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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)

MAJOR TRANSACTION



ALLIED PROPERTIES (H.K.) LIMITED
(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)
(Stock Code: 56)

**VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION**



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 86)

**VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION**

JOINT ANNOUNCEMENT

**(1) CONDITIONAL SALE AND PURCHASE OF
THE ENTIRE ISSUED SHARE CAPITAL OF UAF HOLDINGS LIMITED**
(2) RESUMPTION OF TRADING

On 13th June, 2006, AGL, AG Capital (a direct wholly-owned subsidiary of AGL), SHK and Swan Islands (a direct wholly-owned subsidiary of SHK) entered into the Agreement, pursuant to which AG Capital has conditionally agreed to sell the entire issued share capital of UAF Holdings and assign the Loan, and Swan Islands has conditionally agreed to purchase the entire issued share capital of UAF Holdings and accept assignment of the Loan, at an aggregate consideration of HK\$4,328,000,000.

The consideration will be settled:–

- (i) as to HK\$1,528,000,000 in cash, payable on completion; and
- (ii) as to the balance by way of the creation and issue by Swan Islands of the Bonds to AG Capital (or its nominees) on completion.

Completion of the sale and purchase of the Sale Share is conditional upon fulfilment of a number of conditions.

The sale and purchase of the Sale Share is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the securities of AGL, APL and SHK.

The transactions contemplated in the Agreement constitute a major transaction for AGL, on the basis that the calculation of the consideration ratio is within the range of 25 per cent. and 75 per cent., and is therefore subject to the approval of its shareholders.

The transactions contemplated in the Agreement constitute a very substantial acquisition and a connected transaction for APL, on the basis that the calculation of the consideration ratio is over 100 per cent. and that AGL is a substantial shareholder of APL and hence a connected person of APL, and is therefore subject to the approval of its independent shareholders. AGL and its associates will abstain from voting on the resolution for approving the Agreement.

The transactions contemplated in the Agreement constitute a very substantial acquisition and a connected transaction for SHK, on the basis that the calculation of the profits ratio is over 100 per cent. and that AGL is a substantial shareholder of SHK (through its interest held in APL) and hence a connected person of SHK, and is therefore subject to the approval of its independent shareholders. APL and its associates will abstain from voting on the resolution for approving the Agreement.

An independent board committee of APL has been constituted to consider the terms of the Agreement and to make a recommendation to its independent shareholders. Independent financial advisers will be appointed to advise the independent board committee of APL on the fairness and reasonableness of the transactions contemplated in the Agreement.

An independent board committee of SHK has been constituted to consider the terms of the Agreement and to make a recommendation to its independent shareholders. Independent financial advisers will be appointed to advise the independent board committee of SHK on the fairness and reasonableness of the transactions contemplated in the Agreement.

AGL, APL and SHK will each despatch a circular to their respective shareholders as soon as practicable.

The circular to be despatched by AGL will contain, amongst other things, details of the terms of the Agreement and a notice to convene an extraordinary general meeting to approve the Agreement.

The circular to be despatched by APL will contain, amongst other things, details of the terms of the Agreement, a letter from its independent board committee, a letter from the independent financial advisers and a notice to convene an extraordinary general meeting to approve the Agreement.

The circular to be despatched by SHK will contain, amongst other things, details of the terms of the Agreement, a letter from its independent board committee, a letter from the independent financial advisers and a notice to convene an extraordinary general meeting to approve the Agreement.

Trading in the securities of AGL, APL and SHK on the Stock Exchange was suspended at their respective requests with effect from 9:30 a.m. on 14th June, 2006 pending the release of this announcement. AGL, APL and SHK have each applied for a resumption of trading in their respective securities with effect from 9:30 a.m. on 20th June, 2006.

THE CONDITIONAL SALE AND PURCHASE

On 13th June, 2006, AGL, AG Capital (a direct wholly-owned subsidiary of AGL), SHK and Swan Islands (a direct wholly-owned subsidiary of SHK) entered into the Agreement, pursuant to which AG Capital has conditionally agreed to sell the entire issued share capital of UAF Holdings and assign the Loan, and Swan Islands has conditionally agreed to purchase the entire issued share capital of UAF Holdings and accept assignment of the Loan, at an aggregate consideration of HK\$4,328,000,000.

