2013 by way of charge over the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subordination Deed A”	the subordination deed to be entered into among the Borrower, Senior Creditor A and SHKIB as the subordinated creditor before the Facility is drawn;
“Subordination Deed B”	the subordination deed to be entered into among the Borrower, Senior Creditor B and SHKIB as the subordinated creditor before the Facility is drawn;
“Transaction”	the transaction contemplated under the Loan Agreement; and
“%”	per cent.

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

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

Hong Kong, 11th June, 2013

As at the date of this joint announcement, the AGL Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors; Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Messrs. David Craig Bartlett and Alan Stephen Jones being the Independent Non-Executive Directors.

As at the date of this joint announcement, the APL Board comprises Messrs. Lee Seng Hui (Chief Executive), Li Chi Kong and Mark Wong Tai Chun being the Executive Directors; Mr. Arthur George Dew (Chairman) being the Non-Executive Director; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.