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**ALLIED GROUP LIMITED**

**(聯合集團有限公司)**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 373)**

**MAJOR TRANSACTION**



**ALLIED PROPERTIES (H.K.) LIMITED**

**(聯合地產(香港)有限公司)**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 56)**

**MAJOR TRANSACTION**



**新鴻基有限公司**

**SUN HUNG KAI & CO. LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 86)**

**CONNECTED TRANSACTION**

**JOINT ANNOUNCEMENT**

**SECOND PLACING OF EXISTING SHARES AND  
SUBSCRIPTION FOR NEW SHARES**

On 17th May, 2006, AGL, APL and SHK jointly announced:

- (i) the 1st Placing (being the placing of 169,000,000 Shares by the Vendor, through 3V Capital, at a price of HK\$7.00 per Share);
- (ii) a potential placing of an additional 79,000,000 Shares by the Vendor at the same price of HK\$7.00 per Share; and
- (iii) the Subscription (being the subscription of 169,000,000 new Shares by the Vendor at the same price of HK\$7.00 per Share, together with a potential subscription of an additional 79,000,000 new Shares at the same price of HK\$7.00 per Share if the potential placing proceeds).

As a result of the 1st Placing, the Vendor, together with parties acting in concert with it, is currently beneficially interested in an aggregate of approximately 61.43 per cent. of the issued share capital of SHK.

On 18th May, 2006, the potential placing proceeded and became a placing of an additional 79,000,000 Shares of a legally-binding nature. The 2nd Placing Agreement was executed, pursuant to which the Vendor has agreed to place, through SHKIS as placing agent, 79,000,000 Shares to independent investors at a price of HK\$7.00 per Share. Accordingly, the potential subscription contemplated in the Subscription Agreement will also proceed, pursuant to which the Vendor will, on completion of the 2nd Placing, subscribe for 79,000,000 new Shares at the same price of HK\$7.00 per Share.

The 2nd Placing is fully underwritten by SHKIS.

The 2nd Tranche Placing Shares represent approximately 6.34 per cent. of the existing issued share capital of SHK and approximately 5.29 per cent. of the issued share capital of SHK as enlarged by the allotment and issue of the Subscription Shares (being a total of 248,000,000 new Shares agreed to be subscribed for by the Vendor pursuant to the Subscription Agreement).

The 2nd Placing and the Subscription are each conditional upon fulfilment of a number of conditions. **The 2nd Placing and the Subscription are conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the shares of AGL, APL and SHK.**

Net proceeds from the Subscription of approximately HK\$1,685,500,000, comprising approximately HK\$1,148,500,000 from the subscription of the 169,000,000 new Shares (being a net placing price of approximately HK\$6.80 per Share) in connection with the 1st Placing and approximately HK\$537,000,000 from the subscription of the 79,000,000 new Shares (being a net placing price of approximately HK\$6.80 per Share) in connection with the 2nd Placing, will be applied by the SHK Group to fund the possible acquisition of a majority interest in United Asia Finance Limited as announced on 2nd May, 2006 or, if such acquisition does not proceed, to fund new investments and acquisitions in future as and when opportunities arise and require and for general working capital purposes.

The 2nd Placing, when aggregated with the 1st Placing, constitutes a major transaction for both AGL and APL, on the basis that the calculations of the consideration ratio for both AGL and APL are within the range of 25 per cent. and 75 per cent., and the 2nd Placing Agreement is therefore subject to the approval of their respective shareholders. The trustees of Lee and Lee Trust, who together have an approximately 40.61 per cent. interest in AGL, have consented to approve such major transaction and to vote in favour of the resolution for approving such major transaction.

In addition, 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. Following completion of the 1st Placing, the 2nd Placing and the Subscription, the shareholding percentage of the Vendor and the parties acting in concert with it in SHK will be diluted from approximately 74.99 per cent. to approximately 62.55 per cent. Accordingly, such reduction of shareholding percentage will be regarded as a deemed disposal by APL and by AGL (through its interest in APL) of a 12.44 per cent. shareholding in SHK and a material dilution in the interest in SHK as a major subsidiary of APL and AGL (through its interest in APL).

Such deemed disposal and material dilution in the interest in SHK also constitute a major transaction for both AGL and APL, on the basis that the calculations of the consideration ratio for both AGL and APL are within the range of 25 per cent. and 75 per cent., and the Subscription Agreement is therefore subject to the approval of their respective shareholders under Rules 14.40 and 13.36(1)(a)(ii) of the Listing Rules. The trustees of Lee and Lee Trust, who together have an approximately 40.61 per cent. interest in AGL, have consented to approve such major transaction and to vote in favour of the resolution for approving such major transaction.

