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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**

## **INVESTMENT CO-OPERATION AGREEMENT**

Based on the information and confirmation provided by APL, APCV (a wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of the Company) entered into the Investment Co-operation Agreement with the Shuangliu Government, Jiyou and China Century on 10th December, 2009, pursuant to which, the Parties agreed to carry out the Co-operation Project at the Site Area, which is located in Zhengxing Town of the Shuangliu County, Chengdu, Sichuan, PRC.

The Transaction constitutes a discloseable transaction on the part of the Company on the basis that (i) APCV is a wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of the Company and accordingly, the Transaction entered into by APCV shall also be deemed a transaction of the Company under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries; (ii) the Transaction will create a form of joint arrangement among the relevant Parties, which falls within the ambit of Rule 14.04 of the Listing Rules; and (iii) the relevant Percentage Ratio(s) for the Company exceeds 5% but is below 25%. As advised and confirmed by APL, the Transaction does not constitute a discloseable transaction for APL on the basis that none of the Percentage Ratio(s) for APL exceeds 5%.

### **THE INVESTMENT CO-OPERATION AGREEMENT**

**Date:** 10th December, 2009

**Parties:** (1) the Shuangliu Government  
(2) APCV  
(3) Jiyou  
(4) China Century

Based on the information and confirmation provided by APL, and to the best knowledge, information and belief of the Directors, having made all reasonable enquiry, each of the Shuangliu Government, Jiyou and China Century and their respective ultimate beneficial owner(s), are third parties independent of the Company and its connected persons.

## **Principal Terms of the Investment Co-operation Agreement**

As advised and confirmed by APL, pursuant to the Investment Co-operation Agreement, the Parties agreed to carry out the Co-operation Project at the Site Area, which is located in Zhengxing Town of the Shuangliu County, Chengdu, Sichuan, PRC. As the Site Area will be tendered for sales in accordance with the laws, rules and regulations of the PRC, it is agreed that the JV Parties shall participate in the bidding process of the Site Area in accordance with the laws, rules and regulations of the PRC.

Subject to the conditions offered during the bidding process and the relevant laws, rules and regulations in the PRC, details of the Site Area are as follows:

1. subject to the results of the site demarcation, the size of the Site Area is approximately 3,320 mu;
2. the Site Area shall be used for commercial and residential development, whereby 70% of the Site Area shall be used for commercial purposes and the remaining 30% shall be used for residential purposes; and
3. the building density percentage of the Site Area shall be within 35%. The plot ratio of the first phase of the commercial development shall be above 1.0 and the plot ratio of the first phase of the residential development shall be at 0.8 or above.

Within 10 business days after the signing of the Investment Co-operation Agreement, the JV Parties shall pay the Investment Deposit to the designated unit. The Investment Deposit shall be contributed by APCV, Jiyou and China Century in accordance with the ratios of 40%, 30% and 30% respectively. In the event that the JV Parties successfully acquire the Site Area through the bidding process, the Investment Deposit shall be converted as part of the consideration for the acquisition of the Site Area. The Investment Deposit, however, shall be refunded in full to the JV Parties in the event that the JV Parties fail to acquire the Site Area through the bidding process in accordance with the laws, rules and regulations of the PRC.

The total construction area in relation to the Co-operation Project is approximately 900,000 square meters, which will be completed within 5 to 8 years. Subject to obtaining the relevant approvals, the JV Parties agree to commence the construction work within 3 months after acquiring the Site Area in accordance with the relevant laws, rules and regulations of the PRC. The first phase of the commercial development with a total construction area of approximately 60,000 square meters will be completed within 24 months after the JV Parties acquired the Site Area. The construction of the first phase of the residential development shall only commence upon the completion of 70% of the total construction area of the first phase of the commercial development.

## **Principal Obligations of the Parties**

As advised and confirmed by APL, pursuant to the Investment Co-operation Agreement, after the JV Parties successfully acquiring the Site Area, and subject to the relevant laws, rules and regulations of the PRC, the Shuangliu Government has agreed to, among other things, the followings:

1. providing preferential treatment to the JV Parties in the event of successful implementation of the Co-operation Project;

2. being responsible for assisting the JV Parties in applying for the approvals in relation to the establishment and planning of the Co-operation Project, and any other matters in relation thereto;
3. being responsible for providing the ancillary facilities such as water, electricity, gas, transportation and communication systems in relation to the Co-operation Project in accordance with the relevant construction schedule;
4. being responsible for assisting the JV Parties in handling registrations and obtaining approvals with the relevant governmental authorities in relation to, among other things, foreign currency exchange and taxation; and
5. being responsible for assessing the master plan and any other construction and design plan as to be submitted by the JV Parties in relation to the Site Area.

As advised and confirmed by APL, pursuant to the Investment Co-operation Agreement, the JV Parties shall be responsible for, among other things, the followings:

1. complying with the relevant laws, rules and regulations of the PRC in relation to any activities conducted at the Site Area;
2. upon signing of the Investment Co-operation Agreement, commencing the procedures to establish a separate joint venture entity, which will succeed to all the rights and obligations of the JV Parties under the Investment Co-operation Agreement in the Shuangliu County with the registered capital of USD95 million. APCV, Jiyou and China Century shall be entitled to 40%, 30% and 30% of the equity interests of such joint venture entity respectively; and
3. upon completion of the Co-operation Project, personnel in Shuangliu who had received on-job training shall be given priority to be employed over other of equal qualifications.

