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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)**

**ALLIED OVERSEAS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 593)**

**JOINT ANNOUNCEMENT**

**PROPOSED ACQUISITION OF TARGET COMPANIES  
INVOLVING 27.65% EQUITY INTEREST  
IN THE ISSUED SHARE CAPITAL OF  
APAC RESOURCES LIMITED  
BY ALLIED OVERSEAS LIMITED,  
WHICH MAY CONSTITUTE  
(I) A VERY SUBSTANTIAL ACQUISITION FOR ALLIED OVERSEAS LIMITED;  
AND  
(II) A DISCLOSEABLE TRANSACTION FOR  
ALLIED PROPERTIES (H.K.) LIMITED AND ALLIED GROUP LIMITED;  
AND  
RESUMPTION OF TRADING IN THE SHARES OF  
ALLIED GROUP LIMITED, ALLIED PROPERTIES (H.K.) LIMITED  
AND  
THE SECURITIES OF ALLIED OVERSEAS LIMITED**

*Financial adviser*



**YU MING INVESTMENT MANAGEMENT LIMITED**  
**禹銘投資管理有限公司**

## **THE PROPOSED ACQUISITION**

As advised and confirmed by AOL, on 24th May, 2011 (after trading hours), the Purchaser and AOL as the guarantor to the Purchaser entered into the Acquisition Agreement with the Vendor and COL as the guarantor to the Vendor, whereby the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to dispose of the Sale Shares and assignment of the Shareholder's Loans at a total consideration of HK\$1,330,657,693.40. The Sale Shares and the Shareholder's Loans represent the entire issued share capital of the Target Companies and all the outstanding loans owed by the Target Companies to the Vendor as at the date of the Acquisition Agreement. The sole asset of the Target Companies upon Completion will be the Target Assets, being 1,900,939,562 APAC Shares in aggregate, representing approximately 27.65% equity interest in the issued share capital of APAC.

The Consideration shall be payable by the Purchaser to the Vendor or its nominee(s) as to (i) HK\$66,532,885 as Refundable Deposit in cheque, which has been paid upon signing of the Acquisition Agreement; (ii) HK\$1,033,467,115 in a cashier order drawn on a licensed bank in Hong Kong upon Completion; and (iii) HK\$230,657,693.40 by the issue of Promissory Note upon Completion.

Completion is conditional upon, inter alia, (i) the approval by AOL Shareholders at the EGM, and shareholders of COL at a general meeting if so required, on the Acquisition Agreement and the transactions contemplated thereunder; and (ii) all regulatory consents, including, but not limit to the Stock Exchange and the SFC (confirming that no General Offer or similar obligations arise for the Purchaser as a result of the Acquisition under the Takeovers Code). Long Stop Date for the Completion is expected to be on 24th September, 2011.

## **LISTING RULES IMPLICATIONS**

As advised and confirmed by AOL and to the best knowledge, information and belief of the AOL Board after having made all reasonable enquiries, as at the date of the Acquisition Agreement, COL through its wholly-owned subsidiaries held (i) 9,330,000 AOL Shares, representing approximately 4.51% of existing issued share capital of AOL; and (ii) 1,688,800 units of AOL Warrants giving rise to a long interest in 1,688,800 underlying AOL Shares, representing approximately 0.82% of existing issued share capital of AOL. As COL is a party to the Acquisition, COL is considered to have material interest in the Acquisition and will be required to abstain from voting on the resolutions approving the Acquisition Agreement and transactions contemplated thereunder at the EGM.

Based on the information and confirmation provided by AOL and to the best knowledge, information and belief of the AOL Board, the APL Board and the AGL Board after having made all reasonable enquiries, save for COL's interest in AOL as disclosed above, the Vendor is an investment holding company and together with its ultimate major beneficial owner are independent third parties and not a connected person to any of the AOL Group, the APL Group or the AGL Group.

## **Very Substantial Acquisition for AOL**

For AOL, as applicable Percentage Ratio of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for AOL pursuant to Rule 14.06(5) of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for AOL Shareholders to approve the Acquisition Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of AOL Directors, having made all reasonable enquiries, save for COL, no other AOL Shareholder has a material interest in the Acquisition. Therefore, save for COL, no other AOL Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

A circular, containing among other things, (i) further details of the Acquisition and the issue of the Promissory Note; (ii) financial information relating to the AOL Group and the Target Assets, where necessary; and (iii) a notice of the EGM, is expected to be despatched by AOL to AOL Shareholders on or before 20th June, 2011.

## **Discloseable Transaction for APL and AGL**

AOL is owned as to 69.76% by APL and therefore a subsidiary of APL. APL is owned as to 72.34% by AGL and therefore a subsidiary of AGL. For each of APL and AGL, as applicable Percentage Ratios are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for each of APL and AGL pursuant to Rule 14.06(2) of the Listing Rules and is subject to announcement and reporting requirements under Chapter 14 of the Listing Rules. Accordingly, no general meeting will be held for APL Shareholders or AGL Shareholders to approve the Acquisition.

