THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Allied Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

ALLIED GROUP LIMITED
（聯合集團有限公司）

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

CENTURION CORPORATE FINANCE LIMITED

Capitalised terms used on this cover page shall have the same meanings as those defined in this circular. A notice convening the EGM to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 23 July 2012 at 4:00 p.m. is set out on pages 100 to 101 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

29 June 2012

CONTENTS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

"AOL"	Allied Overseas Limited (formerly known as Quality HealthCare Asia 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)
"APL"	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange (Stock Code: 56 and Warrant Code: 1183), and a non wholly-owned subsidiary of the Company. As at the Latest Practicable Date, APL was beneficially owned as to approximately 74.97% by the Company
"A$"	Australian dollars, the lawful currency of Australia
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373)
"connected person"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Director's Service Agreement"	the director's service agreement entered into between UA Finance and Mr. Nagahara on 9 May 2012
"Disposal Group"	the Newco and the PRC Subsidiaries
"EGM"	an extraordinary general meeting to be held by the Company to approve the Director's Service Agreement and the transactions contemplated thereunder
"Exercise Period"	the exercise period of the Option
"Exercise Price"	the exercise price of the Option
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	the independent board committee, comprising Messrs. Wong Po Yan, David Craig Bartlett and Alan Stephen Jones, all being the independent non-executive Directors, formed to advise the Independent Shareholders as to the Director's Service Agreement and the transactions contemplated thereunder
"Independent Financial Adviser"/ "Centurion"	Centurion Corporate Finance Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Director's Service Agreement and the transactions contemplated thereunder
"Independent Shareholders"	has the meaning ascribed to it under the Listing Rules
"Latest Practicable Date"	22 June 2012 being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Nagahara"	Mr. Akihiro Nagahara, a director and the chief executive officer of UA Finance
"Newco"	a new company to be incorporated under UA Finance for the purpose of the Restructuring
"Option"	has the meaning ascribed to it in the section headed "Option" of the "Letter from the Board" contained in this circular
"PRC"	the People's Republic of China (for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
"PRC Business"	money lending business in the PRC
"PRC Development Bonus"	has the meaning ascribed to it in the section headed "PRC Development Bonus" of the "Letter from the Board" contained in this circular
"PRC Development Project"	the project of developing the PRC Business for the UA Finance Group
"PRC Subsidiaries"	all the subsidiaries of UA Finance incorporated or to be incorporated in the PRC directly or indirectly engaged in the PRC Business

"Remaining Group"	the Group immediately upon full exercise of the Option
"Restructuring"	the proposed incorporation of the Newco to hold all equity interest in the PRC Subsidiaries and all the direct and indirect equity interest in the PRC Subsidiaries held by UA Finance, its subsidiaries or its nominee shareholders to be transferred to the Newco
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of nominal value of HK$2.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SHK"	Sun Hung Kai & Co. 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: 86), and a non wholly-owned subsidiary of each of the Company and APL. As at the Latest Practicable Date, SHK was beneficially owned as to approximately 53.78% by APL
"SHK HK IND"	SHK Hong Kong Industries 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: 666)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Target Company(ies)"	the following PRC Subsidiary(ies): (i) 亞聯財信息諮詢(深圳)有限公司 (wholly-owned by UA Finance); (ii) 深圳亞聯財行銷顧問有限公司 (wholly-owned by UA Finance); (iii) 深圳市亞聯財小額信貸有限公司 (wholly-owned by UA Finance); (iv) 瀋陽金融商貿開發區亞聯財小額貸款有限公司 (wholly-owned by UA Finance); (v) 重慶市渝中區亞聯財小額貸款有限責任公司 (wholly-owned by UA Finance); (vi) 天津亞聯財小額貸款有限公司 (wholly-owned by UA Finance);

	(vii) 成都亞聯財小額貸款有限公司 (wholly-owned by UA Finance);
	(viii) 大連保税區亞聯財小額貸款有限公司 (wholly-owned by UA Finance);
	(ix) 雲南省亞聯財小額貸款有限公司 (wholly-owned by UA Finance); and
	(x) 北京亞聯財小額貸款有限公司 (80% owned by UA Finance)
"Tian An"	Tian An China Investments Company 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: 28)
"UA Finance"	United Asia Finance Limited, a company incorporated with limited liability in Hong Kong and a non wholly-owned subsidiary of SHK, also an indirect non wholly-owned subsidiary of each of the Company and APL. As at the Latest Practicable Date, UA Finance was beneficially owned as to approximately 58.18% by SHK
"UA Finance Group"	UA Finance and its subsidiaries from time to time
"Valuer"	Norton Appraisals Limited
"%"	per cent

ALLIED GROUP LIMITED

（聯合集團有限公司）

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

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

Non-Executive Directors:
Mr. Arthur George Dew *(Chairman)*
Ms. Lee Su Hwei

Independent Non-Executive Directors:
Mr. Wong Po Yan
Mr. David Craig Bartlett
Mr. Alan Stephen Jones

Registered Office:
22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

29 June 2012

To the Shareholders of the Company

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
AND
CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The Board announced that as advised and confirmed by SHK, on 9 May 2012, UA Finance entered into the Director's Service Agreement with Mr. Nagahara for a term of 10 years from the date of the Director's Service Agreement.

DIRECTOR'S SERVICE AGREEMENT

The principal terms of the Director's Service Agreement are set out below:

Date

9 May 2012

Parties

UA Finance:	an indirect non wholly-owned subsidiary of the Company.
Mr. Nagahara:	a director and the chief executive officer of UA Finance and indirectly holds 9.46% equity interest in UA Finance through Icapital City Limited which is wholly-owned by Mr. Nagahara. Save as aforesaid, Mr. Nagahara is not a director or a substantial shareholder or an associate of any connected person of the Company.

Term

Subject to the early termination and conditions precedent provisions set out below, UA Finance shall engage Mr. Nagahara for a term of 10 years from the date of the Director's Service Agreement.

Termination

UA Finance may terminate the Director's Service Agreement on the occurrence of certain events, including Mr. Nagahara becoming incapacitated from performing his duties for more than 6 months, committing any serious or persistent breach of the Director's Service Agreement, being guilty of any act of dishonesty, grave misconduct or wilful neglect, becoming bankrupt, a lunatic or of unsound mind, being absent for the board meeting of UA Finance continuously for 3 months without leave of absence, making arrangement or composition with his creditors, or being prohibited by law from acting as a director or convicted of any criminal offence or any offence which will seriously prejudice the performance of his duties or be identified as an insider dealer under any statutory enactment or regulations relating to insider dealing in force from time to time.

Conditions Precedent

As advised and confirmed by SHK, the Director's Service Agreement shall not be effective until:

(a) each of the Company, APL and SHK having obtained the approval of their respective shareholders for the Director's Service Agreement and the transactions contemplated thereunder as required by the Listing Rules;

(b) each of the Company, APL and SHK having complied with and to the satisfaction of the Stock Exchange all requirements under the Listing Rules in relation to the Director's Service Agreement and the transactions contemplated thereunder; and

(c) all other necessary consents and approvals as may be required in respect of the Director's Service Agreement and the transactions contemplated thereunder having been obtained.

PRC Development Bonus

As advised and confirmed by SHK, pursuant to the Director's Service Agreement, UA Finance will grant to Mr. Nagahara a bonus (the "PRC Development Bonus") in respect of the PRC Development Project on an annual basis for a period of 10 years commencing from the financial year ending 31 December 2012. The amount of the PRC Development Bonus shall be subject to a cap of HK$20,000,000 for each financial year.

The amount of the PRC Development Bonus shall be calculated as follows:

$$A = 20\% \times (B - C)$$

where:

A = PRC Development Bonus in respect of a financial year

B = Combined net profits after tax of the PRC Subsidiaries attributable to the owners of UA Finance in respect of the relevant financial year

C = Cost of capital of the UA Finance Group for its combined equity investments in the PRC Subsidiaries (being the sum of the cost of capital of the UA Finance Group for each month in the relevant financial year calculated by the UA Finance Group's combined equity investments in the PRC Subsidiaries attributable to the owners of UA Finance at each month end multiplied by the prime lending rate for HK$ (expressed as a % per month) adopted by The Hongkong and Shanghai Banking Corporation Limited at the respective month end for the relevant financial year)

Upon expiry of the Director's Service Agreement during a financial year, Mr. Nagahara shall be entitled to such amount of the PRC Development Bonus pro rata to the number of days that has elapsed prior to the date of expiry of the Director's Service Agreement.

Option

As advised and confirmed by SHK, pursuant to the Director's Service Agreement, UA Finance will grant an option to Mr. Nagahara (the "Option") to (i) subscribe for up to 20% of the enlarged issued capital of the Newco (corresponding to 25% of the issued capital of the Newco as at the date immediately prior to the date of the exercise of the Option); or (ii) purchase from UA Finance or its subsidiary up to 20% of the then existing issued capital of the Newco as at the date of the exercise of the Option subject to and in accordance with the terms of the Director's Service Agreement provided that Mr. Nagahara shall not hold more than 20% of the then issued share capital of the Newco upon full exercise of the Option. Mr. Nagahara shall obtain prior written approval of the board of directors of UA Finance before he transfers any shares of the Newco to a third party (such approval shall not be unreasonably withheld).

A share of the Newco allotted upon the exercise of the Option shall not carry voting rights until completion of the registration of Mr. Nagahara as the holder thereof. A share of the Newco issued upon such exercise shall rank for all dividends or other distributions paid or made on or after the date of exercise, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which is before such date of exercise. Subject as aforesaid, shares of the Newco allotted upon the exercise of the Option shall rank *pari passu* in all respects with the shares of the Newco in issue on the date of exercise (provided that when the date of exercise falls on a day upon which the register of members of the Newco is closed, then the first business day on which the register of members of the Newco is re-opened) and shall be subject to all the provisions of the memorandum and articles of association of the Newco for the time being in force.

As advised and confirmed by SHK, the Exercise Price will be determined based on the aggregate amount of shareholders equity and shareholders loans (both at the time of exercise of the Option) proportional to the shareholding to be taken up by Mr. Nagahara pursuant to his exercise of the Option and will be calculated as follows:

(i) in the case of subscription for new shares in the Newco by Mr. Nagahara,

$$A = \frac{B}{C} \times D + \left[\frac{B + F}{B + C} \times E - G\right]$$

where:

A = Exercise Price

B = Number of new shares of the Newco to be issued

C = Total number of issued shares of the Newco as at the date immediately prior to the date of exercise of the Option

D = Consolidated equity attributable to owners of the Newco (excluding non-controlling interests of the subsidiaries of the Newco) as at the end of the month immediately prior to the date of exercise of the Option based on the monthly management accounts prepared to the month end immediately prior to the date of exercise of the Option

E = Total amount of the loans owed by the Newco to its shareholders as at the date immediately prior to the date of exercise of the Option

F = Total number of issued shares of the Newco held by Mr. Nagahara as at the date immediately prior to the date of exercise of the Option

G = Total amount of the loans owed by the Newco to Mr. Nagahara as at the date immediately prior to the date of exercise of the Option

(ii) in the case of purchase of issued shares of the Newco from UA Finance or its subsidiary by Mr. Nagahara,

$$A = \frac{B}{C} \times D + \frac{B}{C} \times E$$

where:

A = Exercise Price

B = Number of shares of the Newco to be purchased

C = Total number of issued shares of the Newco as at the date immediately prior to the date of exercise of the Option

D = Consolidated equity attributable to owners of the Newco (excluding non-controlling interests of the subsidiaries of the Newco) as at the end of the month immediately prior to the date of exercise of the Option based on the monthly management accounts prepared to the month end immediately prior to the date of exercise of the Option

E = Total amount of the loans owed by the Newco to its shareholders as at the date immediately prior to the date of exercise of the Option

Consolidated equity attributable to owners of the Newco shall be calculated as follows:

$$H = I + J - K - L$$

where:

H = Consolidated equity attributable to owners of the Newco

I = Total amount paid up or credited as paid up on the issued capital of the Newco

J = Total amount standing to the credit of the consolidated revenue and capital reserves of the Newco and its subsidiaries (excluding any amount attributable to the non-controlling interests of the subsidiaries of the Newco). The revenue reserves should include consolidated retained profit and loss accounts of the Newco and its subsidiaries

K = Total amount of dividend or other distribution declared, recommended or made by the Newco but not yet paid

L	=	Total amount standing to the debit of the consolidated revenue and capital reserves of the Newco and its subsidiaries (excluding any amount attributable to the non-controlling interests of the subsidiaries of the Newco). The revenue reserves should include consolidated retained profit and loss accounts of the Newco and its subsidiaries

In case of any disagreement on the Exercise Price between UA Finance and Mr. Nagahara, UA Finance's determination of the Exercise Price shall be final and binding (in the absence of manifest error) on UA Finance and Mr. Nagahara.

As advised and confirmed by UA Finance to SHK and by SHK to the Company, it is the current intention of UA Finance to finance the acquisition of the PRC Subsidiaries by the Newco partly by way of shareholders loans before the exercise of the Option but there is no concrete plan yet as to the amount and details (including whether such loans are interest bearing) of such loans.

UA Finance and Mr. Nagahara shall be deemed to hold such amount of the loans owed by the Newco to its shareholders proportional to their respective shareholdings in the Newco upon payment of the Exercise Price. UA Finance and Mr. Nagahara shall enter into an assignment regarding such amount of the shareholders loans to be taken up by Mr. Nagahara before completion of registration of Mr. Nagahara as the holder of the relevant shares in respect of such exercise of the Option. UA Finance and Mr. Nagahara shall procure that their loans to the Newco to be repaid at the same time proportional to their shareholdings in the Newco. There is no concrete plan yet as to the timing and method of repayment.

The Exercise Period will be 10 years from the date of the Director's Service Agreement.

The exercise of the Option will be conditional on (1) the obtaining of requisite approval from the relevant government approving authorities in the PRC for the Restructuring; and (2) the completion of the Restructuring. The aforesaid conditions are for the sole benefit of UA Finance and UA Finance may in its sole discretion and at any time waive any or all of such conditions. Such waiver may be made subject to such reasonable terms and conditions as UA Finance sees fit. Neither the Company nor Mr. Nagahara has the rights to waive any or all of such conditions. UA Finance had no intention to waive any of the conditions up to the Latest Practicable Date.

According to rules and regulations applicable to money lenders of various cities and provinces in the PRC, such as, Shenzhen, Chongqing and Tianjin, a pure investment holding company which has no profit track record is not qualified to be a major shareholder or a promoter of setting up a company in such places to carry on the money lending business. Therefore, the condition of obtaining the requisite approval from the relevant government authorities in the PRC for the Restructuring could only be satisfied when it becomes permissible under the rules and regulations of the PRC applicable to money lending business and it is not possible to estimate the time for the completion of the Restructuring.

According to the "Guiding Opinion on the Pilot Operation of Small Loan Companies" (關於小額貸款公司試點的指導意見) issued by the China Banking Regulatory Commission and the People's Bank of China (the "PBoC") on 4 May 2008, a Target Company must fulfill, *inter alia*, the following conditions for carrying on the money lending business:

(a) as a limited liability company, its minimum capital must be not less than RMB5 million;

(b) its directors, supervisors and senior management do not have any criminal offences record or adverse credit record;

(c) its major source of funding must be registered capital, donated capital and borrowings from a maximum of two banks, while the balance of the bank borrowings must not exceed 50% of its net capital;

(d) the outstanding amount of loans granted to a single borrower must not exceed 5% of its net capital; and

(e) interest rate charged on loans must not be higher than the level prescribed by the relevant judicial authority nor less than 0.9 times of the prevailing base loan interest rate published by the PBoC.

The Target Companies have complied with the abovementioned conditions.

Upon satisfaction of the two conditions set out above or waiver thereof by UA Finance, the Option will become exercisable and may be exercised by Mr. Nagahara in whole or in part and at any time before the expiry of the Exercise Period. Once the Option becomes exercisable, the PRC Development Bonus will cease to be payable. For the avoidance of doubt, for the financial year in which the Option becomes exercisable, Mr. Nagahara shall be entitled to such amount of the PRC Development Bonus pro rata to the number of days that has elapsed prior to the date when the Option becomes exercisable. Mr. Nagahara shall also be entitled to retain the PRC Development Bonus received for previous financial year(s).

INFORMATION OF THE GROUP

The principal business activities of the Group are property investment and development, hospitality related activities, the provision of financial services, the provision of elderly care services, medical and aesthetic equipment distribution, and investments in listed and unlisted securities.

INFORMATION OF THE DISPOSAL GROUP

As advised and confirmed by SHK, the Newco is proposed to be established to hold all equity interest in the PRC Subsidiaries directly or indirectly engaged or to be engaged in the PRC Business but not currently proposed to directly hold any property interest. As at 9 May 2012, the property interests held by the PRC Subsidiaries that form part of their property activities accounted for less than 1% of the total assets of the PRC Subsidiaries.

The combined net profits (both before and after taxation and extraordinary items) attributable to the PRC Subsidiaries for the two years ended 31 December 2011 are as follows:

	For the year ended 31 December 2011 *(HK$)*	**For the year ended 31 December 2010** *(HK$)*
Net profits before tax and extraordinary items	184,290,850	64,577,765
Net profits after tax and extraordinary items	141,335,262	47,595,348

The net assets value of the Disposal Group as at 31 December 2011 was HK$3,224.7 million.

The market value of the Option is valued by the Valuer in the amount of HK$265.2 million as at 31 March 2012 using the Black-Scholes Option Pricing Model.

REASONS FOR ENTERING INTO THE DIRECTOR'S SERVICE AGREEMENT

As advised and confirmed by UA Finance to SHK and by SHK to the Company, Mr. Nagahara has been employed by UA Finance since 1 September 1993. Under his leadership, UA Finance has become a leading consumer finance company in Hong Kong. It has achieved record profits in recent years and has become a major profit contributor to SHK. Its pre-tax contribution to SHK amounted to HK$375.0 million, HK$751.2 million (as restated) and HK$854.3 million in 2009, 2010 and 2011 respectively. Its pre-tax contribution represented 23%, 47% and 53% of the total profit before taxation of SHK in 2009, 2010 and 2011 respectively. Mr. Nagahara is considered to have been the key person in founding the PRC Business and is considered to be essential to its development and expansion. However, his past and current remuneration packages, which comprise salary and an annual performance bonus at the discretion of the board of directors of UA Finance, are not considered to be commensurate with the contribution he has made to the success of the UA Finance Group. Accordingly, in order to ensure the retention of his services and to provide him with sufficient incentive to continue to develop the PRC Business, UA Finance entered into the Director's Service Agreement with Mr. Nagahara.

Having taken into account the reasons for entering into the Director's Service Agreement, the recommendation of SHK and the concurrence of APL on the recommendation of SHK, the Board (other than its independent non-executive Directors, whose views are set out in the "Letter from the Independent Board Committee" in this circular) considers that the terms of the Director's Service Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

No Director is considered to be interested in the Director's Service Agreement and therefore none of them has abstained from voting on the board resolutions proposed to approve the Director's Service Agreement.

FINANCIAL IMPACT OF THE OPTION

As the Exercise Price will be calculated by reference to the consolidated equity attributable to owners of the Newco and the amount of loans owed by the Newco to its shareholders as set out above, it is not possible for the Company to estimate the gain or loss on full exercise of the Option.

The Exercise Price will be determined based on the aggregate amount of shareholders equity and shareholders loans (both at the time of exercise of the Option) proportional to the shareholding to be taken up by Mr. Nagahara. Therefore, the excess of the Exercise Price over the net book value of the shares of the Newco (being equal to the proportional net book value of the Disposal Group) will be the amount of shareholders loans (at the time of exercise of the Option) proportional to the shareholding to be taken up by Mr. Nagahara which treatment is in line with the Company's accounting standard or accounting policy and agreed by the Company's auditor, Deloitte Touche Tohmatsu. The total shareholders loans owed by the Newco to its shareholders including Mr. Nagahara will be repaid by the Newco to its shareholders at the same time proportional to their shareholdings in the Newco but there is no concrete plan yet as to the timing and method of repayment.

Upon full exercise of the Option, Newco will become a 80%-owned subsidiary of UA Finance.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III of this circular, the financial effects of the Option on the Group are summarised as follows:

1. assuming the Option had been granted and exercised on 1 January 2011, the profit attributable to the owners of the Company would decrease from approximately HK$1,220.5 million to approximately HK$1,156.0 million, which is calculated based on (i) the recognition of the fair value of the Option as an expense attributable to the Group of approximately HK$56.3 million; (ii) the recognition of withholding tax on dividends attributable to the Group of approximately HK$1.2 million; (iii) the recognition of expenses of the Restructuring attributable to the Group of approximately HK$1.0 million; and (iv) deduction of profit for the year attributable to additional non-controlling interests arising from the exercise of the Option of approximately HK$6.0 million.

2. assuming the transaction had taken place on 31 December 2011, the total assets of the Group would increase from approximately HK$36,305.5 million to approximately HK$36,907.5 million, representing an increase of approximately HK$602.0 million. Such increase is the result of consideration received on exercise of the Option, less withholding tax on dividends and expenses of the Restructuring.

In the absence of concrete plan as to the terms and conditions (including repayment schedule and terms) of the shareholders loans to the Newco, it is not practicable to determine the fair value of the Option on the basis that the Newco acquires the Target Companies wholly or partly by way of shareholders loans. Henceforth, it is not practicable to assess the quantitative effect to the unaudited pro forma financial information of the Remaining Group if the Newco acquires the Target Companies wholly or partly through shareholders loans. However, the Valuer is of the view that the fair value of the Option will decrease whenever there is repayment of shareholders loans if the Newco acquires the Target Companies wholly or partly by way of shareholders loans because the total estimated value of Newco will drop as a result thereof.

USE OF PROCEEDS

The directors of UA Finance currently intend to apply the proceeds received from the exercise of the Option as general working capital of UA Finance Group.

LISTING RULES IMPLICATIONS

As advised and confirmed by SHK, the Director's Service Agreement has a term of more than three years. Pursuant to Rule 13.68 of the Listing Rules, the Director's Service Agreement would be subject to the prior approval of the Shareholders.

As each of the relevant percentage ratios of the PRC Development Bonus is less than 5% for the Company, the grant of the PRC Development Bonus to Mr. Nagahara is not subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

At the time of grant of the Option pursuant to the Director's Service Agreement, the actual monetary value of each of the exercise price, the value of the underlying assets, and the profits and revenue attributable to such assets has not been determined, it is not possible for the Company to demonstrate to the satisfaction of the Stock Exchange the highest possible monetary value for the purpose of classification of notifiable transaction as required under Rule 14.76(1) of the Listing Rules. The grant of the Option is treated by the Company as a very substantial disposal under Rule 14.76(1) of the Listing Rules and therefore is conditional upon, among others, the approval of the Shareholders at a general meeting.

To the best knowledge, information and belief of the Board, Mr. Nagahara is a director and the chief executive officer of UA Finance, an indirect non wholly-owned subsidiary of the Company and is therefore a connected person of the Company.

