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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
AND
RESUMPTION OF TRADING**



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
AND
RESUMPTION OF TRADING**



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 86)

RESUMPTION OF TRADING

JOINT ANNOUNCEMENT

**PROPOSED ISSUE OF
HK\$1,708,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 2%
MANDATORY CONVERTIBLE NOTES DUE 2013 MANDATORILY
CONVERTIBLE INTO ORDINARY SHARES OF SUN HUNG KAI & CO. LIMITED**

AND

**HK\$427,000,000 IN FACE VALUE OF WARRANTS EXERCISABLE TO SUBSCRIBE
FOR ORDINARY SHARES OF SUN HUNG KAI & CO. LIMITED**

As advised and confirmed by SHK, on 22nd April, 2010, SHK as Issuer and the Investor entered into the Subscription Agreement in relation to the proposed issue and subscription of Mandatory Convertible Notes and Warrants. Pursuant to the Subscription Agreement, SHK conditionally agreed to issue and the Investor conditionally agreed to subscribe for (a) the HK\$1,708,000,000 in aggregate principal amount of the Mandatory Convertible Notes and (b) the HK\$427,000,000 in face value of Warrants, on the Closing Date in accordance with the provisions of the Subscription Agreement and the Issue Documents.

Under Rule 13.36(1)(a) of the Listing Rules, allotment and issue of the Mandatory Convertible Notes and Warrants pursuant to the Subscription Agreement is conditional upon approval being obtained from SHK Shareholders.

SHK is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL. Under Rule 14.29 of the Listing Rules, a reduction of shareholding percentage following an allotment of new shares by a subsidiary of a listed issuer may be regarded as a deemed disposal by that listed issuer, which may fall to be treated as a notifiable transaction for the purposes of Chapter 14 of the Listing Rules. The Transaction constitutes a deemed disposal of APL's equity interest in a subsidiary of APL which constitutes a discloseable transaction for APL on the basis that the relevant Percentage Ratio(s) for APL exceeds 5% but is below 25% and is subject to reporting and announcement requirements under the Listing Rules. The Transaction constitutes a deemed disposal of AGL's equity interest in a subsidiary of AGL which constitutes a major transaction for AGL on the basis that the relevant Percentage Ratio(s) for AGL exceeds 25% but is below 75% and is subject to reporting, announcement and shareholders' approval requirements under the Listing Rules. As no person is required to abstain from voting on the Transaction at an extraordinary general meeting of AGL, AGL has obtained a written shareholders' approval from the controlling shareholder of AGL, namely Lee and Lee Trust, which holds 108,626,492 shares in AGL as at the date of this announcement (representing approximately 52.39% of the existing total issued share capital of AGL), for approving the Transaction in lieu of holding an extraordinary general meeting of AGL.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein and therefore, may or may not proceed. Shareholders of AGL, APL and SHK and potential investors are advised to exercise caution when dealing in the shares of AGL, APL and SHK.

AGL and SHK will each despatch a circular containing, among other things, further details of the Subscription Agreement and the issue of the Mandatory Convertible Notes and Warrants, to their respective shareholders as soon as practicable. The circular to be despatched by SHK will also contain a notice to convene an EGM to approve the Subscription Agreement and the transactions contemplated thereunder including the issue of the Mandatory Convertible Notes and the Warrants.

At the request of each of AGL, APL, SHK and Tian An, trading in the shares of each of AGL, APL, SHK and Tian An has been suspended with effect from 9:30 a.m. on 19th April, 2010 to 21st April, 2010 pending the publication of the joint announcement of AGL, APL, SHK and Tian An relating to the Tian An Restructuring and remained suspended on 22nd and 23rd April, 2010 pending the publication of this announcement. Each of AGL, APL, SHK and Tian An has made an application to the Stock Exchange for the resumption of trading of their respective shares on the Stock Exchange from 9:30 a.m. on 26th April, 2010.

SUBSCRIPTION AGREEMENT

Issue of and subscription for the Mandatory Convertible Notes and Warrants

As advised and confirmed by SHK, on 22nd April, 2010, the Issuer entered into a Subscription Agreement with the Investor pursuant to which the Issuer conditionally agreed to issue and the Investor conditionally agreed to subscribe for the HK\$1,708,000,000 in aggregate principal amount Mandatory Convertible Notes and HK\$427,000,000 in face value of Warrants, subject to the fulfilment of the conditions precedent in the Subscription Agreement.

Based on the information and confirmation provided by SHK, which has made all reasonable enquiry and relied on the confirmation of the Investor, and to the best of the knowledge, information and belief of the AGL Directors, APL Directors and the SHK Directors, having made all reasonable enquiries, the Investor and its ultimate beneficial owners are third parties independent of and not connected with AGL, APL and SHK and their respective connected persons.

