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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

ANNOUNCEMENT

LOAN TRANSACTION

As advised and confirmed by SHK, on 28th March, 2011, SHKSFL (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower, pursuant to which, SHKSFL agreed to, among other things, make available to the Borrower the Loan for the purpose of funding the Borrower's personal use.

As advised and confirmed by SHK, on 21st November, 2011, by way of the Supplemental Agreement, SHKSFL entered into the Supplemental Agreement with the Borrower, pursuant to which SHKSFL agreed to, among other things, grant the Borrower the right to extend the date of repayment of the total indebtedness under the Loan Agreement and the Supplemental Agreement. The Borrower has repaid HK\$10,000,000 and as at the date of the Supplemental Agreement, HK\$220,000,000 of the Loan remains outstanding and due for repayment by the Borrower to SHKSFL.

As advised and confirmed by SHK, on 18th May, 2012, by way of the Second Supplemental Agreement, SHKSFL entered into the Second Supplemental Agreement with the Borrower, pursuant to which SHKSFL agreed to, among other things, grant the Borrower the right to extend the date of repayment of the total indebtedness under the Loan Agreement and the Supplemental Agreement. The Borrower has repaid HK\$25,000,000 and as at the date of the Second Supplemental Agreement, HK\$195,000,000 of the Loan remains outstanding and due for repayment by the Borrower to SHKSFL.

As advised and confirmed by SHK, on 18th September, 2012, SHKSFL entered into the New Loan Agreement with the Borrower, pursuant to which SHKSFL agreed to, among other things, make available to the Borrower the New Loan for the purpose of (i) making repayment of HK\$195,000,000, being the remaining outstanding balance of the Loan and due for repayment by the Borrower to SHKSFL and (ii) his personal use.

As SHKSFL is a subsidiary of SHK, which is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of the Company, the Transaction entered into by SHKSFL shall be a deemed transaction of each of SHK, APL and the Company 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 the Company on the basis that the relevant percentage ratio(s) exceeds 5% but is below 25%. As advised and confirmed by SHK and APL, the Transaction does not constitute a notifiable transaction for each of SHK and APL on the basis that none of the percentage ratio(s) exceeds 5%.

THE LOAN AGREEMENT, THE SUPPLEMENTAL AGREEMENT AND THE SECOND SUPPLEMENTAL AGREEMENT

As advised and confirmed by SHK, on 28th March, 2011, SHKSFL as lender entered into the Loan Agreement with the Borrower, pursuant to which, SHKSFL agreed to, among other things, make available to the Borrower the Loan for the purpose of funding the Borrower’s personal use.

As advised and confirmed by SHK, on 21st November, 2011, by way of the Supplemental Agreement, SHKSFL entered into the Supplemental Agreement with the Borrower, pursuant to which SHKSFL agreed to, among other things, grant the Borrower the right to extend the date of repayment of the total indebtedness under the Loan Agreement and the Supplemental Agreement. The Borrower has repaid HK\$10,000,000 and as at the date of the Supplemental Agreement, HK\$220,000,000 of the Loan remains outstanding and due for repayment by the Borrower to SHKSFL.

As advised and confirmed by SHK, on 18th May, 2012, by way of the Second Supplemental Agreement, SHKSFL entered into the Second Supplemental Agreement with the Borrower, pursuant to which SHKSFL agreed to, among other things, grant the Borrower the right to extend the date of repayment of the total indebtedness under the Loan Agreement and the Supplemental Agreement. The Borrower has repaid HK\$25,000,000 and as at the date of the Second Supplemental Agreement, HK\$195,000,000 of the Loan remains outstanding and due for repayment by the Borrower to SHKSFL.

THE NEW LOAN AGREEMENT

The New Loan Agreement

Date: 18th September, 2012

Parties: (1) SHKSFL as the lender for the New Loan Agreement
(2) The Borrower as the borrower for the New Loan Agreement

As advised and confirmed by SHK, which has made all reasonable enquiries and based on the confirmations of the Borrower, Mortgagor and Chargor and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Borrower, Mortgagor, Chargor and its ultimate beneficial owners are third parties independent of the Company, APL and SHK and their respective connected persons.

Principal terms of the New Loan Agreement

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

New Loan amount: up to HK\$230,000,000.

Term: 9 months from the date of drawdown pursuant to the New Loan Agreement.

Purpose: the New Loan shall be applied and used by the Borrower for (i) repaying the whole of the outstanding balance of the Loan and (ii) his personal use.

