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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
AND
DEEDS OF AMENDMENT**

As advised and confirmed by SHK, on 25th August, 2014, the Lender, Borrower B and the General Partner entered into the Facility Agreement whereby, among other things, the Lender has agreed to make available to Borrower B the Facility for general corporate and working capital purposes; the Liability is secured by the APL Share Charge Deed.

As (i) the Lender is an indirect wholly-owned subsidiary 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 Chapter 14 of the Listing Rules.

The Transaction, on a stand-alone basis, does not constitute a discloseable transaction for each of AGL and APL on the basis that none of the Percentage Ratio(s) exceeds 5%. The Transaction, when aggregating with the First Loan Transactions, 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, whether on a stand-alone basis or after aggregating with the First Loan Transactions, 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%.

Pursuant to Rule 14.36 of the Listing Rules, the AGL Board and APL Board wish to inform the shareholders of both AGL and APL that, as advised and confirmed by SHK, on 25th August, 2014, the 2013 Lenders and the Borrowers have entered into the Deeds of Amendment, pursuant to which, the 2013 Lenders and the Borrowers agreed, among other things, that the terms of each of the 2013 Facility Agreements shall be varied so that the loan-to-value ratio in each 2013 Facility Agreement shall be changed from 50% to 65%; provided that such ratio in each of the 2013 Facility Agreements may be reduced to 50% upon mutual agreement in writing between the parties to the corresponding 2013 Facility Agreement. In addition, as advised and confirmed by SHK, pursuant to the Deeds of Amendment, the date on which the Borrowers shall repay all the loans made or to be made under the 2013 Facility or the principal amount outstanding for the time being of those loans, together with all accrued interest in full, shall be changed from the day falling 24 months from the date of the first utilisation of the 2013 Facility to 29th May, 2015.

(I) LOAN TRANSACTION

As advised and confirmed by SHK, on 25th August, 2014, the Lender, Borrower B and the General Partner entered into the Facility Agreement whereby, among other things, the Lender has agreed to make available to Borrower B the Facility for general corporate and working capital purposes; and the Liability is secured by the APL Share Charge Deed.

As advised and confirmed by SHK, the parties to, and the principal terms of, the Facility Agreement are as follows:-

Parties to the Facility Agreement

Parties:

- (1) the Lender;
- (2) Borrower B; and
- (3) the General Partner

As at the date of this joint announcement, as advised and confirmed by SHK which has made all reasonable enquiries and based on the confirmation of Borrower B and the General Partner, 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 Borrower B holding approximately 2.52% shareholding interest in APL, Borrower B and the General Partner, 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, SHK and their respective connected persons.

Principal terms of the Facility Agreement

Date:	25th August, 2014
Facility:	a loan facility in an aggregate amount equal to the Commitment
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, or such later date as agreed between the Lender and Borrower B
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
Upfront Facility Fee:	HK\$249,960, payable within 3 business days of the date of the Facility Agreement

As advised and confirmed by SHK and based on the confirmation of Borrower B and the General Partner, according to the terms of the Facility Agreement, Borrower B undertakes, among other things, that Borrower B 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.

As advised and confirmed by SHK, the interest rate and the upfront facility fee charged by the Lender under the Facility Agreement have been arrived at after arm's length negotiations between the Lender and Borrower B having regard to the cost of providing the Facility to Borrower B and the terms of the Facility Agreement and the APL Share Charge Deed.

Principal Terms of the APL Share Charge Deed

As advised and confirmed by SHK, the Liability is secured by the APL Share Charge Deed.

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

At any time before the occurrence of an enforcement event as provided under the Facility Agreement, Borrower B shall be entitled to exercise or direct the exercise of the voting and other rights attached to any APL 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 Borrower B under the Finance Documents.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, the terms of the Facility Agreement and the APL Share Charge Deed were arrived at after arm's length negotiations between the Lender and Borrower B. The total returns from the Facility, in the form of facility fee and interest charged is fair and reasonable in light of the current market norms in relation to similar transactions and the costs incurred in providing the Facility to Borrower B. In view of the fact that the entering into of the Facility Agreement will generate reasonable income to the Lender and the Liability is secured by the APL Share Charge Deed, 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 LENDER AND BORROWER B

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, AGL is beneficially interested in approximately 74.99% of the total number of shares issued by APL.

