

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



ALLIED GROUP LIMITED
(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

MAJOR TRANSACTION

**CONDITIONAL SALE AND PURCHASE OF
THE ENTIRE ISSUED SHARE CAPITAL OF UAF HOLDINGS LIMITED**

A letter from the board of directors of Allied Group Limited is set out on pages 4 to 17 of this circular.

A notice convening the extraordinary general meeting of Allied Group Limited to be held at Plazas 1 to 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9th August, 2006 at 10:30 a.m. is set out on pages 73 and 74 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the registered office of Allied Group Limited at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment of the meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment of the meeting if they so wish.

30th June, 2006

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
The Conditional Sale and Purchase	5
The Agreement	5
Information about UAF Holdings and UAF	11
Information about the Company, AG Capital, APL, SHK and Swan Islands	12
Reasons for and Benefits of the Sale and Purchase of the Sale Share	15
Fund Raising Activities in the past 12 months	16
Listing Rules Implications	16
EGM	16
Procedures for Demanding a Poll	17
Recommendation	17
Additional Information	17
Appendix I – Profit Forecast	18
Appendix II – Business Valuation Report on the UAF Group	20
Appendix III – Valuation Report on the Properties of the UAF Group	40
Appendix IV – General Information	62
Notice of the EGM	73

DEFINITIONS

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

“AG Capital”	AG Capital Holding Limited, a company incorporated in the Cayman Islands with limited liability, and a direct wholly-owned subsidiary of the Company
“Agreement”	the sale and purchase agreement dated 13th June, 2006 made between AG Capital, the Company, Swan Islands and SHK, relating to the sale and purchase of the Sale Share
“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
“APL Directors”	directors of APL
“associates”	having the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Bonds”	the bonds agreed to be created and issued by Swan Islands pursuant to the Agreement
“B.V.I.”	British Virgin Islands
“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
“C\$”	Canadian dollars, the lawful currency of Canada
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened at Plazas 1 to 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9th August, 2006 at 10:30 a.m. for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated in it
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HIBOR”	the Hong Kong Interbank Offered Rate, at or about 11:00 a.m. (Hong Kong time) on the Telerate Screen Page 9898 or on the web page of The Hong Kong Association of Banks on the first day of the relevant period of interest payment in respect of the Bonds, for the offering of deposits in Hong Kong dollars for a period comparable to the relevant period of interest payment in respect of the Bonds and for the relevant amount
“HKBLA”	The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	30th June, 2006, 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 advanced by AG Capital to UAF Holdings in the amount of HK\$39,590,815
“Norton Appraisals”	Norton Appraisals Limited, a firm of independent professional valuers
“Sale Share”	one share of US\$1.00 in the issued share capital of UAF Holdings, representing the entire issued share capital of UAF Holdings
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of nominal value of HK\$2.00 each in the share capital of the Company
“Shareholders”	shareholders of the Company

DEFINITIONS

“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
“SHK Directors”	the directors of SHK
“SHK Group”	SHK and its subsidiaries
“SHK Shares”	shares of nominal value of HK\$0.20 each in the share capital of SHK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“Swan Islands”	Swan Islands Limited, a company incorporated in the B.V.I. with limited liability, and a direct wholly-owned subsidiary of SHK
“Takeovers Code”	Code on Takeovers and Mergers
“UAF”	United Asia Finance Limited, a company incorporated in Hong Kong with limited liability, and a direct non wholly-owned subsidiary of UAF Holdings
“UAF Group”	UAF and its subsidiaries
“UAF Holdings”	UAF Holdings Limited, a company incorporated in the B.V.I. with limited liability, and an indirect wholly-owned subsidiary of the Company
“UAF Holdings Group”	UAF Holdings and its subsidiaries
“US\$”	United States dollars, the lawful currency of the United States of America

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:

Lee Su Hwei
Arthur George Dew

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

30th June, 2006

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**CONDITIONAL SALE AND PURCHASE OF
THE ENTIRE ISSUED SHARE CAPITAL OF UAF HOLDINGS LIMITED**

INTRODUCTION

On 19th June, 2006, the Directors, APL Directors and SHK Directors jointly announced that, on 13th June, 2006, the Company, AG Capital (a direct wholly-owned subsidiary of the Company), SHK and Swan Islands (a direct wholly-owned subsidiary of SHK) entered into the Agreement, pursuant to which AG Capital has conditionally agreed to sell the entire issued share capital of UAF Holdings and assign the Loan, and Swan Islands has conditionally agreed to purchase the entire issued share capital of UAF Holdings and accept assignment of the Loan, at an aggregate consideration of HK\$4,328,000,000.

LETTER FROM THE BOARD

The transactions contemplated in the Agreement constitute a major transaction (with respect to the sale of the Sale Share, through AG Capital) for the Company, on the basis that the calculation of the consideration ratio is within the range of 25 per cent. and 75 per cent., and is therefore subject to the approval of Shareholders.

The purpose of this circular is (i) to provide the Shareholders with details of the terms of the Agreement; and (ii) to give the Shareholders notice of the EGM and other information in accordance with the requirements of the Listing Rules.

THE CONDITIONAL SALE AND PURCHASE

On 13th June, 2006, the Company, AG Capital (a direct wholly-owned subsidiary of the Company), SHK and Swan Islands (a direct wholly-owned subsidiary of SHK) entered into the Agreement, pursuant to which AG Capital has conditionally agreed to sell the entire issued share capital of UAF Holdings and assign the Loan, and Swan Islands has conditionally agreed to purchase the entire issued share capital of UAF Holdings and accept assignment of the Loan, at an aggregate consideration of HK\$4,328,000,000.

THE AGREEMENT

Date

13th June, 2006

Parties

- (1) AG Capital as vendor
- (2) the Company as warrantor
- (3) Swan Islands as purchaser
- (4) SHK as guarantor

The Sale Share

The Sale Share represents the entire issued share capital of UAF Holdings as at the Latest Practicable Date.

The Sale Share and the Loan will be acquired free from any encumbrance and together with all rights and benefits attaching or accruing to it on or after the date of the Agreement (including, without limitation, any dividend, bonus and distribution to be declared, paid or made out of or in respect of the profits of UAF Holdings or UAF for the year ending 31st December, 2006), except that AG Capital will remain fully entitled to:-

- (i) all dividends, bonuses and distributions declared, paid or made or to be declared, paid or made out of or in respect of the profits after tax (after taking into account of the extraordinary and exceptional items) as shown in the audited accounts of UAF for the year ended 31st December, 1995;

LETTER FROM THE BOARD

- (ii) the final dividends declared by UAF for the year ended 31st December, 2005; and
- (iii) the interim dividends (if any) to be declared by UAF for the year ending 31st December, 2006.

The Company has agreed to give certain representations and warranties in relation to AG Capital and the UAF Holdings Group, and to guarantee the performance and observance by AG Capital of its obligations and undertakings under the Agreement.

SHK has agreed to guarantee the cash payment obligation of Swan Islands under the Agreement.

Net profits attributable to the Sale Share for the two financial years ended 31st December, 2005 were:-

- (i) approximately HK\$434,188,000 (before taxation and extraordinary items) or approximately HK\$356,413,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2004; and
- (ii) approximately HK\$551,505,000 (before taxation and extraordinary items) or approximately HK\$455,200,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2005.

Consideration

The aggregate consideration for the sale and purchase of the Sale Share and the assignment of the Loan is HK\$4,328,000,000, comprising HK\$4,288,409,185 for the Sale Share and HK\$39,590,815 for the Loan.

The consideration was arrived at after arm's length negotiations between AG Capital and Swan Islands, having regard to a valuation report prepared by Norton Appraisals, a firm of independent professional valuers, on the overall value of the UAF Group and to the 50.91 per cent. interest held by UAF Holdings in UAF. Such valuation report, containing details of methodologies, bases and assumptions adopted for the valuation, is set out in Appendix II to this circular. On the basis of the valuation report prepared by Norton Appraisals, the overall market valuation of the UAF Group falls within the range from HK\$8,550,000,000 to HK\$8,890,000,000. The methodologies used by Norton Appraisals in obtaining the fair market value of the UAF Group are:-

1. Regression Analysis – This method is forward looking and establishes company value by referring to the latest forecast with reference made to key ratios achieved over a long period of time. To establish the market value of the UAF Group, Norton Appraisals has to ascertain the appropriate price to book multiple.

LETTER FROM THE BOARD

2. Discounted Cash Flow Analysis – This method is widely used and accepted to determine market value of a business or a firm. It is based on a simple reversal calculation to restate all future cash flow as in present term by obtaining the cost of equity of a company as a basic discount rate.

The key bases and assumptions for the Regression Analysis and the Discounted Cash Flow Analysis are:-

- All relevant legal approvals and business certificates or licences to operate the business in the localities in which the UAF Group operates or intends to operate would be automatically renewable upon expiry.
- The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals.
- The financial projections provided will be materialised.
- There will be a sufficient supply of technical staff in the industry in which the UAF Group operates.
- The UAF Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments.
- There will be no major changes in the current taxation laws in the localities in which the UAF Group operates or intends to operate, and the rates of tax payable will remain unchanged, and all applicable laws and regulations will be complied with.
- There will be no major changes in the political, legal, economic or financial conditions in the localities in which the UAF Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the UAF Group.
- Interest rates and exchange rates in the localities in which the UAF Group operates or intends to operate will not differ materially from those presently prevailing.

The consideration will be settled:-

- (i) as to HK\$1,528,000,000 in cash, payable on completion; and
- (ii) as to the balance by way of the creation and issue by Swan Islands of the Bonds to AG Capital (or its nominees) on completion.

Payment of the cash portion of the consideration will be financed in full from the net proceeds of the placing and subscription of 248,000,000 SHK Shares as announced in the joint announcements of the Company, APL and SHK dated 17th May, 2006 and 18th

LETTER FROM THE BOARD

May, 2006. Swan Islands will use its best endeavours to redeem, within 12 months from the date of completion of the sale and purchase of the Sale Share, up to HK\$500,000,000 of the outstanding principal amount of the Bonds. Such arrangement is not a commitment. If any redemption of the outstanding principal amount of the Bonds gives rise to any implication under the Listing Rules for the Company, the Company will comply with all the applicable disclosure requirements under the Listing Rules.

The Company and AG Capital have, unconditionally and irrevocably, jointly and severally represented and warranted to SHK and Swan Islands that the audited net profits of the UAF Group for the year ending 31st December, 2006 will not be less than HK\$500,000,000. No party will have any claim against any of the other parties to the Agreement if the difference between the audited net profits of the UAF Group for the year ending 31st December, 2006 is less than or more than five per cent. of HK\$500,000,000. In the event that the audited net profits of the UAF Group for the year ending 31st December, 2006 is less than HK\$500,000,000, the consideration payable for the sale and purchase of the Sale Share under the Agreement will be adjusted downward and the amount of the adjustment will be negotiated between the parties in good faith.

