

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

ANNOUNCEMENT

Subscription of Loan Notes by Indirect Non Wholly-owned Subsidiary

As advised and confirmed by SHK, on 3rd November, 2009, the Subscriber, an indirect wholly-owned subsidiary of SHK, entered into the Transaction Documents with the Issuer and the Guarantor.

Pursuant to the Subscription Agreement, the Subscriber agreed, inter alia, to subscribe for the Loan Notes with total face value equals to US\$5,000,000 (equivalent to approximately HK\$38,750,000) on the terms and subject to conditions set out therein. As advised and confirmed by SHK, the Loan Notes shall bear interest at the Interest Rate and, subject to the occurrence of any Event of Default, shall be redeemed by the Issuer on the Maturity Date at the Redemption Amount. If the IPO takes place before the date of redemption, the Issuer may redeem the Loan Notes subscribed by the Subscriber by transfer of such number of shares of the Proposed Listco to the Subscriber.

As advised and confirmed by SHK, pursuant to the Deed with Founders, the Parties will, inter alia, cooperate in good faith and use their best efforts to cause the commencement of the IPO application procedure on or before the end of the first half of 2010.

As confirmed by SHK, pursuant to the Call Option Deed, (i) once the IPO has occurred, the Subscriber may, during the IPO Call Option Period, exercise the IPO Call Option to purchase from the Issuer certain number of shares of the Proposed Listco at the Exercise Price; or (ii) if the IPO has not occurred within 12 months from the date of the Call Option Deed, the Subscriber may, during the Non-IPO Call Option Period, exercise the Non-IPO Call Option to purchase from the Issuer certain number of shares of the Subsidiary. The Subsidiary indirectly owns the business of the Issuer Group.

The Subscriber is an indirect wholly-owned subsidiary of SHK which is an indirect non wholly-owned subsidiary of the Company. The Transaction entered into by the Subscriber shall also be a transaction of the Company as the definition of listed issuer under the Listing Rules shall include the listed issuer's subsidiaries. Given that the relevant Percentage Ratio for the Company exceeds 5% but is under 25%, the Transaction constitutes a discloseable transaction of the Company.

As advised and confirmed by SHK, the Transaction does not constitute a notifiable transaction of SHK as none of the Percentage Ratios exceeds 5%.

BACKGROUND

As informed by SHK, the Issuer is in the process of raising funds by the issuance of loan notes for the Issuer Group's reorganisation in preparation for the listing of its subsidiary, the Proposed Listco, on the Stock Exchange by way of initial public offering. As part of the fund raising, the Subscriber entered into the Transaction Documents with the Issuer and the Guarantor on 3rd November, 2009.

THE SUBSCRIPTION AGREEMENT

As advised and confirmed by SHK, pursuant to the Subscription Agreement, the Issuer agreed to issue and the Subscriber agreed to subscribe for the Loan Notes with total face value equals to US\$5,000,000 (equivalent to approximately HK\$38,750,000) on the terms and subject to the conditions set out therein.

Date of the Subscription Agreement: 3rd November, 2009

Parties to the Subscription Agreement:

- (1) the Subscriber
- (2) the Issuer
- (3) the Guarantor

Based on the information and confirmation provided by SHK, and to the best knowledge, information and belief of the Directors having made all reasonable enquiry, the Issuer and its ultimate beneficial owner, being the Guarantor, who is an individual, are independent third parties not connected with SHK, the Company and their respective connected persons.

Principal terms of the Loan Notes

Principal Amount : The face value of each Loan Note equals to US\$500,000 (equivalent to approximately HK\$3,875,000).

The aggregate value of the Loan Notes subscribed by the Subscriber equals to US\$5,000,000 (equivalent to approximately HK\$38,750,000).

Use of Subscription Proceeds : The Subscription Proceeds shall be placed in an escrow account and applied by the Issuer solely to acquire the shares of the Subsidiary from a third party vendor in order to reorganise the Issuer Group's structure in preparation for the listing of the Proposed Listco on the Stock Exchange by way of initial public offering.

If there is any remainder of the Subscription Proceeds after completion of the Acquisition, the Issuer will apply such proceeds to the Subsidiary as a loan. The proceeds so advanced to the Subsidiary shall be repaid by the Subsidiary to the Issuer on the Maturity Date and such repayment may be applied by the Issuer to subscribe for new shares in the Proposed Listco at the IPO.