## **GENERAL**

Trading in the AOL Shares, AOL Warrants, APL Shares and AGL Shares on the Stock Exchange were suspended at the request of AOL, APL and AGL respectively with effect from 9:00 a.m. on 25th May, 2011 pending the release of this announcement and will be resumed from 9:00 a.m. on 27th May, 2011 following the publication of this announcement.

**Completion of the Acquisition is subject to the satisfaction of the conditions precedent to the Acquisition Agreement, which may or may not materialise. Shareholders and potential investors of AOL, APL, AGL and holders of AOL Warrants are advised to exercise caution when dealing in the securities of AOL, APL and AGL.**

## **INTRODUCTION**

As advised and confirmed by AOL, on 24th May, 2011 (after trading hours), the Purchaser, a wholly-owned subsidiary of AOL, and AOL as the guarantor to the Purchaser entered into the Acquisition Agreement with the Vendor and COL as the guarantor to the Vendor. Detailed terms of the Acquisition Agreement are as follows:

### **THE ACQUISITION AGREEMENT**

**Date** : 24th May, 2011 (after trading hours)

#### **Parties**

- (i) Purchaser : New Able, a wholly-owned subsidiary of AOL
- (ii) Vendor : Besford, a wholly-owned subsidiary of COL
- (iii) Purchaser's guarantor : AOL
- (iv) Vendor's guarantor : COL

As advised and confirmed by AOL and to the best knowledge, information and belief of the AOL Board after having made all reasonable enquiries, as at the date of the Acquisition Agreement, COL through its wholly-owned subsidiaries held (i) 9,330,000 AOL Shares, representing approximately 4.51% of existing issued share capital of AOL; and (ii) 1,688,800 units of AOL Warrants giving rise to a long interest in 1,688,800 underlying AOL Shares, representing approximately 0.82% of existing issued share capital of AOL. Based on the information and confirmation provided by AOL, and to the best knowledge, information and belief of the AOL Board, the APL Board and the AGL Board after having made all reasonable enquiries, save for COL's interest in AOL as disclosed above, the Vendor is an investment holding company and together with its ultimate major beneficial owner are independent third parties and not a connected person to any of the AOL Group, the APL Group or the AGL Group.

#### **Target Assets to be acquired**

The Purchaser will acquire the Sale Shares from the Vendor free from any Encumbrance and together with all rights and benefits attaching or accruing to it on or after the date of Completion (including the right to receive all dividends and other distributions declared, made or paid on or after the date of Completion). The Sale Shares represent the entire issued share capital of the Target Companies. The sole asset held by the Target Companies is the Target Assets, being 1,900,939,562 APAC Shares in aggregate, representing approximately 27.65% equity interest in the issued share capital of APAC.

Upon Completion, the Shareholder's Loans along with all the interests, benefits, rights or claims will be assigned by the Vendor to the Purchaser. The Shareholder's Loans of HK\$1,249,737,782.50 in aggregate, represent all the outstanding loans owed by the Target Companies to the Vendor as at the date of the Acquisition Agreement.

## Consideration

The total Consideration of HK\$1,330,657,693.40, comprising (i) the sum of HK\$80,919,910.90 for the sale and purchase of the Sale Shares, and (ii) the sum of HK\$1,249,737,782.50 for the assignment of the Shareholder's Loans, shall be payable by the Purchaser to the Vendor or its nominee(s) in the following manners:

- (i) a refundable deposit of HK\$66,532,885 ("Refundable Deposit") by way of cheque, which has been paid upon signing of the Acquisition Agreement as partial payment of the Consideration;
- (ii) HK\$1,033,467,115 by way of a cashier order drawn on a licensed bank in Hong Kong upon Completion; and
- (iii) HK\$230,657,693.40 by the issue of Promissory Note upon Completion.

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

- (i) within 7 Business Days after the Long Stop Date if any of the Conditions is not fulfilled or otherwise waived by the parties and the parties are not obliged to proceed to Completion; or
- (ii) within 7 Business Days after the 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 by the Vendor.

The Vendor shall have the right to forfeit the full amount of the Refundable Deposit together with accrued interest within 7 Business Days after the 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.

Payment of the Consideration in cash is intended to be funded by internal resources of the AOL Group.

