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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

MAJOR TRANSACTION



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED WAH CHEONG DEVELOPMENT (B.V.I.) LIMITED

(Incorporated in Hong Kong with limited liability) (Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 86)

MAJOR TRANSACTION

JOINT ANNOUNCEMENT

**(1) Exercise of Option over shares in
QUALITY HEALTHCARE ASIA LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 593)

(2) Unconditional Mandatory Cash Offers by



SUN HUNG KAI INTERNATIONAL LIMITED

for and on behalf of

WAH CHEONG DEVELOPMENT (B.V.I.) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

**a direct wholly-owned subsidiary of
SUN HUNG KAI & CO. LIMITED**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 86)

**for all the issued shares and outstanding warrants of,
and for cancellation of all outstanding share options granted by,
QUALITY HEALTHCARE ASIA LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 593)

**(other than shares and warrants already owned or agreed to be acquired by
WAH CHEONG DEVELOPMENT (B.V.I.) LIMITED
or parties acting in concert with it)**

(3) Resumption of Trading

(1) Exercise of Option:

On 29th September, 2006, Wah Cheong gave notice to CLSA to exercise the Option over the Option Shares. Completion of the purchase of the Option Shares is expected to take place on 6th October, 2006 in accordance with the provisions of the Option Agreement. At the same time, to simplify the mechanisms for the exercise of the Option over the Option Warrants, CLSA consented to transfer all the Option Warrants to Wah Cheong, so that Wah Cheong will be able to exercise the Option Warrants as and when it sees fit at any time before the expiry of the term of the QHA Warrants, without any further involvement from CLSA.

(2) Unconditional Mandatory Cash Offers:

Immediately following completion of the purchase of the Option Shares, Wah Cheong and the parties acting in concert with it will own 102,557,023 QHA Shares (including 102,000 QHA Shares owned by a corporation wholly owned by Mr. Steven Samuel Zoellner, an APL Director), representing approximately 51.13 per cent. of the existing issued share capital of QHA. Under Rule 26.1 of the Takeovers Code, Wah Cheong is required to make the Share Offer (being an unconditional mandatory cash offer) for all Offer Shares (being QHA Shares not already owned or agreed to be acquired by Wah Cheong or parties acting in concert with it). Wah Cheong is also required under Rule 13.1 of the Takeovers Code to make the Warrant Offer (being an unconditional mandatory cash offer) for all Offer Warrants (being QHA Warrants not held or agreed to be acquired by Wah Cheong or parties acting in concert with it) and to make the Share Option Offer (being an unconditional mandatory cash offer) for all QHA Share Options.

SHKIL, for and on behalf of Wah Cheong, will make the Offers for all Offer Shares, all Offer Warrants and all QHA Share Options on the following basis:

For each Offer Share	HK\$3.25 in cash
For each Offer Warrant	HK\$0.79 in cash
For each QHA Share Option	HK\$1.78 in cash

The cash offer price per Offer Share is equal to the aggregate consideration paid by Wah Cheong for each Option Share, calculated on the basis of the aggregate payment for the grant of the Option and for the exercise of the Option over the Option Shares of HK\$111,009,164.50 (i.e. HK\$3.25 per Option Share).

The cash offer price per Offer Warrant represents the difference between the cash offer price per Offer Share of HK\$3.25 and the adjusted subscription price of the QHA Warrants of HK\$2.46 per QHA Share prevailing as at the date of this announcement.

The cash offer price per QHA Share Option represents the difference between the cash offer price per Offer Share of HK\$3.25 and the adjusted exercise price of the QHA Share Options of HK\$1.47 per QHA Share prevailing as at the date of this announcement.

The Offers are not subject to any condition.

Wah Cheong has no intention to increase the cash offer price per Offer Share, the cash offer price per Offer Warrant or the cash offer price per QHA Share Option.

The Share Offer will be extended on identical terms to all new QHA Shares issued at any time before the closing of the Offers, upon the exercise of the subscription rights attaching to any of the outstanding QHA Warrants or upon the exercise of any of the outstanding QHA Share Options.

SHKIL is satisfied that sufficient financial resources are available to Wah Cheong to satisfy full acceptance of the Offers.

It is the intention of the AGL Directors, the APL Directors, the SHK Directors and the directors of Wah Cheong to maintain listing of the QHA Shares on the Stock Exchange. Appropriate steps will be taken as soon as possible following closing of the Offers to ensure that not less than 25 per cent. of the QHA Shares will be held in public hands.