Conditions precedent

As advised and confirmed by SHK, completion of the issue of and subscription for the Mandatory Convertible Notes and the Warrants is subject to a number of conditions precedent, including:

- (a) the shareholders of the Issuer, AGL and APL (if applicable), respectively, passing a resolution at an extraordinary general meeting or by way of written resolution (if applicable), to approve the terms of, and the transactions contemplated by, the Subscription Agreement and the Issue Documents;
- (b) all necessary regulatory filings, notifications and approvals to the relevant authorities to enter into the Subscription Agreement and the Issue Documents and perform the Issuer's obligations thereunder have been made and obtained, and such filings, notifications and approvals remain valid and effective;
- (c) all requisite consents and approvals in relation to the possible change in shareholding of the investment manager and/or investment advisor of each of the Investment Funds (to the extent that a member of the SHK Group is appointed as the investment adviser to such Investment Funds) (on the basis that the Investor will hold the shares in the Issuer upon conversion of the Mandatory Convertible Notes and exercise of the Warrants) have been obtained in writing from any applicable regulators, including the Securities and Futures Commission, the Mandatory Provident Fund Schemes Authority, the Stock Exchange, Hong Kong Futures Exchange Limited and the Hong Kong Confederation of Insurance Brokers;
- (d) the Stock Exchange having granted approval for the listing of, and a permission to deal in, the SHK Shares to be issued on conversion of the Mandatory Convertible Notes and upon exercise of the Warrants and such approval remains valid and effective; and
- (e) completion of the Tian An Restructuring substantially in accordance with its terms.

As advised and confirmed by SHK, if all the conditions precedent are not either waived or satisfied, as the case may be, by 10:00 a.m. on 31st October, 2010 or such later date as may be agreed between the Issuer and the Investor, the Subscription Agreement shall automatically terminate.

Undertakings of the Issuer

As advised and confirmed by SHK, the Issuer has given a number of undertakings to the Investor, including the following:

- (a) The Issuer confirms that if the Tian An Restructuring is approved and completed, apart from the distribution in specie undertaken as part of the Tian An Restructuring and any dividend declared prior to 22nd April, 2010, no other distribution to its shareholders (whether in cash or otherwise) will be made for the financial year ended 31st December, 2009.
- (b) For so long as the Investor holds:
 - (i) at least 15% of the issued SHK Shares, or SHK Shares and/or Mandatory Convertible Notes and/or Warrants which on an as converted or exercised basis in aggregate represent at least 15% of the issued SHK Shares, the Investor shall be entitled to: (A) nominate for appointment two individuals as non-executive directors on the SHK Board; (B) from time to time recommend an individual as an independent non-executive director for consideration by the SHK Board; and (C) nominate for appointment an individual as a non-executive director on the board of directors of each of UAF and SHKS, in each case provided such individual is fit and proper; and
 - (ii) at least 7.5% but below 15% of the issued SHK Shares, or SHK Shares and/or Mandatory Convertible Notes and/or Warrants which on an as converted or exercised basis in aggregate represent at least 7.5% but below 15% of issued SHK Shares, the Investor shall be entitled to: (A) nominate for appointment one individual as a non-executive director on the SHK Board; and (B) from time to time recommend an individual as an independent non-executive director for consideration by the SHK Board.

As a separate undertaking, the Issuer shall put forward resolutions, for the appointment of the non-executive directors nominated by the Investor as described in paragraph (b)(i)(A) above to the SHK Board at the EGM.

SHK Share repurchase

As advised and confirmed by SHK, within three months from the Closing Date, if the price of the SHK Shares falls below HK\$5.00 at any time during such period, within five Business Days of such date the Issuer shall use its best endeavours to repurchase SHK Shares subject to the terms of the existing share repurchase mandate, and provided that it is in the best interest of the shareholders of the Issuer as determined by the SHK Board in its sole discretion to do so and subject to:

- (a) such repurchase not giving rise to an obligation on any person to make a general offer for the Issuer pursuant to The Codes on Takeovers and Mergers and Share Repurchases;
- (b) such repurchase not constituting a repurchase by way of general offer pursuant to The Codes on Takeovers and Mergers and Share Repurchases (if applicable); and
- (c) such repurchase not resulting in an insufficient public float for the purposes of the Listing Rules.

Restrictions on the issue of further securities

As advised and confirmed by SHK, from 22nd April, 2010 to (and including) the Closing Date, neither the Issuer nor any person acting on its behalf will (without the prior written consent of the Investor) take, directly or indirectly, any action designed to or which would constitute or which might reasonably be expected to cause or result in an adjustment to the conversion price of the Mandatory Convertible Notes or the subscription price for SHK Shares on the exercise of the Warrants (and the circumstances where the conversion price and subscription price may be adjusted are summarised in the principal terms and conditions of the Mandatory Convertible Notes and Warrants below).

Breach of the Subscription Agreement

As advised and confirmed by SHK, the Subscription Agreement contains provisions relating to claims for breach of the Subscription Agreement, including the minimum and maximum amounts of a claim.

In addition, if the Investor, any Permitted Transferee or any of their affiliates makes a claim for a breach by the Issuer of the Subscription Agreement or the Issue Documents or otherwise arising from or relating to the transactions contemplated by those documents, the Issuer shall have a certain period to exercise its right to redeem all the Mandatory Convertible Notes and to cancel the Warrants held by the Investor, any Permitted Transferee or any of their affiliates (as the case may be) at a redemption price equal to (a) the principal amount of such Mandatory Convertible Notes, plus (b) any accrued but unpaid interest and any amounts owing pursuant to the terms and conditions of the Mandatory Convertible Notes, plus (c) an amount equal to 3% of the principal amount of the Mandatory Convertible Notes to be redeemed, and to the extent the Issuer does not exercise its rights within this period, the Investor, any Permitted Transferee or any of their affiliates shall be free to pursue remedies in accordance with the provisions of Subscription Agreement.