The Consideration (or HK\$0.7 per APAC Share) was determined based on arm's length negotiation between the parties thereto after taking into account, among other things (i) the audited net profit of APAC for the year ended 31st December, 2009 of HK\$372.6 million and unaudited net profit of APAC for the 12 months ended 31st December, 2010 of HK\$1,104.4 million; (ii) the unaudited net asset value of APAC as at 31st December, 2010 of HK\$5,068.7 million or HK\$0.7335 per APAC Share (based on the total issued share capital of 6,910,567,990 APAC Shares as at 31st December, 2010) and the net asset value of APAC of HK\$1,394.3 million attributable to the Target Assets as at 31st December, 2010; (iii) the current trading price of APAC Shares on the Stock Exchange as at 24th May, 2011 of HK\$0.435 per APAC Share; (iv) the published unaudited net asset value per APAC Share as at 30th April, 2011 of approximately HK\$1.04 (calculated based on the market value of its listed investments, including its investments in listed associates); and (v) the Target Assets will be the sole asset of the Target Companies free from all Encumbrance at Completion. The Consideration of HK\$1,330,657,693.40 represents (i) a discount of 4.57% to the unaudited net asset value attributable to the Target Assets as at 31st December, 2010; (ii) a discount of 32.69% to the latest unaudited net asset value attributable to the Target Assets as at 30th April, 2011 as disclosed by APAC; and (iii) a premium of 60.92% to the latest trading price of HK\$0.435 per

APAC Share as at the date of the Acquisition Agreement. AOL Board noted that the trading price of HK\$0.435 per APAC Share as at the date of the Acquisition Agreement is at a discount of 58.17% to the latest unaudited net asset value of HK\$1.04 per APAC Share as at 30th April, 2011. AOL Board also noted 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 above factors, in particular (i) the unaudited net asset value of APAC Shares as at 30th April, 2011 is HK\$1.04 per APAC Share, which reflected the market value of listed investments of APAC Group; (ii) the Consideration represents a discount of 32.69% to such unaudited net asset value of APAC Shares as at 30th April, 2011; and (iii) it is difficult to acquire such substantial block of APAC Shares in the market and AOL would become the largest shareholder of APAC Shares upon Completion, AOL Directors reckon it a good opportunity to effect the Acquisition at the Consideration, which is fair and reasonable although the Consideration might be at a premium to the current trading price of APAC Shares.

### **Principal Terms of the Promissory Note**

As advised and confirmed by AOL, the principal terms of the Promissory Note are as follows:

HK\$230,657,693.40 of the Consideration will be satisfied by the issue of Promissory Note upon Completion. The terms of the Promissory Note have been negotiated on an arm's length basis. Details are as follows:–

Issuer	:	AOL
Principal amount	:	HK\$230,657,693.40
Interest	:	Prime Rate
Maturity	:	the date falling on the expiry of 24 months from the date of issuance

The Promissory Note may be assignable by its holders thereof at its absolute discretion, and may be repaid in whole or in part at any time before the maturity date and each such repayment shall be made in the amount of not less than HK\$20,000,000.

### **Conditions precedent**

- (A) Completion of the Acquisition Agreement is conditional upon, amongst 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 Acquisition Agreement and as of Completion and as if given at all times between the date of the Acquisition Agreement and Completion;
  - (ii) the Purchaser's Warranties remaining true and accurate and not misleading in any material respect as given as of the date of the Acquisition Agreement and as of Completion and as if given at all times between the date of the Acquisition Agreement and Completion;
  - (iii) the Vendor and COL having duly performed and observed all of the obligations, undertakings and covenants required to be performed and observed by each of them under the Acquisition Agreement on or prior to Completion;

- (iv) the Purchaser and AOL having duly performed and observed all of the obligations, undertakings and covenants required to be performed and observed by each of them under the Acquisition Agreement on or prior to Completion;
- (v) all necessary Authorisations and consents (other than an Authorisation required under FATA) of all relevant governmental or regulatory but not limited to authorities, agencies or bodies, or any other third party (including banks, lenders and/or shareholders of the Vendor, COL, the Purchaser or AOL (if required)), required for the implementation of the transactions contemplated in the Acquisition Agreement being obtained and maintained and in addition, no General Offer or similar obligations arise for the Purchaser or any other related company as a consequence of the transactions contemplated herein;
- (vi) there being no orders, claims, actions, applications, suits, proceedings or similar matters by, from or to any relevant governmental or regulatory authority, court, tribunal, agency, body or panel arising from or in connection with the transactions contemplated in the Acquisition Agreement (“Claims”) on or before the Long Stop Date, including without limitation any Claims seeking to restrain, prevent or limit AOL or the Purchaser from completing but excluding any Claims arising solely from AOL or the Purchaser being in default of its obligations under the Acquisition Agreement;
- (vii) each of the Vendor and COL having obtained (where applicable) the approval of their respective shareholders of the Acquisition Agreement and the transactions contemplated thereunder as required by the Listing Rules;
- (viii) each of the Purchaser and AOL having obtained (where applicable) the approval of their respective shareholders of the Acquisition Agreement and the transactions contemplated thereunder as required by the Listing Rules;
- (ix) each of the Vendor and COL having complied with and to the satisfaction of the Stock Exchange all requirements under the Listing Rules in relation to the sale of the Sale Shares and the assignment of the Shareholder’s Loans and other transactions contemplated herein;
- (x) each of the Purchaser and AOL having complied with and to the satisfaction of the Stock Exchange all requirements under the Listing Rules in relation to the purchase of the Sale Shares and the assignment of the Shareholder’s Loans and other transactions contemplated herein;
- (xi) no matter, event, circumstance or change having occurred on or before the Long Stop Date which has caused, causes or is likely to cause any Material Adverse Effect on (a) the business, operations, prospects or financial condition, or a material portion of the properties or assets of Taskwell and/or Rise Cheer; or (b) the ability of the Vendor to perform or observe all or any of its obligations, undertakings or covenants under the Acquisition Agreement;
- (xii) legal, financial, valuation (if any), business (if any) and technical (if any) due diligence reviews having been conducted by the Purchaser over the Target Companies to the sole and absolute satisfaction of the Purchaser; and

