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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)

PROPOSED SHARE CONSOLIDATION

The Board proposes the Share Consolidation which will be made on the basis that every ten (10) Shares in the issued and un-issued ordinary share capital of the Company will be consolidated into one (1) Consolidated Share.

Consolidated Shares will be traded in board lots of 2,000 Consolidated Shares. The present board lot is 2,000 Shares. The authorised ordinary share capital of the Company after the Share Consolidation will remain at HK\$6,500,000,000.00.

A circular containing, among other things, information of the Share Consolidation together with a notice convening an extraordinary general meeting at which resolution(s) will be proposed to approve the Share Consolidation will be despatched to the Shareholders as soon as practicable.

PROPOSED SHARE CONSOLIDATION

The Board proposes that every ten (10) Shares in the issued and un-issued ordinary share capital of the Company will be consolidated into one (1) share of HK\$2.00 each. As at the date of this announcement, there were 2,643,754,308 Shares in issue and fully paid. On the basis of such issued share capital, there will be 264,375,430 Consolidated Shares in issue and fully paid following the Share Consolidation. The authorised ordinary share capital of the Company after the Share Consolidation will remain at HK\$6,500,000,000.00.

The Consolidated Shares will be traded in board lots of 2,000 Consolidated Shares. The present board lot is 2,000 Shares. The Consolidated Shares will rank pari passu in all respects with each other and the Share Consolidation will not result in any change in any relative rights of the Shareholders. Fractional Consolidated Shares will not be issued to the Shareholders and will be aggregated and sold for the benefit of the Company.

Based on the closing price of the Shares today, the value of each board lot of the Shares is HK\$1,380.00 and that the value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already been effective, is HK\$13,800.00.

Reasons for the Share Consolidation

As the cost of handling the Shares is relatively high compared with the low market value for each existing board lot of the Shares, the Share Consolidation can reduce the number of board lots in the market and also the cost for the Company and the Shareholders dealing in the Shares of the Company. Accordingly, the Directors believe that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

Except for the expenses to be incurred, the proposed Share Consolidation has no effect on the financial position of the Company and the Shareholders.

Odd lots arrangement

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares, a securities house will be appointed by the Company to provide a matching service from 6th August, 2004 to 27th August, 2004 (both days inclusive) to those Shareholders who wish to acquire odd lots of Consolidated Shares to make up a full board lot, or to dispose of their holdings of odd lots of Consolidated Shares. Details of the odd lots arrangement will be stated in the Circular. Further announcement will also be made in respect of the odd lots arrangement.

Exchange of certificates for Consolidated Shares at no direct cost to the Shareholders

New share certificates for the Consolidated Shares will be issued and available at no direct cost to the Shareholders. Details of the exchange arrangement will be announced to the Shareholders in the Circular and to the public in a separate announcement upon the Share Consolidation being effective.

Conditions

The Share Consolidation will be conditional upon:

- (i) the passing of an ordinary resolution approving the Share Consolidation by the Shareholders at an extraordinary general meeting of the Company; and
- (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consolidated Shares.

Application will be made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Consolidated Shares.

Expected Timetable

The expected timetable for the Share Consolidation is as follows:

2004

Latest time for lodging forms of proxy for the extraordinary general meeting	9:00 a.m. Tuesday, 20th July
Extraordinary general meeting	9:00 a.m. Thursday, 22nd July
Effective date of the Share Consolidation	Friday, 23rd July

- Existing counter for trading in the Shares in
board lots of 2,000 Shares temporarily closes 9:30 a.m. Friday, 23rd July
- Temporary counter for trading in the
Consolidated Shares in board lots of 200
Consolidated Shares (in the form of existing
share certificates) opens 9:30 a.m. Friday, 23rd July
- Free exchange of existing share certificates
for new share certificates for the
Consolidated Shares commences 9:00 a.m. Friday, 23rd July
- Existing counter for trading in the
Consolidated Shares in board lots of
2,000 Consolidated Shares (in the form
of new share certificates) reopens 9:30 a.m. Friday, 6th August
- Parallel trading in the Consolidated Shares
(in the form of new share certificates
and existing share certificates) commences 9:30 a.m. Friday, 6th August
- Designated securities house starts to stand
in the market to provide matching services Friday, 6th August
- Temporary counter for trading in the
Consolidated Shares in board lots of 200
Consolidated Shares (in the form of
existing share certificates) closes 4:00 p.m. Friday, 27th August
- Parallel trading in the Consolidated Shares
(in the form of new share certificates and
existing share certificates) ends 4:00 p.m. Friday, 27th August
- Designated securities house ceases to stand
in the market to provide matching services 4:00 p.m. Friday, 27th August
- Free exchange of existing share certificates
for new share certificates for the
Consolidated Shares ends 4:00 p.m. Wednesday, 1st September

EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting of the Company is proposed to be held at Plaza 5, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 22nd July, 2004 at 9:00 a.m. at which resolution(s) will be proposed to approve the Share Consolidation.

GENERAL

A Circular containing, among other things, information of the Share Consolidation together with a notice convening an extraordinary general meeting at which resolution(s) will be proposed to approve the Share Consolidation will be despatched to the Shareholders as soon as practicable.

Upon the Share Consolidation becoming unconditional, further announcement detailing the arrangements mentioned herein will be made to the public.

DEFINITIONS USED

“Board”	the board of Directors;
“Circular”	the circular to be issued by the Company containing, among other things, information of the Share Consolidation together with a notice convening an extraordinary general meeting at which resolution(s) will be proposed to approve the Share Consolidation;
“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;
“Consolidated Shares”	ordinary share(s) of HK\$2.00 each in the share capital of the Company after the Share Consolidation becoming effective;
“Directors”	the directors of the Company;
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company;
“Share Consolidation”	the proposed consolidation of every ten (10) Shares into one (1) Consolidated Share;
“Shareholders”	holders of Shares or Consolidated Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
Allied Group Limited
Sir Gordon Macwhinnie
Chairman

Hong Kong, 9th June, 2004

As at the date of this announcement, the Board of the Company comprises Messrs. Lee Seng Hui 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, Messrs. Wong Po Yan, David Craig Bartlett and John Douglas Mackie, being the independent non-executive Directors.

“Please also refer to the published version of this announcement in The Standard”