The Stock Exchange has stated that it will closely monitor trading in the QHA Shares. If, immediately following closing of the Offers, less than 25 per cent. of the QHA Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading in the QHA Shares or there are too few QHA Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the QHA Shares until a sufficient public float is attained.

The Stock Exchange has also stated that, if QHA remains a listed company, any future injection of assets into or disposal of assets of QHA will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has discretion to require QHA to issue a circular to its shareholders where any acquisition or disposal by QHA is proposed, irrespective of the size of such acquisition or disposal and in particular where such acquisition or disposal represents a departure from the principal activities of QHA. The Stock Exchange also has the power, pursuant to the Listing Rules, to aggregate a series of acquisitions or disposals by QHA and any such acquisitions or disposals may, in any event, result in QHA being treated as a new applicant for listing and subject to the requirements for new applicants as set out in the Listing Rules.

It is the intention of AGL, APL, SHK and Wah Cheong to maintain the existing business activities of the QHA Group. There is no current plan to inject any business into the QHA Group nor dispose of any major assets of the QHA Group.

Pursuant to Rule 8.2 of the Takeovers Code, Wah Cheong will despatch an offer document containing, amongst other things, the terms of the Offers, together with forms of acceptance and transfer or cancellation, to shareholders of QHA, holders of the QHA Warrants and grantees of the QHA Share Options in connection with the Offers within 21 days after the date of this announcement.

The Offers constitute a discloseable transaction for AGL under the Listing Rules, on the basis that the calculation of the revenue ratio is within the range of 5 per cent. and 25 per cent.

The Offers constitute a major transaction for APL under the Listing Rules, on the basis that the calculation of the revenue ratio is within the range of 25 per cent. and 100 per cent. Under Rule 14.44 of the Listing Rules, as no shareholder of APL is required to abstain from voting if APL were to convene a general meeting for approving the Offers, written approval has been obtained from AGL, as a shareholder of APL holding approximately 74.93 per cent. of the issued share capital of APL as at the date of this announcement, in lieu of holding a general meeting.

The Offers constitute a major transaction for SHK under the Listing Rules, on the basis that the calculation of the revenue ratio is within the range of 25 per cent. and 100 per cent. Under Rule 14.44 of the Listing Rules, as no shareholder of SHK is required to abstain from voting if SHK were to convene a general meeting for approving the Offers, written approval has been obtained from APL (through its wholly-owned subsidiary AP Emerald Limited), as a shareholder of SHK holding approximately 62.53 per cent. of the issued share capital of SHK as at the date of this announcement, in lieu of holding a general meeting.

AGL, APL and SHK will each despatch a circular containing, amongst other things, details of the Offers to their respective shareholders as soon as practicable.

(3) Resumption of Trading:

Trading in the securities of AGL, APL and SHK on the Stock Exchange was suspended at their respective requests with effect from 9:30 a.m. on 3rd October, 2006 pending the release of this announcement. AGL, APL and SHK have each applied for a resumption of trading in their respective securities with effect from 9:30 a.m. on 6th October, 2006.

EXERCISE OF OPTION

Reference is made to the joint announcements of AGL, APL and SHK dated 7th April, 2006 and 18th May, 2006 in connection with the grant of the Option over the Option Shares (being 34,156,666 QHA Shares) and the Option Warrants (being such number of QHA Warrants held by CLSA as would, if exercised, lead to the subscription of 7,056,232 QHA Shares, at the adjusted subscription price of HK\$2.46 per QHA Share prevailing as at the date of this announcement) by CLSA to Wah Cheong (a direct wholly-owned subsidiary of SHK), and the respective circulars of AGL, APL and SHK dated 29th June, 2006.

On 21st July, 2006, both the taking and the exercise of the Option over the Option Shares and the Option Warrants were approved by the shareholders of AGL in accordance with all applicable requirements under the Listing Rules. As stated in the joint announcement of AGL, APL and SHK dated 7th April, 2006 and the respective circulars of APL and SHK dated 29th June, 2006, written approvals have already been obtained from AGL (as a shareholder holding over 50 per cent. of the issued share capital of APL) and from APL (through its wholly-owned subsidiary, AP Emerald Limited, as a shareholder holding over 50 per cent. of the issued share capital of SHK), in each case in accordance with all applicable requirements under the Listing Rules.

On 29th September, 2006, Wah Cheong gave notice to CLSA to exercise the Option over the Option Shares. Pursuant to the Option Agreement, Wah Cheong will pay CLSA, in respect of the exercise by Wah Cheong of the Option over the Option Shares, an aggregate exercise price of HK\$99,908,248.05 (i.e. HK\$2.925 per Option Share) for the purchase of the Option Shares.

