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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



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)

Discloseable Transaction



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 86)

Discloseable Transaction

JOINT ANNOUNCEMENT
SALE OF SHARES OF APAC RESOURCES LIMITED

AGL, APL and SHK jointly announce that on 24th December, 2008, the Vendors, both being indirect wholly-owned subsidiaries of SHK, entered into three separate sets of SP Agreements with three respective Purchasers for the Sale of the Sale Shares, being an aggregate of approximately 12.66% of the issued share capital of APAC. Pursuant to the SP Agreements, each of the Purchasers has agreed to provide a Share Charge in favour of the relevant Vendors as security for the payment of the relevant purchase price. The terms of each of the SP Agreements and the Share Charges are substantially the same.

The entering into of the SP Agreements constitutes a discloseable transaction for each of SHK, APL and AGL on the basis that the relevant Percentage Ratios for each of SHK, APL and AGL exceed 5% but are below 25% pursuant to Rule 14.06(2) of the Listing Rules. SHK, APL and AGL will each despatch a circular containing, amongst other things, details of the Sale of the Sale Shares to their respective shareholders as soon as practicable.

I. THE SP AGREEMENTS

Date of SP Agreements: 24th December, 2008

Parties:

- (i) SP Agreement I SHKSC and ITSO as vendors and Winning Beauty as purchaser
- (ii) SP Agreement II SHKSC as vendor and Kindstart as purchaser
- (iii) SP Agreement III SHKSC as vendor and Shiny Gloss as purchaser

To the best knowledge, information and belief of the SHK Directors, APL Directors and AGL Directors having made all reasonable enquiries, each of the Purchasers and their respective ultimate beneficial owners are independent third parties not connected with SHK, APL, AGL and connected persons of SHK, APL and AGL. So far as the SHK Directors are aware, the Purchasers may have, among themselves, cooperated in other projects previously.

Based on the information provided by SHK and so far as is known to the SHK Directors, APL Directors and AGL Directors, there are no prior transactions among SHK, SHKSC, ITSO, APL, AGL and each of the Purchasers, where applicable, which would require to be aggregated to the Sale of the Sale Shares under Rule 14.22 of the Listing Rules.

Sale of the Sale Shares

Based on the information provided by SHK and pursuant to the SP Agreements,

- (1) in relation to SP Agreement I, SHKSC and ITSO agree to sell and Winning Beauty agrees to purchase an aggregate of 148,532,893 Sale Shares, comprising the SHKSC Sale Shares and the ITSO Sale Shares;
- (2) in relation to SP Agreement II, SHKSC agrees to sell and Kindstart agrees to purchase 300,000,000 Sale Shares; and
- (3) in relation to SP Agreement III, SHKSC agrees to sell and Shiny Gloss agrees to purchase 150,000,000 Sale Shares.

Purchase Price

SHK advised that the purchase price for each Sale Share is HK\$0.62. The total purchase price under the SP Agreements amounts to HK\$371,090,393.66, which will be satisfied by the relevant Purchasers in the following manner:

SP Agreement I

- (1) the aggregate purchase price under SP Agreement I is HK\$92,090,393.66, comprising HK\$85,233,193.66 for the SHKSC Sale Shares (“SHKSC Purchase Price”) and HK\$6,857,200 for the ITSO Sale Shares (“ITSO Purchase Price”);
- (2) one-third of each of the SHKSC Purchase Price, being the amount of HK\$28,411,064.55 and the ITSO Purchase Price, being the amount of HK\$2,285,733.33 will be payable by Winning Beauty to SHKSC and to ITSO on the Completion Date;
- (3) one-third of each of the SHKSC Purchase Price, being the amount of HK\$28,411,064.55 and the ITSO Purchase Price, being the amount of HK\$2,285,733.33 will be payable by Winning Beauty to SHKSC and to ITSO within 12 months after the Completion Date; and
- (4) the remaining one-third of each of the SHKSC Purchase Price, being the amount of HK\$28,411,064.56 and the ITSO Purchase Price, being the amount of HK\$2,285,733.34 will be payable by Winning Beauty within 24 months after the Completion Date.

The payment obligations of Winning Beauty for the amount as set out in sub-paragraphs (3) and (4) above are secured by the Share Charge.

SP Agreement II

- (1) the aggregate purchase price under SP Agreement II is HK\$186,000,000;
- (2) one-third of the aggregate purchase price, being the sum of HK\$62,000,000 will be payable by Kindstart to SHKSC on the Completion Date;
- (3) one-third of the aggregate purchase price, being the sum of HK\$62,000,000 will be payable by Kindstart to SHKSC within 12 months after the Completion Date; and
- (4) the remaining one-third of the aggregate purchase price, being the sum of HK\$62,000,000 will be payable by Kindstart within 24 months after the Completion Date.