(xiii) there being no indication on or before the Long Stop Date from the Stock Exchange that listing of the shares of APAC will be suspended, revoked or withdrawn at any time in connection with any of the transactions contemplated by the Acquisition Agreement.

(B) The Acquisition Agreement is subject to the fulfilment of one of the following 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 Acquisition Agreement; or
- (ii) the expiry of the period provided under FATA during which the Treasurer may make an order for an interim order under FATA prohibiting the transactions contemplated in the Acquisition Agreement; or
- (iii) if an interim order is made to prohibit the transactions contemplated in the Acquisition Agreement, the subsequent period for making a final order has lapsed without any such final order being made.

For the avoidance of doubt, the Purchaser's obligation to purchase or procure to purchase the Sale Shares or to take an assignment of the Shareholder's Loans does not become binding until this Condition (B) is satisfied or waived by the Purchaser. This Condition (B) is solely for the benefit of the Purchaser who may, in its sole and absolute discretion, waive this Condition (B).

The Purchaser may, in its sole and absolute discretion, waive any of the Conditions except for the Conditions (A) (ii), (iv), (v), (viii) and (x). The Vendor may in its sole and absolute discretion, waive any of the Conditions except for the Conditions (A) (i), (iii), (v), (vi), (vii), (ix), (xi), (xii) and (xiii). The contractual parties shall each use their respective best endeavors to fulfill, or procure the fulfillment of, above Conditions (to the extent such party is responsible for such fulfillment) on or before the Long Stop Date.

If any of the Conditions is not fulfilled (or waived by the Vendor or the Purchaser, as the case may be) on or before the Long Stop Date, then the contractual parties shall not be obliged to proceed to Completion, and save for the refund of the Refundable Deposit together with any accrued interest by the Vendor to the Purchaser and certain clauses of the Acquisition Agreement, including mainly the tax indemnity from the Vendor in favor of the Purchaser shall remain in effect, provisions of the Acquisition Agreement shall cease to have 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 Acquisition Agreement.

## **Completion**

If all the Conditions are fulfilled or otherwise waived (as the case may be), Completion shall take place on the fifth Business Day following the day on which the last of the Conditions is fulfilled (or otherwise waived) or such other date and time as may be agreed by the Vendor and the Purchaser in writing.



## **Guarantee**

COL provides customary guarantees to the Purchaser, which principally includes that COL unconditionally and irrevocably agrees to indemnify and keep the Purchaser indemnified from and against all losses, damages, costs, claims, liabilities, demands and expenses of whatsoever nature which it may suffer or incur arising from the failure of the Vendor to perform the obligations under the Acquisition Agreement or through any of the guaranteed obligations becoming unenforceable, invalid, or illegal. If any of the obligations of the Vendor that are the subject of the guarantee contained in the Acquisition Agreement ceases to be valid or enforceable on any ground whatsoever, COL shall nevertheless be liable to the Purchaser in respect of the purported obligation or liability as if the same were fully valid and enforceable and COL was the principal obligor in respect thereof. The liabilities of COL under such guarantee shall not be discharged or affected in any ways as set out in the Acquisition Agreement. The Purchaser shall not be obliged to take any steps to enforce any rights or remedy against the Vendor before enforcing COL. Such guarantee is in addition to any other security or right available to the Purchaser.

AOL also guarantees to the Vendor to the same effect that COL guarantees to the Purchaser, the principal terms of which is set out in the forgoing paragraph.

## **Undertaking, Warranties and Indemnity**

It is set out in the Acquisition Agreement that the Vendor agrees, confirms and undertakes that save for the Shareholder's Loans, all other securities margin loans and borrowings of Taskwell and Rise Cheer (if any) shall be fully settled and repaid on or before Completion such that the APAC Shares held by Taskwell and Rise Cheer respectively shall be absolutely free from any Encumbrance at Completion. The Vendor further agrees, confirms and undertakes that save for the APAC Shares held by Taskwell and Rise Cheer, all other listed investments and assets of Taskwell and Rise Cheer (if any) shall be disposed of on or before Completion.

