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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 28th May, 2013, the Lenders and the Borrowers entered into the Facility Agreements with an aggregate commitment equal to the Total Commitment whereby, among other things, the Lenders have agreed to make available to each Borrower a Facility for general corporate and working capital purposes. The Liabilities of each Borrower are secured on a several basis by the Share Charge Deed to which such Borrower is a party.

As (i) the Lenders are indirect wholly-owned subsidiaries of SHK which, in turn, is a non wholly-owned subsidiary of APL, and APL is a non wholly-owned subsidiary of AGL; and (ii) the definition of “listed issuer” under Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries, the Transaction shall be regarded as a transaction of each of AGL, APL and SHK under the Listing Rules.

The Transaction constitutes a discloseable transaction for each of AGL and APL as their respective relevant Percentage Ratio(s) exceed 5% but are below 25%. As advised and confirmed by SHK, the Transaction does not constitute a notifiable transaction for SHK under Chapter 14 of the Listing Rules as none of the applicable Percentage Ratio(s) exceeds 5%.

As advised and confirmed by SHK, on 28th May, 2013, the Lenders and the Borrowers entered into the Facility Agreements with an aggregate commitment equal to the Total Commitment whereby, among other things, the Lenders have agreed to make available to each Borrower a Facility for general corporate and working capital purposes. The Liabilities of each Borrower are secured on a several basis by the Share Charge Deed to which such Borrower is a party.

As advised and confirmed by SHK, the parties to, and the principal terms of, each of the Facility Agreements are as follows:–

Parties to the Facility Agreements

Parties to Facility Agreement A	(1) SIL, as lender; (2) Borrower A; and (3) General Partner A
Parties to Facility Agreement B	(1) SIL, as lender; (2) Borrower B; and (3) General Partner B
Parties to Facility Agreement C	(1) Itso Limited, as lender; and (2) Borrower C

As at the date of this joint announcement, as advised and confirmed by SHK (having made all reasonable enquiries) and based on the confirmation of the Borrowers and the General Partners, and to the best of the knowledge, information and belief of the AGL Directors and the APL Directors (having made all reasonable enquiries), save for the Investment Advisor holding approximately 1.75% shareholding interest in APL, each of the Borrowers and the General Partners, and their respective ultimate beneficial owners do not hold or control any interest (whether directly or indirectly) of 5% or more in any class of voting shares in, and are third parties independent of, AGL, APL and SHK and their respective connected persons.

Principal terms of each of the Facility Agreements

Date:	28th May, 2013.
Facility:	a loan facility in an aggregate amount equal to the Total Commitment, less any amount previously drawn or to be drawn under each other Facility Agreement.
Purpose:	general corporate and working capital purposes.
Availability Period:	the period from and including the date of the Facility Agreement to and including the Termination Date.
Interest:	at the rate of 7.25% per annum on each Loan.
Repayment:	repayment in full on the Termination Date, subject to voluntary prepayment and mandatory prepayment provisions.

As advised and confirmed by SHK and based on the confirmation of the Borrowers and the General Partners, according to the terms of each of the Facility Agreements, the Borrower undertakes, among other things, that the Borrower shall not directly or indirectly use the proceeds of the Facility for the acquisition of any securities listed on the Stock Exchange or any other stock exchange.

According to the terms of each of the Facility Agreements, the Borrower shall pay to the Lender the facility fees in accordance with the followings:

	Facility Agreement A	Facility Agreement B	Facility Agreement C
Upfront Facility Fee:	HK\$411,840	HK\$203,710	HK\$684,450
Annual Facility Fee:	The product of HK\$1,300,000 and the Utilisation Percentage of the Borrower A	The product of HK\$1,300,000 and the Utilisation Percentage of the Borrower B	The product of HK\$1,300,000 and the Utilisation Percentage of the Borrower C

The upfront facility fee is payable within 3 business days of the date of the Facility Agreement and the annual facility fee is payable on each anniversary of the date of the Facility Agreement prior to and including the Termination Date.

As advised and confirmed by SHK, the interest rate and the facility fees charged by the Lender under each of the Facility Agreements have been arrived at after arm's length negotiations between the Lenders and the Borrowers having regard to the cost of providing the Facilities to the Borrowers and the terms of the Facility Agreements and the Share Charge Deeds.