As stated in the Announcement, the Subscription Agreement constitutes a connected transaction for SHK and requires the approval of the independent shareholders of SHK. The Subscription Shares will be allotted and issued pursuant to the specific mandate granted by the independent shareholders of SHK at the general meeting to be convened for approving the Subscription Agreement. The 2nd Placing Agreement (including the appointment by the Vendor of SHKIS as placing agent for the 2nd

Placing) also constitutes a connected transaction for SHK and requires the approval of the independent shareholders of SHK. AGL, APL and its associates will abstain from voting on the resolutions for approving the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing) and the Subscription Agreement.

As stated in the Announcement, an independent board committee of SHK has been constituted to consider the terms of the Subscription Agreement and the grant of a specific mandate for the allotment and issue of the Subscription Shares and to make a recommendation to the independent shareholders of SHK. An independent board committee of SHK will also be constituted to consider the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing) and to make a recommendation to the independent shareholders of SHK. Independent financial advisers will be appointed to advise the independent board committee of SHK on the fairness and reasonableness of the transactions contemplated in the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing), the Subscription Agreement and the grant of a specific mandate for the allotment and issue of the Subscription Shares.

AGL and APL will each despatch a circular containing, amongst other things, details of the terms of the 1st Placing Agreement, the 2nd Placing Agreement and the Subscription Agreement, to their respective shareholders as soon as practicable. The circular to be despatched by AGL and APL will also contain a notice to convene an extraordinary general meeting to approve the 2nd Placing Agreement and the Subscription Agreement.

SHK will despatch a circular containing, amongst other things, details of the terms of the 1st Placing Agreement, the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing) and the Subscription Agreement, a letter from its independent board committee, a letter from the independent financial advisers and a notice to convene an extraordinary general meeting to approve the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing), the Subscription Agreement and the grant of a specific mandate for the allotment and issue of the Subscription Shares, to the shareholders of SHK as soon as practicable.

## **INTRODUCTION**

Reference is made to the Announcement, in which AGL, APL and SHK jointly announced:

- (i) the 1st Placing (being the placing of 169,000,000 Shares by the Vendor, through 3V Capital, at a price of HK\$7.00 per Share);
- (ii) a potential placing of an additional 79,000,000 Shares by the Vendor at the same price of HK\$7.00 per Share; and
- (iii) the Subscription (being the subscription of 169,000,000 new Shares by the Vendor at the same price of HK\$7.00 per Share, together with a potential subscription of an additional 79,000,000 new Shares at the same price of HK\$7.00 per Share if the potential placing proceeds).

As a result of the 1st Placing, the Vendor, together with parties acting in concert with it, is currently beneficially interested in an aggregate of approximately 61.43 per cent. of the issued share capital of SHK.

On 18th May, 2006, the potential placing proceeded and became a placing of an additional 79,000,000 Shares of a legally-binding nature. The 2nd Placing Agreement was executed, pursuant to which the Vendor has agreed to place, through SHKIS as placing agent, 79,000,000 Shares to independent investors at a price of HK\$7.00 per Share. Accordingly, the potential subscription contemplated in the Subscription

Agreement will also proceed, pursuant to which the Vendor will, on completion of the 2nd Placing, subscribe for 79,000,000 new Shares at the same price of HK\$7.00 per Share.

