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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)

Major Transaction



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 86)

Discloseable Transaction

JOINT ANNOUNCEMENT

LOAN TRANSACTIONS

As advised and confirmed by SHK, on 15th March, 2010, SHKSFL (an indirect wholly-owned subsidiary of SHK) as lender, entered into the Loan Agreement with the Borrower, the Subsidiary and the Guarantors, all being third parties independent of SHK, APL and AGL and their respective connected persons, pursuant to which SHKSFL has agreed to, amongst other things, make available to the Borrower a Loan of up to HK\$250,000,000, to complete an Acquisition by the Subsidiary from the Vendor, for a term of 5 months on the terms and subject to the conditions set out therein. The Loan is secured by the Debentures, the Share Mortgages and the joint and several guarantee of the Guarantors and the guarantee of the Subsidiary.

As SHKSFL 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 Transactions entered into by SHKSFL shall be deemed transactions 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 Transactions constitute discloseable transactions for each of SHK and AGL respectively on the basis that the relevant Percentage Ratio(s) for each of SHK and AGL exceeds 5% but is below 25%. The Transactions constitute a major transaction for APL on the basis that the relevant Percentage Ratio for APL exceeds 25% but less than 100%. APL has obtained a written shareholder’s approval for the Transactions from AGL, which directly and indirectly held 4,528,120,310 shares, representing approximately 74.36% of the entire issued share capital of APL as at the date of the Loan Agreement. Accordingly, no general meeting of the shareholders of APL will be convened for approving the Transactions. A circular containing further details of the Transactions will be despatched to the shareholders of APL as soon as practicable.

THE LOAN AGREEMENT

Date: 15th March, 2010

Parties: (1) SHKSFL as the lender
(2) the Borrower
(3) the Guarantors
(4) the Subsidiary

Based on the information and confirmation provided by SHK, which has made all reasonable enquiry and relied on the confirmation of the Borrower, the Subsidiary and the Guarantors, and to the best of the knowledge, information and belief of the AGL Directors, the APL Directors and the SHK Directors, having made all reasonable enquiries, the Borrower, the Subsidiary, the Guarantors and their respective ultimate beneficial owners (where applicable) are third parties independent of SHK, APL and AGL 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:

The Loan

As advised and confirmed by SHK and pursuant to the Loan Agreement, SHKSFL agreed to provide a secured term Loan to the Borrower of up to HK\$250,000,000, to complete an Acquisition by the Subsidiary from the Vendor, for a term of 5 months from the date of the Loan Agreement. Interest accrued on the Loan is charged at the Interest Rate and is payable by the Borrower monthly in arrears in accordance with the terms of the Loan Agreement. In addition, as advised and confirmed by SHK, (i) a one-off non-refundable arrangement fee is payable by the Borrower to SHKSFL; and (ii) a one-off non-refundable documentation fee is payable by the Borrower to SHKSFL, who shall receive the same for and on behalf of APL. Pursuant to the Loan Agreement, the Borrower will repay the Loan and interest accrued thereon to SHKSFL on 16th August, 2010 or such later date as may be agreed between SHKSFL and the Borrower, subject to the terms and conditions set out in the Loan Agreement.

Security of the Loan

As advised and confirmed by SHK and pursuant to the Loan Agreement, the Loan is secured by the following security:

The Share Mortgages

- (a) First Guarantor Share Mortgage executed by the First Guarantor in favour of SHKSFL by way of a first legal charge over the entire issued share capital of the Second Guarantor;
- (b) Second Guarantor Share Mortgage executed by the Second Guarantor in favour of SHKSFL by way of a first legal charge over 55% of the issued share capital of the Borrower; and
- (c) Borrower Share Mortgage executed by the Borrower in favour of SHKSFL by way of a first legal charge over the entire issued share capital of the Subsidiary.

SHKSFL, as mortgagee of the First Guarantor Share Mortgage and Second Guarantor Share Mortgage, shall have rights, inter alia, to dispose of and/or transfer to itself the relevant shares charged to it under the First Guarantor Share Mortgage and/or Second Guarantor Share Mortgage upon the occurrence of an event of default or upon the occurrence of any event which may lead to an event of default.

