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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or any action to be taken, you should consult your stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Allied Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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  
GRANTING OF LOAN FACILITY**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

|                           |  |
|---------------------------|--|
| “APL”                     | Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 56). As at the Latest Practicable Date, APL is held as to approximately 74.82% by the Company                          |
| “Board”                   | the board of Directors   |
| “Company”                 | Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 373)   |
| “Directors”               | the directors of the Company   |
| “Extended Loan Facility”  | the increased revolving credit facility from the Original Loan Facility of HK\$100,000,000 to HK\$280,000,000 provided by Ranbridge to Join View subject to and in accordance with the terms and conditions of the Loan Agreement (as supplemented by the Supplemental Loan Agreement) |
| “Group”                   | the Company and its subsidiaries   |
| “Hong Kong”               | the Hong Kong Special Administrative Region of PRC   |
| “HK\$”                    | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Join View”               | Join View Development Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of Tian An China  |
| “Latest Practicable Date” | 22 November 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange  |

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## DEFINITIONS

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|---------------------------|---|
| “Loan Agreement”          | the loan agreement dated 2 March 2005 entered into between Ranbridge as lender, Join View as borrower and Tian An China as guarantor  |
| “Money Lenders Ordinance” | the Money Lenders Ordinance (Chapter 163 under the Laws of Hong Kong)   |
| “Original Loan Facility”  | the revolving credit facility up to HK\$100,000,000 provided by Ranbridge to Join View subject to and in accordance with the terms and conditions of the Loan Agreement   |
| “Oxwell”                  | Oxwell Holdings Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of Tian An China Hotel  |
| “PRC”                     | the Peoples’ Republic of China  |
| “Ranbridge”               | Ranbridge Finance Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of SHK  |
| “SFO”                     | the Securities and Futures Ordinance (Chapter 571 under the Laws of Hong Kong)  |
| “SHK”                     | Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 86). As at the Latest Practicable Date, SHK is held as to approximately 74.99% by APL |
| “SHK Group”               | SHK and its subsidiaries  |
| “Share Mortgages”         | the Sky Full Share Mortgage and the Tian An Share Mortgage  |
| “Shareholders”            | the shareholders of the Company   |
| “Sky Full”                | Sky Full Enterprises Limited, a company incorporated in Hong Kong with limited liability and is owned as to 80% by Oxwell and 20% by Tian An China Hotel  |

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## DEFINITIONS

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|-------------------------------|--|
| “Sky Full Share Mortgage”     | the share mortgage to be made between Tian An China Hotel and Oxwell as mortgagors, and Ranbridge as mortgagee, pursuant to which Tian An China Hotel and Oxwell shall create a first fixed mortgage in favour of Ranbridge over Tian An China Hotel’s and Oxwell’s entire shareholding in Sky Full as a continuing security for the due and punctual payment of all moneys payable and the due and punctual performance of all the obligations of Join View contained in the Loan Agreement and the Supplemental Loan Agreement |
| “Stock Exchange”              | The Stock Exchange of Hong Kong Limited  |
| “Supplemental Loan Agreement” | the supplemental loan agreement dated 7 November 2005 entered into between Ranbridge as lender, Join View as borrower and Tian An China, Sky Full and Tian An Real Estate Agency as guarantors   |
| “Tian An China”               | Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 28)   |
| “Tian An China Hotel”         | Tian An China Hotel and Property Investments Company Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of Tian An China  |
| “Tian An Group”               | Tian An China and its subsidiaries   |
| “Tian An Real Estate Agency”  | Tian An Real Estate Agency (China) Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of Tian An Real Estate Dalian   |
| “Tian An Real Estate Dalian”  | Tian An Real Estate (Dalian) Company Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of Tian An China Hotel   |

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## DEFINITIONS

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|                          |   |
|--------------------------|---|
| “Tian An Share Mortgage” | the share mortgage to be made between Tian An Real Estate Dalian as mortgagor, and Ranbridge as mortgagee, pursuant to which Tian An Real Estate Dalian shall create a first fixed mortgage in favour of Ranbridge over Tian An Real Estate Dalian’s entire shareholding in Tian An Real Estate Agency as a continuing security for the due and punctual payment of all moneys payable and the due and punctual performance of all the obligations of Join View contained in the Loan Agreement and the Supplemental Loan Agreement |
| “Transaction”            | the granting of the Original Loan Facility and the Extended Loan Facility under the Loan Agreement and the Supplemental Loan Agreement respectively   |
| “%”                      | per cent.   |