Bonds

The principal terms of the Bonds will be as follows:-

Date of issue:	date of completion of the sale and purchase of the Sale Share
Issuer:	Swan Islands
Term:	three years from the date of issue
Total principal amount:	HK\$2,800,000,000
Form and denomination:	Bonds for the amount of HK\$2,800,000,000 in registered form in the denomination of HK\$100,000,000 each
Interest:	simple interest at the rate of one per cent. above HIBOR per annum, payable half-yearly in arrears from the date of issue
Redemption:	– redeemable, at the option of Swan Islands, partially in an amount of not less than HK\$100,000,000 for each partial early redemption, at any time during the term of the Bonds (or as extended), by giving AG Capital one month's prior written notice of each partial early redemption

LETTER FROM THE BOARD

- redeemable in full upon the occurrence of an event of default under the terms and conditions of the Bonds (including, without limitation, the liquidation or winding-up of Swan Islands), or upon expiration of the term of the Bonds (or as extended), if not already redeemed

Option to extend:	exercisable by SHK and Swan Islands on reasonable market terms above HIBOR prevailing at the time, for a further term of three years from the expiry date of the initial term of the Bonds
Voting right:	not entitling holders of Bonds to attend or vote at any general meeting of Swan Islands
Transferability:	transferable by mutual agreement
Security:	to be secured by a mortgage over the Sale Share
Non-recourse:	in the event of failure to redeem any of the Bonds, recourse only against the mortgage over the Sale Share
Listing:	not to be listed on any stock exchange

The Company has undertaken to SHK that the Company will, at the request of SHK, capitalise up to HK\$1,000,000,000 of the outstanding principal amount of the Bonds by procuring APL to exercise its warrants in SHK (now in such number as would, if exercised, lead to the subscription of 186,839,778 new SHK Shares, at an initial subscription price of HK\$6.00 per SHK Share (subject to adjustments)) or by underwriting or procuring the underwriting of a rights issue or other agreed capital raising mechanisms which the Company and APL deem appropriate at their sole discretion and in the best interests of the Company and APL. If any capital raising mechanism agreed by the Company and APL gives rise to any implication under the Listing Rules, the Company and APL will comply with all the applicable disclosure requirements under the Listing Rules.

Conditions

Completion of the sale and purchase of the Sale Share is conditional upon fulfilment of a number of conditions, in particular:–

- (i) the Agreement being approved by the Shareholders and by the respective independent shareholders of APL and SHK in accordance with all applicable requirements under the Listing Rules;
- (ii) the SFC confirming that no mandatory general offer obligation would arise under the Takeovers Code, or otherwise waiving all such mandatory general offer obligations, in respect of the shares in HKBLA, as a result of the transactions contemplated in the Agreement;

LETTER FROM THE BOARD

- (iii) completion of the subscription of the 248,000,000 new SHK Shares, as announced in the joint announcements of the Company, APL and SHK of 17th and 18th May, 2006;
- (iv) all necessary approvals being obtained and maintained by AG Capital, Swan Islands and members of the UAF Group in respect of their licences in relation to their business activities, as a result of the transactions contemplated in the Agreement;
- (v) all necessary licences, authorisations, consents and approvals of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including banks), required for the implementation of the transactions contemplated in the Agreement being obtained and maintained; and
- (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 any member of the UAF Holdings Group; or
 - (b) the ability of AG Capital to perform or observe any of its obligations, undertakings or covenants under the Agreement.

The Company, AG Capital, SHK and Swan Islands will each use their respective best endeavours to fulfil, or procure the fulfilment of, the conditions (to the extent such party is responsible for such fulfilment). If any of the conditions is not fulfilled (or waived by Swan Islands, except for conditions (i) and (ii) which cannot be waived) on or before 11th September, 2006 (or such earlier or later date as may be agreed by AG Capital and Swan Islands in writing) or any party fails to proceed to completion, no party will be obliged to complete the sale and purchase of the Sale Share, whereupon the Agreement will cease to be of any force or effect.

As a result of the sale and purchase of the Sale Share, the Company will have acquired or consolidated control of HKBLA (a listed subsidiary of UAF) for the purposes of the Takeovers Code and will be required to make a general offer under Rule 26 of the Takeovers Code for the issued shares in HKBLA not already owned by the Company or parties acting in concert with it. An application will be made by the Company to seek confirmation from the SFC that no mandatory general offer obligation would arise under the Takeovers Code, or otherwise all such mandatory general offer obligations will be waived, in respect of the shares in HKBLA, as a result of the transactions contemplated in the Agreement.

There will be no general offer for the shares of HKBLA.

LETTER FROM THE BOARD

The sale and purchase of the Sale Share is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the securities of the Company, APL and SHK.

Completion

Subject to fulfilment of the conditions set out in the Agreement, completion of the sale and purchase of the Sale Share will take place on or before 15th September, 2006 (or such earlier or later date as may be agreed by AG Capital and Swan Islands in writing).

INFORMATION ABOUT UAF HOLDINGS AND UAF

UAF Holdings and UAF

UAF Holdings is a company incorporated in the B.V.I. with limited liability. It is an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of AG Capital.

UAF is a direct non wholly-owned subsidiary of UAF Holdings. As at the Latest Practicable Date, UAF was owned:-

- (i) as to approximately 50.91 per cent. by UAF Holdings;
- (ii) indirectly, through Swan Islands, as to approximately 7.27 per cent. by SHK; and
- (iii) by four other shareholders, none of whom had a controlling interest in UAF.

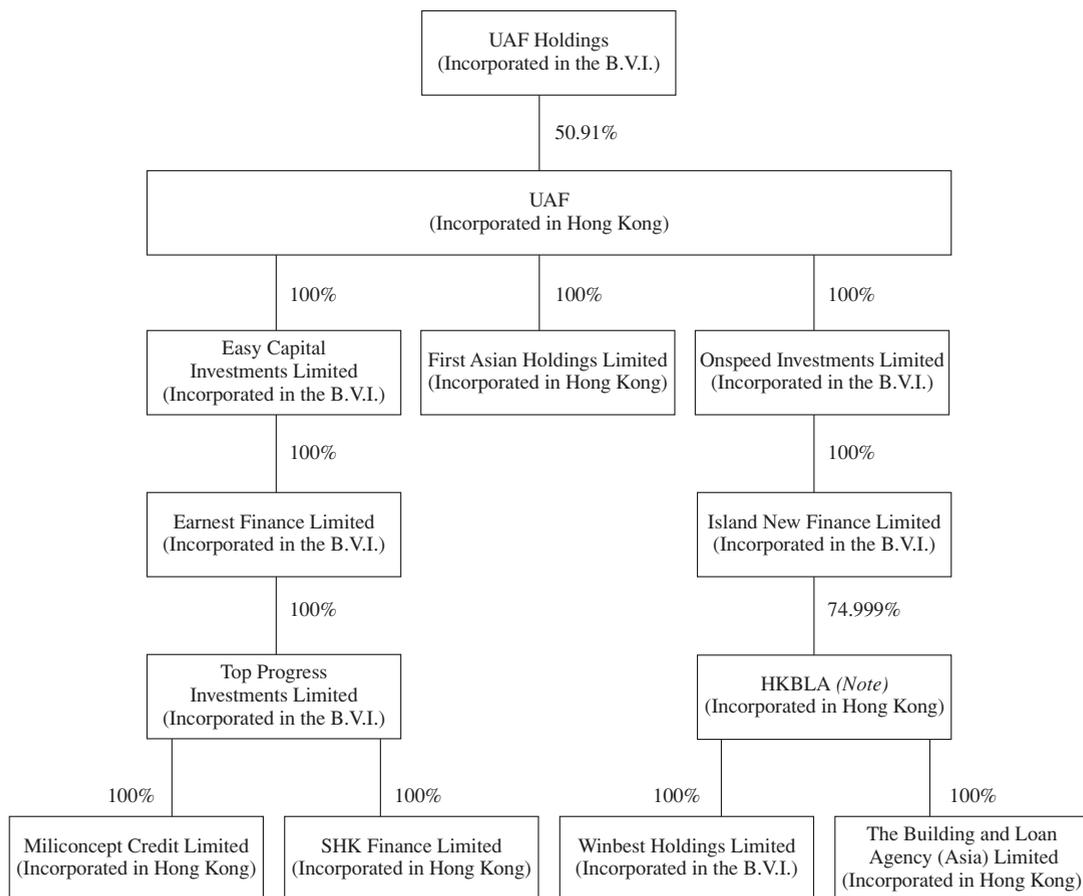
The four other shareholders and their respective ultimate owners are all independent third parties who are, other than at the level of UAF, not connected with the Company, APL, SHK or any of their respective subsidiaries, or any of their respective associates, or any of the connected persons of the Company, APL, SHK or any of their respective subsidiaries, or any of their respective associates.

The principal business activity of the UAF Group is consumer finance in Hong Kong. UAF is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and as at the Latest Practicable Date, had 35 branches throughout Hong Kong. HKBLA (a listed subsidiary of UAF) is engaged in the businesses of provision of mortgage finance, investment holding and treasury investments.

LETTER FROM THE BOARD

Group Chart

An overview of the corporate structure of the UAF Holdings Group as at the Latest Practicable Date is set out below:–



Note: Listed on the Stock Exchange (Stock Code: 145)

INFORMATION ABOUT THE COMPANY, AG CAPITAL, APL, SHK AND SWAN ISLANDS

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.

LETTER FROM THE BOARD

AG Capital

AG Capital is a company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of the Company.

As at the Latest Practicable Date, AG Capital was the beneficial owner of the entire issued share capital of UAF Holdings.

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 74.93 per cent. 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 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 Latest Practicable Date, SHK was beneficially owned as to approximately 61.42 per cent. by APL.

Swan Islands

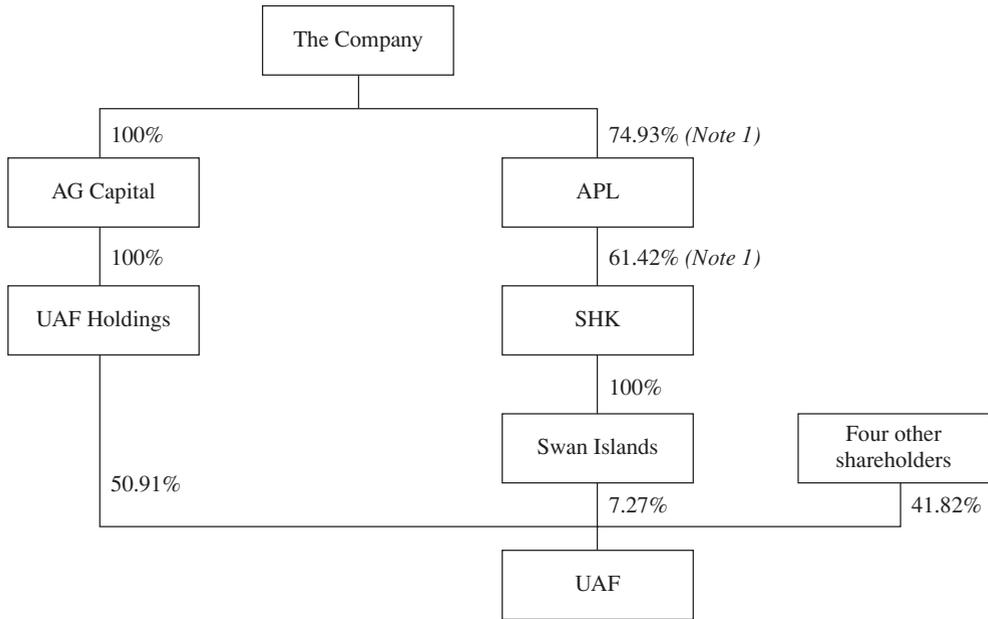
Swan Islands is a company incorporated in the B.V.I. with limited liability and is a direct wholly-owned subsidiary of SHK.