Completion of the purchase of the Option Shares is expected to take place on 6th October, 2006 in accordance with the provisions of the Option Agreement.

Completion of the purchase of the Option Shares is not subject to the passing of resolution at general meetings of shareholders of AGL, APL, SHK and Wah Cheong.

At the same time, to simplify the mechanisms for the exercise of the Option over the Option Warrants, CLSA consented to transfer all the Option Warrants to Wah Cheong, so that Wah Cheong will be able to exercise the Option Warrants as and when it sees fit at any time before the expiry of the term of the QHA Warrants, without any further involvement from CLSA.

UNCONDITIONAL MANDATORY CASH OFFERS

As at the date of this announcement, 200,570,978 QHA Shares and outstanding QHA Warrants, which would, if exercised, lead to the subscription of 38,788,348 QHA Shares at the adjusted subscription price of HK\$2.46 per QHA Share, are in issue. Wah Cheong is the beneficial owner of 68,298,357 QHA Shares, representing approximately 34.05 per cent. of the existing issued share capital of QHA. It also holds such number of QHA Warrants as would, if exercised, lead to the subscription of 12,544,632 QHA Shares. Exercise of such QHA Warrants in full would result in Wah Cheong holding 80,842,989 QHA Shares, representing approximately 37.93 per cent. of the issued share capital of QHA as enlarged by issue of the new QHA Shares following exercise of such QHA Warrants in full.

Immediately following completion of the purchase of the Option Shares and the transfer of all the Option Warrants, Wah Cheong and the parties acting in concert with it will own 102,557,023 QHA Shares (including 102,000 QHA Shares owned by a corporation wholly owned by Mr. Steven Samuel Zoellner, an APL Director), representing approximately 51.13 per cent. of the existing issued share capital of QHA and will hold 19,600,864 QHA Warrants. Under Rule 26.1 of the Takeovers Code, Wah Cheong is required to make the Share Offer (being an unconditional mandatory cash offer) for all Offer Shares (being QHA Shares not already owned or agreed to be acquired by Wah Cheong or parties acting in concert with it). Wah Cheong is also required under Rule 13.1 of the Takeovers Code to make the Warrant Offer (being an unconditional mandatory cash offer) for all Offer Warrants (being QHA Warrants not held or agreed to be acquired by Wah Cheong or parties acting in concert with it) and to make the Share Option Offer (being an unconditional mandatory cash offer) for all QHA Share Options.

Following completion of the purchase of the Option Shares and the transfer of all the Option Warrants CLSA will not hold any QHA Shares and QHA Warrants.

As at the date of this announcement, 98,013,955 QHA Shares are subject to the Share Offer, 19,187,484 QHA Warrants which, upon exercise in full, will result in the issue of 19,187,484 new QHA Shares, are subject to the Warrant Offer, and 847,800 QHA Share Options which, upon exercise in full, will result in the issue of 847,800 new QHA Shares, are subject to the Share Option Offer.

Terms of the Share Offer

SHKIL, for and on behalf of Wah Cheong, will make the Share Offer for all Offer Shares on the following basis:

For each Offer Share HK\$3.25 in cash

The cash offer price per Offer Share is equal to the aggregate consideration paid by Wah Cheong for each Option Share, calculated on the basis of the aggregate payment for the grant of the Option and for the exercise of the Option over the Option Shares of HK\$111,009,164.50 (i.e. HK\$3.25 per Option Share). It is the highest price paid by Wah Cheong and the parties acting in concert with it for the acquisition of the QHA Shares in the six month period preceding the date of this announcement, and represents:

- a discount of approximately 16.67 per cent. to the closing price of HK\$3.90 per QHA Share as quoted on the Stock Exchange on 29th September, 2006, being the last trading day prior to the date of this announcement;
- a discount of approximately 14.11 per cent. to the average closing price of HK\$3.784 per QHA Share, based on the daily closing prices as quoted on the Stock Exchange over the ten trading days up to and including 29th September, 2006;
- a discount of approximately 14.60 per cent. to the average closing price of HK\$3.8056 per QHA Share, based on the daily closing prices as quoted on the Stock Exchange over the 20 trading days up to and including 29th September, 2006;

- a discount of approximately 13.38 per cent. to the average closing price of HK\$3.752083 per QHA Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including 29th September, 2006; and
- a premium of approximately 322.63 per cent. over the audited consolidated net asset value per QHA Share of approximately HK\$0.769 as at 31st December, 2005 (being the date up to which the latest published audited consolidated accounts of the QHA Group were prepared), on the basis of 195,327,814 QHA Shares in issue as at 31st December, 2005.