*For the purpose of this circular, certain English translations of Chinese names or words in this circular are included for information purpose only, and should not be relied upon as the official translations of such Chinese names or words.*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Lee Seng Hui (*Chief Executive*)

Edwin Lo King Yau

*Non-Executive Directors:*

Lee Su Hwei

Arthur George Dew

*Independent Non-Executive Directors:*

Sir Gordon Macwhinnie (*Non-Executive Chairman*)

Wong Po Yan

David Craig Bartlett

John Douglas Mackie

*Registered Office:*

22nd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

25 November 2005

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION GRANTING OF LOAN FACILITY**

#### **1. INTRODUCTION**

On 8 November 2005, the Company has made a joint announcement with APL and SHK, in respect of a discloseable transaction regarding the granting of the Original Loan Facility and the Extended Loan Facility to Join View.

As the applicable percentage ratio under Rule 14.06 of the Listing Rules in respect of the Extended Loan Facility for the Company exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

The purpose of this circular is to provide the Shareholders with details of the Transaction and other information in accordance with the requirements of the Listing Rules.

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## LETTER FROM THE BOARD

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### 2. GENERAL INFORMATION OF THE TRANSACTION

On 2 March 2005, Ranbridge, a wholly-owned subsidiary of SHK, entered into the Loan Agreement with Join View and Tian An China, pursuant to which Ranbridge agreed to make available to Join View the Original Loan Facility up to HK\$100,000,000 for the general working capital of Join View, with Tian An China agreeing to guarantee the repayment of the indebtedness due by Join View under the Original Loan Facility. The Loan Agreement and the Original Loan Facility were approved by the independent shareholders of Tian An China on 20 April 2005.

On 7 November 2005, Ranbridge, Join View, Tian An China, Sky Full and Tian An Real Estate Agency entered into the Supplemental Loan Agreement, pursuant to which Ranbridge agreed to extend the Original Loan Facility available to Join View under the Loan Agreement from HK\$100,000,000 to the Extended Loan Facility of HK\$280,000,000 with Tian An China, Sky Full and Tian An Real Estate Agency agreeing to jointly and severally guarantee and indemnify Ranbridge against all of Join View's liability for repayment of the indebtedness under the Loan Agreement, the Supplemental Loan Agreement, the Sky Full Share Mortgage and the Tian An Share Mortgage.

The Supplemental Loan Agreement and the Extended Loan Facility are conditional upon, among other things: (i) the obtaining of approval of the transactions contemplated under the Supplemental Loan Agreement by the independent shareholders of Tian An China; (ii) the due execution of the Sky Full Share Mortgage by Oxwell and Tian An China Hotel in favour of Ranbridge; and (iii) the due execution of the Tian An Share Mortgage by Tian An Real Estate Dalian in favour of Ranbridge.

### 3. PRINCIPAL TERMS OF THE LOAN AGREEMENT, THE SUPPLEMENTAL LOAN AGREEMENT AND THE SHARE MORTGAGES

#### The Loan Agreement

The principal terms of the Loan Agreement are as follows:

Date: 2 March 2005

Parties: *Lender* Ranbridge

*Borrower* Join View

*Guarantor* Tian An China

Original Loan Facility: a revolving credit facility up to HK\$100,000,000 subject to and in accordance with the terms and conditions of the Loan Agreement



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## LETTER FROM THE BOARD

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Purpose of the Original Loan Facility: for Join View's general working capital

Terms of the Original Loan Facility: the Original Loan Facility is available to Join View for a term of 36 months from the date of the Loan Agreement. The Repayment Date (as defined in the Loan Agreement) of each of the Advances (as defined in the Loan Agreement) will be specified in each of the Drawdown Notice (as defined in the Loan Agreement) by Join View but, in any event, it shall not be later than 36 months from the date of the Loan Agreement. Join View shall pay interest on the Advances in arrears on each Interest Payment Date (as defined in the Loan Agreement) at the rate of prime rate plus 1% per annum. The repayment of the indebtedness due by Join View under the Original Loan Facility is guaranteed by Tian An China