As at the Latest Practicable Date, it was the beneficial owner of approximately 7.27 per cent. of the issued share capital of UAF.

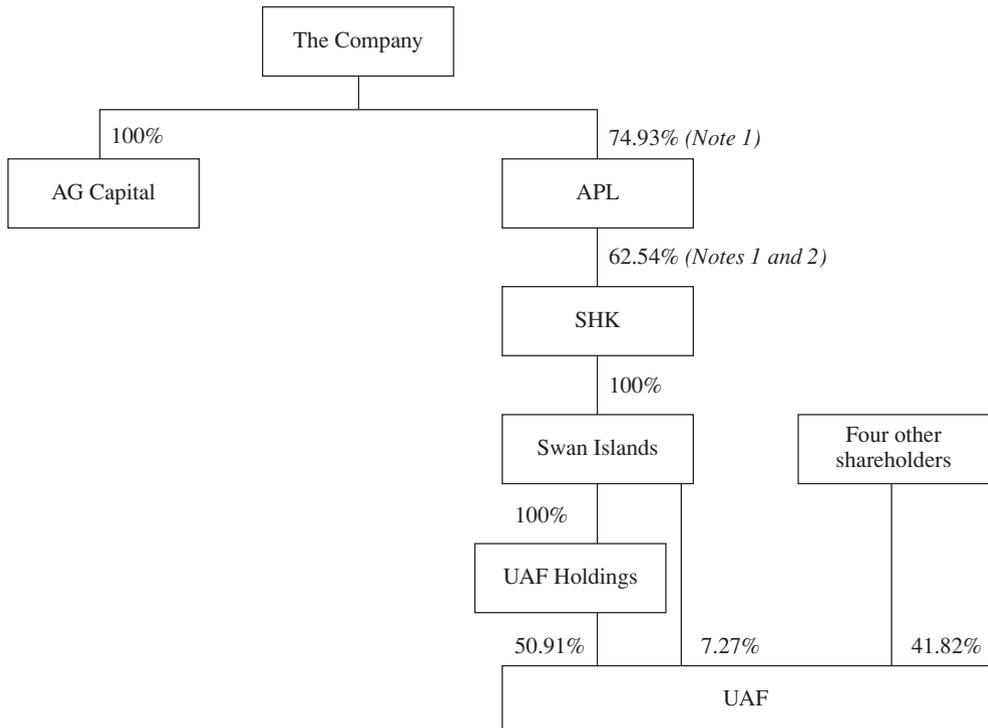
LETTER FROM THE BOARD

Group Charts

An overview of the shareholding structure of the Company, AG Capital, APL, SHK, Swan Islands, UAF Holdings and UAF as at the Latest Practicable Date is set out below:-



An overview of the shareholding structure of the Company, AG Capital, APL, SHK, Swan Islands, UAF Holdings and UAF after completion of the sale and purchase of the Sale Share is set out below:-



LETTER FROM THE BOARD

Notes:

1. These interests are held by the Company and APL themselves or through their respective wholly-owned subsidiaries, or a combination of both.
2. This represents the shareholding percentage in SHK after the placing of 79,000,000 SHK Shares and the subscription of 248,000,000 new SHK Shares, as announced in the joint announcements of the Company, APL and SHK dated 17th May, 2006 and 18th May, 2006.

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

A plan has been formulated to effect an overall group reorganisation of the loan and financial services businesses of the Group, which involves three listed companies, namely, the Company, APL and SHK. Such reorganisation is to be effected by way of the sale and purchase of the Sale Share and is intended to consolidate the loan and financial services businesses of the Group into SHK, which is expected to achieve ongoing operational economies and other benefits.

In respect of its loan and consumer finance business, the SHK Group recorded:-

- (i) a turnover of approximately HK\$167,930,000 for the year ended 31st December, 2004, representing approximately 20.81 per cent. of the total turnover of the SHK Group for such year; and
- (ii) a turnover of approximately HK\$184,888,000 for the year ended 31st December, 2005, representing approximately 23.30 per cent. of the total turnover of the SHK Group for such year.

The SHK Group intends to increase its degree of participation in the continuing growth of the Hong Kong economy, by way of a further expansion of its loan and consumer finance business. This objective may be pursued by increasing its investments in the UAF Group, in which SHK currently has an approximately 7.27 per cent. interest.

It is expected that following completion of the sale and purchase of the Sale Share, SHK will be in a position to consolidate its loan and financial services businesses, thereby expanding its overall market share through the ability to provide a wide range of finance products and other related services. UAF Holdings will change from an indirect wholly-owned subsidiary of the Company into an indirect non wholly-owned subsidiary of the Company through the Company's indirect interest in SHK. Accordingly, the Company will continue to enjoy the success of the UAF Group.

Having regard to the nature of and the benefits resulting from such reorganisation, the Directors, the APL Directors and the SHK Directors all believe that the terms of the sale and purchase of the Sale Share are fair and reasonable and in the interests of the shareholders of each of the Company, APL and SHK taken as a whole.

LETTER FROM THE BOARD

As at 31st December, 2005 (being the date up to which the latest published audited consolidated accounts of the Company were made), the aggregate carrying value of the Sale Share and the Loan to the Company was approximately HK\$1,073,272,000. Accordingly, the Company will have an estimated gain of approximately HK\$3,254,728,000 (before expenses of the sale). This gain will be eliminated against the goodwill arising on the acquisition of the Sale Share by Swan Islands in the consolidated accounts of the Company.

The sale of the Sale Share will generate net sale proceeds (before expenses) of HK\$4,328,000,000 for the Company, as to HK\$1,528,000,000 in cash and as to HK\$2,800,000,000 by way of the issue of the Bonds. The cash portion of the consideration will provide the Company with the capabilities to apply approximately HK\$805,000,000 to exercise its warrants in APL as and when desirable and to apply the balance to reduce its overall corporate indebtedness, to fund new investments as and when opportunities arise, and for general working capital purposes. The portion of the consideration represented by the issue of the Bonds, which is not immediately required by the Company in cash, will generate a stable income of one per cent. over HIBOR per annum in the form of half-yearly interest payments.

The unaudited consolidated total asset value and the unaudited consolidated net asset value of UAF Holdings as at 31st December, 2005 were approximately HK\$2,951,010,000 and HK\$2,074,966,000, respectively.

The sale and purchase of the Sale Share represents an overall group reorganisation of the loan and financial services businesses of the Group. Taking into account of the effect of the placing and subscription of 248,000,000 SHK Shares as announced in the joint announcements of the Company, APL and SHK dated 17th May, 2006 and 18th May, 2006 and the sale and purchase of the Sale Share, the Group will have its net assets increased by approximately HK\$1,685,500,000. There will be no material effects to the liabilities and earnings of the Group.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

No funds were raised by the Company on any issue of equity securities in the 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

The transactions contemplated in the Agreement constitute a major transaction for the Company, on the basis that the calculation of the consideration ratio is within the range of 25 per cent. and 75 per cent., and is therefore subject to the approval of the Shareholders.

EGM

A notice convening the EGM is set out on pages 73 and 74 of this circular. Ordinary resolution in respect of the Agreement will be proposed at the EGM.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is also enclosed. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment of the meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment of the meeting if they so wish.

PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 75 of the Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

RECOMMENDATION

The Board considers that the terms of the Agreement are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned. Accordingly, the Directors recommend all the Shareholders to vote in favour of the ordinary resolution set out in the notice of the EGM.

ADDITIONAL INFORMATION

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

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

Set out below are texts of the letters, prepared for inclusion in this circular, received by Directors from the Company's reporting accountants, Deloitte Touche Tohmatsu, and received by the Stock Exchange from the Board in connection with the forecast of the profit attributable to equity holders of UAF Group for the year ending 31st December, 2006.

(i) Letter from Deloitte Touche Tohmatsu

Deloitte.

德勤

The Board of Directors
Allied Group Limited
22nd Floor,
Allied Kajima Building,
138 Gloucester Road,
Wan Chai, Hong Kong

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the profit attributable to equity holders of United Asia Finance Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2006 (the "Profit Forecast Memorandum"), for which the directors of the Company are solely responsible. The Profit Forecast Memorandum is prepared based on the result shown in the unaudited management accounts of the Group for the 4 months ended 30 April 2006, and a forecast of the results for the remaining 8 months ending 31 December 2006.

In our opinion the Profit Forecast Memorandum, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the Group's audited financial statements for the year ended 31 December 2005 dated 27 March 2006.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

12 June 2006

(ii) Letter from the Board

The Stock Exchange of Hong Kong Limited
11th Floor
One International Finance Centre
1 Harbour View Street
Hong Kong

19th June, 2006

Dear Sirs,

RE: PROFIT FORECAST OF UNITED ASIA FINANCE LIMITED

We confirm that the forecast of the profit attributable to equity holders of United Asia Finance Limited and its subsidiaries contained in the joint announcement to be issued by the Company, Allied Properties (H.K.) Limited and Sun Hung Kai & Co. Limited on or about 20th June, 2006 is made after due and careful enquiry.

Your faithfully,
For and on behalf of
ALLIED GROUP LIMITED
Edwin Lo King Yau
Executive Director



Room 3830-32, Sun Kung Kai Centre
30 Harbour Road
Wanchai Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

30 June 2006

The Board of Directors
Allied Group Limited
22nd Floor, Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

The Board of Directors
Sun Hung Kai & Co. Limited
Level 12
One Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

Re: The 100% equity interest in the business enterprise of United Asia Finance Group

In accordance with your instructions for us to carry out an appraisal of the market value of the 100% equity interest in the business enterprise of United Asia Finance Limited and its subsidiaries (hereinafter together referred to as the "UAF Group"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the UAF Group as at 30 April 2006 (hereinafter referred to as the "Date of Appraisal").

This report states the purpose of appraisal and scope of our works, identifies the business appraised, describes the basis and methodology of our appraisal, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF APPRAISAL

This report is being prepared solely for the use of the directors and management of Allied Group Limited and Sun Hung Kai & Co. Limited (hereinafter referred to as the "Companies") and for the purpose of evaluating the proposed sale and purchase of the 50.91% issued shares of the UAF Group. In addition, Norton Appraisals Limited ("Norton Appraisals") acknowledge that this report may be made available to the independent financial advisors of the Companies and used by such advisors as one of the sources of information for formulating its advice to the independent directors and shareholders of the Companies, and, if requested, regulators (Stock Exchange).

Norton Appraisals assumes no responsibility whatsoever to any person other than the directors and management of the Companies in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2.0 SCOPE OF WORK

Our appraisal conclusions are based on the assumptions stated herein and on information provided by the management of the UAF Group or its representative (hereinafter referred to as the “Management”).

In preparing this report, we have had discussions with the Management and the Companies in relation to the development and prospects of the financial services industry in Hong Kong, and the development, operations and other relevant information of the UAF Group. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the UAF Group provided to us by the Management and the Companies and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We do not express an opinion as to whether the actual results of the business operation of the UAF Group will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation.

In applying these projections to the appraisal of the market value of the UAF Group, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

3.0 MARKET OVERVIEW OF FINANCIAL SERVICES INDUSTRY

3.1 Financial Services Industry

The Financial Services Industry is composed of three primary sectors: banking, securities and commodities, and insurance. The banking sector as discussed in 3.3 is regulated by the Banking Ordinance and the non-authorized institutions are mainly money lenders licensed under the Money Lenders Ordinance.

