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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**

### **ANNOUNCEMENT**

## **SUBSCRIPTION OF RIGHTS SHARES OF YU MING INVESTMENTS LIMITED AND RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09 and Chapter 14 of the Listing Rules.

Reference is made to the announcement of Yu Ming dated 14th February, 2009 and the YM Prospectus in relation to the Rights Issue of Yu Ming.

The Board wishes to announce that on 15th April, 2009, Bright Clear, an indirect wholly-owned subsidiary of the Company, accepted the allotment of the Rights Shares in proportion to its shareholding in Yu Ming under the Rights Issue pursuant to the Subscription Undertaking.

The Board also announces that on 15th April, 2009, Bright Clear submitted the Excess Rights Shares Application. As at the date of this announcement, Bright Clear has been informed by Yu Ming that according to the information provided by the share registrar of Yu Ming, Bright Clear has been allotted (i) 504,371,800 Rights Shares under the Rights Issue pursuant to the Subscription Undertaking; (ii) 1,036,766,074 Excess Rights Shares under the Excess Rights Shares Application; and (iii) 308,227,574 YM 2011 Warrants. Therefore, the aggregate interest of the Company, through its interest in Bright Clear, will increase from 504,371,800 YM Shares to 2,045,509,674 YM Shares representing approximately 54.72% of the total issued share capital of Yu Ming upon completion of the Rights Issue, assuming that no YM Warrants are exercised by the Warrant-Holders.

The acceptance of the allotment of 504,371,800 Rights Shares under the Rights Issue pursuant to the Subscription Undertaking and the allotment of 1,036,766,074 Excess Rights Shares under the Excess Rights Shares Application, do not fall within the ambit of a notifiable transaction of the Company under the Listing Rules on the basis that the calculations of the relevant Percentage Ratios are all below 5%.

However, the increase of shareholding in Yu Ming to 54.72% by Bright Clear will trigger a general offer obligation on the part of Bright Clear and the parties acting in concert with it to make the Offer under Rules 26.1 and 13.1 of the Takeovers Code.

Assuming (i) all Warrant-Holders exercise their rights and convert the YM Warrants into YM Shares; (ii) all YM Shareholders accept the Offer and (iii) Bright Clear acquires all the YM Shares (other than those YM Shares owned by Bright Clear and parties acting in concert with it after completion of the Rights Issue) under the Offer, the maximum consideration payable under the Offer is estimated to be approximately HK\$203.1 million, which will constitute a discloseable transaction of the Company within the meaning of Rule 14.06(2) of the Listing Rules on the basis that the calculation of the relevant Percentage Ratio(s) is within the range of 5% and 25%.

Furthermore, the Offer and the Transactions are subject to aggregation pursuant to Rule 14.22 of the Listing Rules. Assuming all YM Shareholders and Warrant-Holders accept the Offer, the Offer when aggregated with the Transactions will remain as a discloseable transaction of the Company within the meaning of Rule 14.06(2) of the Listing Rules on the basis that the calculation of the relevant Percentage Ratio(s) is within the range of 5% and 25%.

The terms of the Offer will be contained in the Offer Announcement to be jointly issued by the Company, Bright Clear and Yu Ming dated 20th April, 2009.

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 16th April, 2009. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 21st April, 2009.

## **RIGHTS ISSUE OF YU MING**

Reference is made to the announcement of Yu Ming dated 14th February, 2009 in respect of the proposed Rights Issue of no less than 1,869,172,517 Rights Shares and no more than 2,243,006,386 Rights Shares at the Subscription Price of HK\$0.10 each held to the qualifying shareholders only with YM 2011 Warrants at an exercise price of HK\$0.10 each per YM Share (subject to adjustment) on the basis of one YM 2011 Warrant for every five Rights Shares. Pursuant to the YM Prospectus, each of the Subscription Price and exercise price of the YM 2011 Warrants represents:

- (i) the closing price of HK\$0.10 per YM Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 2.04% over the average closing price of HK\$0.098 per YM Share as quoted on the Stock Exchange for the last five trading days of the YM Shares immediately before the Last Trading Day;

- (iii) a premium of approximately 4.17% over the average closing price of HK\$0.096 per YM Share as quoted on the Stock Exchange for the last ten trading days of the YM Shares immediately before the Last Trading Day;
- (iv) the theoretical ex-rights price of HK\$0.10 per YM Share, which is calculated based on the closing price of HK\$0.10 per YM Share on the Last Trading Day; and
- (v) a discount of approximately 67.74% to the unaudited consolidated net asset value per YM Share as at 31st March, 2009 of approximately HK\$0.31.

As at the Record Date, the Company, through its interest in Bright Clear, was interested in (i) 504,371,800 YM Shares, representing approximately 26.98% of the total issued share capital of Yu Ming; and (ii) 100,874,360 YM 2009 Warrants.

The Company and Bright Clear had executed the Subscription Undertaking to Yu Ming, pursuant to which, the Company undertook to procure Bright Clear and Bright Clear undertook to take up all Rights Shares which would be provisionally allotted to it under the Rights Issue. Pursuant to the Subscription Undertaking, Bright Clear will be provisionally allotted 504,371,800 YM Shares and 100,874,360 YM 2011 Warrants.

On 15th April, 2009, Bright Clear accepted the provisional allotment of the Rights Shares that it has undertaken to take up in accordance with the terms of the YM Prospectus. Upon the allotment of 504,371,800 Rights Shares under the Rights Issue pursuant to the Subscription Undertaking, the interest of the Company in Yu Ming, through its interest in Bright Clear, will comprise of (i) 1,008,743,600 YM Shares and (ii) 201,748,720 YM Warrants (including 100,874,360 YM 2009 Warrants and 100,874,360 YM 2011 Warrants).

The total subscription price for the Rights Shares pursuant to the Subscription Undertaking in the amount of HK\$50,437,180 is satisfied by cash and funded by internal resources of the AGL Group. Details for the basis of determining the Subscription Price were disclosed by Yu Ming in the YM Prospectus.

## **APPLICATION FOR EXCESS RIGHTS SHARES**

On 15th April, 2009, Bright Clear submitted the Excess Rights Shares Application. As at the date of this announcement, Bright Clear has been informed by Yu Ming that according to the information provided by the share registrar of Yu Ming, Bright Clear has been allotted (i) 504,371,800 Rights Shares under the Rights Issue pursuant to the Subscription Undertaking; (ii) 1,036,766,074 Excess Rights Shares under the Excess Rights Shares Application; and (iii) 308,227,574 YM 2011 Warrants. Therefore, the aggregate interest of the Company, through its interest in Bright Clear, will increase from 504,371,800 YM Shares to approximately 2,045,509,674 YM Shares representing approximately 54.72% of the total issued share capital of Yu Ming upon completion of the Rights Issue, assuming no YM Warrants are exercised by the Warrant-Holders.

The total subscription price for 1,036,766,074 Excess Rights Shares is HK\$103,676,607.40 which is satisfied by cash and funded by internal resources of the AGL Group.

## SHAREHOLDING STRUCTURE OF YU MING

The following chart describes the shareholding structure of Yu Ming before and after completion of the Rights Issue.

	<b>As at 15th April, 2009 (before Rights Issue)</b>		<b>After Rights Issue</b>	
	<b>Shares</b>	<b>Shareholding percentage (Approx.)</b>	<b>Shares</b>	<b>Shareholding percentage (Approx.)</b>
Bright Clear	504,371,800	26.98%	2,045,509,674	54.72%
Other shareholders of Yu Ming	<u>1,364,800,717</u>	<u>73.02%</u>	<u>1,692,835,360</u>	<u>45.28%</u>
Total	<u><u>1,869,172,517</u></u>	<u><u>100%</u></u>	<u><u>3,738,345,034</u></u>	<u><u>100%</u></u>

## IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

The acceptance of the allotment of 504,371,800 Rights Shares under the Rights Issue pursuant to the Subscription Undertaking and the allotment of 1,036,766,074 Excess Rights Shares under the Excess Rights Shares Application do not fall within the ambit of a notifiable transaction of the Company under the Listing Rules on the basis that the calculations of the relevant Percentage Ratios are all below 5%.