Conditions Precedent: among other things, the Loan Agreement and the Original Loan Facility were conditional upon the approval (and were subsequently approved on 20 April 2005) by the independent shareholders of Tian An China

### **The Supplemental Loan Agreement**

Date: 7 November 2005

Parties: *Lender* Ranbridge  
*Borrower* Join View  
*Guarantors* Tian An China

Sky Full

Tian An Real Estate Agency

Extended Loan Facility: the increased revolving credit facility up to HK\$280,000,000 from the Original Loan Facility of HK\$100,000,000 subject to and in accordance with the terms and conditions of the Loan Agreement as supplemented by the Supplemental Loan Agreement

Purpose of the Extended Loan Facility: for Join View's additional general working capital

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## LETTER FROM THE BOARD

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Terms of the Extended Loan Facility: the Extended Loan Facility will be available to Join View for a term of 36 months from the date of the Supplemental Loan Agreement. The Repayment Date (as defined in the Loan Agreement and modified by the Supplemental Loan Agreement) of each of the Advances (as defined in the Loan Agreement) will be specified in each of the Drawdown Notice (as defined in the Loan Agreement and modified by the Supplemental Loan Agreement) by Join View but, in any event, it shall not be later than 36 months from the date of the Supplemental Loan Agreement. Join View shall pay interest on the Advances in arrears on each Interest Payment Date (as defined in the Loan Agreement) at the rate of prime rate plus 1% per annum. Tian An China, Sky Full and Tian An Real Estate Agency agreed to jointly and severally guarantee and indemnify Ranbridge against all of Join View's liability for repayment of the indebtedness under the Loan Agreement, the Supplemental Loan Agreement, the Sky Full Share Mortgage and the Tian An Share Mortgage

Conditions Precedent: the availability of the Extended Loan Facility is conditional upon, among other things: (i) the obtaining of approval of the transactions contemplated under the Supplemental Loan Agreement by the independent shareholders of Tian An China; (ii) the due execution of the Sky Full Share Mortgage in favour of Ranbridge; and (iii) the due execution of the Tian An Share Mortgage in favour of Ranbridge

Save as amended or modified by the Supplemental Loan Agreement, the Loan Agreement shall remain in full force and effect and are enforceable with its terms and binding upon the relevant contracting parties. The Supplemental Loan Agreement shall be read and construed as a supplement to, and shall form part of, the Loan Agreement.

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## LETTER FROM THE BOARD

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### **The Share Mortgages**

As a condition precedent to Ranbridge agreeing to grant the Extended Loan Facility pursuant to the terms of the Loan Agreement as supplemented by the Supplemental Loan Agreement, Oxwell and Tian An China Hotel shall execute the Sky Full Share Mortgage in favour of Ranbridge; and Tian An Real Estate Dalian shall execute the Tian An Share Mortgage in favour of Ranbridge.

#### *Sky Full Share Mortgage*

Oxwell and Tian An China Hotel shall create a first fixed mortgage in favour of Ranbridge over their respective entire shareholding in Sky Full as security for all moneys payable by Join View under the Loan Agreement as supplemented by the Supplemental Loan Agreement. Sky Full is the legal and beneficial owner of 50% equity interest in Shanghai New Union Building Co., Ltd. (上海新聯誼大廈有限公司), a company incorporated under the laws of PRC, which holds a piece of property situated in Shanghai with a site area of approximately 5,158 square meters.

#### *Tian An Share Mortgage*

Tian An Real Estate Dalian shall create a first fixed mortgage in favour of Ranbridge over its entire shareholding in Tian An Real Estate Agency as security for all moneys payable by Join View under the Loan Agreement as supplemented by the Supplemental Loan Agreement. Tian An Real Estate Agency indirectly holds 100% equity interest in Dalian Tian An Tower Co., Ltd. (大連天安國際大廈有限公司), a company incorporated under the laws of PRC, which holds the property known as Dalian Tian An International Tower (大連天安國際大廈) in Dalian City.

## **4. REASONS FOR ENTERING INTO THE TRANSACTION**

One of the core businesses of SHK's major subsidiaries (including Ranbridge) is money lending. The provision of the Extended Loan Facility is a transaction carried out as part of the ordinary business activities of Ranbridge. The Extended Loan Facility will provide a satisfactory interest spread earning and arrangement fee income to the SHK Group.