Among other business, the unsecured loan market of banking sector is undergoing a strong growth period. At the end of 2005, the market size of unsecured loan is HK\$90 billion which account for approximately 12% of the loan market. The unsecured loan market comprised of HK\$40 billion in personal loan market, HK\$30 billion in credit card rollover and an estimated HK\$10 billion in unreported amount. Details of which will be discussed below.

3.2 Consumer Finance Market

The consumer finance market is a collective term referring to personal finance extended to consumers in the form of:

- Unsecured personal loan, with or without a specified purpose;

- Secured finance, such as property, motor vehicle, securities, etc; and
- Credit card and related card business.

The Hong Kong economy has changed substantially after 1997, which led to a change in the equilibrium of banking business. Most banks are shifting their focus from commercial property development financing and personal mortgage business to more comprehensive business coverage. This inevitably extends to a long neglected market, the consumer finance market, which provides a new source of revenue, a higher margin and sustained growth.

3.3 Market Competitors

Hong Kong maintains a three-tier banking system. These three-tier institutions are, namely, licensed banks, restricted license banks and deposit-taking companies. They are collectively known as authorized institutions (AI's) under the Banking Ordinance. The Hong Kong Monetary Authority (HKMA) is the licensing authority for all three types of AI's. As at December 2004, there were 133 licensed banks, 40 restricted license banks and 35 deposit-taking companies. Other than AI's, anyone wishing to carry on business as a Money Lender must apply to a licensing court for a license under the Money Lenders Ordinance. The Ordinance does not apply to AI's under the Banking Ordinance.

3.3.1 Direct Competitors

At the end of 2004, there were 748 licensed Money Lenders. Most of them are carrying a smaller scale business or associated with securities sector. While the UAF Group is one of the leading players in the market, it has a number of direct competitors include: Aeon Credit, GE Capital, Promise, Prime Credit, and Public Financial (formerly known as JCG).

3.3.2 Indirect Competitors

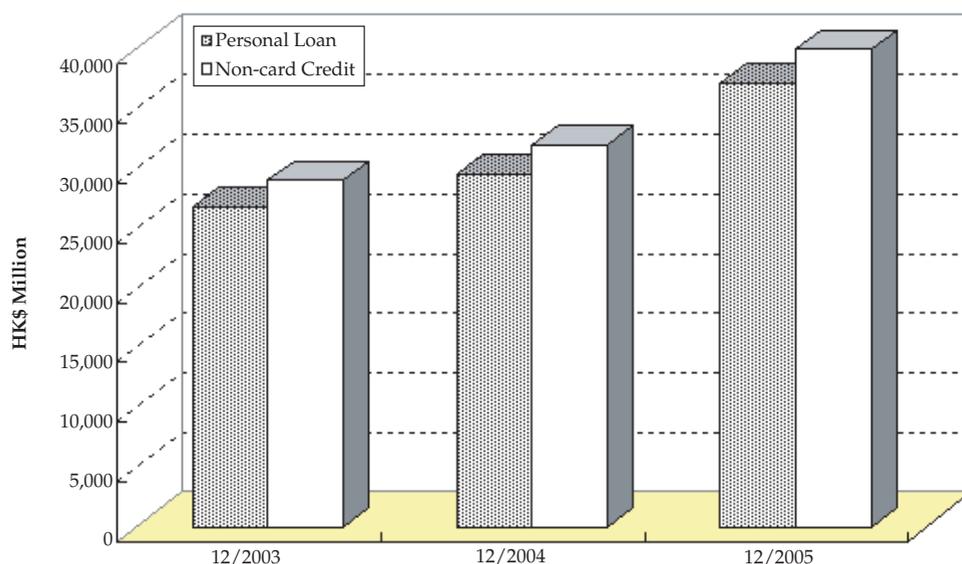
Most AI's can offer a more comprehensive product portfolio to their customers. They will even charge a more competitive rate than any Money Lender. However, the source of customers for these AI's is very different from those of Money Lenders.

These AI's mainly compete with UAF on the personal loan market while these institutions may compete with direct competitors of UAF on other fronts, such as, credit card business.

3.4 Market Findings

After the introduction of sharing positive consumer credit data, there emerged a significant market of low interest rate products to attract borrowers to consolidate their credit card outstanding amounts. From the statistics provided by TransUnion (as cited in the Hong Kong Monetary Authority Quarterly Bulletin, March 2006), the market share of non-bank financial institutions in these products increased from 25% in December 2003 to 30% in December 2005.

The non-card credit market expanded quickly and the aggregate amount increased by 38% from HK\$29 billion to HK\$40 billion from December 2003 to December 2005.



4.0 THE UAF GROUP

4.1 Brief History

United Asia Finance Limited (“UAF”) was incorporated on 29 January 1991 and licensed under the Hong Kong Money Lender Ordinance (Chapter 163) as a licensed Money Lender in Hong Kong.

UAF became a subsidiary of Allied Group Limited (“AGL”) after being acquired by a Joint Venture Company held by Allied Group Limited and Mr. Akihiro Nagahara in August 1993.

4.2 Shareholding and Corporation Structures

UAF Holdings (subsidiary of AG Capital)	50.91%
Swan Islands (subsidiary of Sun Hung Kai & Co. Ltd.)	7.27%
Four other shareholders	41.82%
	100.00%

4.3 Scope of Business

The UAF Group is a market leader in the consumer finance market. It operates a strong branch network (32 branches at the end of 2005) throughout Hong Kong with 389 staff and will continue to expand its network. It also extends its service through the internet in recent years.

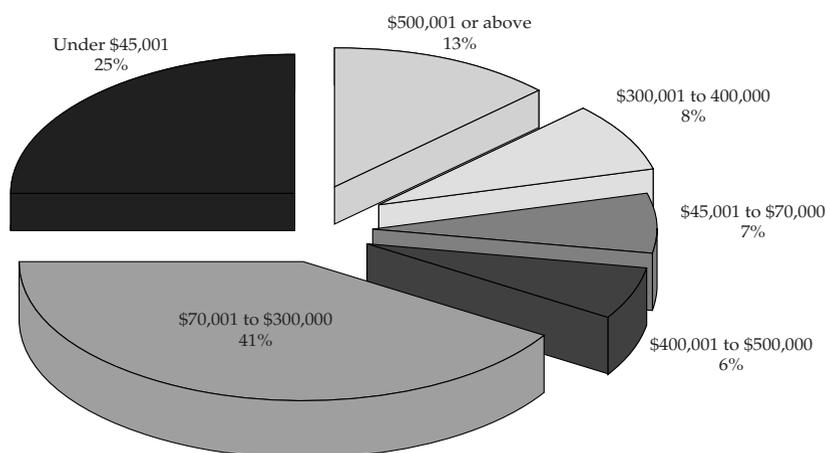
The UAF Group is innovative and addresses various financial needs of customers with a comprehensive range of personal loan products. Its product portfolio includes, unsecured personal installment loan, revolving loan, mortgage loan. While its present business is wholly Hong Kong based, it has also begun to explore new opportunities for expansion in Hong Kong and the PRC with initial focus in Shanghai and Shenzhen.

4.4 Operation of Business

The UAF Group has a strong client base with its existing market share of the consumer finance market, excluding card business, standing at 7.3%.

The UAF Group extends all size of loans to different customers to suit their specific needs. The following chart provides an analysis of percentage of business in term of original loan size extended to customers as of 31/12/2005.

Majority of its customers require a loan under HK\$300,000 and about 26.3% of them draw a loan above HK\$300,000.



Among these borrowers, around 83% of them came from private sector and the rest are civil servants, expatriates and overseas workers.



4.5 Competitive Advantage of the UAF Group

The UAF Group has 15 years presence in the consumer finance market and has its specialty in providing small amount personal loan promptly. Most of their staff has between 10 to 20 years experience in the industry. It has built its reputation of personalized service over the years and in particular dealing with its major categories of customers.

The marketing team of the UAF Group stays close to the market. This helps the team feel the latest beat of the market and know the market sentiments. The UAF Group can also respond to customer needs and offer loans under flexible terms with immediate approval if necessary.

Smaller loan size means that bad debt risk is spreading more evenly and helps minimize substantial write-offs if the borrower fails to repay. Although the risk exposure is low to the UAF Group, it maintains a prudent bad debt policy with provisions for impairment maintained at a level equals to 6.4% of outstanding loan balance, and an annual write-off at 4.7% on the outstanding loan balance at year end.

A sound risk management practice adheres to the latest industry standards also helps the UAF Group to prosper with bigger share of the market and increase its profitability over the last 4 years.

4.6 Source of Funding

The UAF Group has a strong internal financial resource and its loan book is mainly funded by such resource.

Where external funding is concerned, the UAF Group maintains good business relationship with Fubon Bank, Standard Chartered Bank, and Mizuho Corporate Bank as leading arranger for syndication loans.

The cost of funding is HIBOR linked and on the average HIBOR plus 100 basis points.

When the UAF Group continues to expand its loan book, more borrowings will be necessary to support such growth and the Management believes this can be arranged at similar terms.

4.7 Source of Revenue

The UAF Group is a licensed Money Lender with its business focuses on consumer finance. In 2005, the UAF Group generated 86.49% of its income from personal installment loan (approximate 40%) and revolving loan (approximate 60%) products, 12.75% from mortgage loan, and the remaining earned from other sources, including income contributed by subsidiaries.

<i>(in HK\$'000)</i>	2003	2004	2005	2006
Net Income from Money Lending	750,018	784,756	848,542	966,092
Other Operating Income	3,312	5,298	6,508	89,640
Total Operating Income	<u>753,330</u>	<u>790,054</u>	<u>855,050</u>	<u>1,055,732</u>

(Source: Audited financial statements for 2003 to 2005 and 4 months actual plus projections for 2006)

4.8 Actual Performance of the UAF Group Year 2003 – 2005

<i>(in HK\$'000)</i>	2003	2004	2005	2006
Total Operating Income	753,330	790,054	855,050	1,055,732
Operating Expenses	425,483	355,862	303,540	429,423
Profit Before Taxation	327,847	434,192	551,510	626,309
Taxation	56,211	77,775	96,305	108,902
Profit After Taxation	271,636	356,417	455,205	517,407
Minority Interests	–	–	843	1,700
Profit Attributable to Shareholders	<u>271,636</u>	<u>356,417</u>	<u>454,362</u>	<u>515,707</u>
Return on Equity	15.04%	18.64%	22.04%	21.53%
Income Growth over Last Year	3.19%	4.87%	8.23%	23.47%
Profit Growth over Last Year	68.24%	31.21%	27.72%	13.66%

(Source: Audited financial statements for 2003 to 2005 and 4 months actual plus projections for 2006)

4.9 Projections

The projected revenues of the UAF Group, according to the Management, for the financial years ending 31 December 2007, 2008, 2009, 2010 are as follows:

<i>(in HK\$'000)</i>	2007	2008	2009	2010
Total Operating Income	1,263,201	1,444,964	1,634,418	1,826,338
Operating Expenses	<u>472,931</u>	<u>517,078</u>	<u>565,387</u>	<u>610,320</u>
Profit Before Taxation	790,270	927,886	1,069,031	1,216,018
Taxation	<u>138,299</u>	<u>162,381</u>	<u>187,080</u>	<u>212,803</u>
Profit After Taxation	651,971	765,505	881,951	1,003,215
Minority Interests	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>
Profit Attributable to Shareholders	<u><u>650,271</u></u>	<u><u>763,805</u></u>	<u><u>880,251</u></u>	<u><u>1,001,515</u></u>
Return on Equity	22.90%	22.85%	22.47%	21.93%
Income Growth over Last Year	19.65%	14.39%	13.11%	11.74%
Profit Growth over Last Year	26.01%	17.41%	15.21%	13.75%

(Source: Projections made and supplied by the Management of the UAF Group)

5.0 MAJOR RISK FACTORS

5.1 Cost of Financing

The UAF Group does not rely heavily on external financing currently, however, if the loan book continues to grow, it may have to increase the size of external financing in the future. Since its cost of financing is HIBOR based, it may be reasonably expected that its cost may still subject to the anticipated increase in interest rate in the second half of 2006 and all external factors that will affect the local interest rate development. Despite the uncertainty involved, the market expectation that the interest rate may approach its highest level in 2006 and a general downward trend will emerge.