The grant of the PRC Development Bonus to Mr. Nagahara constitutes a connected transaction but it is exempted from the connected transaction requirements because it forms part of a service contract by a director of a listed issuer under Rule 14A.31(6) of the Listing Rules.

The grant of the Option to Mr. Nagahara by UA Finance constitutes a connected transaction for the Company. As the actual monetary value of each of the exercise price, the value of the underlying assets and the revenue attributable to such assets has not been determined at the time of grant of the Option, it is not possible for the Company to demonstrate to the satisfaction of the Stock Exchange the highest possible monetary value for the purpose of classification of the connected transaction under Rule 14A.71 of the Listing Rules. Therefore, the grant of the Option would be subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Nagahara together with his associate held 750,000 Shares. They will abstain from voting in respect of any resolution that would be proposed to approve the Director's Service Agreement and the transactions contemplated thereunder at the EGM.

EGM

The notice of EGM is set out on pages 100 to 101 of this circular. The EGM will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 23 July 2012 at 4:00 p.m. to consider and, if thought fit, approve the Director's Service Agreement and the transactions contemplated thereunder.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The resolution to be proposed at the EGM does not relate purely to a procedural or administrative matter. Accordingly, the resolution as set out in the notice of EGM will be put to vote by way of poll at the EGM. An announcement on the results of the vote by poll will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy is enclosed with this circular for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Independent Board Committee comprising Messrs. Wong Po Yan, David Craig Bartlett and Alan Stephen Jones, all of whom are independent non-executive Directors, has been established to consider, and to advise the Independent Shareholders as to the Director's Service Agreement and the transactions contemplated thereunder.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Director's Service Agreement and the transactions contemplated thereunder.

The text of a letter to the Independent Shareholders from the Independent Board Committee in relation to the Director's Service Agreement and the transactions contemplated thereunder is set out on pages 17 to 18 of this circular. Having considered the advice from the Independent Financial Adviser in relation to the Director's Service Agreement and the transactions contemplated thereunder, which is set out on pages 19 to 46 of this circular, the Independent Board Committee is of the opinion that the terms of the Director's Service Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the Director's Service Agreement and the transactions contemplated thereunder.

The Board (other than the independent non-executive Directors) is of the view that the terms of the Director's Service Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed resolution at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Allied Group Limited
Edwin Lo King Yau
Executive Director

ALLIED GROUP LIMITED
（聯合集團有限公司）
(Incorporated in Hong Kong with limited liability)
(Stock Code: 373)

29 June 2012

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION DIRECTOR'S SERVICE AGREEMENT

We refer to the circular dated 29 June 2012 issued by the Company (the "Circular"), of which this letter forms part. Terms defined in the Circular shall bear the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you in connection with the Director's Service Agreement and the transactions contemplated thereunder and to advise you as to whether, in our opinion, the terms of the Director's Service Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Director's Service Agreement and the transactions contemplated thereunder are set out in the "Letter from the Board" contained in the Circular. Centurion has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Director's Service Agreement and the transactions contemplated thereunder. Details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the "Letter from the Independent Financial Adviser" contained in the Circular.

Having considered the terms of the Director's Service Agreement and the transactions contemplated thereunder, taking into account the information contained in the Circular and the advice of Centurion, we are of the opinion that the terms of the Director's Service Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

We would recommend the Independent Shareholders to vote in favour of the Director's Service Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Allied Group Limited

Wong Po Yan	**David Craig Bartlett**	**Alan Stephen Jones**
Independent Non-Executive Director	*Independent Non-Executive Director*	*Independent Non-Executive Director*

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Centurion dated 29 June 2012 for incorporation in this circular:

CENTURION CORPORATE FINANCE LIMITED
盛百利財務顧問有限公司

7th Floor, Duke Wellington House
14–24 Wellington Street
Central, Hong Kong

香港中環
威靈頓街14–24號
威靈頓公爵大廈7樓

電話 ：(852) 2525 2128
(852) 2525 6026
傳真 ：(852) 2537 7622

29 June 2012

To the Independent Board Committee and
the Independent Shareholders of Allied Group Limited

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

We have been engaged as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the terms and conditions of the granting of the Option pursuant to the Director's Service Agreement, details of which are outlined in the "Letter from the Board" set out from pages 5 to 16 of the circular dated 29 June 2012 to the Shareholders ("Circular") of which this letter forms a part.

We have been appointed to give an opinion as to whether the terms and conditions of the granting of the Option pursuant to the Director's Service Agreement and the relevant transactions contemplated thereunder are of normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company jointly announced with APL and SHK that as advised and confirmed by SHK, on 9 May 2012, the entering into of the Director's Service Agreement by Mr. Nagahara and UA Finance and pursuant to which, the grant of the Option to Mr. Nagahara by UA Finance. As set out in the "Letter from the Board", at the time of grant of the Option pursuant to the Director's Service Agreement, the actual monetary value of each of the exercise price, the value of the underlying assets, and the profits and revenue attributable to such assets has not been determined, it is not possible for the Company to demonstrate to the satisfaction of the Stock Exchange the highest possible monetary value for the purpose of classification of notifiable transaction as required under Rule 14.76(1) of the Listing Rules. Therefore, the grant of the Option is treated by the Company as a very substantial disposal under Rule 14.76(1) of the Listing Rules and is conditional upon, among other things, the approval of the Independent Shareholders at the EGM.

Also as Mr. Nagahara is a director and the chief executive officer of UA Finance, an indirect non wholly-owned subsidiary of the Company and he is therefore a connected person of the Company, the grant of the Option to Mr. Nagahara by UA Finance constitutes a connected transaction for the Company. As the actual monetary value of each of the exercise price, the value of the underlying assets and the revenue attributable to such assets has not been determined at the time of grant of the Option, it is not possible for the Company to demonstrate to the satisfaction of the Stock Exchange the highest possible monetary value for the purpose of classification of the connected transaction under Rule 14A.71 of the Listing Rules. Therefore, the grant of the Option would be subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

As set out in the "Letter from the Board", (i) given that the Director's Service Agreement has a term of more than three years, such 10-year term is only subject to the prior approval of the Shareholders at the EGM pursuant to Rule 13.68 of the Listing Rules; and (ii) the PRC Development Bonus is not subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules. As the 10-year term of the Director's Service Agreement is part and partial to the Exercise Period under which the Option may be exercised, we have also opined on such 10-year term below.

The resolution to approve the Director's Service Agreement and the transactions contemplated thereunder will be put to vote by way of poll at the EGM. As set out in the "Letter from the Board", other than Mr. Nagahara and his associates, no Shareholder is required to abstain from voting on such resolution at the EGM. In this regard, please refer to the section headed "EGM" as set out in the "Letter from the Board" for further details.

The Independent Board Committee comprising Messrs. Wong Po Yan, David Craig Bartlett and Alan Stephen Jones, all of whom are independent non-executive Directors, has been established to consider and to advise the Independent Shareholders as to the Director's Service Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representations contained in the Circular and other documents (including but not limited to the Director's Service Agreement and the correctness of the valuation report on the Option by the Valuer) which have been provided to us by the executive Directors and for which they take full responsibility (save and except as set out under the "Letter from the Board"). The Directors have declared in a responsibility statement set out in Appendix IV to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular. We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular are reasonably made after due and careful enquiry.

In respect of the financial information and pro forma financial information of each of the Group, UA Finance Group, the PRC Subsidiaries, the Disposal Group and the Remaining Group, we have relied principally on their respective audited and/or unaudited financial statements (including unaudited pro forma financial statements), such financial statements are prepared by the Company and for which the Directors take full responsibility (save and except as set out under the "Letter from the Board"). We have also sought and obtained confirmation from the Directors that, having made all reasonable enquiries and to the best of their knowledge and belief, no material facts have been omitted from the information provided and/or referred to in the Circular.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We consider that we have reviewed sufficient financial information and have taken reasonable steps as required under the Listing Rules, which enable us to reach an informed view and to justify reliance on the accuracy of the information as contained in the Circular and to provide us with a reasonable basis for our opinion. We have not, however, conducted any form of independent or in-depth investigation into the businesses, affairs or the prospects (including the pro forma financial effects) of each of the Group, the UA Finance Group, the PRC Subsidiaries, the Disposal Group and the Remaining Group, or any of their respective subsidiaries, associates or parent companies, or the correctness of any of the formula or assumptions for the valuation of the Option by the Valuer, nor have we independently verified any of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background of the Group

The principal business activities of the Group are property investment and development, hospitality related activities, the provision of financial services, the provision of elderly care services, medical and aesthetic equipment distribution, and investments in listed and unlisted securities. As at the Latest Practicable Date, UA Finance was beneficially owned as to approximately 58.18% by SHK, which in turn, was beneficially owned as to approximately 53.78% by APL and APL was beneficially owned as to approximately 74.97% by the Company. The following is an overview of the breakdown in segment revenue of the Group from continuing operations for the year ended 31 December 2011 by activity as extracted from the Company's annual report dated 29 March 2012 ("2011 Annual Report"):

Table A: Segment revenue and profit before tax of the Group from continuing operations for the two years ended 31 December 2011 and 2010 respectively

For the year ended 31 December	**2011**		**2010**	
	(HK$' Million)	*(in %)*	*(HK$' Million)*	*(in %)*
Segment revenue from external customers from continuing operations				
Investment, broking and finance	1,595.2	38.8%	1,506.3	42.2%
Consumer finance	2,084.3	50.7%	1,659.5	46.6%
Elderly care services	133.5	3.2%	107.0	3.0%
Property development and investment	282.2	6.9%	279.2	7.8%
Corporate and other operations	16.7	0.4%	14.7	0.4%
	4,111.9	100.0%	3,566.7	100.0%

For the year ended 31 December	**2011**		**2010**	
	(HK$' Million)	*(in %)*	*(HK$' Million)*	*(in %)*
Segment results from continuing operations				
Investment, broking and finance	568.1	22.9%	935.9	32.5%
Consumer finance	1,053.5	42.4%	959.0	33.3%
Elderly care services	14.5	0.6%	12.5	0.4%
Property development and investment	873.6	35.2%	977.1	33.9%
Corporate and other operations	(26.7)	(1.1%)	(0.4)	(0.1%)
	2,483.0	100.0%	2,884.1	100.0%
Finance costs	(53.8)		(41.9)	
Share of results of associates	336.1		612.4	
Share of results of jointly controlled entities	166.7		135.9	
Profit Before Tax	2,932.0		3,590.5	

Source: 2011 Annual Report of the Company dated 29 March 2012

For the year ended 31 December 2011, segment results (excluding share of results of associates and jointly controlled entities) of the Group from continuing operations was approximately HK$2,483.0 million, of which approximately HK$1,053.5 million (or 42.4%) was attributable to the consumer finance segment. This represents an approximately 9.9% increase in profit contribution from the consumer finance segment, when compared to last year ended 31 December 2010, when segment results of the Group from continuing operations was approximately HK$2,884.1 million, of which approximately HK$959.0 million (or 33.3%) was attributable to the consumer finance segment.

UA Finance has achieved record profits in recent years. Its pre-tax contribution to the audited consolidated results of the SHK group amounted to HK$375.0 million in 2009, HK$751.2 million (as restated) in 2010 and HK$854.3 million in 2011. It has become a major profit contributor to the SHK group. Its pre-tax contribution represented 23%, 47% and 53% of the total audited profit before taxation of the SHK group in 2009, 2010 and 2011 respectively.

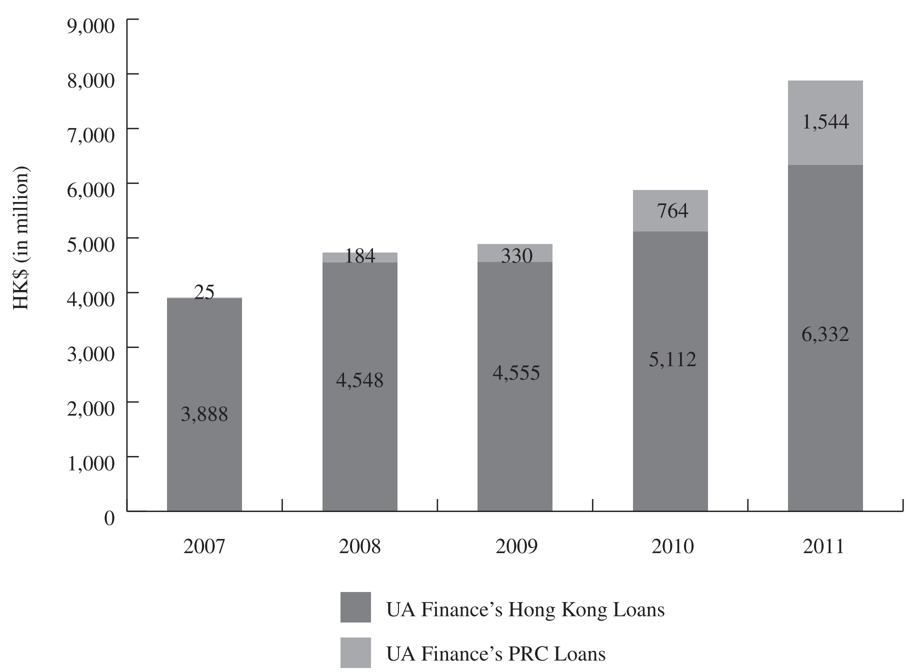
2. Background of the UA Finance Group and its PRC Subsidiaries

The principal business activity of the UA Finance Group is consumer finance. As at the Latest Practicable Date, UA Finance is beneficially owned as to approximately 58.18% by SHK, a subsidiary of APL which in turn, is a subsidiary of the Company. Mr. Nagahara is a director and the chief executive officer of UA Finance and indirectly holds 9.46% equity interest in UA Finance through Icapital City Limited, which is wholly-owned by him.

The consumer finance business of the UA Finance Group in Hong Kong is subject to the provisions governing the business of money lenders under the Money Lenders Ordinance and the money lenders' licences issued are renewable on an annual basis. In the PRC, as advised by the management of UA Finance, the consumer finance business of the PRC Subsidiaries is subject to the lending licences granted pursuant to the "Guiding Opinion on the Pilot Operation of Small Loan Companies" (關於小額貸款公司試點的指導意見) issued by the China Banking Regulatory Commission and the People's Bank of China. These PRC lending licences have terms vary from 10 to 30 years terms. We understand from UA Finance management that the UA Finance Group was not subjected to any penalties or irregularities either in Hong Kong or in the PRC before.

Following the acquisition of UA Finance by the SHK group from the Group in 2006, UA Finance Group began to expand into the PRC in or about 2007 and as set out in SHK's 2011 annual report dated 26 March 2012 ("SHK 2011 Annual Report"), by the end of 2011, the UA Finance Group branch network expanded to 99 outlets, of which 54 were in the PRC. The following chart summaries the loan book of the UA Finance Group and the breakdown of such loan growth in the PRC for the PRC Subsidiaries, for the fiscal years 2007 to 2011.

Table B: Loan principal growth chart of the UA Finance Group and the breakdown in its PRC loan book for the fiscal years 2007 to 2011



Source: SHK's annual reports and management confirmation from UA Finance

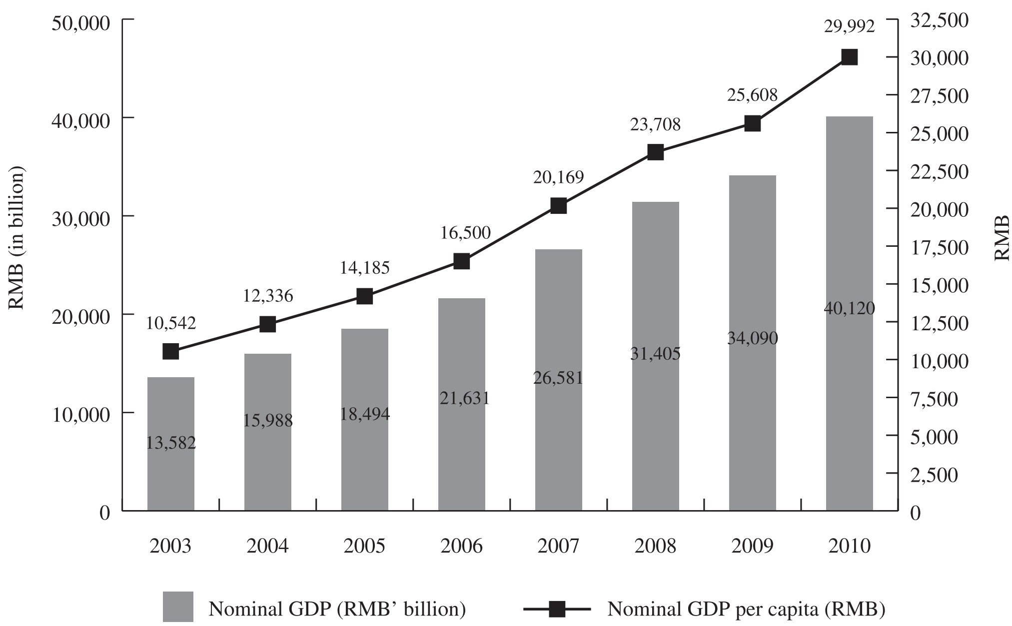
From the above chart, it is apparent that whilst the PRC Subsidiaries have only been in the PRC for five years, its loan book grew from approximately HK$25 million in 2007 to approximately HK$1,544 million as at 31 December 2011. In one year alone, loan book in the PRC, as a proportion of the total consumer finance loans of the UA Finance Group, grew from

13% in 2010 to 20% in 2011. This speaks volumes about the growth prospects of consumer finance business in the PRC marketplace and in our view, the underlying reason for the grant of the Option.

Whilst we understand from UA Finance that it has not commissioned any formal market research study on the consumer finance business in the PRC, we are also given to understand by the management of UA Finance that (i) the consumer finance business of Ping An Bank, which has considerable scale in Shenzhen, is considered a major competitor to the PRC Subsidiaries in Shenzhen, where the UA Finance Group had a total branch network of 37 by the end of 2011, its largest regional network in the PRC; and (ii) there is considerable large number of other consumer finance lending businesses established by non bank enterprises in the PRC and thus, the PRC consumer finance market appears to be fragmented.

That said, the PRC consumer finance market, which is less mature than that of Hong Kong, is generally expected to continue to grow at a rate faster than that of Hong Kong, as the PRC economy continues to register rapid growth, details of which are set out in the two diagrams below. The following chart illustrates the nominal GDP and nominal GDP per capita in the PRC from 2003 to 2010:

Table C: Nominal GDP and nominal GDP per capita in the PRC from 2003 to 2010

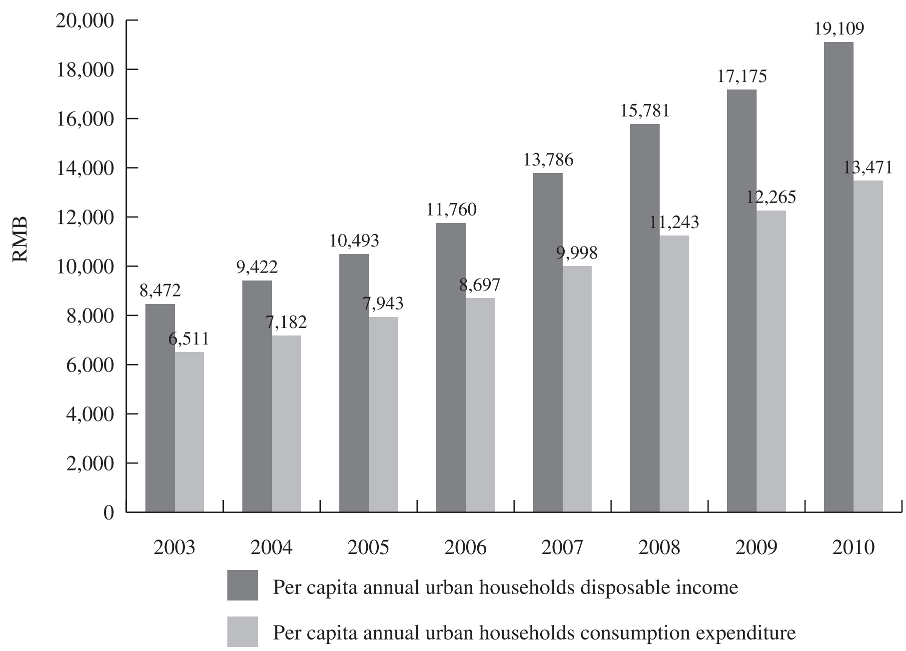


Note: Year 2010 is the latest published information

Source: China Statistical Yearbook 2011 published by National Bureau of Statistics of China

Further, as a result of the growth in GDP per capita, growth in each of the per capita annual urban households disposable income and consumption expenditure has also registered considerable annual growth on a year-on-year basis, details of which are set out in the following chart which covers the period from 2003 to 2010:

Table D: Per capita annual urban households disposable income and consumption expenditure in the PRC from 2003 to 2010



Note: Year 2010 is the latest published information

Source: China Statistical Yearbook 2011 published by National Bureau of Statistics of China

Such historical growth rates in per capita annual urban households disposable income and consumption expenditure explain the rate at which the loan book of the PRC Subsidiaries has also grown considerably over the past years as mentioned above. The table below summarises loans to private enterprises and self-employed individuals in the PRC from 2003 to 2010.

Table E: Total loans and loans to private enterprises and self-employed individuals in the PRC from 2003 to 2010

	2003 *RMB Billion*	2004 *RMB Billion*	2005 *RMB Billion*	2006 *RMB Billion*	2007 *RMB Billion*	2008 *RMB Billion*	2009 *RMB Billion*	2010 *RMB Billion*
Total Loans in the PRC	15,900	17,820	19,469	22,535	26,169	30,340	36,969	47,920
Loans to Private Enterprises and Self-employed Individuals	146	208	218	267	351	422	712	N.A. *(Note 1)*

Note: Year 2010 is the latest published information

Note 1: Since 2010, classification of short-term loans is no longer published on a stand-alone basis

Source: China Statistical Yearbook 2011 published by National Bureau of Statistics of China

All the aforesaid information and analyses suggest that the consumer finance market in the PRC is likely to continue to grow at a considerable rate and the UA Finance Group is positioning the PRC Subsidiaries to further capitalize on such growth opportunity, with the injection of capital, securing lending licences and expanding branch network.

3. Background of Mr. Nagahara

As the Managing Director and CEO of UA Finance, Mr. Nagahara designs, plans, and executes the development strategies of the UA Finance Group. As we understand from UA Finance management, under Mr. Nagahara's leadership, the UA Finance Group was ranked the fifth amongst all market players including banks in terms of outstanding unsecured loans by value in Hong Kong, with a market share of approximately 6.8%, as at 31 December 2011, and the first among Hong Kong consumer finance companies (excluding banks) in terms of loan amount, according to data compiled by TransUnion Limited, which is a credit reference agency and a service provider of positive credit database in Hong Kong. Working with his management team, Mr. Nagahara has made it possible for the UA Finance Group to establish a reliable corporate image and a strong brand identity which distinguish it from its competitors in the market. UA Finance management believes that the "UA Finance" brand is well recognized by consumer finance customers in Hong Kong.

