

(Incorporated in Hong Kong with limited liability)

CONNECTED TRANSACTION

The Directors of the Company announce that UAF, a non-wholly owned subsidiary of the Company, has entered into a Put Option Agreement with Credia and IFC, two existing shareholders of PRIVA, pursuant to which Credia and IFC granted put options to UAF and UAF can sell its interests in PRIVA to Credia and IFC, based on the principal terms set out below.

IFC is a 89.11% owned subsidiary of ITOCHU. ITOCHU, through its wholly owned subsidiaries, holds 25.09% interests in UAF, and is thus a substantial shareholder of UAF. The Put Option Agreement constitutes a connected transaction for the Company under the Listing Rules and is subject to disclosure requirements under Rule 14.25(1) of the Listing Rules.

PUT OPTION AGREEMENT

9 December, 2002 Date

UAF, an indirect non-wholly owned subsidiary of the Company; IFC, a 89.11% owned subsidiary of ITOCHU; and Credia Parties

Credia and IFC granted put options in respect of the entire interest held by UAF in PRIVA, which are exercisable in full and once only, on the following principal terms: The transaction:

- in the event either a material litigation against PRIVA or PRIVA engages in any course of business which UAF reasonably believes could result in injury to UAF's reputation, UAF shall have the right, during the remainder of a 5-year period from 12 April, 2001 to sell to Credia and/or IFC all the shares in PRIVA held by UAF at the Agreed Price;
- in the event that PRIVA has a cumulative deficit as of 31 March, 2004, 30 September, 2004, 31 March, 2005, 30 September, 2005 or 31 March, 2006, then UAF shall have the right, during 30 days after it has knowledge of the cumulative deficit as shown in PRIVA's financial statements provided to it, to sell to Credia and/or IFC all the shares in PRIVA held by UAF at the Agreed Price;
- notwithstanding (1) and (2) above, UAF shall have the right, at any time after 12 April, 2004 and before 12 April, 2007, to sell to Credia and/or IFC all or any part of the shares in PRIVA held by UAF at the price equal to UAF's percentage shareholding multiplied by the net assets of PRIVA as of the end of the nearest preceding calendar quarter, provided that if UAF exercises such option, any outstanding option under (1), (2) or (3) shall immediately terminate and become of no further force or effect,

provided always that the purchase price under each of the above options shall not exceed HK\$10,000,000 or its equivalent in ¥. In the event that UAF exercises any of the above options, the obligations of Credia and IFC to purchase UAF's shares in PRIVA shall

be joint and several.

¥100 (approximately HK\$6.42) paid by UAF upon signing of the Put Option Agreement; ¥50 was paid to Credia and ¥50 to IFC Consideration : The above consideration was agreed on an arm's length basis between the parties with reference to terms of the Put Option Agreement and the trading records of PRIVA.

Credia, IFC and UAF are the shareholders of PRIVA, currently holding 67.3%, 22.7% and 1.0% interests in PRIVA respectively.

As of 6 December, 2002, UAF is a 54.2% indirectly owned subsidiary of the Company and the Company's interest in UAF is held through its subsidiaries. ITOCHU, through its wholly owned subsidiaries, holds 25.09% interests in UAF, and is thus a substantial shareholder of UAF. ITOCHU also directly and

indirectly holds 25.13% interests in Credia. The other beneficial owners of Credia are independent from and not connected with the Directors, chief executive or substantial shareholders of the Company or any of their respective Associates.

PRIVA

PRIVA, established in Japan by Credia and IFC, is an unsecured personal loan company which has been carrying on business in Japan since March 2001. ITOCHU is a company whose shares are listed on the first board of the Tokyo stock exchange. UAF invested in PRIVA in April 2001 in the amount of ¥15 million (approximately HK\$943,500 based on the exchange rate (of ¥100 to HK\$6.29) applicable in April 2001). The Directors are of the view that such investment was made on normal commercial terms.

The book value of 1.0% of the net assets of PRIVA is approximately HK\$241,061, based on its audited accounts as of 31 March, 2002.

The audited net losses after taxation of PRIVA for the financial years ended 31 March, 2001 and 2002 were approximately HK\$6.06 million and HK\$34.03 million respectively and the corresponding losses before taxation for the same periods were approximately HK\$6.05 million and HK\$34.00 million respectively. The nominal consideration for the grant of the options as aforesaid is agreed on an arm's length basis between the parties, in view of the performance of PRIVA.

RATIONALE OF THE PUT OPTION AGREEMENT

As mentioned above, PRIVA has suffered from increasing losses over the past two years and its performance has not been satisfactory. The Put Option Agreement, proposed by UAF and agreed to by Credia and IFC, would allow it to sell its interests in PRIVA at a pre-determined price under the abovementioned conditions at the discretion of UAF. The Directors believe it would be in the interests of UAF if UAF is provided with the opportunity to realise its interest in PRIVA in the medium term whilst UAF may retain such interest in PRIVA if its performance improves satisfactorily. The Directors, including the independent non-executive Directors, consider that the Put Option Agreement is on normal commercial terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The Company is mainly engaged in property investment and development and financial services business through its subsidiaries and associates.

It is intended that any proceeds of sale of UAF's interests in PRIVA pursuant to any exercise of the Put Option Agreement by UAF will be used as general working capital of UAF.

The Put Option Agreement constitutes a connected transaction for the Company under the Listing Rules and is subject to disclosure requirements under Rule 14.25(1) of the Listing Rules.

The Company will comply with the Listing Rules if UAF exercises the options under the Put Option Agreement.

DEFINITIONS

the price of UAF's shares in PRIVA, of an amount equal to UAF's percentage shareholding in PRIVA multiplied by the net assets of PRIVA as of the end of the nearest preceding calendar quarter or 80% of the price at which UAF acquired such shares, "Agreed Price"

whichever is the higher

"Associates" has the meaning ascribed thereto under the Listing Rules

"Company" Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock

"Credia" Credia Co., Ltd., a company established in Japan, the shares of which are listed on the first board of the Tokyo stock exchange

the directors of the Company "Directors"

"HK\$" Hong Kong dollars, the lawful currency of Hong Kong "IFC"

ITOCHU Finance Corporation, a company established in Japan

"ITOCHU" ITOCHU Corporation, a company established in Japan, the shares of which are listed on the first board of the Tokyo stock

exchange

"Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange

"PRIVA" Priva Corporation, a company established in Japan "Stock Exchange" The Stock Exchange of Hong Kong Limited

"UAF United Asia Finance Limited, a company incorporated in Hong Kong with limited liability

"¥" Japanese Yen, the lawful currency of Japan

For reference purposes, the exchange rate of ¥100 equals HK\$6.42 is adopted in this announcement.

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