Save as disclosed above, the Vendor has provided undertaking to the Purchaser that it shall use its best endeavours to procure that the business of the Target Companies are conducted until Completion in substantially the same manner as they are so conducted prior to the date of the Acquisition Agreement and specific actions which are prohibited to that effect are listed in the Acquisition Agreement.

Each of the Vendor and the Purchaser has given customary warranties to the other party.

Each of the Vendor and the Purchaser has given customary indemnity to the other party for their respective breaches of the Vendor's Warranties or Purchaser's Warranties (as the case maybe) 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 or the Vendor against each other 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 ON THE VENDOR AND THE TARGET ASSETS**

As advised and confirmed by AOL which has made all reasonable enquiries and based on the information provided by the Vendor, information on the Vendor, Taskwell, Rise Cheer and APAC is as follows:

### **The Vendor**

The Vendor, an investment holding company incorporated in the BVI with limited liability, is a wholly-owned subsidiary of COL and the legal and beneficial owner of the Target Assets by virtue of holding the Sale Shares, comprising the Taskwell Sale Share and Rise Cheer Sale Shares, as well as the Shareholder's Loans, comprising the Taskwell Shareholder's Loan and the Rise Cheer Shareholder's Loan.

### **Taskwell**

Taskwell is an investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor. Apart from its holding of 776,299,562 APAC Shares, representing approximately 11.29% equity interest in the issued share capital of APAC, Taskwell will not have any other business operation upon Completion.

### **Rise Cheer**

Rise Cheer is an investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor. Apart from its holding of 1,124,640,000 APAC Shares, representing approximately 16.36% equity interest in the issued share capital of APAC, Rise Cheer will not have any other business operation upon Completion.

### **APAC**

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 second interim report of APAC for the twelve months ended 31st December, 2010, APAC Group has two primary investments, 25.61% interest in Mount Gibson Iron Limited ("Mount Gibson"), an Australian listed mining company, and 29.08% interest in Metals X Limited ("Metals X"), an Australian-based emerging diversified resource group with a primary focus on tin. Both Mount Gibson and Metals X are accounted for as associates in the financial statements of APAC Group.

The following is the financial information of APAC as extracted from its audited financial statements for the year ended 31st December, 2009 and the unaudited financial statements in the

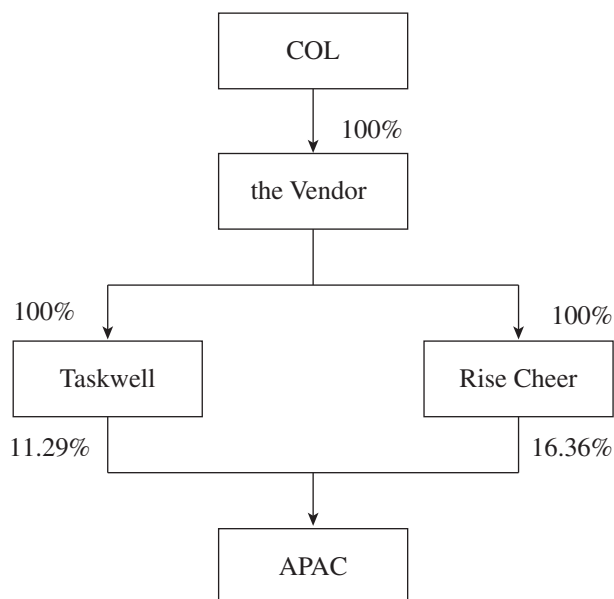
second interim report for the twelve months ended 31st December, 2010, which was prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31st December, 2009 <i>HK\$'000</i> (Audited)	For the twelve months ended 31st December, 2010 <i>HK\$'000</i> (Unaudited)
Revenue	301,420	848,699
Net profits before taxation and extraordinary items	444,384	1,285,718
Net profits after taxation and extraordinary items	372,603	1,104,447
Net assets	2,962,014	5,068,709

