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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 16th March, 2012, SHKSFL (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which, SHKSFL agreed to, among other things, make available to the Borrower the Loan for the purpose of funding the Borrower's general working capital.

As advised and confirmed by SHK, on 17th October, 2012, SHKSFL entered into the New Loan Agreement with the Borrower and the Guarantor, pursuant to which SHKSFL agreed to, among other things, make available to the Borrower the New Loan for the purposes of (i) making repayments of the Loan and all outstanding interests thereon and (ii) its general working capital.

As SHKSFL 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 SHKSFL shall be a deemed transaction of 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%.

THE LOAN AGREEMENT

As advised and confirmed by SHK, on 16th March, 2012, SHKSFL as lender entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which, SHKSFL agreed to, among other things, make available to the Borrower the Loan for the purpose of funding the Borrower's general working capital.

THE NEW LOAN AGREEMENT

The New Loan Agreement

Date: 17th October, 2012

Parties: (1) SHKSFL as the lender for the New Loan Agreement
(2) The Borrower as the borrower for the New Loan Agreement
(3) The Guarantor as the guarantor for the New 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 Guarantor, 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 New Loan Agreement

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

New Loan amount: HK\$420,000,000.

Term: 12 months from the date of drawdown pursuant to the New Loan Agreement.

Purpose: the New Loan shall be applied and used by the Borrower for (i) repaying the Loan and all outstanding interests thereon and (ii) its general working capital.

Interest rate: 1.5% per month.

Arrangement fee: HK\$5,250,000.

Securities for the New Loan: the Share Mortgage, the Debenture and the Convertible Bonds Mortgage.

The Share Mortgage

The New Loan is secured by the Share Mortgage created by the Guarantor in favour of SHKSFL by way of first fixed mortgage of the Shares.

SHKSFL, as mortgagee, shall have rights, among other things, to dispose of and/or transfer to itself the Shares mortgaged to it under the Share Mortgage upon the occurrence of an event of default or upon the occurrence of any event which may lead to a default by the Borrower.

The Debenture

The New Loan is secured by the Debenture created by the Borrower in favour of SHKSFL by way of first fixed and floating charge over all the undertakings, property and/or assets of the Borrower.

The Debenture and all securities constituted by or pursuant to the Debenture shall become immediately enforceable upon the occurrence of an event of default or upon the occurrence of any event which may lead to a default by the Borrower.

The Convertible Bonds Mortgage

The New Loan is secured by the Convertible Bonds Mortgage to be created by the Borrower in favour of SHKSFL by way of first fixed mortgage of the Convertible Bonds.

SHKSFL, as mortgagee, shall have rights, among other things, to exercise all applicable voting and other rights and powers attaching to the Convertible Bonds mortgaged to it under the Convertible Bonds Mortgage upon the occurrence of an event of default or upon the occurrence of any event which may lead to a default by the Borrower.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, the terms of the New Loan Agreement were arrived at after arm's length negotiations between SHKSFL and the Borrower. Based on the confirmation of SHK, the New Loan Agreement was entered into by SHKSFL having regard to (i) the costs of borrowing in providing the New Loan 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 SHKSFL. In view of the above, the SHK Exco is of the view that the terms of the New Loan Agreement are on normal commercial terms and the Transaction is fair and reasonable, and is in the interest 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, SHKSFL, THE BORROWER AND THE GUARANTOR

AGL

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

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, 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 services 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.

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 the 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, which in turn is beneficially owned as to approximately 54.94% by APL.

The Borrower

As advised and confirmed by SHK, the Borrower is a company incorporated in British Virgin Islands with limited liability. The principal business activity of the Borrower is investment holding.

The Guarantor

As advised and confirmed by SHK, the Guarantor is an individual.

LISTING RULES IMPLICATIONS

As SHKSFL 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 SHKSFL shall be a deemed transaction of 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 APL and AGL 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:

“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 the New Loan Agreement;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Convertible Bonds”	the HK\$700,000,000 convertible bonds to be issued by a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange;
“Convertible Bonds Mortgage”	the mortgage to be created by the Borrower as mortgagor in favour of SHKSFL as mortgagee over all the Convertible Bonds;

“Debenture”	the debenture created by the Borrower as chargor in favour of SHKSFL as chargee over all the undertakings, property and/or assets of the Borrower;
“Guarantor”	the sole shareholder of the Borrower and the guarantor under the Loan Agreement and the New Loan Agreement;
“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”	the loan of HK\$195,000,000 made available by SHKSFL to the Borrower on the terms and subject to the conditions set out in the Loan Agreement;
“Loan Agreement”	the loan agreement entered into between SHKSFL, the Borrower and the Guarantor dated 16th March, 2012;
“New Loan”	the loan of HK\$420,000,000 made available by SHKSFL to the Borrower on the terms and subject to the conditions set out in the New Loan Agreement;
“New Loan Agreement”	the loan agreement entered into between SHKSFL and the Borrower and the Guarantor dated 17th October, 2012, pursuant to which SHKSFL as lender has agreed to make available the New Loan to the Borrower pursuant to the terms therein;
“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;
“Shares”	the entire issued shares of the Borrower;
“Share Mortgage”	the mortgage created by the Guarantor as mortgagor in favour of SHKSFL as mortgagee over all the Shares;
“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 a 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;

“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 Loan Agreement and the New Loan Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the New 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, 17th October, 2012

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. Wong Po Yan, 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.