

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

Reference is made to the Previous Announcement of the Company dated 23rd December, 2015 in relation to a loan transaction between SHKSFL (an indirect wholly-owned subsidiary of SHK) as the lender and the Borrower. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement.

As advised and confirmed by SHK, on 8th August, 2014, Itso (an indirect wholly-owned subsidiary of SHK) as the lender entered into Previous Loan Agreement A with Borrower A as the borrower and the Guarantor as the guarantor, pursuant to which, Itso agreed to, among other things, make available to Borrower A a loan of up to HK\$70,000,000 on the terms and subject to the conditions therein.

As advised and confirmed by SHK, on 17th November, 2014, SHKSFL as the lender entered into Previous Loan Agreement B with Borrower B as the borrower and the Guarantor as the guarantor, pursuant to which, SHKSFL agreed to, among other things, make available to Borrower B a loan of up to HK\$230,000,000 on the terms and subject to the conditions therein.

As advised and confirmed by SHK, on 23rd December, 2015, SHKSFL as the lender entered into the Loan Agreement with the Borrower as the borrower, pursuant to which, SHKSFL agreed to, among other things, make available to the Borrower the Loan on the terms and subject to the conditions therein.

As advised and confirmed by SHK, on 8th June, 2016, SHKSFL as the lender entered into the Supplemental Agreement with Borrower B as the borrower and the Guarantor as the guarantor, pursuant to which SHKSFL agreed to, among other things, grant Borrower B the right to extend the repayment date for the loan under Previous Loan Agreement B from 17th May, 2016 to 17th May, 2017 on the terms and subject to the conditions therein. As at the date of the Supplemental Agreement, HK\$230,000,000 of the loan under Previous Loan Agreement B remained outstanding and due for repayment by Borrower B to SHKSFL.

As SHKSFL 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 SHKSFL shall be a transaction of each of the Company, APL and SHK under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction, on a stand-alone basis, does not constitute a notifiable transaction for the Company on the basis that none of the percentage ratio(s) exceeds 5%. However, the Transaction, when aggregated with the Previous Transactions, constitutes a discloseable transaction for the Company as the relevant percentage ratio(s) exceeds 5% but is below 25%.

As advised and confirmed by APL and SHK, the Transaction, on a stand-alone basis or when aggregated with the Previous Transactions in accordance with the Listing Rules, does not constitute a notifiable transaction for each of APL and SHK on the basis that none of the percentage ratio(s) exceeds 5%.

Reference is made to the announcement of the Company dated 23rd December, 2015 (the “**Previous Announcement**”) in relation to a loan transaction between SHKSFL (an indirect wholly-owned subsidiary of SHK) as the lender and the Borrower. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement.

PREVIOUS LOAN AGREEMENT A

As advised and confirmed by SHK, on 8th August, 2014, Itso (an indirect wholly-owned subsidiary of SHK) entered into Previous Loan Agreement A with Borrower A and the Guarantor, pursuant to which, Itso as the lender agreed to, among other things, make available to Borrower A a loan of up to HK\$70,000,000 at the interest of 6% per annum for a period of two years from the drawdown date thereunder on the terms and subject to the conditions therein for the purpose of repayment of a then existing indebtedness owed by a company.

PREVIOUS LOAN AGREEMENT B

As advised and confirmed by SHK, on 17th November, 2014, SHKSFL entered into Previous Loan Agreement B with Borrower B and the Guarantor, pursuant to which, SHKSFL as the lender agreed to, among other things, make available to Borrower B a loan of up to HK\$230,000,000 at the interest of 5.75% per annum for a period of eighteen months from the date of Previous Loan Agreement B on the terms and subject to the conditions therein for its general working capital. A non-refundable upfront processing fee at the rate of 0.25% flat on the loan of HK\$230,000,000 was paid by Borrower B to SHKSFL.

LOAN AGREEMENT

As advised and confirmed by SHK, on 23rd December, 2015, SHKSFL entered into the Loan Agreement with the Borrower, pursuant to which, SHKSFL as the lender agreed to, among other things, make available to the Borrower a loan of approximately HK\$75,000,000 at the interest of 12% per annum for a period of twelve months from the date of the Loan Agreement on the terms and subject to the conditions therein for its general working capital and with the Debentures and the Share Mortgages as securities for the Loan. A non-refundable arrangement fee at the rate of 1% flat on the Loan was paid by the Borrower to SHKSFL.

