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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**

References are made to AGL's announcements dated 10th November, 2011 and 2nd February, 2012 and AGL's joint announcements with APL dated 15th December, 2011 and 14th February, 2012 in relation to the Prior Transactions between the Lender, an indirect wholly-owned subsidiary of APL, and the Borrower.

As advised and confirmed by APL, the Lender has made available existing loan facilities to the Borrower pursuant to the Existing Agreements for the purposes of funding the Borrower's plant upgrade and acceleration of exploration expenditure at the existing operations and projects of the Borrower or for the Borrower's general corporate purposes. As at the date of the New Loan Agreement, the Existing Advance remains at HK\$200,700,000.

As advised and confirmed by APL, on 29th May, 2012, the Lender entered into the New Loan Agreement with the Borrower, pursuant to which, among other things, the Lender agreed to make available to the Borrower the Facility for the purpose of funding the Borrower's acceleration of exploration expenditure at the existing operations and projects of the Borrower or for the Borrower's general corporate purposes. The Facility comprises the New Facility and the amount of the Existing Advance. Upon the Effective Date, the terms of the Existing Agreements will no longer apply to the Existing Advance and will be replaced by the terms of the New Loan Agreement.

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 constituted a transaction of AGL under Rule 14.04(1)(e) of the Listing Rules.

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) exceed(s) 5% but are below 25%.

References are made to AGL's announcements dated 10th November, 2011 and 2nd February, 2012 and AGL's joint announcements with APL dated 15th December, 2011 and 14th February, 2012 in relation to the Prior Transactions between the Lender, an indirect wholly-owned subsidiary of APL, and the Borrower.

As advised and confirmed by APL, on 29th May, 2012, the Lender entered into the New Loan Agreement with the Borrower, pursuant to which, among other things, the Lender agreed to make available to the Borrower the Facility for the purpose of funding the Borrower's acceleration of exploration expenditure at the existing operations and projects of the Borrower or for the Borrower's general corporate purposes.

#### **THE NEW LOAN AGREEMENT**

**Date:** 29th May, 2012

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

As at the date of this announcement, as advised and confirmed by APL, which has made all reasonable enquiries and relied on confirmation from the Borrower, and so far as the Directors are aware, 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. 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 63.84% of the total issued share capital of AGL;
3. AGL is beneficially interested in approximately 74.96% of the total issued share capital of APL;
4. APL is beneficially interested in approximately 23.50% of the total issued share capital of the Borrower; and
5. Mr. Lee Seng Hui is a non-executive director of the Borrower, and Mr. Arthur George Dew, chairman and non-executive director of both AGL and APL, is also a director and non-executive chairman of the Borrower. Mr. Mark Wong Tai Chun, executive director of APL and director of Lender, is also an alternate director of the Borrower to Mr. Arthur George Dew.

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 the Disclosed Relationships, the Borrower and their 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 grant of the Facility pursuant to the New Loan Agreement is not a connected transaction of AGL pursuant to Chapter 14A of the Listing Rules; and
2. the independence of the Borrower in entering into the New Loan Agreement is not impeded by the Disclosed Relationships as (i) Mr. Lee Seng Hui and Mr. Arthur George Dew had abstained from voting on the board resolutions of the Borrower with respect to the New Loan Agreement; 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.

In view of the Disclosed Relationships, Mr. Lee Seng Hui, Mr. Arthur George Dew and Ms. Lee Su Hwei have also abstained from voting on the board resolutions of AGL in respect of this announcement.

### **Principal terms of the New Loan Agreement**

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

Facility: A cash advance facility in the total amount of HK\$280,700,000, which comprises the amount of the Existing Advance (HK\$200,700,000) and the New Facility (HK\$80,000,000). The New Facility will only be advanced when the Borrower requests drawdown in accordance with the terms of the New Loan Agreement.

Purpose: Accelerating exploration expenditure at the existing operations and projects of the Borrower or for the Borrower's general corporate purposes.

Interest: at the rate of 6% per annum.

Facility fee: 1. Facility fee

- (a) If the Borrower makes a drawdown of the Facility, the Borrower must pay to the Lender:
  - i. a non-refundable facility fee for each month applicable to each Advance at the rate of 9% per annum of that Advance;

- ii. a pro-rated facility fee for each month applicable to each Advance at the rate of 6% per annum of that Advance, which facility fee shall be refundable in accordance with item 3 below; and
- iii. any outstanding facility fees that are due and payable by the Borrower to the Lender as at the Funding Date applicable to each Advance.

(b) In respect of the Existing Advance only:

- i. the Lender shall retain the facility fees paid by the Borrower under the Existing Agreements;
- ii. for the month of June 2012, no facility fees under paragraph (a) above are payable; and
- iii. after the month of June 2012, the Borrower shall pay the facility fees under paragraph (a) above, which shall be payable on the amount of the Existing Advance as the same as an Advance under the New Loan Agreement.

2. Payment of facility fees

- (a) The facility fees referred to in items 1(a)(i) and 1(a)(ii) shall be paid on the first day of each month in advance and, for the initial month of a new Advance, by deducting those fees from that Advance on its Funding Date but the fees deducted shall be deemed to be part of that Advance drawn by the Borrower; and
- (b) The facility fees referred to in item 1(a)(iii) shall be deducted by the Lender from the relevant Advance on its Funding Date but the fees deducted shall be deemed to be part of that Advance drawn by the Borrower.