THE AGREEMENT

Date

13th June, 2006

Parties

- (1) AG Capital as vendor
- (2) AGL as warrantor
- (3) Swan Islands as purchaser
- (4) SHK as guarantor

The Sale Share

The Sale Share represents the entire issued share capital of UAF Holdings as at the date of this announcement.

The Sale Share and the Loan will be acquired free from any encumbrance and together with all rights and benefits attaching or accruing to it on or after the date of the Agreement (including, without limitation, any dividend, bonus and distribution to be declared, paid or made out of or in respect of the profits of UAF Holdings or UAF for the year ending 31st December, 2006), except that AG Capital will remain fully entitled to:–

- (i) all dividends, bonuses and distributions declared, paid or made or to be declared, paid or made out of or in respect of the profits after tax (after taking into account of the extraordinary and exceptional items) as shown in the audited accounts of UAF for the year ended 31st December, 1995;
- (ii) the final dividends declared by UAF for the year ended 31st December, 2005; and
- (iii) the interim dividends (if any) to be declared by UAF for the year ending 31st December, 2006.

AGL has agreed to give certain representations and warranties in relation to AG Capital and the UAF Holdings Group, and to guarantee the performance and observance by AG Capital of its obligations and undertakings under the Agreement.

SHK has agreed to guarantee the cash payment obligation of Swan Islands under the Agreement.

Net profits attributable to the Sale Share for the two financial years ended 31st December, 2005 were:–

- (i) approximately HK\$434,188,000 (before taxation and extraordinary items) or approximately HK\$356,413,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2004; and
- (ii) approximately HK\$551,505,000 (before taxation and extraordinary items) or approximately HK\$455,200,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2005.

Consideration

The aggregate consideration for the sale and purchase of the Sale Share and the assignment of the Loan is HK\$4,328,000,000, comprising HK\$4,288,409,185 for the Sale Share and HK\$39,590,815 for the Loan.

The consideration was arrived at after arm's length negotiations between AG Capital and Swan Islands, having regard to a valuation report prepared by Norton Appraisals, a firm of independent professional valuers, on the overall value of the UAF Group and to the 50.91 per cent. interest held by UAF Holdings in UAF. Such valuation report, containing details of the methodologies, bases and assumptions adopted for the valuation, will be included in the circulars to be despatched to the respective shareholders of AGL, APL and SHK. On the basis of the valuation report prepared by Norton Appraisals, the overall market valuation of the UAF Group falls within the range from HK\$8,550,000,000 to HK\$8,890,000,000. The methodologies used by Norton Appraisals in obtaining the fair market value of the UAF Group are:–

1. Regression Analysis – This method is forward looking and establishes company value by referring to the latest forecast with reference made to key ratios achieved over a long period of time. To establish the market value of the UAF Group, Norton Appraisals has to ascertain the appropriate price to book multiple.
2. Discounted Cash Flow Analysis – This method is widely used and accepted to determine market value of a business or a firm. It is based on a simple reversal calculation to restate all future cash flow as in present term by obtaining the cost of equity of the company as a basic discount rate.

The key bases and assumptions for the Regression Analysis and the Discounted Cash Flow Analysis are:–

- All relevant legal approvals and business certificates or licences to operate the business in the localities in which the UAF Group operates or intends to operate would be automatically renewable upon expiry.
- The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals.
- The financial projections provided will be materialised.
- There will be a sufficient supply of technical staff in the industry in which the UAF Group operates.
- The UAF Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments.

- There will be no major changes in the current taxation laws in the localities in which the UAF Group operates or intends to operate, and the rates of tax payable will remain unchanged, and all applicable laws and regulations will be complied with.
- There will be no major changes in the political, legal, economic or financial conditions in the localities in which the UAF Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the UAF Group.
- Interest rates and exchange rates in the localities in which the UAF Group operates or intends to operate will not differ materially from those presently prevailing.

The consideration will be settled:–

- (i) as to HK\$1,528,000,000 in cash, payable on completion; and
- (ii) as to the balance by way of the creation and issue by Swan Islands of the Bonds to AG Capital (or its nominees) on completion.

Payment of the cash portion of the consideration will be financed in full from the net proceeds of the placing and subscription of 248,000,000 new SHK Shares as announced in the joint announcements of AGL, APL and SHK dated 17th May, 2006 and 18th May, 2006. Swan Islands will use its best endeavours to redeem, within 12 months from the date of completion of the sale and purchase of the Sale Share, up to HK\$500,000,000 of the outstanding principal amount of the Bonds. Such arrangement is not a commitment. If any redemption of the outstanding principal amount of the Bonds gives rise to any implication under the Listing Rules for SHK, SHK will comply with all the applicable disclosure requirements under the Listing Rules.