Funds for granting the Extended Loan Facility by Ranbridge are financed by the Group's banking facilities. As such, assuming the Extended Loan Facility is fully drawn down by Join View, the Group will record a term loan receivable and at the same time a bank loan payable in the same amount of HK\$280 million in its book of accounts. Further, assuming the Extended Loan Facility is fully drawn down by Join View, the expected net earning of the Group generated therefrom would be around HK\$12 million (based on the estimated interest income for one year plus other applicable fees received by Ranbridge under the Loan Agreement and the Supplemental Loan Agreement).

The Board considers that the Loan Agreement, the Supplemental Loan Agreement, the Sky Full Share Mortgage and the Tian An Share Mortgage are being entered into on normal commercial terms and are fair and reasonable as far as the Shareholders as a whole are concerned.

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## LETTER FROM THE BOARD

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### **5. LISTING RULES IMPLICATION**

As the applicable percentage ratio under Rule 14.06 of the Listing Rules in respect of the Extended Loan Facility for the Company exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

### **6. INFORMATION OF THE GROUP**

The principal activity of the Company is investment holding. The principal activities of the Company's major subsidiaries are property investment and development, hospitality related activities and the provision of financial services.

### **7. INFORMATION OF THE SHK GROUP AND RANBRIDGE**

The principal activity of SHK is investment holding. The principal activities of the SHK's major subsidiaries are securities, leveraged forex, bullion, commodities and futures broking, provision of online financial services and online financial information distribution, money lending including the provision of term loans, share margin financing, financial planning and wealth management, fund management, corporate finance, property investment and insurance broking.

Ranbridge is principally engaged in the money lending business and holds a money lenders licence under the Money Lenders Ordinance.

### **8. INFORMATION OF TIAN AN GROUP**

Tian An China acts as an investment holding company. Tian An Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, manufacture and sale of building materials, property management and hotel operation.

As at the Latest Practicable Date, Tian An China was held as to approximately 48.6% directly and indirectly by SHK.

### **9. INFORMATION OF JOIN VIEW**

Join View is principally engaged in the money lending business and holds a money lenders licence under the Money Lenders Ordinance.

### **10. INFORMATION OF OTHER RELEVANT PARTIES**

The principal activity of each of Oxwell, Tian An China Hotel, Sky Full, Tian An Real Estate Dalian and Tian An Real Estate Agency is investment holding.

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## LETTER FROM THE BOARD

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### 11. GENERAL INFORMATION

Your attention is drawn to the general information set out in the Appendix to this circular.

Yours faithfully,  
On behalf of the Board  
**Sir Gordon Macwhinnie**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange:

| Name of Director | Number of<br>shares held in<br>the Company | Approximate<br>% of the<br>issued share<br>capital | Nature of interest   |
|------------------|--|--|--|
| Lee Seng Hui     | 101,906,613                                | 39.67%   | Personal interest (held as beneficial owner) in 22,921 shares and other interest in 101,883,692 shares ( <i>Note 1</i> ) |
| Lee Su Hwei      | 101,883,692                                | 39.66%   | Other interest ( <i>Note 1</i> )   |

*Notes:*

- Mr. Lee Seng Hui and Ms. Lee Su Hwei are trustees of Lee and Lee Trust, being a discretionary trust which indirectly held 101,883,692 shares of the Company.
- The interests stated above represented long positions.

*(b) Substantial Shareholders' interests*

Save as disclosed below and in paragraph (a) above, the Directors and the chief executive of the Company were not aware that there was any person who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group.

*(i) Interests in the shares of the Company*

| <b>Name of Shareholder</b>                  | <b>Number of shares held</b> | <b>Approximate % of the issued share capital</b> | <b>Notes</b> |
|---|------------------------------|--|--------------|
| Cashplus Management Limited<br>("Cashplus") | 26,039,000                   | 10.13%   | –            |
| Zealous Developments Limited<br>("Zealous") | 26,039,000                   | 10.13%   | 1, 2         |
| Minty Hongkong Limited<br>("Minty")         | 75,844,692                   | 29.52%   | –            |
| Lee and Lee Trust                           | 101,883,692                  | 39.66%   | 3, 4         |
| COL Capital Limited<br>("COL Capital")      | 24,272,494                   | 9.44%  | 5            |

*Notes:*

1. This figure refers to the same interest of Cashplus in 26,039,000 shares of the Company.
2. Cashplus is a wholly-owned subsidiary of Zealous. Zealous was therefore deemed to have an interest in the shares in which Cashplus was interested.
3. Minty and Zealous are wholly owned by the trustees of Lee and Lee Trust, being a discretionary trust.
4. Mr. Lee Seng Hui and Ms. Lee Su Hwei, both Directors, together with Mr. Lee Seng Huang are the trustees of Lee and Lee Trust and were therefore deemed to have an interest in the shares in which Minty and Zealous were interested.

