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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)



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

VOLUNTARY ANNOUNCEMENT

JOINT ANNOUNCEMENT

**THE ACQUISITION OF APPROXIMATELY 23.9% OF THE
TOTAL ISSUED SHARE CAPITAL OF APAC RESOURCES LIMITED**

THE SALE AND PURCHASE AGREEMENT

On 16th December, 2015, the Purchaser, an indirect wholly-owned subsidiary of APL, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing approximately 23.9% of the total issued share capital of APAC as at the date of the Sale and Purchase Agreement, at the Consideration of HK\$484,018,062.

The Acquisition is conditional upon the fulfillment or waiver (as the case may be) of the Conditions specified in the Sale and Purchase Agreement and as described under the paragraph headed “Conditions precedent” under the section headed “The Sale and Purchase Agreement” in this joint announcement.

LISTING RULES IMPLICATIONS

As the Purchaser is an indirect wholly-owned subsidiary of APL, which is in turn a non wholly-owned subsidiary of AGL, the entering into of the Sale and Purchase Agreement shall also be a transaction of each of AGL and APL under Chapter 14 of the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

The Acquisition constitutes a discloseable transaction for AGL under Chapter 14 of the Listing Rules on the basis that the relevant percentage ratio(s) of AGL exceeds 5% but is below 25%.

The Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules for APL on the basis that none of the applicable percentage ratio exceeds 5%. This joint announcement is made by APL on a voluntary basis.

Shareholders and potential investors of AGL and APL and holders of APL Warrants should note that the Acquisition may or may not proceed as they are subject to a number of Conditions, which may or may not be fulfilled. Shareholders and potential investors of AGL and APL and holders of APL Warrants are reminded to exercise caution when dealing in the shares/ securities of AGL and APL.

INTRODUCTION

On 16th December, 2015, the Purchaser, an indirect wholly-owned subsidiary of APL, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing approximately 23.9% of the total issued share capital of APAC as at the date of the Sale and Purchase Agreement, at the Consideration of HK\$484,018,062.

The material terms of the Sale and Purchase Agreement are summarised below:

THE SALE AND PURCHASE AGREEMENT

Date : 16th December, 2015

Parties : (i) the Purchaser, an indirect wholly-owned subsidiary of APL; and
(ii) the Vendor.

Based on the confirmation provided by the Vendor, and to the best of the knowledge, information and belief of the AGL Directors and the APL Directors after having made all reasonable enquiries, the Vendor and Ms. Chong (being the ultimate sole legal and beneficial owner of the Vendor) are third parties independent of AGL, APL and their respective connected persons (as defined under the Listing Rules).

Subject matter

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing approximately 23.9% of the total issued share capital of APAC as at the date of the Sale and Purchase Agreement.

Consideration

The Consideration for the Sale Shares is in the aggregate amount of HK\$484,018,062 and shall be payable by the Purchaser to the Vendor or its nominee(s) in the following manners:

- (i) a refundable deposit of HK\$48,401,806.2 (“**Refundable Deposit**”) by way of cheque, which has been paid upon signing of the Sale and Purchase Agreement as partial payment of the Consideration; and
- (ii) HK\$435,616,255.8 as remaining balance of the Consideration by way of a cashier order drawn on a licensed bank in Hong Kong upon Completion.

The Refundable Deposit together with any accrued interests shall be refundable in full amount in cash to the Purchaser by the Vendor:

- (i) within 7 Business Days after the Long Stop Date (or such other date as may be agreed by the Vendor and the Purchaser in writing) if any of the Conditions are not fulfilled or otherwise waived by the Purchaser and the parties are not obliged to proceed to Completion; or
- (ii) within 7 Business Days after notice of termination (or such other date as may be agreed by the Vendor and the Purchaser in writing) by the Purchaser due to a default of the Vendor.