Bonds

The principal terms of the Bonds will be as follows:–

Date of issue: date of completion of the sale and purchase of the Sale Share

Issuer: Swan Islands

Term: three years from the date of issue

Total principal amount: HK\$2,800,000,000

Form and denomination: Bonds for the amount of HK\$2,800,000,000 in registered form in the denomination of HK\$100,000,000 each

Interest: simple interest at the rate of one per cent. above HIBOR per annum, payable half-yearly in arrears from the date of issue

Redemption: redeemable, at the option of Swan Islands, partially in an amount of not less than HK\$100,000,000 for each partial early redemption, at any time during the term of the Bonds (or as extended), by giving AG Capital one month's prior written notice of each partial early redemption

redeemable in full upon the occurrence of an event of default under the terms and conditions of the Bonds (including, without limitation, the liquidation or winding-up of Swan Islands), or upon expiration of the term of the Bonds (or as extended), if not already redeemed

Option to extend:	exercisable by SHK and Swan Islands on reasonable market terms above HIBOR prevailing at the time, for a further term of three years from the expiry date of the initial term of the Bonds
Voting right:	not entitling holders of Bonds to attend or vote at any general meeting of Swan Islands
Transferability:	transferable by mutual agreement
Security:	to be secured by a mortgage over the Sale Share
Non-recourse:	in the event of failure to redeem any of the Bonds, recourse only against the mortgage over the Sale Share
Listing:	not to be listed on any stock exchange

AGL has undertaken to SHK that AGL will, at the request of SHK, capitalise up to HK\$1,000,000,000 of the outstanding principal amount of the Bonds by procuring APL to exercise its warrants in SHK (now in such number as would, if exercised, lead to the subscription of 186,839,778 new SHK Shares, at an initial subscription price of HK\$6.00 per SHK Share (subject to adjustments)) or by underwriting or procuring the underwriting of a rights issue or other agreed capital raising mechanisms which AGL and APL deem appropriate at their sole discretion and in the best interests of AGL and APL. If any capital raising mechanism agreed by AGL and APL gives rise to any implication under the Listing Rules, AGL and APL will comply with all the applicable disclosure requirements under the Listing Rules.

Conditions

Completion of the sale and purchase of the Sale Share is conditional upon fulfilment of a number of conditions, in particular:–

- (i) the Agreement being approved by the shareholders of AGL and by the respective independent shareholders of APL and SHK in accordance with all applicable requirements under the Listing Rules;
- (ii) the SFC confirming that no mandatory general offer obligation would arise under the Takeovers Code, or otherwise waiving all such mandatory general offer obligations, in respect of the shares in HKBLA, as a result of the transactions contemplated in the Agreement;
- (iii) completion of the subscription of the 248,000,000 new SHK Shares, as announced in the joint announcements of AGL, APL and SHK of 17th and 18th May, 2006;
- (iv) all necessary approvals being obtained and maintained by AG Capital, Swan Islands and members of the UAF Group in respect of their licences in relation to their business activities, as a result of the transactions contemplated in the Agreement;

- (v) all necessary licences, authorisations, consents and approvals of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including banks), required for the implementation of the transactions contemplated in the Agreement being obtained and maintained; and
- (vi) no matter, event, circumstance or change having occurred which has caused, causes or is likely to cause any material adverse effect on:–
 - (a) the business, operations, prospects or financial condition, or a material portion of the properties or assets, of any member of the UAF Holdings Group; or
 - (b) the ability of AG Capital to perform or observe any of its obligations, undertakings or covenants under the Agreement.

AGL, AG Capital, SHK and Swan Islands will each use their respective best endeavours to fulfil, or procure the fulfilment of, the conditions (to the extent such party is responsible for such fulfilment). If any of the conditions is not fulfilled (or waived by Swan Islands, except for conditions (i) and (ii) which cannot be waived) on or before 11th September, 2006 (or such earlier or later date as may be agreed by AG Capital and Swan Islands in writing) or any party fails to proceed to completion, no party will be obliged to complete the sale and purchase of the Sale Share, whereupon the Agreement will cease to be of any force or effect.

