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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 APL, on 13th December, 2010, the Lender, an indirect wholly-owned subsidiary of APL, entered into the Loan Agreement with the Borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Initial Facility Amount for the purpose of funding the Borrower's plant upgrade and to accelerate exploration expenditure at existing operations and projects of the Borrower or for its general corporate purposes.

As advised and confirmed by APL, on 13th June, 2011, by way of the Deed of Variation, the Lender entered into the Deed of Variation with the Borrower, pursuant to which the Lender agreed to, among other things, made available to the Borrower an Additional Facility Amount for the same purposes as the Initial Facility Amount and grant the Borrower the right to extend the date of repayment of the total indebtedness under the Loan Agreement and the Deed of Variation.

As advised and confirmed by APL, on 10th November, 2011, by way of the Second Deed of Variation, the Lender entered into the Second Deed of Variation with the Borrower, pursuant to which the Lender agreed to, among other things, make available to the Borrower the Loan Facility for the same purposes as the Initial Facility Amount.

As the Lender 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 Lender shall also be deemed a transaction of AGL 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 discloseable transaction for AGL on the basis that none of the Percentage Ratio(s) exceeds 5%. The Transaction, when aggregated with the Prior Transactions in accordance with the Listing Rules, constitutes a discloseable transaction for AGL on the basis that the relevant Percentage Ratio(s) exceeds 5% but is below 25%. As advised and confirmed by APL, the Transaction, on a stand alone basis or when aggregated with the Prior Transactions, does not constitute a notifiable transaction for APL on the basis that none of the Percentage Ratio(s) exceeds 5%.

## THE SECOND DEED OF VARIATION TO THE LOAN AGREEMENT

**Date:** 10th November, 2011

**Parties:** (1) the Lender  
(2) the Borrower

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

1. one of the Directors (the “Relevant Director”), being one of the trustees of Lee and Lee Trust, is also a non-executive director of the Borrower;
2. Lee and Lee Trust, together with the Relevant Director’s personal interest, is beneficially interested in approximately 55.94% of the total issued share capital of AGL;
3. AGL is beneficially interested in approximately 72.34% of the total issued share capital of APL; and
4. as advised and confirmed by APL, APL is deemed to be beneficially interested in approximately 27.09% of the total issued share capital of the Borrower.

Based on the information and confirmation provided by APL, 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 Borrower and its ultimate beneficial owner(s) are third parties independent of AGL and its connected persons.

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

1. the Transaction is not a connected transaction of AGL pursuant to Chapter 14A of the Listing Rules; and
2. the independency of the Borrower in entering into of the Loan Agreement is not impeded by the Disclosed Relationships as (i) the Relevant Director had abstained from voting on the written board resolutions of the Borrower with respect to the Transaction; 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 Borrower.

### Principal terms of the Second Deed of Variation

As advised and confirmed by APL and pursuant to the Second Deed of Variation, the principal terms of the Second Deed of Variation are as follows:–

**Loan Facility:** an unsecured cash advance facility in the amount of HK\$42,500,000

**Purpose:** for the purpose of funding the Borrower’s plant upgrade and to accelerate exploration expenditure at existing operations and projects of the Borrower or for its general corporate purposes

- Interest: at the Interest Rate payable every 3 months and for the last interest period the date ending on the repayment date
- Facility fee:
- (a) a non-refundable first facility fee shall be paid by the Borrower to the Lender for the First Period, which shall be deducted from the first Advance on the first funding date;
  - (b) if the indebtedness is not repaid in full prior to or on the expiration of the First Period then the Borrower must pay to the Lender (in addition to the fee in (a), above):
    - a. two non-refundable facility fees for the Second Period which shall be deducted from the first Advance relating to the Additional Facility Amount in the Second Period; and
    - b. a pro rated facility fee for the Second Period which shall be deducted from the first Advance relating to the Additional Facility Amount in the Second Period, any portion of which that relates to the repaid part of the indebtedness for the period commencing on the date that part of the indebtedness is repaid and ending on the expiry of the Second Period shall be refundable by the Lender in cash immediately if the Borrower repays any part of the indebtedness prior to the repayment date;
  - (c) if the Borrower makes a drawdown of the Loan Facility, the Borrower must pay to the Lender:
    - a. a non-refundable facility fee for the Third Period which shall be deducted from the first Advance relating to the Loan Facility in the Third Period;
    - b. a pro rated facility fee for the Third Period which shall be deducted from the first Advance relating to the Loan Facility in the Third Period, any portion of which that relates to the repaid part of the indebtedness for the period commencing on the date that part of the indebtedness is repaid and ending on the expiry of the Third Period shall be refundable by the Lender in cash immediately if the Borrower repays any part of the indebtedness prior to the repayment date; and
    - c. any outstanding facility fees in relation to the First Period or the Second Period in relation to the Initial Facility Amount and/or the Additional Facility Amount, that are due and payable by the Borrower to the Lender as at the date of the drawdown of the Loan Facility to be deducted by the Lender from the first Advance relating to the Loan Facility.

- (d) if the Borrower elects to extend the repayment date, the Borrower must pay to the Lender:
  - a. a non-refundable facility fee for the Fourth Period to be paid in cash by the borrower on or before the commencement of the Fourth Period; and
  - b. a pro rated facility fee for the Fourth Period, any portion of which that relates to the repaid part of the indebtedness for the period commencing on the date that part of the indebtedness is repaid and ending on the expiry of the Fourth Period shall be refundable by the Lender in cash immediately if the Borrower repays any part of the indebtedness prior to the repayment date.

