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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**

#### **UNDERWRITING TRANSACTION**

As advised and confirmed by APL, on 14th July, 2010, 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 of the Underwritten Shares on the terms and subject to the conditions set out therein.

As advised and confirmed by APL, on 14th July, 2010, the Underwriter, AP Finance and the Australian Company entered into the Settlement and Offset Deed, pursuant to which, the parties thereto, among other things, agreed that (i) the Underwriter's obligation under the Underwriting Agreement shall be set off against the Indebtedness; and (ii) upon the Indebtedness having been repaid in full, the repayment obligations of the Australian Company under the Loan Agreement shall be deemed to have been discharged.

As the Underwriter and AP Finance are indirect wholly-owned subsidiaries of APL, which in turn is a non wholly-owned subsidiary of the Company, the Transaction entered into by the Underwriter and AP Finance shall also be deemed a transaction of the Company 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 the Company on the basis that the relevant Percentage Ratio(s) for the Company exceeds 5% but is below 25%.

As advised and confirmed by APL, the Transaction does not constitute a discloseable transaction for APL on the basis that none of the Percentage Ratio(s) for APL exceeds 5%.

## INTRODUCTION

As advised and confirmed by APL, the Australian Company proposes to raise funds by offering certain new shares to its existing shareholders for subscription on a pro-rata basis by way of a Rights Issue. The Underwriter, being a shareholder of the Australian Company, will also be the underwriter in relation to the Underwritten Shares and will subscribe for the Shortfall Shares. The manner in which the Application Monies are to be paid will be subject to the terms and conditions of the Underwriting Agreement, and the Settlement and Offset Deed.

## THE UNDERWRITING AGREEMENT

**Date:** 14th July, 2010

**Parties:** (1) the Underwriter  
(2) the Australian Company

As at the date of this announcement, based on the confirmation of APL Directors who have made all reasonable enquiries and so far as the AGL 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) the Company, APL and their ultimate beneficial owner(s), namely that:

1. one of the AGL Directors who is also a director of APL (the “Relevant Director”), being one of the trustees of Lee and Lee Trust, is also a non-executive director of the Australian Company;
2. Lee and Lee Trust, together with the Relevant Director’s personal interest, is beneficially interested in approximately 52.62% of the total issued share capital of the Company;
3. The Company is beneficially interested in approximately 65.12% of the total issued share capital of APL; and
4. APL is deemed to be beneficially interested in 889,557,408 shares representing approximately 25.14% of the total issued share capital of the Australian Company, of which approximately 21.41% is held by the Underwriter and approximately 3.73% is held by an associate of the Underwriter.

Based on the information and confirmation provided by APL, which has made all reasonable enquiry and relied on the confirmation of the Australian Company and to the best of the knowledge, information and belief of the AGL 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 the Company, APL and their respective connected persons.

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

1. the Transaction is not a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules; and
2. the independency of the Australian Company in entering into of the Transaction is not impeded by the Disclosed Relationships as (i) the Relevant Director had abstained from voting on the board resolutions of the Australian Company, APL and the Company with respect to the Transaction; and (ii) Lee and Lee Trust, the Company and APL cannot control the composition of all or the majority of the board of directors of 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 subscribe or procure the subscription of the Shortfall Shares under the Rights Issue.
- Number of Underwritten Shares: 4,246,068,071 Rights Shares, being the total number of Rights Shares under the Rights Issue.
- Underwriting Commission: The underwriting commission payable by the Australian Company to the Underwriter under the Underwriting Agreement will be A\$3,003,139 (equivalent to approximately HK\$20,573,905), being an amount equals to 6% of the net of the Underwritten Amount of A\$63,691,021 (equivalent to approximately HK\$436,334,447) less the Underwriters Entitlement of A\$13,638,706 (equivalent to approximately HK\$93,436,047).
- Condition Precedent: The Underwriter's obligation under the Underwriting Agreement is conditional upon the Australian Company having entered into the Settlement and Offset Deed.
- Subscription Price: A\$0.015 per Rights Share.
- Application Monies: The maximum amount payable by the Underwriter under the Underwriting Transaction is A\$63,691,021 (equivalent to approximately HK\$436,334,447).
- The actual amount of the Application Monies payable by the Underwriter for subscribing the Shortfall Shares shall be the total amount of the Application Monies for the subscription of the Shortfall Shares less the Indebtedness.
- Placing: The Underwriter may procure any person to sub-underwrite such portion of the Underwritten Shares as determined by the Underwriter and the Australian Company.
- Termination: It shall be a termination event if there occurs a Termination Event (as defined in the Underwriting Agreement) which has or is likely to have a material adverse effect or could give rise to a liability of the Underwriter under the applicable Australian laws.
- A Termination Event occurs if, inter alia:
- (a) 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;

- (b) 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
- (c) 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, or any material adverse change occurs the effect of which is that, in the reasonable opinion of the Underwriter, it is impracticable for the Australian Company to market the Rights Issue or to enforce contracts to issue and allot the Rights Shares pursuant to the prospectus or that the success of the Rights Issue is likely to be adversely affected.

