



ALLIED GROUP LIMITED (聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)



ALLIED PROPERTIES (H.K.) LIMITED (聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

JOINT ANNOUNCEMENT CONNECTED TRANSACTION

The directors of both AGL and APL announce that APD has entered into the Agreement with AGL, pursuant to which APD will acquire the entire issued share capital of Kalix which is holding a property in The Redhill Peninsula, Hong Kong. AGL, being the controlling shareholder of APL, is a connected person of APL; therefore, the Agreement constitutes a connected transaction of APL under the Listing Rules. Accordingly, the Agreement is subject to disclosure requirements under the Listing Rules.

The Agreement

- Date : 23rd July, 2002
- Parties : APD, a wholly owned subsidiary of APL; and
AGL, the controlling shareholder of APL
- The transaction : APD acquires the entire issued share capital of Kalix from AGL. Furthermore, at Completion, AGL shall assign to APD all its rights to the repayment of an aggregate outstanding loan of HK\$21,999,998 owed by Kalix to AGL. Kalix is a property holding company holding a residential property in The Redhill Peninsula, which has been rented out to an independent third party of AGL and APL
- Consideration : HK\$2 and the assignment of the shareholder's loan in the sum of HK\$21,999,998 to APD at HK\$21,999,998 at Completion
- Completion : on or about 1st August, 2002

Connection between the parties and reason for the transaction

AGL, being the controlling shareholder of APL, is a connected person of APL. The Agreement, which is entered into between AGL and APD, a wholly owned subsidiary of APL, constitutes a connected transaction of APL under the Listing Rules.

Kalix is a property holding company. According to the audited financial statements of Kalix, Kalix had audited negative net tangible assets of HK\$31,617,869 and HK\$35,401,473 as at 31st December, 2000 and 31st December, 2001 respectively, and an audited profit before and after taxation of HK\$1,099,789, and an audited loss before and after taxation of HK\$3,783,604 for the financial years ended 31st December, 2000 and 31st December, 2001 respectively. As APL Group is engaged in Hong Kong property investment and development, the directors of APL consider the acquisition of interest in Kalix is consistent with the APL Group's principal activity of property investment and development in Hong Kong and is in the interests of the shareholders of APL and is therefore appropriate for APD to acquire the entire issued share capital of Kalix from AGL. The source of funding of APD for its acquisition of the entire interest in Kalix will be from internal resources/bank loan, and AGL will use the proceeds from the sale of interest in Kalix as its general working capital. APD intends to continue to rent out the property owned by Kalix after Completion.

The directors of AGL and APL (including the independent non-executive directors of AGL and APL) consider that the terms of the Agreement are in the best interest of the AGL

Group and APL Group and are on normal commercial terms which are fair and reasonable so far as the shareholders of AGL and APL are concerned. Since both of the AGL Group and the APL Group are engaged in, among others, Hong Kong property investment and development, the Agreement is entered into in the ordinary and usual course of business. The consideration payable under the Agreement is of market price in the sum of HK\$22,000,000 as reflected by a valuation of an independent firm of international property consultants in March 2002.

As the consideration of the Agreement is less than 3% of the audited consolidated net tangible assets of the APL Group as at 31st December, 2001, APL is only subject to disclosure requirements under the Listing Rules. The directors of AGL confirm that no connected person of AGL (other than by virtue only of its substantial shareholding in APD) is or are together a substantial shareholder in APD. For the sake of completeness, this announcement is made in the joint names of APL and AGL, and details of the Agreement will also be included in the APL's next published annual report and accounts in accordance with Rule 14.25(1) of the Listing Rules.

Definitions

- "AGL" Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
- "AGL Group" AGL and its subsidiaries
- "Agreement" sale and purchase agreement dated 23rd July, 2002 entered into between AGL and APD
- "APD" AP Development Limited, a company incorporated in Hong Kong with limited liability
- "APL" Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Stock Exchange
- "APL Group" APL and its subsidiaries
- "Completion" completion of the Agreement
- "Kalix" Kalix Investment Limited, a company incorporated in Hong Kong with limited liability
- "Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange
- "Stock Exchange" The Stock Exchange of Hong Kong Limited

By Order of the Board
Allied Group Limited
Phoebe Lau Mei Yi
Company Secretary

By Order of the Board
Allied Properties (H.K.) Limited
Cindy Yung Yee Mei
Company Secretary

Hong Kong, 24th July, 2002