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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**

**SALE OF SHARES OF APAC RESOURCES LIMITED**

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20th January, 2009

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## DEFINITIONS

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

“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 the Company
“associates”	having the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Company”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares, which took place on 31st December, 2008
“Completion Date”	the date of Completion, being 31st December, 2008
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 APAC Shares as at the Completion Date beneficially owned by ITSO

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## DEFINITIONS

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“Joint Announcement”	the joint announcement of the Company, APL and SHK dated 31st December, 2008 in relation to the Sale of the Sale Shares
“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
“Latest Practicable Date”	15th January, 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$2.00 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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 APL

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## DEFINITIONS

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“SHK Directors”	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 APAC Shares 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
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“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 Lee and 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
“%”	per cent.

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## LETTER FROM THE BOARD

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### **ALLIED GROUP LIMITED** **( 聯合集團有限公司 )**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 373)**

*Executive Directors:*

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

*Registered Office:*

22nd Floor  
Allied Kajima Building  
138 Gloucester Road  
Wanchai  
Hong Kong

*Non-Executive Directors:*

Arthur George Dew (*Chairman*)  
Lee Su Hwei

*Independent Non-Executive Directors:*

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

20th January, 2009

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

### **SALE OF SHARES OF APAC RESOURCES LIMITED**

#### **INTRODUCTION**

Reference is made to the Joint Announcement in which the Company, APL and SHK jointly announced 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.

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## LETTER FROM THE BOARD

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The entering into of the SP Agreements constitutes a discloseable transaction for the Company on the basis that the relevant Percentage Ratios for the Company exceed 5% but are below 25% pursuant to Rule 14.06(2) of the Listing Rules.

### 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

Based on the information provided by SHK and to the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Purchasers and their respective ultimate beneficial owners are independent third parties not connected with the Company and connected persons of the Company. 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 Directors, there are no prior transactions among SHK, SHKSC, ITSO, APL, the Company and each of the Purchasers, where applicable, which would require to be aggregated with 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 agreed to sell and Winning Beauty agreed 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 agreed to sell and Kindstart agreed to purchase 300,000,000 Sale Shares; and
- (3) in relation to SP Agreement III, SHKSC agreed to sell and Shiny Gloss agreed 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:

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## LETTER FROM THE BOARD

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### *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 had been paid 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 had been paid 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.



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## LETTER FROM THE BOARD

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### *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 had been paid 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(s) 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(s) is less than the amount due and owing by the relevant Purchaser(s) to the relevant Vendor(s), the relevant Purchaser(s) shall pay to the relevant Vendor(s) the balance thereof equal to the outstanding amount due and owing by the relevant Purchaser(s), including any Interest, 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 current and historical market interest rate levels and the cost of funding.

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## LETTER FROM THE BOARD

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### 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

As advised by SHK, Completion took place on 31st December, 2008. Prior to Completion, the Company, SHK, APL 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, the Company, SHK, APL and the Trustees do not have any other interests in APAC. As at the Latest Practicable Date, the Company, SHK, APL and the Trustees were still 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, the Company, SHK, APL and the Trustees will cease to have any interest in the Sale Shares.

### 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:

	<b>Year ended 31st December,</b>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
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 HKFRS.

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## LETTER FROM THE BOARD

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### 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 expected, as at the date of the signing of the SP Agreements, the Sale of the Sale Shares would generate a trading gain of approximately HK\$213,956,000 after payment of stamp duty and relevant fees and expenses. Following an increase in the mark-to-market value of the Sale Shares from the aggregate amount of HK\$138,261,000 to HK\$203,501,000 during the period from 30th November, 2008 to the Completion Date, the actual gain of approximately HK\$123,026,000 (after netting off an impairment allowance of HK\$25,690,000 for the second and third payments from the Purchasers) arising from the Sale of the Sale Shares which was calculated based on the Net Present Value and the mark-to-market value of the Sale Shares in a sum of HK\$203,501,000 as at the Completion Date has been recorded into the income statement of SHK Group 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.

The Group's profit attributable to the equity holders has increased by approximately HK\$57,683,000 as a result of the Sale of the Sale Shares. The total assets, total liabilities and minority interests of the Group have also increased by approximately HK\$123,697,000, HK\$671,000 and HK\$65,343,000 respectively after Completion.

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 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 the Company.