The highest and lowest closing prices of the QHA Shares as quoted on the Stock Exchange during the six month period preceding the last trading day prior to the date of this announcement are HK\$4.19 per QHA Share on 15th August, 2006 and HK\$2.7 per QHA Share on 29th March, 2006, respectively.

The Share Offer will be extended on identical terms to all new QHA Shares issued at any time before the closing of the Offers, upon the exercise of the subscription rights attaching to any of the outstanding QHA Warrants or upon the exercise of any of the outstanding QHA Share Options.

Terms of the Warrant Offer and the Share Option Offer

So far as the AGL Directors, the APL Directors and the SHK Directors are aware, as at the date of this announcement:

- there are outstanding QHA Warrants, which would, if exercised, lead to the subscription of 38,788,348 QHA Shares, at the adjusted subscription price of HK\$2.46 per QHA Share prevailing as at the date of this announcement;
- there are outstanding QHA Share Options granted by QHA, pursuant to its share incentive plan, to certain employees to subscribe for QHA Shares, exercisable from 16th October, 2003 up to and including 15th October, 2007, at an initial exercise price of HK\$1.50 per QHA Share and an existing adjusted exercise price of HK\$1.47 per QHA Share (subject to further adjustments); and
- other than the QHA Warrants and QHA Share Options mentioned in (i) and (ii) above, there are no outstanding warrants, options or other convertible securities of QHA.

Accordingly, as required under Rule 13.1 of the Takeovers Code, SHKIL, for and on behalf of Wah Cheong, will make the Warrant Offer for all Offer Warrants and the Share Option Offer for all QHA Share Options on the following basis:

For each Offer Warrant HK\$0.79 in cash
 For each QHA Share Option HK\$1.78 in cash

The cash offer price per Offer Warrant represents the difference between the cash offer price per Offer Share of HK\$3.25 and the adjusted subscription price of the QHA Warrants of HK\$2.46 per QHA Share prevailing as at the date of this announcement.

The cash offer price per QHA Share Option represents the difference between the cash offer price per Offer Share of HK\$3.25 and the adjusted exercise price of the QHA Share Options of HK\$1.47 per QHA Share prevailing as at the date of this announcement.

The Offers

The Offers are not subject to any condition.

Wah Cheong has no intention to increase the cash offer price per Offer Share, the cash offer price per Offer Warrant or the cash offer price per QHA Share Option.

Intention of AGL, APL, SHK and Wah Cheong

It is the intention of the AGL Directors, the APL Directors, the SHK Directors and the directors of Wah Cheong to maintain listing of the QHA Shares on the Stock Exchange. Appropriate steps will be taken as soon as possible following closing of the Offers to ensure that not less than 25 per cent. of the QHA Shares will be held in public hands.

The Stock Exchange has stated that it will closely monitor trading in the QHA Shares. If, immediately following closing of the Offers, less than 25 per cent. of the QHA Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading in the QHA Shares or there are too few QHA Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the QHA Shares until a sufficient public float is attained.

The Stock Exchange has also stated that, if QHA remains a listed company, any future injection of assets into or disposal of assets of QHA will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has discretion to require QHA to issue a circular to its shareholders where any acquisition or disposal by QHA is proposed, irrespective of the size of such acquisition or disposal and in particular where such acquisition or disposal represents a departure from the principal activities of QHA. The Stock Exchange also has the power, pursuant to the Listing Rules, to aggregate a series of acquisitions or disposals by QHA and any such acquisitions or disposals may, in any event, result in QHA being treated as a new applicant for listing and subject to the requirements for new applicants as set out in the Listing Rules.

It is the intention of AGL, APL, SHK and Wah Cheong to maintain the existing business activities of the QHA Group. There is no current plan to inject any business into the QHA Group nor dispose of any major assets of the QHA Group.

Wah Cheong has undertaken to the Stock Exchange to place out its shareholding interest in QHA or to procure QHA to do any other acts (subject to compliance with the Listing Rules) which are considered appropriate to maintain at all times the public float of 25 per cent. of the QHA Shares in issue following closing of the Offers. The board of directors of QHA has also undertaken to the Stock Exchange to do or to procure QHA to do any other acts (subject to compliance with the Listing Rules) which are considered appropriate to maintain at all times the public float of 25 per cent. of the QHA Shares in issue following closing of the Offers.

Following closing of the Offers, Mr. Richard Owen Pyvis, a non-executive director and the current Deputy Chairman of the board of directors of QHA, will resign as a non-executive director of QHA. It is the intention of the board of directors of QHA to elect a new Deputy Chairman.