Lender

As advised and confirmed by SHK, the Lender is a company incorporated under the laws of Brunei with limited liability and is principally engaged in international offshore banking and related services. The Lender holds a full international banking licence under Brunei's International Banking Order, 2000.

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 58.16% by APL.

Borrower B

As advised and confirmed by SHK (having made all reasonable enquiries) and based on the confirmation from Borrower B, Borrower B is an international limited partnership registered in the BVI acted by the General Partner, 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.

LISTING RULES IMPLICATIONS

As (i) the Lender is an indirect wholly-owned subsidiary 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 Chapter 14 of the Listing Rules.

The Transaction, on a stand-alone basis, does not constitute a discloseable transaction for each of AGL and APL on the basis that none of the Percentage Ratio(s) exceeds 5%. The Transaction, when aggregating with the First Loan Transactions, 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, whether on a stand-alone basis or after aggregating with the First Loan Transactions, 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%.

(II) DEEDS OF AMENDMENT

Reference is made to the 2013 Announcement relating to the First Loan Transactions.

As disclosed in the 2013 Announcement, under the First Loan Transactions, the Borrowers (including Borrower B) have pledged certain ordinary shares in Tian An held by them in favour of the 2013 Lenders, which are sufficient in value to satisfy the loan-to-value ratio of 50%, in respect of the provision of HK\$520,000,000 facility by the 2013 Lenders in favour of the Borrowers.

Pursuant to Rule 14.36 of the Listing Rules, the AGL Board and APL Board wish to inform the shareholders of both AGL and APL that, as advised and confirmed by SHK, on 25th August, 2014, the 2013 Lenders and the Borrowers have entered into the Deeds of Amendment, pursuant to which, the 2013 Lenders and the Borrowers agreed, among other things, that the terms of each of the 2013 Facility Agreements shall be varied so that the

loan-to-value ratio in each 2013 Facility Agreement shall be changed from 50% to 65%; provided that such ratio in each of the 2013 Facility Agreements may be reduced to 50% upon mutual agreement in writing between the parties to the corresponding 2013 Facility Agreement. In addition, as advised and confirmed by SHK, pursuant to the Deeds of Amendment, the date on which the Borrowers shall repay all the loans made or to be made under the 2013 Facility or the principal amount outstanding for the time being of those loans, together with all accrued interest in full, shall be changed from the day falling 24 months from the date of the first utilisation of the 2013 Facility to 29th May, 2015.

As at the date of this joint announcement, as advised and confirmed by SHK which has made all reasonable enquiries and based on the confirmation of the Borrowers, the general partner of Borrower A and the General Partner, 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 Borrower B holding approximately 2.52% shareholding interest in APL, the Borrowers, the general partner of Borrower A and the General Partner, 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, SHK and their respective connected persons.

Given the good interest payment record of the Borrowers under the loan facility provided by the 2013 Facility Agreements and the sound financial background of the Borrowers, the executive committee of the board of directors of SHK considers that the terms of the Deeds of Amendment 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 Deeds of Amendment are fair and reasonable and are in the interests of AGL and APL and their respective shareholders taken as a whole.

DEFINITIONS

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

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| “2013 Announcement” | joint announcement of AGL and APL dated 28th May, 2013 in relation to the First Loan Transactions; |
| “2013 Facility” | in relation to the 2013 Facility Agreements, a loan facility in an aggregate amount of HK\$520,000,000 less any amount previously drawn or to be drawn under each other 2013 Facility Agreement; |
| “2013 Facility Agreement A” | the facility agreement dated 28th May, 2013 entered into among SIL as lender, Borrower A as borrower and Borrower A’s general partner, details of which were disclosed in the 2013 Announcement; |