By mid 2007, Mr. Nagahara led UA Finance to launch its first PRC venture at Shenzhen. UA Finance was the pioneer Hong Kong consumer finance company to successfully establish a money lending business in the PRC. Since then, UA Finance has launched its money lending businesses in Chongqing, Tianjin, Shenyang, Chengdu, Yunnan, Dalian, Beijing, and Wuhan.

The biographical details of Mr. Nagahara as extracted from the SHK 2011 Annual Report are set out below:

"*Mr. Nagahara, aged 71, is the Managing Director and CEO of UA Finance and a director of various subsidiaries of the Company. He holds a law degree from the National Taiwan University and a Master's Degree from the Graduate School in Law of the National Hitotsubashi University of Japan, where he also completed his doctorate courses. He is an* *acknowledged expert in the consumer finance business in Hong Kong and is credited with the successful establishment of Public Finance Limited (formerly known as JCG Finance Company, Limited). He is also the Chairman of The Hong Kong S.A.R. Licensed Money Lenders Association Limited, a position he has held since its establishment in 1999, which is the only industry representative association of licensed money lenders in Hong Kong.*"

As Mr. Nagahara is credited with the successful establishment of JCG Finance Company, Limited ("JCG") as mentioned above, we have conducted our own research into JCG and our findings are set out below.

As disclosed in the prospectus of JCG dated 16 September 1991, JCG was incorporated in Hong Kong on 20 October 1977 and was registered as a deposit taking company under the Banking Ordinance of the Laws of Hong Kong. JCG had built up a 31-branch network by 1991 and was then the largest among all the deposit-taking companies in Hong Kong (there were 191 deposit-taking companies as at 31 December 1990). In order to expand its financial services, JCG began to issue its own JCG Credit Card in 1981 which at the time, was the only deposit-taking company in Hong Kong to offer such credit card service.

JCG, prior to its acquisition by Public Bank Berhad, had reported net profit after taxation but before extraordinary items of approximately HK$33 million for each of the two years ended 31 March 1988 and 1989 respectively. Prior to its acquisition on 12 January 1990 by Public Bank Berhad, the then third largest bank in Malaysia in terms of shareholders' funds and whose Hong Kong office at the time of acquisition of JCG was operating as a restricted licence bank, JCG had encountered financial difficulty. JCG, being a deposit-taking company then, was allowed to take deposits then of not less than HK$100,000 for terms of at least three months only, and apparently JCG was relying on, among other sources, such deposit takings to fund its consumer loans outstanding. We understand that the then financial difficulty faced by JCG principally arose from its inability to attract sufficient new and/or rollover of maturing term deposits or arrange other replacement fundings for its outstanding consumer loans. It should also be noted that in the late 1980s, due to local economic and political uncertainties, apart from JCG, there were a number of small local banks and deposit-taking companies which faced similar funding difficulty, details of which are as follows.

In the Annual Report 1986 published by the Commissioner of Banking under the then Banking Ordinance, the collapse of the stock and property markets was cited as the reason for the revocation of registration of eight well known depositing-taking companies and two bank runs. In the Annual Reports 1986 and 1987 published by the Commissioner of Banking, local banks that faced financial difficulties or were taken over by the government included Wing On Bank, Ka Wah Bank, Far East Bank, Union Bank, Hong Nin Bank, Hang Lung Bank, Overseas Trust Bank and Hongkong Industrial and Commercial Bank. As set out in the Annual Report 1990 published by the Commissioner of Banking, the number of deposit-taking companies was said to decline throughout the 1980s. The global collapse of equity markets on 19 October 1987, which by 26 October 1987 (first trading day after the local stock market was closed for four days), had wiped off some 33 per cent. of the total local market capitalisation of listed issuers, the effect of which was cited by the Commissioner of Banking in its Annual Report 1987 to have significantly weakened one of the abovementioned banks. We understand that JCG, which was under financial difficulty, was sold under such circumstances.

Our views

In view of the above information, it would appear that Mr. Nagahara has a long and successful track record in establishing and running consumer finance businesses as early as 1977 and his current endeavour under UA Finance Group is in our view, a repeat of his earlier success with JCG. We understand JCG was modeled after the then Japanese consumer finance business model (JCG stands for "Japan Credit Guarantee Co. Ltd.") as Mr. Nagahara has had experience in such Japanese consumer finance business. Thus, Mr. Nagahara is also regarded in the industry as a pioneer in the consumer finance business in Hong Kong.

In summary, we concur with the aforesaid disclosure by SHK in the SHK 2011 Annual Report that Mr. Nagahara is an acknowledged expert in the consumer finance business in Hong Kong.

4. The Option under the Director's Service Agreement

As set out in the "Letter from the Board" and as advised by SHK, on 9 May 2012, UA Finance entered into the Director's Service Agreement with Mr. Nagahara for a term of 10 years (subject to early termination provisions as set out therein) from the date of the Director's Service Agreement. Pursuant to the Director's Service Agreement, UA Finance shall engage Mr. Nagahara and Mr. Nagahara shall serve UA Finance to formulate, supervise and implement the PRC Development Project and to complete the Restructuring.

The principal terms of the Director's Service Agreement are set out below:

Date

9 May 2012

Parties

UA Finance:	an indirect non wholly-owned subsidiary of the Company
Mr. Nagahara:	a director and the chief executive officer of UA Finance and indirectly holds 9.46% equity interest in UA Finance through Icapital City Limited which is wholly-owned by Mr. Nagahara. Save as stated above, Mr. Nagahara is not a director or a substantial shareholder or an associate of any connected person of the Company.

Term

Subject to the early termination and conditions precedent provisions set out below, UA Finance shall engage Mr. Nagahara for a term of 10 years from the date of the Director's Service Agreement.

Termination

UA Finance may terminate the Director's Service Agreement on the occurrence of certain events, including Mr. Nagahara becoming incapacitated from performing his duties for more than 6 months, committing any serious or persistent breach of the Director's Service Agreement, being guilty of any act of dishonesty, grave misconduct or wilful neglect, becoming bankrupt, a lunatic or of unsound mind, being absent for the board meeting of UA Finance continuously for 3 months without leave of absence, making arrangement or composition with his creditors, or being prohibited by law from acting as a director or convicted of any criminal offence or any offence which will seriously prejudice the performance of his duties or be identified as an insider dealer under any statutory enactment or regulations relating to insider dealing in force from time to time.

Conditions Precedent

As advised and confirmed by SHK, the Director's Service Agreement shall not be effective until:

(a) each of the Company, APL and SHK having obtained the approval of their respective shareholders for the Director's Service Agreement and the transactions contemplated thereunder as required by the Listing Rules;

(b) each of the Company, APL and SHK having complied with and to the satisfaction of the Stock Exchange all requirements under the Listing Rules in relation to the Director's Service Agreement and the transactions contemplated thereunder; and

(c) all other necessary consents and approvals as may be required in respect of the Director's Service Agreement and the transactions contemplated thereunder having been obtained.

PRC Development Bonus

As advised and confirmed by SHK, pursuant to the Director's Service Agreement, UA Finance will grant to Mr. Nagahara the PRC Development Bonus in respect of the PRC Development Project on an annual basis for a period of 10 years commencing from the financial year ending 31 December 2012. The amount of the PRC Development Bonus shall be subject to a cap of HK$20,000,000 for each financial year.

The amount of the PRC Development Bonus shall be calculated as follows:

$$A = 20\% \times (B - C)$$

where:

A = PRC Development Bonus in respect of a financial year

B = Combined net profits after tax of the PRC Subsidiaries attributable to the owners of UA Finance in respect of the relevant financial year

C = Cost of capital of the UA Finance Group for its combined equity investments in the PRC Subsidiaries (being the sum of the cost of capital of the UA Finance Group for each month in the relevant financial year calculated by the UA Finance Group's combined equity investments in the PRC Subsidiaries attributable to the owners of UA Finance at each month end multiplied by the prime lending rate for HK$ (expressed as a % per month) adopted by The Hongkong and Shanghai Banking Corporation Limited at the respective month end for the relevant financial year)

Upon expiry of the Director's Service Agreement during a financial year, Mr. Nagahara shall be entitled to such amount of the PRC Development Bonus pro rata to the number of days that has elapsed prior to the date of expiry of the Director's Service Agreement.

Option

As advised and confirmed by SHK, pursuant to the Director's Service Agreement, UA Finance will grant the Option to Mr. Nagahara to (i) subscribe for up to 20% of the enlarged issued capital of the Newco (corresponding to 25% of the issued capital of the Newco as at the date immediately prior to the date of the exercise of the Option); or (ii) purchase from UA Finance or its subsidiary up to 20% of the then existing issued capital of the Newco as at the date of the exercise of the Option subject to and in accordance with the terms of the Director's Service Agreement provided that Mr. Nagahara shall not hold more than 20% of the then issued share capital of the Newco upon full exercise of the Option. Mr. Nagahara shall obtain prior written approval of the board of directors of UA Finance before he transfers any shares of the Newco to a third party (such approval shall not be unreasonably withheld).

As advised and confirmed by SHK, a share of the Newco allotted upon the exercise of the Option shall not carry voting rights until completion of the registration of Mr. Nagahara as the holder thereof. A share of the Newco issued upon such exercise shall rank for all dividends or other distributions paid or made on or after the date of exercise, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which is before such date of exercise. Subject as aforesaid, shares of the Newco allotted upon the exercise of the Option shall rank *pari passu* in all respects with the shares of the Newco in issue on the date of exercise (provided that when the date of exercise falls on a day upon which the register of members of the Newco is closed, then the first business day on which the register of members of the Newco is re-opened) and shall be subject to all the provisions of the memorandum and articles of association of the Newco for the time being in force.

As advised and confirmed by SHK, the Exercise Price will be determined based on the aggregate amount of shareholders equity and shareholders loans (both at the time of exercise of the Option) proportional to the shareholding to be taken up by Mr. Nagahara pursuant to his exercise of the Option and will be calculated as follows:

(i) in the case of subscription for new shares in the Newco by Mr. Nagahara,

$$A = \frac{B}{C} \times D + \left[\frac{B + F}{B + C} \times E - G\right]$$

where:

A = Exercise Price

B = Number of new shares of the Newco to be issued

C = Total number of issued shares of the Newco as at the date immediately prior to the date of exercise of the Option

D = Consolidated equity attributable to owners of the Newco (excluding non-controlling interests of the subsidiaries of the Newco) as at the end of the month immediately prior to the date of exercise of the Option based on the monthly management accounts prepared to the month end immediately prior to the date of exercise of the Option

E = Total amount of the loans owed by the Newco to its shareholders as at the date immediately prior to the date of exercise of the Option

F = Total number of issued shares of the Newco held by Mr. Nagahara as at the date immediately prior to the date of exercise of the Option

G = Total amount of the loans owed by the Newco to Mr. Nagahara as at the date immediately prior to the date of exercise of the Option

(ii) in the case of purchase of issued shares of the Newco from UA Finance or its subsidiary by Mr. Nagahara,

$$A = \frac{B}{C} \times D + \frac{B}{C} \times E$$

where:

A = Exercise Price

B = Number of shares of the Newco to be purchased

C = Total number of issued shares of the Newco as at the date immediately prior to the date of exercise of the Option

D = Consolidated equity attributable to owners of the Newco (excluding non-controlling interests of the subsidiaries of the Newco) as at the end of the month immediately prior to the date of exercise of the Option based on the monthly management accounts prepared to the month end immediately prior to the date of exercise of the Option

E = Total amount of the loans owed by the Newco to its shareholders as at the date immediately prior to the date of exercise of the Option

Consolidated equity attributable to owners of the Newco shall be calculated as follows:

$$H = I + J - K - L$$

where:

H = Consolidated equity attributable to owners of the Newco

I = Total amount paid up or credited as paid up on the issued capital of the Newco

J = Total amount standing to the credit of the consolidated revenue and capital reserves of the Newco and its subsidiaries (excluding any amount attributable to the non-controlling interests of the subsidiaries of the Newco). The revenue reserves should include consolidated retained profit and loss accounts of the Newco and its subsidiaries

K = Total amount of dividend or other distribution declared, recommended or made by the Newco but not yet paid

L = Total amount standing to the debit of the consolidated revenue and capital reserves of the Newco and its subsidiaries (excluding any amount attributable to the non-controlling interests of the subsidiaries of the Newco). The revenue reserves should include consolidated retained profit and loss accounts of the Newco and its subsidiaries

In case of any disagreement on the Exercise Price between UA Finance and Mr. Nagahara, UA Finance's determination of the Exercise Price shall be final and binding (in the absence of manifest error) on UA Finance and Mr. Nagahara.

As advised and confirmed by UA Finance to SHK and by SHK to the Company, it is the current intention of UA Finance to finance the acquisition of the PRC Subsidiaries by the Newco partly by way of shareholder's loan before the exercise of the Option but there is no concrete plan yet as to the amount and details (including whether or not such loans will be interest bearing) of such loans.

UA Finance and Mr. Nagahara shall be deemed to hold such amount of the loans owed by the Newco to its shareholders proportional to their respective shareholdings in the Newco upon payment of the Exercise Price. UA Finance and Mr. Nagahara shall enter into an assignment regarding such amount of the shareholders' loans to be taken up by Mr. Nagahara before completion of registration of Mr. Nagahara as the holder of the relevant shares in respect of such exercise of the Option. UA Finance and Mr. Nagahara shall procure that their loans to the Newco to be repaid at the same time proportional to their shareholdings in the Newco. There is no concrete plan yet as to the timing and method of repayment.

The Exercise Period will be 10 years from the date of the Director's Service Agreement.

The exercise of the Option will be conditional on (1) the obtaining of requisite approval from the relevant government approving authorities in the PRC for the Restructuring; and (2) the completion of the Restructuring. The aforesaid conditions are for the sole benefit of UA Finance and UA Finance may in its sole discretion and at any time waive any or all of such conditions. Such waiver may be made subject to such reasonable terms and conditions as UA Finance sees fit. As advised and confirmed by SHK (i) neither SHK nor Mr. Nagahara has the rights to waive any or all of such conditions; and (ii) UA Finance had no intention to waive any of the conditions up to the Latest Practicable Date.

According to rules and regulations applicable to money lenders of various cities and provinces in the PRC, such as Shenzhen, Chongqing and Tianjin, a pure investment holding company which has no profit track record is not qualified to be a major shareholder or a promoter of setting up a company in such places to carry on the money lending business. Therefore, the condition of obtaining the requisite approval from the relevant government authorities in the PRC for the Restructuring could only be satisfied when it becomes permissible under the rules and regulations of the PRC applicable to money lending business and it is not possible to estimate the time for the completion of the Restructuring.

According to the "Guiding Opinion on the Pilot Operation of Small Loan Companies" (關於小額貸款公司試點的指導意見) issued by the China Banking Regulatory Commission and the People's Bank of China (the "PBoC") on 4 May 2008, a Target Company must fulfill, among other things, the following conditions for carrying on the money lending business:

(a) as a limited liability company, its minimum capital must be not less than RMB5 million;

(b) its directors, supervisors and senior management do not have any criminal offences record or adverse credit record;

(c) its major source of funding must be registered capital, donated capital and borrowings from a maximum of two banks, while the balance of the bank borrowings must not exceed 50% of its net capital;

(d) the outstanding amount of loans granted to a single borrower must not exceed 5% of its net capital; and

(e) interest rate charged on loans must not be higher than the level prescribed by the relevant judicial authority nor less than 0.9 times of the prevailing base loan interest rate published by the PBoC.

The Target Companies have complied with the abovementioned conditions.

Upon satisfaction of the two conditions set out above or waiver thereof by UA Finance, the Option will become exercisable and may be exercised by Mr. Nagahara in whole or in part and at any time before the expiry of the Exercise Period. Once the Option becomes exercisable, the PRC Development Bonus will cease to be payable. For the avoidance of doubt, for the financial year in which the Option becomes exercisable, Mr. Nagahara shall be entitled to such amount of the PRC Development Bonus pro rata to the number of days that has elapsed prior to the date when the Option becomes exercisable. Mr. Nagahara shall also be entitled to retain the PRC Development Bonus received for previous financial year(s).

As advised and confirmed by UA Finance to SHK and by SHK to the Company, it is the current intention of UA Finance to apply the proceeds received from the exercise of the Option as general working capital of UA Finance Group.

Our views

As set out above, it should be noted that the Exercise Price will be determined based on the aggregate amount of shareholders' equity and shareholders' loans (both at the time of exercise of the Option) proportional to the shareholding to be taken up by Mr. Nagahara pursuant to his exercise of the Option. In this regard, Independent Shareholders should note that as set out in Notes (1) and (4) in the section headed "Notes to Unaudited Pro Forma Financial Information" in Appendix III to the Circular, the unaudited pro forma financial information as set out therein has been prepared on the basis that the Newco has sufficient equity and pays for the acquisition of the PRC Subsidiaries (referred to as the Target

Companies in Appendix III) by way of issuing shares and with nil shareholders' loan. Such assumption notwithstanding, if shareholders' loans were indeed required by Newco, the abovementioned assignment of the shareholders' loans (if applicable, which may or may not be interest bearing) to be taken up by Mr. Nagahara is in our view, fair and reasonable, as it shall require Mr. Nagahara to take up his pro rata share of the shareholders' loans incurred for the injection of the PRC Subsidiaries into Newco (on the assumption that Newco is formed with minimal equity and would not have sufficient resources to pay for such injection), as part of the Restructuring.

The net asset based approach for determining the Exercise Price is in line with the consumer finance business as such business is generally accepted to be capital intensive. UA Finance management is of the view that, notwithstanding other valuation methodologies, such net asset approach for determining the Exercise Price is the most appropriate, given the PRC Subsidiaries are still at development stage, which is often characterised as more risky, capital intensive and requires more management attention. Whilst we take the view that there are other valuation alternatives such as price-earnings multiple and/or EBITDA (stands for earnings before interest tax depreciation and amortization) multiple approaches, having considered the historical profitability of the PRC Subsidiaries and their relatively large net asset values, details of which are as set out below, we concur that such net asset approach for determining the Exercise Price is fair and reasonable. In so far as the PRC Subsidiaries are concerned, such net asset approach, based on their most recent historical financial information, when viewed against other market comparables, details of which are set out in the section headed "The Disposal Group, the Option and market comparables" below, is in our view, reasonable.

The Exercise Period will be 10 years from the date of the Director's Service Agreement, which also has a 10-year term. Such 10-year term is in our view, to allow the exercise of the Option to have reasonable time to becoming unconditional, namely on (1) the obtaining of requisite approval from the relevant government approving authorities in the PRC for the Restructuring; and (2) the completion of the Restructuring. These conditions are in our view, heavily driven by the continuous success of the PRC Subsidiaries and therefore, a term of three year or less for the Director's Service Agreement as stipulated under Rule 13.68 of the Listing Rules, in light of the current development stage status of the PRC Subsidiaries, would likely be deemed to be too short by the parties. We have also considered that there are from time to time, published cases precedent of director's service agreement exceeding three years by issuers listed on the Stock Exchange.

In summary, we take the view that such 10-year term of the Director's Service Agreement (and the Exercise Period) is necessary for the intended exercise of the Option, which is granted when some of the PRC Subsidiaries are still at development stage. Given that the 10-year term is part of an agreement reached after arms-length negotiations between UA Finance and Mr. Nagahara, and the latter clearly believes as holder of the Option, the 10-year term is more adequate than say, a shorter term, in light of our other findings and recommendation as set out herein, we are of the opinion that such 10-year term is fair and reasonable.

We are also of the view that the termination clause under the Director's Service Agreement on the occurrence of certain events, including Mr. Nagahara becoming incapacitated from performing his duties for more than 6 months, is in the interests of the Group given Mr. Nagahara's 71 years of age as published in the SHK 2011 Annual Report. Such termination clause notwithstanding, the board of UA Finance clearly expects Mr. Nagahara is capable to continue to contribute during the 10-year term of the Director's Service Agreement, a position concurred by us.

5. Reason for the Option

As set out in the "Letter from the Board", as advised and confirmed by UA Finance to SHK and by SHK to the Company, Mr. Nagahara has been employed by UA Finance since 1 September 1993. Under his leadership, UA Finance has become a leading consumer finance company in Hong Kong. It has achieved record profits in recent years and has become a major profit contributor to SHK. Mr. Nagahara is considered to have been the key person in founding the PRC Business and is considered to be essential to its development and expansion. However, his past and current remuneration packages, which comprise salary and an annual performance bonus at the discretion of the board of directors of UA Finance, are not considered to be commensurate with the contribution he has made to the success of the UA Finance Group. Accordingly, in order to ensure the retention of his services and to provide him with sufficient incentive to continue to develop the PRC Business, UA Finance entered into the Director's Service Agreement with Mr. Nagahara.

Having taken into account the reasons for entering into of the Director's Service Agreement, the recommendation of SHK and the concurrence of APL on the recommendation of SHK, the Board (other than its independent non-executive Directors, whose views are set out in the "Letter from the Independent Board Committee" in this Circular) considers that the terms of the Director's Service Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Apart from the PRC Development Bonus and the Option, Mr. Nagahara is entitled to a salary and a year end discretionary bonuses.

No Director is considered to be interested in the Director's Service Agreement and therefore none of them has abstained from voting on the board resolutions proposed to approve the Director's Service Agreement.

Our views

Mr. Nagahara is an acknowledged expert in the industry and UA Finance is, according to its management, recognized as a role model for money lenders in Hong Kong. Mr. Nagahara replicates the successful business model in the PRC using his experience at JCG and UA Finance. Mr. Nagahara is the head of UA Finance and plays a key role in steering the development roadmap of the PRC Subsidiaries' expansion.

In light of the fact that: (i) Mr. Nagahara is considered to have been the key person in founding the PRC Business and is considered to be essential to its development and expansion; and (ii) the grant of the Option is under the Director's Service Agreement, which is entered into by the parties after due and careful consideration with a view to ensure the retention of Mr.

Nagahara's services and to provide him with sufficient incentive to continue to develop the PRC Business, we are of the view that the Director's Service Agreement and the transactions contemplated thereunder (including the grant of the Option) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. General information on stock option

Whilst we have noted that there is no recent comparable stock option case precedent announced by an issuer whose securities are listed on the Stock Exchange, using stock option as an incentive to motivate executives is nevertheless a very common approach. Majority of the local stock options are granted under a pre-approved employee stock option scheme and such options are exercisable into new shares of a listed issuer. In this case, the Option is over new or existing shares of Newco, an unlisted future subsidiary of UA Finance. On this note, it is entirely possible that the concept of a listing of Newco on a recognised stock exchange could be considered in the future and indeed, a listing, if and when it would occur, could be viewed as beneficial to the considerable future capital needs of the PRC Subsidiaries/Newco as they continue to grow.