Total consideration

As at the date of this announcement, there are 200,570,978 QHA Shares in issue. Assuming the exercise of all the outstanding QHA Warrants and all the outstanding QHA Share Options, there will be 240,207,126 QHA Shares in issue.

At a cash offer price of HK\$3.25 per Offer Share, the Share Offer values the entire issued share capital of QHA at approximately HK\$651.9 million (or approximately HK\$780.7 million, assuming the exercise of all the outstanding QHA Warrants and all the outstanding QHA Share Options). Full acceptance of the Share Offer would require Wah Cheong to pay an aggregate amount of approximately HK\$318.5 million (or approximately HK\$383.7 million, assuming the exercise of all the outstanding QHA Warrants (other than the Option Warrants and the QHA Warrants held by Wah Cheong) and all the outstanding QHA Share Options).

The Offers will be entirely financed by a loan facility granted by Standard Chartered Bank (Hong Kong) Limited to Wah Cheong. SHKIL is satisfied that sufficient financial resources are available to Wah Cheong to satisfy full acceptance of the Offers.

Effects of accepting the Offers

By accepting the Share Offer, shareholders of QHA will sell their QHA Shares and all rights attaching to them as at the date of this announcement, including the right to receive all dividends and distributions declared, paid or made on or after the date of this announcement.

By accepting the Warrant Offer, holders of the QHA Warrants will sell their QHA Warrants and all rights attaching to them as at the date of this announcement.

By accepting the Share Option Offer, grantees of the QHA Share Options will surrender their QHA Share Options and all rights attaching to them as at the date of this announcement for cancellation.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer or the Warrant Offer, amounting to 0.1 per cent. of the consideration payable in respect of the relevant acceptance by shareholders of QHA or holders of the QHA Warrants, will be deducted from the consideration due to such person on acceptance of the Share Offer or the Warrant Offer (as the case may be). Wah Cheong will arrange for payment of the stamp duty in connection with such sale.

Dealings and holdings in securities of QHA

During the six month period preceding the date of this announcement, other than:

- (i) the acquisition by Wah Cheong of 724,000 QHA Shares on 29th May, 2006 and 386,000 QHA Shares on 30th May, 2006, in each case at a price of HK\$2.775 per QHA Share;
- (ii) the acquisition by a corporation wholly owned by Mr. Steven Samuel Zoellner, an APL Director, of 50,000 QHA Shares on 27th April, 2006 at a price of A\$0.4928 (equivalent to approximately HK\$2.8750, calculated on the basis of A\$1 to HK\$5.834 as at 27th April, 2006) per QHA Share and 52,000 QHA Shares on 4th May, 2006 at a price of A\$0.4833 (equivalent to approximately HK\$2.8793, calculated on the basis of A\$1 to HK\$5.9575 as at 4th May, 2006) per QHA Share;
- (iii) the taking of the Option by Wah Cheong on 3rd April, 2006;
- (iv) the exercise of the Option over the Option Shares by Wah Cheong on 29th September, 2006; and
- (v) the granting of consent by CLSA to the intended transfer of the Option Warrants to Wah Cheong on 5th October, 2006,

there were no dealings in QHA Shares or other securities of QHA by Wah Cheong or any person acting in concert with it.

Arrangements in connection with the Offers

Other than the taking of the Option over the Option Shares and the Option Warrants, the exercise of the Option over the Option Shares, the intended transfer of the Option Warrants to Wah Cheong and the intention to maintain the public float of QHA, there are no agreements, arrangements or understandings (including compensation arrangements) existing between AGL, APL, SHK, Wah Cheong or any person acting in concert with any of them and any of the directors, recent directors, shareholders or recent shareholders of QHA having any connection with or dependence upon the Offers or in relation to the shares of Wah Cheong, and there is no intention to enter into any such agreement, arrangement or understanding.

Financial adviser

SHKIL has been appointed as financial adviser to Wah Cheong in connection with the Offers.

OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, Wah Cheong will despatch an offer document containing, amongst other things, the terms of the Offers, together with forms of acceptance and transfer or cancellation, to shareholders of QHA, holders of the QHA Warrants and grantees of the QHA Share Options in connection with the Offers within 21 days after the date of this announcement.

INFORMATION ABOUT THE QHA GROUP

QHA is a company incorporated in Bermuda with limited liability. Its securities are listed on the Main Board of the Stock Exchange.