Termination of the Subscription Agreement

As advised and confirmed by SHK, the Subscription Agreement shall terminate upon:

- (a) any funds managed by CVC Asia Pacific Ltd. (“CVC AP”) (whether individually or together) ceasing to control the Investor or any of its affiliates which hold SHK Shares and/or Mandatory Convertible Notes and/or Warrants;
- (b) the Investor and any of its affiliates, in aggregate, ceasing to hold at least 15% of issued SHK Shares or SHK Shares and/or Mandatory Convertible Notes and/or Warrants which on an as converted or exercised basis (as applicable) in aggregate represent at least 15% of the issued SHK Shares (the “Investor Rights Threshold”) on any date (the “Relevant Date”), provided that if within 45 Business Days of the Relevant Date the Investor and any of its affiliates, in aggregate, hold, such amount of issued SHK Shares and/or Mandatory Convertible Notes and/or Warrants that exceeds the Investor Rights Threshold, the Subscription Agreement shall be reinstated from the day the Investor Rights Threshold is reached;
- (c) redemption of the Mandatory Convertible Notes for breach of the Subscription Agreement or the terms and conditions of the Mandatory Convertible Notes pursuant to which each Noteholder receives the full amount payable; or
- (d) a conversion of all of the Mandatory Convertible Notes in accordance with the Mandatory Convertible Note terms and conditions.

If the Subscription Agreement is terminated by reason of paragraph (b) or (d) above, the right of the Investor to nominate individual(s) to the SHK Board referred to above and to obtain certain information of the SHK Group shall survive and shall terminate only in accordance with such relevant clause set out in the Subscription Agreement.

UNDERTAKING BY THE TRUSTEES OF LEE AND LEE TRUST

As advised and confirmed by AGL, in connection with the Transaction, the trustees of Lee and Lee Trust have given undertakings on 22nd April, 2010 to the Investor on behalf of Lee and Lee Trust which are summarized as follows:

- (a) It will not, until the date immediately following the Closing Date, sell, transfer, charge, encumber, create or grant any option over or otherwise dispose of (or permit any such action to occur in respect of) all or any of its shares in AGL or any interest therein (or enter into any agreement, arrangement or incur any obligation to do so).
- (b) It undertakes in respect of its shares in AGL and any other shares in AGL which it is capable of exercising (or controlling the exercise of) the voting rights thereof, to vote (or procure to vote) in favour of any resolution in any general meeting of AGL convened and by way of written resolutions (if applicable), in each case after the date of the undertaking, to approve the transactions contemplated under the Subscription Agreement.

UNDERTAKING BY APL

As advised and confirmed by APL, in connection with the Transaction, APL has given undertakings on 22nd April, 2010 to the Investor which are summarized as follows:

- (a) Other than in respect of any renewal of existing facilities and related existing charges, APL will not, until the date immediately following the Closing Date, sell, transfer, charge, encumber, create or grant any option over or otherwise dispose of (collectively, “Transfer”) all or any of its SHK Shares or any interest therein.
- (b) APL undertakes in respect of its SHK Shares and any other shares of SHK which APL is from time to time capable of exercising (or controlling the exercise of) the voting rights thereof, to vote (or procure to vote) in favour of any resolution in any general meeting of SHK convened, in each case after the date of the undertaking:
 - (i) to approve the transactions contemplated under the Subscription Agreement; and
 - (ii) to approve the appointments by the Investor of two non-executive directors to SHK Board pursuant to the Subscription Agreement.
- (c) In the event that APL Transfers any of its SHK Shares after the Closing Date to a person controlled by APL, APL will use its best endeavours to procure the transferee of such SHK Shares to give an equivalent undertaking in respect of the matters stated in paragraph b(ii) above to the Investor.

PRINCIPAL TERMS AND CONDITIONS OF THE MANDATORY CONVERTIBLE NOTES

As advised and confirmed by SHK, the terms and conditions of the Mandatory Convertible Notes were determined after arm’s length negotiations between the Issuer and the Investor. The principal terms and conditions of the Mandatory Convertible Notes, are summarised as follows:

- Issuer: SHK
- Issue: HK\$1,708,000,000 in aggregate principal amount of 2% mandatory convertible notes due 2013 mandatorily convertible into SHK Shares.
- Issue price: 100% of the principal amount of the Mandatory Convertible Notes.
- Ranking: The Mandatory Convertible Notes constitute direct, unguaranteed, unconditional and unsecured obligations of the Issuer and shall rank (a) senior to the share capital of the Issuer from time to time; and (b) at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer.

