



**ALLIED GROUP LIMITED**  
**(聯合集團有限公司)**

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



**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)

**JOINT ANNOUNCEMENT**  
**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF**  
**AND LOANS TO GILMORE LIMITED BY**  
**AP SAPPHIRE LIMITED**  
**(AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF**  
**ALLIED PROPERTIES (H.K.) LIMITED)**

The directors of AGL and APL jointly announce that on 19 October 2004, the Purchaser, an indirect wholly-owned subsidiary of APL entered into the Provisional Sale and Purchase Agreement with the Vendor for the purchase by the Purchaser of the Sale Shares and the Associated Companies Loans at an aggregate consideration of HK\$124,887,296 (to be adjusted by the Adjustments as contained in the Provisional Sale and Purchase Agreement).

The transactions contemplated under the Provisional Sale and Purchase Agreement constitute a discloseable transaction for each of AGL and APL under Chapter 14 of the Listing Rules. A circular containing details of the Provisional Sale and Purchase Agreement will be despatched to the shareholders of AGL and APL within 21 days after the publication of this announcement.

**PROVISIONAL SALE AND PURCHASE AGREEMENT DATED 19 OCTOBER 2004**

**Parties:** (1) Vendor:  
Chilatin Pte Ltd.

(2) Purchaser:  
AP Sapphire Limited, an indirect wholly-owned subsidiary of APL.

AGL and APL confirm that, to the best of their respective Directors' knowledge, information and belief, and having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are third parties independent of and not connected with AGL and APL, the Directors, chief executives, substantial shareholders of AGL and APL or any of their respective subsidiaries or associates as defined in the Listing Rules.

**Summary:** The Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares and procure the sale of the Associated Companies Loans for an aggregate consideration of HK\$124,887,296 (to be adjusted by the Adjustments).

**Formal Sale and Purchase Agreement:** According to the terms of the Provisional Sale and Purchase Agreement, the parties and OUB Centre Limited, being the ultimate holding company of the Vendor (as warrantor on various warranties and guarantor on certain obligations), shall enter into the Formal Agreement on 26 October 2004. The Formal Agreement shall incorporate the provisions in the Provisional Sale and Purchase Agreement and subject to the agreement by the parties, shall contain warranties and representations as are usual to transactions similar to those of the Provisional Sale and Purchase Agreement. If the parties fail to agree the form and terms of the Formal Agreement, the Provisional Sale and Purchase Agreement shall stand as the Formal Agreement and OUB Centre Limited shall execute an undertaking in favour of the Purchaser giving warranties and guarantees on the performance of the Vendor of certain obligations under the Provisional Sale and Purchase Agreement.

As at the date of this announcement, the parties are still in the course of negotiating the terms of the Formal Agreement and failing agreement on the content of the Formal Agreement, OUB Centre Limited will only execute the said undertaking and the Provisional Sale and Purchase Agreement shall stand as the Formal Agreement.

**Completion:** Completion shall take place on 10 December 2004. It is a condition that the Purchaser shall procure the repayment in full by Gilmore of the principal and interests due under the UOB Mortgage on Completion.

**Consideration:** The aggregate consideration of the Sale Shares and the Associated Companies Loans is HK\$124,887,296 (subject to Adjustments) and is payable in cash. An initial deposit of HK\$10,000,000 has been paid by the Purchaser to the Vendor upon the signing of the Provisional Sale and Purchase Agreement. The sum of HK\$12,488,729.60 less the said initial deposit is payable not later than 12:30 p.m. on the date fixed for the signing of the Formal Agreement as deposit and in part payment of the consideration and the balance of the consideration is payable on Completion. About 30% of the consideration will be financed from the internal resources of APL and the remainder will be financed from borrowings.

Such consideration has been determined after arm's length negotiations between the parties by reference to the open market value of the Property as at 19 October 2004 by FPDSavills (Hong Kong) Limited, an independent professional property valuer, on the Property and the unaudited net asset value of Gilmore as at 30 September 2004 as shown in the unaudited management accounts as at 30 September 2004.

**INFORMATION ON THE VENDOR, AGL, APL, GILMORE AND THE PROPERTY**

The principal activity of the Vendor is investment holdings and property management. The core businesses of AGL, APL and their respective subsidiaries consist of property investment and development, hospitality related activities and financial services.

Gilmore is a property holding company incorporated in Hong Kong on 19 July 2000 and is the sole beneficial owner of the Property since year 2001. The gross floor area of the Property is approximately 13,742 square feet and the use of the Property is commercial. Other than the Property, Gilmore does not hold any real property.

According to the latest valuation performed by FPDSavills (Hong Kong) Limited, an independent professional property valuer, the Property was valued at HK\$125,700,000 as at 19 October 2004. The Associated Companies Loans in the aggregate principal amount of approximately HK\$34,909,466 represents the total outstanding amount of loans due from Gilmore to the Vendor and the related companies of the Vendor as at 30 September 2004. The Associated Companies Loans are interest bearing and are repayable on demand. Based on the latest unaudited management accounts of Gilmore as at 30 September 2004, the unaudited net current liabilities of Gilmore as at 30 September 2004 amount to approximately HK\$366,097, after incorporating deposits received from tenants of HK\$946,169 to be consistent with the presentation of the last audited accounts. The audited net deficit on shareholders' funds of Gilmore as at 31 December 2003 is HK\$35,883,593. The audited net loss after taxation attributable to Gilmore for the year ended 31 December 2003 is HK\$19,325,537 and for the year ended 31 December 2002 is HK\$11,076,135.

