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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)

ISLAND NEW FINANCE LIMITED

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

COMPLETION OF CONDITIONAL ACQUISITION OF APPROXIMATELY 74.8 PER CENT. OF THE ISSUED SHARE CAPITAL OF THE HONG KONG BUILDING AND LOAN AGENCY LIMITED

Reference is made to the joint announcement of the Company and INFL dated 6th July, 2005 and the circular of the Company dated 28th July, 2005, in connection with the conditional acquisition of the Sale Shares and the making of the Possible Offer.

The directors of the Company and the directors of INFL are pleased to announce that as at 7th September, 2005, all the conditions of the Agreement were and remained fulfilled. Completion of the sale and purchase of the Sale Shares is expected to take place on 12th September, 2005.

Upon completion, INFL will become interested in approximately 74.8 per cent. of the issued share capital of HKBLA and the pre-condition of the Possible Offer will become fulfilled. Pursuant to the Takeovers Code, INFL will proceed to make a mandatory cash offer for all the Shares not already owned or agreed to be acquired by INFL. An offer document is expected to be despatched to shareholders of HKBLA on or before 14th September, 2005. An announcement will be made upon the despatch of the offer document.

DIRECTORS

As at the date of this announcement, the directors of the Company are:

Executive directors:

Mr. Lee Seng Hui (Chief Executive), Mr. Edwin Lo King Yau

Non-executive directors:

Ms. Lee Su Hwei, Mr. Arthur George Dew

Independent non-executive directors:

Sir Gordon Macwhinnie (Non-executive Chairman), Mr. Wong Po Yan, Mr. David Craig Bartlett, Mr. John Douglas Mackie

As at the date of this announcement, the directors of INFL are Mr. Akihiro Nagahara, Mr. Li Kwong Yan and Mr. Stephen Lo Kam Fai.

DEFINITIONS

“Agreement”	the agreement for sale and purchase dated 18th June, 2005, relating to the conditional acquisition of Sale Shares
“Company”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange
“HKBLA”	The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange
“INFL”	Island New Finance Limited, a company incorporated in the British Virgin Islands with limited liability and (through Onspeed Investments Limited) an indirect wholly-owned subsidiary of United Asia Finance Limited, which, in turn, is an indirect non wholly-owned subsidiary of the Company
“Possible Offer”	the possible mandatory cash offer, pursuant to Rule 26.1 of the Takeovers Code, for all the Shares not already owned or agreed to be acquired by INFL
“Sale Shares”	168,313,038 Shares bought and sold pursuant to the Agreement
“Shares”	ordinary shares of nominal value of HK\$1.00 each in the share capital of HKBLA
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Code on Takeovers and Mergers

By Order of the Board
Allied Group Limited
Edwin Lo King Yau
Director

By Order of the Board
Island New Finance Limited
Akihiro Nagahara
Director

Hong Kong, 7th September, 2005

The directors of Allied Group Limited 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, 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 statement in this announcement misleading.

The directors of Island New Finance Limited 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, 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 statement in this announcement misleading.