The payment obligations of Kindstart for the amount as set out in sub-paragraphs (3) and (4) above are secured by the Share Charge.

SP Agreement III

- (1) the aggregate purchase price under SP Agreement III is HK\$93,000,000;
- (2) one-third of the aggregate purchase price, being the sum of HK\$31,000,000 will be payable by Shiny Gloss to SHKSC on the Completion Date;
- (3) one-third of the aggregate purchase price, being the sum of HK\$31,000,000 will be payable by Shiny Gloss to SHKSC within 12 months after the Completion Date; and
- (4) the remaining one-third of the aggregate purchase price, being the sum of HK\$31,000,000 will be payable by Shiny Gloss within 24 months after the Completion Date.

The payment obligations of Shiny Gloss for the amount as set out in sub-paragraphs (3) and (4) above are secured by the Share Charge.

If any one of the Purchasers fails to pay any amount payable pursuant to the relevant SP Agreement(s), it shall pay interest (“Interest”) at the rate of 10% per annum on the overdue sum for the period between the due date and the actual date for such overdue payment and payable on demand. If any Interest is not paid when due, the Interest shall be added to the overdue sum and interest on the overdue sum and the Interest will be payable at the same rate as disclosed above.

Furthermore, if any of the Purchasers fails to pay any amount payable to the Vendor(s) pursuant to the Transaction Documents, the relevant Vendor(s) may exercise its rights under the Share Charge to sell the Sale Shares in order to settle any outstanding payment due to the relevant Vendor(s) under the Transaction Documents. In the event that the proceeds from the sale of the Sale Shares upon the exercise of the power of sale by the relevant Vendor(s) under the Share Charge is less than the amount due and owing by the relevant Purchaser to the relevant Vendor(s), the relevant Purchaser shall pay to the relevant Vendor(s) the balance thereof equal to the outstanding amount due and owing by the relevant Purchaser less such proceeds.

Based on the information provided by SHK, the respective purchase price of HK\$92,090,393.66, HK\$186,000,000 and HK\$93,000,000 in respect of SP Agreement I, SP Agreement II and SP Agreement III of the Sale Shares was arrived at, after arm’s length negotiations, by referring to the recent trading price and the asset value of APAC Shares. As advised by the SHK Directors, during negotiations of the purchase price, the parties to the negotiations have also considered the substantial size of the parcels of shares and the possible impact to the trading price of APAC Shares if the Purchasers were to acquire such number of APAC Shares on market. In determining the terms for the Sale of the Sale Shares, the SHK Directors have also taken into account the original average acquisition costs of HK\$0.61 per Sale Share and the flexibility of the payment schedule under the SP Agreements which has been a factor attracting the Purchasers to purchase the Sale Shares. The interest rate of 10% was determined with reference to the current and historical market interest rate levels and the cost of funding.

Condition Precedent

As advised by SHK and pursuant to the SP Agreements, the SP Agreements are unconditional and the SP Agreements are not inter-conditional with each other.

Completion

Completion of the Sale of the Sale Shares shall take place within three Business Days after the date of signing of the SP Agreements or such other date as may be agreed between the parties to the SP Agreements. Prior to Completion, SHK, APL, AGL and the Trustees were deemed to be interested in approximately 12.66% in the issued share capital of APAC. Other than the aforesaid 12.66% interest in APAC, SHK, APL, AGL and the Trustees do not have any other interests in APAC. Upon Completion and upon execution of the Share Charges, SHK, APL, AGL and the Trustees will still be deemed to be interested in the Sale Shares representing approximately 12.66% of the issued share capital of APAC by virtue of the Share Charges. Upon payment of all outstanding payment of the purchase price by the Purchasers and any other moneys payable by the Purchasers to the Vendors under the Transaction Documents and the release of the Share Charges, SHK, APL, AGL and the Trustees will cease to have any interest in the Sale Shares.

II. FINANCIAL INFORMATION OF APAC

A summary of the audited consolidated results of APAC for the two financial years ended 31st December, 2007 is as follows:

	Year ended 31st December,	
	2007	2006
	HK\$'000	HK\$'000
Revenue	65,348	22,773
Profit before tax	345,313	25,220
Profit after tax	345,313	24,982
Profit attributable to the equity holders of APAC	345,313	24,982

According to the latest interim report of APAC, the unaudited net asset value of APAC as at 30th June, 2008 was approximately HK\$5,329,605,000, and its unaudited net asset value attributable to the Sale Shares was HK\$674,896,000, representing approximately HK\$1.13 per Sale Share.