Stock option is an expense to the issuing company and in this regard, we noted that the market value of the Option is valued by the Valuer in the amount of HK$265.2 million as at 31 March 2012 using the Black-Scholes Option Pricing Model. The Black-Scholes Option Pricing Model is a statistical formula developed by Messrs. Fischer Black and Myron Scholes in 1973 in the U.S. (*Source: page 5, Stock Options & The New Rules of Corporate Accountability by Donald P. Delves*) and such model has since been widely used to value stock options in different marketplaces. Details of the Option valuation and the expensing of the Option in unaudited pro forma financial statements are set out in Appendix III.

In order for the Independent Shareholders to go beyond the financial and accounting effects of the Option and to better understand the bigger picture on the subject of using stock option as a means of executive compensation package, we would like to draw the attention of the Independent Shareholders to the underlying motive for the Director's Service Agreement, which include the Option. Similar to other service agreements, the Director's Service Agreement is multifaceted and the Option is only one component, albeit a substantial one, of this overall compensation program.

We are of the opinion that stock option in general is an effective and appropriate tool to be used by a corporation to drive individual needs for wealth creation to predetermined corporate goals and in so doing, better align an executive's interests to those of its shareholder value. The section immediately below illustrates that the Option, based on most recent historical earnings of the PRC Subsidiaries, when viewed against comparable companies' price-earnings multiples, returns on equity and total assets, is relatively expensive to Mr. Nagahara. This, in our view, would imply that the exercise of the Option is not yet financially rewarding, (commonly referred to as "out-of-the-money"). In order to "earn" such "in-the-money" Option, Mr. Nagahara and his team would have to (i) substantially increase the net earnings of the PRC Subsidiaries; and (ii) ensure the exercise of the Option is capable of becoming unconditional in respect of the approval from the relevant government approving authorities in the PRC for the Restructuring and the establishment of Newco.

We have made enquires with the management of the UA Finance Group and we understand that without the Option, UA Finance Group would have to rely on additional cash for Mr. Nagahara's compensation package. Mr. Nagahara is said to be key to the success of UA Finance Group, including of course the PRC Subsidiaries. As set out above, the Option is part of Mr. Nagahara's compensation package, obviously negotiated on an arms-length basis and such package is to provide him with sufficient incentive to continue to develop the PRC Business, and in the process, to undertake reasonable and necessary business risks as they arise. The consumer finance business in the PRC is likely to be faced with credit risks which are unique to the PRC marketplace only, in particular, less transparency or limited access to credit reference checks on prospective borrowers and difficulties on recovery of non performing loans. We believe the Option is an effective tool to align Mr. Nagahara's interests with that of other stakeholders in the UA Finance Group.

The Board (other than its independent non-executive Directors, whose views are set out in the "Letter from the Independent Board Committee") considers that the terms of the Director's Service Agreement, including the granting of the Option, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. The Disposal Group, the Option and market comparables

As advised and confirmed by SHK, Newco is proposed to be established to hold all equity interest in the PRC Subsidiaries directly or indirectly engaged or to be engaged in the PRC Business but not currently proposed to directly hold any property interest. As at the Latest Practicable Date, the property interests held by the PRC Subsidiaries that form part of their property activities accounted for less than 1% of the total assets of the PRC Subsidiaries (or the Target Companies, for the purpose of this section only).

The combined net profits (both before and after taxation and extraordinary items) attributable to the Target Companies for the three years ended 31 December 2011 and other financial highlights of their combined statements financial position as extracted from Appendix II to the Circular are as follows:

Table F: Combined net profits (both before and after taxation and extraordinary items) for the three years ended 31 December 2011 and other financial highlights of the combined statements of financial position of the Target Companies as at 31 December 2009, 2010 and 2011 respectively

Combined income statements highlights	**For the year ended 31 December 2011**	**For the year ended 31 December 2010**	**For the year ended 31 December 2009**
	(HK$' Million)	*(HK$' Million)*	*(HK$' Million)*
Total revenue	547.0	247.7	129.3
Net profits before tax and extraordinary items	184.3	64.6	46.7
Net profits after tax and extraordinary items	141.3	47.6	33.0

Combined statements of financial position highlights	**As at 31 December 2011**	**As at 31 December 2010**	**As at 31 December 2009**
	(HK$' Million)	*(HK$' Million)*	*(HK$' Million)*
Assets			
PRC loans and advances to consumer finance customers (Net of impairment allowances)	1,518.8	745.1	326.1
Cash, deposits and cash equivalents	1,650.8	1,122.3	251.6
Other assets	329.0	184.1	145.0
Total Assets	3,498.6	2,051.5	722.7
Liabilities & Equity			
Total liabilities	273.9	510.7	411.6
Total equity attributable to UA Finance	3,102.2	1,540.8	311.1
Total equity attributable to non-controlling interest	122.5	—	—
Total Liabilities & Equity	3,498.6	2,051.5	722.7

Source: Appendix II to the Circular

Based on the above, the net assets value of the Target Companies as at 31 December 2011 was HK$3,224.7 million, whereas its net assets attributable to UA Finance was HK$3,102.2 million.

Upon full exercise of the Option, Newco will become an 80%-owned subsidiary of UA Finance.

The market value of the Option is valued by the Valuer in the amount of HK$265.2 million as at 31 March 2012 using the Black-Scholes Option Pricing Model.

Whilst our recommendation as set out in this letter of independent advice does not rely on the outcome of the valuation of the Option, we were required to review the bases and assumptions used for such valuation. In this regard, we have discussed with the Valuer the bases and assumptions used by it in the pre programmed Black-Scholes Option Pricing Model it used in order to determine the abovementioned value of the Option. We are of the view that such bases and assumptions which can be objectively reviewed are reasonably arrived at by the Valuer.

If the Option were to be exercised based on the net asset as at 31 December 2011 of HK$3,102.2 million, based on the formula for determining the exercise price upon exercise of the Option, it would imply that such exercise price to Mr. Nagahara would have been approximately HK$620.4 million. This would represent a historical price-earnings multiple of approximately 22 times and as the exercise price is based on net asset value, a price-to-book valuation of 1 times, based on the above financial information as at 31 December 2011 and the table below. On the same basis, returns on equity and on total assets would represent 4.6% and 4.0% respectively.

Whilst we are of the view that there is no identical market comparable to the PRC Subsidiaries amongst listed issuers in Hong Kong, there are issuers which are also engaged in, among other lending businesses, consumer finance business in Hong Kong and insofar as the PRC is concerned, in other forms of consumer finance businesses such as pawn loan operation and other secured short-term consumer financing. These similar lending businesses are in our view, reasonable selection criteria for choosing the comparable companies below. We believe these companies can and should be viewed as reasonable comparables to the PRC Subsidiaries and accordingly, the following table summarises these issuers whose consumer finance business are in Hong Kong and/or the PRC.

Table G: Companies listed on the Stock Exchange which we consider reasonably comparable to the PRC Subsidiaries

Company	**Stock code**	**Closing share price as at 9 May 2012** *(HK$)*	**Market Cap. (based on closing share prices as at 9 May 2012)** *(HK$' Million)*	**P/E** *(times)*	**P/B** *(times)*	**Return on audited shareholders' equity** %	**Return on audited total assets** %
Aeon Credit Service (Asia) Company Limited	900	6.600	2,764	9.173	1.348	14.7%	5.5%
Credit China Holdings Limited	8207	0.900	1,595	9.095	1.985	21.7%	13.8%
Dah Sing Banking Group Limited	2356	7.930	9,698	9.011	0.649	7.2%	0.7%
First Credit Holdings Limited	8215	0.385	385	14.808	1.507	2.2%	2.1%
Public Financial Holdings Limited	626	3.400	3,733	9.971	0.594	6.0%	0.9%
Vongroup Limited	318	0.045	264	N.A.	0.756	N.A.	N.A.
			Maximum	**14.808**	**1.985**	**21.7%**	**13.8%**
			Minimum	**9.011**	**0.594**	**2.2%**	**0.7%**
			Average	**10.412**	**1.140**	**10.4%**	**4.6%**
			Median	**9.173**	**1.052**	**7.2%**	**2.1%**
SHK	**86**	**3.960**	**8,308**	**8.115**	**0.687**	**8.5%**	**4.6%**
The PRC Subsidiaries (*Note:* Based on unaudited combined financial statements of the Target Companies set out in Appendix II)				**21.85**	**1.000**	**4.6%**	**4.0%**

Source: Issuers' annual reports

It should be noted that of the comparable companies set out in the table above, Credit China Holdings Limited and Vongroup Limited are engaged in consumer finance business in the PRC and each of them is either in the pawn loan operation or other asset-based consumer finance lending operations, and are therefore, slightly different from the unsecured personal loans business model of the PRC Subsidiaries. The rest of the above comparable companies are principally engaged in the consumer finance business in Hong Kong. We also did not include Ping An Insurance (Group) Company of China, Ltd. in the above analysis as notwithstanding its large consumer finance network under Ping An Bank in Shenzhen, its banking income (which included, among others, consumer finance income) accounted for only 16% of its total income in 2011.

Based on the above comparable companies, their average and median price-to-book ratio of approximately 1.1 times are comparable to the 1.0 time under the Exercise Price, based on the above hypothetical scenario. We are of the opinion that the consumer finance business model is capital intensive and the success of which is, to a large extent, driven by the funding capability of the market participants. In this regard, larger corporations and banking institutions in particular, would have an advantage in securing funding at relatively lower costs, when compared to consumer finance participants which are independent operators. On this basis, the above table does support that market pricing of consumer finance listed issuers is generally in line with their respective book values, as represented by their approximately 1.1 time average price-to-book ratio.

The higher price-earnings multiple of 22 times of the PRC Subsidiaries under the same exercise scenario for the Option, though appear exceptionally high when compared to the above average and median price-earnings multiples, can be explained by the current development stage of the PRC Subsidiaries. In this regard, it should be noted that as set out in Table F above, as at 31 December 2011, a total of approximately HK$1,650.8 million was in either fixed deposits or bank balances of the PRC Subsidiaries, accounted for approximately 47% of their total assets. This high level of cash is the result of recent capital injection into the PRC Subsidiaries to meet their capital requirements for money lending licences. Had such cash been used to fund consumer finance loans, the return would have been much higher and thus, a likely corresponding drop in the price-earnings multiple of the PRC Subsidiaries. It should be noted that consumer finance business is a high return business and once cash is able to be deployed to support performing consumer finance loans, the return on investment should be relatively fast.

8. Possible financial effects of the Option

The fair value of the Option for the purpose of expensing it as illustrated herein will only be finalised based on market information on the date of the grant of the Option, i.e. on the date of EGM.

It should also be noted that as set out in Appendix III:

> The unaudited pro forma financial information presented below is prepared to illustrate the financial position of the Group as at 31 December 2011 after pro forma adjustments as if the Option was granted on 31 December 2011. In addition, the unaudited pro forma financial information presented below illustrates the results and cash flows of the Group for the year ended 31 December 2011 after pro forma adjustments as if the Option was granted on 1 January 2011.
>
> In addition, further unaudited pro forma financial information is provided to illustrate the consequential impact on the financial position of the Group as at 31 December 2011 as well as the results and cash flows of the Group for the year ended 31 December 2011, assuming the Restructuring as defined in the Circular and the eventual exercise of the Option were effected immediately after the grant of the Option, notwithstanding the fact that the completion of the Restructuring is not likely to be immediate and the timing of the exercise of the Option is solely determined by Mr. Nagahara.

The aforesaid unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Group as at 31 December 2011 or at any future date. The unaudited pro forma financial information is prepared based on the audited consolidated statements of the Group as at, or for the year ended, 31 December 2011 as extracted from the 2011 Annual Report after reflecting the pro forma adjustments described in the section headed "Notes to Unaudited Pro Forma Financial Information" in Appendix III. The unaudited pro forma financial information is also prepared on the basis that the Newco pays for the acquisition of the Target Companies (or PRC Subsidiaries in the future) by way of issuing shares only as the fair value of the Option used in the preparation of the unaudited pro forma financial information may be materially affected if the Newco acquires the Target Companies partly or fully by shareholders' loans. For further details, please refer to Appendix III.

It should also be noted that as set out in the "Letter from the Board", in the absence of a concrete plan as to the terms and conditions (including repayment schedule and terms) of the shareholders' loans to the Newco, it is not practicable to determine the fair value of the Option on the assumption that the Newco acquires the Target Companies wholly or partly by way of shareholders' loans. Henceforth, it is not practicable to assess the quantitative effect to the unaudited pro forma financial information of the Remaining Group on the assumption that the Newco acquires the Target Companies wholly or partly by way of shareholders' loans. However, the Valuer is of the view that the fair value of the Option will decrease if there is a repayment of such shareholders' loans because the total estimated value of the Newco will drop as a result thereof.

As set out in the "Letter from the Board", the Exercise Price will be determined based on the aggregate amount of shareholders' equity and shareholders' loans (both at the time of exercise of the Option) proportional to the shareholding to be taken up by Mr. Nagahara. Therefore, the excess of the Exercise Price over the net book value (i.e. total assets less total liabilities) of the shares of the Newco (being equal to the proportional net book value of the Disposal Group) will be the amount of shareholders' loans (at the time of exercise of the Option) proportional to the shareholding to be taken up by Mr. Nagahara, which treatment is in line with the Company's accounting standard or accounting policy and agreed by the Company's auditor, Deloitte Touche Tohmatsu. The total shareholders' loans owed by the Newco to its shareholders including Mr. Nagahara will be repaid by the Newco to its shareholders at the same time proportional to their shareholdings in the Newco but there is no concrete plan yet as to the timing and method of repayment.

The preceding paragraph implies following the injection of the PRC Subsidiaries into Newco under the Restructuring and if Newco had only nominal paid-up capital (and therefore nil cash) to pay for such injection, a shareholder's loan to Newco, the amount of which would be equivalent to the size of such injection would be required (the size of such injection would also need to be determined by the relevant parties in due course). Upon exercise of the Option, such shareholder would then be assigned to Mr. Nagahara proportional to his shareholding in Newco and on a dollar-to-dollar basis. This shareholder's loan may or may not be interest bearing and is part and partial to the exercise of the Option.

8.1 *Possible effects on earnings*

Based on the audited consolidated income statement of the Group for the year ended 31 December 2011 and the unaudited pro forma consolidated income statement of the Remaining Group derived thereof, on a pro forma basis and assuming the Option had been granted and exercised on 1 January 2011, the profit attributable to Shareholders would decrease from approximately HK$1,220.5 million to approximately HK$1,156.0 million, which is calculated based on (i) the recognition of the fair value of the Option as an expense attributable to the owners of the Company of approximately HK$56.3 million; (ii) the recognition of estimated withholding tax on dividends and restructuring expense attributable to the owners of the Company of approximately HK$1.2 million and HK$1.0 million respectively; and (iii) deduction of combined profit for the year of the Target Companies attributable to additional non-controlling interests arising from the exercise of the Option of approximately HK$6.0 million.

8.2 *Possible effects on assets*

Based on the audited consolidated statement of financial position of the Group as at 31 December 2011 and the unaudited pro forma consolidated statement of financial position of the Remaining Group derived thereof, on a pro forma basis and assuming the grant of the Option had taken place on 31 December 2011, the total assets of the Group would increase from approximately HK$36,305.5 million to approximately HK$36,907.5 million, representing an increase of approximately HK$602.0 million. Such increase is the result of consideration received on exercise of the Option, less estimated withholding tax on dividends and expense of the Restructuring. Net assets attributable to Shareholders however, would decrease from approximately HK$12,612.7 million to approximately HK$12,552.5 million, representing a decrease of approximately HK$60.2 million. This is principally because of the fair value of the Option assumed to be expensed and the portion of which attributable to the owners of the Company.

8.3 *Possible effect on gearing*

Based on the audited consolidated statement of financial position of the Group as at 31 December 2011 and the unaudited pro forma consolidated statement of financial position of the Remaining Group derived thereof, on a pro forma basis and assuming the grant of the Option had taken place on 31 December 2011, gearing (defined as total liabilities divided by shareholders' equity attributable to owners of the Company) of the Group would increase from approximately 71.1% to 71.4%. This is because of a slight decline in shareholders' equity attributable to owners of the Company, principally because of the fair value of the Option assumed to be expensed and the portion of which attributable to the owners of the Company.

8.4 *Possible effect on cash flow*

Based on the audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 and the unaudited pro forma consolidated statements of cash flows of the Remaining Group derived thereof, on a pro forma basis, cash and cash equivalents for the year ended 31 December 2011 would increase from approximately HK$3,394.2 million to approximately HK$3,692.3 million. Such increase is the result of pro forma adjustments and assumptions, including the assumption that a proceed of HK$308.2 million from the assumed exercise of the Option on 1 January 2011, (based on 20% of the combined equity of the Target Companies attributable to UA Finance of HK$1,540.8 million as at 31 December 2010) would have been received.

In summary, there is a small and immaterial impact on each of the earnings, net assets and gearings of the Group, as a result of the exercise of the Option based on the aforesaid pro forma basis.

Our views

The grant of the Option is an expense to the Group and the above possible financial effects are to illustrate such cost implications, albeit on a pro forma basis and based on the valuation report on the Option. However, Independent Shareholders should note that the above effects are for illustration purpose only as the real life situation of Newco may be very different. We are of the opinion that it is impossible to accurately quantify the future prospects of Newco, in particular, in view of the success and growth experience the PRC Subsidiaries have had in the PRC over the past few years. The costs to the Company and the Shareholders upon the exercise of the Option, on a pro forma basis, are set out above. Obviously, the cost implications under the Option have been carefully considered by the board of directors of SHK and in their final analysis, the benefits of the Option outweigh its costs. The grant of the Option pursuant to the Director's Service Agreement is therefore, a commercial decision duly arrived at by the board of directors of SHK.

SUMMARY

Mr. Nagahara is a director and the chief executive officer of UA Finance and has a successful track record in running consumer finance business since 1977. Mr. Nagahara is key to the success of UA Finance Group, including of course the PRC Subsidiaries. The Option is part of Mr. Nagahara's compensation package, obviously negotiated on an arms-length basis and such package was to provide him with sufficient incentive to remain at the UA Finance Group and to continue to develop the PRC Business. The Exercise Price will be determined based on the aggregate amount of shareholders' equity and shareholders' loans proportional to the shareholding to be taken up by Mr. Nagahara pursuant to and before his exercise of the Option. This net asset based approach is in line with the consumer finance business as it is generally accepted to be capital intensive and driven by balance sheet.

Stock option in general is an effective and appropriate tool to be used by a corporation to drive individual needs for wealth creation to predetermined corporate goals and in so doing, better aligns its executive's interests to those of its shareholder value. In this regard, while the PRC Subsidiaries have only been in the PRC for five years, its loan book grew from approximately HK$25 million in 2007 to approximately HK$1,544 million as at 31 December 2011. Should such growth be sustainable, it would be in the interests of the Company and its Shareholders as a whole. The Option, based on most recent historical earnings of the PRC Subsidiaries and when compared to other market comparables, is not yet "in-the-money". In order to "earn" such "in-the-money" Option, Mr. Nagahara and his team would have to substantially increase the net earnings of the PRC Subsidiaries. This is the corporate goal with the Option being used as a motive for such achievement. The Option is part of Mr. Nagahara's compensation package, in lieu of all cash. We also note that once the Option becomes exercisable, the PRC Development Bonus will cease to be payable to Mr. Nagahara.

We are of the view that the non cash component of Mr. Nagahara's compensation package as represented by the Option can be viewed as a balanced approach to incentive payment and cash preservation and depending on the outcome of the PRC Subsidiaries' future prospects, is likely to better align all stakeholders' interests in the Newco.

RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider that the terms and conditions of the grant of the Option pursuant to the Director's Service Agreement, its 10-year term and the transactions contemplated thereunder (including the possible assignment of the abovementioned shareholders' loans to Mr. Nagahara) are of normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. We therefore, advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Director's Service Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 December 2011 is disclosed in the 2009, 2010 and 2011 annual reports respectively of the Company, which are published on both the Stock Exchange website (*www.hkexnews.hk*) and the Company's website (*www.alliedgroup.com.hk*).

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2011

(I) For the year ended 31 December 2011

Financial Review of the Remaining Group

Financial Results

The revenue of the Remaining Group for 2011 from continuing operations was HK$4,111.9 million, an increase of HK$545.2 million when compared with the year 2010. The increase in revenue mainly resulted from the increased revenue of the consumer finance business.

The profit attributable to the owners of the Company (including continuing and discontinued operations) was HK$1,214.5 million, as compared to HK$2,308.3 million in 2010. The earnings per share (including continuing and discontinued operations) amounted to HK$5.65 (2010: HK$10.94).

The decrease in profit attributable to the owners of the Company was largely due to:

(1) lack of exceptional items for both AOL and Tian An, which contributed significantly to the 2010 results;

(2) slower disposals of non-core assets at Tian An; and

(3) lower contributions from SHK and losses at SHK HK IND.

Material Acquisitions and Disposals

On 14 September 2011, China Elite Holdings Limited ("China Elite"), a wholly-owned subsidiary of APL, made a voluntary conditional partial share exchange offer ("Partial Share Exchange Offer") to acquire from the independent shareholders of Tian An 103,180,000 shares of Tian An, representing approximately 6.85% of the existing issued share capital of Tian An. The Partial Share Exchange Offer was completed on 23 December 2011. Upon completion, APL's beneficial interest in Tian An increased to 46.85%. A total number of 412,720,000 APL shares were issued and allotted as consideration to the independent Tian An shareholders who accepted the Partial Share Exchange Offer and the Company's beneficial interest in APL decreased from 72.34% to 68.29% upon the issue of 412,720,000 APL shares by APL. Accordingly, the Remaining Group recorded a deemed disposal of interests in APL. A loss of HK$502.8 million arising from the deemed disposal was debited to the Remaining Group's reserve directly.

Details regarding the Partial Share Exchange Offer are contained in the joint announcement dated 14 September 2011 jointly issued by the Company, APL and Tian An and the joint announcement dated 23 December 2011 and the composite offer document dated 18 November 2011 jointly issued by APL and Tian An.

Apart from the above, there were no material acquisitions or disposals of subsidiaries, associated companies or jointly controlled entities during the period.

Financial Resources, Liquidity and Capital Structure

As at 31 December 2011, the equity attributable to owners of the Company amounted to HK$12,480.9 million, representing an increase of HK$521.0 million or approximately 4.36% from 2010. The Remaining Group maintained a strong cash and bank balance position and had cash, treasury bills and bank balances of approximately HK$4,450.7 million as at 31 December 2011 (2010: HK$4,647.0 million). The Remaining Group's bank and other borrowings totalling HK$6,503.7 million (2010: HK$5,588.6 million) of which the portion due on demand or within one year was HK$3,098.3 million (2010: HK$2,898.2 million) and the remaining long-term portion was HK$3,405.4 million (2010: HK$2,690.4 million). In 2010, SHK issued mandatory convertible notes ("MCN"). As at 31 December 2010, the accrued effective interest of MCN of HK$78.5 million was classified as financial liabilities. In August 2011, all outstanding MCN were converted into shares of SHK. During the year, UA Finance, the consumer finance subsidiary of SHK issued RMB denominated bonds to third parties with maturity period of 3 years and carrying value of HK$555.8 million as at 31 December 2011. The liquidity of the Remaining Group as evidenced by the current ratio (current assets/current liabilities) was 3.93 times (2010: 3.59 times). The Remaining Group's gearing ratio (net bank and other borrowings and financial liabilities portion of MCN and bonds/equity attributable to the owners of the Company) was 20.9% (2010: 8.5%).