### 3. Refund of pro-rated facility fees

If the Borrower repays or prepays any part of the Facility drawn prior to the repayment date, the Lender must immediately refund to the Borrower in cash by an amount equal to 6% per annum of the amount repaid or prepaid calculated daily for the number of days from and including the date of repayment or prepayment to the last day of the month in which the repayment or prepayment was made.

Repayment date: 30th June, 2014

Effective date of  
the New Loan  
Agreement: 5:00 p.m. on 31st May, 2012

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

#### **Replacement of the terms of the Existing Agreements in relation to the Existing Advance**

As advised and confirmed by APL, the Existing Advance is currently governed by the terms of the Existing Agreements and has a repayment date of 30th June, 2012. Upon the New Loan Agreement become effective on the Effective Date, the terms of the Existing Agreements will no longer apply to the Existing Advance and will be replaced by the terms of the New Loan Agreement. The Existing Advance shall constitute an Advance under the New Loan Agreement and is deemed to have a Funding Date of 31st May, 2012.

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

As advised and confirmed by APL, the terms of the New Loan Agreement were arrived at after arm's length negotiations between the Lender and the Borrower. The Lender is a licensed money lender and is principally engaged in the business of money lending services. The total income generated from the grant of the Facility, in the form of facility fees and interest, is at an aggregate rate of 21% per annum on the amount of the total Advance under the Facility (assuming that the Borrower does not make early repayment), which is fair and reasonable in light of the current market norms in relation to similar transactions and the costs incurred in providing the Facility to the Borrower. In view of the fact that the New Loan Agreement was entered into as part of the ordinary and usual course of business activities of the Lender and will generate reasonable income to the Lender, the directors of APL consider that the grant of the Facility and the terms of the New Loan Agreement are fair and reasonable and on normal commercial terms and are in the interests of APL and its shareholders taken as a whole, and have confirmed the same to AGL.

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 the directors of APL and consider that the terms of the New Loan Agreement are fair and reasonable and 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, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

### **APL**

As advised and confirmed by 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 and medical and aesthetic equipment distribution.

As at the date of this announcement, AGL is beneficially interested in approximately 74.96% of the total issued share capital of APL.

### **The Lender**

As advised and confirmed by APL, the Lender is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of APL.

As advised and confirmed by APL, the Lender is a registered money lender holding a money lender's 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.

### **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.

## **PRIOR TRANSACTIONS**

As advised and confirmed by APL, the Lender has made available existing loan facilities to the Borrower pursuant to the Existing Agreements for the purposes of funding the Borrower's plant upgrade and to accelerate exploration expenditure at the existing operations and projects of the Borrower or for the Borrower's general corporate purposes, which constitute the Prior Transactions.

As advised and confirmed by APL, the Transaction and the Prior Transactions were entered into between the same parties and upon the Effective Date, the terms in the New Loan Agreement will apply to both of them. The Directors consider that the Prior Transactions and the Transaction should be aggregated for the purpose of Chapter 14 of the Listing Rules, pursuant to Rule 14.22 of the Listing Rules.

## **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 constituted a transaction of AGL under Rule 14.04(1)(e) of the Listing Rules.

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) exceed(s) 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 are 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) exceed(s) 5%.

## **DEFINITIONS**

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

“Advance”	the principal amount of the Facility advanced to the Borrower under each drawing pursuant to the terms and conditions of the New 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;

“Board”	the board of Directors;
“Borrower”	the borrower under the New Loan Agreement and the Existing Agreements;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of AGL;
“Effective Date”	5:00 p.m. on 31st May, 2012, the date on which the terms of the New Loan Agreement will become effective;
“Existing Advance”	the aggregate outstanding balance of the existing facilities granted under the Existing Agreements, which is HK\$200,700,000 as at the date of the New Loan Agreement;
“Existing Agreements”	the following existing agreements entered into between the Lender and the Borrower: <ul style="list-style-type: none"> <li>(i) the loan agreement dated 13th December, 2010;</li> <li>(ii) the deed of variation dated 13th June, 2011;</li> <li>(iii) the second deed of variation dated 10th November, 2011;</li> <li>(iv) the third deed of variation dated 15th December, 2011; and</li> <li>(v) the fourth deed of variation dated 2nd February, 2012 (with the mortgagor being an additional party to it);</li> </ul>
“Facility”	the cash advance facility in the amount of HK\$280,700,000 granted by the Lender to the Borrower pursuant to the terms and conditions of the New Loan Agreement, which comprises the Existing Advance and the New Facility;
“Funding Date”	The date on which an Advance is, or is to be, provided to the Borrower under the New Loan Agreement;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;



“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;
“New Facility”	the new loan facility in the amount of HK\$80,000,000 granted to the Borrower under the New Loan Agreement;
“New Loan Agreement”	the loan agreement dated 29th May, 2012 entered into between the Lender and the Borrower;
“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 transactions contemplated under the Existing Agreements, being prior loan transactions between the Lender and the Borrower under the Existing Agreements which are subject to aggregation with the Transaction for determining the percentage ratio(s) pursuant to the Listing Rules;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction in relation to the grant of the New Facility contemplated in the New Loan Agreement; and
“%”	per cent.

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

Hong Kong, 29th May, 2012

*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.*