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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)

POSITIVE PROFIT ALERT

This announcement is made by Allied Group Limited (“**Company**”, together with its subsidiaries, “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the audited consolidated profit attributable to owners of the Company for the year ended 31st December, 2020 of approximately HK\$2,037.1 million (“**2020 Profit**”). Reference is also made to the voluntary announcement jointly made by the Company and Tian An China Investments Company Limited (“**TACI**”) on 20th October, 2021 (“**Joint Announcement**”). As a result of the share repurchase by TACI as disclosed in the Joint Announcement, TACI had been derecognised as an associate of the Company and became an indirect non wholly-owned subsidiary of the Company (“**Business Combination**”).

Based on Hong Kong Financial Reporting Standard 3 (Revised) and the Group’s accounting policies disclosed in note 3 of the Notes to the Consolidated Financial Statements in the 2020 annual report of the Company, in respect of business combination of acquisition of a subsidiary (i.e. the acquiree), the identifiable assets acquired and liabilities assumed of the acquiree are recognised at their fair value. If, after assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess (“**Excess**”) is recognised immediately in profit or loss as a bargain purchase gain.

The board of directors of the Company (“**Board**”) wishes to inform shareholders of the Company (“**Shareholders**”) and potential investors that, with the assistance of independent valuer, the assessment of the fair value of the identifiable assets acquired and liabilities assumed of TACI for the Business Combination has been substantially completed. The financial results of the Group for the year ended 31st December, 2021 is expected to be positively affected when compared with 2020 Profit due to that there is a non-recurring net gain of approximately HK\$4 billion (“**Net Gain**”), subject to audit, arising from derecognition of TACI as an associate with a loss which is compensated by the gain of bargain purchase for the Business Combination mainly attributable to that the fair value of the net assets of TACI acquired is higher than the respective carrying value in the accounts of TACI resulting in an Excess recognised in profit or loss. The increase in fair value of net assets of TACI as compared with the carrying value in TACI’s accounts is mainly attributable to the revaluation of the property assets of TACI and TACI’s associates and joint ventures (other than investment properties which had already been stated at fair value). **The Net Gain is non-cash in nature without material effect on the cash position and liquidity of the Group.**

As the Company is in the process of preparing the final results of the Group for the year ended 31st December, 2021, the information contained in this announcement is only based on a preliminary review of the information currently available to the Board which have not been audited by the auditor or reviewed by the audit committee of the Company. The final results of the Group for the year ended 31st December, 2021 is expected to be published before end of March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Allied Group Limited
Arthur George Dew
Chairman

Hong Kong, 28th January, 2022

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 Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Lisa Yang Lai Sum and Mr. Kelvin Chau Kwok Wing being the Independent Non-Executive Directors.