	2011	**2010**
	HK$ Million	*HK$ Million*
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	2,128.1	1,648.8
More than one year but not exceeding two years	2,474.9	522.6
More than two years but not exceeding five years	930.5	2,167.8
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	588.6	851.3
More than one year but not exceeding two years	35.2	41.8
More than two years but not exceeding five years	314.7	180.5
	6,472.0	5,412.8
Other borrowings repayable on demand or within one year	8.6	8.3
Other borrowings with a repayment on demand clause are repayable as follows:		
Within one year	23.1	143.9
More than one year but not exceeding two years	—	23.6
	31.7	175.8
	6,503.7	5,588.6

The banking facilities of the Remaining Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Remaining Group.

Financial liabilities portion of MCN being the accrued effective interest as at 31 December:

	2011	**2010**
	HK$ Million	*HK$ Million*
Current portion	—	32.6
Non-current portion	—	45.9
	—	78.5

During the year, the Company repurchased 3,000,000 own shares at an aggregate consideration of approximately HK$55.5 million.

Other than the MCN and bonds, most of the bank and other borrowings of the Remaining Group are charged at floating interest rates. There are no known seasonal factors in the Remaining Group's borrowing profile.

Risk of Foreign Exchange Fluctuation

The Remaining Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Remaining Group closely monitored this risk exposure as required.

Contingent Liabilities

Details of contingent liabilities are set out in note 49 to the consolidated financial statements for the year ended 31 December 2011 in the Company's 2011 annual report.

Pledge of Assets

Details regarding pledge of assets are set out in note 53 to the consolidated financial statements for the year ended 31 December 2011 in the Company's 2011 annual report.

Operational Review of the Remaining Group

Financial Services

Broking and finance

- SHK, the Remaining Group's broking and finance arm, recorded a profit attributable to its owners of HK$1,015.9 million (2010: HK$1,081.5 million).

- SHK's balanced and diversified mix of businesses and clientele enabled it to deal with through the volatility of the global market and deliver a commendable set of results in 2011.

- The Wealth Management and Brokerage operation in 2011 performed above expectations. The growth in the margin lending business offset a drop in commission income. SHK has also invested in infrastructure and product platforms including SHK Private and SHK MasterChoice Discretionary Portfolio Management Services serving high net worth customers, and "SHKF eMO!", an award-winning mobile platform for clients who prefer to invest on a self-directed basis.

- The Capital Markets division continued to produce good results in 2011. The division made significant progress in tapping the small and medium corporate segments in Hong Kong and mainland China, despite a more subdued fund raising environment in the market.

- SHK has also strengthened its senior management team and collected several awards, including the Sing Tao Excellent Services Brand Award 2011 — Securities Firm, Capital Magazine's The 12th CAPITAL Outstanding Enterprise Award and CAPITAL Merits of Achievements in Banking and Finance.

Consumer finance

- UA Finance performed well in 2011 as it benefited from the strong growth in its China loans business and healthy growth of local Hong Kong business due to increased consumption spending and lower unemployment.

- The gross loan balance at year end increased significantly by 34% to approximately HK$7.9 billion. This was driven by a 24% increase in Hong Kong and a doubling of the loan balance in mainland China.

- The size of UA Finance's mainland China branch network has surpassed that of Hong Kong. Total branch network stood at 99 outlets at the end of 2011, consisting of 54 in mainland China and 45 in Hong Kong.

- The mortgage business, under the "SHK Finance" brand, performed above expectations by taking advantage of increased demand in a tightened mortgage lending environment available from banks.

- In 2012, UA Finance will continue to expand its mainland China business by increasing its network coverage in existing cities and provinces in which it now operates and will also continue to apply for new lending licences in cities and provinces where it believes there are significant growth prospects. In Hong Kong, UA Finance will continue to launch more loan programmes and advertising campaigns in order to maintain its loan growth momentum.

Properties

Hong Kong

- APL reported a profit attributable to its owners of HK$1,879.5 million (2010: HK$2,999.6 million), a decrease of HK$1,120.1 million.

- APL's rental income from its Hong Kong property portfolio remained steady.

- APL's Ibis North Point, a 275-room budget hotel, enjoyed a record year in revenue and profit.

- The net gain in value of APL's property portfolio, including investment properties owned by SHK, was HK$912.7 million for the full year, as compared to HK$871.3 million in 2010.

- Allied Kajima Limited ("Allied Kajima"), 50% indirectly owned by APL and holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel ("Novotel Century") and Sofitel Philippine Plaza Hotel ("SPPH"), contributed a profit increase of 22% compared to 2010. While Allied Kajima reported a higher revaluation gain of its investment properties and a record performance by Novotel Century, the results of SPPH were affected by a powerful typhoon in September 2011, which led to the evacuation of existing hotel guests and caused flooding to the lower ground floor of the hotel and damaging some food and beverage outlets and other facilities.

Mainland PRC

- The profit attributable to owners of Tian An was HK$868.9 million (2010: HK$1,432.5 million), a decrease of 39% over 2010.

- Although the mainland property market remained weak, Tian An enjoyed increased contributions from its cyberpark units. Its southern cyberparks have been progressing well. The projects in Shenzhen, Panyu, Longgang and Foshan all performed in line with Tian An's expectations. As far as its eastern and northern cyberparks are concerned, Tian An expects completion of construction works for its Nanjing Tian An Cyber Park (Phase 1) and Changzhou Tian An Cyber Park (Phase 1 Parts 3 & 4) in 2012. Construction works for Wuxi Tian An Intelligent Park, Nantong Tian An Cyberpark, Jiangyin Tian An Cyber Park, Chongqing Tian An Cyber Park and Tianjin Tian An Cyber Park (in Xiqing District) have commenced and are progressing as planned.

- Tian An has also taken advantage of the central and local governments in mainland China's push for urban renewal to launch its first such project in Huawei New City Area, Longgang District, Shenzhen. This 50/50 joint venture will be a 2.8 million m^2 business, commercial, and residential development close to the centre of Shenzhen. Phase 1 of about 400,000 m^2 will commence in the second quarter of 2012.

- The spin-off of the cement division previously announced by Tian An and the separate listing on the Main Board of the Stock Exchange under Allied Cement Holdings Limited (Stock Code: 1312) was accomplished on 18 January 2012, raising gross proceeds of HK$165 million. Tian An believes that the listing of the division as a separate unit will better reflect its value.

Investments

AOL

- The profit for the year from continuing operations attributable to the owners of AOL increased from HK$12.7 million in 2010 to HK$14.7 million in 2011, an increase of 16%.

- AOL's existing businesses include the business of elderly homes and a new medical and aesthetic equipment distribution business.

- The proposed acquisition of approximately 27.71% equity interest in APAC Resources Limited lapsed as one of the conditions precedent was not fulfilled by the long stop date.

- AOL currently has a significant amount of cash and liquid assets including listed bonds and will seek investment opportunities with significant prospects as opportunities are identified.

SHK HK IND

- SHK HK IND reported a net loss attributable to its owners of HK$144.9 million (2010: profit of HK$89.3 million). Although its results outperformed the Hang Seng Index, SHK HK IND still recorded a loss, derived primarily from realised and mark-to-market losses from its investments in equities. The bond portfolio recorded an improved performance with a profit contribution of HK$61.4 million (2010: HK$54.6 million).

- SHK HK IND plans to rebalance its portfolio so as to maintain a steadier set of results in the future.

Employees

The total number of staff of the Remaining Group as at 31 December 2011 was 4,795 (2010: 4,078). Total staff costs (including continuing operations and discontinued operations), including Directors' emoluments, amounted to HK$818.3 million (2010: HK$1,017.7 million). In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

Future Plans for Material Investments or Capital Assets

There is no specific plan for material investments or acquisition of material capital assets.

(II) For the year ended 31 December 2010

Financial Review of the Remaining Group

Financial Results

The revenue of the Remaining Group for 2010 (including continuing and discontinued operations) was HK$4,715.8 million, which was a slight decrease of 3.5% when compared with the year 2009.

The profit attributable to the owners of the Company (including continuing and discontinued operations) amounted to HK$2,308.3 million, as compared to HK$1,777.3 million in 2009. The earnings per share (including continuing and discontinued operations) amounted to HK$10.94 (2009: HK$7.37).

The increase in profit attributable to owners of the Company was mainly due to:

(1) profit on disposal of medical and associated health services businesses by AOL. The profit attributable to the owners of the Company amounted to HK$535.7 million;

(2) increase in contribution from consumer finance division; and

(3) increase in profit of listed associate, Tian An, together with increase in attributable percentage shareholding in Tian An during the year.

Material Acquisitions and Disposals

(a) In April 2010, SHK disposed of 49% ownership interest in a wholly-owned subsidiary engaging in leveraged foreign exchange trading business at a consideration of HK$141.1 million. The Remaining Group recognised a gain of HK$29.3 million on the disposal.

(b) On 28 June 2010, China Elite completed the acquisition of SHK's entire interest in an associate, Tian An, representing approximately 38.06% of the issued share capital of Tian An. The consideration of the acquisition was a share entitlement note ("SEN"), which conferred the right to call for the issue of 2,293,561,833 fully paid shares of APL ("APL Share(s)"). Immediately upon receipt of the SEN, SHK distributed a special dividend by way of distribution in specie, 1.309 fully paid APL Shares under the SEN for each share of SHK. At the time of the distribution by SHK, APL and its subsidiaries collectively held the right to a total entitlement to 1,429,277,678 of the 2,293,561,833 APL Shares which were immediately cancelled on distribution of the SEN. Accordingly, only 864,284,155 APL Shares were issued and allotted to shareholders of SHK other than APL, China Elite or any other subsidiaries of APL. Immediately upon completion of the acquisition of Tian An by China Elite and issue of APL Shares under the SEN by APL, the effective shareholding in Tian An by APL increased from approximately 23.72% to approximately 38.06%.

The loss on disposal of Tian An of HK$159.3 million recorded by SHK was reversed at Remaining Group level as the transaction is an intragroup transaction and the loss recorded by SHK was regarded as unrealised at the Remaining Group level. A difference of HK$131.9 million between the consideration and the increase in effective interest in the associate attributable to the Remaining Group, by which the non-controlling interests are adjusted, was recognised directly in equity attributable to owners of the Company.

Details regarding the acquisition and the issue of the APL Shares are contained in the circular of the Company dated 24 May 2010.

(c) On 28 June 2010, the completion date of the acquisition of Tian An by APL from SHK, APL issued 864,284,155 APL Shares to shareholders of SHK other than APL and its subsidiaries at a consideration of HK$1.66 per share being the closing market price of APL on that date. Accordingly, the issued share capital of APL increased from 6,088,832,430 shares to 6,953,116,585 shares and the Remaining Group's interest in APL decreased from approximately 74.37% to 65.12%. A loss on this deemed disposal amounting to approximately HK$312.6 million was recognised directly in equity attributable to owners of the Company.

(d) During the year, the Remaining Group has increased its holding in SHK HK IND by additional 797,275,832 shares. The Remaining Group's shareholding in SHK HK IND as at 31 December 2010 was approximately 72.13%, representing an increase of 14.48% from 31 December 2009.

(e) On 8 October 2010, AOL entered into a share sale agreement to dispose of its 100% shareholding in a group of subsidiaries, representing AOL's entire interest in medical and associated health services businesses ("Disposal"). The Disposal was completed on 30 November 2010. Further details of the Disposal are set out in the circular of the Company dated 8 November 2010.

Apart from the above, there were no material acquisitions or disposals of subsidiaries, associated companies or jointly controlled entities during the year.

Financial Resources, Liquidity and Capital Structure

At 31 December 2010, the equity attributable to owners of the Company amounted to HK$11,959.9 million, representing an increase of HK$2,528.1 million or approximately 26.8% from 2009. The Remaining Group maintained a strong cash and bank balance position and had cash, treasury bills and bank balances of approximately HK$4,647.0 million as at 31 December 2010 (2009: HK$2,420.0 million). The Remaining Group's bank and other borrowings totalling HK$5,588.6 million (2009: HK$4,267.6 million) of which the portion due on demand or within one year was HK$2,898.2 million (2009: HK$3,860.0 million) and the remaining long-term portion was HK$2,690.4 million (2009: HK$407.6 million). During the year, SHK issued MCN of which HK$78.5 million being the accrued effective interest was classified as financial liabilities as at 31 December 2010. The liquidity of the Remaining

Group as evidenced by the current ratio (current assets/current liabilities) was 3.59 times (2009: 2.15 times). The Remaining Group's gearing ratio (net bank and other borrowings and financial liabilities portion of MCN/equity attributable to the owners of the Company) was 8.5% (2009: 19.6%).

	2010	**2009**
	HK$ Million	*HK$ Million*
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	1,648.8	2,180.3
More than one year but not exceeding two years	522.6	252.6
More than two years but not exceeding five years	2,167.8	155.0
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	851.3	780.9
More than one year but not exceeding two years	41.8	253.2
More than two years but not exceeding five years	180.5	447.8
	5,412.8	4,069.8
Other borrowings repayable on demand or within one year	8.3	8.5
Other borrowings with a repayment on demand clause are repayable as follows:		
Within one year	143.9	156.3
More than one year but not exceeding two years	23.6	10.2
More than two years but not exceeding five years	—	22.8
	175.8	197.8
	5,588.6	4,267.6

The banking facilities of the Remaining Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Remaining Group.

Financial liabilities portion of MCN being the accrued effective interest as at 31 December 2010:

	HK$ Million
Current portion	32.6
Non-current portion	45.9
	78.5

Other than the MCN, most of the bank and other borrowings of the Remaining Group are charged at floating interest rates. There are no known seasonal factors in the Remaining Group's borrowing profile.

Risk of Foreign Exchange Fluctuation

The Remaining Group was required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Remaining Group closely monitored this risk exposure as required.

Contingent Liabilities

Details of contingent liabilities are set out in note 49 to the consolidated financial statements for the year ended 31 December 2010 in the Company's 2010 annual report.

Pledge of Assets

Details regarding pledge of assets are set out in note 53 to the consolidated financial statements for the year ended 31 December 2010 in the Company's 2010 annual report.

Operational Review of the Remaining Group

Financial Services

Broking and finance

- SHK, the Remaining Group's broking and finance arm, recorded a profit attributable to its owners of HK$1,082.2 million (2009: HK$1,254.6 million).

- SHK disposed of its entire 38.06% stake in Tian An to a wholly-owned subsidiary of APL. The entire consideration of HK$3.8 billion received in the form of shares in APL was subsequently distributed to its shareholders. It should be noted that this group reorganisation is an intragroup transaction and the loss recorded by SHK on its disposal of Tian An was reversed at Remaining Group level.

- SHK's five core businesses, namely, Wealth Management & Brokerage, Asset Management, Corporate Finance (renamed Capital Markets in 2011), Consumer Finance and Principal Investments continued to perform well in 2010 despite the uncertain business environment.

- SHK continued to invest and build up its business platform through selective strategic relationships. The recent alliance with CVC Capital Partners, one of the world's largest private equity firms, has provided financial capital as well as access to wide-ranging industry networks and investment experience.

- The establishment of a strategic partnership with EK Immigration Consulting Limited and the launch of the dedicated brand, SHK Private, were both directed towards servicing demands from high net worth individuals originating from China looking to emigrate to Hong Kong and globally and customers seeking high-end services.

- SHK's strategic partnership in foreign exchange with Australian-based Macquarie Bank led to a number of initiatives in forex business including the launch of FX Trader Pro in September 2010.

- SHK completed its relocation of various offices to The Lee Gardens in Causeway Bay in January 2011. The centralization of most of its business units within the same building facilitates improved productivity and efficiency.

Consumer finance

- UA Finance delivered another record set of strong financial results. The consumer finance gross loan principal balance as at 31 December 2010 increased by 20% to HK$5.9 billion (2009: HK$4.9 billion), with growth accelerating towards the end of the year.

- UA Finance's loan business in mainland China was the main driver of this growth. UA Finance in Shenzhen has developed into a growing profit contributor after its third year of operation. 8 branches were added in Shenzhen during the year, bringing the number of branches in Shenzhen to a total of 28.

- UA Finance has been granted licences to operate in six other cities or provinces, marking an important step in its national expansion. Shenyang and Chongqing branches commenced businesses in the first half of 2010 and Tianjin and Chengdu followed in the second half of the year. Expansion continued into 2011 with more branch openings in Kunming and Dalian.

- The loan business in Hong Kong also saw healthy growth during 2010. The Hong Kong economy benefited substantially from robust retail consumption and the strengthening of consumer confidence. UA Finance had a total of 43 branches in Hong Kong at the end of 2010.

- UA Finance re-launched the "SHK Finance" brand in the fourth quarter of 2010 to target mortgage loan business. A new service centre at Langham Place, Mongkok, was opened and its loan generation performance was satisfactory.

- China will be the major growth driver going forward, while UA Finance continues to consolidate its market leading position in Hong Kong.

Properties

Hong Kong

- APL reported a profit attributable to its owners of HK$2,999.6 million, an increase of 63.2% from HK$1,837.9 million in 2009.

- APL achieved a slight increase in total rental income on its property portfolio.

- Hotel operation improved as a result of recovery of tourist industries from 2009.

- The net gain in value of APL's property portfolio for the full year was HK$871.3 million, as compared to HK$994 million in 2009.

- Allied Kajima, 50% indirectly owned by APL and holding various properties including Allied Kajima Building, Novotel Century and SPPH, contributed a profit increase of 29% compared to 2009. The increase was mainly due to revaluation of its investment properties and a commendable performance by Novotel Century which recorded significantly higher occupancies and average room rates.

Mainland PRC

- The profit attributable to owners of Tian An was HK$1,432.5 million (2009: HK$1,067.4 million), representing a 34% increase over 2009.

- Rental income of Tian An increased by 60%.

- Tian An has continued to dispose of non-core assets. Gain on disposal of subsidiaries amounted to HK$613.7 million.

- Profit attributable to the owners of Tian An arising from the Shanghai Allied Cement factory site relocation compensation was HK$192.6 million, after deducting the income taxation and income attributable to the non-controlling interests. Shanghai Allied Cement factory will be rebuilt in the Pudong District of Shanghai subsequent to the confirmation of site area with the government.

- Tian An currently has an attributable GFA landbank of approximately 6,597,200 m^2, consisting of 333,900 m^2 of completed investment properties and 6,263,300 m^2 of properties under construction and for development.

- Tian An will continue to adjust through acquisitions and disposals the quality of its landbank and sale of end products to balance the demands of short-term returns and long-term capital appreciation.

Investments

AOL

- Profit attributable to owners of AOL amounted to HK$1,463.4 million, compared to HK$75.9 million in 2009. The substantial increase in profit was inclusive of a gain on disposal of the medical and associated health services businesses of HK$1,428.3 million.

- AOL is now in a position to continue to operate and develop its elderly care business in Hong Kong and to acquire or develop both healthcare businesses and elderly care businesses in the PRC and elsewhere as well as to diversify into other business sectors in Hong Kong, the PRC and elsewhere.

SHK HK IND

- SHK HK IND reported a profit attributable to its shareholders of HK$89.3 million as compared to HK$295.6 million in 2009. SHK HK IND's returns on its investments outperformed the Hong Kong stock market for three consecutive years. It maintained a balanced portfolio of equities, bonds and cash.

Employees

The total number of staff of the Remaining Group as at 31 December 2010 was 4,078 (2009: 4,338). Total staff costs (including continuing and discontinued operations), including Directors' emoluments, amounted to HK$1,017.7 million (2009: HK$1,013.5 million). In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

(III) For the year ended 31 December 2009

Financial Review of the Remaining Group

Financial Results

The revenue of the Remaining Group for 2009 was approximately HK$4,886.4 million, which was an increase of 43.6% when compared with 2008. The increase in revenue was due to:

(1) better performances of all of the Remaining Group's core operating divisions;

(2) consolidation of the results of SHK HK IND after it became a subsidiary of the Company during the year.

The profit attributable to owners of the Company was HK$1,777.3 million, as compared to a loss of HK$231.6 million in 2008. The earnings per share amounted to HK$7.37 (2008: loss per share at HK$0.95).

The improved performance was largely attributable to:

(1) a significant increase in contributions from all of the Remaining Group's core operating divisions;

(2) the Remaining Group's property portfolio recorded a net fair value revaluation gain of HK$824.7 million as a result of the recovery of property prices, compared to a net deficit of HK$585.2 million in 2008;

(3) profits, both realised and unrealised, arising from investments in securities and financial instruments due to an improving global financial market;

(4) a gain of HK$156 million from increasing our stake at a discount to net assets in SHK HK IND from 26.98% to 57.66% through our excess subscription to its rights issue and the subsequent general offer.

Material Acquisitions and Disposals

In April 2009, SHK HK IND completed a rights issue. Under the rights issue and the subsequent general offer, the Remaining Group acquired additional 30.68% interests in SHK HK IND. Accordingly, the Remaining Group's shareholdings in SHK HK IND increased from 26.98% to 57.66% and SHK HK IND was reclassified from an associate to a subsidiary of the Company and its results, assets and liabilities were consolidated in the Remaining Group's financial statements. The Remaining Group's share of SHK HK IND's result up to 30 April 2009 is included in the Remaining Group's financial statements on an equity accounting basis. The consideration of the acquisition of the 30.68% interests in SHK HK IND of HK$165.2 million was settled in cash.

Other than the above acquisition, there were no material acquisitions or disposals of subsidiaries, associates and jointly controlled entities during the year.

Financial Resources, Liquidity and Capital Structure

As at 31 December 2009, the equity attributable to owners of the Company amounted to HK$9,431.8 million, representing an increase of HK$1,097.4 million or approximately 13.2% from 2008. The Remaining Group maintained a strong cash and bank balance position and had cash, treasury bills and bank balances of approximately HK$2,420.0 million as at 31 December 2009 (2008: HK$2,722.0 million). The Remaining Group's bank and other borrowings totalling HK$4,267.6 million (2008: HK$3,883.1 million) of which the portion due on demand or within one year increased to HK$3,126.0 million (2008: HK$1,403.8 million) and the remaining long-term portion decreased to HK$1,141.6 million (2008: HK$2,479.3 million). The liquidity of the Remaining Group as evidenced by the current ratio (current assets/current liabilities) was 2.45 times (2008: 3.36 times). The Remaining Group's gearing ratio (net bank and other borrowings/equity attributable to the owners of the Company) was 19.6% (2008: 13.9%).

