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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 17 March 2014, 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 17 March 2014, 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: 17 March 2014

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: approximately HK\$515,000,000.

Purpose: the Loan shall be applied by the Borrower for funding the general working capital of the Borrower.

Interest rate: (i) 2.02723% per month for the first month from the drawdown date of the Loan; and (ii) 2% per month thereafter, to be compounded monthly.

Repayment: 19 August 2014 or such other date as agreed in writing between the Lender and the Borrower.

Securities for the Loan: the Debenture and the Convertible Notes Mortgage.

#### *Debenture*

The Loan is secured by the Debenture created by the Borrower in favour of the Lender by way of first fixed and floating charge over all the undertaking, property and 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.

## *Convertible Notes Mortgage*

The Loan is secured by the Convertible Notes Mortgage created by the Guarantor in favour of the Lender by way of first fixed mortgage of the Convertible Notes.

The Lender, as mortgagee, shall have rights, among other things, to exercise all applicable voting and other rights and powers attaching to the Convertible Notes mortgaged to it under the Convertible Notes 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 Loan Agreement, including the interest rate applicable, were arrived at after arm's length negotiations between the Lender and the Borrower having taken into account the prevailing market interest rates and practices. 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 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 and investments in listed and unlisted securities.

As at the date of this joint announcement, APL is beneficially owned as to approximately 74.99% 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 56.16% 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 the chargor under the Debenture;
“BVI”	British Virgin Islands;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Convertible Notes”	the HK\$500,000,000 zero coupon convertible notes due February 2017 issued by a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Convertible Notes Mortgage”	the mortgage dated 17 March 2014 created by the Guarantor as mortgagor in favour of Lender as mortgagee over the Convertible Notes;
“Debenture”	the debenture dated 17 March 2014 created by the Borrower as chargor in favour of the Lender as chargee over all the undertaking, property and assets of the Borrower;
“Guarantor”	the sole shareholder of the Borrower, the guarantor under the Loan Agreement and the mortgagor under the Convertible Notes Mortgage;
“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, an indirect wholly-owned subsidiary of SHK, being the lender under the Loan Agreement;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;

“Loan”	a loan of approximately HK\$515,000,000 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 17 March 2014;
“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;
“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;
“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, 17 March 2014

*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 Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Lisa Yang Lai Sum 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.*