## **PLACING OF 79,000,000 EXISTING SHARES**

### **Placing Agreement dated 18th May, 2006 made between the Vendor and SHKIS**

- Vendor:** The Vendor, which is the controlling shareholder of SHK.
- Number of 2nd Tranche Placing Shares:** 79,000,000 Shares to be placed, representing approximately 6.34 per cent. of the existing issued share capital of SHK and approximately 5.29 per cent. of the issued share capital of SHK as enlarged by the allotment and issue of the Subscription Shares (being a total of 248,000,000 new Shares agreed to be subscribed for by the Vendor pursuant to the Subscription Agreement).
- Underwriting:** The 2nd Placing is fully underwritten by SHKIS.
- Placing price:** HK\$7.00 per Share, which was agreed after arm's length negotiations and represents:
- (i) a discount of approximately 10.83 per cent. to the closing price of HK\$7.85 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of this announcement; and
  - (ii) a discount of approximately 8.26 per cent. to the average closing price of HK\$7.63 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of this announcement.
- Placing agent:** SHKIS, which is an indirect wholly-owned subsidiary of SHK.
- Placing commission:** SHKIS will receive a placing commission of 2.5 per cent. on the gross proceeds of the 2nd Placing.
- Placees:** The 2nd Tranche Placing Shares will be placed to not less than six placees (which will be individual, corporate or institutional investors or a combination of them).
- Such placees and their respective ultimate owners are all:
- (i) independent of, and not acting in concert with, the Vendor and parties acting in concert with it; and
  - (ii) independent third parties not connected with SHK or its subsidiaries or any of their respective associates, or any of the connected persons of SHK or its subsidiaries or any of their respective associates.
- None of such placees is expected to become a substantial shareholder of SHK as a result of the 2nd Placing.

**Conditions:**

The 2nd Placing is conditional upon:

- (i) shareholders of AGL and APL approving the 2nd Placing Agreement in accordance with all applicable requirements under the Listing Rules;
- (ii) independent shareholders of SHK approving the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing); and
- (iii) completion of the 1st Placing.

None of the above conditions can be waived.

**The 2nd Placing is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the shares of AGL, APL and SHK.**

**Completion:**

The 2nd Placing must be completed on or before 16th August, 2006 (or such later date as may be agreed by the Vendor and SHKIS subject to compliance with the Listing Rules), failing which the 2nd Placing will cease and terminate.

**SUBSCRIPTION OF AN ADDITIONAL 79,000,000 NEW SHARES**

As a result of execution of the 2nd Placing Agreement, the potential subscription contemplated in the Subscription Agreement will also proceed, pursuant to which the Vendor will, on completion of the 2nd Placing, subscribe for 79,000,000 new Shares at the same price of HK\$7.00 per Share. Together with the 169,000,000 new Shares agreed to be subscribed for by the Vendor pursuant to the Subscription Agreement in connection with the 1st Placing, a total of 248,000,000 new Shares will be subscribed for by the Vendor pursuant to the Subscription Agreement, representing approximately 16.60 per cent. of the issued share capital of SHK as enlarged by the allotment and issue of the Subscription Shares.

Net proceeds from the Subscription of approximately HK\$1,685,500,000, comprising approximately HK\$1,148,500,000 from the subscription of the 169,000,000 new Shares (being a net placing price of approximately HK\$6.80 per Share) in connection with the 1st Placing and approximately HK\$537,000,000 from the subscription of the 79,000,000 new Shares (being a net placing price of approximately HK\$6.80 per Share) in connection with the 2nd Placing, will be applied by the SHK Group to fund the possible acquisition of a majority interest in United Asia Finance Limited as announced on 2nd May, 2006 or, if such acquisition does not proceed, to fund new investments and acquisitions in future as and when opportunities arise and require and for general working capital purposes.

The Subscription is conditional upon:

- (i) shareholders of AGL and APL approving the Subscription Agreement in accordance with all applicable requirements under the Listing Rules;
- (ii) independent shareholders of SHK approving the Subscription Agreement in accordance with all applicable requirements under the Listing Rules;
- (iii) independent shareholders of SHK approving the grant of a specific mandate for the allotment and issue of the Subscription Shares in accordance with all applicable requirements under the Listing Rules;

- (iv) the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and
- (v) completion of the 1st Placing and the 2nd Placing.

None of the above conditions can be waived.

Application will be made to the Stock Exchange to grant the listing of and permission to deal in the Subscription Shares. The Subscription Shares will rank equally with the Shares in issue at the time of allotment and issue of the Subscription Shares.

**The Subscription is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the shares of AGL, APL and SHK.**

The Subscription must be completed on or before 16th August, 2006 (or such later date as may be agreed by SHK and the Vendor subject to compliance with the Listing Rules), failing which the Subscription will cease and terminate.

Subject to completion of the Subscription, SHK will bear the costs and expenses in connection with the 2nd Placing and the Subscription, which are estimated to be approximately HK\$16,000,000. Any interest earned by the Vendor on the monies raised by the 2nd Placing, between the date of completion of the 2nd Placing and the date of completion of the Subscription, will be paid to SHK.