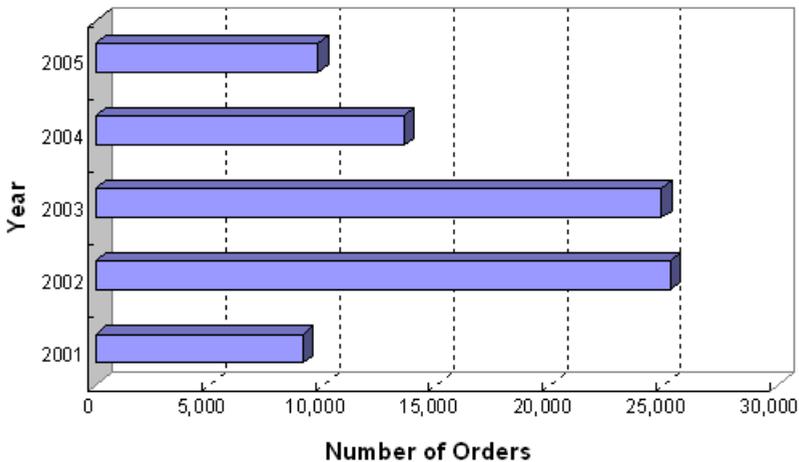
5.2 Unemployment Rate

While a higher unemployment rate may lead to higher risk of bad debt, it is possible that underemployment may induce more needs of personal loan for family to overcome the situation. Since 2005, the unemployment rate fall in the range between 5% to 6%, and the underemployment rate is within the range from 2% to 3%.

5.3 Numbers of Bankruptcy

Hong Kong has gone through a tough time since the Asian financial turmoil and is gradually recovering in the last couple years. The same has been evidenced by the increase in numbers of receiving/bankruptcy orders made in the bad time and a reduction of the same magnitude in the recovery period (*Source: Official Receiver's Office, The Hong Kong S.A.R. Government*).

Number of Receiving/Bankruptcy Orders Made



6.0 DEFINITION OF APPRAISAL

“Market Value” as used herein is defined as the estimated amount at which the business might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, and at arm’s length.

7.0 INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the management of the UAF Group in relation to the development and prospects of the financial services industry in Hong Kong, and the development, operations and other relevant information of the UAF Group. In addition, we have made relevant inquiries and obtained such further information/statistical figures regarding the financial services industry from external public sources as we consider necessary for the purpose of this appraisal. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the UAF Group provided to us by the Management and the Companies and have considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information.

The appraisal of an interest in the UAF Group requires consideration of all pertinent factors, which affect the operation of the business and its ability to generate future investment returns. The factors considered in this appraisal include, but not limited to, the following:

- The nature and prospect of the UAF Group and its businesses in financial services industry.
- The financial condition of the UAF Group.
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market of financial services.
- Licences and agreements.
- The projected business development schedule and future economic income stream of the business based on the assumptions made in the business plan.
- The business risk of the UAF Group such as the ability in maintaining competent technical and professional personnel.
- Investment returns and market transactions of entities engaged in similar lines of business.

8.0 GENERAL APPRAISAL APPROACHES

There are three generally accepted approaches to obtain the market value of the UAF Group, namely, the Market-Based Approach, the Asset-Based Approach and the Income-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing business entities that is similar in nature.

8.1 Market-Based Approach

It values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on analyses of those transactions are then to be applied to the fundamental financial variables of the subject business entity and to arrive at an indicated value of it.

8.2 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets.

The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and long-term debt). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

From a valuation perspective, the valuer will restate the values of all types of assets of a business entity from book value, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, the valuer can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", arrive at the value of the equity interests of the business entity.

8.3 Income-Based Approach

The Income-Based Approach focuses on the economic benefits generated by the income-producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits. Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

9.0 APPRAISALS APPROACHES FOR THE UAF GROUP

In the process of valuing the UAF Group, we considered that the Asset-Based Approach is not appropriate to arrive at the market value of the UAF Group in the financial services industry based on the fact that its value is not solely determined by its tangible assets but determined by its uniqueness of running the business, we have therefore considered the adopting of both the two classical valuation approaches to value, namely the **Market-Based Approach** and the **Income-Based Approach**, and arrive at the Market Value of the UAF Group.

9.1 Market-Based Approach

9.1.1 Comparable Companies Analysis

Comparable companies analysis is one of the Market-Based Approach methodologies, which requires certain degree of subjectivity. Validity of valuation is largely depending on the availability of direct comparables and data. Market value can only be established on the grounds of disclosed financials of comparable companies and may be subject to bias introduced by the choice of different accounting policies.

To assess the market value of the UAF Group, reference could be made to other listed consumer finance companies and AI's serving the money lending market in Hong Kong.

Appended is a summary of these companies. These data will also be used in 9.1.3 and discussed further.

Name	Market	Market	Price as % of		Price to:		RONA	Dividend Yield	Beta vs HSI
	Price 08/06/06	Cap (HK\$Mn)	52-wks High	52-wks Low	EPS FY05A	BVPS FY05A	FY05A		
Consumer Finance									
Public Financial Holdings Ltd, excl. ACB ^(b)	7.70 ^(a)	5,615	86%	124%	12.58	2.35	18.6%	9.7%	N/A
Public Financial Holdings Ltd, incl. ACB ^(b)	5.85	6,399	69%	101%	12.01	1.27	10.5%	12.8%	0.309
Aeon Credit Service (Asia) Co. Ltd	6.40	2,680	91%	134%	14.40	1.93	13.4%	2.8%	0.439
Authorized Institutions (AI's) based in Hong Kong									
HSBC Holdings PLC	134.00	1,538,023	94%	112%	13.07	2.13	16.3%	4.2%	0.794
Standard Chartered PLC	187.50	247,529	87%	132%	16.31	2.67	16.4%	2.7%	0.941
Hang Seng Bank Ltd.	96.05	183,632	89%	102%	16.19	4.31	26.6%	5.4%	0.620
BOC Hong Kong (Holdings) Ltd.	14.85	157,006	88%	105%	11.64	1.98	17.0%	5.4%	0.932
Bank of East Asia, Ltd.	30.55	46,957	91%	137%	17.08	1.94	11.4%	4.1%	0.792
Wing Hang Bank, Ltd.	69.90	20,556	90%	138%	15.24	2.47	16.2%	3.3%	0.795
Wing Lung Bank Ltd.	69.20	16,068	91%	128%	14.49	1.59	10.9%	3.9%	0.637
Dah Sing Banking Group Ltd.	13.80	12,854	85%	110%	13.13	1.49	11.3%	4.4%	0.854
CITIC International Financial Holdings Ltd.	4.43	14,166	89%	159%	12.84	1.50	11.7%	3.9%	0.689
Liu Chong Hing Bank Ltd.	15.95	6,938	86%	141%	17.43	1.19	6.8%	3.8%	0.703
Fubon Bank (Hong Kong) Ltd.	2.88	3,370	87%	114%	13.96	0.90	6.4%	5.9%	0.899

(a) Market price as of 14/02/2006

(b) ACB means Asia Commercial Bank

Max	94%	159%	17.43	4.31	26.6%	12.8%	0.94
Average	87%	124%	14.31	1.98	13.8%	5.2%	0.72
Median	88%	126%	14.18	1.93	12.5%	4.2%	0.79
Min	69%	101%	11.64	0.90	6.4%	2.7%	0.31

(Source: The Hong Kong Exchange, disclosures made by respective companies, and www.bloomberg.com)

9.1.2 Precedent Transactions Analysis

Another method under Market-Based Approach is to analyze similar transactions recently concluded, and determine an applicable price multiple to arrive at a market value. We have searched the disclosure database of the Hong Kong Exchange and referred to other public sources, and obtained the following completed transactions in the last three years.

These transactions are listed as follows:

Completion	Target Name	% of Share Acquired	Consideration (HK\$'Mn)	Price/LTM Earnings	Price to Book Value
27/08/2004	Advantage Limited	100%	980	41.9x	1.98x
31/12/2004	Niaga Finance	100%	148	N/A	0.94x
30/09/2005	Pacific Finance	100%	936	13.8x	1.76x
30/05/2006	Asia Commercial Bank	100%	4,500	47.4x	2.48x

(Source: The Hong Kong Exchange and disclosures made by respective companies)

9.1.3 Regression Analysis

Prospective valuation methods are forward looking and establish company value by referring to latest forecast with reference made to key ratios achieved over a longer period of time. To establish the market value of the UAF Group, we have to determine an appropriate price to book multiple or price to earnings multiple. This may be approximated from price to book multiple from suitable proxies.

It is understandable that price to book (P/B) ratio and price to book value per share (P/BVPS) ratio should vary across firms according to differences in their: future return on equity (ROE), or return on net assets (RONA); growth in book value; and risk, which drives the differences in discount rate.

Among these determinants, we may use different discount rate to reflect the underlying risk in discounted cash flow analysis, but it is difficult to estimate the growth element and the future return. Therefore, we use last reported financials of 10 selected comparables to test whether some form of co-relation exists between P/BVPS and RONA. From the study, we find that price to book multiple and price to earnings multiple are both significantly co-related with the RONA, that is the performance of a company.

This responded to the general understanding and assertion of premium may be added to a company's book value because of its outstanding performance, which is in the form of abnormal earnings in excess of earnings level normally expected by rational investors.

To verify our assumption, we have conducted two regression analyses based on the same set of data as below:

Name	Market Cap (HK\$'Mn)	Profit (HK\$'Mn)	Net assets (HK\$'Mn)	Price/BVPS (FY05A)	RONA (FY05A)
CITIC International	14,166	1,103	9,455	1.50	11.7%
Hang Seng Bank	183,632	11,342	42,571	4.31	26.6%
Bank of East Asia	46,957	2,749	24,197	1.94	11.4%
Public Financial (Note)	5,615	446	2,393	2.35	18.6%
Aeon Credit Service	2,680	186	1,390	1.93	13.4%
Wing Hang Bank	20,556	1,349	8,316	2.47	16.2%
Wing Lung Bank	16,068	1,109	10,136	1.59	10.9%
Dah Sing Banking Group	12,854	979	8,649	1.49	11.3%
Liu Chong Hing Bank	6,938	398	5,833	1.19	6.8%
Fubon Bank (HK)	3,370	241	3,749	0.90	6.4%

(Note: Closing price of 14/02/2006 is used, date immediately before acquisition of ACB announced.)