- Interest : The Loan Notes shall bear simple interest from (and including) the date of issue at the Interest Rate and payable on the 30th April and 31st October of every year up to and including the date of redemption.
- As advised and confirmed by SHK, the Interest Rate was determined after arm's length negotiation among the Subscriber, the Issuer and the Guarantor with reference to the interest rate chargeable against a third party borrower in a normal loan transaction.
- Maturity Date : Subject to the occurrence of any Event of Default, the Loan Notes shall mature on 5th November, 2010. All outstanding Loan Notes should be redeemed on the Maturity Date.
- Event of Default : It is an Event of Default if, inter alia, the IPO does not occur on or before the end of first half of 2010.
- Redemption : Subject to the occurrence of an Event of Default, the Issuer shall redeem the Loan Notes on the Maturity Date at the Redemption Amount.
- If the IPO shall have taken place before the date of redemption, the Issuer may satisfy the payment of the Redemption Amount by transfer of such number of shares of the Proposed Listco owned by the Issuer at such price to be agreed between the Subscriber and the Issuer.
- Partial Redemption : The Issuer may partially redeem the Loan Notes provided that the Issuer shall have completed the Acquisition at a consideration less than that previously agreed between the Issuer and the third party vendor (the "Estimated Costs"), in which case the Issuer may use the difference of the Estimated Costs and the actual costs of Acquisition to partially redeem the Loan Notes.

Guarantee and Other Security Arrangement

As advised and confirmed by SHK, as a continuing security, the Guarantor has unconditionally and irrevocably undertaken to the Subscriber to procure the due and punctual performance by the Issuer of all its obligations under the Subscription Agreement and the Loan Notes. If the Issuer fails to duly and punctually perform its obligations under the Subscription Agreement and the Loan Notes, the Subscriber is entitled to enforce such obligations against the Guarantor as primary obligor.

As advised and confirmed by SHK, pursuant to the Deed with Founders, the Subscriber is entitled to appoint an observer to the board of directors of the Subsidiary. While such observer has no voting right at the Subsidiary's board of directors, the observer has the right to receive such information relating to the Subsidiary's board meeting, board resolutions and all other documents relating to the business and affairs of the Subsidiary.

Conditions Precedent

As advised and confirmed by SHK, completion of the Subscription Agreement is conditional upon:

- (1) the other shareholders of the Subsidiary having confirmed the arrangement relating to the Issuer's Group reorganisation and the proposed IPO and having waived their respective preemptive rights, tag-along rights, rights of first offer and all other rights under the shareholders agreement which governs the management and operation of the Subsidiary and for each of other subscribers of loan notes confirming extension of their respective rights to require the Issuer or the Guarantor to purchase their respective shares of the Subsidiary;
- (2) the Guarantor applying all shareholder's loan (if any) due to him from the Issuer for subscription of, and the issue and allotment by the Issuer to the Guarantor of, new shares in the Issuer;
- (3) save as otherwise disclosed by the Issuer to the Subscriber, no event has occurred which would have a material adverse effect on the business or financial position of the Issuer Group or the Guarantor; and
- (4) a certificate issued to the Subscriber from the Guarantor enclosing a certified true copy of the register of members of the Issuer and certifying that the entire issued share capital of the Subsidiary and the Proposed Listco owned by the Issuer are not charged and/or mortgaged as at the date of the certificate.

As advised and confirmed by SHK, if the Conditions Precedent have not been fulfilled on 7th November, 2009 (or such later date as may be agreed between the Subscriber and the Issuer), the Subscription Agreement shall lapse and cease to have any effect, save for any antecedent breaches of the Subscription Agreement.

Completion

As advised and confirmed by SHK, completion of subscription of the Loan Notes by the Subscriber will take place on the third Business Day after all of the Conditions Precedent of the Subscription Agreement have been fulfilled or waived (or such other date as the Issuer and the Subscriber may agree).

THE CALL OPTION DEED

As advised and confirmed by SHK, pursuant to the Call Option Deed, the Issuer has granted the IPO Call Option and the Non-IPO Call Option to the Subscriber at the consideration of HK\$1.00 for each call option.

The IPO Call Option

As advised and confirmed by SHK, the IPO Call Option could only be exercised by the Subscriber after the IPO has occurred. Once the IPO has occurred, the Subscriber may exercise the IPO Call Option at any time during the IPO Call Option Period, which continues for a period of 24 months.