| | |
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| Transferability: | Unless a transfer of Mandatory Convertible Notes is to a Permitted Transferee, the Mandatory Convertible Notes may only be transferred provided certain requirements are met, including the prior written consent from the Issuer (which consent is to be considered at the sole discretion of the Issuer). |
| Interest: | The Mandatory Convertible Notes bear interest from the date of their issue pursuant to the Subscription Agreement at the rate of 2% per annum, payable in Hong Kong dollars semi-annually on each of 30th June and 31st December in each year in arrears. |
| Maturity date: | The date which is three years after the issue date of the Mandatory Convertible Notes. |
| Conversion period: | The period commencing on the Closing Date, and ending on the maturity date. |
| Conversion price: | HK\$5.00 per SHK Share (subject to adjustment under the terms and conditions of the Mandatory Convertible Notes). |
| Conversion price adjustments: | The conversion price will be subject to adjustment in certain circumstances, including adjustment from time to time on the occurrence of certain specified events that have a dilutive or concentrative effect on the value of the SHK Shares which include capitalisation of profits and reserves, sub-division, consolidation and reclassification of SHK Shares, rights issues, other issues of SHK Shares, issue of equity-related securities at a discount to the then market price, and modification of rights of conversion or exchange or subscription attached to options or warrants, provided that the new shares would be issued at less than the prevailing conversion price in the case of rights issue, other issues of SHK Shares or issue of equity-related securities. |
| Conversion right and mandatory conversion: | The Noteholders have the right to convert their Mandatory Convertible Notes into SHK Shares at any time during the conversion period. To the extent not previously so converted or redeemed, on the maturity date, the Noteholders shall be deemed to have exercised their right to convert all outstanding Mandatory Convertible Notes and such Mandatory Convertible Notes will automatically convert to SHK Shares. |
| Right to participate in distribution: | If the Issuer distributes more than 50% of its Consolidated Net Income in respect of any six month period beginning on the date immediately after the date of the last interest payment date to the last date of the following interest payment date (both dates inclusive) by way of distribution (whether in cash or scrip), the Noteholders shall be entitled to and receive an amount equal to such distribution on an as converted basis less the amount of interest received by the Noteholders in respect of such relevant period. |

- SHK Shares to be issued: The SHK Shares to be issued upon conversion will rank at least pari passu with all other SHK Shares then outstanding, free and clear of all liens, claims, charges, security, encumbrances or like interest.
- Fractions of SHK Shares will not be issued on conversion and no cash adjustments will be made in respect thereof.
- Listing: No listing will be sought for the Mandatory Convertible Notes on the Stock Exchange or any other stock exchange.
- Redemption for Event of Default: The Noteholders will have the right at their sole option, to require the Issuer to redeem all (but not some) of the Mandatory Convertible Notes on the redemption date at a redemption amount equal to the principal amount of the Mandatory Convertible Notes plus any accrued but unpaid interest on the redemption date (the “Redemption Amount”), following the occurrence of any of the Events of Default (as defined in the Mandatory Convertible Notes terms and conditions).
- If the Noteholders exercise their right to redeem the Mandatory Convertible Notes upon the occurrence of an Event of Default, all Noteholders will be deemed to have exercised the same rights in respect of all Mandatory Convertible Notes held by them and the Issuer will redeem all the Mandatory Convertible Notes by paying the relevant Redemption Amount to each Noteholder on the redemption date.
- Redemption for breach of Subscription Agreement or Issue Documents: The Issuer may redeem all (but not some) of the Mandatory Convertible Notes held by the Investor and any of its Permitted Transferees at a redemption price equal to (a) the principal amount of such Mandatory Convertible Notes, plus (b) any accrued but unpaid interest, plus (c) any distribution amounts owing to the Investor, plus (d) an amount equal to 3% of the principal amount of the Mandatory Convertible Notes to be redeemed.
- General undertakings: The Issuer makes certain general undertakings to Noteholders. Certain undertakings are only in favour of the Investor and its Permitted Transferees if they hold at least 80% in aggregate principal amount of the Mandatory Convertible Notes which are issued to the Investor on the Closing Date, including:
- (a) it will not, and will procure that neither UAF and SHKS will not enter into any business that is unrelated to the general nature of its respective businesses as at 22nd April, 2010; and
 - (b) it will procure that the Gearing Ratio remains below 100%.

Form and denomination: The Mandatory Convertible Notes will be in registered form and in a minimum denomination of HK\$1,000,000 each or integral multiples thereof.

PRINCIPAL TERMS AND CONDITIONS OF THE WARRANTS

As advised and confirmed by SHK, the terms and conditions of the Warrants were determined after arm's length negotiations between the Issuer and the Investor. The principal terms and conditions of the Warrants, are summarised as follows:

Issuer: SHK

Issue size: HK\$427,000,000 in face value

Issue price: Nil

Transferability: The Warrants may only be transferred with the prior consent from the Issuer (which consent is to be considered at the sole discretion of the Issuer) (unless the transfer is made to a Permitted Transferee) and upon the Warrant holder obtaining the requisite regulatory approvals and consents required.

Subscription right: The Warrant holders have the right to subscribe for SHK Shares at any time during the subscription period. On expiry of the subscription period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose.

Expiration date: The date which is three years after the issue date of the Warrants.

Subscription period: The period commencing on the Closing Date, and ending on the expiration date.

Subscription price: HK\$6.25 per SHK Share (subject to adjustment under the terms and conditions of the Warrants).