We have excluded data for HSBC, Standard Chartered, and BOC in the analyses as they are of an incomparable larger size and very different market focus as those of UAF. After careful consideration, we have included HASE to help cover a wider range of RONA and help the later estimated figures being interpolated instead of extrapolated.

Based on a regression analysis, we have determined a price to book multiple of 3.49x. According to the projected net book value of HK\$2,449,711,000 at 2006 year end, the market value shall be estimated at HK\$8,549,491,390.

9.2 Income-Based Approach

9.2.1 Discounted Cash Flow

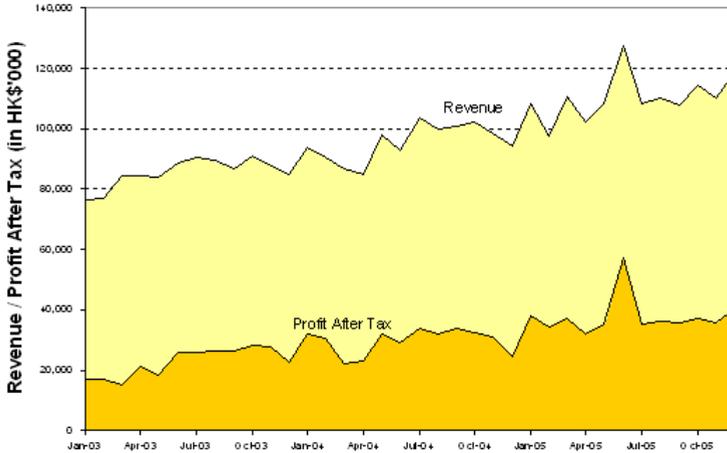
It is a simple method adopting Income-Based Approach to state the value of a company in present value term. This method is simple and easy to understand. It is well accepted by most analysts and practitioners. A variety of basis has emerged in numerous attempt of establishing true value of a company. The latest attempt was looking from a non-controlling shareholder's perspective. That is the free cash flow available to them as an equity holder.

This is a widely used and accepted method to determine market value of a business or a firm, which is based on a simple reversal calculation to restate all future cash flow as in present term. To adopt this method, we must however, first obtain the cost of equity of the company as a basic discount rate. Since the UAF Group is not listed, we can only obtain their cost of equity based on the capital asset pricing model (CAPM) using beta of its proxies. We have considered the nature of business, risk and etc of the two companies: Aeon Credit and Public Financial.

Based on beta estimate of these two direct comparables, we have arrived at a beta estimate of 0.2291 for the UAF Group. Hence, we have arrived at a CAPM risk adjusted discount rate of 6.145%.

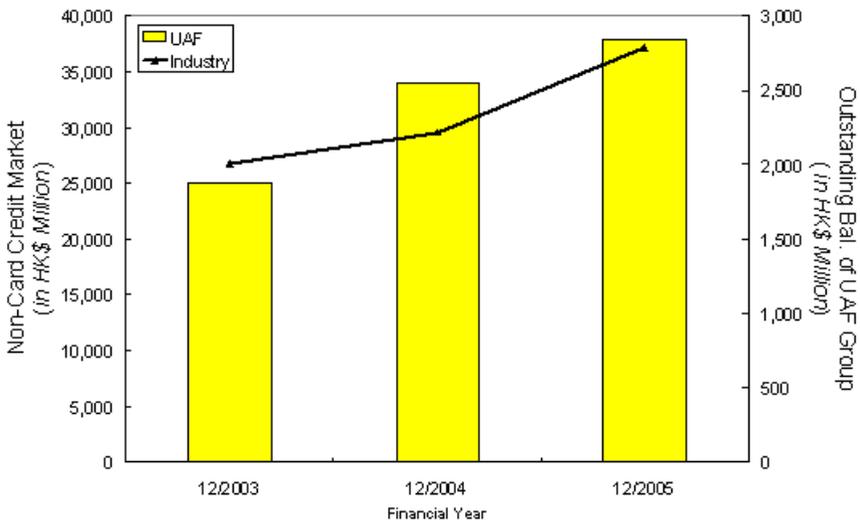
9.2.2 Growth Rate

The most difficult part of this methodology is to ascertain the discount rate and the growth rate. While the Management asserts a constant dividend payout ratio of 40%, the previous payout pattern shows a higher payout ratio than that of projected which may indicate the Management prefer to retain a larger part of its earnings to support future growth. The growth achieved in previous year can be visualized in the following chart showing the revenue and profit after taxation trend over 2003 to 2005 on a monthly basis.

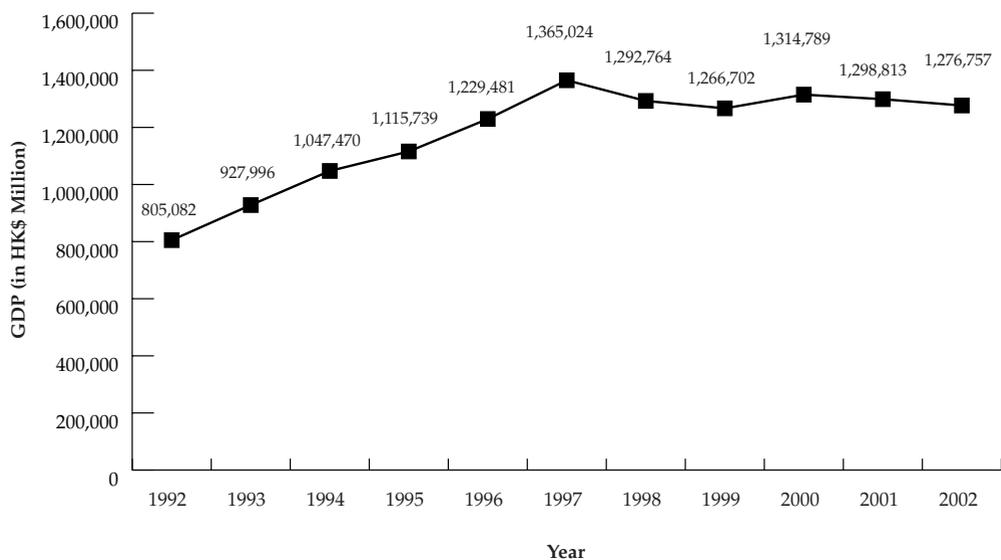


This represents a 9.88% annualized growth rate over the period.

This can be further supported by the growth of the outstanding portfolio of the UAF Group and the market. The UAF Group has achieved an annualized growth of 22.8% in its loan book, while the industry recorded a 17.8% growth. The chart shows the development of the personal loan market for the same period.

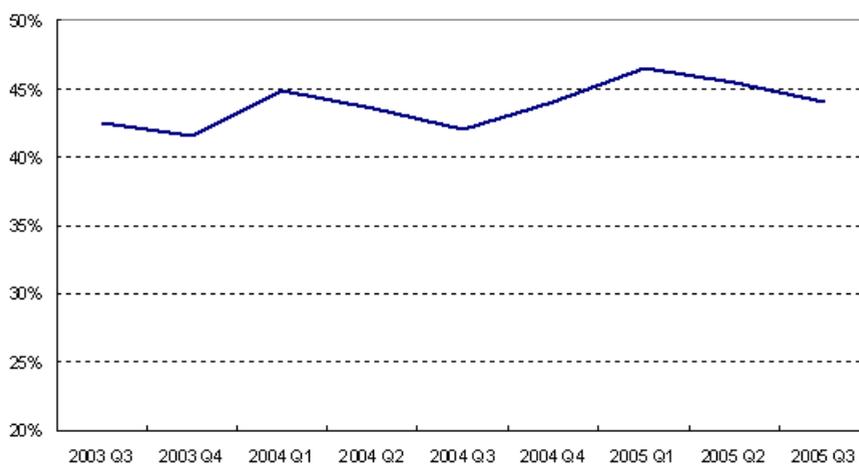


A modest sustainable growth rate of 4.72% (1992: HK\$805 billion and 2002: HK\$1,277 billion) can be ascertained based on the historical GDP development over the 10 years period from 1992 to 2002, which covers good years and bad years in general. We have excluded 2003 to 2005 in our estimation as we do not expect similar crisis SARS will be recurring and have the same extent of effect in the future.



After due consideration given to these growth rates so obtained, we have adopted the GDP linked growth rate as it is more representative and linked with the development of our economy. This can be evidenced by a recent study made by the Banking Development Department of the Hong Kong Monetary Authority and published in their Quarterly Bulletin in March 2006. The chart reproduced below demonstrated a strong linkage between GDP and the personal loan market.

Ratio of Total Personal Loans to Nominal Quarterly GDP



(Reproduced from Chart 9 on page 9 of the HKMA Quarterly Bulletin, March 2006)

9.2.3 Sensitivity Analysis

A sensitivity analysis was conducted to study the dispersion caused by changes in these two variables, and found to fall within a reasonable range.

DCF of FCF	Growth Rate						
		4.50%	4.60%	4.72%	4.80%	4.90%	
Discount Rate	6.000%	8,461,546,078	9,029,666,521	9,828,342,518	10,449,377,111	11,352,505,773	
	6.100%	7,959,720,349	8,456,659,701	9,147,828,847	9,679,352,350	10,443,239,983	
	6.145%	7,753,764,460	8,222,964,069	8,872,711,794	9,370,148,179	10,081,671,149	
	6.200%	7,516,815,751	7,955,153,482	8,559,140,103	9,019,186,267	9,673,704,310	
	6.300%	7,123,012,779	7,512,530,834	8,044,841,960	8,446,907,961	9,013,957,483	
% Change in DCF of FCF		-4.66%	2.54%	0.00%	1.69%	3.81%	
	Percentage Change in Discount Rate	-2.360%	-4.63%	1.77%	10.77%	17.77%	27.95%
		-0.732%	-10.29%	-4.69%	3.10%	9.09%	17.70%
		0.000%	-12.61%	-7.32%	0.00%	5.61%	13.63%
		0.895%	-15.28%	-10.34%	-3.53%	1.65%	9.03%
		2.522%	-19.72%	-15.33%	-9.33%	-4.80%	1.59%

10.0 APPRAISAL ASSUMPTIONS

We have adopted certain specific assumptions in this appraisal and the major ones are as follows:

- All relevant legal approvals and business certificates or licences to operate the business in the localities in which the UAF Group operates or intends to operate would be officially obtained and renewable upon expiry.
- The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals.
- The financial projections provided will be materialized.
- There will be sufficient supply of technical staff in the industry in which the UAF Group operates.
- The UAF Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments.
- There will be no major changes in the current taxation laws in the localities in which the UAF Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.

- There will be no major changes in the political, legal, economic or financial conditions in the localities in which the UAF Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the UAF Group.
- Interest rates and exchange rates in the localities for the operation of the UAF Group will not differ materially from those presently prevailing.
- Risk-adjusted discount rate for the UAF Group is 6.145%.
- Perpetual dividend growth of 4.72% for the UAF Group from 2007 onward.
- Constant dividend payout ratio of the UAF Group maintain at 40% per annum.

11.0 LIMITING CONDITIONS

This appraisal reflects facts and conditions existing at the date of appraisal. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others which have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management and the Companies in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities of the UAF Group and have assumed no responsibility for the title to the business enterprise appraised.

We would particularly point out that our appraisal was based on the information such as company background, business nature, market share, future prospecting and in particular the cash flow projections of the UAF Group provided to us.

