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## **ALLIED GROUP LIMITED**

**( 聯合集團有限公司 )**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 373)**

### **Discloseable Transaction**

#### **ACQUISITION OF SHARES OF ALLIED PROPERTIES (H.K.) LIMITED**

On 31st August, 2010, the Purchaser, a direct wholly-owned subsidiary of the Company, acquired an aggregate of 435,889,988 APL Shares, representing approximately 6.27% of the issued shares of APL, from the Vendors at the total consideration of HK\$636,399,382.48 representing HK\$1.46 per Sale Share.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules on the basis that the relevant Percentage Ratios for the Company exceed 5% but are below 25%.

#### **THE ACQUISITION**

**Date:** 31st August, 2010

**Parties:** (1) Gold Chopsticks, Honest Opportunity, Sparkling Summer and Success East as Vendors

(2) Sunhill, a direct wholly-owned subsidiary of the Company, as Purchaser

As at the date of this announcement, based on the information and confirmations provided by each of the Vendors and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendors and their ultimate beneficial owner are third parties independent of the Company and its connected persons.

#### **Assets acquired**

An aggregate of 435,889,988 APL Shares were acquired by the Purchaser from the Vendors, comprising 19,962,250 APL Shares being acquired from Gold Chopsticks, 66,260,000 APL Shares being acquired from Honest Opportunity, 118,753,909 APL Shares being acquired from Sparkling Summer and 230,913,829 APL Shares being acquired from Success East.

The acquisition of the Sale Shares by the Purchaser was effected by execution of contract notes on 31st August, 2010. Following completion of the Acquisition, the shareholding in APL held by the Purchaser will increase from approximately 22.16% to approximately 28.43% and the beneficial interests of the Company and its subsidiaries in APL will increase from approximately 65.12% to approximately 71.39%. So far as the Directors are aware, there are no contractual restrictions which are applicable to the subsequent sale of the Sale Shares.

### **Purchase Price**

A total consideration of HK\$636,399,382.48 representing HK\$1.46 per Sale Share will be satisfied by cash and funded by internal funding of the Company. It was noted that HK\$1.46 per Sale Share represents (i) a discount of 1.4% to the closing price as at 30th August, 2010; (ii) a discount of 0.9% to the average closing price for the last 10 trading days ended on 30th August, 2010; and (iii) a discount of 32% to the unaudited consolidated net asset value per APL Share of HK\$2.16 as at 30th June, 2010.

The purchase price of the Sale Shares was determined after arm's length negotiations between parties with reference to (i) the recent market prices of APL Share as quoted on the Stock Exchange; (ii) the unaudited consolidated net asset value of APL Shares; and (iii) the substantial block size of the Sale Shares.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION**

APL 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 APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of medical and healthcare services and the provision of financial services.

The audited consolidated net profit before taxation and extraordinary items and after taxation and extraordinary items of APL for the year ended 31st December, 2009 were HK\$2,814.6 million and HK\$2,483.5 million respectively and the audited consolidated net profit before taxation and extraordinary items and after taxation and extraordinary items attributable to the Sale Shares for the year ended 31st December, 2009 were HK\$176.5 million and HK\$155.7 million respectively. The audited consolidated net profit before taxation and extraordinary items and after taxation and extraordinary items of APL for the year ended 31st December, 2008 were HK\$65.6 million and HK\$86.0 million respectively and the audited consolidated net profit before taxation and extraordinary items and after taxation and extraordinary items attributable to the Sale Shares for the year ended 31st December, 2008 were HK\$4.1 million and HK\$5.4 million respectively.

The unaudited consolidated net asset value of APL as at 30th June, 2010 was HK\$15,033.0 million and the unaudited consolidated net asset value attributable to the Sale Shares was HK\$942.6 million representing HK\$2.16 per APL Share.

The Directors are of the view that the investment in APL Shares represents a good investment opportunity and provides the Company potentially with higher income return when compared with the interest income derived from cash deposit in bank due to the current low interest rate. In view of the above and the fact that the purchase price of the Sale Shares represents a substantial discount to the unaudited consolidated net asset value of APL Shares and the substantial block size of the Sale Shares, the Board is of the view that the terms of the Acquisition are fair and reasonable and on normal commercial terms, and the Acquisition is in the interest of the Company and its shareholders taken as a whole.

## **INFORMATION ABOUT THE COMPANY, THE PURCHASER AND THE VENDORS**

### **The Company**

The Company 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 the Company is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of medical and healthcare services, the provision of financial services, and investments in listed and unlisted securities.

### **Sunhill**

Sunhill is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. The principal business activity of Sunhill is investment holding.

### **Gold Chopsticks**

As advised and confirmed by Gold Chopsticks, Gold Chopsticks is a company incorporated in the B.V.I. with limited liability. The principal business activity of Gold Chopsticks is investment holding.

### **Honest Opportunity**

As advised and confirmed by Honest Opportunity, Honest Opportunity is a company incorporated in the B.V.I. with limited liability. The principal business activities of Honest Opportunity are securities trading and investments.

### **Sparkling Summer**

As advised and confirmed by Sparkling Summer, Sparkling Summer is a company incorporated in the B.V.I. with limited liability. The principal business activities of Sparkling Summer are securities trading and investments.

### **Success East**

As advised and confirmed by Success East, Success East is a company incorporated in Hong Kong with limited liability. The principal business activities of Success East are securities trading and investments.

## **LISTING RULES IMPLICATIONS**

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules on the basis that the relevant Percentage Ratios for the Company exceed 5% but are below 25%.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors
“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, and a non wholly-owned subsidiary of the Company
“APL Share(s)”	share(s) of HK\$0.20 each in the share capital of APL
“B.V.I.”	British Virgin Islands
“Board”	the board of Directors
“Company”	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
“Directors”	directors of the Company
“Gold Chopsticks”	Gold Chopsticks Limited, a company incorporated in the B.V.I. with limited liability being one of the Vendors in the Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Honest Opportunity”	Honest Opportunity Limited, a company incorporated in the B.V.I. with limited liability being one of the Vendors in the Acquisition
“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
“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
“Purchaser” or “Sunhill”	Sunhill Investments Limited, a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of the Company
“Sale Share(s)”	an aggregate of 435,889,988 APL Shares acquired by the Purchaser from the Vendors

“Sparkling Summer”	Sparkling Summer Limited, a company incorporated in the B.V.I. with limited liability being one of the Vendors in the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success East”	Success East Investment Limited, a company incorporated in Hong Kong with limited liability being one of the Vendors in the Acquisition
“Vendors”	Gold Chopsticks, Honest Opportunity, Sparkling Summer and Success East
“%”	per cent.

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

Hong Kong, 31st August, 2010

*As at the date of this announcement, the board of directors of the Company 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.*