The Vendor shall have the right to forfeit the full amount of the Refundable Deposit together with accrued interests within 7 Business Days after notice of termination (or such other date as may be agreed by the Vendor and the Purchaser in writing) by the Vendor which is due to a default of the Purchaser.

The Consideration (or HK\$0.22 per APAC Share) was determined through arm's length negotiations between the Purchaser and the Vendor on a commercial basis after taking into account, among other things (i) the published audited net asset value of APAC as at 30th June, 2015 of approximately HK\$1,927.7 million or HK\$0.31 per APAC Share (based on the total issued share capital of 6,127,767,990 APAC Shares as at 30th June, 2015); (ii) the adjusted net asset value of APAC as at 30th June, 2015 (“**Adjusted Net Asset Value**”) of approximately HK\$2,234.1 million (based on the published audited net asset value of APAC as at 30th June, 2015 of approximately HK\$1,927.7 million adjusted for the maximum amount raised before expenses from the APAC Open Offer of approximately HK\$306.4 million) or HK\$0.24 per APAC Share (based on the total issued share capital of 9,191,651,985 APAC Shares as at 30th November, 2015 after the APAC Open Offer); and (iii) the closing trading price of APAC Shares on the Stock Exchange as at 16th December, 2015 of HK\$0.083 per APAC Share. The Consideration (or HK\$0.22 per APAC Share) represents (i) a discount of approximately 29.0% to the audited net asset value attributable of approximately HK\$0.31 per APAC Share as at 30th June, 2015; (ii) a discount of approximately 8.3% to the Adjusted Net Asset Value attributable of approximately HK\$0.24 per APAC Share as at 30th June, 2015; and (iii) a premium of approximately 165.1% to the closing trading price of HK\$0.083 per APAC Share as at the date of the Sale and Purchase Agreement.

The APL Board noted that the closing trading price of HK\$0.083 per APAC Share as at the date of the Sale and Purchase Agreement is at a discount of 65.4% to the Adjusted Net Asset Value of approximately HK\$0.24 per APAC Share and that it is not uncommon that share prices of listed issuers in Hong Kong are traded at discount to their respective net asset value from time to time. Having considered all of the above factors and taking into account the difficulty in acquiring such substantial block of APAC Shares in the market, the APL Directors take the view that it is a good opportunity to effect the Acquisition at the Consideration, which is fair and reasonable and in the interests of APL and its shareholders as a whole although the Consideration might be at a premium to the current trading price of APAC Shares.

Conditions precedent

- (A) Completion of the Sale and Purchase Agreement is conditional upon, among other things, the following Conditions:
- (i) the Vendor's Warranties remaining true and accurate and not misleading in any material respect as given as of the date of the Sale and Purchase Agreement and as of Completion and as if given at all times between the date of the Sale and Purchase Agreement and Completion; and

- (ii) the listing of the APAC Shares not having been withdrawn, the APAC Shares continuing to be traded on the Stock Exchange prior to the Completion Date (save for any suspension for no longer than seven consecutive trading days or such other period as the Purchaser may agree in writing or the suspension in connection with transactions contemplated under the Sale and Purchase Agreement) and there being no indication from the Stock Exchange and/or the Securities and Futures Commission of Hong Kong that listing of the APAC Shares will be suspended, revoked or withdrawn.
- (B) The Sale and Purchase Agreement is also subject to the fulfilment of one of the following Conditions on or before the Long Stop Date:
- (i) the Purchaser receiving written notice issued by or on behalf of the Treasurer of the Commonwealth of Australia stating that there are no objections under the Australian Government's foreign investment policy and FATA to the transactions contemplated in the Sale and Purchase Agreement;
 - (ii) the expiry of the period provided under FATA during which the Treasurer of the Commonwealth of Australia may make an order or an interim order under FATA prohibiting the transactions contemplated in the Sale and Purchase Agreement; or
 - (iii) if an interim order is made to prohibit the transactions contemplated in the Sale and Purchase Agreement, the subsequent period for making a final order has lapsed without any such final order being made.

