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If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor professional accountant or other professional advisers.

If you have sold or transferred all your shares in Allied Group Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ALLIED GROUP LIMITED

(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

DISCLOSEABLE TRANSACTION

**CONDITIONAL SALE AND PURCHASE OF THE ENTIRE ISSUED SHARE
CAPITAL OF WAH CHEONG DEVELOPMENT (B.V.I.) LIMITED WHICH
HOLDS APPROXIMATELY 51.15% OF THE ISSUED SHARE CAPITAL OF
QUALITY HEALTHCARE ASIA LIMITED**

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DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 7th May, 2008 made between SHK, Famestep and APL, relating to the conditional sale and purchase of the Sale Shares and the assignment of the Loan
“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
“B.V.I.”	British Virgin Islands
“Code”	The Hong Kong Code on Takeovers and Mergers
“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 all the Sale Shares and the assignment of the Loan pursuant to the Agreement
“connected person”	having the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director (in each case acting in the capacity of “Executive” under the Code)
“Famestep”	Famestep Investments Limited, a company incorporated in the B.V.I. with limited liability and a direct wholly-owned subsidiary of APL
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKGAAP”	the Hong Kong Generally Accepted Accounting Practice
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Announcement”	the joint announcement of the Company, APL and SHK dated 14th May, 2008 in relation to the conditional sale and purchase of the entire issued share capital of Wah Cheong which holds approximately 51.15% of the issued share capital of QHA
“Latest Practicable Date”	29th May, 2008, 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
“Loan”	the shareholder’s loan in the amount of HK\$271,391,445 due by Wah Cheong to SHK
“QHA”	Quality HealthCare Asia Limited, a company incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange and a non wholly-owned subsidiary of Wah Cheong
“QHA Dividends”	the dividends of approximately HK\$24,015,007 (being the final dividend of HK5.25 cents and the special dividend of HK14.4 cents per ordinary share of QHA) for the QHA Shares for the year ended 31st December, 2007 to be declared at the annual general meeting of QHA to be held on 4th June, 2008 and payable on 18th June, 2008
“QHA Shares”	122,213,776 shares of HK\$0.10 each representing approximately 51.15% of the entire issued share capital of QHA
“Sale Shares”	2,675,400 shares of US\$1.00 each representing the entire issued share capital of Wah Cheong
“SFC”	The Securities and Futures Commission of Hong Kong

DEFINITIONS

“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)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“US\$”	United States Dollars
“Wah Cheong”	Wah Cheong Development (B.V.I.) Limited, a company incorporated in the B.V.I. with limited liability, and a direct wholly-owned subsidiary of SHK
“Wah Cheong Dividends”	the dividends to be declared and paid by Wah Cheong to SHK, upon the receipt of the QHA Dividends by Wah Cheong before Completion, the amount being equal to the QHA Dividends
“Waiver”	a waiver from the obligation of Famestep, its holding companies, or parties acting in concert with any one of them (if any) to make a mandatory unconditional general offer for all the issued shares of QHA pursuant to Rule 26 of the Code as a result of the acquisition of the QHA Shares by Famestep through its acquisition of the Sale Shares
“%”	per cent.

LETTER FROM THE BOARD



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

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

Registered Office:

22nd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

4th June, 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

CONDITIONAL SALE AND PURCHASE OF THE ENTIRE ISSUED SHARE CAPITAL OF WAH CHEONG DEVELOPMENT (B.V.I.) LIMITED WHICH HOLDS APPROXIMATELY 51.15% OF THE ISSUED SHARE CAPITAL OF QUALITY HEALTHCARE ASIA LIMITED

INTRODUCTION

Reference is made to the Joint Announcement in which the Company, APL and SHK jointly announced that on 7th May, 2008, SHK as the vendor, Famestep (a direct wholly-owned subsidiary of APL) as the purchaser, and APL as the purchaser's guarantor entered into the Agreement, pursuant to which SHK has conditionally agreed to sell the Sale Shares and assign the Loan, and Famestep has conditionally agreed to purchase the Sale Shares and accept the assignment of the Loan, at an aggregate consideration of HK\$470,690,000.

LETTER FROM THE BOARD

An initial deposit of HK\$47,069,000 was paid in cash by Famestep to SHK upon the signing of the Agreement. The balance of the aggregate consideration in the sum of HK\$423,621,000 will be settled in cash upon Completion.