The principal business activities of the QHA Group comprise health administration, medical scheme administration, and the provision of healthcare services. The latest audited net asset value of QHA as at 31st December, 2005 is approximately HK\$150,287,000.

INFORMATION ABOUT AGL, APL, SHK AND WAH CHEONG

AGL

AGL is a company incorporated in Hong Kong with limited liability. Its shares 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, and the provision of financial services.

APL

APL is a company incorporated in Hong Kong with limited liability. Its securities 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, and the provision of financial services.

As at the date of this announcement, APL is beneficially owned as to approximately 74.93 per cent. by AGL.

SHK

SHK is a company incorporated in Hong Kong with limited liability. Its securities are listed on the Main Board of the Stock Exchange.

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are securities, leveraged forex, bullion, commodities, futures and options broking, provision of online financial services and online financial information, share margin and structured financing, financial planning and wealth management, asset management, corporate finance, strategic investment, and insurance broking.

As at the date of this announcement, SHK is beneficially owned as to approximately 62.53 per cent. by APL.

Wah Cheong

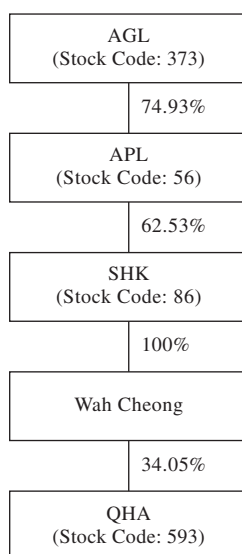
Wah Cheong is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of SHK.

As at the date of this announcement, it is the beneficial owner of 68,298,357 QHA Shares, representing approximately 34.05 per cent. of the existing issued share capital of QHA. It also holds QHA Warrants, which, if exercised, would lead to the subscription of 12,544,632 QHA Shares. Exercise of all such QHA Warrants would result in Wah Cheong holding 80,842,989 QHA Shares, representing approximately 37.93 per cent. of the issued share capital of QHA as enlarged by the allotment and issue of the new QHA Shares following the exercise of all such QHA Warrants.

Following completion of the purchase of the Option Shares as a result of the exercise of the Option over the Option Shares, Wah Cheong will become the beneficial owner of 102,455,023 QHA Shares, representing approximately 51.08 per cent. of the issued share capital of QHA as at the date of this announcement, or 114,999,655 QHA Shares (assuming the exercise of all the QHA Warrants (other than the Option Warrants) held by Wah Cheong), representing approximately 53.96 per cent. of the issued share capital of QHA as enlarged by the allotment and issue of the new QHA Shares following the exercise of all the QHA Warrants held by Wah Cheong.

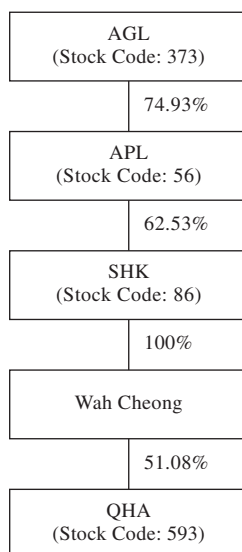
Group chart

An overview of the shareholding structure of AGL, APL, SHK, Wah Cheong and QHA before the exercise of the Option over the Option Shares is set out below:



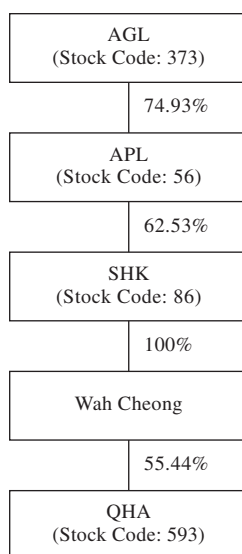
Note: Wholly-owned intermediate holding companies are not shown in the above group chart.

An overview of the shareholding structure of AGL, APL, SHK, Wah Cheong and QHA following the exercise of the Option over the Option Shares is set out below:



Note: Wholly-owned intermediate holding companies are not shown in the above group chart.

An overview of the shareholding structure of AGL, APL, SHK, Wah Cheong and QHA following the exercise of the Option over the Option Shares, the exercise of the QHA Warrants held by Wah Cheong and the Option Warrants is set out below:



Note: Wholly-owned intermediate holding companies are not shown in the above group chart.

REASONS FOR AND BENEFITS OF THE OFFERS

As stated in the joint announcements of AGL, APL and SHK dated 7th April, 2006 and the respective circulars of AGL, APL and SHK dated 29th June, 2006, the SHK Directors consider the taking of the Option a good opportunity, with sufficient flexibility, for SHK to increase its investments in QHA significantly, as and when the SHK Directors see fit at any time within the period of one year in which the Option may be exercised.