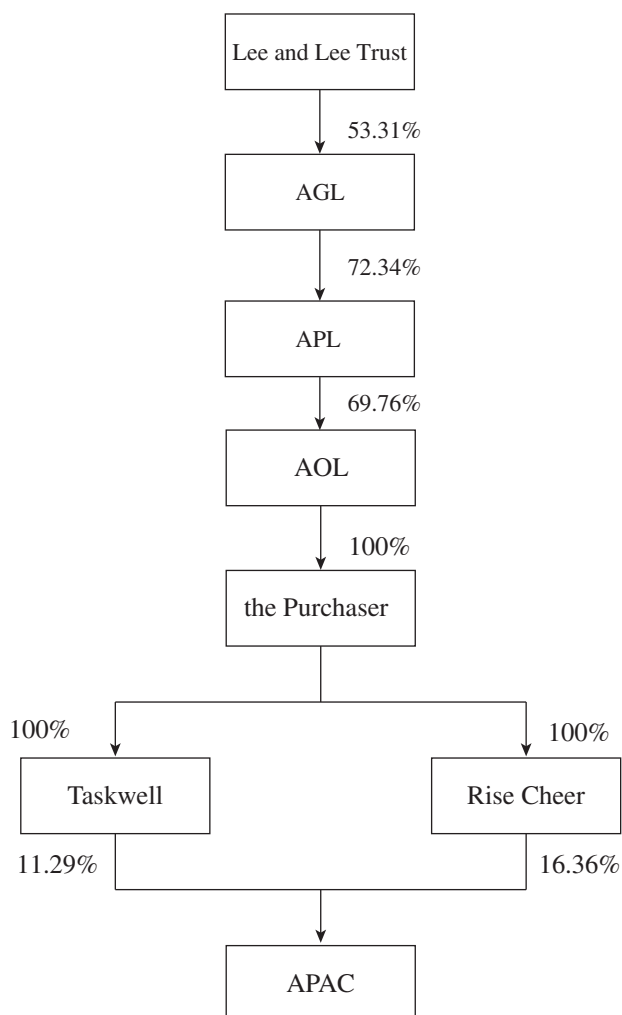
### OWNERSHIP STRUCTURE OF THE TARGET ASSETS

As advised and confirmed by AOL which has made all reasonable enquiries and based on information provided by the Vendor, ownership structure of the Target Assets as at the date of this announcement and immediately after Completion will be as follows:-

#### As at the date of this Announcement



## Immediately after Completion



Upon completion, AOL Board will assess whether significant influence exists over APAC in accordance with Hong Kong Accounting Standard 28 and appropriate accounting classification and recognition in AOL's financial statements accordingly.

AOL Board will identify transactions between AOL Group, APL Group, AGL Group or any of their associates and APAC Group and its associates to establish if any transaction would become connected transactions after Completion as a result of the Acquisition. Any such connected transactions, if identified, will be disclosed in accordance with requirement of the Listing Rules and if necessary, in the circular to be despatched to AOL Shareholders in relation to the Acquisition.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Purchaser is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of AOL. AOL Group is presently principally engaged in provision of elderly care services. As disclosed in the announcement of AOL dated 8th October, 2010, after having disposed of its medical services, nursing agency, physiotherapy, dental and other services business, which enabled AOL to realise a capital gain and continue to operate and develop its elderly care businesses, the AOL Group has been seeking different investment opportunities which are expected to have potential for future growth and enhancement of shareholder value.

Based on the unaudited second interim report of APAC for the 12 months ended 31st December, 2010, APAC recorded a revenue of HK\$848,699,000 in 2010, representing an increase of 182% over its revenue of HK\$301,420,000 in 2009. The main driver was the significant growth in the commodity trading business which benefitted from continuing strength in the iron ore market. APAC also took advantage of buoyant equity market conditions and recorded net gain of HK\$350,025,000 in 2010 in its equity portfolio, representing a year on year increase of 181% compared to HK\$124,702,000 in 2009. Net profit attributable to APAC owners was HK\$1,104,447,000 in 2010, representing a 196% improvement compared to HK\$372,603,000 in 2009 or earnings per share of 16.81 HK cents in 2010 compared to 7.15 HK cents in 2009.

According to the management discussion and analysis of APAC in its unaudited second interim report for the 12 months ended 31st December, 2010, commodity prices have continued to strengthen as China's appetite for resources has been coupled with a steady recovery in demand from the developed nations. Barring external shocks and likely increased volatility, APAC remains in upbeat on the natural resources sector given economic growth expectations in 2011. Accordingly, APAC will continue to evaluate opportunities to expand and diversify its commodity trading business as well as potential acquisitions of direct mine investments and strategic interests in natural resource companies.

It is the view of the AOL Board that the Acquisition will enable the AOL Group to diversify into other business sectors and benefit in any future rise of commodity market in the PRC with a strong foothold by APAC in the industry.

Having considered the above mentioned reasons and benefits of the Acquisition together with the current financial position of the APAC Group, the AOL Board is of the view that the terms of the Acquisition Agreement (including the total Consideration and the Promissory Note) are fair and reasonable and that the Acquisition is in the interests of AOL and AOL Shareholders as a whole.

Based on the information and confirmation provided by AOL, the APL Directors have considered the confirmation by AOL and therefore concur with the view of the AOL Directors and consider that the Acquisition is fair and reasonable and in the interests of APL and APL Shareholders as a whole. The AGL Directors have also considered the confirmation by AOL and therefore concur with the view of the AOL Directors and consider that the Acquisition is fair and reasonable and in the interests of AGL and AGL Shareholders as a whole.

## **INFORMATION ON APL AND AGL**

### **APL**

The principal business activities of APL Group 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.

### **AGL**

The principal business activities of AGL Group 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.