Completion is conditional upon fulfillment of a number of conditions, including the granting of the Waiver by the Executive to Famestep.

The transactions contemplated in the Agreement constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, on the basis that the calculation of the relevant percentage ratios are within the range of 5% and 25%.

Since Famestep will be the beneficial owner of the QHA Shares immediately following Completion, Famestep has applied for the Waiver, without which it would be required under the Code to make a mandatory unconditional general offer for all the issued shares of QHA (other than those already owned or agreed to be acquired by Famestep, its holding companies, or parties acting in concert with any one of them) (if any). On 14th May, 2008, the Waiver was granted by the Executive.

THE AGREEMENT

Date

7th May, 2008

Parties

- (1) SHK as vendor
- (2) Famestep as purchaser
- (3) APL as purchaser's guarantor

The Sale Shares and the Assignment of the Loan

The Sale Shares represent the entire issued share capital of Wah Cheong as at the Latest Practicable Date.

Wah Cheong is the beneficial owner of the QHA Shares (being 122,213,776 shares of QHA representing approximately 51.15% of the entire issued share capital of QHA). Other than its investment in the QHA Shares, the only asset held by Wah Cheong is the bank balances of approximately HK\$167,000 as at 31st December, 2007, 7th May, 2008 and the Latest Practicable Date.

The sale and purchase of the Sale Shares are conducted on an ex-dividend basis under the Agreement, pursuant to which SHK is entitled to the Wah Cheong Dividends before Completion.

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The Sale Shares and the QHA Shares will be acquired free from any encumbrance as of Completion and there will be no restrictions which apply to the subsequent sale of the Sale Shares.

The Loan will be assigned by SHK to Famestep free from any encumbrance as of Completion.

Consideration

The aggregate consideration for the sale and purchase of the Sale Shares and the assignment of the Loan shall be HK\$470,690,000 (or effectively the equivalent of approximately HK\$3.85 per QHA Share). The aggregate consideration was arrived at after arm's length negotiations between SHK and Famestep, having regard to the carrying values of Wah Cheong and QHA in the consolidated financial statements of SHK as at 31st December, 2007, the actual amount of the Loan owed by Wah Cheong to SHK and the market value of the QHA Shares.

In particular, the consideration for the Sale Shares and the assignment of the Loan are HK\$199,298,555 and HK\$271,391,445 respectively. The consideration for the Sale Shares is determined with reference to the carrying values of Wah Cheong and QHA in the consolidated financial statements of SHK, and represents a disposal at a premium to SHK. The source of funding of APL for the acquisition of the Sale Shares and the assignment of the Loan will be generated from internal resources and borrowings, the latter of which are estimated to amount to approximately HK\$200,000,000.

The consideration for the assignment of the Loan represents the actual amount of the Loan owed by Wah Cheong to SHK.

In effect, the aggregate consideration represents:

- (i) a premium of approximately 30.51% to the closing price of HK\$2.95 per share of QHA as quoted on the Stock Exchange on the last trading day of the shares of QHA immediately before the date of the Joint Announcement;
- (ii) a premium of approximately 29.19% to the average closing price of approximately HK\$2.98 per share of QHA as quoted on the Stock Exchange for the last five trading days of the shares of QHA immediately before the date of the Joint Announcement;
- (iii) a premium of approximately 29.63% to the average closing price of approximately HK\$2.97 per share of QHA as quoted on the Stock Exchange for the last ten trading days of the shares of QHA immediately before the date of the Joint Announcement;
- (iv) a premium of approximately 29.63% to the average closing price of approximately HK\$2.97 per share of QHA as quoted on the Stock Exchange for the last one month of the shares of QHA immediately before the date of the Joint Announcement; and

LETTER FROM THE BOARD

- (v) a premium of approximately 30.95% to the closing price of HK\$2.94 per share of QHA as quoted on the Stock Exchange as at the Latest Practicable Date.

An initial deposit of HK\$47,069,000 was paid in cash by Famestep to SHK upon the signing of the Agreement. The balance of the aggregate consideration in the sum of HK\$423,621,000 will be settled in cash upon Completion from internal resources and borrowings, the latter of which are estimated to amount to approximately HK\$200,000,000.