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## LETTER FROM THE BOARD

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### INFORMATION ABOUT THE COMPANY, APL, SHK, SHKSC, ITSO, APAC, WINNING BEAUTY, KINDSTART AND SHINY GLOSS

#### The Company

The Company 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 the Company 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 Latest Practicable Date, APL was beneficially owned as to approximately 73.91% by the Company.

#### 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 Latest Practicable Date, SHK was beneficially owned as to approximately 63.45% 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.

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## LETTER FROM THE BOARD

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### **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 with limited liability and its principal business activity is investment holding.

### **Kindstart**

Kindstart is a company incorporated in the British Virgin Islands with limited liability and its principal business activity is investment holding.

### **Shiny Gloss**

Shiny Gloss is a company incorporated in the British Virgin Islands with limited liability and its principal business activity is investment holding.

### **LISTING RULES IMPLICATIONS**

The entering into of the SP Agreements constitutes a discloseable transaction for the Company on the basis that the relevant Percentage Ratios for the Company exceed 5% but are below 25% pursuant to Rule 14.06(2) of the Listing Rules.

### **ADDITIONAL INFORMATION**

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

Yours faithfully,  
On behalf of the Board  
**Allied Group Limited**  
**Arthur George Dew**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' Interests

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

Name of Director	Name of company	Number of shares and underlying shares held	Approximate percentage of the relevant issued share capital	Nature of interests
Lee Seng Hui	The Company	108,649,413	44.52%	Personal interests (held as beneficial owner) in 22,921 Shares and other interest in 108,626,492 Shares ( <i>Note 1</i> )
Lee Su Hwei	The Company	108,626,492	44.51%	Other interests ( <i>Note 1</i> )
Mak Pak Hung	SHK ( <i>Note 2</i> )	15,000 ( <i>Note 3</i> )	0.00%	Personal interests (held as beneficial owner)

*Notes:*

1. Mr. Lee Seng Hui and Ms. Lee Su Hwei are trustees of Lee and Lee Trust, being a discretionary trust which indirectly held 108,626,492 Shares.
2. SHK is an indirect non wholly-owned subsidiary of APL which in turn is a non wholly-owned subsidiary of the Company. Therefore, SHK is an associated corporation of the Company within the meaning of Part XV of the SFO.
3. This represents the deemed interest in 15,000 shares of SHK (the "Awarded Shares") duly granted to Mr. Mak Pak Hung on 28th April, 2008 under the SHK Employee Ownership Scheme. The Awarded Shares are subject to a vesting scale in tranches whereby one-third of the Awarded Shares thereof shall be vested and become unrestricted from 16th April, 2009; another one-third thereof shall be vested and become unrestricted from 16th April, 2010; the rest of the one-third thereof shall be vested and become unrestricted from 16th April, 2011.
4. All interests stated above represent long positions.

Save as disclosed above, none of the Directors had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO.

**(b) Substantial Shareholders' and Other Persons' Interests**

Save as disclosed below and in paragraph (a) above, the Directors and the chief executive of the Company were not aware that there was any person who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of the Group.

- (i) *Interests in the Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO*

Name of Shareholder	Number of Shares held	Approximate percentage of the relevant issued share capital of the Company	<i>Notes</i>
Cashplus Management Limited ("Cashplus")	32,781,800	13.43%	–
Zealous Developments Limited ("Zealous")	32,781,800	13.43%	1, 2
Minty Hongkong Limited ("Minty")	75,844,692	31.07%	–
Lee and Lee Trust	108,626,492	44.51%	3, 4

Name of Shareholder	Number of Shares held	Approximate percentage of the relevant issued share capital of the Company	Notes
Penta Investment Advisers Limited (“Penta”)	20,992,000	8.60%	–
John Zwaanstra	20,992,000	8.60%	5
Profit Harbour Investments Limited (“Profit Harbour”)	19,081,324	7.82%	–
Yue Jialin	19,081,324	7.82%	6, 7
UBS AG	17,761,964	7.28%	8

