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ALLIED GROUP LIMITED

(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability) (Stock Code: 373)

DISCLOSEABLE TRANSACTION



SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 86)

ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司) (Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

DISCLOSEABLE TRANSACTION

DISCLOSEABLE TRANSACTION

JOINT ANNOUNCEMENT

DISPOSAL OF A 10.13 PER CENT. INTEREST IN LIPPO LIMITED

On 25th and 26th January, 2007, SHK (through its wholly-owned subsidiaries Best Delta, Cheeroll and Upstand) effected the Disposal, being the disposal of an aggregate of 43,950,000 Shares, representing approximately 10.13 per cent. of the issued share capital of Lippo as at the date of this announcement, through a number of on-market transactions on the Stock Exchange at an aggregate consideration of HK\$131,850,000 (being all at a selling price of HK\$3.00 per Share).

After completion of the disposal of the 43,950,000 Shares, SHK has ceased to have any interest in Lippo.

Under Chapter 14 of the Listing Rules, the Disposal constitutes a discloseable transaction for AGL, APL and SHK, on the basis that the calculations of the assets ratio for each of AGL and APL and the calculations of the assets and profits ratios for SHK are all within the range of 5 per cent.

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

THE DISPOSAL

On 25th and 26th January, 2007, SHK (through its wholly-owned subsidiaries Best Delta, Cheeroll and Upstand) effected the Disposal, being the disposal of an aggregate of 43,950,000 Shares, representing approximately 10.13 per cent. of the issued share capital of Lippo as at the date of this announcement, through a number of on-market transactions on the Stock Exchange at an aggregate consideration of HK\$131,850,000 (being all at a selling price of HK\$3.00 per Share).

Dates

25th and 26th January, 2007.

Parties

- (1) Best Delta (as to 6,500,000 Shares), Cheeroll (as to 6,000,000 Shares) and Upstand (as to 31,450,000 Shares) as vendors.
- (2) various purchasers under a number of on-market transactions on the Stock Exchange.

To the best of the knowledge of the SHK Directors, the purchasers under such on-market transactions on the Stock Exchange and their ultimate owners are independent third parties not connected with SHK, any of its subsidiaries or any of their respective associates, or any of the connected persons of SHK, any of its subsidiaries or any of their respective associates.

The Shares disposed of by SHK

An aggregate of 43,950,000 Shares, representing approximately 10.13 per cent. of the issued share capital of Lippo as at the date of this announcement, of which 36,900,000 Shares were disposed of on 25th January, 2007 and 7,050,000 Shares were disposed of on 26th January, 2007.

Consideration

The aggregate consideration for the disposal by SHK (through its wholly-owned subsidiaries Best Delta, Cheeroll and Upstand) of 43,950,000 Shares is HK\$131,850,000 (being all at a selling price of HK\$3.00 per Share) and was fully settled in cash. The consideration was determined by reference to the prevailing trading prices of the Shares on the Stock Exchange.

Completion

Completion of the Disposal has taken place in accordance with the normal clearing and settlement procedures for on-market transactions on the Stock Exchange. The Disposal was not subject to any condition.

After completion of the disposal of the 43,950,000 Shares, SHK has ceased to have any interest in Lippo.

INFORMATION ABOUT LIPPO

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

The principal business activity of Lippo is investment holding. The principal business activities of its major subsidiaries are investment holding, property investment and development, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

INFORMATION ABOUT AGL, APL AND SHK

AGL

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

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

APL

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

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

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

SHK

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

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are wealth management (including brokerage), asset management, corporate finance, consumer finance, provision of healthcare services as well as principal investments.

As at the date of this announcement, SHK is beneficially owned as to approximately 65.17 per cent. by APL.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In view of current market conditions, the SHK Directors consider that the Disposal represents a good opportunity for SHK to realise a long term investment. Net proceeds from the Disposal of approximately HK\$131,541,000 will be utilised by SHK for reducing bank and other borrowings of the SHK group and for general working capital purposes.

Having regard to the nature of and the benefits resulting from the Disposal, the AGL Directors, the APL Directors and the SHK Directors all believe that the Disposal is fair and reasonable and in the interests of the shareholders of each of AGL, APL and SHK taken as a whole.

Net profits attributable to the 43,950,000 Shares disposed of by SHK (through its wholly-owned subsidiaries Best Delta, Cheeroll and Upstand), which represent dividends received by SHK on such number of Shares, for the two financial years ended 31st December, 2006 were:

- (i) approximately HK\$879,000 (before taxation and extraordinary items) or approximately HK\$879,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2005; and
- (ii) approximately HK\$879,000 (before taxation and extraordinary items) or approximately HK\$879,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2006.

As at 31st December, 2006, the carrying value (i.e. cost less impairment) of the 10.13 per cent. shareholding in Lippo disposed of by SHK was approximately HK\$83,505,000. Accordingly, this will give rise to an estimated gain of approximately HK\$48,036,000 for AGL, APL and SHK.

LISTING RULES IMPLICATIONS

Under Chapter 14 of the Listing Rules, the Disposal constitutes a discloseable transaction for AGL, APL and SHK, on the basis that the calculations of the assets ratio for each of AGL and APL and the calculations of the assets and profits ratios for SHK are all within the range of 5 per cent. and 25 per cent.

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

DIRECTORS

AGL Directors

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

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

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

Independent non-executive Directors: Mr. Wong Po Yan, Mr. David Craig Bartlett, Mr. John Douglas Mackie, Mr. Alan Stephen Jones

APL Directors

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

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

Non-executive Directors: Mr. Arthur George Dew (Chairman), Mr. Henry Lai Hin Wing, Mr. Steven Lee Siu Chung

Independent non-executive Directors: Mr. John Douglas Mackie, Mr. Steven Samuel Zoellner, Mr. Alan Stephen Jones

SHK Directors

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

Executive Directors: Mr. Lee Seng Huang (*Executive Chairman*), Mr. Joseph Tong Tang

Non-executive Director: Mr. Patrick Lee Seng Wei

Independent non-executive Directors: Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Mr. Carlisle Caldow Procter, Mr. Peter Wong Man Kong

DEFINITIONS

"AGL"	Allied Group Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange
"AGL Directors"	directors of AGL
"APL"	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange
"APL Directors"	directors of APL
"associates"	having the meaning ascribed to it in the Listing Rules
"Best Delta"	Best Delta International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of SHK
"Cheeroll"	Cheeroll Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SHK
"Disposal"	the disposal of an aggregate of 43,950,000 Shares by Best Delta, Cheeroll and Upstand through a number of on-market transactions on the Stock Exchange at an aggregate consideration of HK\$131,850,000
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Lippo"	Lippo Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 226)
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Shares"	ordinary shares of nominal value of HK\$0.10 each in the issued share capital of Lippo
"SHK"	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange
"SHK Directors"	directors of SHK
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Upstand"

Upstand Assets Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of SHK

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

On behalf of the Board Allied Properties (H.K.) Limited Li Chi Kong Executive Director On behalf of the Board Sun Hung Kai & Co. Limited Joseph Tong Tang Executive Director

Hong Kong, 30th January, 2007