As a result of the sale and purchase of the Sale Share, AGL will have acquired or consolidated control of HKBLA (a listed subsidiary of UAF) for the purposes of the Takeovers Code and will be required to make a general offer under Rule 26 of the Takeovers Code for the issued shares in HKBLA not already owned by AGL or parties acting in concert with it. An application will be made by AGL to seek confirmation from the SFC that no mandatory general offer obligation would arise under the Takeovers Code, or otherwise all such mandatory general offer obligations will be waived, in respect of the shares in HKBLA, as a result of the transactions contemplated in the Agreement.

There will be no general offer for the shares of HKBLA.

The sale and purchase of the Sale Share is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the securities of AGL, APL and SHK.

Completion

Subject to fulfilment of the conditions set out in the Agreement, completion of the sale and purchase of the Sale Share will take place on or before 15th September, 2006 (or such earlier or later date as may be agreed by AG Capital and Swan Islands in writing).

INFORMATION ABOUT UAF HOLDINGS AND UAF

UAF Holdings and UAF

UAF Holdings is a company incorporated in the B.V.I. with limited liability. It is an indirect wholly-owned subsidiary of AGL and a direct wholly-owned subsidiary of AG Capital.

UAF is a direct non wholly-owned subsidiary of UAF Holdings. As at the date of this announcement, UAF is owned:–

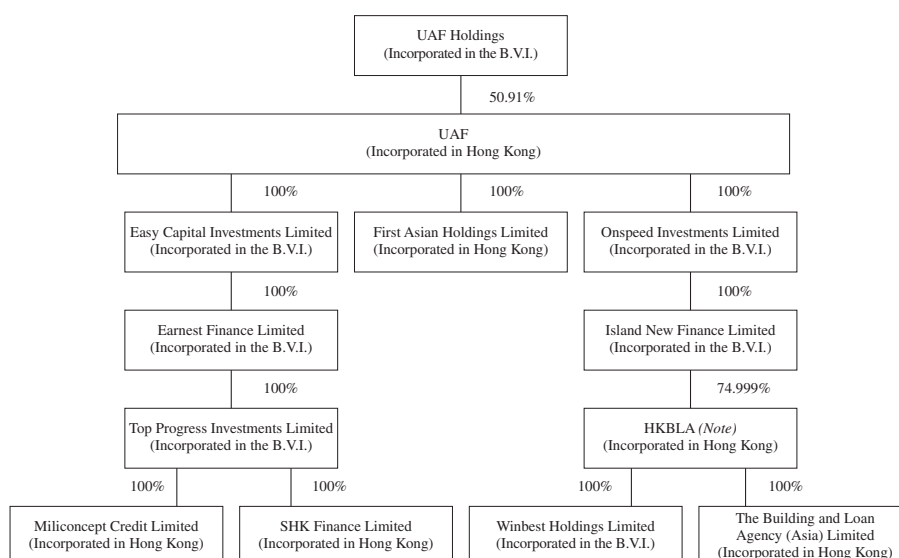
- (i) as to approximately 50.91 per cent. by UAF Holdings;
- (ii) indirectly, through Swan Islands, as to approximately 7.27 per cent. by SHK; and
- (iii) by four other shareholders, none of whom has a controlling interest in UAF.

The four other shareholders and their respective ultimate owners are all independent third parties who are, other than at the level of UAF, not connected with AGL, APL, SHK or any of their respective subsidiaries, or any of their respective associates, or any of the connected persons of AGL, APL, SHK or any of their respective subsidiaries, or any of their respective associates.

The principal business activity of the UAF Group is consumer finance in Hong Kong. UAF is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and has thirty-five branches throughout Hong Kong as at the date of this announcement. HKBLA (a listed subsidiary of UAF) is engaged in the businesses of provision of mortgage finance, investment holding and treasury investments.

Group Chart

An overview of the corporate structure of the UAF Holdings Group as at the date of this announcement is set out below:–



Note: Listed on the Stock Exchange (Stock Code: 145)

INFORMATION ABOUT AGL, AG CAPITAL, APL, SHK AND SWAN ISLANDS

AGL

AGL is a company incorporated in Hong Kong with limited liability. Its shares 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, and the provision of financial services.

AG CAPITAL

AG Capital is a company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of AGL.

As at the date of this announcement, AG Capital is the beneficial owner of the entire issued share capital of UAF Holdings.

