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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 10th November, 2014, the Lender (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan for the purposes of (i) making repayment of approximately HK\$78,000,000, being the total outstanding balance of an existing loan due for repayment by the Borrower to the Lender; and (ii) the Borrower's business purpose.

As the Lender 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 the Company, the Transaction entered into by the Lender 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%.

## **INTRODUCTION**

As advised and confirmed by SHK, on 10th November, 2014, the Lender (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan for the purposes of (i) making repayment of approximately HK\$78,000,000, being the total outstanding balance of an existing loan due for repayment by the Borrower to the Lender; and (ii) the Borrower's business purpose.

## **THE LOAN AGREEMENT**

### **The Loan Agreement**

Date: 10th November, 2014

Parties: (1) the Lender as the lender for the Loan Agreement; and  
(2) the Borrower as the borrower for the 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 owner are third parties independent of the Company, APL and SHK 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:

Loan amount: up to approximately HK\$378,000,000.

Term: 10 months from the date of the Loan Agreement.

Purpose: the Loan shall be applied and used by the Borrower for (i) making repayment of approximately HK\$78,000,000, being the total outstanding balance of an existing loan due for repayment by the Borrower to the Lender; and (ii) the Borrower's business purpose.

Interest rate: (i) 3.3543% per month for the first month from the date of drawdown of the Loan; and (ii) 1.9% per month thereafter.

Security for the Loan: the Share Mortgage and the Debenture.

### *Share Mortgage*

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

The Lender, as mortgagee, shall have rights, among other things, to transfer to itself the Shares upon execution of the Share Mortgage and dispose of the Shares upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

### *Debenture*

The Loan is secured by the Debenture created by the Chargor in favour of the Lender by way of first fixed and floating charge over all the undertaking, property and 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 the occurrence of any event which may lead to a default by the Borrower.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

As advised and confirmed by SHK, the terms of the Loan Agreement, including the interest rate applicable, were arrived at after arm's length negotiations between the Lender and the Borrower having taken into account the prevailing market interest rates and practices. Based on the confirmation of SHK, the Loan Agreement was entered into by the Lender having regard to (i) the costs of borrowing in providing the 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 the Lender. In view of the above, the SHK Exco is of the view that the terms of the 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, THE LENDER, 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 and investments in listed and unlisted securities.

### **The Lender**

As advised and confirmed by SHK, the Lender 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.

As at the date of this announcement, the Lender is an indirect wholly-owned subsidiary of SHK, which is beneficially owned as to approximately 54.73% by APL, which in turn is owned as to approximately 74.99% 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 the Lender 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 the Company, the Transaction entered into by the Lender 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;
“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 dated 10th November, 2014 created by the Chargor in favour of the Lender as chargee over all the undertaking, property and 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;
“Lender”	Itso Limited, a company incorporated in Hong Kong with limited liability, being the lender under the Loan Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of up to approximately HK\$378,000,000 made available by the Lender 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 the Lender and the Borrower dated 10th November, 2014;
“Mortgagor”	the mortgagor under the Share Mortgage;
“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;
“Shares”	the entire issued shares of the Chargor issued to and owned by the Mortgagor;
“Share Mortgage”	the mortgage created by the Mortgagor as mortgagor in favour of the Lender 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 (Stock Code: 86) and an indirect 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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Loan Agreement; and
“%”	per cent.

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

Hong Kong, 10th November, 2014

*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 Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.*