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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 7th August, 2013, SHKIB (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower and the Guarantors, pursuant to which, SHKIB agreed to, among other things, make available to the Borrower the Facility for the purposes of (i) funding the general working capital of the Borrower Group; (ii) Cash on Deposit; (iii) repayment of the Borrower's existing facilities with a bank; (iv) development expenses and capital expenditure in respect of a property development; (v) acquisition and development of additional projects consented to by SHKIB; and (vi) payment of interest in accordance with the terms of the Loan Agreement.

As SHKIB 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 SHKIB shall be a deemed transaction for 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, the Transaction does not constitute a notifiable transaction for SHK on the basis that none of the percentage ratio(s) exceed 5%. As advised and confirmed by APL, the Transaction does not constitute a notifiable transaction for APL on the basis that none of the percentage ratio(s) exceed 5%.

## **INTRODUCTION**

As advised and confirmed by SHK, on 7th August, 2013, SHKIB (an indirect wholly-owned subsidiary of SHK) as lender entered into the Loan Agreement with the Borrower and the Guarantors, pursuant to which, SHKIB agreed to, among other things, make available to the Borrower the Facility for the purposes of (i) funding the general working capital of the Borrower Group; (ii) Cash on Deposit; (iii) repayment of the Borrower's existing facilities with a bank; (iv) development expenses and capital expenditure in respect of a property development; (v) acquisition and development of additional projects consented to by SHKIB; and (vi) payment of interest in accordance with the terms of the Loan Agreement.

## **THE LOAN AGREEMENT**

Date: 7th August, 2013

Parties:

- (1) SHKIB as the lender for the Loan Agreement
- (2) the Borrower as the borrower for the Loan Agreement
- (3) the Guarantors as the guarantors for the Loan Agreement

As advised and confirmed by SHK, which has made all reasonable enquiries and based on the confirmations of the Borrower and the Guarantors, and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Guarantors, the Borrower and their ultimate beneficial owners 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:

Facility: a revolving facility in the amount of AUD40,000,000 or its HKD equivalent at SHKIB's discretion.

Purposes: the Facility shall be applied by the Borrower for the purposes of (i) funding the general working capital of the Borrower Group; (ii) Cash on Deposit; (iii) repayment of the Borrower's existing facilities with a bank; (iv) development expenses and capital expenditure in respect of a property development; (v) acquisition and development of additional projects consented to by SHKIB; and (vi) payment of interest in accordance with the terms of the Loan Agreement.

Interest rate: (i) until the Conditions Subsequent Satisfaction Date, at the rate of 12% per annum and (ii) thereafter, the applicable bank bill rate plus the rate of 6.585% per annum.

Non-refundable facility fee: AUD300,000.

Tenor: 3 years from date of satisfaction (or waiver by SHKIB) of the conditions precedent contained under the Loan Agreement.

Securities for the Facility: the Facility will be unsecured until the Conditions Subsequent Satisfaction Date. On or before the date that is 6 months after the date of the Loan Agreement, the Borrower and the Guarantors must create the Real Property Security and enter into the General Security Agreements.

Guarantee and indemnity : each Guarantor agrees to guarantee and indemnify SHKIB in respect of amounts due under the Loan Agreement from and including the Conditions Subsequent Satisfaction Date.

#### *Real Property Security*

On or before the date that is 6 months after the date of the Loan Agreement, the relevant Guarantors must give the Real Property Security to SHKIB.

#### *General Security Agreements*

On or before the date that is 6 months after the date of the Loan Agreement, the Borrower and each Guarantor must grant a security interest to SHKIB in respect of all of its assets and undertaking pursuant to the terms of a General Security Agreement (in form and substance satisfactory to SHKIB).

### *Obligations of Guarantors under the Loan Agreement*

Under the Loan Agreement, the obligations of each of the Guarantors do not commence until the Conditions Subsequent Satisfaction Date.

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

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

### **INFORMATION ABOUT THE COMPANY, SHKIB, THE BORROWER AND THE GUARANTORS**

#### **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 services, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

As at the date of this announcement, the Company is beneficially interested in approximately 74.99% of the total issued share capital of APL.

## **SHKIB**

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

As at the date of this announcement, SHKIB is an indirect wholly-owned subsidiary of SHK, which in turn is beneficially owned as to approximately 55.92% by APL.

## **The Borrower**

As advised and confirmed by SHK, the Borrower is a publicly listed company incorporated in Australia with limited liability, the securities of which are listed on the Australian Securities Exchange. The principal business activity of the Borrower is the development of residential land and properties in Australia.

## **The Guarantors**

As advised and confirmed by SHK, the Guarantors are companies incorporated in Australia with limited liability and are wholly-owned subsidiaries of the Borrower. The principal business activity of the Guarantors is the development of residential land and properties in Australia.

## **LISTING RULES IMPLICATIONS**

As SHKIB 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 SHKIB shall be a deemed transaction for 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) exceed 5% but is below 25%. As advised and confirmed by SHK, the Transaction does not constitute a notifiable transaction for SHK on the basis that none of the percentage ratio(s) exceed 5%. As advised and confirmed by APL, the Transaction does not constitute a notifiable transaction for APL on the basis that none of the percentage ratio(s) exceed 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;
“AUD”	Australian dollars, the lawful currency of Australia;
“Board”	the board of Directors;
“Borrower”	the borrower under the Loan Agreement and a party to the General Security Agreement;
“Borrower Group”	the Borrower and each of its wholly-owned subsidiaries;
“Brunei”	Brunei Darussalam;
“Cash on Deposit”	cash on deposit (of no more than AUD1,500,000) with a third party financier as cash collateral for bank guarantees;
“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);
“Conditions Subsequent Satisfaction Date”	the date on which SHKIB notifies the Borrower that it has received every conditions subsequent document required under the Loan Agreement in the form and substance satisfactory to SHKIB (which must be delivered to SHKIB on or before the date that is 6 months after the date of the Loan Agreement), including but not limited to the Security Documents;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;

“Facility”	a revolving facility in the amount of AUD40,000,000 or its HKD equivalent at SHKIB’s discretion;
“General Security Agreements”	the general security agreements in respect of all assets and undertaking to be granted in favour of SHKIB by each of the Borrower and the Guarantors and each the “General Security Agreement”;
“Guarantors”	the guarantors under the Loan Agreement, and being the wholly-owned subsidiaries of the Borrower;
“HKD”	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”	Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Agreement”	the loan agreement entered into between SHKIB, the Borrower and the Guarantors dated 7th August, 2013;
“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;
“Real Property Security”	the first registered real property mortgages to be created by the relevant Guarantors as mortgagors in favour of SHKIB as mortgagee;
“Security Documents”	the Real Property Security and the General Security Agreements;
“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;

“SHKIB”	Sun Hung Kai International Bank [Brunei] Limited, a company incorporated under the laws of Brunei, a full international banking licence holder to conduct international banking business in Brunei under Brunei’s International Banking Order, 2000 and an indirect wholly-owned subsidiary of SHK, being the lender under the Loan Agreement;
“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, 7th August, 2013

*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. David Craig Bartlett and Alan Stephen Jones being the Independent Non-Executive Directors.*