Subscription price adjustment: The subscription price will be subject to adjustment in certain circumstances, including:

(a) if and whenever the Issuer shall pay or make any distribution to the SHK Shareholders that is not in the ordinary course and in accordance with past practice (including but not limited to any distribution expressed by the Issuer or declared by the SHK Board to be a capital distribution); and

- (b) adjustment from time to time on the occurrence of certain specified events that have a dilutive or concentrative effect on the value of the SHK Shares which include capitalisation of profits and reserves, subdivision, consolidation and reclassification of SHK Shares, rights issues, other issues of SHK Shares, issue of equity-related securities at a discount to the then market price, and modification of rights of conversion or exchange or subscription attached to options or warrants, provided that the new shares would be issued at less than the prevailing warrant strike price in the case of rights issue, other issues of SHK Shares or issue of equity-related securities.

SHK Shares to be issued: The SHK Shares to be issued upon exercise will rank at least pari passu with all other SHK Shares then outstanding, free and clear of all liens, claims, charges, security, encumbrances or like interest.

Fractions of SHK Shares will not be issued on exercise and no cash adjustments will be made in respect thereof.

Listing: No Listing will be sought for the Warrants on the Stock Exchange or any other stock exchange.

Form and denomination: The Warrants will be in registered form and in a minimum denomination of HK\$20,000 each and integral multiples thereof.

The SHK Directors consider that the terms of the proposed issue of the Mandatory Convertible Notes and the Warrants are fair and reasonable having considered the current market conditions and in the interests of the Issuer and the SHK Shareholders as a whole.

SHAREHOLDING STRUCTURE OF SHK

On conversion of the Mandatory Convertible Notes, based on the conversion price per SHK Share of HK\$5.00, a maximum of 341,600,000 SHK Shares will be issued upon full conversion of the principal amount of the Mandatory Convertible Notes, representing 16.32% of issued shares of the Issuer as enlarged by the issue of such SHK Shares.

On the exercise of the Warrants, based on the subscription price of HK\$6.25 per SHK Share, a maximum of 68,320,000 SHK Shares will be issued upon full exercise of the Warrants, representing 3.16% of the issued shares of the Issuer as enlarged by the issue of new SHK Shares upon full conversion of the Mandatory Convertible Notes and full exercise of the Warrants.

As advised and confirmed by SHK, the effects on the shareholding structure of SHK upon full conversion of the Mandatory Convertible Notes and the exercise of the Warrants are as follows:

| SHK Shareholders (Note 1) | As at the date of this announcement | | Assuming that the Mandatory Convertible Notes are fully converted into SHK Shares at the initial conversion price of HK\$5.00 per SHK Share | | Assuming that: (a) the Mandatory Convertible Notes are fully converted into SHK Shares at the initial conversion price of HK\$5.00 per SHK Share; and (b) the Warrants are fully exercised for SHK Shares at the initial subscription price of HK\$6.25 per SHK Share | |
|------------------------------|--|------------|--|--------------|---|--------------|
| | No. of SHK Shares | % | No. of SHK Shares | % | No. of SHK Shares | % |
| APL | 1,091,885,163 | 62.31 | 1,091,885,163 | 52.15 | 1,091,885,163 | 50.50 |
| Dubai Group Limited | 166,000,000 | 9.48 | 166,000,000 | 7.93 | 166,000,000 | 7.68 |
| John Zwaanstra | 171,306,788 | 9.78 | 171,306,788 | 8.18 | 171,306,788 | 7.92 |
| | (Note 2) | | (Note 2) | | (Note 2) | |
| Betty Lee Mei Wan | 113,085,000 | 6.45 | 113,085,000 | 5.40 | 113,085,000 | 5.23 |
| Other shareholders | 209,871,126 | 11.98 | 209,871,126 | 10.02 | 209,871,126 | 9.71 |
| Investor | <u>0</u> | <u>0</u> | <u>341,600,000</u> | <u>16.32</u> | <u>409,920,000</u> | <u>18.96</u> |
| Total | <u>1,752,148,077</u> | <u>100</u> | <u>2,093,748,077</u> | <u>100</u> | <u>2,162,068,077</u> | <u>100</u> |

Notes:

1. The interests of the SHK Shareholders are extracted from the register kept under section 336 of the SFO and/or the latest information available to SHK.
2. This includes interests in (i) 87,158,824 SHK Shares; and (ii) unlisted cash settled derivatives of SHK giving rise to an interest in 84,147,964 underlying SHK Shares.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE MANDATORY CONVERTIBLE NOTES AND WARRANTS AND USE OF PROCEEDS

Since SHK is a 62.31%-owned subsidiary of APL, which in turn is a 74.36%-owned subsidiary of AGL as at the date of this announcement, both APL and AGL are expected to benefit, through their respective shareholdings in SHK, from the additional financial resources made available to SHK

through the Transaction. SHK is expected to benefit from the Transaction as the proceeds will be used to fund the development, distribution and/or provision of consumer finance services by SHK and/or its subsidiaries.

As advised and confirmed by SHK, after arm's length negotiations between the Issuer and Investor, the issue price of the Mandatory Convertible Notes was determined based on the face value of the Mandatory Convertible Notes and the Warrants were issued at nil consideration as part of the Transaction. The conversion price per SHK Share upon the conversion of the Mandatory Convertible Notes and the subscription price per SHK Share upon the exercise of the Warrants were determined after arm's length negotiations between SHK and the Investor with reference to the market price of the SHK Shares as well as the proposed distribution in specie in relation to the Tian An Restructuring. The conversion price of the Mandatory Convertible Notes and the subscription price of the Warrants above are considered and negotiated on a post-distribution basis. The distribution involves distributing 1.309 shares of APL for every SHK Shares held, on the basis of 1,752,148,077 SHK Shares in issue as at the date of this announcement. For illustrative purposes, based on the latest closing price per share of APL of HK\$1.66 as at 16th April, 2010 (being the last trading day prior to the suspension of trading in the shares of APL on the Stock Exchange), the value of the distribution per SHK Share is approximately HK\$2.173. However, SHK Shareholders should note that the value of distribution per SHK Share is determined by the market price per share of APL from time to time prior to the distribution.