*Notes:*

1. This represents the same interest of Cashplus in 32,781,800 Shares.
2. Cashplus is a wholly-owned subsidiary of Zealous. Zealous was therefore deemed to have an interest in the Shares in which Cashplus was interested.
3. Minty and Zealous are wholly-owned by the trustees of Lee and Lee Trust, being a discretionary trust.
4. Mr. Lee Seng Hui and Ms. Lee Su Hwei, both Directors, together with Mr. Lee Seng Huang are the trustees of Lee and Lee Trust and were therefore deemed to have an interest in the Shares in which Minty and Zealous were interested.
5. Mr. John Zwaanstra was deemed to have an interest in the Shares through his 100% interest in Penta.
6. This represents the same interest of Profit Harbour in 19,081,324 Shares.
7. Profit Harbour is wholly-owned by Mr. Yue Jialin. Mr. Yue Jialin was therefore deemed to have an interest in the Shares in which Profit Harbour was interested.
8. UBS AG was interested in 14,279,964 Shares in the capacity of beneficial owner and 3,482,000 Shares in the capacity of person having a security interest in shares.
9. All interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the register required to be kept under Section 336 of the SFO.



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

<b>Name of non wholly-owned subsidiaries of the Company</b>	<b>Name of shareholder</b>	<b>Number of shares held</b>	<b>Approximate percentage of the relevant issued share capital</b>
Best Decision Investments Limited	Christophe Lee Kin Ping	17,500	35.00%
Dalian Allied First Financial Centre Co. Ltd.	大連商業集團總公司	N/A	30.00%
Dalian Lianhua Plaza Development Co. Ltd.	大連民興房地產發展有限公司	N/A	20.00%
Hardy Wall Limited	Betterhuge Limited	35	35.00%
SHK Financial Data Limited	Unison Information Limited	49	49.00%
United Asia Finance Limited	ITOCHU Hong Kong Limited	25,625,000	18.64%

**3. DIRECTORS' SERVICE CONTRACTS**

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

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

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (other than such Directors being independent non-executive directors of any company carrying on business which competes or may compete with the Company) or their respective associates was considered to have interests in any competing businesses pursuant to the Listing Rules:

- (a) Mr. Arthur George Dew is a director of APL which, through a subsidiary, is partly engaged in the business of money lending;

- (b) Mr. Lee Seng Hui and Ms. Lee Su Hwei are two of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of APL, SHK, and Tian An China Investments Company Limited (“Tian An”) which, through their subsidiaries, are partly engaged in the businesses as follows:
- APL, through a subsidiary, is partly engaged in the business of money lending;
  - SHK, through certain of its subsidiaries, is partly engaged in the business of property investment in Mainland China and in the business of money lending; and
  - Tian An, through certain of its subsidiaries, is partly engaged in the business of property investment in Mainland China and in the business of money lending.
- (c) Mr. Lee Seng Hui is a director of Allied Kajima Limited which, through certain of its subsidiaries, is partly engaged in the businesses of property rental, management services and hospitality related activities; and
- (d) Messrs. Lee Seng Hui and Edwin Lo King Yau are directors of Tian An which, through certain of its subsidiaries, is partly engaged in the business of property investment in Mainland China and in the business of money lending.

Although the businesses of APL and Tian An also consist of property development in Hong Kong and Mainland China respectively, Messrs. Arthur George Dew, Lee Seng Hui and Edwin Lo King Yau are not regarded in this respect as being interested in a competing business to the Group, as each of APL and Tian An do not have property development in the same region.

Although the abovementioned Directors have competing interest in other companies by virtue of their respective common directorship, they will fulfil their fiduciary duties in order to ensure that they will act in the best interest of the Shareholders and the Company as a whole at all times. Hence the Group is capable of carrying on its businesses independently of, and at arm’s length from, the business of such companies.

## 5. LITIGATION

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

- (a) On 10th July, 2006, the Court of Final Appeal upheld the judgment (as amended by the Court of Appeal) of the Hong Kong Court of First Instance of 1st April, 2004, that Sun Hung Kai Securities Limited (“SHKS”), a wholly-owned subsidiary of SHK, holds a 12.5% interest in a 50/50 joint venture entered into between New World Development Company Limited (“NWDC”) and IGB Corporation Berhad to purchase land and build two international hotels plus a 200-unit serviced apartment complex in Kuala Lumpur, Malaysia (“Joint Venture”), and that accordingly, SHKS was liable to pay to NWDC the sums which NWDC had advanced to the joint venture company Great Union Properties Sdn. Bhd. (“GUP”) on behalf of SHKS, together with interest on such monies (“Judgment Sum”) and costs of the First Instance hearing and of the two appeals (“Costs Order”). SHKS had previously paid to NWDC the Judgment Sum and more recently a sum in

satisfaction of the Costs Order. Other claims from NWDC for amounts advanced to GUP on behalf of SHKS with respect to the Joint Venture had been paid previously by SHKS. SHKS is presently seeking the assistance of NWDC and Stapleton Developments Limited (“Stapleton”) to ensure that the legal interest of the issued shares of GUP which Stapleton holds on trust for SHKS be transferred to SHKS, and that GUP acknowledges and records in its accounts in the name of SHKS the amount of the shareholders’ loans made on behalf of SHKS to it.