THE SUPPLEMENTAL AGREEMENT

Date: 8th June, 2016

Parties: (1) SHKSFL as the lender for the Supplemental Agreement;
(2) Borrower B as the borrower for the Supplemental Agreement; and
(3) the Guarantor as the guarantor for the Supplemental Agreement.

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 confirmations provided by Borrower B and the Guarantor, there exists the following relationships (the “**Disclosed Relationships**”) between (i) the Guarantor 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 73.90% of the total number of shares in issue of the Company;
3. Mr. Lee is a director and the Group Executive Chairman of SHK;
4. Mr. Lee is a director of the Borrower and Guarantor’s Subsidiary A, both of which are owned as to 70% by the indirect wholly-owned subsidiaries of the Guarantor.

Having considered the Disclosed Relationships, the Directors are of the opinion that the Transaction is not a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Based on the information and confirmation provided by SHK, which has made reasonable enquiries and based on the confirmations of Borrower B and the Guarantor, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, other than as set out herein and save for the Guarantor Group’s insignificant investment shareholdings in the Company, APL and SHK, Borrower B, the Guarantor and their ultimate beneficial owners, being the substantial shareholders of the Guarantor (as defined under the Listing Rules), are all third parties independent of the Company, APL and SHK and their respective connected persons.

THE TERMS OF THE SUPPLEMENTAL AGREEMENT

As advised and confirmed by SHK, pursuant to the Supplemental Agreement, Previous Loan Agreement B has now been amended and supplemented, inter alia, as follows:

- (i) the date of repayment for Loan B shall be extended for a further term of 12 months from 17th May, 2016 to 17th May, 2017; and
- (ii) the interest rate shall be amended from 5.75% per annum to 6% per annum.

As advised and confirmed by SHK, the non-refundable upfront processing fee in respect of the Supplemental Agreement at the rate of 0.25% flat on Loan B is payable by Borrower B to SHKSFL.

As advised and confirmed by SHK, save for the amendment in the Supplemental Agreement, the provisions of Previous Loan Agreement B as amended by the Supplemental Agreement and the rights and obligations thereunder shall remain in full force and effect.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by SHK, the terms of the Supplemental Agreement were arrived at after arm's length negotiations between SHKSFL and Borrower B having taken into account the prevailing market interest rates and practices. Based on the confirmation of SHK, the Supplemental Agreement was entered into by SHKSFL having regard to (i) the costs of borrowing in extending the repayment date for the repayment of Loan B and (ii) the interest and fee income to be generated by the Transaction. 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 Supplemental 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, BORROWER B AND THE GUARANTOR

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 finance 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 and is an indirect wholly-owned subsidiary of SHK and is principally engaged in the business of provision of loan finance and securities trading. SHKSFL holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Borrower B

As advised and confirmed by SHK, Borrower B is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Guarantor. The principal business activity of Borrower B is securities trading.

The Guarantor

As advised and confirmed by SHK, the Guarantor is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange. The principal business of the Guarantor is investment holding and through its subsidiaries engaged in securities trading and investments, provision of financial services, property investment and development, investment in and management and operation of healthcare and hospital businesses, trading of medical equipment and related supplies and strategic investment.

LISTING RULES IMPLICATIONS

As SHKSFL 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 SHKSFL shall be a transaction of each of the Company, APL and SHK under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction, on a stand-alone basis, does not constitute a notifiable transaction for the Company on the basis that none of the percentage ratio(s) exceeds 5%. However, the Transaction, when aggregated with the Previous Transactions, constitutes a discloseable transaction for the Company as the relevant percentage ratio(s) exceeds 5% but is below 25%.

As advised and confirmed by APL and SHK, the Transaction, on a stand-alone basis or when aggregated with the Previous Transactions in accordance with the Listing Rules, does not constitute a notifiable transaction for each of APL and SHK 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:

- “Loan B” the loan in the amount of HK\$230,000,000 made available by SHKSFL to Borrower B on the terms and subject to the conditions set out in Previous Loan Agreement B as amended by the Supplemental Agreement;
- “Previous Transactions” the transactions contemplated under Previous Loan Agreement A and the Loan Agreement, which are subject to aggregation with the Transaction in accordance with the Listing Rules for determining the percentage ratio(s);
- “Supplemental Agreement” the supplemental loan agreement to Previous Loan Agreement B entered into between SHKSFL, Borrower B and the Guarantor on 8th June, 2016; and
- “Transaction” the transaction contemplated under the Supplemental Agreement.

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

Hong Kong, 8th June, 2016

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.