“2013 Facility Agreement B”	the facility agreement dated 28th May, 2013 entered into among SIL as lender, Borrower B as borrower and General Partner, details of which were disclosed in the 2013 Announcement;
“2013 Facility Agreement C”	the facility agreement dated 28th May, 2013 entered into between Itso as lender and Borrower C as borrower, details of which were disclosed in the 2013 Announcement;
“2013 Facility Agreements”	2013 Facility Agreement A, 2013 Facility Agreement B and 2013 Facility Agreement C and each a “2013 Facility Agreement”;
“2013 Lenders”	two lenders under the First Loan Transactions, including SIL and Itso;
“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;
“APL Pledged Shares”	such number of ordinary shares of APL held by Borrower B deposited or to be deposited in the Share and Cash Collateral Account which are sufficient in value to satisfy the loan-to-value ratio, being 50%;
“APL Share Charge Deed ”	the share charge dated 25th August, 2014 created by Borrower B as the chargor and the General Partner in favour of the Lender as chargee and the Custodian;
“Borrower A”	the borrower to 2013 Facility Agreement A, details of which were disclosed in the 2013 Announcement, and a party to the Deed of Amendment A;

“Borrower B”	the borrower to (i) 2013 Facility Agreement B and (ii) the Facility Agreement, and a party to (i) the APL Share Charge Deed and (ii) the Deed of Amendment B;
“Borrower C”	the borrower to 2013 Facility Agreement C, details of which were disclosed in the 2013 Announcement, and a party to the Deed of Amendment C;
“Borrowers”	Borrower A, Borrower B and Borrower C, and each of them a “Borrower”;
“Brunei”	Brunei Darussalam;
“BVI”	the British Virgin Islands;
“Commitment”	HK\$120,000,000, to the extent not cancelled, reduced or transferred by the Lender under the Facility Agreement;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Custodian”	Sun Hung Kai Investment Services Limited, which is a party to the APL Share Charge Deed solely to agree to and acknowledge the security created by the APL Share Charge Deed;
“Deed of Amendment A”	the deed of amendment and confirmation dated 25th August, 2014 entered into among SIL, Borrower A and its general partner, pursuant to which SIL and Borrower A agreed to amend certain terms and conditions in 2013 Facility Agreement A;
“Deed of Amendment B”	the deed of amendment and confirmation dated 25th August, 2014 entered into among SIL, Borrower B and the General Partner, pursuant to which SIL and Borrower B agreed to amend certain terms and conditions in 2013 Facility Agreement B;
“Deed of Amendment C”	the deed of amendment and confirmation dated 25th August, 2014 entered into between Itso and Borrower C, pursuant to which Itso and Borrower C agreed to amend certain terms and conditions in 2013 Facility Agreement C;
“Deeds of Amendment”	Deed of Amendment A, Deed of Amendment B and Deed of Amendment C;
“Facility”	a Hong Kong dollar term loan facility in an aggregate amount equal to the Commitment made available by the Lender to Borrower B under the Facility Agreement;

“Facility Agreement”	HK\$120,000,000 facility agreement dated 25th August, 2014 entered into among Borrower B acting as borrower, General Partner acting as general partner of Borrower B and the Lender acting as lender;
“Finance Documents”	in relation to the Lender and Borrower B, the Facility Agreement, the APL Share Charge Deed, any utilisation request and any other document designated as such by the Lender and Borrower B, and each a “Finance Document”;
“First Loan Transactions”	the loan transactions relating to (i) the provision of facility under the 2013 Facility Agreements; and (ii) the pledge of shares in Tian An by the Borrowers for the purpose of securing their liabilities under the 2013 Facility Agreements, details of which were disclosed in the 2013 Announcement;
“General Partner”	a BVI business company registered in the BVI and 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;
“Itso”	Itso Limited, 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;
“Lender”	Sun Hung Kai International Bank [Brunei] Limited;
“Liability”	all present and future moneys, debts and liabilities due, owing or incurred by Borrower B to the Lender under or in connection with any Finance Document;
“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;

“Share and Cash Collateral Account”	the share and cash account in the name of Borrower B with the Custodian to which the APL Pledged Shares are deposited or to be deposited;
“SIL”	Scienter Investments Limited, an indirect wholly-owned subsidiary of SHK and is principally engaged in the business of investment holding and securities trading;
“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, SHK was beneficially owned as to approximately 58.16 % by APL;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Date”	29th May, 2015, or such later date as agreed between the parties in accordance with the terms and conditions of the Facility Agreement;
“Tian An”	Tian An China Investments Company Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 28);
“Transaction”	the transaction contemplated under the Facility Agreement and the APL Share Charge Deed; 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, 25th August, 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.