## **LISTING RULES IMPLICATIONS**

As advised and confirmed by AOL and to the best knowledge, information and belief of the AOL Board after having made all reasonable enquiries, as at the date of the Acquisition Agreement, COL through its wholly-owned subsidiaries held (i) 9,330,000 AOL Shares, representing approximately 4.51% of existing issued share capital of AOL; and (ii) 1,688,800 units of AOL Warrants, giving rise to a long interest in 1,688,800 underlying AOL Shares, representing approximately 0.82% of existing issued share capital of AOL. As COL is a party to the Acquisition, COL is considered to have material interest in the Acquisition and will be required to abstain from voting on the resolutions approving the Acquisition Agreement and transactions contemplated thereunder at the EGM.

Based on the information and confirmation provided by AOL and to the best knowledge, information and belief of the AOL Board, the APL Board and the AGL Board after having made all reasonable enquiries, save for COL's interest in AOL as disclosed above, the Vendor is an investment holding company and together with its ultimate major beneficial owner are independent third parties and not a connected person to any of the AOL Group, the APL Group or the AGL Group.

As at the date of this announcement, none of Lee and Lee Trust, AGL Group, APL Group or AOL Group has any equity interest in APAC Shares.

### **Very Substantial Acquisition for AOL**

For AOL, as applicable Percentage Ratio of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for AOL pursuant to Rule 14.06(5) of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for AOL Shareholders to approve the Acquisition Agreement and the transactions contemplated thereunder.

To the best of knowledge, information and belief of AOL Directors, having made all reasonable enquiries, save for COL, no other AOL Shareholder has a material interest in the Acquisition. Therefore, save for COL, no other AOL Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

A circular, containing among other things, (i) further details of the Acquisition and the issue of the Promissory Note; (ii) financial information relating to the AOL Group and the Target Assets, where necessary; and (iii) a notice of the EGM, is expected to be despatched by AOL to AOL Shareholders on or before 20th June, 2011.

### **Discloseable Transaction for APL and AGL**

AOL is owned as to 69.76% by APL and therefore a subsidiary of APL. APL is owned as to 72.34% by AGL and therefore a subsidiary of AGL. For each of APL and AGL, as applicable Percentage Ratios are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for each of APL and AGL pursuant to Rule 14.06(2) of the Listing Rules and is subject to announcement and reporting requirements under Chapter 14 of the Listing Rules. Accordingly, no general meeting will be held for APL Shareholders or AGL Shareholders to approve the Acquisition.

## GENERAL

Trading in the AOL Shares, AOL Warrants, APL Shares and AGL Shares on the Stock Exchange were suspended at the request of AOL, APL and AGL respectively with effect from 9:00 a.m. on 25th May, 2011 pending the release of this announcement and will be resumed from 9:00 a.m. on 27th May, 2011 following the publication of this announcement.

**Completion of the Acquisition is subject to the satisfaction of the conditions precedent to the Acquisition Agreement, which may or may not materialise. Shareholders and potential investors of AOL, APL, AGL and holders of AOL Warrants are advised to exercise caution when dealing in the securities of AOL, APL and AGL.**

## DEFINITIONS

“Acquisition”	the transactions as contemplated under the Acquisition Agreement including, among other matters, the acquisition by the Purchaser of the Sale Shares from the Vendor and the assignment of the Shareholder’s Loans by the Vendor
“Acquisition Agreement”	the conditional acquisition agreement dated 24th May, 2011 entered into by the Purchaser, the Vendor and AOL and COL as guarantors in relation to the Acquisition
“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 Director(s)”	the director(s) of AGL
“AGL Group”	AGL and its subsidiaries
“AGL Share(s)”	ordinary share(s) of HK\$2.00 each in the issued share capital of AGL
“AGL Shareholder(s)”	holder(s) of the AGL Share(s)
“APAC”	APAC Resources Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1104)
“APAC Group”	APAC and its subsidiaries
“APAC Share(s)”	ordinary share(s) 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 shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 56)

“APL Board”	the board of APL Directors
“APL Director(s)”	the director(s) of APL
“APL Group”	APL and its subsidiaries
“APL Share(s)”	ordinary share(s) of HK\$0.20 each in the issued share capital of APL
“APL Shareholder(s)”	holders of the APL Share(s)
“AOL”	Allied Overseas 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: 593 and Warrant Code: 664)
“AOL Board”	the board of AOL Directors
“AOL Director(s)”	the director(s) of AOL
“AOL Group”	AOL and its subsidiaries
“AOL Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of AOL
“AOL Shareholder(s)”	holders of the AOL Share(s)
“AOL Warrant(s)”	41,392,520 units of listed warrants issued by AOL which carry rights to subscribe for up to an aggregate of 41,392,520 AOL Shares, details of which were disclosed in AOL’s announcement dated 1st March, 2011
“Authorisation(s)”	any approval, authorisation, consent, licence, certificate, permit, concession, agreement or other permission of any kind of, from or by any Governmental Authority, regulatory body or any other third party
“Business Day(s)”	a day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning 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
“BVI”	the British Virgin Islands
“COL”	COL Capital 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: 383)
“Completion”	completion of the acquisition of the Sale Shares and the assignment of the Shareholder’s Loans in accordance with the terms of the Acquisition Agreement