SHKSFL, as mortgagee of the Borrower Share Mortgage, shall have rights, inter alia, to dispose of and/or transfer to itself the shares of the Subsidiary charged to it under the Borrower Share Mortgage upon the occurrence of an event of default or upon the occurrence of any event which may lead to an event of default. Any such disposal of the shares of the Subsidiary by SHKSFL to a third party purchaser shall be subject to, inter alia, the pre-emptive right of the Vendor to first acquire the same from SHKSFL.

The Borrower has undertaken to provide to SHKSFL the Group Share Mortgage within 7 business days from the date of the Loan Agreement. The Group Share Mortgage once executed will constitute a first legal charge over such number of shares representing 45% of the entire issued share capital of the Borrower. Upon the execution of the Group Share Mortgage, SHKSFL, as mortgagee of the Group Share Mortgage, shall have rights, inter alia, to dispose of and/or transfer to itself such number of shares representing 45% of the entire issued share capital of the Borrower charged to it under the Group Share Mortgage upon the occurrence of an event of default or upon the occurrence of any event which may lead to an event of default.

The Debentures

- (a) Second Guarantor Debenture created by the Second Guarantor in favour of SHKSFL by way of a first fixed and floating charge over all assets, undertakings and properties of the Second Guarantor;
- (b) Borrower Debenture created by the Borrower in favour of SHKSFL by way of a first fixed and floating charge over all assets, undertakings and properties of the Borrower; and
- (c) Subsidiary Debenture created by the Subsidiary in favour of SHKSFL by way of a second fixed and floating charge over all assets, undertakings and properties of the Subsidiary.

SHKSFL, as chargee of the Second Guarantor Debenture and the Borrower Debenture, shall have rights, inter alia, to dispose of and/or take possession of the respective assets, undertakings, properties and rights of the Second Guarantor and/or the Borrower charged to it under the Second Guarantor Debenture and the Borrower Debenture upon the occurrence of an event of default or upon the occurrence of any event which may lead to an event of default.

SHKSFL, as chargee of the Subsidiary Debenture, shall have rights, inter alia, to dispose of and/or to take possession of the assets, undertakings, properties and rights of the Subsidiary charged to it under the Subsidiary Debenture upon the occurrence of an event of default or upon the occurrence of any event which may lead to an event of default subject to, inter alia, the security interest of the Vendor under the Prior Charge in the charged properties.

Guarantee

The Loan is also secured by the joint and several guarantee of the Guarantors and a guarantee of the Subsidiary, under which the Guarantors and the Subsidiary guarantees the performance of all obligations of the Borrower, including the repayment obligation, under the Loan Agreement.

Other Security

SHKSFL shall have the right at any time during the term of the Loan Agreement to require the Borrower, the Subsidiary and/or the Guarantors to provide and execute, immediately upon demand by SHKSFL and entirely at their own cost and expenses, such security documents as may be determined by SHKSFL from time to time.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As advised and confirmed by SHK, the terms of the Loan Agreement were arrived at after arm's length negotiations among SHKSFL, the Borrower, the Subsidiary and the Guarantors. Based on the confirmation of SHK, the Loan Agreement was entered into by SHKSFL having considered (i) the current market norm in relation to similar transactions; (ii) the costs of borrowing in providing the Loan to the Borrower; and (iii) the interest income to be generated by the Transactions. In addition, as advised and confirmed by SHK, the Transactions are part of the ordinary and usual course of business of SHKSFL. In view of the above, the SHK Directors are of the view that the terms of the Loan Agreement are on normal commercial terms and the Transactions are fair and reasonable, and are in the interest of SHK and its shareholders taken as a whole.

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

Based on the information and the confirmation provided by SHK, the AGL Directors have also accepted the confirmation by SHK and therefore concur with the view of the SHK Directors and consider that the Transactions are in the interest of AGL and its shareholders taken as a whole.