As advised and confirmed by SHK, the total proceeds from the issue of the Mandatory Convertible Notes and the Warrants will be HK\$1,708,000,000 (before deduction of expenses) which will be paid by the Investor to SHK on the Closing Date and a further of HK\$427,000,000 would be received by SHK if the Warrants are exercised in full. As advised and confirmed by SHK, the proceeds will be used to fund the development, distribution and/or provision of consumer finance services by SHK and/or its subsidiaries ("Permitted Businesses") and prior to the proceeds being deployed for such purpose, SHK may use the proceeds for SHK's and/or its subsidiaries' general working capital purposes. If the capital required to implement the business plan (as may be modified by the SHK Board from time to time) for the Permitted Businesses is less than the proceeds from the issue of the Mandatory Convertible Notes and Warrants, the SHK Board shall determine how best to deploy the remaining proceeds in such a way that it considers to be in SHK's best interest and may deploy them accordingly.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

As advised and confirmed by SHK, SHK has not undertaken any fund raising activities in the past twelve months immediately prior to the date of this announcement except that SHK allotted 50,014,915 SHK Shares on 3rd June, 2009 upon the exercise of subscription rights by certain holders of 2009 Warrants. The total proceeds raised from the allotment of the SHK Shares were HK\$294,087,700.20 based on an adjusted subscription price of HK\$5.88 per SHK Share, and such proceeds were used for general working capital purposes.

INFORMATION ABOUT AGL, APL, SHK, THE INVESTOR AND CVC CAPITAL PARTNERS

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, the provision of medical and healthcare services, the provision of financial services, and investments in listed and unlisted securities.

APL

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

As at the date of this announcement, APL is beneficially owned as to approximately 74.36% by AGL.

SHK

SHK 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 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 62.31% by APL.

INVESTOR

As advised and confirmed by SHK, based on confirmations provided by the Investor, the Investor is a company incorporated in the Cayman Islands on 15th April, 2010, with limited liability. Its principal business is investment holding and it was incorporated specifically for the purpose of making this investment in the Issuer. The Investor is ultimately owned by funds which are advised by CVC AP, a company incorporated in Hong Kong.

CVC CAPITAL PARTNERS

As advised and confirmed by SHK, based on confirmations provided by the Investor, CVC Capital Partners (“CVC”) is one of the world’s largest private equity firms, with approximately US\$45 billion in equity funds. Founded in 1981, CVC now has a network of 20 offices and over 220 employees throughout Europe, Asia and the United States. CVC’s current portfolio consists of 52 companies, with aggregate sales of Euro 88 billion and over 300,000 employees. Since 1999, CVC, through CVC AP, has completed 32 investments in the Asia Pacific region. CVC’s previous investments in the financial services sector include:

- IG Group: UK’s leading provider of speculative investment products
- Collins Stewart: a leading independent financial advisory group in UK
- Fraikin: a leading commercial vehicle operational leasing company in Europe
- Acromas: UK’s leading provider of insurance, financial and travel services.

FINANCIAL EFFECTS OF THE TRANSACTION

Based on the audited accounts of SHK for the year ended 31st December, 2009 and in respect of the deemed disposal by APL, audited net asset value of the SHK Shares as at 31st December, 2009 was approximately HK\$12,683.4 million (of which HK\$1,497.9 million is attributable to the 11.81% interest that is deemed to have been disposed of as part of this Transaction).

The audited net profit of SHK (before taxation and extraordinary items) for the financial years ended 31st December, 2008 and 2009 was HK\$533.0 million and HK\$1,610.6 million respectively (of which HK\$62.9 million and HK\$190.2 million are respectively attributable to the 11.81% interest that is deemed to have been disposed of as part of this Transaction) and the net profit of SHK (after taxation and extraordinary items) for the financial years ended 31 December 2008 and 2009 was HK\$487.8 million and HK\$1,405.3 million respectively (of which HK\$57.6 million and HK\$166.0 million are respectively attributable to the 11.81% interest that is deemed to have been disposed of as part of this Transaction).

Assuming, after the completion of the Tian An Restructuring, the principal amounts of the Mandatory Convertible Notes and the Warrants are fully converted into SHK Shares at the initial conversion price of HK\$5.00 per SHK Share and subscription price of HK\$6.25 per SHK Share, respectively, APL’s shareholding in SHK will decrease from 62.31% by 11.81% to 50.50% after the completion of the full conversion. The results of SHK will continue to be consolidated into the APL group’s financial results. For illustrative purposes, the estimated gain to APL be derived from the deemed disposal will be, subject to audit, approximately HK\$51,721,000 directly credited to the consolidated equity, based on the audited net asset value of SHK as at 31st December, 2009 after adjusted for the estimated effect arising from the Tian An Restructuring and assuming the principal amounts of the Mandatory Convertible Notes and Warrants are fully converted into SHK Shares at the initial conversion price of HK\$5.00 per SHK Share and subscription price of HK\$6.25 per SHK Share, respectively.