According to the annual report for the year ended 31st December, 2007 and interim report for the six months ended 30th June, 2008 of APAC, the financial information summarized above has been prepared in accordance with the HKFRS.

III. REASONS FOR AND BENEFITS OF THE SALE OF THE SALE SHARES

As advised by SHK and pursuant to the SP Agreements, the purchase price of HK\$0.62 per Sale Share represents (i) a premium of approximately 130% to the average closing price of HK\$0.27 per APAC Share as quoted on the Stock Exchange for the last 15 trading days of the APAC Shares immediately before the date of the SP Agreements; and (ii) a premium of approximately 130% to the closing price of HK\$0.27 per APAC Share as quoted on the Stock Exchange on 23rd December, 2008. According to the relevant accounting standards applicable to the consideration receivable on a deferred basis, the fair value adjustments using discounted future cashflows should be applied to the total purchase price. The present value of the total purchase price, after taking into account the discounted future cashflows at 5.25% (being the prevailing prime rate quoted by Standard Chartered Bank (Hong Kong) Limited), is considered to be HK\$352,888,000 (the “Net Present Value”). Based on the Net Present Value and the mark-to-market value of the Sale Shares in an aggregate amount of HK\$138,261,000 as set out in the management accounts of SHK as at 30th November, 2008, the SHK Directors expect the Sale of the Sale Shares will generate a trading gain of approximately HK\$213,956,000 after payment of stamp duty and relevant fees and expenses. The actual gain arising from the Sale of the Sale Shares which is to be calculated based on the Completion Date will be recorded into the income statement of SHK for the year ended 31st December, 2008. The money received from the Purchasers upon Completion in the total amount of HK\$123,696,797.88 represents approximately 77% of the market price of the Sale Shares, calculated at the average closing price of HK\$0.27 per APAC Share mentioned above. In addition, under the Share Charges, SHK Group will hold the Sale Shares as extra security to secure the payment obligations of the Purchasers under the SP Agreements. It is intended that the proceeds from the Sale of the Sale Shares will be applied to other investment opportunities within SHK’s normal course of business and are viewed as strengthening its financial position.

For illustration purposes, based on the Net Present Value, after deducting the original costs of acquisition of the Sale Shares and after payment of stamp duty and relevant fees and expenses, the Sale of the Sale Shares will result in a loss of approximately HK\$12,909,000 to SHK Group. However, the SHK Directors consider that the Sale of the Sale Shares would allow SHK to reallocate its financial resources to other investment opportunities as well as strengthening its financial position.

Having regard to the benefits resulting from the Sale of the Sale Shares, the SHK Directors believe that the terms of the SP Agreements are fair and reasonable and in the interests of the shareholders of SHK taken as a whole.

Based on the information provided and representations made by SHK, the APL Directors and AGL Directors have accepted the representations and therefore concur with the view of the SHK Directors and consider that the terms of the SP Agreements are in the interest of the shareholders taken as a whole of each of APL and AGL.

IV. INFORMATION ABOUT AGL, APL, SHK, SHKSC, ITSO, APAC, WINNING BEAUTY, KINDSTART AND SHINY GLOSS

AGL

AGL is a company incorporated in Hong Kong with limited liability, the shares of which 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, health administration, medical scheme administration, the provision of healthcare services and the provision of financial services.

APL

APL is a company incorporated in Hong Kong with limited liability, the securities of which 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, health administration, medical scheme administration, the provision of healthcare services and the provision of financial services.

As at the date of this announcement, APL is beneficially owned as to approximately 73.91% by AGL.

SHK

SHK is a company incorporated in Hong Kong with limited liability, the securities of which 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 wealth management and brokerage, asset management, corporate finance, consumer finance as well as principal investments.

As at the date of this announcement, SHK is beneficially owned as to approximately 63.42% by APL.

SHKSC

SHKSC is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SHK.

The principal business activities of SHKSC are investment holding and trading in securities, bullion, funds and over-the-counter equity derivatives.

ITSO

ITSO is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SHK.

The principal business activities of ITSO are securities trading, option trading, index option and over-the-counter equity trading.

APAC

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

The APAC Group is principally engaged in (i) trading in base metals and commodities trading portfolio primarily focused on natural resources and related sectors; (ii) trading in fabric products and other merchandises with investment in the resources and related industries; and (iii) trading and investment of listed securities in the resources and related industries.

Winning Beauty

Winning Beauty is a company incorporated in the British Virgin Islands. The principal business activity of Winning Beauty is investment holding.

Kindstart

Kindstart is a company incorporated in the British Virgin Islands. The principal business activity of Kindstart is investment holding.