Upon the exercise of the IPO Call Option, the Subscriber may purchase from the Issuer certain number of shares of the Proposed Listco at the Exercise Price subject to the terms and conditions set out in the Call Option Deed.

The Non-IPO Call Option

As advised and confirmed by SHK, the Non-IPO Call Option could only be exercised by the Subscriber if the IPO has not occurred within 12 months from the date of the Call Option Deed, in which case, the Subscriber may exercise the Non-IPO Call Option at any time during Non-IPO Call Option Period, which continues for a period of 36 months.

Upon the exercise of the Non-IPO Call Option, the Subscriber may purchase from the Issuer certain number of shares of the Subsidiary at the Exercise Price. The Subsidiary indirectly owns the business of the Issuer Group.

As advised and confirmed by SHK, the Exercise Price and the consideration for the call options were determined after arm's length negotiation among the Subscriber, the Guarantor and the Issuer, which the SHK Exco considers fair and reasonable.

Guarantee to Performance of Call Option Deed

As advised and confirmed by SHK, as a continuing security, the Guarantor has unconditionally and irrevocably undertaken to the Subscriber to procure the due and punctual performance by the Issuer of all its obligations under the Call Option Deed. If the Issuer fails to duly and punctually perform its obligations under the Call Option Deed, the Subscriber is entitled to enforce such obligations against the Guarantor as primary obligor.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

As advised and confirmed by SHK, the Transaction is carried out as part of the ordinary and usual course of business of the Subscriber, which is a licensed money lender. The Transaction was agreed by the Subscriber after considering (i) the information provided by the Issuer and the Guarantor; (ii) overall terms and conditions of the Transaction; (iii) the current market condition; and (iv) the interest income generated from the Transaction. Accordingly, the SHK Exco is of the view that the terms of the Transaction Documents are on normal commercial terms and are fair and reasonable, and the Transaction is in the interest of SHK and its shareholders taken as a whole.

Based on the information and the confirmation provided by SHK, the Directors have accepted the confirmation by SHK and therefore concur with the view of the SHK Exco and consider that the Transaction is in the interest of the Company and its shareholders taken as a whole.

INFORMATION ABOUT THE COMPANY, THE SUBSCRIBER AND THE ISSUER

The Company

The Company is 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 the Company is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, health administration, medical scheme administration, the provision of healthcare services and the provision of financial services.

The Subscriber

The Subscriber is a company incorporated in Hong Kong with limited liability.

As advised and confirmed by SHK, the principal business activities of the Subscriber are provision of loan finance and investment holding. The Subscriber holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

As at the date of this announcement, the Subscriber is an indirect wholly-owned subsidiary of SHK.

The Issuer

The Issuer is a company incorporated in the British Virgin Islands with limited liability.

As advised and confirmed by SHK, the principal business activity of the Issuer is investment holding. The principal business activities of its major subsidiaries are, inter alia, research and development, manufacturing, promotion, sales of amino acid based health care products and other health products.

As advised and confirmed by SHK, as at the date of this announcement, the entire issued share capital of the Issuer is beneficially owned by the Guarantor.

LISTING RULES IMPLICATIONS

The Subscriber is an indirect wholly-owned subsidiary of SHK which is an indirect non wholly-owned subsidiary of the Company. The Transaction entered into by the Subscriber shall also be a transaction of the Company as the definition of listed issuer under the Listing Rules shall include the listed issuer's subsidiaries. Given that the relevant Percentage Ratio for the Company exceeds 5% but is under 25%, the Transaction constitutes a discloseable transaction of the Company.

As advised and confirmed by SHK, the Transaction does not constitute a notifiable transaction of SHK as none of the Percentage Ratio exceeds 5%.

