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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

UNDERWRITING TRANSACTION

As advised and confirmed by APL, on 14th November, 2013, the Underwriter, an indirect wholly-owned subsidiary of APL, entered into the Underwriting Agreement with the Australian Company, pursuant to which, the Underwriter agreed to, among other things, underwrite the subscription and sale of the Underwritten Shares on the terms and subject to the conditions set out therein.

As the Underwriter is an indirect wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL, the Transaction entered into by the Underwriter shall be deemed a transaction for each of APL and AGL under the Listing Rules as the definition of “listed issuer” under the Listing Rules includes the listed issuer’s subsidiaries.

The Transaction constitutes a discloseable transaction for each of AGL and APL on the basis that the relevant Percentage Ratio(s) exceeds 5% but is below 25%.

INTRODUCTION

As advised and confirmed by APL, the Australian Company proposes to make a pro-rata renounceable offer of the Rights Shares for subscription to its existing shareholders on the basis of one Rights Share for every one share held on the Record Date. On 14th November, 2013, the Australian Company entered into the Underwriting Agreement with the Underwriter, pursuant to which, the Underwriter agreed to, among other things, underwrite the subscription and sale of the Underwritten Shares. The manner in which the application monies are to be paid will be subject to the terms and conditions of the Underwriting Agreement.

THE UNDERWRITING AGREEMENT

Date: 14th November, 2013

Parties: (1) the Underwriter; and
(2) the Australian Company

Principal terms of the Underwriting Agreement

As advised and confirmed by APL, pursuant to the Underwriting Agreement, the principal terms of the Underwriting Agreement are as follows:

Underwriting obligation: The Underwriter has agreed to manage the Offer and underwrite the subscription and sale of the Underwritten Shares.

Number of Underwritten Shares: 444,729,789 Rights Shares, being the total number of Rights Shares less the Underwriter's Entitlement.

Underwriting fee: On and subject to Completion, the underwriting fee payable by the Australian Company to the Underwriter under the Underwriting Agreement will be A\$533,676 (equivalent to approximately HK\$3,880,000), being an amount equals to 6% of the Underwritten Amount.

Issue management fee: On Completion, the issue management fee payable by the Australian Company to the Underwriter under the Underwriting Agreement will be A\$75,000 (equivalent to approximately HK\$545,000) for its services in managing the issue of the Rights Shares offered pursuant to the Prospectus.

Condition precedent: The Underwriter's obligation under the Underwriting Agreement is conditional upon the followings:

- (a) the Underwriter being satisfied with the Due Diligence Investigations and Due Diligence Results by the Lodgement Date;
- (b) the Underwriter being satisfied with the form of the Prospectus (in its absolute discretion) and having given its consent to be named in the Prospectus by the Lodgement Date as evidence thereof;
- (c) a legal sign off letter being provided to the due diligence committee by the Australian Company's solicitors, to the satisfaction of the Underwriter, and addressed to be for the benefit of the Underwriter, by the Lodgement Date; and

(d) the Prospectus being lodged with the ASIC on the Lodgement Date.

Subscription price: A\$0.02 per Rights Share.

Application monies: The maximum amount payable by the Underwriter under the Transaction is A\$11,750,970 (equivalent to approximately HK\$85,430,000), including (i) the Underwritten Amount; and (ii) the amount payable by the Underwriter in relation to the Underwriter's Entitlement of A\$2,856,374 (equivalent to approximately HK\$20,766,000).

Sub-underwriting: The Underwriter may procure any person to sub-underwrite such portion of the Underwritten Shares as the Underwriter, in its absolute discretion, thinks fit.

Termination: The Underwriter may without cost or liability to itself and without prejudice to any rights pursuant to the Underwriting Agreement or for damages arising out of any breach by the Australian Company pursuant to the Underwriting Agreement upon or at any time prior to Completion terminate its obligations under the Underwriting Agreement if there occurs that, among others:

- (a) any of the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) Spot Gold price as quoted COMEX Gold is at any time after the date of the Underwriting Agreement 10% or more below its price as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (c) the Australian Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Australian Company;
- (d) the Australian Company is prevented from allotting the Rights Shares within the time required by the Underwriting Agreement and applicable laws and regulations;

- (e) any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (f) the Australian Company is in default of any material term and condition of the Underwriting Agreement or breaches any warranty or covenant or if any warranty or covenant given or made by it under the Underwriting Agreement is untrue or inaccurate in any material respect;
- (g) any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Australian Company or its related corporation; or
- (h) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of, inter alia, Australia, Hong Kong or other international financial markets.

Completion:

As a result of the Transaction, the Underwriter's interest in the Australian Company may increase by a maximum of approximately 37.84% from approximately 24.31% to approximately 62.15% immediately after completion of the Rights Issue, assuming all the Underwritten Shares would be taken up by the Underwriter.

Subject to the prospect of the Underwritten Shares being underwritten and the Underwriter's Entitlement being taken up, the Australian Company may become an indirect non wholly-owned subsidiary of APL and hence an indirect non wholly-owned subsidiary of AGL and the financial results, assets and liabilities of the Australian Company may have to be consolidated in the financial statements of APL and AGL accordingly.