- (b) By Notice dated 6th June, 2007, the Financial Secretary required the Market Misconduct Tribunal (“MMT”) (i) to conduct proceedings, and (ii) to hear and determine matters arising out of dealings in the securities of QPL International Holdings Limited dating back to May and June 2003. SHK’s indirect wholly-owned subsidiaries, Sun Hung Kai Investment Services Limited (“SHKIS”) and Cheeroll Limited (now known as Sun Hung Kai Strategic Capital Limited) were specified in the Notice with two employees accredited to SHKIS. The substantive hearing for the matter has been conducted, but as at the Latest Practicable Date, the MMT has not issued a decision.
- (c) In 2001, an order was made by the Hubei Province Higher People’s Court in China (“2001 Order”) enforcing a CIETAC award of 19th July, 2000 (“Award”) by which SHKS was required to pay US\$3,000,000 to Chang Zhou Power Development Company Limited (“JV”), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JV to SHK’s listed associate, Tian An, in 1998 and disposed of any and all interest it might hold in the registered capital of the JV (“JV Interest”) to Long Prosperity Industrial Limited (“LPI”) in October 2001.

Subsequent to those disposals, SHKS’ registered interest in the JV in the amount of US\$3,000,000 was frozen further to the 2001 Order. SHK is party to the following litigation relating to the JV:

- (i) On 29th February, 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited (“GBA”), LPI and Walton Enterprises Limited (“Walton”) (“2008 Writ”) in the High Court of Hong Kong against SHKS (“HCA 317/2008”). In the 2008 Writ, (a) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, for an alleged collateral warranty, and for alleged negligent and/or reckless and/or fraudulent misrepresentation; (b) LPI claims against SHKS damages for alleged breaches of a contract dated 12th October, 2001; and (c) Walton claims against SHKS for the sum of US\$3,000,000 under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and Walton also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the Court may think fit. The 2008 Writ was served on SHKS on 29th May, 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI waived and released SHKS from any claims including any claims relating to or arising from the JV Interest, the JV or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the JV Interest, the JV or any transaction related thereto.

- (ii) On 20th December, 2007, a writ (“Mainland Writ”) was issued by Cheung Lai Na (張麗娜) (“Ms. Cheung”) against Tian An and SHKS and was accepted by a mainland PRC court, 湖北省武漢市中級人民法院((2008)武民商外初字第8號), claiming the transfer of a 28% shareholding in the JV, and RMB19,040,000 plus interest thereon for the period from January 1999 to end 2007 together with related costs and expenses. The Mainland Writ is being vigorously defended.
- (iii) On 4th June, 2008, a writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung (“HK Writ”), seeking declarations that (a) Ms. Cheung is not entitled to receive or obtain the transfer of 28% or any of the shareholding in the JV from Tian An and SHKS; (b) Ms. Cheung is not entitled to damages or compensation; (c) Hong Kong is the proper and/or the most convenient forum to determine the issue of Ms. Cheung’s entitlement to any shareholding in the JV; (d) further and alternatively, that Ms. Cheung’s claim against Tian An and SHKS in respect of her entitlement to the shareholding in the JV is scandalous, vexatious and/or frivolous; and (e) damages, interest and costs as well as further or other relief (together with related costs and expenses). As at the Latest Practicable Date, the HK Writ has not been served on Ms. Cheung.
- (d) On 14th October, 2008, a writ of summons was issued by SHKIS in the High Court of Hong Kong against Quality Prince Limited, Allglobe Holdings Limited, the Personal Representative of the Estate of Lam Sai Wing, Chan Yam Fai Jane and Ng Yee Mei, seeking recovery of (a) the sum of HK\$50,932,876.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Having sold collateral for the partial recovery of amounts owing, the plaintiff filed a Statement of Claim in the High Court of Hong Kong on 24th October, 2008 claiming (a) the sum of HK\$36,030,376.64; (b) interest; (c) legal costs; and (d) further and/or other relief.

## 6. GENERAL

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