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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)

ANNOUNCEMENT

PURSUANT TO RULE 14.36 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 7th August, 2013 in relation to a loan transaction between SHKIB (an indirect wholly-owned subsidiary of SHK), the Borrower and the Guarantors, which constituted a discloseable transaction for the Company under the Listing Rules. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement.

As advised and confirmed by SHK, on 7th May, 2014, SHKIB entered into the Amending Deed with the Borrower and the Guarantors, pursuant to which, SHKIB agreed to amend certain provisions of the Loan Agreement as summarised in this announcement.

As advised and confirmed by SHK, as at the date of this announcement, the Borrower had not made any drawdown under the Facility.

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules, as the entering into the Amending Deed constitutes a variation to the terms of the transaction previously announced under the Previous Announcement.

Reference is made to the announcement of the Company dated 7th August, 2013 (the “Previous Announcement”) in relation to a loan transaction between SHKIB (an indirect wholly-owned subsidiary of SHK), the Borrower and the Guarantors, which constituted a discloseable transaction for the Company under the Listing Rules. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement.

As advised and confirmed by SHK, on 7th May, 2014, SHKIB entered into the amending deed (the “Amending Deed”) with the Borrower and the Guarantors, pursuant to which, SHKIB agreed to amend certain provisions of the Loan Agreement as summarised in this announcement.

As advised and confirmed by SHK, as at the date of this announcement, the Borrower had not made any drawdown under the Facility.

THE AMENDING DEED TO THE LOAN AGREEMENT

Date: 7th May, 2014

Parties:

- (1) SHKIB as the lender;
- (2) the Borrower as the borrower; and
- (3) the Guarantors as the guarantors.

As at the date of this announcement, so far as the Directors are aware and as advised and confirmed by SHK and also relying on the confirmation provided by the Borrower, there exists the following relationships (the “Disclosed Relationships”) between (i) the Borrower and its ultimate beneficial owner(s), and (ii) the Company, APL, SHK and their ultimate beneficial owner(s), namely that:

1. Mr. Lee Seng Huang (“Mr. Lee”) is one of the trustees of Lee and Lee Trust, being a discretionary trust;
2. Lee and Lee Trust is beneficially interested in approximately 69.34% of the total number of shares in issue of the Company;
3. Mr. Lee, the Group Executive Chairman of SHK, is the Executive Chairman of Mulpha International Berhad (“MIB”);
4. Mr. Lee’s indirect interest together with the direct and indirect interests of his associates comprise approximately 38.43% of the total issued share capital of MIB;
5. The Borrower is owned as to approximately 19.9% by Mulpha Strategic Limited, a wholly-owned subsidiary of MIB.

Based on the information and confirmation provided by SHK, which has made reasonable enquiries and based on the confirmation of the Borrower and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, other than as set out herein, the Guarantors, the Borrower and their ultimate beneficial owners are third parties independent of the Company, APL and SHK and their respective connected persons.

Having considered the Disclosed Relationships, the Directors are of the opinion that:

1. the transaction contemplated under the Amending Deed (the “Transaction”) is not a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules; and
2. the independence of the Borrower in entering into of the Amending Deed is not impeded by the Disclosed Relationships as Mr. Lee cannot control the composition of all or the majority of the board of directors of the Borrower.

Principal terms of the Amending Deed

As advised and confirmed by SHK, pursuant to the Amending Deed, the Loan Agreement has now been amended and supplemented, inter alia, as follows:–

Purpose: 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) acquisition, development expenses and capital expenditure in respect of certain joint ventures and/or additional projects consented to by SHKIB; and (v) payment of interest in accordance with the terms of the Loan Agreement as amended by the Amending Deed.

Interest rate: the applicable bank bill rate plus the margin at the rate of 7% per annum.

Tenor: the earlier of (a) three years after the first date on which a drawdown is or is to be made and (b) 30th April, 2017.

Conditions Subsequent Satisfaction Date: the Conditions Subsequent Satisfaction Date has not occurred and there will not be any conditions subsequent document required under the Loan Agreement as amended by the Amending Deed.

Securities for the Facility: the Facility is unsecured.

Guarantees and indemnity: the Conditions Subsequent Satisfaction Date has not occurred and consequently, the guarantee under the Loan Agreement had never commenced. There is no or will not be any guarantee in force under the Loan Agreement as amended by the Amending Deed.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, which has made reasonable enquiries and relied on the confirmation of the Borrower, the terms of Amending Deed were arrived at after arm's length negotiations between SHKIB and the Borrower. Based on the confirmation of SHK, the Amending Deed 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; (iii) the additional financial covenants relating to gearing ratios and net tangible assets requirements; and (iv) the improved financial position of the Borrower. 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 Amending Deed 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 terms of the Amending Deed are fair and reasonable and the Transaction is in the interests of the Company and its shareholders taken as a whole.

LISTING RULES IMPLICATIONS

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules, as the entering into the Amending Deed constitutes a variation to the terms of the transaction previously announced under the Previous Announcement.

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

Hong Kong, 7th May, 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.