Conditions

Completion is conditional upon the fulfillment of a number of conditions, including:

- (i) the Sale Shares, the QHA Shares and the Loan being free from any encumbrance as of Completion;
- (ii) the warranties as contained in the Agreement remaining true and accurate and not misleading in any material respect as given as of the date of the Agreement and as of Completion, and as given at all times between the date of the Agreement and Completion;
- (iii) SHK having complied in full with the obligations under the Agreement and otherwise having duly performed and observed all of the obligations, undertakings and covenants required to be performed and observed by them under the Agreement on or prior to Completion;
- (iv) all approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any governmental authority, regulatory body or any other third party necessary or desirable for the consummation of the transactions contemplated in the Agreement having been obtained by SHK and Wah Cheong and remaining in full force and effect;
- (v) the granting of the Waiver by the Executive and such Waiver not having been revoked;
- (vi) no matter, event, circumstance or change having occurred which has caused, causes or is likely to cause any material adverse effect on:
 - (a) the business, operations, prospects or financial condition, or a material portion of the properties or assets, of Wah Cheong or of its subsidiaries including any licensing issues; or
 - (b) the ability of SHK to perform or observe any of its obligations, undertakings or covenants under the Agreement;

LETTER FROM THE BOARD

- (vii) there being no applicable law which prohibits, restricts or imposes conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated in the Agreement;
- (viii) there being no bona fide proceedings in effect, pending or genuinely threatened as of Completion before any court, tribunal or arbitrator of a competent jurisdiction or by any governmental authority which seek to prohibit, restrict, impose condition or limitation on or otherwise challenge any of the transactions contemplated in the Agreement;
- (ix) QHA retaining its listed status, with the trading in the shares of QHA not having been suspended from listing, other than for suspensions of a routine nature, including (without limitation) any suspension relating to the transactions and matters contemplated referred to in the Agreement;
- (x) compliance by the Company, APL and SHK with all applicable disclosure and independent shareholders' approval requirements under the Listing Rules, as the case may be;
- (xi) Wah Cheong having paid the Wah Cheong Dividends to SHK; and
- (xii) the Loan being assigned by SHK to Famestep.

SHK will use its best endeavours to procure the fulfillment of all the conditions. If any of the conditions as set out in the Agreement is not fulfilled (or waived by Famestep, except conditions (v), (ix), (x) and (xii) which cannot be waived and except condition (xi) which can only be waived by SHK) on or before 31st July, 2008 (or such later date as may be agreed by SHK and Famestep in writing), no party will be obliged to proceed to Completion, and SHK shall forthwith refund to Famestep the full amount of the deposit previously received by it.

Completion

Subject to the fulfillment of the conditions set out in the Agreement, Completion will take place on the third business day after the day on which the last of the conditions is fulfilled (or otherwise waived) (or such other date as may be agreed by SHK and Famestep in writing) outside Hong Kong (or at a place agreed by SHK and Famestep in writing).

On Completion, the remaining balance of the consideration in the total sum of HK\$423,621,000 will be paid by Famestep to SHK in cash.

LETTER FROM THE BOARD

Waiver

Immediately upon Completion, Famestep, its holding companies, and parties acting in concert with any one of them (if any) will be interested in the QHA Shares. Accordingly, Famestep has made an application to the Executive for the Waiver from its obligations under the Code to make a mandatory unconditional general offer for all the issued shares of QHA (other than those already owned or agreed to be acquired by Famestep, its holding companies, or parties acting in concert with any one of them) (if any). On 14th May, 2008, the Waiver was granted by the Executive.

INFORMATION ABOUT THE COMPANY, APL, SHK, WAH CHEONG, FAMESTEP AND QHA

The Company

The Company is incorporated in Hong Kong with limited liability. Its shares 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 and the provision of financial services.

APL

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

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

As at the Latest Practicable Date, APL was beneficially owned as to approximately 73.79% by the Company.

SHK

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

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are 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 58.65% by APL.

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Wah Cheong

Wah Cheong is a company incorporated in the B.V.I. with limited liability. It is a direct wholly-owned subsidiary of SHK, and is the beneficial owner of the QHA Shares.

The principal business activity of Wah Cheong is investment holding.