Repayment date: 30th November, 2011; if the Borrower elects to extend the repayment date, 30th June, 2012, or such other date as may be agreed between the Lender and the Borrower

As advised and confirmed by APL, the Interest Rate and the facility fee charged by the Lender on the Loan Facility, have been arrived at after arm's length negotiations between the Lender and the Borrower having regard to the cost of providing the Loan Facility to the Borrower and the terms of the Loan Facility.

## **PRIOR TRANSACTIONS**

As advised and confirmed by APL, on 13th December, 2010, the Lender, an indirect wholly-owned subsidiary of APL, entered into the Loan Agreement with the Borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Initial Facility Amount for the purpose of funding the Borrower's plant upgrade and to accelerate exploration expenditure at existing operations and projects of the Borrower or for its general corporate purposes.

As advised and confirmed by APL, on 13th June, 2011, by way of the Deed of Variation, the Lender entered into the Deed of Variation with the Borrower, pursuant to which the Lender agreed to, among other things, made available to the Borrower an Additional Facility Amount for the same purposes as the Initial Facility Amount and to allow the Borrower the right to extend the date of repayment by the Borrower to the Lender of the total indebtedness under the Loan Agreement and the Deed of Variation.

As advised and confirmed by APL, as the Transaction contemplated under the Second Deed of Variation and the Prior Transactions were made by the same parties within a twelve (12) months period, the Directors consider that the Prior Transactions and the Transaction contemplated under the Second Deed of Variation should be aggregated for the purpose of Chapter 14 of the Listing Rules pursuant to 14.22 of the Listing Rules.

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

As advised and confirmed by APL, which has made all reasonable enquiries and relied on the confirmation of the Lender, the terms of the Second Deed of Variation were arrived at after arm's length negotiations between the Lender and the Borrower. The Lender is a licensed money lender and its principal activity is money lending services. In view of the fact that the Transaction is carried out as part of the ordinary and usual course of business activities of the Lender and will provide interest income to the Lender, APL has confirmed to AGL that APL considers that the Transaction and the terms of the Loan 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 Directors have accepted the confirmation by APL and therefore concur with the view of APL and consider that the Transaction is in the interests of AGL and its shareholders taken as a whole.

## **INFORMATION ABOUT AGL, APL, THE LENDER AND THE BORROWER**

### **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, 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 and the provision of elderly care services.

As at the date of this announcement, APL is beneficially owned as to approximately 72.34% by AGL.

### **The Lender**

The Lender is a company incorporated in Hong Kong with limited liability.

The Lender 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, the Lender is an indirect wholly-owned subsidiary of APL.

## **The Borrower**

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

## **LISTING RULES IMPLICATIONS**

As the Lender 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 Lender shall also be deemed a transaction of AGL 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 discloseable transaction for AGL on the basis that none of the Percentage Ratio(s) exceeds 5%. The Transaction, when aggregated with the Prior Transactions in accordance with the Listing Rules, constitutes a discloseable transaction for AGL on the basis that the relevant Percentage Ratio(s) exceeds 5% but is below 25%. As advised and confirmed by APL, the Transaction, on a stand alone basis or when aggregated with the Prior Transactions, does not constitute a notifiable transaction for APL 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:

|                              |  |
|------------------------------|--|
| “Additional Facility Amount” | HK\$82,200,000;  |
| “Advance”                    | the principal amount of the Loan Facility, the Initial Facility Amount and the Additional Facility Amount to be made available by the Lender to the Borrower under each drawing pursuant to the terms and conditions of the Loan Agreement;                |
| “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);  |
| “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; |
| “Borrower”                   | the borrower under the Loan Agreement;   |
| “connected persons”          | having the meaning ascribed to it under the Listing Rules;   |

|                            |   |
|----------------------------|---|
| “Deed of Variation”        | the Deed of Variation to the Loan Agreement dated 13th June, 2011 entered into between the Lender and the Borrower;   |
| “Directors”                | directors of AGL;   |
| “First Period”             | the period commencing 13th December, 2010 and ending on 13th June, 2011 (both days inclusive);  |
| “Fourth Period”            | the period commencing on the 1st December, 2011 and ending on 30th June, 2012 (both days inclusive);  |
| “Hong Kong”                | Hong Kong Special Administrative Region of the People’s Republic of China;  |
| “HK\$”                     | Hong Kong dollars, the lawful currency of Hong Kong;  |
| “Initial Facility Amount”  | HK\$152,000,000;  |
| “Interest Rate”            | the rate of interest to be charged under the Loan Agreement;  |
| “Lender”                   | 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) and an indirect wholly-owned subsidiary of APL;            |
| “Listing Rules”            | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;   |
| “Loan Agreement”           | the loan agreement dated 13th December, 2010 entered into between the Lender and the Borrower as varied by the Deed of Variation and Second Deed of Variation;  |
| “Loan Facility”            | the unsecured cash advance loan facility in the amount of HK\$42,500,000 granted by the Lender to the Borrower pursuant to the terms and conditions of the Second Deed of Variation;  |
| “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;  |
| “Prior Transactions”       | the Loan Agreement and the Deed of Variation being prior loan transactions between the Lender and the Borrower which are subject to aggregation with the Transaction for determining the Percentage Ratio(s) pursuant to the Listing Rules; |
| “Second Deed of Variation” | the Second Deed of Variation to the Loan Agreement entered into between the Lender and the Borrower on 10th November, 2011;   |
| “Second Period”            | the period commencing on the date immediately after the expiry of the First Period and ending on 30th November, 2011 (both days inclusive);   |

|                  |   |
|------------------|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited;  |
| “Third Period”   | the date on which the Borrower first makes a drawdown of the Loan Facility and ending on 30th November, 2011 (both days inclusive); |
| “Transaction”    | the transaction contemplated under the Loan Agreement as varied by the Second Deed of Variation; and                                |
| “%”              | per cent.   |

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

Hong Kong, 10th November, 2011

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