As advised and confirmed by the APL Directors, the terms of the Underwriting Agreement and the amount of the underwriting fee and issue management fee payable to the Underwriter are fair as compared to the market practice and commercially reasonable as agreed between the Australian Company and the Underwriter.

SUMMARY OF THE FINANCIAL INFORMATION OF THE AUSTRALIAN COMPANY

As advised and confirmed by APL, the following table shows the audited consolidated financial information for the two years ended 30th June, 2012 and 2013 attributable to the 37.84% interest of the Australian Company which may be acquired by the Underwriter.

	For the year ended 30th June,	
	2012	2013
	<i>A\$'000</i>	<i>A\$'000</i>
Turnover	24,726	19,476
Net loss before taxation	1,629	25,091
Net loss after taxation	1,629	25,091

As advised and confirmed by APL, the audited consolidated net asset value attributable to the 37.84% interest of the Australian Company which may be acquired by the Underwriter was approximately A\$28,632,000 (equivalent to approximately HK\$208,155,000) as at 30th June, 2013.

Should the Underwriter acquire all the Underwritten Shares and take up the Underwriter's Entitlement under the Underwriting Agreement, the Underwriter's shareholding in the Australian Company may increase from approximately 24.31% by a maximum of approximately 37.84% to approximately 62.15%.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As advised and confirmed by APL, the terms of the Underwriting Agreement were arrived at after arm's length negotiations between the parties thereto, having regards to (i) the issue of the Rights Shares by the Australian Company is at a significant discount to the current market price; and (ii) the underwriting fee is attractive. Based on the above, the APL Directors consider that the Transaction and the terms of the Underwriting Agreement are fair and reasonable and on normal commercial terms, and the Transaction is in the interests of APL and its shareholders taken as a whole.

Based on the information and the confirmation provided by APL, the AGL Directors have accepted the confirmation by APL and therefore concur with the view of the APL Directors and consider that the terms of the Transaction are fair and reasonable and in the interests of AGL and its shareholders taken as a whole.

INFORMATION ABOUT AGL, APL, THE UNDERWRITER AND THE AUSTRALIAN COMPANY

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, the provision of elderly care services, medical and aesthetic equipment distribution 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, the provision of elderly care services, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

As at the date of this joint announcement, APL is beneficially owned as to approximately 74.99% by AGL.

The Underwriter

As advised and confirmed by APL, the Underwriter is a company incorporated in the British Virgin Islands with limited liability. The principal business activity of the Underwriter is investment holding.

As at the date of this joint announcement, the Underwriter is an indirect wholly-owned subsidiary of APL.

The Australian Company

As advised and confirmed by APL, which has made all reasonable enquiries and relied on the confirmation of the Australian Company, the Australian Company is a company domiciled in Australia, the securities of which are listed on the Australian Securities Exchange. The principal business activities of the Australian Company are gold mining operations and mineral exploration.

LISTING RULES IMPLICATIONS

As at the date of this joint announcement, as advised and confirmed by APL, having made all reasonable enquiries and to the best of its knowledge and belief and relied on the confirmation of the Australian Company, and so far as the AGL Directors and the APL Directors are aware, there exists only the following relationships (the “Disclosed Relationships”) between (i) the Australian Company and its ultimate beneficial owner(s), and (ii) AGL, APL and their ultimate beneficial owner(s), namely that:

1. Mr. Lee Seng Hui, chief executive and executive director of both AGL and APL, and Ms. Lee Su Hwei, non-executive director of AGL, are two of the trustees of Lee and Lee Trust;

2. Lee and Lee Trust, together with Mr. Lee Seng Hui's personal interest, is beneficially interested in approximately 68.16% of the total issued share capital of AGL;
3. AGL is beneficially interested in approximately 74.99% of the total issued share capital of APL;
4. APL is deemed to be beneficially interested through the Underwriter in approximately 24.31% of the total issued share capital of the Australian Company;
5. Mr. Lee Seng Hui was a non-executive director of the Australian Company, who had been appointed by the board of directors of the Australian Company, but resigned on 7th November, 2013; and
6. Mr. Arthur George Dew, chairman and non-executive director of both AGL and APL, is also a non-executive director of the Australian Company, who was appointed by the board of directors of the Australian Company. Mr. Mark Wong Tai Chun, executive director of APL and a director of the Underwriter, is also an alternate director to Mr. Arthur George Dew in the Australian Company.

Based on the information and confirmation provided by APL, which has made all reasonable enquiries and relied on the confirmation of the Australian Company and to the best of the knowledge, information and belief of the AGL Directors and the APL Directors, having made all reasonable enquiries, other than as set out herein, the Australian Company and its ultimate beneficial owner(s) are third parties independent of AGL, APL and their respective connected persons.

Having considered the Disclosed Relationships and the confirmation of the Australian Company, both the AGL Directors and APL Directors are of the opinion that:

1. the Transaction is not a connected transaction of AGL or APL pursuant to Chapter 14A of the Listing Rules; and
2. the independence of the Australian Company in entering into of the Transaction is not affected by the Disclosed Relationships as (i) Mr. Arthur George Dew was appointed by the board of directors of the Australian Company as its director; and (ii) Lee and Lee Trust, AGL and APL cannot control the composition of all or the majority of the board of directors of the Australian Company.