5. The interest included the holding of: (i) 16,817,170 shares held by Honest Opportunity Limited (“**Honest Opportunity**”), a wholly-owned subsidiary of Classic Fortune Limited (“**Classic Fortune**”) which in turn is a wholly-owned subsidiary of COL Capital; and (ii) 7,455,324 shares held by Focus Clear Limited (“**Focus Clear**”), a wholly-owned subsidiary of Besford International Limited (“**Besford**”) which in turn is a wholly-owned subsidiary of COL Capital. COL Capital was therefore deemed to have an interest in the shares in which Honest Opportunity, Classic Fortune, Focus Clear and Besford were interested.
6. All interests stated above represented long positions.

(ii) *Interests in the shares of other members of the Group*

| Name of non-wholly owned subsidiaries of the Company | Name of shareholder        | Number of shares held | Approximate % of the issued share capital |
|--|----------------------------|-----------------------|---|
| Best Decision Investments Limited                    | Christophe Lee Kin Ping    | 17,500                | 35%                                       |
| Dalian Allied First Financial Centre Co. Ltd.        | 大連商業集團總公司                  | N/A                   | 30%                                       |
| Dalian Lianhua Plaza Development Co., Ltd.           | 大連民興房地產發展有限公司              | N/A                   | 20%                                       |
| Hardy Wall Limited                                   | Betterhuge Limited         | 35                    | 35%                                       |
| SHK Financial Data Limited                           | Unison Information Limited | 49                    | 49%                                       |
| United Asia Finance Limited                          | ITOCHU Hong Kong Limited   | 25,625,000            | 19%                                       |

### 3. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).



#### 4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (not being the Independent Non-Executive Directors) or their respective associates (as defined in the Listing Rules) was considered to have interests in any competing businesses pursuant to the Listing Rules:

- (a) Mr. Lee Seng Hui and Ms. Lee Su Hwei are two of the trustees of Lee and Lee Trust which is a deemed substantial shareholder (as defined in the Listing Rules) of each of APL, SHK, Tian An China and Lippo Limited (“**Lippo**”) which, through their subsidiaries, are partly engaged in the businesses as follows:
- APL, through a subsidiary, is partly engaged in the business of money lending;
  - SHK, through certain of its subsidiaries, is partly engaged in the businesses of money lending, provision of financial services and property investment;
  - Tian An China, through a subsidiary, is partly engaged in the business of money lending; and
  - Lippo, through its subsidiaries, is partly engaged in the businesses of property development and investment, securities investment, securities broking, money lending, banking and other related services;
- (b) Mr. Arthur George Dew is a director of SHK which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, provision of financial services and property investment; and
- (c) Mr. Edwin Lo King Yau is a director of Tian An China which, through a subsidiary, is partly engaged in the business of money lending.

As the Board is independent from the boards of the abovementioned companies and none of the above Directors can control the Board, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the businesses of such companies.

#### 5. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group:

- (a) By the Judgment of High Court on 1 April 2004 in HCA 3191/1999 between New World Development Company Limited (“**NWDC**”) and Stapleton Development Limited against Sun Hung Kai Securities Limited (“**SHKS**”), a wholly-owned

subsidiary of SHK. SHKS was ordered to pay NWDC the sum of HK\$105,534,018 together with interest on the principal sum of HK\$80,117,653 at judgment rate from 16 December 1998 until payment, pursuant to the terms of an oral agreement which the Court found. As at 17 June 2004, the date when the Judgment sum was paid, the Judgment amounted to HK\$150,115,682 (being HK\$105,534,018 plus interest of HK\$44,581,664). SHKS has paid the Judgment amounts. SHKS has filed an appeal against the Judgment both as to liability and quantum to the Court of Appeal. That Court of Appeal has now handed down the Court of Appeal Judgment (the “**Court of Appeal Judgment**”) in which the Court of Appeal ordered a repayment to SHKS of part of the interest element for the period from 16 December 1998 to 31 March 2004 previously ordered against SHKS in the High Court but otherwise broadly confirmed the Judgment. The sum repayable amounted to HK\$14,783,091 and has now been repaid.