Principal Terms of each of the Share Charge Deeds

As advised and confirmed by SHK, the Liabilities of each Borrower are secured on a several basis by the Share Charge Deed to which such Borrower is a party.

Under each of the Share Charge Deeds, the relevant Borrower charges in favour of the relevant Lender, among other things, by way of first fixed charge, the Pledged Shares and the Share and Cash Collateral Account. The recourse of each Lender under the Facility will be limited to amounts recoverable under the relevant Share Charge Deed.

At any time before the occurrence of an enforcement event as provided under the relevant Facility Agreement, the Borrower shall be entitled to exercise or direct the exercise of the voting and other rights attached to any Pledged Share as it sees fit provided that (a) it does so for a purpose not inconsistent with any Finance Document; and (b) the exercise or failure to exercise those rights would not otherwise prejudice the interest of the Borrower under the Finance Documents.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, the terms of the Facility Agreements and the Share Charge Deeds were arrived at after arm's length negotiations between the Lenders and the Borrowers. The total return from the Facilities, in the form of facility fees and interest charged, is an aggregate rate of 7.5% per annum on the Total Commitment for the first year (assuming full utilisation and no prepayment by the Borrowers) and up to 7.75% per annum on the Total Commitment for the second year (assuming full utilisation and no prepayment by the Borrowers), which is fair and reasonable in light of the current market norms in relation to

similar transactions and the costs incurred in providing the Facilities to the Borrowers. In view of the fact that the entering into of the Facility Agreements will generate reasonable income to the Lenders and the Liabilities of the Borrowers are secured by the Share Charge Deeds, the executive committee of the board of directors of SHK considers that the terms of the Transaction are fair and reasonable and on normal commercial terms and in the interests of SHK and its shareholders as a whole, and has confirmed the same to AGL and APL.

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 terms of the Transaction are fair and reasonable and are in the interests of AGL and APL and their respective shareholders taken as a whole.

INFORMATION ABOUT AGL, APL, THE LENDERS AND THE BORROWERS

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, AGL is beneficially interested in approximately 74.98% of the total issued share capital of APL.

SIL

As advised and confirmed by SHK, SIL 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 investment holding and securities trading.

Itso Limited

As advised and confirmed by SHK, Itso Limited 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.

Borrower A

As advised and confirmed by SHK (having made all reasonable enquiries) and based on a written confirmation from Borrower A, Borrower A is an international limited partnership registered in the BVI acted by General Partner A which is a BVI business company registered in the BVI. The principal business activities of Borrower A are to invest in corporate and real estate securities, commodities and currencies, bonds and other businesses.

Borrower B

As advised and confirmed by SHK (having made all reasonable enquiries) and based on a written confirmation from Borrower B, Borrower B is an international limited partnership registered in the BVI acted by General Partner B which is a BVI business company registered in the BVI. The principal business activities of Borrower B are to invest in corporate and real estate securities, commodities and currencies, bonds and other businesses.

Borrower C

As advised and confirmed by SHK (having made all reasonable enquiries) and based on a written confirmation from Borrower C, Borrower C is a fund incorporated in the BVI with limited liability. The principal business activities of the Borrower are to invest in corporate and real estate securities, commodities and currencies, bonds and other businesses.

LISTING RULES IMPLICATIONS

As (i) the Lenders are indirect wholly-owned subsidiaries of SHK which, in turn, is a non wholly-owned subsidiary of APL, and APL is a non wholly-owned subsidiary of AGL; and (ii) the definition of “listed issuer” under Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries, the Transaction shall be regarded as a transaction of each of AGL, APL and SHK under the Listing Rules.