The Purchaser may, in its sole and absolute discretion, waive any of the Conditions except for Conditions (A)(ii) and (B). The Purchaser and the Vendor shall each use their respective best endeavours to fulfil, or procure the fulfilment of, the Conditions (to the extent such party is responsible for such fulfilment) on or before the Long Stop Date.

If any of the Conditions are not fulfilled (or otherwise waived by the Purchaser in accordance with the Sale and Purchase Agreement, as the case may be) on or before the Long Stop Date, the Purchaser and the Vendor shall not be obliged to proceed to Completion, and save for the refund of the Refundable Deposit together with any accrued interests by the Vendor to the Purchaser and certain clauses of the Sale and Purchase Agreement, the provisions in the Sale and Purchase Agreement shall cease to have any effect and no party shall have any claim against other parties except in respect of claims arising out of any antecedent breach of any of the provisions of the Sale and Purchase Agreement.

Completion and Termination

If all the Conditions are fulfilled (or otherwise waived by the Purchaser in accordance with the Sale and Purchase Agreement, as the case may be) on or before the Long Stop Date, Completion shall take place on the Completion Date or such other date and time as may be agreed by the Vendor and the Purchaser in writing.

Vendor's Warranties

Under the Sale and Purchase Agreement, each of the Vendor and the Purchaser has given customary warranties to the other party. The Vendor has given customary indemnity to the Purchaser for its breaches of the Vendor's Warranties with maximum liability for such breaches to be not more than the total amount of the Consideration.

No claim shall be brought by the Purchaser against the Vendor for any breaches unless notice in writing of such claim has been delivered to the other party on or prior to the date of the first anniversary of the date of Completion.

INFORMATION OF THE VENDOR AND APAC

Based on the information provided by the Vendor, information on the Vendor and APAC is as follows:

The Vendor

The Vendor is a company incorporated in the British Virgin Islands with limited liability. It is an indirect wholly-owned company of Ms. Chong and the legal and beneficial owner of approximately 23.9% interest in APAC by virtue of holding the Sale Shares. The principal business activity of the Vendor is investment holding.

APAC

APAC is a company incorporated in Bermuda with limited liability and the securities of which are listed on the main board of the Stock Exchange. APAC Group is principally engaged in (i) trading and investment in listed securities with a portfolio primarily focused on natural resources and related sector and related industries; and (ii) trading in base metals and commodities.

Pursuant to the annual report of APAC for year ended 30th June, 2015, APAC Group has two primary strategic investments, 26.6% interest in Mount Gibson Iron Limited ("**Mount Gibson**"), an Australian listed iron ore producer, and 23.9% interest in Metals X Limited

(“**Metals X**”), an Australian listed emerging diversified mining company. Both Mount Gibson and Metals X are accounted for as associates in the financial statements of APAC Group. In addition, pursuant to the annual report of APAC for year ended 30th June, 2015, APAC Group also has a significant investment of 14.8% interest in ABM Resources NL (“**ABM Resources**”), an Australian listed gold production and exploration company.

The following is the consolidated financial information of APAC as extracted from its audited financial statements for the years ended 30th June, 2014 and 2015 respectively:

	For the year ended 30th June, 2015	For the year ended 30th June, 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	256,372	774,512
Net (loss) profit before taxation	(850,392)	912,653
Net (loss) profit after taxation	(847,926)	907,260
Net assets	1,927,713	3,129,201

REASONS FOR AND BENEFITS OF THE ACQUISITION

APL Group is presently principally engaged in property investment and development, hospitality related activities, the provision of finance and investments in listed and unlisted securities. APL through its wholly-owned subsidiary already has investments in the resource industry in Australia. The APL Board considers that the Acquisition will complement its existing resource investments as APAC has significant investments in Mount Gibson, Metals X and ABM Resources in Australia. The investment in APAC may enable enhanced supervision of APL’s resource investments and possibly later rationalization of the holding structures with a view to achieving cost reductions and other synergies within the APL Group.