SHKS has obtained leave to appeal the Court of Appeal Judgment to the Court of Final Appeal (the “**Final Appeal**”). The Final Appeal is scheduled to commence hearing on 19 June 2006.

- (b) On 4 February 2004, Sun Tai Cheung Credits Limited (“**STCC**”) and Sun Hung Kai Investment Services Limited (“**SHKIS**”), both indirect wholly-owned subsidiaries of SHK, were served with a writ attaching a statement of claim (“**200/2004**”) by Shanghai Finance Holdings Limited (“**SFHL**”), claiming, inter alia, that the sale of shares in Shun Loong Holdings Limited (“**SLHL**”) (the “**Shun Loong Shares**”) by STCC as assignee to SHKIS (for a consideration of HK\$36,500,000 subject to additional amounts in a total sum not exceeding HK\$15,700,000 which might have been payable one year from the date of completion under certain conditions) pursuant to a sale and purchase agreement dated 25 June 2003 be set aside, or alternatively, against STCC for damages and an account as to the amount received by STCC in respect of the Shun Loong Shares. The writ is being vigorously defended. STCC and SHKIS were properly advised at all times during the transaction and believe that the claim is not soundly based and have applied to have the claim struck-out. The proceedings have been stayed until further order by the court.
- (c) Shun Loong Finance Limited and SLHL (together the “**Petitioners**”), both indirect wholly-owned subsidiaries of SHK, filed a winding-up petition on 19 February 2004 in the British Virgin Islands (“**B.V.I.**”) seeking an order that SFHL be wound up by reason of its failure to pay debts owing to the Petitioners. The B.V.I. proceedings were stayed by order of the B.V.I. court. The Petitioners have appealed that decision but have agreed not to pursue the appeal during the stay of 200/2004.
- (d) SHK, STCC and SHKIS filed a writ on 7 February 2004 (230/2004) naming as defendants Shanghai Land Holdings Limited, Stephen Liu Yiu Keung, Yeo Boon Ann, The Standard Newspapers Publishing Limited and Hong Kong Economic Times Limited and claiming damages for libel, injunctive relief, interest and costs. The case remains at an early stage.

- (e) SHKIS filed a notice of action on 8 June 2004 in Canada naming as defendants Sung Chun (“**Sung**”), Song Lei (“**Song**”) and the Bank of Montreal claiming from Sung and Song reimbursement for funds totalling US\$1,300,000 transferred by them in addition to costs, and against the Bank of Montreal for an injunction freezing the subject funds or alternatively for payment of the funds into court. SHKIS discontinued the action in respect of the Bank of Montreal, and agreed to a dismissal of the action against Song. On 31 March 2005, the Court granted summary judgment to SHKIS in the amount of Canadian currency sufficient to purchase HK\$10,533,000 plus prejudgment and postjudgment interest thereon. SHKIS has instructed its legal advisers to effect the payment to it of the funds, as well as interest that has accrued thereon, that are held in the custody of the Superior Court of Justice. SHKIS is continuing to seek recovery of its costs from Sung in Canada.
- (f) SHKIS filed a writ on 23 July 2004 in Hong Kong naming as defendants Sellon Enterprises Limited (“**Sellon**”), Sung and Song and seeking a declaration that Sellon holds property wholly or in part on trust for SHKIS. The case remains at an early stage.

## 6. GENERAL

- (a) The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (b) The company secretary of the Company is Ms. Phoebe Lau Mei Yi. She is an associate member of The Hong Kong Institute of Chartered Secretaries (formerly known as The Hong Kong Institute of Company Secretaries) and The Institute of Chartered Secretaries and Administrators.
- (c) The qualified accountant of the Company is Mr. Kelvin Lam Kam Wing. He obtained a Master’s Degree in Business Administration from The Chinese University of Hong Kong in 1999 and is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (d) The share registrar of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.