Other than its investment in the QHA Shares, the only asset held by Wah Cheong is the bank balances of approximately HK\$167,000 as at 31st December, 2007, 7th May, 2008 and the Latest Practicable Date.

Famestep

Famestep is a company incorporated in the B.V.I. with limited liability. It is a direct wholly-owned subsidiary of APL.

The principal business activity of Famestep is investment holding.

QHA

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

The principal business activities of QHA are health administration, medical scheme administration and the provision of healthcare services.

As at the Latest Practicable Date, QHA was beneficially owned as to approximately 51.15% by Wah Cheong.

SUMMARY OF FINANCIAL RESULTS OF WAH CHEONG AND QHA

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

	Year ended 31st December,	
	2006	2007
	HK\$'000	HK\$'000
Revenue	5,957	33,150
Profit before tax	15,231	32,913
Profit after tax	15,231	32,913
Profit attributable to the equity holders of Wah Cheong	15,231	32,913

The audited net asset value of Wah Cheong as at 31st December, 2007 was approximately HK\$62,654,000.

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

	Year ended 31st December,	
	2006	2007
	HK\$'000	HK\$'000
Revenue	893,698	947,701
Profit before tax	78,300	71,593
Profit after tax	65,149	63,233
Profit attributable to the equity holders of QHA	65,149	63,233

The audited consolidated net asset value of QHA as at 31st December, 2007 was approximately HK\$307,412,000.

The accounts summarised above have been prepared in accordance with the HKGAAP.

Prior to Completion, Wah Cheong and QHA are subsidiaries of SHK and in turn subsidiaries of APL and the Company. Upon Completion, SHK will deconsolidate Wah Cheong and QHA. Wah Cheong and QHA shall remain as subsidiaries of APL and the Company upon Completion. Therefore, the results, assets and liabilities of Wah Cheong and QHA, which have already been consolidated by the Company and APL prior to Completion, will continue to be consolidated in the consolidated financial statements of the Company and APL.

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

The principal business activities of QHA and its subsidiaries are health administration, medical scheme administration and the provision of healthcare services. A plan has been formulated to effect an overall reorganisation of the businesses of the Group. This involves the sale and purchase of the Sale Shares (currently held by SHK), which is intended to consolidate the healthcare services businesses of QHA into APL within the Group.

Over the recent years, SHK has been crystallising the gain in some parts of its principal investment portfolio to allow redeployment of capital. The disposal of the Sale Shares will realise the capital investment of SHK in QHA.

Since the Sale Shares are disposed of at a premium to SHK, SHK will gain approximately HK\$170,897,000 from the disposal. The gain of approximately HK\$170,897,000 represents the sum of the aggregate consideration and Wah Cheong Dividends less (i) the carrying values of Wah Cheong and QHA in the consolidated financial statements of SHK as at 31st March, 2008; (ii) the Loan; and (iii) estimated expenses on disposal of Wah Cheong.

In the consolidated financial statements of the Company and APL, the gain on the disposal by SHK will be eliminated against the goodwill arising from the acquisition of Wah Cheong by Famestep. Accordingly, there will be no profit or loss effect attributable to the

LETTER FROM THE BOARD

Company and APL arising from the increase in effective interests in Wah Cheong and QHA by the Company. There will be no impact on the consolidated net asset value of the Group. The acquisition would also have no impact on the liabilities of the Group except for the borrowings of approximately HK\$200,000,000 estimated to be utilised for the settlement of the consideration, whereas the assets will be increased by the same amount.

APL has previously announced its intention to diversify its investments both geographically and into other industries with the objective of increasing returns to shareholders. The diversification of APL's investments into other industries will, in turn, diversify its sources of income. APL views the acquisition of Wah Cheong which secures the additional interests in QHA as part of its diversification strategy.

The Directors have also considered the facts (i) that the disposal of the QHA Shares will be at a premium to SHK; (ii) that APL is acquiring a profitable organisation; (iii) the long term benefits to APL to be derived from the QHA Shares; and (iv) the positive cash-flow position of QHA.

The consideration for the Sale Shares (i.e. HK\$199,298,555) represents approximately 37% premium over the carrying values of Wah Cheong and QHA in the consolidated financial statements of SHK as at 31st March, 2008, whilst the aggregate consideration represents a premium of approximately 13% over the carrying values of Wah Cheong and QHA in the consolidated financial statements of SHK as at 31st March, 2008 when the Loan (being part of the Agreement) has been taken into consideration in the calculation of the percentage premium to SHK.