	2009	2008
	HK$ Million	*HK$ Million*
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	2,961.2	1,305.3
More than one year but not exceeding two years	505.8	238.0
More than two years but not exceeding five years	602.8	2,194.1
More than five years	—	39.3
	4,069.8	3,776.7
Other borrowings are repayable as follows:		
On demand or within one year	164.8	98.5
More than one year but not exceeding two years	10.2	—
More than two years but not exceeding five years	22.8	7.9
	4,267.6	3,883.1

A conditional cash offer by Yu Ming Investment Management Limited on behalf of the Company to repurchase up to 36,588,363 shares for HK$18.50 per share with a consideration of approximately HK$676.9 million was declared unconditional on 13 November 2009 and the cancellation of the entire 36,588,363 shares was completed on 3 December 2009. In addition, during the year, the Company had repurchased 116,000 own shares on the Stock Exchange at an aggregate consideration of approximately HK$1.4 million.

Most of the bank and other borrowings of the Remaining Group are charged at floating interest rates. There are no known seasonal factors in the Remaining Group's borrowing profile.

The banking facilities of the Remaining Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Remaining Group.

Risk of Foreign Exchange Fluctuation

The Remaining Group was required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Remaining Group closely monitored this risk exposure as required.

Contingent Liabilities

Details of contingent liabilities are set out in note 49 to the consolidated financial statements for the year ended 31 December 2009 in the Company's 2009 annual report.

Pledge of Assets

Details regarding pledge of assets are set out in note 53 to the consolidated financial statements for the year ended 31 December 2009 in the Company's 2009 annual report.

Operational Review of the Remaining Group

Financial Services

Broking and finance

- SHK, the Remaining Group's broking and finance arm, recorded a profit attributable to its owners of HK$1,254.6 million, an increase of 262% from HK$346.4 million in 2008.

- Turnover and performance of most divisions recorded a marked improvement compared to the previous year.

- Assets under management, custody and/or advice have exceeded HK$60 billion.

- As at 31 December 2009, the margin loan book stood at HK$3,343.6 million, a 48.8% increase from the previous year.

Consumer finance

- The Remaining Group's consumer finance division, UA Finance, delivered a record set of financial results for the year despite a difficult first half resulting from a recovering Hong Kong economy and continued expansion in the mainland. As at 31 December 2009, UA Finance's gross loan book stood at approximately HK$4.9 billion.

- UA Finance added eight more branches in Shenzhen during the year and one more in Hong Kong. Total branch network has reached 62 outlets, comprising 42 in Hong Kong and 20 in Shenzhen.

- Additional licences for operating loan businesses have been granted in Shenyang and Chongqing.

- UA Finance will continue to seek further opportunities for growth in China.

Properties

Hong Kong

- APL reported a profit attributable to its owners of HK$1,837.9 million, compared to a loss of HK$144.5 million in 2008.

- The net gain in the value of APL's property portfolio for the full year was HK$994 million.

- APL maintained its rental yield on its Hong Kong property portfolio.

- Although the hotel operations recorded a better second half, the whole year performance of APL's hotel business was affected by the reduction in tourists and business travellers in Hong Kong due to the spread of swine flu and slowdown of the global economy.

Mainland PRC

- Profit attributable to owners of Tian An was HK$1,067.4 million (2008: HK$711.1 million), representing a 50% increase over 2008.
- Tian An currently has an attributable GFA landbank of approximately 5,763,100 m^2, consisting of 366,800 m^2 of completed investment properties and 5,396,300 m^2 of properties held for development.
- Tian An will continue to adjust through acquisitions and disposals the quality of its landbank and sale of its end products to balance the demands of short-term returns and long-term capital appreciation.
- Tian An will focus on increasing its exposure to developing cyberparks.

Investments

AOL

- Profit attributable to owners of AOL was HK$75.9 million in 2009, a 17.7% increase compared to HK$64.5 million in 2008.
- Core medical centres expanded from 42 to 58 in 2009 through acquisitions and organic growth.
- AOL is well positioned to support the Hong Kong Government in its healthcare reform initiatives directed towards striking a better balance between private and public healthcare provision and establishing a sustainable healthcare financing model.
- AOL is continually seeking opportunities to expand its healthcare business in Hong Kong and China.

SHK HK IND

- SHK HK IND, which became a subsidiary of the Company during the year, recorded a profit attributable to owners of SHK HK IND of HK$295.6 million, as compared to a loss of HK$376.4 million in 2008. The profit was mainly derived from fair value gains on financial instruments, the balance payable being received from SHK HK IND's interests in Grand China Air Company Limited, bond income, and dividend received.
- In April 2009, SHK HK IND completed a rights issue and raised HK$181.9 million.

Employees

The total number of staff of the Remaining Group as at 31 December 2009 was 4,338 (2008: 4,028). Total staff costs, including Directors' emoluments, amounted to HK$1,013.5 million (2008: HK$895.9 million). The Remaining Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

3. FINANCIAL AND TRADING PROSPECT OF THE REMAINING GROUP

Upon full exercise of the Option, the Newco will remain as a 80%-subsidiary of the UA Finance and the results and financial position of the Newco and its subsidiaries will continue to be consolidated within the Remaining Group. There are no material changes to the Remaining Group's businesses.

The world economy continues to remain uncertain. The economic recovery of the United States remains slow and the Euro Zone debt problems are still a looming threat to economic stability. The Remaining Group will closely monitor market fluctuations and risk management so as to minimise any adverse impact on the Remaining Group's financial services businesses.

In both Hong Kong and mainland China, various measures to control the residential property prices are still in effect, but the Remaining Group remains confident of the long-term prospects for the property markets in both Hong Kong and the mainland.

4. STATEMENT OF INDEBTEDNESS

At the close of business on 31 May 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$7,656.9 million, comprising secured bank loans of approximately HK$2,526.6 million, unsecured bank loans of approximately HK$4,487.9 million, unlisted unsecured bonds of approximately HK$527.9 million, unsecured borrowings of approximately HK$32.0 million from associates, unsecured borrowings of approximately HK$50.0 million from a jointly controlled entity, unsecured borrowings of approximately HK$0.2 million from investee companies and unsecured other borrowings of approximately HK$32.3 million. The Group's secured borrowings were secured by charges over its assets, including investment properties, hotel property, land and buildings, properties held for sale, bank deposits and bank balances, listed investments belonging to the Group and margin clients, and debt securities including the related embedded option together with certain securities in respect of a listed subsidiary held by the Group. The unlisted unsecured bonds were guaranteed by a non wholly-owned subsidiary of the Group.

In addition, the Group had contingent liabilities in the sum of approximately HK$13.3 million comprising guarantees for banking facilities granted to a jointly controlled entity, indemnities on banking guarantees made available to a clearing house and regulatory body and other guarantees. The Group has also entered into a tax deed to indemnify the purchaser of former subsidiaries for tax liabilities prior to completion of the disposal of those subsidiaries. The valid period for the claims under the tax deed shall be 7 years from completion. There were also claims arising from litigation regarding to proceedings relating to Chang Zhou Power Development Company Limited, further particulars of which are set out in the section headed "Litigation" in Appendix IV to this circular.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31 May 2012.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, other loan capital, bank overdrafts, loans or other similar indebtedness, hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities at the close of business on 31 May 2012.

5. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group including the available credit facilities and the internally generated funds, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2011 (the date to which the latest published audited consolidated financial statements of the Group were made up).

SUMMARY OF FINANCIAL INFORMATION

Set out below are the unaudited combined statement of financial position of the Target Companies as at 31 December 2009, 2010 and 2011 and the unaudited combined income statement, the unaudited combined statement of comprehensive income, the unaudited combined statement of changes in equity and the unaudited combined statement of cash flows of the Target Companies for the three years ended 31 December 2011 (collectively referred to "Unaudited Combined Financial Information of the Target Companies"), which have been prepared by the directors of SHK in accordance with Rule 14.68(2)(a)(i) of the Listing Rules.

The auditor of the Company, Deloitte Touche Tohmatsu, has reviewed the Unaudited Combined Financial Information of the Target Companies in accordance with the Hong Kong Standard on Review Engagements 2400 "Engagements to Review of Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants and concluded that nothing has come to their attention that caused them to believe that the Unaudited Combined Financial Information of the Target Companies is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Group's consolidated financial statements for the respective years in the three years period ended 31 December 2011 and the basis set out in Note 2 to the Unaudited Combined Financial Information of the Target Companies.

COMBINED INCOME STATEMENTS OF THE TARGET COMPANIES

for the years ended 31 December 2009, 2010 and 2011

	2011	**2010**	**2009**
	HK$ Million	*HK$ Million*	*HK$ Million*
Revenue	547.0	247.7	129.3
Other income	13.7	4.5	7.7
Total income	560.7	252.2	137.0
Administrative expenses	(273.5)	(128.0)	(66.1)
Net exchange loss	(41.8)	(19.2)	(0.1)
Bad and doubtful debts	(52.7)	(36.5)	(23.2)
Finance costs	(8.4)	(3.9)	(0.9)
Profit before taxation	184.3	64.6	46.7
Taxation	(43.0)	(17.0)	(13.7)
Profit for the year	141.3	47.6	33.0
Profit attributable to:			
UA Finance	142.0	47.6	33.0
Non-controlling interest	(0.7)	—	—
	141.3	47.6	33.0

COMBINED STATEMENTS OF COMPREHENSIVE INCOME OF THE TARGET COMPANIES
for the years ended 31 December 2009, 2010 and 2011

	2011	2010	2009
	HK$ Million	*HK$ Million*	*HK$ Million*
Profit for the year	141.3	47.6	33.0
Other comprehensive income			
Exchange differences arising on translating foreign operations	96.3	33.2	0.2
Total comprehensive income for the year	237.6	80.8	33.2
Total comprehensive income attributable to:			
UA Finance	237.5	80.8	33.2
Non-controlling interest	0.1	—	—
	237.6	80.8	33.2

COMBINED STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANIES
at 31 December 2009, 2010 and 2011

	2011	2010	2009
	HK$ Million	*HK$ Million*	*HK$ Million*
Non-current Assets			
Investment properties	32.8	45.3	60.6
Prepaid land lease payments	5.3	5.2	5.2
Property and equipment	102.6	61.7	29.7
Loans and advances to consumer finance customers due after one year	76.5	44.4	9.7
Deferred tax assets	27.3	17.0	4.6
Deposits for acquisition of property and equipment and other receivables	7.0	3.4	1.6
	251.5	177.0	111.4
Current Assets			
Loans and advances to consumer finance customers due within one year	1,442.3	700.7	316.4
Trade and other receivables	19.8	9.8	3.2
Amount due from a holding company	97.2	6.3	6.0
Amount due from a fellow subsidiary	37.0	35.4	34.1
Cash, deposits and cash equivalents	1,650.8	1,122.3	251.6
	3,247.1	1,874.5	611.3
Current Liabilities			
Bank and other borrowings	44.4	79.0	19.3
Trade and other payables	54.3	24.9	13.9
Amount due to a holding company	—	0.9	0.8
Amount due to an associate of a holding company	24.7	—	—
Amount due to fellow subsidiaries	118.8	337.1	362.8
Taxation payable	22.2	14.9	9.9
	264.4	456.8	406.7
Net Current Assets	2,982.7	1,417.7	204.6
Total Assets less Current Liabilities	3,234.2	1,594.7	316.0

	2011	2010	2009
	HK$ Million	*HK$ Million*	*HK$ Million*
Capital and Reserves			
Capital	2,752.1	1,428.2	279.3
Reserves	350.1	112.6	31.8
Equity attributable to UA Finance	3,102.2	1,540.8	311.1
Non-controlling interest	122.5	—	—
Total Equity	3,224.7	1,540.8	311.1
Non-current Liabilities			
Deferred tax liabilities	9.5	6.7	4.9
Amount due to an associate of a holding company	—	47.2	—
	9.5	53.9	4.9
	3,234.2	1,594.7	316.0

COMBINED STATEMENTS OF CHANGES IN EQUITY OF THE TARGET COMPANIES
for the years ended 31 December 2009, 2010 and 2011

	Attributable to UA Finance					
	Capital	Exchange reserve	(Accumulated loss)/retained earnings	Total	Non-controlling interest	Total equity
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
At 1 January 2009	67.2	5.7	(7.1)	65.8	—	65.8
Profit for the year	—	—	33.0	33.0	—	33.0
Other comprehensive income for the year	—	0.2	—	0.2	—	0.2
Total comprehensive income for the year	—	0.2	33.0	33.2	—	33.2
Increase in capital	212.1	—	—	212.1	—	212.1
At 31 December 2009	279.3	5.9	25.9	311.1	—	311.1
Profit for the year	—	—	47.6	47.6	—	47.6
Other comprehensive income for the year	—	33.2	—	33.2	—	33.2
Total comprehensive income for the year	—	33.2	47.6	80.8	—	80.8
Increase in capital	1,148.9	—	—	1,148.9	—	1,148.9
At 31 December 2010	1,428.2	39.1	73.5	1,540.8	—	1,540.8
Profit for the year	—	—	142.0	142.0	(0.7)	141.3
Other comprehensive income for the year	—	95.5	—	95.5	0.8	96.3
Total comprehensive income for the year	—	95.5	142.0	237.5	0.1	237.6
Increase in capital	1,323.9	—	—	1,323.9	122.4	1,446.3
At 31 December 2011	2,752.1	134.6	215.5	3,102.2	122.5	3,224.7

COMBINED STATEMENTS OF CASH FLOWS OF THE TARGET COMPANIES

for the years ended 31 December 2009, 2010 and 2011

	2011	2010	2009
	HK$ Million	*HK$ Million*	*HK$ Million*
OPERATING ACTIVITIES			
Profit before taxation	184.3	64.6	46.7
Adjustments for:			
Interest income	(544.2)	(244.5)	(126.1)
Bad and doubtful debts	52.7	36.5	23.2
Increase in fair value of investment properties	(13.5)	(4.5)	(7.7)
Amortisation of prepaid land lease payments	0.1	0.1	0.1
Depreciation of property and equipment	14.1	8.7	4.8
Interest expenses	8.4	3.9	0.9
Exchange difference	32.9	18.7	—
Operating cash flows before movements in working capital	(265.2)	(116.5)	(58.1)
Increase in loans and advances to consumer finance customers	(765.4)	(437.6)	(164.2)
Increase in trade and other receivables	(12.6)	(8.1)	(2.2)
Increase in trade and other payables	27.6	12.8	8.4
Cash used in operations	(1,015.6)	(549.4)	(216.1)
Interest received	535.0	245.8	122.0
Interest paid	(8.5)	(3.8)	(0.9)
Taxation paid	(43.4)	(22.6)	(3.1)
NET CASH USED IN OPERATING ACTIVITIES	(532.5)	(330.0)	(98.1)
INVESTING ACTIVITIES			
Purchase of property and equipment	(23.5)	(17.6)	(9.4)
Fixed deposits with bank placed	(653.5)	(282.3)	—
Amounts advanced to a holding company	(89.4)	(0.1)	(0.3)
NET CASH USED IN INVESTING ACTIVITIES	(766.4)	(300.0)	(9.7)

	2011	2010	2009
	HK$ Million	*HK$ Million*	*HK$ Million*
FINANCING ACTIVITIES			
Proceeds from capital injection	1,323.9	1,148.9	212.1
Capital contribution by non-controlling interest	122.4	—	—
Net short-term bank and other borrowings (repaid) raised	(37.3)	57.5	19.3
Short-term loans due to fellow subsidiaries (repaid) raised	(227.5)	(38.1)	90.4
Loan due to an associate of a holding company raised	—	47.1	—
Loan due to an associate of a holding company repaid	(24.1)	—	—
NET CASH FROM FINANCING ACTIVITIES	1,157.4	1,215.4	321.8
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(141.5)	585.4	214.0
CASH AND CASH EQUIVALENTS AT 1 JANUARY	840.0	251.6	37.5
Effect of foreign exchange rate changes	11.3	3.0	0.1
	709.8	840.0	251.6
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by			
Cash and cash equivalents	709.8	840.0	251.6

NOTES TO THE COMBINED FINANCIAL INFORMATION OF THE TARGET COMPANIES

for the years ended 31 December 2009, 2010 and 2011

1. GENERAL

亞聯財信息諮詢(深圳)有限公司, 深圳亞聯財行銷顧問有限公司, 深圳市亞聯財小額信貸有限公司, 瀋陽金融商貿開發區亞聯財小額貸款有限公司, 重慶市渝中區亞聯財小額貸款有限責任公司, 天津亞聯財小額貸款有限公司, 成都亞聯財小額貸款有限公司, 大連保稅區亞聯財小額貸款有限公司, 雲南省亞聯財小額貸款有限公司 and 北京亞聯財小額貸款有限公司 (collectively referred to as the "Target Companies") are subsidiaries of United Asia Finance Limited ("UA Finance"), which is in turn a non wholly-owned subsidiary of Allied Group Limited (the "Company").

On 9 May 2012, UA Finance entered into a Director's Service Agreement with Mr. Akihiro Nagahara ("Mr. Nagahara"), a director and the chief executive officer of UA Finance, in which a PRC Development Bonus and an Option to (i) subscribe for up to 20% of the enlarged issued capital of a newly established company which will be the holding company of all subsidiaries of UA Finance that engage in the money lending business in the People's Republic of China (the "Newco") (corresponding to 25% of the issued capital of the Newco as at the date immediately prior to the date of the exercise of the Option); or (ii) purchase from UA Finance or its subsidiary up to 20% of the then existing issued capital of the Newco, will be made and granted respectively. The Director's Service Agreement shall not be effective until:

(a) each of the Company, Allied Properties (H.K.) Limited ("APL") and Sun Hung Kai & Co. Limited ("SHK") having obtained the approval of their respective shareholders for the Director's Service Agreement and the transactions contemplated thereunder as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules");

(b) each of the Company, APL and SHK having complied with and to the satisfaction of The Stock Exchange of Hong Kong Limited all requirements under the Listing Rules in relation to the Director's Service Agreement and the transactions contemplated thereunder; and

(c) all other necessary consents and approvals as may be required in respect of the Director's Service Agreement and the transactions contemplated thereunder having been obtained.

2. BASIS OF PRESENTATION OF THE COMBINED FINANCIAL INFORMATION

The unaudited combined financial information of the Target Companies has been prepared in accordance with Rule 14.68(2)(a)(i) of the Listing Rules, and solely for the purpose of inclusion in the circular to be issued in connection with the Director's Service Agreement of Mr. Nagahara by the Company, APL and SHK.

The amounts included in the unaudited combined financial information for the three years ended 31 December 2011 (the "Relevant Period") have been prepared using the same accounting policies adopted by the Company in the preparation of its consolidated financial statements for the respective years in the Relevant Period, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited combined financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements".

3. EVENTS AFTER THE END OF THE RELEVANT PERIOD

A wholly-owned subsidiary of UA Finance, 武漢亞聯財小額貸款有限公司, was incorporated with registered capital of RMB500 million. UA Finance contributed RMB75 million on 22 February 2012 as paid-up capital and the remaining RMB425 million will be injected on or before 22 December 2013. 武漢亞聯財小額貸款有限公司 will engage in the PRC business.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF ALLIED GROUP LIMITED

We report on the unaudited pro forma financial information of the Allied Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purpose only, to provide information on how the grant of an option to Mr. Akihiro Nagahara ("Mr. Nagahara"), as set out in the terms of the Director's Service Agreement entered into between United Asia Finance Limited ("UA Finance"), an indirect non wholly-owned subsidiary of the Company, and Mr. Nagahara on 9 May 2012, might have affected the financial information presented, for inclusion in Appendix III to the circular dated 29 June 2012 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in Appendix III to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanation we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group (as a consequence of the grant of the Option) as at 31 December 2011 or any further date; or

- the results and cash flows of the Group for the year ended 31 December 2011 or any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 June 2012

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information presented below is prepared to illustrate the financial position of the Group as at 31 December 2011 after pro forma adjustments as if the Option, as set out in the Director's Service Agreement entered into on 9 May 2012 between UA Finance and Mr. Nagahara to (i) subscribe for up to 20% of the enlarged issued capital of a newly established company as described in the "Letter from the Board" which will be the holding company of all subsidiaries of UA Finance that engage in the money lending business in the People's Republic of China (the "Newco") (corresponding to 25% of the issued capital of the Newco as at the date immediately prior to the date of the exercise of the Option); or (ii) purchase from UA Finance or its subsidiary up to 20% of the then existing issued capital of the Newco as described in the "Letter from the Board", was granted on 31 December 2011. In addition, the unaudited pro forma financial information presented below illustrates the results and cash flows of the Group for the year ended 31 December 2011 after pro forma adjustments as if the Option was granted on 1 January 2011.

In addition, further unaudited pro forma financial information is provided to illustrate the consequential impact on the financial position of the Group as at 31 December 2011 as well as the results and cash flows of the Group for the year ended 31 December 2011 assuming the Restructuring as defined in the circular dated 29 June 2012 and the eventual exercise of the Option were effected immediately after the granting of the Option notwithstanding the fact that the completion of the Restructuring is not likely to be immediate and the timing of the exercise of the Option is solely determined by Mr. Nagahara and not the Group.