The Transaction constitutes a discloseable transaction for each of AGL and APL as their respective relevant Percentage Ratio(s) exceed 5% but are below 25%. As advised and confirmed by SHK, the Transaction does not constitute a notifiable transaction for SHK under Chapter 14 of the Listing Rules as none of the applicable 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”	the 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”	the directors of APL;
“Borrowers”	Borrower A, Borrower B and Borrower C and each the “Borrower”;
“Borrower A”	the borrower to Facility Agreement A and a party to Share Charge Deed A;
“Borrower B”	the borrower to Facility Agreement B and a party to Share Charge Deed B;
“Borrower C”	the borrower to the Facility Agreement C and a party to Share Charge Deed C;
“BVI”	the British Virgin Islands;
“connected persons”	having the meaning as ascribed to it under the Listing Rules;
“Custodian”	Sun Hung Kai Investment Services Limited, which is a party to each of the Share Charge Deeds solely to agree to and acknowledge the security created by the Share Charge Deeds;
“Facility”	in relation to the Facility Agreement, a loan facility in an aggregate amount equal to the Total Commitment, being HK\$520,000,000, less, if applicable, any amount previously drawn or to be drawn under each other Facility Agreement;
“Facility Agreements”	Facility Agreement A, Facility Agreement B and Facility Agreement C and each the “Facility Agreement”;
“Facility Agreement A”	HK\$520,000,000 facility agreement dated 28th May, 2013 for Borrower A acting as borrower and General Partner A acting as general partner and SIL acting as lender;
“Facility Agreement B”	HK\$520,000,000 facility agreement dated 28th May, 2013 for Borrower B acting as borrower, General Partner B acting as general partner and SIL acting as lender;

“Facility Agreement C”	HK\$520,000,000 facility agreement dated 28th May, 2013 for Borrower C acting as borrower and Itso Limited acting as lender;
“Finance Documents”	in relation to the Lender and the Borrower, the Facility Agreement, the Share Charge Deed, any utilisation request and any other document designated as such by the Lender and the Borrower;
“General Partners”	General Partner A and General Partner B;
“General Partner A”	a BVI business company registered in the BVI acting as general partner of Borrower A;
“General Partner B”	a BVI business company registered in the BVI acting as general partner of Borrower B;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Investment Advisor”	the investment advisor to the Borrowers;
“Lenders”	Itso Limited and SIL and each the “Lender”;
“Liabilities”	in relation to the Borrower, all present and future moneys, debts and liabilities due, owing or incurred by such Borrower to the relevant Lender under or in connection with any Finance Document to which such Borrower is a party;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	any loan made or to be made under the Facility or the principal amount outstanding for the time being of such loan;
“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;
“Pledged Shares”	in relation to the Borrower, such number of ordinary shares held by such Borrower in the issued share capital of Tian An China Investments Company Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 28) which are sufficient in value to satisfy the loan-to-value ratio, being 50%;

“Share and Cash Collateral Account”	the share and cash account in the name of the Borrower with the Custodian to which the Pledges Shares are deposited or to be deposited;
“Share Charge Deeds”	Share Charge Deed A, Share Charge Deed B and Share Charge Deed C and each the “Share Charge Deed”;
“Share Charge Deed A”	the share charge dated 28th May, 2013 created by Borrower A as the chargor and the General Partner A in favour of SIL as chargee and the Custodian;
“Share Charge Deed B”	the share charge dated 28th May, 2013 created by Borrower B as the chargor and the General Partner B in favour of SIL as chargee and the Custodian;
“Share Charge Deed C”	the share charge dated 28th May, 2013 created by Borrower C as the chargor in favour of Itso Limited as chargee and the Custodian;
“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 APL. As at the date of this joint announcement, APL was beneficially interested in 55.94% of the total issued share capital of SHK;
“SIL”	Scienter Investments Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Date”	in relation to the Facility Agreement, the date on which the Borrower shall repay all the Loans, together with all accrued interest in full, being the date falling 24 months from the date of the first utilisation of the Facility, or such later day as agreed between the Lender and the Borrower in accordance with the terms and conditions of the Facility Agreement;
“Total Commitment”	HK\$520,000,000 being the aggregate of all commitment under all the Facility Agreements and other facility agreements (if any), to the extent not cancelled, reduced or transferred by the Lender under any of the Facility Agreements or other facility agreements (if any);
“Transaction”	the transaction contemplated under the Facility Agreements and the Share Charge Deeds;

“Utilisation Percentage” in relation to the Borrower, the outstanding principal amount of all Loans drawn by such Borrower measured as a percentage of the aggregate outstanding principal amount of all Loans drawn by such Borrower and any other Borrowers, as of 1 month prior to the date such fee is payable; 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, 28th May, 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. 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.