Interest rate: 1.9% per month.

Arrangement fee: HK\$2,875,000.

Securities for the New Loan: the Share Mortgage and the Debenture.

The Share Mortgage

The New Loan is secured by the Share Mortgage created by the Mortgagor in favour of SHKSFL by way of first fixed mortgage of the Shares.

SHKSFL, as mortgagee, shall have rights, among other things, to dispose of and/or transfer to itself the Shares mortgaged to it under the Share 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.

The Debenture

The New Loan is secured by the Debenture created by the Chargor in favour of SHKSFL by way of fixed and floating charge over all the undertakings, property and/or assets of the Chargor.

The Debenture and all security 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.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As advised and confirmed by SHK, the terms of the New Loan Agreement were arrived at after arm's length negotiations between SHKSFL and the Borrower. Based on the confirmation of SHK, the New Loan Agreement was entered into by SHKSFL having regard to (i) the costs of borrowing in providing the New 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 SHKSFL. In view of the above, the SHK Exco is of the view that the terms of the New 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 Directors, the Directors consider that the Transaction is fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

INFORMATION ABOUT THE COMPANY, SHKSFL, THE BORROWER, THE MORTGAGOR AND THE CHARGOR

The Company

The Company 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 the Company 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 service, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

SHKSFL

As advised and confirmed by SHK, SHKSFL is a company incorporated in Hong Kong with limited liability. The principal business activity of SHKSFL is the provision of loan finance. 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 is beneficially owned as to approximately 54.36% by APL, which in turn is owned as to approximately 74.97% by the Company.

The Borrower

As advised and confirmed by SHK, the Borrower is an individual.

The Mortgagor

As advised and confirmed by SHK, the Mortgagor is a company incorporated in Hong Kong with limited liability. The principal business activity of the Mortgagor is investment holding.

The Chargor

As advised and confirmed by SHK, the Chargor is a company incorporated under the laws of British Virgin Islands with limited liability. The principal business activity of the Chargor is investment holding.

LISTING RULES IMPLICATIONS

As SHKSFL is a subsidiary of SHK, which is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of the Company, the Transaction entered into by SHKSFL shall be a deemed transaction of each of SHK, APL and the Company 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 the Company on the basis that the relevant percentage ratio(s) exceeds 5% but is below 25%. As advised and confirmed by SHK and APL, the Transaction does not constitute a notifiable transaction for each of SHK and APL on the basis that none of the percentage ratio(s) exceeds 5%.

DEFINITIONS

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

“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 the Company;
“Board”	the board of Directors;
“Borrower”	the borrower under the Loan Agreement and the New Loan Agreement;
“Chargor”	the chargor under the Debenture;

“Company”	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);
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Debenture”	The debenture created by the Chargor in favour of SHKSFL as charge over all the undertakings, property and/or assets of the Chargor;
“Directors”	directors of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of up to HK\$230,000,000 made available by SHKSFL to the Borrower on the terms and subject to the conditions set out in the Loan Agreement;
“Loan Agreement”	the loan agreement entered into between SHKSFL and the Borrower dated 28th March, 2011, as supplemented by the Supplemental Agreement and the Second Supplemental Agreement;
“Mortgagor”	the mortgagor under the Share Mortgage;
“New Loan”	the loan in the amount of up to HK\$230,000,000 made available by SHKSFL to the Borrower on the terms and subject to the conditions set out in the New Loan Agreement;
“New Loan Agreement”	the loan agreement entered into between SHKSFL and the Borrower dated 18th September, 2012, pursuant to which SHKSFL as lender has agreed to make available the New Loan to the Borrower pursuant to the terms therein;
“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 Supplemental Agreement”	The second supplemental loan agreement to the Loan Agreement entered into between SHKSFL and the Borrower on 18th May, 2012;

“Shares”	The entire issued shares of the Chargor;
“Share Mortgage”	The mortgage created by the Mortgagor as mortgagor in favour of SHKSFL as mortgagee over all 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 of Hong Kong Limited (Stock Code: 86) and a non wholly-owned subsidiary of each of the Company and APL;
“SHK Exco”	the executive committee of and with powers delegated from the board of 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 and the New Loan Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	The supplemental loan agreement to the Loan Agreement entered into between SHKSFL and the Borrower on 21st November, 2011;
“Transaction”	the transaction contemplated under the New Loan Agreement; and
“%”	per cent.

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

Hong Kong, 18th September, 2012

As at the date of this announcement, the 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.