INFORMATION ABOUT AGL, APL, SHK, SHKSFL, THE BORROWER, THE SUBSIDIARY, THE FIRST GUARANTOR AND THE SECOND 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 medical and healthcare services, 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 shares 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 medical and healthcare services and the provision of financial services.

As at the date of this announcement, APL is beneficially owned as to approximately 74.36% by AGL.

SHK

SHK 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 SHK is investment holding. The principal business activities of its major subsidiaries are wealth management and brokerage, asset management, corporate finance, consumer finance as well as principal investments.

As at the date of this announcement, SHK is beneficially owned as to approximately 62.31% by APL.

SHKSFL

As advised and confirmed by SHK, SHKSFL is a company incorporated in Hong Kong with limited liability. The principal business activities of SHKSFL are provision of loan finance and investment holding. 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 announcement, SHKSFL is an indirect wholly-owned subsidiary of SHK which in turn is beneficially owned as to approximately 62.31% by APL.

The Borrower

As advised and confirmed by SHK, which has made all reasonable enquiry and relied on the confirmation of the Borrower, the Borrower is a company incorporated in Hong Kong with limited liability and is the beneficial owner of the entire issued share capital of the Subsidiary.

As advised and confirmed by SHK, which has made all reasonable enquiry and relied on the confirmation of the Borrower, the principal business activity of the Borrower is investment holding.

The Subsidiary

As advised and confirmed by SHK, which has made all reasonable enquiry and relied on the confirmation of the Subsidiary, the Subsidiary is a company incorporated in Australia with limited liability.

As advised and confirmed by SHK, which has made all reasonable enquiry and relied on the confirmation of the Subsidiary, the principal business activity of the Subsidiary is sale of natural resource products.

The First Guarantor

As advised and confirmed by SHK, which has made all reasonable enquiry and relied on the confirmation of the First Guarantor, the First Guarantor is an individual and the beneficial owner of the entire issued share capital of the Second Guarantor.

The Second Guarantor

As advised and confirmed by SHK, which has made all reasonable enquiry and relied on the confirmation of the Second Guarantor, (i) the Second Guarantor is a company incorporated in Hong Kong with limited liability; and (ii) the Borrower is a non wholly-owned subsidiary of the Second Guarantor.

As advised and confirmed by SHK, which has made all reasonable enquiry and relied on the confirmation of the Second Guarantor, the principal business activities of the Second Guarantor are resource recycling, sale of recycled resource products and investment holding.

LISTING RULES IMPLICATIONS

As SHKSFL 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 Transactions entered into by SHKSFL shall be deemed transactions 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 Transactions constitute discloseable transactions for each of SHK and AGL respectively on the basis that the relevant Percentage Ratio(s) for each of SHK and AGL exceeds 5% but is below 25%. The Transactions constitute a major transaction for APL on the basis that the relevant Percentage Ratio for APL exceeds 25% but less than 100%. APL has obtained a written shareholder’s approval for the Transactions from AGL, which directly and indirectly held 4,528,120,310 shares, representing approximately 74.36% of the entire issued share capital, of APL as at the date of the Loan Agreement. Accordingly, no general meeting of the shareholders of APL will be convened for approving the Transactions. A circular containing further details of the Transactions will be despatched to the shareholders of APL as soon as practicable.

DEFINITIONS

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

“Acquisition”	an acquisition by the Subsidiary of the Assets from the Vendor;
“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;
“AGL Directors”	directors of AGL;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and a non wholly-owned subsidiary of AGL;
“APL Directors”	directors of APL;