Upon the completion of Tian An Restructuring, AGL's shareholding in APL will decrease from 74.36% to 65.12%. Assuming, after the completion of the Tian An Restructuring, the principal amounts of the Mandatory Convertible Notes and the Warrants are fully converted into SHK Shares at the initial conversion price of HK\$5.00 per SHK Share and subscription price of HK\$6.25 per SHK Share, respectively, AGL's effective interest in SHK will decrease from 40.58% by 7.69% to 32.89% after the completion of the full conversion. The results of SHK will continue to be consolidated into the AGL group's financial results. For illustrative purposes, the estimated gain to AGL be derived from the deemed disposal will be, subject to audit, approximately HK\$33,680,000 directly credited to the consolidated equity, based on the audited net asset value of SHK as at 31st December, 2009 after adjusted for the estimated effect arising from the Tian An Restructuring and assuming the principal amounts of the Mandatory Convertible Notes and Warrants are fully converted into SHK Shares at the initial conversion price of HK\$5.00 per SHK Share and subscription price of HK\$6.25 per SHK Share, respectively.

LISTING RULES IMPLICATIONS

SHK is an indirect non wholly-owned subsidiary of APL, which in turn is a non wholly-owned subsidiary of AGL. Under Rule 14.29 of the Listing Rules, a reduction of shareholding percentage following an allotment of new shares by a subsidiary of a listed issuer may be regarded as a deemed disposal by that listed issuer, which may fall to be treated as a notifiable transaction for the purposes of Chapter 14 of the Listing Rules.

The Transaction constitutes a deemed disposal of APL's equity interest in a subsidiary of APL which constitutes a discloseable transaction for APL on the basis that the relevant Percentage Ratio(s) for APL exceeds 5% but is below 25% and is subject to reporting and announcement requirements under the Listing Rules.

The Transaction constitutes a deemed disposal of AGL's equity interest in a subsidiary of AGL which constitutes a major transaction for AGL on the basis that the relevant Percentage Ratio(s) for AGL exceeds 25% but is below 75% and is subject to reporting, announcement and shareholders' approval requirements under the Listing Rules. As no person is required to abstain from voting on the Transaction at an extraordinary general meeting of AGL, AGL has obtained a written shareholders' approval from the controlling shareholder of AGL, namely Lee and Lee Trust, which holds 108,626,492 shares in AGL as at the date of this announcement (representing approximately 52.39% of the existing total issued share capital of AGL), for approving the Transaction in lieu of holding an extraordinary general meeting of AGL.

Despite the reduction of shareholding percentage, SHK will continue to be a subsidiary of each of APL and AGL.

Under Rule 13.36(1)(a) of the Listing Rules, allotment and issue of the Mandatory Convertible Notes and Warrants pursuant to the Subscription Agreement is conditional upon approval being obtained from SHK Shareholders.

AGL and SHK will each despatch a circular containing, among other things, further details of the Subscription Agreement and the issue of the Mandatory Convertible Notes and Warrants to their respective shareholders as soon as practicable. The circular to be despatched by SHK will also contain a notice to convene an EGM to approve the Subscription Agreement and the transactions contemplated thereunder including the issue of the Mandatory Convertible Notes and the Warrants.

At the request of each of AGL, APL, SHK and Tian An, trading in the shares of each of AGL, APL, SHK and Tian An has been suspended with effect from 9:30 a.m. on 19th April, 2010 to 21st April, 2010 pending the publication of the joint announcement of AGL, APL, SHK and Tian An relating to the Tian An Restructuring and remained suspended on 22nd and 23rd April, 2010 pending the publication of this announcement. Each of AGL, APL, SHK and Tian An has made an application to the Stock Exchange for the resumption of trading of their respective shares on the Stock Exchange from 9:30 a.m. on 26th April, 2010.

APPLICATION FOR LISTING

Applications will be made to the Stock Exchange for the listing of, and permission to deal in, the SHK Shares to be issued on conversion of the Mandatory Convertible Notes and upon exercise of the Warrants.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

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| “2009 Warrants” | warrants which entitled the holders to subscribe for SHK Shares at the adjusted subscription price of HK\$5.88 per SHK Share and which expired on 31st May, 2009 |
| “AGL” | Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373) |
| “AGL Directors” | directors of AGL |
| “APL” | Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 56) and a non wholly-owned subsidiary of AGL |
| “APL Directors” | directors of APL |
| “Business Day” | a day on which commercial banks and foreign exchange markets settle payments in Hong Kong and the Cayman Islands, excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted |

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| “Closing Date” | the date which is 21 days after and excluding the date upon which the last of the conditions precedent has been or remains satisfied or waived (as applicable) and if such day is not a Business Day on the next Business Day thereafter, provided that it shall be a date no later than 31 October 2010, or such other time and/or date as the Issuer and the Investor may agree in writing |
| “connected person” | has the meaning ascribed to that term in the Listing Rules and “connected persons” shall be construed accordingly |
| “Consolidated Net Income” | the aggregate of the net income (or loss) after deducting any minority interests of the Issuer and its subsidiaries for such period, on a consolidated basis, determined in conformity with Hong Kong Financial Reporting Standards (“HKFRS”) but excluding the upward or downward impact from the Closing Date (if any) of any fair value adjustments made in accordance with HKFRS to the carrying cost of the Warrants and/or the Mandatory Convertible Notes in the accounts of the Issuer) |
| “Deeds of Covenant” | the deed of covenant constituting the Mandatory Convertible Notes and the deed of covenant constituting the Warrants |
| “EGM” | an extraordinary general meeting of SHK to be convened to approve the terms of, and the transactions contemplated by, the Subscription Agreement and the Issue Documents including the issue of the Mandatory Convertible Notes and the Warrants |
| “Gearing Ratio” | the gearing ratio determined as follows: |
| | $\frac{A}{B}$ |
| | where: |
| | A is the amount of financial indebtedness (excluding the Mandatory Convertible Notes and any back-to-back margin financing for an initial public offering or any other similar financing provided by any of the Issuer’s holding companies or any subsidiaries of the Issuer’s holding companies); and |
| | B is the amount of Total Equity (excluding the Mandatory Convertible Notes) |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

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| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Investment Funds” | means any funds managed by any member of the SHK Group |
| “Investor” | Asia Financial Services Company Limited, a company incorporated under the laws of the Cayman Islands with limited liability |
| “Issue Documents” | the Mandatory Convertible Note terms and conditions, the Warrant terms and conditions and the Deeds of Covenant |
| “Lee and Lee Trust” | Lee and Lee Trust, a discretionary trust and is beneficially interested in 108,626,492 shares in AGL, representing approximately 52.39% of the existing total issued share capital of AGL as at the date of this announcement |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Main Board” | The Main Board of The Stock Exchange of Hong Kong Limited |
| “Mandatory Convertible Notes” | HK\$1,708,000,000 in aggregate principal amount of 2% mandatory convertible notes due 2013 mandatorily convertible into SHK Shares |
| “Noteholder(s)” | holder(s) of Mandatory Convertible Notes |
| “Percentage Ratio(s)” | percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction |
| “Permitted Transferee(s)” | means, as the case may be: <ul style="list-style-type: none"> (a) any affiliate of a holder of Mandatory Convertible Notes, from time to time and being a person with power and capacity to hold Mandatory Convertible Notes subject to and in accordance with the terms and conditions of the Mandatory Convertible Notes and (following conversion) SHK Shares; or (b) any affiliate of a holder of Warrants, from time to time and being a person with power and capacity to hold Warrants subject to and in accordance with the terms and conditions of the Warrants and (following exercise) SHK Shares |
| “PRC” | The People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan) |
| “SFO” | the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong |

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| “Share Entitlement Notes” | the share entitlement notes to be issued by a wholly-owned subsidiary of APL to SHK which will give SHK the right to call for the issue of 2,293,561,833 ordinary shares of APL at nil subscription price |
| “SHK” or “Issuer” | Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 86) and an indirect non wholly-owned subsidiary of AGL and APL |
| “SHK Board” | the board of directors of SHK from time to time |
| “SHK Directors” | directors of SHK |
| “SHK Group” | SHK and its subsidiaries from time to time |
| “SHK Share(s)” | ordinary share(s) of par value of HK\$0.20 each in the capital of the Issuer |
| “SHK Shareholder(s)” | holder(s) of SHK Shares |
| “SHKS” | Sun Hung Kai Securities Limited, a company with limited liability incorporated under the laws of Hong Kong and a subsidiary of SHK |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Agreement” | the conditional subscription agreement dated 22nd April, 2010 entered into between the Issuer and the Investor in relation to the proposed issue and subscription of the Mandatory Convertible Notes and the Warrants to the Investor |
| “Tian An” | Tian An China Investments Company Limited, a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 28) |
| “Tian An Restructuring” | the proposed acquisition by a wholly-owned subsidiary of APL of approximately 38.06% of the share capital of Tian An from the Issuer in consideration of an issue of the Share Entitlement Notes to the Issuer and the distribution of the Share Entitlement Notes by the Issuer to SHK Shareholders by way of a distribution in specie, details of which are set out in the joint announcement of AGL, APL, SHK and Tian An published on 26th April, 2010 |
| “Total Equity” | means, at any time, the total equity of the Issuer as set out in the financial statements of the Issuer under the heading “Total equity” (or such other similar heading) excluding the upward or downward cumulative impact from the Closing Date (if any) of any fair value adjustments made in accordance with HKFRS to the carrying cost of the Warrants and/or the Mandatory Convertible Notes in the accounts of the Issuer |

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| “Transaction” | the transactions contemplated under the Subscription Agreement |
| “UAF” | United Asia Finance Limited, a company incorporated under the laws of Hong Kong with limited liability and a subsidiary of SHK |
| “Warrants” | HK\$427,000,000 in face value of warrants exercisable to subscribe for SHK Shares |
| “%” | per cent. |

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

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

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

Hong Kong, 26th April, 2010

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:

Mr. 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. Goh Joo Chuan, Fevzi Timucin Engin, Joseph Kamal Eskandar (alternate to Mr. Fevzi Timucin Engin), Patrick Lee Seng Wei and Ming Ching

Independent Non-Executive Directors

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