In view of the Disclosed Relationships, Mr. Arthur George Dew has abstained from voting on the board resolutions of AGL and APL where appropriate in respect of this joint announcement.

As the Underwriter is an indirect wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL, the Transaction entered into by the Underwriter shall be deemed a transaction for each of APL and AGL under the Listing Rules as the definition of "listed issuer" under the Listing Rules includes the listed issuer's subsidiaries.

The Transaction constitutes a discloseable transaction for each of AGL and APL on the basis that the relevant Percentage Ratio(s) exceeds 5% but is below 25%.

DEFINITIONS

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

“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”	the board of AGL Directors;
“AGL Directors”	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”	the board of APL Directors;
“APL Directors”	directors of APL;
“ASIC”	the Australian Securities and Investments Commission;
“ASX”	ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;
“Australian Company”	Tanami Gold NL, a company domiciled in Australia and the company conducting the Rights Issue being a party to the Underwriting Agreement, the securities of which are listed on the Australian Securities Exchange and owned as to approximately 24.31% by the Underwriter as at the date of this joint announcement;
“A\$”	Australian dollars, the lawful currency of the Commonwealth of Australia;
“Completion”	the date on which allotment of the last of the Rights Shares occurs in accordance with the Prospectus;
“connected persons”	having the meaning as ascribed to it under the Listing Rules;
“Due Diligence Investigations”	reasonable enquiries made by and due diligence exercised by the Australian Company to ensure that, among other matters, there are no omissions from the Prospectus and that the statements included in the Prospectus are not misleading or deceptive, and do not become misleading or deceptive;

“Due Diligence Results”	the results of the investigations which make up the legal, accounting, commercial and other investigations of the assets and liabilities, financial position and performance, profits and losses and prospects of the Australian Company and its subsidiaries (including its future business plans and financial forecasts) conducted in the period up until Completion, as maintained by the Australian Company including but not limited to all due diligence reports and reports of the due diligence committee established in connection with the Offer;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lodgement Date”	15th November, 2013, the date specified in the Underwriting Agreement or such other date as the Underwriter and the Australian Company may agree in writing;
“Offer”	a pro-rata renounceable offer to the shareholders of the Australian Company to subscribe for the Rights Shares at the price of A\$0.02 per Rights Share on the basis of one Rights Share for every one share held on the Record Date;
“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;
“Prospectus”	the prospectus for the offering of the Rights Issue which will be issued by the Australian Company and lodged with ASIC by the Lodgement Date;
“Record Date”	28th November, 2013, the record date specified in the Underwriting Agreement or such other date as the Underwriter agrees in writing;
“Rights Issue”	the offer for subscription of the 587,548,523 Rights Shares by the existing shareholders of the Australian Company on the basis of one Rights Share for every one share of the Australian Company held on the Record Date at the subscription price of A\$0.02 per Rights Share pursuant to the terms and conditions of the Prospectus;
“Rights Shares”	587,548,523 new shares of the Australian Company to be allotted and issued under the Rights Issue for which listing on the Australian Securities Exchange will be applied by the Australian Company and each a “Rights Share”;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Underwriting Agreement;
“Underwriter”	Allied Properties Resources Limited, a company incorporated in the British Virgin Islands with limited liability, being the underwriter to the Underwriting Agreement and an indirect wholly-owned subsidiary of APL;
“Underwriter’s Entitlement”	the Underwriter’s entitlement of 142,818,734 Rights Shares of the Australian Company pursuant to the Offer based upon the Underwriter’s direct shareholding of 142,818,734 shares in the Australian Company;
“Underwriting Agreement”	the underwriting agreement dated 14th November, 2013 entered into between the Underwriter and the Australian Company, pursuant to which the Underwriter has agreed to underwrite the subscription and sale of the Underwritten Shares in the terms and subject to the conditions set out therein;
“Underwritten Amount”	an amount of A\$8,894,596 (equivalent to approximately HK\$64,664,000) (being the total amount of Rights Shares of A\$11,750,970 (equivalent to approximately HK\$85,430,000) less the amount payable by the Underwriter in relation to the Underwriter’s Entitlement of A\$2,856,374 (equivalent to approximately HK\$20,766,000));
“Underwritten Shares”	the 444,729,789 Rights Shares (being the total number of Rights Shares less the Underwriter’s Entitlement) which are to be offered to the shareholders of the Australian Company under the Rights Issue; and
“%”	per cent.

On Behalf of AGL Board
Allied Group Limited
Edwin Lo King Yau
Executive Director

On Behalf of APL Board
Allied Properties (H.K.) Limited
Li Chi Kong
Executive Director

Hong Kong, 14th November, 2013

For the purpose of this joint announcement, translation of A\$ into HK\$ or vice versa have been calculated by using an exchange rate of A\$1.00 equal to HK\$7.27. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at such rate or any other rates or at all.

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; Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Yang Lai Sum Lisa 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.