Shiny Gloss

Shiny Gloss is a company incorporated in the British Virgin Islands. The principal business activity of Shiny Gloss is investment holding.

V. LISTING RULES IMPLICATIONS

The entering into of the SP Agreements constitutes a discloseable transaction for each of SHK, APL and AGL on the basis that the relevant Percentage Ratios for each of SHK, APL and AGL exceed 5% but are below 25% pursuant to Rule 14.06(2) of the Listing Rules. SHK, APL and AGL will each despatch a circular containing, amongst other things, details of the Sale of the Sale Shares to their respective shareholders as soon as practicable.

VI. DIRECTORS

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

Executive Directors:

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

Non-executive Directors:

Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei

Independent non-executive Directors:

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

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

Executive Directors:

Messrs. Patrick Lee Seng Wei (Chief Executive) and Li Chi Kong

Non-executive Directors:

Messrs. Arthur George Dew (Chairman), Henry Lai Hin Wing and Steven Lee Siu Chung

Independent non-executive Directors:

Messrs. John Douglas Mackie, Steven Samuel Zoellner and Alan Stephen Jones

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

Executive Directors:

Messrs. Lee Seng Huang (Chairman) and Joseph Tong Tang

Non-executive Directors:

Messrs. Abdulhakeem Abdulhussain Ali Kamkar, Amin Rafie Bin Othman (also as alternate to Mr. Abdulhakeem Abdulhussain Ali Kamkar) and Patrick Lee Seng Wei

Independent non-executive Directors:

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

VII. DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“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”	the directors of AGL;
“APAC”	APAC Resources Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the Main Board of the Stock Exchange;
“APAC Group”	APAC and its subsidiaries;
“APAC Share(s)”	the share(s) of APAC;
“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, and a non wholly-owned subsidiary of AGL;
“APL Directors”	the directors of APL;
“Business Day(s)”	day(s) (other than a Saturday and a Sunday) on which banks are open for business in Hong Kong;
“Completion”	completion of the sale and purchase of the Sale Shares;
“Completion Date”	within three Business Days from the date of signing of the SP Agreements;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“ITSO”	Itso Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SHK;

“ITSO Sale Shares”	11,060,000 shares of APAC as at the Completion Date beneficially owned by ITSO;
“Kindstart”	Kindstart Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by Guo Qingming (郭慶明), being the purchaser of SP Agreement II;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Percentage Ratios”	percentage ratios as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“Purchasers”	Winning Beauty, Kindstart and Shiny Gloss, and each a “Purchaser”;
“Sale of the Sale Shares”	the sale of the Sale Shares by the Vendors pursuant to the SP Agreements;
“Sale Shares”	an aggregate of 598,532,893 shares of HK\$0.10 each in the capital of APAC beneficially owned by the Vendors;
“Share Charge(s)”	the share charge(s) in respect of the Sale Shares executed by the Purchasers in favour of the Vendors on Completion;
“Shiny Gloss”	Shiny Gloss Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by Liang Chunyan (梁春燕), being the purchaser of SP Agreement III;
“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, and an indirect non wholly-owned subsidiary of AGL and APL;
“SHK Directors”	the directors of SHK;
“SHK Group”	SHK and its subsidiaries;
“SHKSC”	Sun Hung Kai Strategic Capital Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SHK;

“SHKSC Sale Shares”	137,472,893 shares of APAC as at the Completion Date beneficially owned by SHKSC;
“SP Agreement I”	the agreement dated 24th December, 2008 entered into between SHKSC/ITSO and Winning Beauty in respect of the sale and purchase of 148,532,893 Sale Shares at the consideration of HK\$92,090,393.66;
“SP Agreement II”	the agreement dated 24th December, 2008 entered into between SHKSC and Kindstart in respect of the sale and purchase of 300,000,000 Sale Shares at the consideration of HK\$186,000,000;
“SP Agreement III”	the agreement dated 24th December, 2008 entered into between SHKSC and Shiny Gloss in respect of the sale and purchase of 150,000,000 Sale Shares at the consideration of HK\$93,000,000;
“SP Agreements”	SP Agreement I, SP Agreement II and SP Agreement III, and each a “SP Agreement”;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction Documents”	the SP Agreements and the Share Charges;
“Trustees”	Mr. Lee Seng Hui, Mr. Lee Seng Huang and Ms. Lee Su Hwei as trustees for the Lee & Lee Trust;
“Vendors”	being SHKSC and/or ITSO;
“Winning Beauty”	Winning Beauty Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by Fan Yufang (范玉芳), being the purchaser of SP Agreement I; and
“%”	per cent.

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, 31st December, 2008