As at the Latest Practicable Date, APL was indirectly interested in approximately 58.65% of the issued share capital of SHK which, through its wholly-owned subsidiary, Wah Cheong, indirectly holds approximately 51.15% of the issued share capital of QHA. Immediately following Completion, Famestep, a direct wholly-owned subsidiary of APL, will be directly interested in approximately 51.15% of the issued share capital of QHA.

Upon Completion, the effective interest of the Company in QHA will increase by approximately 15.60% from approximately 22.14% to approximately 37.74% of the entire issued share capital of QHA.

Having regard to the nature of and the benefits resulting from such reorganisation, the Directors believe that the terms of the transactions contemplated under the Agreement are fair and reasonable and in the interests of the Shareholders taken as a whole.

Unaudited consolidated net profits attributable to the Sale Shares for the two financial years ended 31st December, 2007 were:

- (i) a profit of approximately HK\$49,592,000 (before taxation) or a profit of approximately HK\$46,717,000 (after taxation) for the financial year ended 31st December, 2006; and

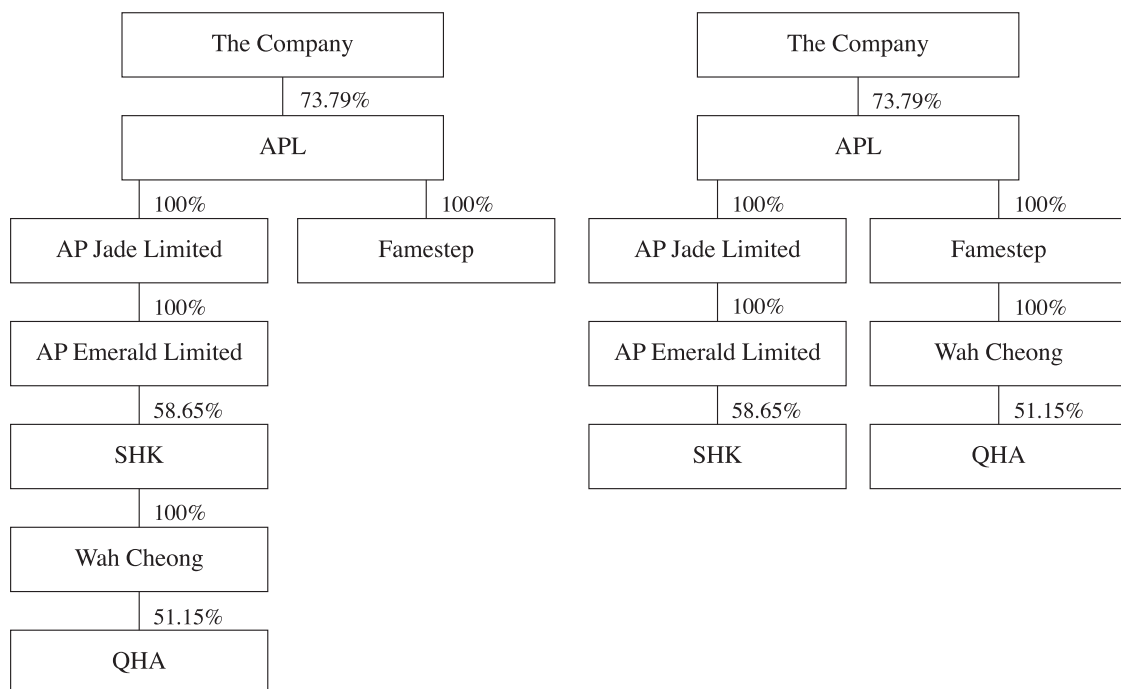
LETTER FROM THE BOARD

- (ii) a profit of approximately HK\$50,425,000 (before taxation) or a profit of approximately HK\$45,737,000 (after taxation) for the financial year ended 31st December, 2007.

Immediately following Completion, SHK will cease to hold any interests in Wah Cheong and QHA. The change in shareholding structure of the Group as at the Latest Practicable Date and after the Completion is as follows:

As at the Latest Practicable Date:

Immediately following the Completion:



LISTING RULES IMPLICATIONS

The transactions contemplated in the Agreement constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, on the basis that the calculation of the relevant percentage ratios are within the range of 5% and 25%.