## **EFFECT OF THE PLACING AND THE SUBSCRIPTION**

The shareholding structure of SHK immediately before completion of the 2nd Placing, immediately after completion of the 2nd Placing but before completion of the Subscription, and immediately after completion of both the 2nd Placing and the Subscription are and will be as follows:

<b>Parties</b>	<b>Approximate shareholding percentage in SHK (Note 1)</b>		
	<b>Immediately before the 2nd Placing and the Subscription</b>	<b>Immediately after the 2nd Placing but before the Subscription</b>	<b>Immediately after the 2nd Placing and the Subscription</b>
The Vendor and parties acting in concert with it	61.43 (Note 2)	55.09 (Note 3)	62.55 (Note 4)
Placees	–	6.34	5.29
Public	38.57	38.57	32.16
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

*Notes:*

1. *The figures assume that other than the Subscription Shares, no new Shares are issued or purchased by SHK and that other than the 2nd Tranche Placing Shares, no Shares are sold or purchased by the Vendor and parties acting in concert with it, in each case, after the date of this announcement up to the date of completion of the Subscription.*
2. *The interests comprise 765,239,892 Shares which are held and beneficially owned as to 765,198,892 Shares by the Vendor and as to 41,000 Shares by a corporation wholly owned by Mr. Steven Samuel Zoellner, an APL Director.*

3. *The interests comprise 686,239,892 Shares which are held and beneficially owned as to 686,198,892 Shares by the Vendor and as to 41,000 Shares by a corporation wholly owned by Mr. Steven Samuel Zoellner, an APL Director.*
4. *The interests comprise 934,239,892 Shares which are held and beneficially owned as to 934,198,892 Shares by the Vendor and as to 41,000 Shares by a corporation wholly owned by Mr. Steven Samuel Zoellner, an APL Director.*

The aggregate beneficial interest of the Vendor and parties acting in concert with it in the issued share capital of SHK was reduced from approximately 74.99 per cent. to approximately 61.43 per cent. immediately following completion of the 1st Placing.

The aggregate beneficial interest of the Vendor and parties acting in concert with it in the issued share capital of SHK will be reduced from approximately 61.43 per cent. to approximately 55.09 per cent. immediately following completion of the 2nd Placing, but will increase to approximately 62.55 per cent. immediately following completion of the Subscription.

If completion of the Subscription does not take place, the aggregate beneficial interest of the Vendor and parties acting in concert with it in the issued share capital of SHK will be reduced from approximately 61.43 per cent. to approximately 55.09 per cent., but will not be increased to approximately 62.55 per cent.

## **INFORMATION ABOUT AGL, APL AND SHK**

### **AGL**

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

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

### **APL**

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

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

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

### **SHK**

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

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

As at the date of this announcement and as a result of the 1st Placing, SHK is beneficially owned as to approximately 61.42 per cent. by APL.

## **REASONS FOR AND BENEFITS OF THE 1ST PLACING, THE 2ND PLACING AND THE SUBSCRIPTION**

In view of current market conditions, the SHK Directors consider that the 1st Placing and the 2nd Placing, together with the Subscription, represent good opportunities to raise further working capital for SHK while at the same time broadening its shareholder and capital base.

Net proceeds from the Subscription of approximately HK\$1,685,500,000, comprising approximately HK\$1,148,500,000 from the subscription of the 169,000,000 new Shares (being a net placing price of approximately HK\$6.80 per Share) in connection with the 1st Placing and approximately HK\$537,000,000 from the subscription of the 79,000,000 new Shares (being a net placing price of approximately HK\$6.80 per Share) in connection with the 2nd Placing, will be applied by the SHK Group to fund the possible acquisition of a majority interest in United Asia Finance Limited as announced on 2nd May, 2006 or, if such acquisition does not proceed, to fund new investments and acquisitions in future as and when opportunities arise and require and for general working capital purposes.

Net profits attributable to the disposal by APL and by AGL (through its interest in APL) of 6.34 per cent. shareholding in SHK for the two financial years ended 31st December, 2005 were:

- (i) approximately HK\$26,174,000 (before taxation and extraordinary items) or approximately HK\$24,043,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2004; and
- (ii) approximately HK\$27,677,000 (before taxation and extraordinary items) or approximately HK\$25,510,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2005.

As at 31st December, 2005 (being the date up to which the latest published audited consolidated accounts of APL and AGL were made), the carrying value of the 6.34 per cent. shareholding in SHK disposed of by APL and AGL (through its interest in APL) was approximately HK\$370,312,000 (calculated on the basis of 6.34 per cent. of the consolidated net asset value of SHK as at 31st December, 2005). Accordingly, this will give rise to an estimated gain of approximately HK\$166,688,000 for APL and AGL (through its interest in APL).