Our conclusion of the market value is derived from generally accepted appraisal procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We assume no responsibility whatsoever to any person other than the directors and management of the Companies in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

12.0 REMARKS

Unless otherwise stated, all monetary amounts stated in this appraisal report are in Hong Kong Dollars.

We hereby confirm that we have neither present nor prospective interests in the UAF Group and its holding companies, subsidiaries and associated companies, or the value reported herein.

13.0 CONCLUSION

13.1 In section 9, we attempted to use different methodologies to arrive at the market value of the UAF Group. In 9.1.1 and 9.1.2, we have compared various companies and their ratios, which provide no clear indication of the most appropriate price multiples. Nevertheless, we have observed in 9.1.3 a very strong co-relationship between the P/BVPS to RONA. Thus, we used a price to book multiple of 3.49x to estimate the market value of the UAF Group, which is HK\$8.55 billion.

13.2 To cross-examine the validity of the figure, we have adopted another method to arrive at a value of HK\$8.87 billion in section 9.2, which corresponds with the valuation made in 9.1.3 and both fall within a close margin.

13.3 Therefore, the market value of the UAF Group shall be in the range of HK\$8.55 billion to HK\$8.87 billion, with a mean value of HK\$8.71 billion.

14.0 OPINION OF VALUES

Based on the investigation and analysis stated above and on the appraisal methods employed, we are of the opinion that the market value of the 100% equity interest of the UAF Group, as at 30 April 2006 is in the sum of HK\$8,710,000,000 (HONG KONG DOLLARS EIGHT BILLION SEVEN HUNDRED AND TEN MILLION ONLY). The arithmetic breakdown of the market value of the 50.91% issued share of the UAF Group as at 30 April 2006 is in the sum of HK\$4,434,261,000 (HONG KONG DOLLARS FOUR BILLION FOUR HUNDRED THIRTY FOUR MILLION TWO HUNDRED AND SIXTY ONE THOUSAND ONLY).

Yours faithfully,

For and on behalf of

Norton Appraisals Limited

Teddy T. M. Iu

FCMA, FCPA

Director

Paul M. K. Wong

MRICS, MHKIS, RPS (G.P.)

Director

Note: Mr. Teddy T. M. Iu is a Chartered Management Accountant and Certified Public Accountant who has more than 10 years' experience in business valuation.

Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 13 years' experience in properties valuation and more than 8 years' experience in business valuation.

Set out below is the valuation report received from Norton in connection with the valuation of the property interests of the UAF Group:



Room 3830-32, Sun Kung Kai Centre
30 Harbour Road
Wanchai Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

30th June, 2006

The Directors
Allied Group Limited
22/F, Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by United Asia Finance Limited and its subsidiaries (hereinafter together referred to as the "UAF Group") in Hong Kong Special Administrative Region ("Hong Kong") (details of the properties are more particular listed in the Summary of Values attached herewith), we confirm that we have carried out inspections, conducted land searches at the relevant Land Registries, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests in their existing states as at 30th April, 2006 (hereinafter referred to as the "date of valuation").

Our valuations are our opinion of value of the Property on the basis of "Market Value" which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion".

We have valued the property interests on the basis that each of them is considered individually. We have not allowed for any discount for the properties to be sold to a single party nor taken into account any effect on the values if the properties are to be offered for sale at the same as a portfolio.

We have not attributed any commercial value to the property interests which are leased by the UAF Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuations have been made on the assumption that the owners sell the property interests on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of such property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the properties and no forced sale situation in any manner is assumed in our valuations.

In valuing the properties in Hong Kong, for which the Government Leases expired before 30 June 1997, we have taken into account of the statement contained in Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases will be extended without premium until 30 June 2047 and that an annual rent of three per cent. of the then rateable value will be charged from the date of extension.

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or other defects.

We have not carried out site measurements to verify the correctness of the site and floor areas in respect of the relevant properties but have assumed that the site and floor areas shown on the documents and official site plans handed to use are correct. All dimensions, measurements and areas included in the attached valuation certificates are based on information contained in the documents provided to us by the UAF Group and are therefore only approximations. Based on our valuation experience of similar property interests, we consider the assumptions so made to be reasonable.

We have relied to a considerable extent on the information provided by the UAF Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, tenancy summaries and floor areas and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the UAF Group. We were also advised by the UAF Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on any of the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In our valuations, we have complied with all the requirements contained in the Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (1st Edition) published by The Hong Kong Institute of Surveyors (“HKIS”).

Unless otherwise stated, all sums stated in our valuation certificates are in Hong Kong Dollars.

Our Summary of Values and the Valuation Certificates are enclosed herewith.

Yours faithfully,

For and on behalf of

Norton Appraisals Limited

M. K. Wong

MRICS, MHKIS, RPS (G.P.)

Director

C. L. Kung

MRICS, MHKIS, RPS (G.P.)

Director

Note: Mr. M. K. Wong is a Registered Professional Surveyor who has more than 13 years’ experience in valuation of properties in Hong Kong.

Mr. C. L. Kung is a Registered Professional Surveyor who has more than 14 years’ experience in valuation of properties in Hong Kong.

Property	Capital value in existing state as at 30th April, 2006 HK\$	Interest attributable to the UAF Group in Percentage	Capital value attributable to the UAF Group as at 30th April, 2006 HK\$
Property interests leased and occupied by UAF Group in Hong Kong			
1 Flats A-C, 3/F, East South Building 475-481 Hennessy Road, Causeway Bay Hong Kong	No Commercial Value	100%	No Commercial Value
2 G/F, 100 Shau Kei Wan Road Sai Wan Ho, Hong Kong	No Commercial Value	100%	No Commercial Value
3 1/F-2/F, China Travel Building 77 Queen's Road Central, Central Hong Kong	No Commercial Value	100%	No Commercial Value
4 Offices A & B, 2/F Hennessy Plaza 164-166 Hennessy Road, Wanchai Hong Kong	No Commercial Value	100%	No Commercial Value
5 G/F & Cockloft, Kong Kai Building 184 Aberdeen Main Road, Aberdeen Hong Kong	No Commercial Value	100%	No Commercial Value
6 G/F & Mezzanine Floor 255 Des Voeux Road West, Western Hong Kong	No Commercial Value	100%	No Commercial Value
7 Shops 201-2, 2/F, Olympia Plaza 255 King's Road, North Point Hong Kong	No Commercial Value	100%	No Commercial Value
8 Shop 3, G/F, Pacific Plaza 410-424B Des Voeux Road West Western, Hong Kong	No Commercial Value	100%	No Commercial Value
9 Shop 1009B, 1/F, United Centre 95 Queensway, Admiralty Hong Kong	No Commercial Value	100%	No Commercial Value

	Property	Capital value in existing state as at 30th April, 2006 HK\$	Interest attributable to the UAF Group in Percentage	Capital value attributable to the UAF Group as at 30th April, 2006 HK\$
10	2/F, Wincome Centre 39 Des Voeux Road Central, Central Hong Kong	No Commercial Value	100%	No Commercial Value
11	21/F, Allied Kajima Building 138 Gloucester Road, Wanchai Hong Kong	No Commercial Value	100%	No Commercial Value
12	20/F, Allied Kajima Building 138 Gloucester Road, Wanchai Hong Kong	No Commercial Value	100%	No Commercial Value
13	Room 802, Allied Kajima Building 138 Gloucester Road, Wanchai Hong Kong	No Commercial Value	100%	No Commercial Value
14	1/F, 595-599A Shanghai Street 6A-6C Argyle Street, Mongkok Kowloon	No Commercial Value	100%	No Commercial Value
15	G/F & Cockloft, 60 Hong Ning Road Kwun Tong, Kowloon	No Commercial Value	100%	No Commercial Value
16	1/F, Foon Shing Building 732 Nathan Road, Mongkok, Kowloon	No Commercial Value	100%	No Commercial Value
17	G/F, On Keung Building 51-65 Hong Keung Street, San Po Kong Kowloon	No Commercial Value	100%	No Commercial Value
18	2/F, Cheong Hing Building 72 Nathan Road, Tsimshatsui Kowloon	No Commercial Value	100%	No Commercial Value
19	Shop No. 43, 1/F, Kwai Chung Plaza 7-11 Kwai Foo Road, Kwai Chung Kowloon	No Commercial Value	100%	No Commercial Value

Property	Capital value in existing state as at 30th April, 2006 HK\$	Interest attributable to the UAF Group in Percentage	Capital value attributable to the UAF Group as at 30th April, 2006 HK\$
20 G/F, 270 Cheung Sha Wan Road Sham Shui Po, Kowloon	No Commercial Value	100%	No Commercial Value
21 G/F, 1/F and Flat Roof 124 Ma Tau Wai Road, Hung Hom Kowloon	No Commercial Value	100%	No Commercial Value
22 1/F, Double Set Commercial Centre 37A-37B Jordan Road, Jordan, Kowloon	No Commercial Value	100%	No Commercial Value
23 Unit 119, 1/F, Cheung Sha Wan Plaza 833 Cheung Sha Wan Road Cheung Sha Wan, Kowloon	No Commercial Value	100%	No Commercial Value
24 Shop D, G/F, Lee Fung Building 88-96 Argyle Street 19 Yim Po Fong Street 104 Hak Po Street, Mongkok Kowloon	No Commercial Value	100%	No Commercial Value
25 G/F, 271 To Kwa Wan Road To Kwa Wan, Kowloon	No Commercial Value	100%	No Commercial Value
26 G/F including Yard, 1/F Flat Roofs & Canopy 27 Lung Kong Road, Kowloon City Kowloon	No Commercial Value	100%	No Commercial Value
27 Shop A1, G/F Hamilton Commercial Building 558-560 Nathan Road, Yau Ma Tei Kowloon	No Commercial Value	100%	No Commercial Value
28 Room A, G/F Hamilton Commercial Building 558-560 Nathan Road, Yau Ma Tei Kowloon	No Commercial Value	100%	No Commercial Value

Property	Capital value in existing state as at 30th April, 2006 HK\$	Interest attributable to the UAF Group in Percentage	Capital value attributable to the UAF Group as at 30th April, 2006 HK\$
29 Shop E4f G/F, Tai Yau Building No. 56-58 Ivy Street, Tai Kok Tsui Kowloon	No Commercial Value	100%	No Commercial Value
30 Shops No. G13-14, G/F Kwun Tong Plaza No. 68 Hoi Yuen Road, Kwun Tong Kowloon	No Commercial Value	100%	No Commercial Value
31 Workshop No. 1A, G/F International Plaza No. 20 Sheung Yuet Road Kowloon Bay, Kowloon	No Commercial Value	100%	No Commercial Value
32 Units 1816B-1818A 18/F, Nan Fung Centre 264-298 Castle Peak Road Tsuen Wan, New Territories	No Commercial Value	100%	No Commercial Value
33 Shops 15B-D, Level 1 Lucky Plaza, 1-15 Wang Pok Street, Shatin, New Territories	No Commercial Value	100%	No Commercial Value
34 Shop B2, Central Plaza 51-59 Kwong Fuk Road, Tai Po New Territories	No Commercial Value	100%	No Commercial Value
35 G/F, No. 195 Castle Peak Road Yuen Long, New Territories	No Commercial Value	100%	No Commercial Value
36 Shop No. 12, G/F, Ming Wai House 4-26 Tuen Mun Heung Sze Wui Road Tuen Mun, New Territories	No Commercial Value	100%	No Commercial Value
37 Shop No. 11, G/F, Ming Wai House 4-26 Tuen Mun Heung Sze Wui Road Tuen Mun, New Territories	No Commercial Value	100%	No Commercial Value