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	Number of Shares held	Approximate percentage of the relevant issued share capital of the Company	Nature of interests
Lee Seng Hui	104,899,413	42.96%	Personal interests (held as beneficial owner) in 22,921 Shares and other interest in 104,876,492 Shares (<i>Note 1</i>)
Lee Su Hwei	104,876,492	42.95%	Other interests (<i>Note 1</i>)

Notes:

- Mr. Lee Seng Hui and Ms. Lee Su Hwei are trustees of Lee and Lee Trust, being a discretionary trust which indirectly held 104,876,492 Shares.
- All interests stated above represent long positions.

Save as disclosed above, none of the Directors or proposed directors of the Company (if any) 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 Division 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 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	Notes
Cashplus Management Limited ("Cashplus")	29,031,800	11.89%	–
Zealous Developments Limited ("Zealous")	29,031,800	11.89%	1, 2
Minty Hongkong Limited ("Minty")	75,844,692	31.05%	–
Lee and Lee Trust	104,876,492	42.95%	3, 4
COL Capital Limited ("COL Capital")	14,246,494	5.78%	5
Chong Sok Un	14,246,494	5.78%	6, 7
Penta Investment Advisers Limited ("Penta")	17,241,000	7.06%	–
John Zwaanstra	17,241,000	7.06%	8

Notes:

1. This represents the same interest of Cashplus in 29,031,800 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. The interest includes the holding of: (i) an interest in 6,791,170 Shares held by Honest Opportunity Limited (“Honest Opportunity”), a wholly-owned subsidiary of Classic Fortune Limited (“Classic Fortune”) which in turn is a wholly-owned subsidiary of COL Capital; and (ii) an interest in 7,455,324 Shares held by Focus Clear Limited (“Focus Clear”), a wholly-owned subsidiary of Besford International Limited (“Besford”) which in turn is a wholly-owned subsidiary of COL Capital. COL Capital was therefore deemed to have an interest in the Shares in which Honest Opportunity, Classic Fortune, Focus Clear and Besford were interested.
6. This represents the same interest of COL Capital in 14,246,494 Shares.
7. COL Capital was owned as to 37.32% by Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited which in turn is wholly-owned by Ms. Chong Sok Un. Ms. Chong Sok Un was therefore deemed to have an interest in the Shares in which COL Capital was interested.
8. Mr. John Zwaanstra was deemed to have an interest in the Shares through his 100% interest in Penta.
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

Name of non wholly-owned subsidiaries of the Company	Name of shareholder	Number of shares held	Approximate percentage of the relevant issued share capital
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 (not being the independent non-executive Directors) 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 businesses of money lending, provision of financial services and property investment in Hong Kong; and
 - Tian An, through a subsidiary, is partly engaged 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) Mr. Edwin Lo King Yau is a director of Tian An which, through a subsidiary, is partly engaged 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.

As the Board is independent from the boards of the abovementioned companies, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the businesses of such companies.

5. LITIGATION

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

- (a) 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, 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 in May and June 2003. SHK’s indirect wholly-owned subsidiaries, Sun Hung Kai Investment Services Limited and Cheeroll Limited (now known as Sun Hung Kai Strategic Capital Limited) were specified in the Notice with two employees of SHK group. Procedural determinations made by the MMT are to be the subject of judicial review, the hearing of which is set down to commence on 17th June, 2008.
- (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 SHKS’ listed associate, Tian An, in 1998 and disposed of any and all interest it might hold in the registered capital of the 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 has recently become aware of the following:
- (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 a collateral warranty, and for 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. On the Latest Practicable Date, the 2008 Writ was served on SHKS. SHKS is preparing to vigorously defend the proceedings. 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 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 Interest, the JV or any transaction related thereto.

- (ii) On 20th December, 2007, a writ (“Mainland Writ”) was issued by 張麗娜 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. As at the Latest Practicable Date, SHK is preparing to vigorously defend proceedings commenced by the issuance of the Mainland Writ.

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 Mr. Edwin Lo King Yau. He is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators and a holder of a Master’s Degree in Applied Finance from Macquarie University, Australia. He is currently an Executive Director of the Company.
- (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.