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ALLIED GROUP LIMITED

聯合集團有限公司

(Incorporated in Hong Kong with limited liability)

PROPOSED OFFER

BY



SUN HUNG KAI INTERNATIONAL LIMITED

ON BEHALF OF

ALLIED GROUP LIMITED

TO REPURCHASE UP TO 750,000,000 SHARES

AT HK\$0.50 PER SHARE

(AS TO HK\$0.15 IN CASH AND HK\$0.35 IN THE FORM OF LOAN NOTE)

INVOLVING

THE REDUCTION OF

THE SHARE PREMIUM ACCOUNT

THE MAKING OF THE OFFER HAS BECOME UNCONDITIONAL

The Board is pleased to announce that the reduction of the share premium account of the Company by the amount of HK\$375 million has become effective.

As all the Conditions Precedent of the proposed Offer have been fully satisfied, the making of the Offer has become unconditional.

The Offer will be open for acceptance for at least twenty-one days after the despatch of the Offer Document, with the expected date of despatch to be on or about 21 August 2003. Detailed terms of the Offer will be set out in the Offer Document.

Reference is made to the announcements of the Company dated 16 January 2003, 29 January 2003, 20 February 2003, 13 March 2003, 9 May 2003, 11 June 2003, 16 July 2003 and the circular of the Company dated 9 May 2003 (the "Circular"). Unless the context requires otherwise, terms used herein shall have the same meanings as defined in the Circular.

REDUCTION OF THE SHARE PREMIUM ACCOUNT

The Board is pleased to announce that the Court made an Order (the "Confirming Order") confirming the reduction of the share premium account of the Company by HK\$375 million on 12 August 2003 pursuant to Section 60 of the Companies Ordinance. The Confirming Order was duly registered by the Registrar of Companies in Hong Kong on 12 August 2003 and, accordingly, the reduction of the share premium account of the Company has become effective. As a result, the share premium account of the Company has been reduced by the amount of HK\$375 million and the same amount has been credited to the distributable reserve of the Company.

CONDITIONS PRECEDENT OF THE OFFER

In addition to the Confirming Order, all other Conditions Precedent including the approval by the SFC of the proposed change in the identity of the substantial shareholder of those members of the Group which are classified as Licensed Corporations; and the approval by the Hong Kong Exchanges and Clearing Limited for change of control of those members of the Group which are Exchange Participants of The Stock Exchange of Hong Kong Limited and Exchange Participants of Hong Kong Futures Exchange Limited have already been fully satisfied.

As all the Conditions Precedent of the proposed Offer have been fully satisfied, the making of the Offer has become unconditional. It is expected that the Offer Document will be despatched by the Company within seven days from the date hereof i.e. on or about 21 August 2003.

OFFER DOCUMENT

The Offer will be unconditional and will be open for acceptance at least for twenty-one days after the despatch of the Offer Document. Detailed terms of the Offer will be set out in the Offer Document. The Offer Document will also contain such information as is required under the Takeovers Code, the Repurchase Code and the Companies Ordinance and, for the avoidance of doubt, shall include a Form of Acceptance and appropriate information outlining the required procedures for acceptance of the Offer.

The Offer Document, however, will not be sent to the Overseas Shareholders whose addresses on the Register at the time of despatch are situate in the Excluded Jurisdictions.

GENERAL

Shareholders should read carefully the Circular and the Offer Document, which is expected to be despatched on or about 21 August 2003, before taking any action in relation to the Offer. If any Shareholder is in any doubt, he should consult his own professional advisers.

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

Hong Kong, 14 August 2003

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.