Upon the occurrence of a Termination Event, the Underwriter may:

- (a) terminate its underwriting obligation without costs or liability; or
- (b) adjust its commitment to subscribe for the Shortfall Shares to a lesser amount; or
- (c) waive its rights in relation to the Termination Event.

**Completion:**

As a result of the Underwriting Transaction, the Underwriter's direct interest in the Australian Company may increase by a maximum of approximately 42.87% from approximately 21.41% to approximately 64.28% 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 sub-underwritten, the Australian Company may become an indirect non wholly-owned subsidiary of APL and hence an indirect non wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Australian Company may have to be consolidated in the financial statements of APL and the Company accordingly.

Save for the Australian legal requirements for transfer of share, there are no restrictions on the subsequent sale of the Shortfall Shares by the Underwriter.

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

## THE SETTLEMENT AND OFFSET DEED

**Date:** 14th July, 2010

**Parties:** (1) AP Finance  
(2) the Underwriter  
(3) the Australian Company

### Principal terms of the Settlement and Offset Deed

As advised and confirmed by APL, pursuant to the Settlement and Offset Deed, the parties thereto agreed that, conditional upon the Australian Company having entered into the Underwriting Agreement:

- (a) the Underwriter's obligation under the Underwriting Agreement shall be set off against the Indebtedness;
- (b) any Indebtedness outstanding after the Underwriter's obligation under the Underwriting Agreement has been performed shall be repaid in cash by the Australian Company to AP Finance and/or the Underwriter in the manner as directed by AP Finance and/or the Underwriter (as the case may be); and
- (c) upon the full repayment of the Indebtedness, the Loan Agreement shall terminate whereupon the repayment obligation of the Australian Company under the Loan Agreement shall be discharged and no party to the Loan Agreement shall have any liability to any other party, save for those obligations and liabilities which are expressed to survive termination or continue after, inter alia, the Loan Agreement ends.

As advised and confirmed by the APL Directors, the terms of the Settlement and Offset Deed are fair and reasonable having regard to (i) overall terms and conditions of the Loan Agreement and the Underwriting Agreement; and (ii) the fact that the Offset Transaction secures early repayment of the Loan Indebtedness.

### SUMMARY OF THE FINANCIAL INFORMATION OF THE AUSTRALIAN COMPANY

As advised and confirmed by APL, the Company sets out the following table showing the audited financial information for the two years ended 30th June, 2008 and 2009 and the unaudited financial information for the half-year ended 31st December, 2009 attributable to the 42.87% interest of the Australian Company which may be acquired by the Underwriter and prepared under accounting policies which are consistent with the accounting policies adopted by APL and the Company:

	For the year ended 30th June,		For the
	2008	2009	half-year ended
	A\$'000	A\$'000	31st December,
			2009
			A\$'000
Turnover	10,335	13,169	12,237
(Loss)/Profit before taxation	(14,116)	(9,015)	3,017
(Loss)/Profit after taxation	(13,970)	(9,015)	3,017

As advised and confirmed by APL, the audited net asset value attributable to the 42.87% interest of the Australian Company which may be acquired by the Underwriter was approximately A\$8,547,145 (equivalent to approximately HK\$58,554,781) as at 30th June, 2009 and the unaudited net asset value attributable to the 42.87% interest of the Australian Company which may be acquired by the Underwriter was approximately A\$11,644,346 (equivalent to approximately HK\$79,773,086) as at 31st December, 2009.

Should the Underwriter acquire all the Underwritten Shares under the Underwriting Agreement, (i) the Underwriter's shareholding in the Australian Company may increase from approximately 21.41% by a maximum of approximately 42.87% to approximately 64.28% and the Australian Company may become a subsidiary of the Underwriter; and (ii) the result, assets and liabilities of the Australian Company may have to be consolidated into the financial statements of APL and the Company accordingly.

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

As advised and confirmed by APL, the terms of the Underwriting Agreement and the Settlement and Offset Deed were arrived at after arm's length negotiations between the parties thereto, having regards to (i) the issue of the Underwritten Shares by the Australian Company is at a significant discount to the current market price; (ii) the Underwriting Commission is attractive; and (iii) the Offset Transaction will secure the early repayment of the Loan Indebtedness. Based on the above, the APL Directors consider that the Transaction and the terms of the Underwriting Agreement, and the Settlement and Offset Deed 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 Transaction is in the interests of the Company and its shareholders taken as a whole.

## **INFORMATION ABOUT THE COMPANY, AP FINANCE, THE UNDERWRITER AND THE AUSTRALIAN COMPANY**

### **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 medical and healthcare services, the provision of financial services, and investments in listed and unlisted securities.

### **AP Finance**

As advised and confirmed by APL, AP Finance is a company incorporated in Hong Kong with limited liability. AP Finance is a registered money lender holding a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending services.