“Assets”	assets which are the subject of the Acquisition which include 50% undivided right, title and interest in, inter alia, 3 mining leases and an exploration licence in a tin mine in Australia;
“Borrower ”	the borrower under the Loan Agreement;
“Borrower Debenture”	the debenture dated 15th March, 2010 created by the Borrower in favour of SHKSFL by way of a first fixed and floating charge over all assets, undertakings and properties of the Borrower;
“Borrower Share Mortgage”	the share mortgage dated 15th March, 2010 executed by the Borrower as mortgagor in favour of SHKSFL as mortgagee by way of a first legal charge over the entire issued share capital of the Subsidiary;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Debentures”	the Second Guarantor Debenture, the Borrower Debenture and the Subsidiary Debenture;
“First Guarantor”	the first guarantor, who is an individual, under the Loan Agreement;
“First Guarantor Share Mortgage”	the share mortgage dated 15th March, 2010 executed by the First Guarantor as mortgagor in favour of SHKSFL as mortgagee by way of a first legal charge over the entire issued share capital of the Second Guarantor;
“Group Share Mortgage”	the share mortgage to be executed by a shareholder, other than the Second Guarantor, of the Borrower as mortgagor in favour of SHKSFL as mortgagee by way of a first legal charge over 45% of the issued share capital of the Borrower;
“Guarantors”	the First Guarantor and the Second Guarantor;
“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 to be charged under the Loan Agreement;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Loan”	the secured term loan of up to HK\$250,000,000 which SHKSFL has agreed to lend to the Borrower pursuant to the terms and conditions of the Loan Agreement;
“Loan Agreement”	the loan agreement dated 15th March, 2010 entered into among SHKSFL as the lender, the Borrower, the Subsidiary and the Guarantors;

“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;
“Prior Charge”	a floating charge created by the Subsidiary in favour of the Vendor over certain assets, undertakings and properties of the Subsidiary, which rank ahead of the Subsidiary Debenture in terms of priority;
“Second Guarantor”	the second guarantor, which is a company incorporated in Hong Kong with limited liability, under the Loan Agreement;
“Second Guarantor Debenture”	the debenture dated 15th March, 2010 created by the Second Guarantor in favour of SHKSFL by way of a first fixed and floating charge over all assets, undertakings and properties of the Second Guarantor;
“Second Guarantor Share Mortgage”	the share mortgage dated 15th March, 2010 executed by the Second Guarantor as mortgagor in favour of SHKSFL as mortgagee by way of a first legal charge over 55% of the issued share capital of the Borrower;
“Share Mortgages”	the First Guarantor Share Mortgage, the Second Guarantor Share Mortgage, the Group Share Mortgage upon its execution and the Borrower Share Mortgage;
“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 and an indirect non wholly-owned subsidiary of AGL and APL;
“SHK Directors”	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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a direct wholly-owned subsidiary of the Borrower;
“Subsidiary Debenture”	the debenture dated 15th March, 2010 created by the Subsidiary in favour of SHKSFL by way of a second fixed and floating charge over all assets, undertakings and properties of the Subsidiary;
“Transactions”	the transactions contemplated under the Loan Agreement;

“Vendor” the vendor under the Acquisition, not being any parties to the Transactions; and

“%” per cent.

On behalf of the Board
Allied Group Limited
Edwin Lo King Yau
Executive Director

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

On behalf of the Board
Sun Hung Kai & Co. Limited
Joseph Tong Tang
Executive Director

Hong Kong, 16th March, 2010

As at the date of this announcement, the AGL Directors are:

Executive Directors:

Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung

Non-Executive Directors:

Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei

Independent Non-Executive Directors:

Messrs. Wong Po Yan, David Craig Bartlett, John Douglas Mackie and Alan Stephen Jones

As at the date of this announcement, the APL Directors are:

Executive Directors:

Messrs. Patrick Lee Seng Wei (Chief Executive) and Li Chi Kong

Non-Executive Directors:

Messrs. Arthur George Dew (Chairman), Henry Lai Hin Wing and Steven Lee Siu Chung

Independent Non-Executive Directors:

Messrs. John Douglas Mackie, Steven Samuel Zoellner and Alan Stephen Jones

As at the date of this announcement, the SHK Directors are:

Executive Directors:

Messrs. Lee Seng Huang (Chairman) and Joseph Tong Tang

Non-Executive Directors:

Messrs. Goh Joo Chuan, Fevzi Timucin Engin, Joseph Kamal Eskandar (alternate to Mr. Fevzi Timucin Engin), Patrick Lee Seng Wei and Ming Cheng

Independent Non-Executive Directors:

Messrs. David Craig Bartlett, Alan Stephen Jones, Carlisle Caldow Procter and Peter Wong Man Kong