DEFINITIONS

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

“Acquisition”	the acquisition by the Issuer of certain shares of the Subsidiary from a third party vendor;
“Business Day”	a day on which banks are open for general business in Hong Kong (other than a Saturday or a Sunday or a public holiday in Hong Kong or a day on which the typhoon signal number 8 or above or black rainstorm warning is hoisted at any time between 9:00 a.m. to 5:00 p.m. in Hong Kong);

“Call Option Deed”	the call option deed dated 3rd November, 2009 entered into among the Issuer as the grantor of the call options, the Guarantor as the guarantor to the grantor and the Subscriber as the grantee to the call options, pursuant to which the Issuer granted the IPO Call Option and the Non-IPO Call Option to the Subscriber at the consideration of HK\$1.00 for each call option;
“Company”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange;
“Conditions Precedent”	the conditions precedent under the Subscription Agreement;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Deed with Founders”	the deed dated 3rd November, 2009 executed among the Subscriber, the Guarantor and the Issuer, pursuant to which, inter alia, certain undertakings have been given by the Guarantor and the Issuer in favour of the Subscriber;
“Directors”	directors of the Company;
“Event of Default”	event of default as set out in the Loan Notes;
“Exercise Price”	the exercise price of each of the call options as set out in the Call Option Deed;
“Guarantor”	the guarantor to the Issuer under the Subscription Agreement and the Call Option Deed and a party to the Deed with Founders;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Interest Rate”	the rate of interest charged on the outstanding principal amount of the Loan Note as set out under the Loan Notes;
“IPO”	the initial public offering for the listing of the Proposed Listco on the Stock Exchange;
“IPO Call Option”	the call option granted by the Issuer in favour of the Subscriber upon the exercise of which the Subscriber may require the Issuer to sell certain number of shares of the Proposed Listco at the Exercise Price;
“IPO Call Option Period”	the period commencing from the expiry of the sixth month after the IPO Date up to and including the date falling 30 calendar months from the IPO Date;
“IPO Date”	the date of the IPO;

“Issuer”	the issuer of the Loan Note under the Subscription Agreement, being also the grantor of the call options under the Call Option Deed and a party to the Deed with Founders;
“Issuer Group”	the Issuer and its subsidiaries which expression shall include the Subsidiary and the Proposed Listco;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Loan Notes”	the loan notes to be issued by the Issuer to the Subscriber pursuant to the Subscription Agreement, the aggregate face value of which equals to US\$5,000,000 (equivalent to approximately HK\$38,750,000);
“Maturity Date”	5th November, 2010, being the maturity date of the Loan Notes;
“Non-IPO Call Option”	the call option granted by the Issuer to the Subscriber upon the exercise of which the Subscriber may require the Issuer to sell certain number of shares of the Subsidiary at the Exercise Price;
“Non-IPO Call Option Period”	the period commencing from the date immediately following the the first anniversary of the Call Option Deed up to and including the date falling 48 calendar months from the date of the Call Option Deed;
“Parties”	parties to the Transaction Documents;
“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;
“Proposed Listco”	the company proposed to be listed on the Stock Exchange by way of the initial public offering, being a subsidiary of the Issuer;
“Redemption Amount”	the amount equal to the outstanding principal amount on the Loan Note as at the date of redemption plus interest accrued and unpaid on such outstanding principal amount on the Loan Notes;
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange, and an indirect non wholly-owned subsidiary of the Company;
“SHK Exco”	the executive committee of, and with power delegated from, the board of directors of SHK;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscriber”	Sun Hung Kai Structured Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SHK;
“Subscription Agreement”	the subscription agreement dated 3rd November, 2009 entered into among the Issuer, the Guarantor and the Subscriber pursuant to which the Issuer agreed to issue and the Subscriber agreed to subscribe for the Loan Notes on the terms and subject to the conditions set out therein;
“Subscription Proceeds”	the subscription proceeds of US\$5,000,000 (equivalent to approximately HK\$38,750,000) being the total amount payable by the Subscriber to the Issuer for the subscription of the Loan Notes;
“Subsidiary”	a private company incorporated in the British Virgin Islands and the non wholly-owned subsidiary of the Issuer which indirectly owns the business of the Issuer Group;
“Transaction”	the transactions contemplated under the Transaction Documents;
“Transaction Documents”	the Subscription Agreement, the Call Option Deed and the Deed with Founders;
“US\$”/“USD”	US Dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 5th November, 2009

As at the date of this announcement, the Board comprises Messrs. Patrick Lee Seng Wei (Chief Executive) and Li Chi Kong being the Executive Directors; and Messrs. Arthur George Dew (Chairman), Henry Lai Hin Wing and Steven Lee Siu Chung being the Non-Executive Directors; and Messrs. John Douglas Mackie, Steven Samuel Zoellner and Alan Stephen Jones being the Independent Non-Executive Directors.

For the purpose of this announcement, amounts denominated in USD have been converted to HK\$ at an exchange rate of US\$1.00: HK\$7.75.