APL

APL is a company incorporated in Hong Kong with limited liability. Its securities are listed on the Main Board of the Stock Exchange.

The principal business activity of APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, and the provision of financial services.

As at the date of this announcement, APL is beneficially owned as to approximately 74.93 per cent. by AGL.

SHK

SHK is a company incorporated in Hong Kong with limited liability. Its securities are listed on the Main Board of the Stock Exchange.

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are securities, leveraged forex, bullion, commodities, futures and options broking, provision of online financial services and online financial information, share margin and structured financing, financial planning and wealth management, asset management, corporate finance, strategic investment, and insurance broking.

As at the date of this announcement, SHK is beneficially owned as to approximately 61.42 per cent. by APL.

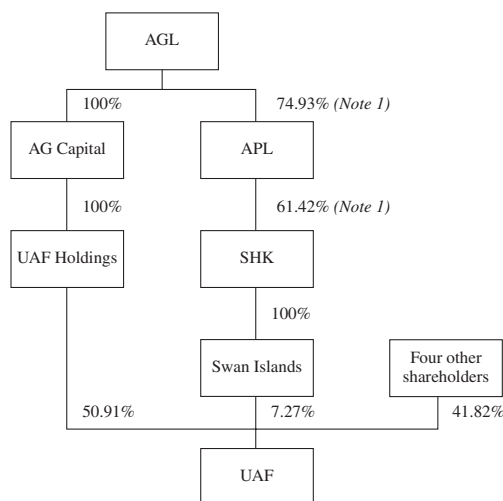
Swan Islands

Swan Islands is a company incorporated in the B.V.I. with limited liability and is a direct wholly-owned subsidiary of SHK.

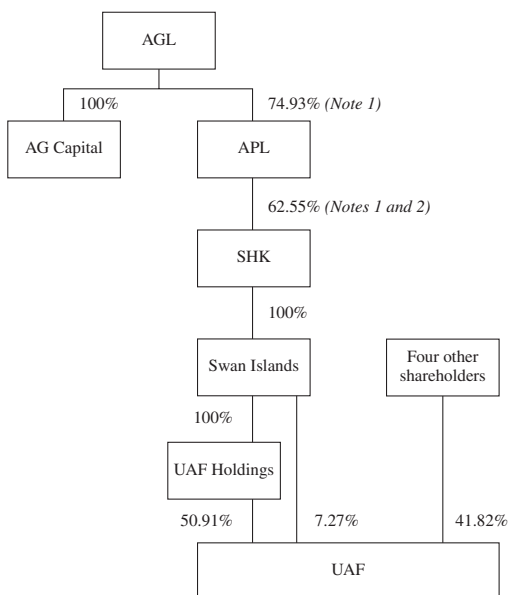
As at the date of this announcement, it is the beneficial owner of approximately 7.27 per cent. of the issued share capital of UAF.

Group Charts

An overview of the shareholding structure of AGL, AG Capital, APL, SHK, Swan Islands, UAF Holdings and UAF as at the date of this announcement is set out below:–



An overview of the shareholding structure of AGL, AG Capital, APL, SHK, Swan Islands, UAF Holdings and UAF after completion of the sale and purchase of the Sale Share is set out below:–



Notes:

1. These interests are held by AGL and APL themselves or through their respective wholly-owned subsidiaries, or a combination of both.

2. *This represents the shareholding percentage in SHK after the placing of 79,000,000 SHK Shares and the subscription of 248,000,000 new SHK Shares, as announced in the joint announcements of AGL, APL and SHK dated 17th May, 2006 and 18th May, 2006.*

REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE OF THE SALE SHARE

A plan has been formulated to effect an overall group reorganisation of the loan and financial services businesses of the AGL group of companies, which involves three listed companies within the group, namely, AGL, APL and SHK. Such reorganisation is to be effected by way of the sale and purchase of the Sale Share and is intended to consolidate the loan and financial services businesses of the AGL group of companies into SHK, which is expected to achieve ongoing operational economies and other benefits.

In respect of its loan and consumer finance business, the SHK Group recorded:–

- (i) a turnover of approximately HK\$167,930,000 for the year ended 31st December, 2004, representing approximately 20.81 per cent. of the total turnover of the SHK Group for such year; and
- (ii) a turnover of approximately HK\$184,888,000 for the year ended 31st December, 2005, representing approximately 23.30 per cent. of the total turnover of the SHK Group for such year.