It is also stated in the respective circulars of AGL, APL and SHK dated 29th June, 2006 that as a result of the exercise of the Option by Wah Cheong, Wah Cheong is expected to obtain or consolidate control of QHA and will be obliged to make a mandatory offer for QHA Shares in accordance with the Takeovers Code.

The QHA Shares have been traded on the Stock Exchange at prices above the offer price per Offer Share of HK\$3.25 for a consecutive period of 51 trading days prior to the date of this announcement. The SHK Directors consider it the appropriate moment to exercise the Option over the Option Shares now, and the obligation to make a mandatory offer therefore arises.

As at 31st December, 2005 (being the date up to which the latest published audited consolidated accounts of the QHA Group were prepared), the QHA Group maintained a strong financial position. For the year ended 31st December, 2005, the QHA Group recorded a total turnover of approximately HK\$822,844,000 and a profit after tax of approximately HK\$56,140,000. The earnings per QHA Share attributable to ordinary equity holders of QHA was HK\$0.279.

Having regard to the prevailing market prices of the QHA Shares and the financial position and business operation of the QHA Group, the AGL Directors, the APL Directors and the SHK Directors believe that the Offers are fair and reasonable and in the interests of the shareholders of each of AGL, APL and SHK taken as a whole.

It is the intention of AGL, APL, SHK and Wah Cheong to maintain, following closing of the Offers, the existing business activities of the QHA Group. There is no current plan to inject any business into the QHA Group nor dispose of any major assets of the QHA Group.

Audited net profit of QHA for the two financial years ended 31st December, 2005 were:

- (i) approximately HK\$53.9 million (before taxation) or approximately HK\$45 million (after taxation) for the financial year ended 31st December, 2004; and
- (ii) approximately HK\$66.4 million (before taxation) or approximately HK\$56.1 million (after taxation) for the financial year ended 31st December, 2005.

As at 31st December, 2005 (being the date up to which the latest published audited consolidated accounts of the QHA Group was made), the audited net asset value of QHA was approximately HK\$150.3 million and the audited net asset value attributable to the Offer Shares was approximately HK\$73.4 million.

Based on the closing price of HK\$3.90 per QHA Share on 29th September, 2006, being the last trading day prior to the date of this announcement, the market value of the Offer Shares is approximately HK\$382.3 million.

LISTING RULES IMPLICATIONS

The Offers constitute a discloseable transaction for AGL under the Listing Rules, on the basis that the calculation of the revenue ratio is within the range of 5 per cent. and 25 per cent.

The Offers constitute a major transaction for APL under the Listing Rules, on the basis that the calculation of the revenue ratio is within the range of 25 per cent. and 100 per cent. Under Rule 14.44 of the Listing Rules, as no shareholder of APL is required to abstain from voting if APL were to convene a general meeting for approving the Offers, written approval has been obtained from AGL, as a shareholder of APL holding approximately 74.93 per cent. of the issued share capital of APL as at the date of this announcement, in lieu of holding a general meeting.

The Offers constitute a major transaction for SHK under the Listing Rules, on the basis that the calculation of the revenue ratio is within the range of 25 per cent. and 100 per cent. Under Rule 14.44 of the Listing Rules, as no shareholder of SHK is required to abstain from voting if SHK were to convene a general meeting for approving the Offers, written approval has been obtained from APL (through its wholly-owned subsidiary AP Emerald Limited), as a shareholder of SHK holding approximately 62.53 per cent. of the issued share capital of SHK as at the date of this announcement, in lieu of holding a general meeting.

AGL, APL and SHK will each despatch a circular containing, amongst other things, details of the Offers to their respective shareholders as soon as practicable.

DISCLOSURE OF DEALINGS

Stockbrokers, banks and others who deal in the securities of QHA on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw their attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any securities of QHA undertaken for a client during any 7 days period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealing enquiries. Therefore, those who deal in the securities of QHA should note that stockbrokers and other intermediaries may supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

RESUMPTION OF TRADING

Trading in the securities of AGL, APL and SHK on the Stock Exchange was suspended at their respective requests with effect from 9:30 a.m. on 3rd October, 2006 pending the release of this announcement. AGL, APL and SHK have each applied for a resumption of trading in their respective securities with effect from 9:30 a.m. on 6th October, 2006.