This unaudited pro forma financial information under both circumstances has been prepared for illustrative purpose only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Group as at 31 December 2011 or at any future date or to represent the results and cash flows of the Group for the year ended 31 December 2011 or for any future period. The unaudited pro forma financial information is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2011, the audited consolidated income statement, audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 extracted from the annual report of the Company for the year ended 31 December 2011 after reflecting the pro forma adjustments described in the accompanying notes.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	Consolidated statement of financial position of the Group before pro forma adjustments (as at 31 December 2011) *HK$ Million* *(Audited)*	Pro forma adjustments that show the effect of the grant and immediate vest of the Option *HK$ Million* *(Note 1)*	Unaudited pro forma consolidated statement of financial position assuming Option was granted and immediately vested on 31 December 2011 *HK$ Million*	Pro forma withholding tax on dividend paid *HK$ Million* *(Note 2)*	Pro forma restructuring expenses *HK$ Million* *(Note 3)*	Effect of the exercise of the Option *HK$ Million* *(Note 4)*	Unaudited pro forma consolidated statement of financial position assuming Option was granted, vested and immediately exercised on 31 December 2011 *HK$ Million*
Non-current assets							
Investment properties	5,752.2	—	5,752.2	—	—	—	5,752.2
Property, plant and equipment	635.2	—	635.2	—	—	—	635.2
Prepaid land lease payments	10.0	—	10.0	—	—	—	10.0
Goodwill	125.7	—	125.7	—	—	—	125.7
Intangible assets	122.5	—	122.5	—	—	—	122.5
Interests in associates	6,234.9	—	6,234.9	—	—	—	6,234.9
Interests in jointly controlled entities	1,387.9	—	1,387.9	—	—	—	1,387.9
Available-for-sale financial assets	632.5	—	632.5	—	—	—	632.5
Statutory deposits	26.9	—	26.9	—	—	—	26.9
Amounts due from associates	51.3	—	51.3	—	—	—	51.3
Loans and advances to consumer finance customers due after one year	2,972.6	—	2,972.6	—	—	—	2,972.6
Prepaid deposits for acquisition of property, plant and equipment and other receivables	36.5	—	36.5	—	—	—	36.5
Deferred tax assets	92.7	—	92.7	—	—	—	92.7
Financial assets at fair value through profit or loss	642.1	—	642.1	—	—	—	642.1
	18,723.0	—	18,723.0	—	—	—	18,723.0

	Consolidated statement of financial position of the Group before pro forma adjustments (as at 31 December 2011) HK$ Million (Audited)	Pro forma adjustments that show the effect of the grant and immediate vest of the Option HK$ Million (Note 1)	Unaudited pro forma consolidated statement of financial position assuming Option was granted and immediately vested on 31 December 2011 HK$ Million	Pro forma withholding tax on dividend paid HK$ Million (Note 2)	Pro forma restructuring expenses HK$ Million (Note 3)	Effect of the exercise of the Option HK$ Million (Note 4)	Unaudited pro forma consolidated statement of financial position assuming Option was granted, vested and immediately exercised on 31 December 2011 HK$ Million
Current assets							
Properties held for sale and other inventories	441.8	—	441.8	—	—	—	441.8
Financial assets at fair value through profit or loss	1,019.0	—	1,019.0	—	—	—	1,019.0
Prepaid land lease payments	0.4	—	0.4	—	—	—	0.4
Loans and advances to consumer finance customers due within one year	4,583.5	—	4,583.5	—	—	—	4,583.5
Trade and other receivables	6,424.2	—	6,424.2	—	—	—	6,424.2
Amounts due from associates	373.6	—	373.6	—	—	—	373.6
Amounts due from jointly controlled entities	8.6	—	8.6	—	—	—	8.6
Available-for-sale financial assets	262.1	—	262.1	—	—	—	262.1
Taxation recoverable	18.6	—	18.6	—	—	—	18.6
Short-term pledged bank deposits and bank balances	115.6	—	115.6	—	—	—	115.6
Cash, deposits and cash equivalents	4,335.1	—	4,335.1	(13.9)	(4.5)	620.4	4,937.1
	17,582.5	—	17,582.5	(13.9)	(4.5)	620.4	18,184.5
Current liabilities							
Trade and other payables	(1,112.8)	—	(1,112.8)	—	—	—	(1,112.8)
Financial liabilities at fair value through profit or loss	(27.5)	—	(27.5)	—	—	—	(27.5)
Amounts due to associates	(32.7)	—	(32.7)	—	—	—	(32.7)
Amounts due to jointly controlled entities	(50.1)	—	(50.1)	—	—	—	(50.1)
Tax payable	(102.2)	—	(102.2)	—	—	—	(102.2)
Bank and other borrowings due within one year	(3,098.3)	—	(3,098.3)	—	—	—	(3,098.3)
Provisions	(48.4)	—	(48.4)	—	—	—	(48.4)
	(4,472.0)	—	(4,472.0)	—	—	—	(4,472.0)
Net current assets	13,110.5	—	13,110.5	(13.9)	(4.5)	620.4	13,712.5
Total assets less current liabilities	31,833.5	—	31,833.5	(13.9)	(4.5)	620.4	32,435.5

	Consolidated statement of financial position of the Group before pro forma adjustments (as at 31 December 2011) *HK$ Million* *(Audited)*	Pro forma adjustments that show the effect of the grant and immediate vest of the Option *HK$ Million* *(Note 1)*	Unaudited pro forma consolidated statement of financial position assuming Option was granted and immediately vested on 31 December 2011 *HK$ Million*	Pro forma withholding tax on dividend paid *HK$ Million* *(Note 2)*	Pro forma restructuring expenses *HK$ Million* *(Note 3)*	Effect of the exercise of the Option *HK$ Million* *(Note 4)*	Unaudited pro forma consolidated statement of financial position assuming Option was granted, vested and immediately exercised on 31 December 2011 *HK$ Million*
Capital and reserves							
Share capital	408.7	—	408.7	—	—	—	408.7
Share premium and reserves	12,204.0	(56.3)	12,147.7	(2.9)	(1.0)	—	12,143.8
Equity attributable to owners of the Company	12,612.7	(56.3)	12,556.4	(2.9)	(1.0)	—	12,552.5
Non-controlling interests	14,727.2	56.3	14,783.5	(11.0)	(3.5)	620.4	15,389.4
Total equity	27,339.9	—	27,339.9	(13.9)	(4.5)	620.4	27,941.9
Non-current liabilities							
Bonds	555.8	—	555.8	—	—	—	555.8
Bank and other borrowings due after one year	3,405.4	—	3,405.4	—	—	—	3,405.4
Deferred tax liabilities	517.7	—	517.7	—	—	—	517.7
Provisions	14.7	—	14.7	—	—	—	14.7
	4,493.6	—	4,493.6	—	—	—	4,493.6
	31,833.5	—	31,833.5	(13.9)	(4.5)	620.4	32,435.5

Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

	Consolidated income statement of the Group for the year ended 31 December 2011 before pro forma adjustments	Pro forma adjustments that show the effect of the grant and immediate vest of the Option	Unaudited pro forma consolidated income statement assuming Option was granted and immediately vested on 1 January 2011	Pro forma withholding tax on dividend paid	Pro forma restructuring expense	Effect of the exercise of the Option	Unaudited pro forma consolidated income statement assuming Option was granted and vested and immediately exercised on 1 January 2011
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
	(Audited)	*(Note 5)*		*(Note 6)*	*(Note 7)*	*(Note 8)*	
Continuing operations							
Revenue	4,111.9	—	4,111.9	—	—	—	4,111.9
Other income	94.4	—	94.4	—	—	—	94.4
Total income	4,206.3	—	4,206.3	—	—	—	4,206.3
Cost of sales and other direct costs	(228.2)	—	(228.2)	—	—	—	(228.2)
Brokerage and commission expenses	(214.4)	—	(214.4)	—	—	—	(214.4)
Selling and marketing expenses	(103.7)	—	(103.7)	—	—	—	(103.7)
Administrative expenses	(1,327.9)	(265.2)	(1,593.1)	—	—	—	(1,593.1)
Changes in value of properties	866.7	—	866.7	—	—	—	866.7
Net loss on financial instruments	(386.6)	—	(386.6)	—	—	—	(386.6)
Net exchange loss	(46.8)	—	(46.8)	—	—	—	(46.8)
Bad and doubtful debts	(169.3)	—	(169.3)	—	—	—	(169.3)
Other operating expenses	(113.1)	—	(113.1)	(5.6)	(4.5)	—	(123.2)
Finance costs	(53.8)	—	(53.8)	—	—	—	(53.8)
Share of results of associates	336.1	—	336.1	—	—	—	336.1
Share of results of jointly controlled entities	166.7	—	166.7	—	—	—	166.7
Profit before taxation	2,932.0	(265.2)	2,666.8	(5.6)	(4.5)	—	2,656.7
Taxation	(421.0)	—	(421.0)	—	—	—	(421.0)
Profit for the year from continuing operations	2,511.0	(265.2)	2,245.8	(5.6)	(4.5)	—	2,235.7
Discontinued operations							
Loss for the year from discontinued operations	(1.5)	—	(1.5)	—	—	—	(1.5)
Profit for the year	2,509.5	(265.2)	2,244.3	(5.6)	(4.5)	—	2,234.2

	Consolidated income statement of the Group for the year ended 31 December 2011 before pro forma adjustments *HK$ Million* *(Audited)*	Pro forma adjustments that show the effect of the grant and immediate vest of the Option *HK$ Million* *(Note 5)*	Unaudited pro forma consolidated income statement assuming Option was granted and immediately vested on 1 January 2011 *HK$ Million*	Pro forma withholding tax on dividend paid *HK$ Million* *(Note 6)*	Pro forma restructuring expense *HK$ Million* *(Note 7)*	Effect of the exercise of the Option *HK$ Million* *(Note 8)*	Unaudited pro forma consolidated income statement assuming Option was granted and vested and immediately exercised on 1 January 2011 *HK$ Million*
Attributable to:							
Owners of the Company							
Profit for the year from continuing operations	1,221.2	(56.3)	1,164.9	(1.2)	(1.0)	(6.0)	1,156.7
Loss for the year from discontinued operations	(0.7)	—	(0.7)	—	—	—	(0.7)
	1,220.5	(56.3)	1,164.2	(1.2)	(1.0)	(6.0)	1,156.0
Non-controlling interests							
Profit for the year from continuing operations	1,289.8	(208.9)	1,080.9	(4.4)	(3.5)	6.0	1,079.0
Loss for the year from discontinued operations	(0.8)	—	(0.8)	—	—	—	(0.8)
	1,289.0	(208.9)	1,080.1	(4.4)	(3.5)	6.0	1,078.2
	2,509.5	(265.2)	2,244.3	(5.6)	(4.5)	—	2,234.2

Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group

	Consolidated statement of comprehensive income of the Group for the year ended 31 December 2011 before pro forma adjustments *HK$ Million* *(Audited)*	Pro forma adjustments that show the effect of the grant and immediate vest of the Option *HK$ Million* *(Note 5)*	Unaudited pro forma consolidated statement of comprehensive income assuming Option was granted and immediately vested on 1 January 2011 *HK$ Million*	Pro forma withholding tax on dividend paid *HK$ Million* *(Note 6)*	Pro forma restructuring expense *HK$ Million* *(Note 7)*	Effect of the exercise of the Option *HK$ Million* *(Note 8)*	Unaudited pro forma consolidated statement of comprehensive income assuming Option was granted and vested and immediately exercised on 1 January 2011 *HK$ Million*
Profit for the year	2,509.5	(265.2)	2,244.3	(5.6)	(4.5)	—	2,234.2
Other comprehensive income:							
Available-for-sale financial assets							
— Net fair value changes during the year	(85.4)	—	(85.4)	—	—	—	(85.4)
— Reclassification adjustment to profit or loss on disposal	(32.7)	—	(32.7)	—	—	—	(32.7)
	(118.1)	—	(118.1)	—	—	—	(118.1)
Reclassification adjustment to profit or loss on liquidation of a jointly controlled entity	(0.3)	—	(0.3)	—	—	—	(0.3)
Revaluation gain on properties transferred from property, plant and equipment to investment properties	146.0	—	146.0	—	—	—	146.0
Deferred tax arising from revaluation gain on properties transferred from property, plant and equipment to investment properties	(24.0)	—	(24.0)	—	—	—	(24.0)
Exchange differences arising on translation of foreign operations	111.3	—	111.3	—	—	—	111.3
Share of other comprehensive income of associates	250.9	—	250.9	—	—	—	250.9
Share of other comprehensive income of jointly controlled entities	0.1	—	0.1	—	—	—	0.1
Other comprehensive income for the year, net of tax	365.9	—	365.9	—	—	—	365.9
Total comprehensive income for the year	2,875.4	(265.2)	2,610.2	(5.6)	(4.5)	—	2,600.1
Attributable to:							
Owners of the Company	1,399.7	(56.3)	1,343.4	(1.2)	(1.0)	(6.0)	1,335.2
Non-controlling interests	1,475.7	(208.9)	1,266.8	(4.4)	(3.5)	6.0	1,264.9
	2,875.4	(265.2)	2,610.2	(5.6)	(4.5)	—	2,600.1

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	Consolidated statement of cash flows of the Group for the year ended 31 December 2011 before pro forma adjustments *HK$ Million* *(Audited)*	Pro forma adjustments that show the effect of the grant and immediate vest of the Option *HK$ Million* *(Note 5)*	Unaudited pro forma consolidated statement of cash flows assuming Option was granted and immediately vested on 1 January 2011 *HK$ Million*	Pro forma withholding tax on dividend paid *HK$ Million* *(Note 6)*	Pro forma restructuring expense *HK$ Million* *(Note 7)*	Effect of the exercise of the Option *HK$ Million* *(Note 9)*	Unaudited pro forma consolidated statement of cash flows assuming Option was granted and vested and immediately exercised on 1 January 2011 *HK$ Million*
Operating activities							
Profit for the year	2,509.5	(265.2)	2,244.3	(5.6)	(4.5)	—	2,234.2
Adjustments for:							
Fair value loss on financial instruments	460.5	—	460.5	—	—	—	460.5
Taxation	421.0	—	421.0	—	—	—	421.0
Bad and doubtful debts	176.5	—	176.5	—	—	—	176.5
Depreciation	63.2	—	63.2	—	—	—	63.2
Net exchange loss	62.1	—	62.1	—	—	—	62.1
Finance costs	53.8	—	53.8	—	—	—	53.8
Amortisation of intangible assets	24.5	—	24.5	—	—	—	24.5
Impairment loss recognised on interests in associates	14.1	—	14.1	—	—	—	14.1
Expenses recognised for employee ownership scheme of SHK	9.0	—	9.0	—	—	—	9.0
Expenses recognised for Option granted	—	265.2	265.2	—	—	—	265.2
Impairment loss for amounts due from associates	4.9	—	4.9	—	—	—	4.9
Net loss on disposal of property, plant and equipment and intangible assets	4.2	—	4.2	—	—	—	4.2
Impairment loss recognised for hotel property	4.0	—	4.0	—	—	—	4.0
Loss on disposal of the subsidiaries engaging in discontinued operations	1.5	—	1.5	—	—	—	1.5
Impairment loss for available-for-sale financial assets	0.5	—	0.5	—	—	—	0.5
Amortisation of prepaid land lease payments	0.4	—	0.4	—	—	—	0.4
Net increase in fair value of investment properties	(843.0)	—	(843.0)	—	—	—	(843.0)

	Consolidated statement of cash flows of the Group for the year ended 31 December 2011 before pro forma adjustments HK$ Million (Audited)	Pro forma adjustments that show the effect of the grant and immediate vest of the Option HK$ Million (Note 5)	Unaudited pro forma consolidated statement of cash flows assuming Option was granted and immediately vested on 1 January 2011 HK$ Million	Pro forma withholding tax on dividend paid HK$ Million (Note 6)	Pro forma restructuring expense HK$ Million (Note 7)	Effect of the exercise of the Option HK$ Million (Note 9)	Unaudited pro forma consolidated statement of cash flows assuming Option was granted and vested and immediately exercised on 1 January 2011 HK$ Million
Share of results of associates	(336.1)	—	(336.1)	—	—	—	(336.1)
Share of results of jointly controlled entities	(166.7)	—	(166.7)	—	—	—	(166.7)
Net realised profit on disposal/redemption of available-for-sale financial assets and/or held-to-maturity investments	(40.0)	—	(40.0)	—	—	—	(40.0)
Impairment loss reversed for properties held for sale	(27.7)	—	(27.7)	—	—	—	(27.7)
Profit on disposal of investment properties	(20.8)	—	(20.8)	—	—	—	(20.8)
Net realised profit on disposal of associates	(13.4)	—	(13.4)	—	—	—	(13.4)
Profit on liquidation of a jointly controlled entity	(0.1)	—	(0.1)	—	—	—	(0.1)
Operating cash flows before movements in working capital	2,361.9	—	2,361.9	(5.6)	(4.5)	—	2,351.8
Increase in properties held for sale and other inventories	(1.4)	—	(1.4)	—	—	—	(1.4)
Increase in financial assets and financial liabilities at fair value through profit or loss	(73.4)	—	(73.4)	—	—	—	(73.4)
Increase in loans and advances to consumer finance customers	(2,165.7)	—	(2,165.7)	—	—	—	(2,165.7)
Decrease in trade and other receivables	264.0	—	264.0	—	—	—	264.0
Decrease in trade and other payables	(351.7)	—	(351.7)	—	—	—	(351.7)
Decrease in provision and other liabilities	(16.6)	—	(16.6)	—	—	—	(16.6)
Cash from operations	17.1	—	17.1	(5.6)	(4.5)	—	7.0
Taxation paid	(324.3)	—	(324.3)	—	—	—	(324.3)
Interest paid	(43.9)	—	(43.9)	—	—	—	(43.9)
Net cash used in operating activities	(351.1)	—	(351.1)	(5.6)	(4.5)	—	(361.2)

	Consolidated statement of cash flows of the Group for the year ended 31 December 2011 before pro forma adjustments *HK$ Million* *(Audited)*	Pro forma adjustments that show the effect of the grant and immediate vest of the Option *HK$ Million* *(Note 5)*	Unaudited pro forma consolidated statement of cash flows assuming Option was granted and immediately vested on 1 January 2011 *HK$ Million*	Pro forma withholding tax on dividend paid *HK$ Million* *(Note 6)*	Pro forma restructuring expense *HK$ Million* *(Note 7)*	Effect of the exercise of the Option *HK$ Million* *(Note 9)*	Unaudited pro forma consolidated statement of cash flows assuming Option was granted and vested and immediately exercised on 1 January 2011 *HK$ Million*
Investing activities							
Proceeds on disposal/redemption of available-for-sale financial assets and held-to-maturity investments	240.3	—	240.3	—	—	—	240.3
Proceeds on disposal of investment properties	83.5	—	83.5	—	—	—	83.5
Dividends received from associates	76.0	—	76.0	—	—	—	76.0
Net repayment of statutory deposits	24.0	—	24.0	—	—	—	24.0
Proceeds on disposal of an associate	13.4	—	13.4	—	—	—	13.4
Amounts repaid by jointly controlled entities	8.2	—	8.2	—	—	—	8.2
Liquidation of jointly controlled entities	1.0	—	1.0	—	—	—	1.0
Proceeds on disposal of property, plant and equipment	0.2	—	0.2	—	—	—	0.2
Amounts repaid by associates	0.1	—	0.1	—	—	—	0.1
Dividend received from a jointly controlled entity	0.1	—	0.1	—	—	—	0.1
Fixed deposits with banks placed	(653.5)	—	(653.5)	—	—	—	(653.5)
Purchase of long-term financial assets designated as at fair value through profit or loss	(395.8)	—	(395.8)	—	—	—	(395.8)
Purchase of available-for-sale financial assets	(329.6)	—	(329.6)	—	—	—	(329.6)
Amounts advanced to an associate	(318.2)	—	(318.2)	—	—	—	(318.2)
Purchase of property, plant and equipment	(81.3)	—	(81.3)	—	—	—	(81.3)
Acquisition of additional interests in associates	(46.9)	—	(46.9)	—	—	—	(46.9)
Additions to intangible assets	(34.0)	—	(34.0)	—	—	—	(34.0)
Increase in prepaid deposits for acquisition of property, plant and equipment	(16.3)	—	(16.3)	—	—	—	(16.3)
Increase in pledged bank deposits and bank balances	(14.6)	—	(14.6)	—	—	—	(14.6)
Amount advanced to a jointly controlled entity	(8.9)	—	(8.9)	—	—	—	(8.9)
Additions to investment properties	(0.9)	—	(0.9)	—	—	—	(0.9)
Net cash used in investing activities	(1,453.2)	—	(1,453.2)	—	—	—	(1,453.2)

	Consolidated statement of cash flows of the Group for the year ended 31 December 2011 before pro forma adjustments HK$ Million (Audited)	Pro forma adjustments that show the effect of the grant and immediate vest of the Option HK$ Million (Note 5)	Unaudited pro forma consolidated statement of cash flows assuming Option was granted and immediately vested on 1 January 2011 HK$ Million	Pro forma withholding tax on dividend paid HK$ Million (Note 6)	Pro forma restructuring expense HK$ Million (Note 7)	Effect of the exercise of the Option HK$ Million (Note 9)	Unaudited pro forma consolidated statement of cash flows assuming Option was granted and vested and immediately exercised on 1 January 2011 HK$ Million
Financing activities							
New bank and other borrowings raised	1,800.2	—	1,800.2	—	—	—	1,800.2
Proceeds from issue of bonds by a subsidiary	590.9	—	590.9	—	—	—	590.9
Capital contribution by non-controlling interests	122.4	—	122.4	—	—	—	122.4
Amounts advanced by a jointly controlled entity	50.0	—	50.0	—	—	—	50.0
Net proceeds received from issue of shares by subsidiaries	1.8	—	1.8	—	—	—	1.8
Amounts advanced by associates	0.1	—	0.1	—	—	—	0.1
Repayment of bank and other borrowings	(872.3)	—	(872.3)	—	—	—	(872.3)
Dividends and repayment by subsidiaries to non-controlling interests	(340.2)	—	(340.2)	—	—	—	(340.2)
Dividend paid to equity shareholders	(155.5)	—	(155.5)	—	—	—	(155.5)
Acquisition of additional interests in subsidiaries	(87.1)	—	(87.1)	—	—	—	(87.1)
Amount paid for share repurchased and cancelled by the Company	(55.7)	—	(55.7)	—	—	—	(55.7)
Amount paid for share repurchased and cancelled by subsidiaries	(44.2)	—	(44.2)	—	—	—	(44.2)
Amounts repaid to associates	(24.0)	—	(24.0)	—	—	—	(24.0)
Purchase of shares for employee ownership scheme of SHK	(14.7)	—	(14.7)	—	—	—	(14.7)
Proceeds received upon exercise of the Option	—	—	—	—	—	308.2	308.2
Net cash from financing activities	971.7	—	971.7	—	—	308.2	1,279.9
Net decrease in cash and cash equivalents	(832.6)	—	(832.6)	(5.6)	(4.5)	308.2	(534.5)
Effect of foreign exchange rate changes	13.2	—	13.2	—	—	—	13.2
Cash and cash equivalents at the beginning of the year	4,213.6	—	4,213.6	—	—	—	4,213.6
Cash and cash equivalents at the end of the year	3,394.2	—	3,394.2	(5.6)	(4.5)	308.2	3,692.3
Analysis of the balances of cash and cash equivalents							
Cash and cash equivalents	3,394.2	—	3,394.2	(5.6)	(4.5)	308.2	3,692.3

Notes to Unaudited Pro Forma Financial Information

(1) This adjustment is made with an assumption that the Option, as set out in the Director's Service Agreement, entered into between UA Finance and Mr. Nagahara on 9 May 2012, was granted on 31 December 2011. It is further assumed that the Option vested immediately at the assumed date of grant (with the assumption that all vesting conditions were met at the assumed date of grant). Therefore, the pro forma fair value of the Option is assumed to be expensed immediately at the assumed date of grant for the purpose of the preparation of this unaudited pro forma financial information.

For the purpose of the preparation of this unaudited pro forma financial information, the pro forma fair value of the Option as at the assumed date of grant of 31 December 2011 is assumed to be equal to the amount of the fair value of the Option, as set out in the joint announcement of the Company, APL and SHK dated 9 May 2012, which was determined as at 31 March 2012, by an external valuer engaged by UA Finance, that is equal to HK$265.2 million based on the assumption that the Newco acquires the Target Companies by way of issuing shares only. UA Finance will determine the fair value of the Option as at the grant date when the Option is granted, and this fair value may be different from the pro forma fair value of the Option used in the preparation of the unaudited pro forma consolidated statement of financial position. Further, the pro forma fair value of the Option was based on the assumption that the Newco acquires the Target Companies by way of issuing shares only. The fair value of the Option may be materially affected and hence different from the pro forma fair value of the Option used in the preparation of the unaudited pro forma consolidated statement of financial position if the Newco acquires the Target Companies wholly or partly through shareholders' loans.