However, the increase of shareholding in Yu Ming to 54.72% by Bright Clear will trigger a general offer obligation on the part of Bright Clear and the parties acting in concert with it to make the Offer under Rules 26.1 and 13.1 of the Takeovers Code.

Assuming (i) all Warrant-Holders exercise their rights and convert the YM Warrants into YM Shares; (ii) all YM Shareholders accept the Offer and (iii) Bright Clear acquires all the YM Shares (other than those YM Shares owned by Bright Clear and parties acting in concert with it after completion of the Rights Issue) under the Offer, the maximum consideration payable under the Offer is estimated to be approximately HK\$203.1 million, which will constitute a discloseable transaction of the Company within the meaning of Rule 14.06(2) of the Listing Rules on the basis that the calculation of the relevant Percentage Ratio(s) is within the range of 5% and 25%. The Maximum Offer Consideration will be satisfied by cash and will be funded by internal resources of the AGL Group.

The offer price for the YM Shares was determined with reference to the recent market price of the YM Shares.

Furthermore, the Offer and the Transactions are subject to aggregation pursuant to Rule 14.22 of the Listing Rules. Assuming all YM Shareholders and Warrant-Holders accept the Offer, the Offer when aggregated with the Transactions will remain as a discloseable transaction of the Company within the meaning of Rule 14.06(2) of the Listing Rules on the basis that the calculation of the relevant Percentage Ratio(s) is within the range of 5% and 25%.

The terms of the Offer will be contained in the Offer Announcement to be jointly issued by the Company, Bright Clear and Yu Ming dated 20th April, 2009.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

According to the latest published annual results of Yu Ming for the year ended 31st December, 2008, the audited consolidated net asset value of the YM Shares was HK\$598,172,000. The Subscription Price per Rights Share represents a discount of approximately 68.75% of the audited consolidated net asset value per YM Share as at 31st December, 2008. The Rights Shares were acquired for long term investment and it is believed that the market price of the YM Shares will reflect its underlying value when the market sentiment improves. In view of the above and the fact that the Subscription Price represents a substantial discount to the net asset value of the YM Shares and the possible substantial size of the block of Excess Rights Shares to be acquired under the Excess Rights Shares Application, the Directors consider that the terms of the Rights Issue, the Offer and the Transactions are fair and reasonable and is in the interests of the shareholders of the Company as a whole.

## INFORMATION ABOUT YU MING

Yu Ming is a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange. The principal business activity of Yu Ming is investment holding. The principal business activities of its major subsidiaries are investments in listed and unlisted securities, bonds, direct investments, projects, properties and structured products. As at the Record Date, AGL, through its interest in Bright Clear, was interested in 504,371,800 YM Shares, representing approximately 26.98% of the total issued share capital of Yu Ming.

Based on the latest published annual results of Yu Ming, the audited consolidated net asset value of Yu Ming for the year ended 31st December, 2008 was HK\$598,172,000. The audited net profit before and after tax of Yu Ming for the last two financial years ended 31st December are as follows:

	<b>31st December, 2008 (audited) HK\$(000')</b>	<b>31st December, 2007 (audited) HK\$(000')</b>
Net (loss)/profit before tax	(376,370)	104,097
Net (loss)/profit after tax	(376,370)	164,016
(Loss)/profit for the year attributable to the equity holders of Yu Ming	(376,370)	145,204

## **INFORMATION ABOUT AGL AND BRIGHT CLEAR**

### **AGL**

AGL 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 AGL 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.

### **BRIGHT CLEAR**

Bright Clear is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of AGL. The principal business activity of Bright Clear is investment holding.