In view of the above, the APL Directors are of the view that the terms and conditions of the Sale and Purchase Agreement are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of APL and its shareholders as a whole.

To the best of the knowledge, information and belief of the AGL Directors, the AGL Directors consider that the Acquisition is fair and reasonable and in the interests of AGL and its shareholders as a whole.

INFORMATION OF AGL, APL AND THE PURCHASER

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 finance 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 finance and investments in listed and unlisted securities.

As at the date of this joint announcement, APL is beneficially owned as to approximately 74.91% by AGL.

The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. The principal business activity of the Purchaser is investment holding.

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

LISTING RULES IMPLICATIONS

As the Purchaser is an indirect wholly-owned subsidiary of APL, which is in turn a non wholly-owned subsidiary of AGL, the entering into of the Sale and Purchase Agreement shall also be a transaction of each of AGL and APL under Chapter 14 of the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries.

The Acquisition constitutes a discloseable transaction for AGL under Chapter 14 of the Listing Rules on the basis that the relevant percentage ratio(s) of AGL exceeds 5% but is below 25%.

The Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules for APL on the basis that none of the applicable percentage ratio exceeds 5%. This joint announcement is made by APL on a voluntary basis.

GENERAL

Shareholders and potential investors of AGL and APL and holders of APL Warrants should note that the Acquisition may or may not proceed as they are subject to a number of Conditions, which may or may not be fulfilled. Shareholders and potential investors of AGL and APL and holders of APL Warrants are reminded to exercise caution when dealing in the shares/securities of AGL and APL.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase 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)
“AGL Board”	the board of AGL Directors
“AGL Directors”	directors of AGL
“APAC”	APAC Resources Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 1104)
“APAC Group”	APAC and its subsidiaries

“APAC Open Offer”	3,063,883,995 APAC Shares allotted and issued on 13th July, 2015 pursuant to the open offer on the basis of one APAC Share for every two existing APAC Shares held on 17th June, 2015, details of which are set out in the prospectus of APAC dated 18th June, 2015
“APAC Share(s)”	the ordinary shares of HK\$0.10 each in the issued share capital of APAC
“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”	the directors of APL
“APL Group”	APL and its subsidiaries
“APL Warrants”	listed warrants issued by APL which carry rights to subscribe for the ordinary shares of APL, details of which were disclosed in APL’s announcement dated 8th June, 2011 (Warrant Code: 1183)
“Business Day”	a day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong
“Completion”	completion of the acquisition of the Sale Shares in accordance with the terms of the Sale and Purchase Agreement

“Completion Date”	any Business Day within the five Business Days after the day on which the last of the Conditions is satisfied or such other date as the Purchaser and the Vendor may agree in writing
“Condition(s)”	the condition(s) precedent to Completion, as more particularly set out under the section headed “Conditions precedent” of this joint announcement
“Consideration”	the aggregate amount of HK\$484,018,062 payable to the Vendor or its nominee(s) by the Purchaser for the Acquisition
“FATA”	the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth of Australia)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29th February, 2016 (or such other date as may be agreed by the Vendor and the Purchaser in writing)
“Ms. Chong”	Ms. Chong Sok Un, the ultimate sole legal and beneficial owner of the Vendor
“Purchaser”	Allied Properties Investments (1) Company Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of APL
“Sale and Purchase Agreement”	the sale and purchase agreement between the Purchaser and the Vendor dated 16th December, 2015 in respect of the Acquisition

“Sale Shares”	2,200,082,100 APAC Shares legally and beneficially owned by the Vendor and to be sold to the Purchaser under the Sale and Purchase Agreement, representing approximately 23.9% of the total issued share capital of APAC as at the date of the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Vigor Online Offshore Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned company of Ms. Chong
“Vendor’s Warranties”	the representations and warranties given by the Vendor contained in the Sale and Purchase Agreement
“%”	per cent.

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

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

Hong Kong, 16th December, 2015

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