The pro forma fair value of the Option of HK$265.2 million is assumed to be expensed immediately at the assumed date of grant and is allocated between the owners of the Company and non-controlling interests as follows:

	HK$ Million
Pro forma fair value of the Option as at 31 December 2011	265.2
Less: amount attributable to non-controlling interests *(Note a)*	(208.9)
Amount attributable to the owners of the Company	56.3

Note:

(a) 21.2% effective interest of UA Finance was held by the Company for the year ended 31 December 2011. The amount represents fair value of the Option attributable to 78.8% non-controlling interests.

(2) The adjustment is made with an assumption that the Option was exercised immediately at the assumed date of grant. According to terms of the Director's Service Agreement, the Option is exercisable when (a) the requisite approval from the relevant government approving authorities in the PRC for the Restructuring is obtained, and (b) the Restructuring is completed. The Restructuring was assumed to be completed on the assumed date of grant (i.e. 31 December 2011). It is further assumed that the retained profit of the Target Companies (if any) would be distributed to UA Finance and its subsidiary before the transfer of the 20% equity interest in the Target Companies to Mr. Nagahara. With this assumption, a pro forma withholding tax on dividend, that is considered as a directly attributable cost for the Restructuring, is recognised as an expense at the assumed date of the Restructuring.

For the purpose of the preparation of this unaudited pro forma financial information, the pro forma withholding tax on dividend as at the assumed date of completion of Restructuring is determined based on the retained profit of each individual Target Company as at 31 December 2011 (if any) multiplied by a tax rate set out in Article 10 of Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. The withholding tax on dividend as at the completion of Restructuring may be different from the pro forma withholding tax on dividend in the preparation of the unaudited pro forma consolidated statement of financial position.

The pro forma withholding tax on dividend of HK$13.9 million is based on total retained earnings of each individual Target Company (if any) as at 31 December 2011 amounted to HK$277.4 million with pro forma withholding tax rate of 5% and is assumed to be expensed immediately at the assumed date of completion of Restructuring and is allocated between the owners of the Company and non-controlling interests as follows:

	HK$ Million
Pro forma withholding tax on dividend as at 31 December 2011	13.9
Less: amount attributable to non-controlling interests *(Note a)*	(11.0)
Amount attributable to the owners of the Company	2.9

Note:

(a) 21.2% effective interest of UA Finance was held by the Company for the year ended 31 December 2011. The amount represents pro forma withholding tax on dividend attributable to 78.8% non-controlling interests.

(3) The adjustment is made with an assumption that the Restructuring was completed on 31 December 2011. Estimated restructuring expense that are directly attributable costs for the Restructuring are therefore expensed at the assumed completion date of the Restructuring for the purpose of the preparation of the unaudited pro forma financial information.

For the purpose of the preparation of this unaudited pro forma financial information, the pro forma restructuring expense as at the assumed date of completion of Restructuring is estimated by the directors of SHK. The restructuring expense as at the completion of Restructuring may be different from the pro forma restructuring expense in the preparation of the unaudited pro forma consolidated statement of financial position.

	HK$ Million
Pro forma restructuring expense as at 31 December 2011 incurred by UA Finance estimated by the directors of SHK	4.0
Pro forma restructuring expense as at 31 December 2011 incurred by SHK estimated by the directors of SHK	0.5
Less: amount attributable to non-controlling interests *(Note a)*	(3.5)
Amount attributable to the owners of the Company	1.0

Note:

(a) 21.2% and 36.5% effective interest of UA Finance and SHK respectively was held by the Company for the year ended 31 December 2011. The amount represents restructuring expense attributable to 78.8% and 63.5% non-controlling interests respectively.

(4) The adjustment represents the assumed consideration that will be received by the Group on 31 December 2011 with an assumption that the Option is exercised on 31 December 2011. The Director's Service Agreement entered into on 9 May 2012 sets out the terms with regards to how the exercise price is determined. For the purpose of the preparation of this unaudited pro forma financial information, the pro forma exercise price is assumed to be 20% of combined equity of the Target Companies attributable to UA Finance as at 31 December 2011 of HK$3,102.2 million, as set out in the combined statement of financial position as at 31 December 2011 (see Appendix II to this circular).

It is further assumed that the Newco is formed by issuing shares only as there is no concrete plan as to the amount and details of shareholders' loans.

UA Finance will determine the exercise price of the Option when the Option is exercised, and this exercise price may be different from the pro forma exercise price of the Option used in the preparation of the unaudited pro forma consolidated statement of financial position.

(5) This adjustment is made with an assumption that the Option, as set out in the Director's Service Agreement, entered into between UA Finance and Mr. Nagahara on 9 May 2012, was granted on 1 January 2011. It is further assumed that the Option vested immediately at the assumed date of grant (with the assumption that all vesting conditions were met at the assumed date of grant). Therefore, the pro forma fair value of the Option is assumed to be expensed immediately at the assumed date of grant for the purpose of the preparation of this unaudited pro forma financial information.

For the purpose of the preparation of this unaudited pro forma financial information, the pro forma fair value of the Option as at the assumed date of grant of 1 January 2011 is assumed to be equal to the amount of the fair value of the Option, as set out in joint announcement of the Company, APL and SHK dated 9 May 2012, which was determined as at 31 March 2012, by an external valuer engaged by the UA Finance, that is equal to HK$265.2 million based on the assumption that the Newco acquires the Target Companies by way of issuing shares only. UA Finance will determine the fair value of the Option as at the grant date when the Option is granted, and this fair value may be different from the pro forma fair value of the Option used in the preparation of the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows. Further, the pro forma fair value of the Option was based on the assumption that the Newco acquires the Target Companies by way of issuing shares only. The fair value of the Option may be materially affected and hence different from the pro forma fair value of the Option used in the preparation of the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows if the Newco acquires the Target Companies wholly or partly through shareholders' loans.

The pro forma fair value of the Option of HK$265.2 million is assumed to be expensed immediately at the assumed date of grant and is allocated between the owners of the Company and non-controlling interests as follows:

	HK$ Million
Pro forma fair value of the Option as at 1 January 2011	265.2
Less: amount attributable to non-controlling interests *(Note a)*	(208.9)
Amount attributable to the owners of the Company	56.3

Note:

(a) 21.2% effective interest of UA Finance was held by the Company for the year ended 31 December 2011. The amount represents fair value of the Option attributable to 78.8% non-controlling interests.

(6) The adjustment is made with an assumption that the Option was exercised immediately at the assumed date of grant. According to terms of the Director's Service Agreement, the Option is exercisable when (a) the requisite approval from the relevant government approving authorities in the PRC for the Restructuring is obtained, and (b) the Restructuring is completed. The Restructuring was assumed to be completed on the assumed date of grant (i.e. 1 January 2011). It is further assumed that the retained profit of the Target Companies (if any) would be distributed to UA Finance and its subsidiary before the transfer of the 20% equity interest in the Target Companies to Mr. Nagahara. With this assumption, a pro forma withholding tax on dividend, that is considered as a directly attributable cost for the Restructuring, is recognised as an expense at the assumed date of the Restructuring.

For the purpose of the preparation of this unaudited pro forma financial information, the pro forma withholding tax on dividend as at the assumed date of completion of Restructuring is determined based on retained profit of each individual Target Company as at 1 January 2011 (if any) multiplied by a tax rate set out in Article 10 of Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. The withholding tax on dividend as at the completion of Restructuring may be different from the pro forma withholding tax on dividend in the preparation of the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows.

The pro forma withholding tax on dividend of HK$5.6 million is based on total retained earnings of each individual Target Company (if any) as at 1 January 2011 amounted to HK$111.5 million with pro forma withholding tax rate of 5% and is assumed to be expensed immediately at the assumed date of completion of Restructuring and is allocated between the owners of the Company and non-controlling interests as follows:

	HK$ Million
Pro forma withholding tax on dividend as at 1 January 2011	5.6
Less: amount attributable to non-controlling interests *(Note a)*	(4.4)
Amount attributable to the owners of the Company	1.2

Note:

(a) 21.2% effective interest of UA Finance was held by the Company for the year ended 31 December 2011. The amount represents pro forma withholding tax on dividend attributable to 78.8% non-controlling interests.

(7) The adjustment is made with an assumption that the Restructuring was completed on 1 January 2011. Estimated restructuring expense that are directly attributable costs for the Restructuring are therefore expensed at the assumed completion date of the Restructuring for the purpose of the preparation of the unaudited pro forma financial information.

For the purpose of the preparation of this unaudited pro forma financial information, the pro forma restructuring expense as at the assumed date of completion of Restructuring is estimated by the directors of SHK. The restructuring expense as at the completion of Restructuring may be different from the pro forma restructuring expense in the preparation of the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows.

	HK$ Million
Pro forma restructuring expense as at 1 January 2011 incurred by UA Finance estimated by the directors of SHK	4.0
Pro forma restructuring expense as at 1 January 2011 incurred by SHK estimated by the directors of SHK	0.5
Less: amount attributable to non-controlling interests *(Note a)*	(3.5)
Amount attributable to the owners of the Company	1.0

Note:

(a) 21.2% and 36.5% effective interest of UA Finance and SHK respectively was held by the Company for the year ended 31 December 2011. The amount represents restructuring expense attributable to 78.8% and 63.5% non-controlling interests respectively.

(8) This adjustment represents how the exercise of the Option on 1 January 2011 will affect the allocation between owners of the Company and non-controlling interests. The calculation is as follows.

	HK$ Million
Profit of the Target Companies for the year ended 31 December 2011, as set out in Appendix II to this circular	142.0
Profit for the year of the Target Companies attributable to the 20% interest owned by Mr. Nagahara	20%
Decrease in profit for the year of the Target Companies attributable to owners of UA Finance	28.4
Decrease in profit attributable to non-controlling interests *(Note a)*	(22.4)
Net impact on decrease in profit for the year of the Target Companies attributable to owners of the Company	6.0

Note:

(a) The amount represents decrease in net profit attributable to 78.8% non-controlling interests as a result of profit for the year of the Target Companies attributable to the 20% interest owned by Mr. Nagahara after exercise of the Option.

21.2% effective interest of UA Finance was held by the Company for the year ended 31 December 2011. Hence HK$22.4 million was allocated to the non-controlling interests.

(9) The adjustment represents the assumed consideration that will be received by the Group on 1 January 2011 with an assumption that the Option is exercised on 1 January 2011. The Director's Service Agreement entered into on 9 May 2012 sets out the terms with regards to how the exercise price is determined. For the purpose of the preparation of this unaudited pro forma financial information, the pro forma exercise price is assumed to be 20% of combined equity of the Target Companies attributable to UA Finance as at 1 January 2011 of HK$1,540.8 million, as set out in the combined statement of financial position as at 31 December 2010 (see Appendix II to this circular).

UA Finance will determine the exercise price of the Option when the Option is exercised, and this exercise price may be different from the pro forma exercise price of the Option used in the preparation of the unaudited pro forma consolidated statement of cash flows.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company nor their associates, had any other interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Directors	Name of companies	Number of shares and underlying shares held	Approximate % of the relevant issued share capital	Nature of interests
Lee Seng Hui	the Company	122,309,413	63.88%	Personal interests (held as beneficial owner) in 22,921 Shares and other interests in 122,286,492 Shares *(Note 1)*
Lee Su Hwei	the Company	122,286,492	63.87%	Other interests *(Note 1)*
Mak Pak Hung	SHK *(Note 2)*	5,000	0.00%	Personal interests (5,000 shares held as beneficial owner) *(Note 3)*

Notes:

1. Mr. Lee Seng Hui and Ms. Lee Su Hwei are the trustees of Lee and Lee Trust, being a discretionary trust which indirectly held 122,286,492 Shares.

2. SHK is an indirect non wholly-owned subsidiary of APL which in turn is a non wholly-owned subsidiary of the Company. Therefore, SHK is an associated corporation of the Company within the meaning of Part XV of the SFO.

3. This represents the remaining one-third of the deemed interest in 15,000 shares of SHK duly granted to Mr. Mak Pak Hung on 28 April 2008 under the SHK Employee Ownership Scheme and the shares of SHK were vested and became unrestricted from 15 April 2011.

4. All interests stated above represent long positions.

(b) Interests and Short Positions of Substantial Shareholders

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholders	Number of Shares held	Approximate % of the relevant issued share capital	*Notes*
Cashplus Management Limited ("Cashplus")	46,441,800	24.25%	—
Zealous Developments Limited ("Zealous")	46,441,800	24.25%	1, 2
Minty Hongkong Limited ("Minty")	75,844,692	39.61%	—
Lee and Lee Trust	122,286,492	63.87%	3, 4

Notes:

1. This represents the same interest of Cashplus in 46,441,800 Shares.

2. Cashplus is a wholly-owned subsidiary of Zealous. Zealous was therefore deemed to have an interest in the Shares in which Cashplus was interested.

3. Minty and Zealous are wholly-owned by the trustees of Lee and Lee Trust, being a discretionary trust.

4. Mr. Lee Seng Hui and Ms. Lee Su Hwei, both being Directors, together with Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust, and were therefore deemed to have an interest in the Shares in which Minty and Zealous were interested.

5. All interests stated above represent long positions.

Save as disclosed above, as at the Latest Practicable Date, there were no other person so far was known to the Directors and chief executives of the Company (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors were aware, the following Directors (not being the independent non-executive Directors) were considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules as set out below:

(i) Messrs. Arthur George Dew and Lee Seng Hui are directors of APL which, through certain of its subsidiaries and associates, is partly engaged in the business of money lending and is partly involved in the investment and trading in listed securities in the resources and related industries;

(ii) Mr. Lee Seng Hui and Ms. Lee Su Hwei are two of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of APL, SHK and Tian An which, through their subsidiaries, are partly engaged in the businesses as follows:

- APL, through a subsidiary, is partly engaged in the business of money lending;
- APL, through certain of its subsidiaries and associates, is partly involved in the investment and trading in listed securities in the resources and related industries;
- SHK, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment; and
- Tian An, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment;

(iii) Mr. Lee Seng Hui is a director of Allied Kajima Limited which, through certain of its subsidiaries, is partly engaged in the businesses of property rental and hospitality related activities;

(iv) Messrs. Lee Seng Hui and Edwin Lo King Yau are directors of Tian An which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment;

(v) Mr. Lee Seng Hui is a director of each of APAC Resources Limited, Mount Gibson Iron Limited and Tanami Gold NL ("Tanami Gold") which, through certain of its subsidiaries, are partly involved in the investment and trading in listed securities in the resources and related industries; and

(vi) Mr. Arthur George Dew is a director of Tanami Gold which, through certain of its subsidiaries, is partly involved in the investment and trading in listed securities in the resources and related industries.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship, they will fulfil their fiduciary duties in order to ensure that they will act in the best interest of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2011 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors were aware, no litigation or claims of material importance were pending or threatened against any companies of the Group.

In 2001, an order was made by the Hubei Province Higher People's Court in China (the "2001 Order") enforcing a CIETAC award of 19 July 2000 (the "Award") by which Sun Hung Kai Securities Limited ("SHKS") (currently known as Sun Hung Kai Financial Limited) was required to pay US$3 million to Chang Zhou Power Development Company Limited (the "JVC"), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JVC to Tian An in 1998 and disposed of any and all interest it might hold in the registered capital of the JVC (the "Interest") to Long Prosperity Industrial Limited ("LPI") in October 2001. Subsequent to those disposals, SHKS' registered interest in the JVC in the amount of US$3 million was frozen further to the 2001 Order. SHKS is a party to the following litigation relating to the JVC:

(a) On 29 February 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited ("GBA"), LPI and Walton Enterprises Limited ("WE") (the "2008 Writ") in the High Court of Hong Kong against SHKS ("HCA 317/2008"). In the 2008 Writ,

  (i) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, an alleged collateral warranty, and alleged negligent and/or reckless and/or fraudulent misrepresentation;

(ii) LPI claims against SHKS damages for alleged breaches of a contract dated 12 October 2001; and

(iii) WE claims against SHKS for the sum of US$3 million under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and WE also claim against SHKS for interest on any sums or damages payable, costs, and such other relief as the Court may think fit.

The 2008 Writ was served on SHKS on 29 May 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI (being the nominee of GBA) waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JVC or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JVC or any transaction related thereto. On 24 February 2010, the Court of Appeal struck out the claims of GBA and LPI, and awarded costs of the appeal and the strike out application as against GBA and LPI to SHKS. Subsequently, GBA, LPI and WE sought to amend their claims which was opposed by SHKS and is pending determination by the Court.

(b) On 20 December 2007, a writ (the "Mainland Writ") was issued by Cheung Lai Na (張麗娜) ("Ms. Cheung") against Tian An and SHKS and was accepted by the Intermediate People's Court of Wuhan City, Hubei Province ("IPC") (湖北省武漢市中級人民法院) [(2008) 武民商外初字第8號] (the "Mainland Proceedings"), claiming the transfer of 28% shareholding in the JVC, and RMB19,040,000 plus interest thereon for the period from January 1999 to the end of 2007, together with related costs and expenses. Judgment was awarded by the IPC in Tian An and SHKS' favour on 16 July 2009 which was being appealed against by Ms. Cheung. On 24 November 2010, the Higher People's Court of Hubei Province (湖北省高級人民法院) ordered that the case be remitted back to the IPC for retrial. The IPC subsequently ordered upon Ms. Cheung's unilateral application that the liquidator of Changjiang Power Development (H.K.) Co. Ltd. be joined as a third party to the PRC proceedings. The substantive retrial hearing took place on 29 March 2012 and judgment is pending.

7. MATERIAL CONTRACTS

The following material contracts (not being a contract entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date:

(a) On 16 March 2012, Attractive Gain Limited ("Attractive Gain"), a wholly-owned subsidiary of AOL, entered into an agreement (the "Agreement") with Action Best Limited. Pursuant to the Agreement, Attractive Gain conditionally agreed to purchase the 8% guaranteed convertible notes (the "FKP Notes") due 2016 in a principal amount of A$21 million issued by FKP Limited, a company incorporated in Australia and whose shares are listed on the Australian Securities Exchange at a total consideration of A$18.9 million. Further details of the Agreement are set out in the announcement of AOL dated 16 March 2012.

(b) On 14 September 2011, China Elite Holdings Limited, a wholly-owned subsidiary of APL, made a voluntary conditional partial share exchange offer (the "Partial Share Exchange Offer") to acquire from the independent shareholders of Tian An for 103,180,000 shares of Tian An. The Partial Share Exchange Offer was completed on 23 December 2011.

Details regarding the Partial Share Exchange Offer are contained in the joint announcement dated 14 September 2011 jointly issued by the Company, APL and Tian An and the joint announcement dated 23 December 2011 and composite offer document dated 18 November 2011 jointly issued by APL and Tian An.

(c) On 24 May 2011, AOL and its wholly-owned subsidiary, New Able Holdings Limited ("New Able") entered into an acquisition agreement (the "Acquisition Agreement") with Besford International Limited (the "Vendor") and COL Capital Limited. Pursuant to the Acquisition Agreement, New Able agreed to acquire 100% of the issued share capital of Rise Cheer Investments Limited ("Rise Cheer") and Taskwell Limited ("Taskwell") from the Vendor and all the shareholder's loans owed by Rise Cheer and Taskwell to the Vendor ("Acquisition") at a total consideration of approximately HK$1,330.7 million.

The Acquisition Agreement was subsequently terminated because certain conditions have not been fulfilled. Further details of the Acquisition Agreement and its termination were set out in the circular of AOL dated 28 July 2011 and the joint announcement of AOL, APL and the Company dated 24 October 2011.

(d) On 10 December 2010, Bright Clear Limited ("Bright Clear"), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "Share Disposal Agreement") with Rising Fortune Group Limited ("Rising Fortune"), under which Bright Clear agreed to sell 1,145,000,000 shares in SHK HK IND for a consideration of HK$469,450,000. The Share Disposal Agreement subsequently terminated at the request of Rising Fortune due to uncertain global business environment. Details of the Share Disposal Agreement and its termination were set out in the announcements of the Company dated 10 December 2010 and 24 March 2011 respectively.

(e) On 8 October 2010, AOL and its direct wholly-owned subsidiary, Cautious Base Limited ("CBL") entered into a share sale agreement (the "Share Sale Agreement") with Altai Investments Limited and RHC Holding Private Limited (collectively, the "Purchasers"). Pursuant to the Share Sale Agreement, AOL and CBL agreed to sell 100% of the issued share capital of certain companies to the Purchasers for the consideration equal to the aggregate sum of (i) HK$1,521.0 million; (ii) the base working capital (i.e. HK$20.0 million) and (iii) the estimated working capital adjustment (i.e. a deduction of approximately HK$0.6 million from the base working capital), subject to working capital adjustments. Further details of the Share Sale Agreement were set out in the circular of AOL dated 2 November 2010.

Save as disclosed above, there were no other material contracts being entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date.

8. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinion and advice contained in this circular:

Name	Qualifications
Centurion	Independent Financial Adviser, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Deloitte Touche Tohmatsu ("Deloitte")	Certified Public Accountants
Norton Appraisals Limited ("Norton")	Registered Professional Surveyors, Valuers and Property Advisers

The above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their letter and report and reference to their name in the form and context in which it appears.

As at the Latest Practicable Date, none of the above experts had any direct or indirect shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which have been since 31 December 2011 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

9. GENERAL

(a) The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(b) The secretary of the Company is Ms. Cho Wing Han, an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the registered office of the Company at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on any business day from the date of this circular up to and including 23 July 2012:

(a) the Memorandum and Articles of Association of the Company;

(b) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix IV;

(c) the Director's Service Agreement;

(d) the valuation letter issued by the Valuer;

(e) the annual reports of the Company for the two financial years ended 31 December 2011;

(f) Combined Financial Information of the Target Companies;

(g) an accountants' report on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular;

(h) the letters of consent from Centurion, Deloitte and Norton referred to under "Expert and Consent" in this Appendix IV; and

(i) this circular.

ALLIED GROUP LIMITED

(聯 合 集 團 有 限 公 司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "Meeting") of Allied Group Limited (the "Company") will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 23 July 2012 at 4:00 p.m. to consider and, if thought fit, pass with or without amendments the following ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the director's service agreement which was entered into between United Asia Finance Limited and Mr. Akihiro Nagahara on 9 May 2012 (the "Director's Service Agreement"), a copy of which was produced to the Meeting and initialed by the chairman of the Meeting for the purpose of identification, and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the directors of the Company be and are hereby authorised to do such acts and/or things and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Director's Service Agreement as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the Director's Service Agreement and the implementation of all transactions contemplated thereunder."

By Order of the Board
Allied Group Limited
Cho Wing Han
Company Secretary

Hong Kong, 29 June 2012

Registered Office:
22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Notes:

1. *A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A form of proxy in respect of this Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the form of proxy, it will be deemed to have been revoked.*

2. *To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power or authority, must be deposited at the office of the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the Meeting or any adjournment thereof.*