The SHK Group intends to increase its degree of participation in the continuing growth of the Hong Kong economy, by way of a further expansion of its loan and consumer finance business. This objective may be pursued by increasing its investments in the UAF Group, in which SHK currently has an approximately 7.27 per cent. interest.

It is expected that following completion of the sale and purchase of the Sale Share, SHK will be in a position to consolidate its loan and financial services businesses, thereby expanding its overall market share through the ability to provide a wide range of finance products and other related services. UAF Holdings will change from an indirect wholly-owned subsidiary of AGL into an indirect non wholly-owned subsidiary of AGL through AGL's indirect interest in SHK. Accordingly, AGL will continue to enjoy the success of the UAF Group.

Having regard to the nature of and the benefits resulting from such reorganisation, the AGL Directors, the APL Directors and the SHK Directors all believe that the terms of the sale and purchase of the Sale Share are fair and reasonable and in the interests of the shareholders of each of AGL, APL and SHK taken as a whole.

As at 31st December, 2005 (being the date up to which the latest published audited consolidated accounts of AGL were made), the aggregate carrying value of the Sale Share and the Loan to AGL was approximately HK\$1,073,272,000. Accordingly, AGL will have an estimated gain of approximately HK\$3,254,728,000 (before expenses of the sale). This gain will be eliminated against the goodwill arising on the acquisition of the Sale Share by Swan Islands in the consolidated accounts of AGL.

The sale of the Sale Share will generate net sale proceeds (before expenses) of HK\$4,328,000,000 for AGL, as to HK\$1,528,000,000 in cash and as to HK\$2,800,000,000 by way of the issue of the Bonds. The cash portion of the consideration will provide AGL with the capabilities to apply approximately HK\$805,000,000 to exercise its warrants in APL as and when desirable and to apply the balance to reduce its overall corporate indebtedness, to fund new investments as and when opportunities arise, and for general working capital purposes. The portion of the consideration represented by the issue of the Bonds, which is not immediately required by AGL in cash, will generate a stable income of one per cent. over HIBOR per annum in the form of half-yearly interest payments.

The unaudited consolidated total asset value and the unaudited consolidated net asset value of UAF Holdings as at 31st December, 2005 were approximately HK\$2,591,010,000 and HK\$2,074,966,000, respectively.

LISTING RULES IMPLICATIONS

The transactions contemplated in the Agreement constitute a major transaction for AGL, on the basis that the calculation of the consideration ratio is within the range of 25 per cent. and 75 per cent., and is therefore subject to the approval of its shareholders.

The transactions contemplated in the Agreement constitute a very substantial acquisition and a connected transaction for APL, on the basis that the calculation of the consideration ratio is over 100 per cent. and that AGL is a substantial shareholder of APL and hence a connected person of APL, and is therefore subject to the approval of its independent shareholders. AGL and its associates will abstain from voting on the resolution for approving the Agreement.

The transactions contemplated in the Agreement constitute a very substantial acquisition and a connected transaction for SHK, on the basis that the calculation of the profits ratio is over 100 per cent. and that AGL is a substantial shareholder of SHK (through its interest held in APL) and hence a connected person of SHK, and is therefore subject to the approval of its independent shareholders. APL and its associates will abstain from voting on the resolution for approving the Agreement.

An independent board committee of APL has been constituted to consider the terms of the Agreement and to make a recommendation to its independent shareholders. Independent financial advisers will be appointed to advise the independent board committee of APL on the fairness and reasonableness of the transactions contemplated in the Agreement.

An independent board committee of SHK has been constituted to consider the terms of the Agreement and to make a recommendation to its independent shareholders. Independent financial advisers will be appointed to advise the independent board committee of SHK on the fairness and reasonableness of the transactions contemplated in the Agreement.

AGL, APL and SHK will each despatch a circular to their respective shareholders as soon as practicable.

The circular to be despatched by AGL will contain, amongst other things, details of the terms of the Agreement and a notice to convene an extraordinary general meeting to approve the Agreement.

The circular to be despatched by APL will contain, amongst other things, details of the terms of the Agreement, a letter from its independent board committee, a letter from the independent financial advisers and a notice to convene an extraordinary general meeting to approve the Agreement.

The circular to be despatched by SHK will contain, amongst other things, details of the terms of the Agreement, a letter from its independent board committee, a letter from the independent financial advisers and a notice to convene an extraordinary general meeting to approve the Agreement.