The market value of the 6.34 per cent. shareholding in SHK disposed of by APL and by AGL (through its interest in APL) is approximately HK\$612,645,000 (calculated on the basis of HK\$7.755 per Share (on an ex dividend basis)).



Following completion of the 1st Placing, the 2nd Placing and the Subscription, the shareholding percentage of the Vendor and the parties acting in concert with it in SHK will be diluted from approximately 74.99 per cent. to approximately 62.55 per cent. Under the Listing Rules, such reduction of shareholding percentage will be regarded as a deemed disposal by APL and by AGL (through its interest in APL) of a 12.44 per cent. shareholding in SHK. Net profits attributable to such deemed disposal for the two financial years ended 31st December, 2005 were:

- (i) approximately HK\$51,357,000 (before taxation and extraordinary items) or approximately HK\$47,175,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2004; and
- (ii) approximately HK\$54,306,000 (before taxation and extraordinary items) or approximately HK\$50,054,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2005.

As at 31st December, 2005 (being the date up to which the latest published audited consolidated accounts of APL and AGL were made), the carrying value of the 12.44 per cent. shareholding in SHK deemed to be disposed of by APL and AGL (through its interest in APL) was approximately HK\$726,605,000. This will give rise to an estimated gain of approximately HK\$327,675,000 for AGL and APL (being the difference between 74.99 per cent. of the consolidated net asset value of SHK as at 31st December, 2005 of HK\$5,840,879,000 and 62.55 per cent. of the consolidated net asset value of SHK as adjusted by the net proceeds of the Subscription amounting to HK\$7,526,379,000 attributable to APL).

Following completion of the 1st Placing, the 2nd Placing and the Subscription, the market value of the 12.44 per cent. shareholding in SHK deemed to be disposed of by APL and by AGL (through its interest in APL) is approximately HK\$1,441,008,000 (calculated on the basis of HK\$7.755 per Share (on an ex dividend basis)).

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

Other than the 1st Placing, no funds were raised by SHK on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

The 2nd Placing, when aggregated with the 1st Placing, constitutes a major transaction for both AGL and APL, on the basis that the calculations of the consideration ratio for both AGL and APL are within the range of 25 per cent. and 75 per cent., and the 2nd Placing Agreement is therefore subject to the approval of their respective shareholders. The trustees of Lee and Lee Trust, who together have an approximately 40.61 per cent. interest in AGL, have consented to approve such major transaction and to vote in favour of the resolution for approving such major transaction.

In addition, 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. Following completion of the 1st Placing, the 2nd Placing and the Subscription, the shareholding percentage of the Vendor and the parties acting in concert with it in SHK will be diluted from approximately 74.99 per cent. to approximately 62.55 per cent. Accordingly, such reduction of shareholding percentage will be regarded as a deemed disposal by APL and by AGL (through its interest in APL) of a 12.44 per cent. shareholding in SHK and a material dilution in the interest in SHK as a major subsidiary of APL and AGL (through its interest in APL).

Such deemed disposal and material dilution in the interest in SHK also constitute a major transaction for both AGL and APL, on the basis that the calculations of the consideration ratio for both AGL and APL are within the range of 25 per cent. and 75 per cent., and the Subscription Agreement is therefore subject to the approval of their respective shareholders under Rules 14.40 and 13.36(1)(a)(ii) of the Listing Rules. The trustees of Lee and Lee Trust, who together have an approximately 40.61 per cent. interest in AGL, have consented to approve such major transaction and to vote in favour of the resolution for approving such major transaction.

As stated in the Announcement, the Subscription Agreement constitutes a connected transaction for SHK and requires the approval of the independent shareholders of SHK. The Subscription Shares will be allotted and issued pursuant to the specific mandate granted by the independent shareholders of SHK at the general meeting to be convened for approving the Subscription Agreement. The 2nd Placing Agreement (including the appointment by the Vendor of SHKIS as placing agent for the 2nd Placing) also constitutes a connected transaction for SHK and requires the approval of the independent shareholders of SHK. AGL, APL and its associates will abstain from voting on the resolutions for approving the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing) and the Subscription Agreement.