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

## **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 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 enquiry 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 the Underwriter and AP Finance are indirect wholly-owned subsidiaries of APL, which in turn is a non wholly-owned subsidiary of the Company, the Transaction entered into by the Underwriter and AP Finance shall also be deemed a transaction of the Company 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 the Company on the basis that the relevant Percentage Ratio(s) for the Company exceeds 5% but is below 25%.

As advised and confirmed by APL, the Transaction does not constitute a discloseable transaction for APL on the basis that none of the Percentage Ratio(s) for APL exceeds 5%.

## **DEFINITIONS**

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

“AGL Directors”	directors of the Company;
“AP Finance”	AP Finance Limited, a company incorporated in Hong Kong with limited liability, a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), an indirect wholly-owned subsidiary of APL, the lender to the Loan Agreement and a party to the Settlement and Offset Deed;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and a non wholly-owned subsidiary of the Company;
“APL Directors”	directors of APL;
“Application Monies”	the monies payable for the subscription of the Rights Shares under the Rights Issue;

“Australian Company”	Tanami Gold NL, a company domiciled in Australia and the company conducting the Rights Issue being a party to the Underwriting Agreement and the Settlement and Offset Deed, the securities of which are listed on the Australian Securities Exchange;
“Australian dollars” or “A\$”	Australian dollars, the lawful currency of Australia;
“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;
“connected persons”	having the meaning as ascribed to it under the Listing Rules;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Indebtedness”	the Loan Indebtedness and the Underwriting Commission;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Loan”	the term loan facility in the amount of A\$37,000,000 granted by AP Finance to the Australian Company pursuant to the terms and conditions of the Loan Agreement;
“Loan Agreement”	the loan agreement dated 24th March, 2010 entered into between AP Finance as lender and the Australian Company as borrower pursuant to which AP Finance agreed to make available the Loan to the Australian Company on the terms and subject to the conditions set out therein;
“Loan Indebtedness”	the total outstanding principal of the Loan, all interest accrued (but unpaid) on the outstanding principal of the Loan and all other monies (which includes the financial costs and expenses incurred by AP Finance in granting the Loan in the total sum of approximately A\$400,000) which may at any time during the existence of the Loan Agreement become payable by the Australian Company as borrower to AP Finance as lender thereunder or pursuant to or in connection with or otherwise related to the Loan Agreement;
“Offset Transaction”	the transactions contemplated under the Settlement and Offset Deed;
“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;



“Rights Issue”	the offer for subscription of the Rights Shares by the existing shareholders of the Australian Company on a pro-rata basis at the subscription price of A\$0.015 per Rights Share pursuant to the terms and conditions of a prospectus;
“Rights Shares”	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;
“Settlement and Offset Deed”	the settlement and offset deed dated 14th July, 2010 entered into between AP Finance, the Underwriter and the Australian Company pursuant to which the parties thereto have agreed, inter alia, that (i) the Indebtedness be applied to the Shortfall Shares Application Monies; and (ii) the repayment obligation of the Australian Company under the Loan Agreement be discharged upon full repayment of the Indebtedness;
“Shortfall” or “Shortfall Shares”	the number of Underwritten Shares less the number of Rights Shares for which application for subscription has been made;
“Shortfall Shares Application Monies”	the Application Monies payable by the Underwriter for the subscription of the Shortfall Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Event”	an event which may cause the termination of the Underwriting Agreement pursuant to the terms and conditions set out therein;
“Transaction”	the transactions contemplated under the Underwriting Agreement, and the Settlement and Offset Deed;
“Underwriter”	Allied Properties Resources Limited, a company incorporated in the British Virgin Islands with limited liability, being the underwriter to the Underwriting Agreement and a party to the Settlement and Offset Deed;
“Underwriters Entitlement”	the number of Rights Shares which may be subscribed by the Underwriter under the Rights Issue based on its shareholding in the Australian Company;
“Underwriting Agreement”	the underwriting agreement dated 14th July, 2010 entered into between the Underwriter and the Australian Company, pursuant to which the Underwriter has agreed to subscribe or procure the subscription of the Underwritten Shares on the terms and conditions set out therein;

“Underwriting Commission”	the underwriting commission payable by the Australian Company to the Underwriter pursuant to the Underwriting Agreement in the sum of A\$3,003,139 (equivalent to approximately HK\$20,573,905);
“Underwriting Transaction”	the transactions contemplated under the Underwriting Agreement;
“Underwritten Amount”	A\$63,691,021 (equivalent to approximately HK\$436,334,447);
“Underwritten Shares”	the Rights Shares which are to be offered to the shareholders of the Australian Company under the Rights Issue; and
“%”	per cent.

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

Hong Kong, 15th July, 2010

*For the purpose of this announcement, translation of A\$ into HK\$ or vice versa have been calculated by using an exchange rate of A\$1.00 equal to HK\$6.8508. 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 announcement, the board of directors of the Company 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. Wong Po Yan, David Craig Bartlett, John Douglas Mackie and Alan Stephen Jones being the Independent Non-Executive Directors.*