As advised and confirmed by APL, the registered capital of the joint venture entity, being USD95 million, was determined after arm's length negotiations among the JV Parties and with reference to various factors, including the estimated expenses for setting up an entity in Shuangliu County and commencing the work in relation to the first phase of the commercial and residential developments contemplated under the Co-operation Project. APCV shall contribute 40% of such registered capital, which will be financed from the internal resources of APL.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Based on the information and confirmation provided by APL, the APL Directors expect that based on the long-term growth prospect of the PRC economy and the recent economic development, property development in the PRC, particularly, major cities such as Chengdu will continue to enjoy growth. The APL Directors also expect that domestic demands for commercial and residential properties in the PRC will remain strong. As such, the APL Directors consider that it is now opportune to diversify the property investment portfolio of APL by diversifying into the PRC property market as an investor in a property project in the PRC with potential to yield favourable returns to its shareholders. The APL Directors consider that participating in the Co-operation Project, being a transaction contemplated under the Investment Co-operation Agreement, is in line with such direction and a good opportunity to establish APL's presence in the PRC, which is now considered strategically important to the long-term development of APL. The APL Directors also consider that the Transaction is on normal commercial terms and the terms of the Investment Co-operation Agreement are fair and reasonable, and the Transaction is in the interests of APL and its shareholders taken as a whole.

Based on the information and confirmation provided by APL, the Directors have accepted the confirmation provided by APL and therefore concur with the view of the APL Directors and consider that the Transaction is in the interests of AGL and its shareholders taken as a whole.

## **INFORMATION ABOUT THE COMPANY, APL, SHUANGLIU GOVERNMENT, APCV, JIYOU AND CHINA CENTURY**

### **The Company**

The Company is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, health administration, medical scheme administration, the provision of healthcare services, the provision of financial services, and investments in listed and unlisted securities.

### **APL**

APL is a company incorporated in Hong Kong with limited liability, the shares of which 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, health administration, medical scheme administration, the provision of healthcare services and the provision of financial services.

As at the date of this announcement, APL is beneficially owned as to approximately 74.36% by the Company.

### **The Shuangliu Government**

As advised and confirmed by APL, the Shuangliu Government is a governmental authority located at Shuangliu County, Chengdu, Sichuan, PRC.

### **APCV**

As advised and confirmed by APL, APCV is a company incorporated under the laws of British Virgin Islands, the principal business activity of which is investment holding. APCV is a wholly-owned subsidiary of APL.

### **Jiyou**

As advised and confirmed by APL, Jiyou is a company incorporated in Hong Kong, the principal business activity of which is property development.

### **China Century**

As advised and confirmed by APL, China Century is a company incorporated in the PRC, the principal business activities of which are property development and building construction.

## LISTING RULES IMPLICATIONS

The Transaction constitutes a discloseable transaction on the part of the Company on the basis that (i) APCV is a wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of the Company and accordingly, the Transaction entered into by APCV shall also be deemed a transaction of the Company under the Listing Rules as the definition of “listed issuer” under the Listing Rules shall include the listed issuer’s subsidiaries; (ii) the Transaction will create a form of joint arrangement among the relevant Parties, which falls within the ambit of Rule 14.04 of the Listing Rules; and (iii) the relevant Percentage Ratio(s) for the Company exceeds 5% but is below 25%. As advised and confirmed by APL, the Transaction does not constitute a discloseable transaction for APL on the basis that none of the Percentage Ratio(s) for APL exceeds 5%.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“APCV”	Allied Properties China Venture (S) Limited;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and a non wholly-owned subsidiary of the Company;
“APL Directors”	the directors of APL;
“China Century”	中國世紀新城建設集團有限公司, a company incorporated in the PRC;
“Company”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Co-operation Project”	a project of planning, developing and constructing the Shuangliu International Technology City, with the themes of energy conservation, environmental and ecological protection, and promotion of the development of new technology in the Shuangliu County of Chengdu, Sichuan, PRC;
“Directors”	directors of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Co-operation Agreement”	an investment co-operation agreement dated 10th December, 2009 entered into among the Parties in relation to the Co-operation Project;
“Investment Deposit”	the amount of RMB5 million;

“Jiyou”	集友集團 (中國) 有限公司, a company incorporated in Hong Kong;
“JV Parties”	APCV, Jiyou and China Century;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“mu”	畝;
“Parties”	the Shuangliu Government and the JV Parties;
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shuangliu Government”	雙流縣人民政府 (The People’s Government of the Shuangliu County);
“Shuangliu International Technology City”	雙流國際科技城;
“Site Area”	a piece of land located in Zhengxing Town of the Shuangliu County of Chengdu, Sichuan, PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction(s) contemplated under the Investment Co-operation Agreement, in particular, the Co-operation Project;
“USD”	the United States Dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 15th December, 2009

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