As stated in the Announcement, an independent board committee of SHK has been constituted to consider the terms of the Subscription Agreement and the grant of a specific mandate for the allotment and issue of the Subscription Shares and to make a recommendation to the independent shareholders of SHK. An independent board committee of SHK will also be constituted to consider the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing) and to make a recommendation to the independent shareholders of SHK. Independent financial advisers will be appointed to advise the independent board committee of SHK on the fairness and reasonableness of the transactions contemplated in the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing), the Subscription Agreement and the grant of a specific mandate for the allotment and issue of the Subscription Shares.

AGL and APL will each despatch a circular containing, amongst other things, details of the terms of the 1st Placing Agreement, the 2nd Placing Agreement and the Subscription Agreement, to their respective shareholders as soon as practicable. The circular to be despatched by AGL and APL will also contain a notice to convene an extraordinary general meeting to approve the 2nd Placing Agreement and the Subscription Agreement.

SHK will despatch a circular containing, amongst other things, details of the terms of the 1st Placing Agreement, the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing) and the Subscription Agreement, a letter from its independent board committee, a letter from the independent financial advisers and a notice to convene an extraordinary general meeting to approve the 2nd Placing Agreement (including the appointment of SHKIS as placing agent for the 2nd Placing), the Subscription Agreement and the grant of a specific mandate for the allotment and issue of the Subscription Shares, to the shareholders of SHK as soon as practicable.

## **UNUSUAL MOVEMENTS IN PRICE AND TRADING VOLUME OF SHARES IN SHK**

This statement is made at the request of the Stock Exchange and made by order of the SHK Board, the members of which individually and jointly accepted responsibility for the accuracy of the statements made below.

The SHK Board noted the recent increases in the price and trading volume of the shares of SHK and wishes to state that, save as disclosed in the Announcement, this announcement and another joint announcement of AGL, APL and SHK of today in relation to an update on the granting and taking an option over shares in Quality HealthCare Asia Limited, they were not aware of any reason for such increases. The SHK Board also wishes to confirm that save as disclosed in the joint announcement of AGL, APL and SHK dated 2nd May, 2006 in relation to the possible acquisition of a majority interest in United Asia Finance Limited, there were no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules; neither was the SHK Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which was or may be of a price-sensitive nature.

## **DIRECTORS**

### **AGL Directors**

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

*Executive Directors:*

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

*Non-executive Directors:*

Ms. Lee Su Hwei, Mr. Arthur George Dew

*Independent non-executive Directors:*

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

### **APL Directors**

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

*Executive Directors:*

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

*Non-executive Directors:*

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

*Independent non-executive Directors:*

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

### **SHK Directors**

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

*Executive Directors:*

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

*Non-executive Director:*

Mr. Arthur George Dew (Chairman)

*Independent non-executive Directors:*

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

**DEFINITIONS**

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 373)
“AGL Directors”	directors of AGL
“Announcement”	the joint announcement of AGL, APL and SHK dated 17th May, 2006
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 56)
“APL Directors”	directors of APL
“associates”	having the meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shares”	ordinary shares of nominal value of HK\$0.20 each in the issued share capital of SHK
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 86)
“SHK Board”	the board of directors of SHK
“SHK Directors”	the directors of SHK
“SHK Group”	SHK and its subsidiaries
“SHKIS”	Sun Hung Kai Investment Services Limited, a licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, and an indirect wholly-owned subsidiary of SHK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 12th May, 2006 made between the Vendor and SHK in relation to the Subscription (as supplemented on 17th May, 2006)
“Subscription Shares”	a total of 248,000,000 new Shares to be subscribed for by the Vendor pursuant to the Subscription Agreement
“Vendor”	AP Emerald Limited, a company incorporated in British Virgin Islands with limited liability, a wholly-owned subsidiary of APL and the controlling shareholder of SHK
“1st Placing”	the placing of 169,000,000 Shares at a price of HK\$7.00 per Share pursuant to the 1st Placing Agreement
“1st Placing Agreement”	the placing agreement dated 12th May, 2006 made between the Vendor and 3V Capital in relation to the 1st Placing (as supplemented on 17th May, 2006)
“2nd Placing”	the placing of the 2nd Tranche Placing Shares at a price of HK\$7.00 per Share pursuant to the 2nd Placing Agreement
“2nd Placing Agreement”	the placing agreement dated 18th May, 2006 made between the Vendor and SHKIS in relation to the 2nd Placing
“2nd Tranche Placing Shares”	the 79,000,000 Shares to be placed by SHKIS pursuant to the 2nd Placing Agreement
“3V Capital”	3V Capital Limited, a licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities

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

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

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

Hong Kong, 18th May, 2006