As at the Record Date, Bright Clear was the beneficial owner of 504,371,800 YM Shares and 100,874,360 YM 2009 Warrants.

### **RESUMPTION OF TRADING**

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 16th April, 2009. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 21st April, 2009.

### **DEFINITIONS**

“AGL Group”	AGL and its subsidiaries
“AGL” or the “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
“Board”	board of Directors
“Bright Clear”	Bright Clear Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of AGL
“Directors”	directors of AGL
“Excess Rights Shares”	Rights Shares allotted to Bright Clear in excess of its entitlement under the Rights Issue
“Excess Rights Shares Application”	an application by Bright Clear to Yu Ming for the Rights Shares in excess of its entitlement under the Rights Issue



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	12th February, 2009, being the last trading day before the suspension of trading in the YM Shares on the Stock Exchange pending release of the announcement in relation to the Rights Issue and the issue of YM 2011 Warrants
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maximum Offer Consideration”	the maximum consideration of approximately HK\$203.1 million payable by Bright Clear under the Offer
“Offer”	the mandatory unconditional offer by YMIM on behalf of Bright Clear to the holders of the YM Shares and YM Warrants (other than those already owned by Bright Clear and parties acting in concert with it) pursuant to Rules 26.1 and 13.1 of the Takeovers Code
“Offer Announcement”	a joint announcement to be jointly issued by the Company, Bright Clear and Yu Ming setting out, inter alia, the terms of the Offer
“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
“Record Date”	24th March, 2009, being the date by reference to which entitlements of the holders of YM Shares to participate in the Rights Issue is determined
“Rights Issue”	the issue for subscription by way of rights of 1,869,172,517 Rights Shares (with YM 2011 Warrants) at the Subscription Price on the basis of one Rights Share (with YM 2011 Warrants) for every one YM Share held on the Record Date, on the terms and subject to conditions as set out in the YM Prospectus
“Rights Shares”	1,869,172,517 Rights Shares to be issued and allotted under the Rights Issue
“Shares”	ordinary shares of HK\$2.00 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share

“Subscription Undertaking”	the irrevocable undertaking by the Company and Bright Clear, pursuant to which, the Company undertook to procure Bright Clear and Bright Clear undertook to take up all Rights Shares which would be provisionally allotted to it under the Rights Issue
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transactions”	the acceptance of Rights Shares under the Rights Issue pursuant to the Subscription Undertaking and the subscription of Excess Rights Shares pursuant to the Excess Rights Shares Application by Bright Clear
“Warrant-Holders”	holders of YM Warrants (other than Bright Clear)
“YM 2009 Warrants”	warrants issued by Yu Ming, each entitling the holders thereof to subscribe for one new YM Share at an exercise price of HK\$0.33 each (subject to adjustments) with the subscription period from 29th May, 2008 to 28th May, 2009, both days inclusive
“YM 2011 Warrants”	warrant(s) to be issued by Yu Ming on the basis of one YM 2011 Warrant for every five Rights Shares taken up under the Rights Issue, each entitling the holder thereof to subscribe for one new YM Share at an initial subscription price of HK\$0.10 per YM Share (subject to adjustments) during the period from the date of first issue of the YM 2011 Warrants to the date immediately preceding the second anniversary of the date of first issue of the YM 2011 Warrants
“YM Prospectus”	the prospectus relating to the Rights Issue and the issue of YM 2011 Warrants which was despatched to the holders of YM Shares on 26th March, 2009 by Yu Ming
“YM Shares”	shares of HK\$0.10 each in the share capital of Yu Ming
“YM Shareholders”	holders of YM Shares (other than Bright Clear)
“YM Warrants”	warrants of Yu Ming (including the YM 2009 Warrants and the YM 2011 Warrants)



“YMIM”	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed under the Securities and Futures Ordinance to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), the financial adviser to Bright Clear in respect of the Offer
“Yu Ming”	Yu Ming Investments Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“%”	per cent.

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

Hong Kong, 20th April, 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.*