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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 17th June, 2013, the Lender (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan for the purpose of funding the general working capital of the Borrower.

As the Lender 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 entered into by the Lender 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 17th June, 2013, the Lender (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan for the purpose of funding the general working capital of the Borrower.

THE LOAN AGREEMENT

The Loan Agreement

Date: 17th June, 2013

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

As advised and confirmed by SHK, which has made all reasonable enquiries and based on the confirmations of the Borrower and the Guarantor, and to the best knowledge, information and belief of the AGL Directors 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 Loan Agreement

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

- Loan: HK\$490,000,000.
- Purpose: the Loan shall be applied by the Borrower for funding the general working capital of the Borrower.
- Interest rate: 2% per month.
- Non-refundable arrangement fee: HK\$4,900,000.
- Repayment: 3 months from the drawdown date of the Loan or such other date as agreed in writing between the Lender and the Borrower.
- Security for the Loan: the Share Mortgages, the Debentures and the Deeds of Assignment.

Share Mortgages

The Loan is secured by each of the Share Mortgages created by the Guarantor in favour of the Lender by way of first fixed mortgage of the Shares.

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

Debentures

The Loan is secured by each of the Debentures created by the Borrower and Company A (as the case may be) in favour of the Lender by way of first fixed and floating charge over all the undertaking, property and assets of the Borrower and Company A (as the case may be).

The Debentures and all securities constituted by or pursuant to each of the Debentures 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.

Deeds of Assignment

The Loan is secured by each of the Deeds of Assignment created by the Borrower in favour of the Lender by assigning its rights and benefits under the relevant SPA.

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 the Lender and the Borrower. Based on the confirmation of SHK, the Loan Agreement was entered into by the Lender having regard to (i) the costs of borrowing in providing the 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 the Lender. 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 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, THE LENDER, THE BORROWER AND THE GUARANTOR

AGL

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

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

The Lender

As advised and confirmed by SHK, the Lender is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of SHK and is principally engaged in the business of provision of loan finance.

As at the date of this joint announcement, the Lender 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, the Borrower is a company incorporated with limited liability in BVI. 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 the Lender 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 entered into by the Lender 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:

“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 a party to the First Debenture, the Deeds of Assignment and the SPAs;
“BVI”	British Virgin Islands;
“Company A”	a party to the Second Debenture;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Debentures”	the First Debenture and the Second Debenture;
“Deeds of Assignment”	the First Deed of Assignment and the Second Deed of Assignment;
“First Debenture”	the debenture dated 17th June, 2013 created by the Borrower as chargor in favour of the Lender as chargee over all the undertaking, property and assets of the Borrower;
“First Deed of Assignment”	the deed of assignment dated 17th June, 2013 executed by the Borrower in favour of the Lender by assigning its rights and benefits under the First SPA;
“First SPA”	the sale and purchase agreement dated 23rd March, 2011 in relation to the sale and purchase of the entire issued share capital of a company and the assignment of all the shareholder’s loan to the Borrower;
“Guarantor”	the sole shareholder of each of the Borrower and Company A, the guarantor under the Loan Agreement and a party to the Share Mortgages;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Lender”	Itso Limited, a company incorporated in Hong Kong with limited liability, being the lender under the Loan Agreement;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;

“Loan”	a loan of HK\$490,000,000 in which the Lender agreed to make available to the Borrower pursuant to the terms and conditions of the Loan Agreement;
“Loan Agreement”	the loan agreement entered into between the Lender, the Borrower and the Guarantor dated 17th June, 2013;
“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;
“Second Debenture”	the debenture dated 17th June, 2013 created by Company A as chargor in favour of the Lender as chargee over all the undertaking, property and assets of Company A;
“Second Deed of Assignment”	the deed of assignment dated 17th June, 2013 executed by the Borrower in favour of the Lender by assigning its rights and benefits under the Second SPA;
“Second SPA”	the sale and purchase agreement dated 12th June, 2012 in relation to the sale and purchase of the entire issued share capital of a company and the assignment of all the shareholder’s loan to the Borrower;
“Shares”	in relation to Share Mortgage A, the entire issued shares of the Borrower; in relation to Share Mortgage B, the entire issued shares of Company A;
“Share Mortgages”	Share Mortgage A and Share Mortgage B;
“Share Mortgage A”	the share mortgage dated 17th June, 2013 created by the Guarantor as mortgagor in favour of the Lender as mortgagee over the Shares;
“Share Mortgage B”	the share mortgage dated 17th June, 2013 created by the Guarantor as mortgagor in favour of the Lender as mortgagee over 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 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;
“SPAs”	the First SPA and the Second SPA and each the “SPA”;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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, 17th 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.