**REASONS FOR AND BENEFITS OF THE ACQUISITION**

Through the acquisition of Gilmore, APL will indirectly own the Property which will hence broaden the property investment portfolio of APL. APL is acquiring the Property for investment purposes and believes that with the reversionary potential of the Property in view of the limited supply of new office space in Central in the short to medium term, the value of the investment will increase.

The Directors believe that the terms of the Provisional Sale and Purchase Agreement are fair and reasonable and are in the interest of the shareholders of AGL and APL as a whole.

**GENERAL**

The transactions contemplated under the Provisional Sale and Purchase Agreement constitute a discloseable transaction for each of AGL and APL under Chapter 14 of the Listing Rules. A circular containing details of the Provisional Sale and Purchase Agreement will be despatched to the shareholders of AGL and APL within 21 days after the publication of this announcement.

**DEFINITIONS**

In this announcement, the following terms have the following meanings:

“Adjustments” the total consideration for the sale of the Sale Shares and the assignment of the Associated Companies Loans shall be HK\$124,887,296 to be adjusted by:

(a) deducting:

(i) the outstanding loan and interests thereon as at the date of Completion due and owing under the UOB Mortgage; and

(ii) all current and contingent liabilities (including but without limitation any deferred taxation) of Gilmore except the Associated Companies Loans as shown in the Completion Accounts;

(b) adding an amount equal to the value of all the assets of Gilmore (other than the Property) as shown in the Completion Accounts which shall comprise mainly of utility deposits, cash deposits, prepaid expenses and receivables;

“AGL” Allied Group Limited, a company incorporated under the laws of Hong Kong with limited liability and the shares of which are listed on the Stock Exchange;

“APL” Allied Properties (H.K.) Limited, a company incorporated under the laws of Hong Kong with limited liability and the securities of which are listed on the Stock Exchange, and it is a non wholly-owned subsidiary of AGL;

“Associated Companies Loans” the aggregate principal amount of approximately HK\$34,909,466 represents the total outstanding amount of loans due from Gilmore to the Vendor and the related companies of the Vendor as at 30 September 2004 (including such monies as shall after 30 September 2004 be from time to time advanced by the related companies of the Vendor and/or the Vendor to Gilmore and interest thereon);

“Board” the board of Directors;

“Completion” the completion of the sale and purchase of the Sale Shares and the Associated Companies Loans;

“Completion Accounts” the accounts of Gilmore to be finalised in accordance with the provisions of the Provisional Sale and Purchase Agreement;

“Directors” the directors of AGL and APL;

“Formal Agreement” the formal sale and purchase agreement to be entered into between the Vendor, the Purchaser and OUB Centre Limited for the sale and purchase of the Sale Shares and the Associated Companies Loans;

“Gilmore” Gilmore Limited, a company incorporated under the laws of Hong Kong with limited liability, a direct wholly-owned subsidiary of the Vendor;

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong” Hong Kong Special Administrative Region of the People's Republic of China;

“Listing Rules” The Rules Governing the Listing of Securities on the Stock Exchange;

“Property” the whole of 22nd Floor of No.9 Queen's Road Central, Hong Kong;

“Provisional Sale and Purchase Agreement” the provisional sale and purchase agreement dated 19 October 2004 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares and the Associated Companies Loans;

“Purchaser” AP Sapphire Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of APL;

“Sale Shares” 2 shares of HK\$1.00 each in the issued share capital of Gilmore, representing the entire issued share capital of Gilmore;

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“UOB Mortgage” the existing mortgage on the Property in favour of United Overseas Bank Limited; and

“Vendor” Chilatin Pte Ltd., a company incorporated under the laws of Singapore.

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

Hong Kong, 28 October 2004

*As at the date of this announcement, the Board of AGL comprises Messrs. Lee Seng Hui (Chief Executive) and Edwin Lo King Yau being the Executive Directors, Ms. Lee Su Hwei and Mr. Arthur George Dew being the Non-Executive Directors, Sir Gordon Macwhinnie (Non-Executive Chairman), Messrs. Wong Po Yan, David Craig Bartlett and John Douglas Mackie being the Independent Non-Executive Directors.*

*As at the date of this announcement, the Board of APL comprises Messrs. Patrick Lee Seng Wei (Chief Executive) and Li Chi Kong being Executive Directors, Messrs. Henry Lai Hin Wing and Steven Lee Siu Chung being Non-Executive Directors, Sir Gordon Macwhinnie (Non-Executive Chairman), Messrs. John Douglas Mackie and Steven Samuel Zoellner being Independent Non-Executive Directors.*

On Behalf of the Board  
**Allied Properties (H.K.) Limited**  
**Li Chi Kong**  
Executive Director