DIRECTORS

AGL Directors

As at the date of this announcement, the AGL Directors are:

Executive Directors:

Mr. Lee Seng Hui (*Chief Executive*), Mr. Edwin Lo King Yau, Mr. Mak Pak Hung

Non-executive Directors:

Ms. Lee Su Hwei, Mr. Arthur George Dew

Independent non-executive Directors:

Mr. Wong Po Yan, Mr. David Craig Bartlett, Mr. John Douglas Mackie, Mr. Alan Stephen Jones

APL Directors

As at the date of this announcement, the APL Directors are:

Executive Directors:

Mr. Patrick Lee Seng Wei (*Chief Executive*), Mr. Li Chi Kong

Non-executive Directors:

Mr. Henry Lai Hin Wing, Mr. Steven Lee Siu Chung

Independent non-executive Directors:

Mr. John Douglas Mackie, Mr. Steven Samuel Zoellner, Mr. Alan Stephen Jones

SHK Directors

As at the date of this announcement, the SHK Directors are:

Executive Directors:

Mr. Patrick Lee Seng Wei, Mr. Joseph Tong Tang

Non-executive Director:

Mr. Arthur George Dew (*Chairman*)

Independent non-executive Directors:

Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Mr. Carlisle Caldw Procter, Mr. Peter Wong Man Kong

Directors of Wah Cheong

As at the date of this announcement, the directors of Wah Cheong are Mr. Joseph Tong Tang and Mr. Leung King Yuen.

DEFINITIONS

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange
“AGL Directors”	directors of AGL
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange
“APL Directors”	directors of APL
“A\$”	Australian dollars, the lawful currency of the Commonwealth of Australia
“CLSA”	CLSA Capital Limited, a company incorporated in Hong Kong with limited liability
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission
“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”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offers”	the Share Offer, the Warrant Offer and the Share Option Offer
“Offer Shares”	QHA Shares in respect of which the Share Offer is made, being QHA Shares not already owned or agreed to be acquired by Wah Cheong or parties acting in concert with it

“Offer Warrants”	QHA Warrants in respect of which the Warrant Offer is made, being QHA Warrants not held or agreed to be acquired by Wah Cheong or parties acting in concert with it
“Option”	the option granted by CLSA to Wah Cheong under the Option Agreement
“Option Agreement”	the call option agreement dated 3rd April, 2006 made between CLSA and Wah Cheong, pursuant to which the Option is granted (as supplemented by a letter dated 18th May, 2006 made between CLSA and Wah Cheong)
“Option Shares”	the 34,156,666 QHA Shares held by CLSA, over which the Option is granted under the Option Agreement
“Option Warrants”	the number of QHA Warrants held by CLSA, which, if exercised, would lead to the subscription of 7,056,232 QHA Shares at the adjusted subscription price of HK\$2.46 per QHA Share prevailing as at the date of this announcement, over which the Option is granted under the Option Agreement
“QHA”	Quality HealthCare Asia Limited, a company incorporated in Bermuda with limited liability, with its securities listed on the Main Board of the Stock Exchange
“QHA Group”	QHA and its subsidiaries
“QHA Share Options”	share options granted by QHA, pursuant to its share incentive plan, to certain employees to subscribe for QHA Shares, exercisable from 16th October, 2003 up to and including 15th October, 2007, at an initial exercise price of HK\$1.50 per QHA Share and an existing adjusted exercise price of HK\$1.47 per QHA Share (subject to further adjustments)
“QHA Shares”	ordinary shares of nominal value of HK\$0.10 each in the share capital of QHA
“QHA Warrants”	listed warrants issued by QHA on 12th January, 2004, with subscription period from 14th January, 2004 to 13th January, 2007, at an initial subscription price of HK\$2.50 per QHA Share and an existing adjusted subscription price of HK\$2.46 per QHA Share (subject to further adjustments)
“Share Offer”	unconditional mandatory cash offer for all Offer Shares
“Share Option Offer”	unconditional mandatory cash offer for all QHA Share Options
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange
“SHK Directors”	directors of SHK
“SHKIL”	Sun Hung Kai International Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and an indirect wholly-owned subsidiary of SHK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Code on Takeovers and Mergers
“Wah Cheong”	Wah Cheong Development (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of SHK

“Warrant Offer” unconditional mandatory cash offer for all Offer Warrants

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

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

On behalf of the Board
Sun Hung Kai & Co. Limited
Joseph Tong Tang
Executive Director

On behalf of the Board
Wah Cheong Development (B.V.I.) Limited
Joseph Tong Tang
Director

Hong Kong, 5th October, 2006

The directors of Allied Group Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of Allied Properties (H.K.) Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of Sun Hung Kai & Co. Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of Wah Cheong Development (B.V.I.) Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.