RESUMPTION OF TRADING

Trading in the securities of AGL, APL and SHK on the Stock Exchange was suspended at their respective requests with effect from 9:30 a.m. on 14th June, 2006 pending the release of this announcement. AGL, APL and SHK have each applied for a resumption of trading in their respective securities with effect from 9:30 a.m. on 20th June, 2006.

DIRECTORS

AGL Directors

As at the date of this announcement, the AGL Directors are:–

Executive Directors:

Mr. Lee Seng Hui (*Chief Executive*), Mr. Edwin Lo King Yau, Mr. Mak Pak Hung

Non-executive Directors:

Ms. Lee Su Hwei, Mr. Arthur George Dew

Independent non-executive Directors:

Mr. Wong Po Yan, Mr. David Craig Bartlett, Mr. John Douglas Mackie, Mr. Alan Stephen Jones

APL Directors

As at the date of this announcement, the APL Directors are:–

Executive Directors:

Mr. Patrick Lee Seng Wei (*Chief Executive*), Mr. Li Chi Kong

Non-executive Directors:

Mr. Henry Lai Hin Wing, Mr. Steven Lee Siu Chung

Independent non-executive Directors:

Mr. John Douglas Mackie, Mr. Steven Samuel Zoellner, Mr. Alan Stephen Jones

SHK Directors

As at the date of this announcement, the SHK Directors are:–

Executive Directors:

Mr. Patrick Lee Seng Wei, Mr. Joseph Tong Tang

Non-executive Director:

Mr. Arthur George Dew (*Chairman*)

Independent non-executive Directors:

Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Mr. Carlisle Caldw Procter, Mr. Peter Wong Man Kong

DEFINITIONS

“AG Capital”

AG Capital Holding Limited, a company incorporated in the Cayman Islands with limited liability, and a direct wholly-owned subsidiary of AGL

“AGL”

Allied Group Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange

“AGL Directors”	directors of AGL
“Agreement”	the sale and purchase agreement dated 13th June, 2006 made between AG Capital, AGL, Swan Islands and SHK, relating to the sale and purchase of the Sale Share
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange
“APL Directors”	directors of APL
“associates”	having the meaning ascribed to it under the Listing Rules
“Bonds”	the bonds agreed to be created and issued by Swan Islands pursuant to the Agreement
“B.V.I.”	British Virgin Islands
“connected person”	having the meaning ascribed to it under the Listing Rules
“HIBOR”	the Hong Kong Interbank Offered Rate, at or about 11:00 a.m. (Hong Kong time) on the Telerate Screen Page 9898 or on the web page of The Hong Kong Association of Banks on the first day of the relevant period of interest payment in respect of the Bonds, for the offering of deposits in Hong Kong dollars for a period comparable to the relevant period of interest payment in respect of the Bonds and for the relevant amount
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKBLA”	The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the shareholder’s loan advanced by AG Capital to UAF Holdings in the amount of HK\$39,590,815
“Norton Appraisals”	Norton Appraisals Limited, a firm of independent professional valuers
“Sale Share”	one share of US\$1.00 in the issued share capital of UAF Holdings, representing the entire issued share capital of UAF Holdings
“SFC”	Securities and Futures Commission

“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange
“SHK Directors”	directors of SHK
“SHK Group”	SHK and its subsidiaries
“SHK Shares”	shares of nominal value of HK\$0.20 each in the share capital of SHK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“Swan Islands”	Swan Islands Limited, a company incorporated in the B.V.I. with limited liability, and a direct wholly-owned subsidiary of SHK
“Takeovers Code”	Code on Takeovers and Mergers
“UAF”	United Asia Finance Limited, a company incorporated in Hong Kong with limited liability, and a direct non wholly-owned subsidiary of UAF Holdings
“UAF Group”	UAF and its subsidiaries
“UAF Holdings”	UAF Holdings Limited, a company incorporated in the B.V.I. with limited liability, and an indirect wholly-owned subsidiary of AGL
“UAF Holdings Group”	UAF Holdings and its subsidiaries

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

On behalf of the Board
Allied Properties (H.K.) Limited
Li Chi Kong
Executive Director

On behalf of the Board
Sun Hung Kai & Co. Limited
Joseph Tong Tang
Executive Director

Hong Kong, 19th June, 2006

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 Allied Properties (H.K.) 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 Sun Hung Kai & Co. 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.