“Condition(s)”	the condition(s) precedent to Completion under the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of HK\$1,330,657,693.40 for the Acquisition payable to the Vendor by the Purchaser or its nominee(s)
“EGM”	an extraordinary general meeting of AOL to be convened to approve, inter alia, the Acquisition Agreement and the transactions contemplated thereunder
“Encumbrance”	(i) any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind; (ii) any option, right of pre-emption, equity, claim, adverse interest or other third party right of any kind; (iii) any arrangement by which any right is subordinated to any right of such third party; or (iv) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
“FATA”	the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth of Australia)
“General Offer”	the obligation to make a general offer for the entire issued share capital of APAC pursuant to Rule 26 of The Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK cent”	cent, being one tenth of one Hong Kong dollar
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	being 24th September, 2011, the date falling four months from the date of the Acquisition Agreement or such other date as may be agreed by the Vendor and the Purchaser in writing
“Material Adverse Effect”	any adverse effect on the financial condition, business or operation of the Target Companies which is of a material nature in the context of any or all of the Target Companies.
“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
“PRC”	the People’s Republic of China
“Prime Rate”	prime rate of The Hongkong and Shanghai Banking Corporation Limited published in Hong Kong from time to time

“Promissory Note”	the promissory note in the maximum principal amount of HK\$230,657,693.40 to be executed by AOL pursuant to the terms and conditions of the Acquisition Agreement to the Vendor on Completion as part of the Consideration
“Purchaser” or “New Able”	New Able Holdings Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of AOL
“Purchaser’s Warranties”	the representations and warranties given by the Purchaser contained in the Acquisition Agreement
“Rise Cheer”	Rise Cheer Investments Limited, a company incorporated and validly existing under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Vendor. Rise Cheer Investments Limited is the legal and beneficial owner of 1,124,640,000 APAC Shares, representing approximately 16.36% of the entire issued share capital of 6,875,067,990 issued shares of APAC as at the date of the Acquisition Agreement
“Rise Cheer Loan”	the loan owed by Rise Cheer to the Vendor as at Completion, which amounts in the management account of Rise Cheer dated 20th May, 2011 as HK\$766,066,291.46
“Rise Cheer Sale Share”	one share in the issued share capital of Rise Cheer, representing its entire issued share capital
“Sale Shares”	the Taskwell Sale Share and the Rise Cheer Sale Share
“SFC”	Securities and Futures Commission
“Shareholder’s Loans”	the Taskwell Loan and the Rise Cheer Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target Companies”	Taskwell and Rise Cheer
“Target Assets”	1,900,939,562 APAC Shares, representing approximately 27.65% equity interest in the issued share capital of APAC held by the Vendor through Taskwell and Rise Cheer
“Taskwell”	Taskwell Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor. Taskwell Limited is the legal and beneficial owner of 776,299,562 APAC Shares, representing approximately 11.29% of the entire issued share capital of 6,875,067,990 issued shares of APAC at the date of the Acquisition Agreement

“Taskwell Loan”	the loan owed by Taskwell to the Vendor as at Completion, which amount in the management account of Taskwell dated 20th May, 2011 as HK\$483,671,491.04
“Taskwell Sale Share”	one share in the issued share capital of Taskwell, representing its entire issued share capital
“Vendor” or “Besford”	Besford International Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of COL
“Vendor’s Warranties”	the representations and warranties given by the Vendor contained in the Acquisition Agreement
“%”	per cent.

By Order of AGL Board  
**Allied Group Limited**  
**Edwin Lo King Yau**  
*Executive Director*

By Order of APL Board  
**Allied Properties (H.K.) Limited**  
**Li Chi Kong**  
*Executive Director*

By Order of AOL Board  
**Allied Overseas Limited**  
**Mark Wong Tai Chun**  
*Executive Director*

Hong Kong, 27th May, 2011

*As at the date of this 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 Messrs. Wong Po Yan, David Craig Bartlett, John Douglas Mackie and Alan Stephen Jones being the Independent Non-Executive Directors.*

*As at the date of this 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. John Douglas Mackie, Steven Samuel Zoellner and Alan Stephen Jones being the Independent Non-Executive Directors.*

*As at the date of this announcement, the AOL Board comprises Mr. Mark Wong Tai Chun (Chief Executive Officer) being the Executive Director; Mr. Arthur George Dew (Chairman) being the Non-Executive Director; and Messrs. Francis J. Chang Chu Fai (Deputy Chairman), Li Chak Hung and Carlisle Caldow Procter being the Independent Non-Executive Directors.*