Property	Capital value in existing state as at 30th April, 2006 <i>HK\$</i>	Interest attributable to the UAF Group in Percentage	Capital value attributable to the UAF Group as at 30th April, 2006 <i>HK\$</i>
38 Flat A, G/F, Sun Fung House 113-119 San Fung Avenue Shek Wu Hui, Sheung Shui New Territories	No Commercial Value	100%	No Commercial Value
39 Shop 6, G/F & Cockloft 49 Tai Ho Road Tsuen Wan, New Territories	No Commercial Value	100%	No Commercial Value
40 Shop G31, G/F, Metro City, Phase II 8 Yan King Road Tseung Kwan O New Territories	No Commercial Value	100%	No Commercial Value
41 Shop 134A, 1/F Kingswood Ginza, Phase 2 Tsin Shui Wai, New Territories	No Commercial Value	100%	No Commercial Value
Total:	No Commercial Value		No Commercial Value

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
1 Flat A-C, 3/F, East South Building, 475-481 Hennessy Road, Causeway Bay, Hong Kong	<p>East South Building a 16-storey residential/commercial building completed in 1965.</p> <p>The property comprises three office units on the 3rd floor of East South Building with a gross floor area of approximately 371.61 sq.m. (4,000 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 9th April, 2006 to 8th April, 2008 at a monthly rent of HK\$98,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
2 G/F, 100 Shau Kei Wan Road, Sai Wan Ho, Hong Kong	<p>The property comprises a shop unit on ground floor of a 12-storey composite building. The building was completed in 1967.</p> <p>The property has a gross floor area of approximately 92.90 sq.m. (1,000 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 18th February, 2005 to 17th February, 2007 at a monthly rent of HK\$28,750, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
3 1/F-2/F, China Travel Building, 77 Queen's Road Central, Central, Hong Kong	<p>The property comprises the whole of 1st and 2nd floors of a 13-storey commercial building. The building was completed in 1973.</p> <p>The property has a gross floor area of approximately 156.73 sq.m. (1,687 sq.ft.) on 1st floor and 148.64 sq.m. (1,600 sq.ft.) on 2nd floor and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 21st October, 2004 to 20th October, 2006 at a monthly rent of HK\$40,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
4 Offices A & B, 2/F Hennessy Plaza, 164-166 Hennessy Road, Wanchai, Hong Kong	<p>The property comprises two office units on the 2nd floor of a 16-storey commercial building. The building was completed in 1977.</p> <p>The property has a total gross floor area of approximately 120.77 sq.m. (1,300 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st May, 2005 to 30th April, 2007 at a monthly rent of HK\$14,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
5 G/F & Cockloft, Kong Kai Building, 184 Aberdeen Main Road, Aberdeen, Hong Kong	<p>The property comprises a shop unit on the ground floor and cockloft thereto of a 24-storey composite building. The building was completed in 1990.</p> <p>The property has a gross floor area of approximately 92.90 (1,000 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st September, 2004 to 31st August, 2006 at a monthly rent of HK\$74,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
6 G/F & Mezzanine Floor, 255 Des Voeux Road West, Western, Hong Kong	<p>The property comprises a shop unit on the ground floor and mezzanine floor of a 6-storey composite building. The building was completed in 1979.</p> <p>The property has a gross floor area of approximately 88.26 sq.m. (950 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 15th May, 2005 to 14th May, 2007 at a monthly rent of HK\$20,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
7 Shops 201-2, 2/F, Olympia Plaza, 255 King's Road, North Point, Hong Kong	<p>Olympia Plaza is a 26-storey commercial/office complex with three levels of basement completed in 1999.</p> <p>The property comprises two shop units on the 2nd floor of Olympia Plaza with a total gross floor area of approximately 99.59 sq.m. (1,072 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 16th June, 2005 to 15th June, 2007 at a monthly rent of HK\$38,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
8 Shop 3, G/F, Pacific Plaza, 410-412B Des Voeux Road West, Western, Hong Kong	<p>Pacific Plaza is a 28-storey commercial/office complex erected over a 4-storey shopping arcade completed in 1992.</p> <p>The property comprises a shop unit on the ground floor of Pacific Plaza with a gross floor area of approximately 68.09 sq.m. (733 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 16th February, 2005 to 15th February, 2007 at a monthly rent of HK\$27,854, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
9 Shop 1009B, 1/F, United Centre, 95 Queensway, Admiralty, Hong Kong	<p>United Centre is a 36-storey commercial/office complex erected over a 6-storey commercial podium completed in 1981.</p> <p>The property comprises a shop unit on the 1st floor of United Centre with a gross floor area of approximately 53.42 sq.m. (575 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st March, 2005 to 28th February, 2007 at a monthly rent of HK\$48,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
10 2/F, Wincome Centre, 39 Des Voeux Road Central, Hong Kong	<p>The property comprises the whole of 2nd floor of a 24-storey commercial building. The building was completed in 1992.</p> <p>The property has a gross floor area of approximately 248.98 sq.m. (2,680 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 26th September, 2005 to 25th September, 2007 at a monthly rent of HK\$58,960, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
11 21/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/ office building with 2 levels of basement completed in 1990.</p> <p>The property comprises the whole of 21st floor of Allied Kajima Building with a gross floor area of approximately 833.13 sq.m. (9,506 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st January, 2006 to 31st December, 2007 at a monthly rent of HK\$216,736.80, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
12 20/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/ office building with 2 levels of basement completed in 1990.</p> <p>The property comprises the whole of 20th floor of Allied Kajima Building with a gross floor area of approximately 833.13 sq.m. (9,506 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two and a half years from 1st July, 2005 to 31st December, 2007 at a monthly rent of HK\$216,736.80, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
13 Room 802, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong	<p>Allied Kajima Building is a 24-storey commercial/ office building with 2 levels of basement completed in 1990.</p> <p>The property comprises an office unit on the 8th floor of Allied Kajima Building with a gross floor area of approximately 130.99 sq.m. (1,410 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st February, 2005 to 31st January, 2007 at a monthly rent of HK\$28,200, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
14 1/F, 595-599A, Shanghai Street, 6A-6C Argyle Street, Mongkok, Kowloon	<p>The property comprises an office unit on first floor of a 16-storey composite building. The building was completed in 1966.</p> <p>The property has a gross floor area of approximately 244.52 sq.m. (2,632 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st September, 2004 to 31st August, 2006 at a monthly rent of HK\$70,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
15 G/F & Cockloft, 60 Hong Ning Road, Kwun Tong, Kowloon	<p>The property comprises a shop unit on the ground floor and cockloft thereto of a 6-storey composite building. The building was completed in 1968.</p> <p>The property has a gross floor area of approximately 86.40 sq.m. (930 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 6th May, 2005 to 5th May, 2007 at a monthly rent of HK\$38,800, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
16 1/F, Foon Shing Building, 732 Nathan Road, Mongkok, Kowloon	<p>The property comprises the whole of first floor of a 12-storey composite building. The building was completed in 1975.</p> <p>The property has a gross floor area of approximately 148.83 sq.m. (1,602 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 16th January, 2005 to 15th January, 2007 at a monthly rent of HK\$23,700, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
17 G/F, On Keung Building, 51-65 Hong Keung Street, San Po Kong, Kowloon	<p>The property comprises a shop unit on the ground floor of a 8-storey composite building. The building was completed in 1963.</p> <p>The property has a gross floor area of approximately 111.48 sq.m. (1,200 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of four years from 3rd January, 2004 to 2nd January, 2008 at a monthly rent of HK\$30,800, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
18 2/F, Cheong Hing Building, 72 Nathan Road, Tsimshatsui, Kowloon	<p>The property comprises the whole of second floor of a 13-storey composite building. The building was completed in 1964.</p> <p>The property has a gross floor area of approximately 278.70 sq.m. (3,000 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st April, 2005 to 31st March, 2007 at a monthly rent of HK\$51,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
19 Shop No. 43, 1/F, Kwai Chung Plaza, 7-11 Kwai Foo Road, Kwai Chung, Kowloon	<p>Kwai Chung Plaza is a 27-storey residential/commercial complex erected over a 4-storey shopping podium completed in 1990.</p> <p>The property comprises a shop unit on the 1st floor of Kwai Chung Plaza with a gross floor area of approximately 133.13 sq.m. (1,433 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 16th October, 2004 to 15th October, 2006 at a monthly rent of HK\$41,392, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
20 G/F, 270 Cheung Sha Wan Road, Sham Shui Po, Kowloon	<p>The property comprises a shop unit on the ground floor of a 6-storey composite building. The building was completed in 1961.</p> <p>The property has a gross floor area of approximately 109.62 sq.m. (1,180 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of three years from 8th February, 2004 to 7th February, 2007 at a monthly rent of HK\$31,972.50, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
21 G/F, 1/F and Flat Roof, 124 Ma Tau Wai Road, Hung Hom, Kowloon	<p>The property comprises the whole of ground floor, first floor and flat roof of a 10-storey composite building. The building was completed in 1987.</p> <p>The property has a total gross floor area of approximately 172.80 sq.m. (1,860 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st June, 2005 to 31st May, 2007 at a monthly rent of HK\$38,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
22 1/F, Double Set Commercial Centre, 37A-37B Jordan Road, Jordan Kowloon	<p>The property comprises an office unit on the first floor of a 18-storey commercial building. The building was completed in 1991.</p> <p>The property has a gross floor area of approximately 139.81 sq.m. (1,505 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 9th September, 2005 to 8th September, 2007 at a monthly rent of HK\$40,700, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
23 Unit 119, 1/F, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	<p>Cheung Sha Wan Plaza is a commercial/office complex with carparking spaces on 3/F and 4/F completed in 1989.</p> <p>The property comprises a shop unit on the first floor of Cheung Sha Wan Plaza with a gross floor area of approximately 215.35 sq.m. (2,318 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st June, 2004 to 31st May, 2006 at a monthly rent of HK\$51,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
24 Shop D, G/F, Lee Fung Building, 88-96 Argyle Street, 19 Yim Po Fong Street, 104 Hak Po Street, Mongkok, Kowloon	<p>The property comprises a shop unit on the ground floor of a 13-storey composite building. The building was completed in 1960.</p> <p>The property has a gross floor area of approximately 78.97 sq.m. (850 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st February, 2005 to 31st January, 2007 at a monthly rent of HK\$75,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
25 G/F, 271 To Kwa Wan Road, To Kwa Wan, Kowloon	<p>The property comprises a shop unit on the ground floor of a 8-storey composite buildings. The building was completed in 1960.</p> <p>The property has a gross floor area of approximately 92.90 sq.m. (1,000 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st April, 2005 to 31st March, 2007 at a monthly rent of HK\$42,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
26 G/F including Yard, 1/F, Flat Roofs & Canopy, 27 Lung Kong Road, Kowloon City, Kowloon	<p>The property comprises a shop unit on the ground floor including yard, first floor, flat roofs and canopy of a 6-storey composite building. The building was completed in 1974.</p> <p>The property has a gross floor area of approximately 185.80 sq.m. (2,000 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 25th September, 2005 to 24th September, 2007 at a monthly rent of HK\$46,000 exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
27 Shop A1, G/F, Hamilton Commercial Building, 558-560 Nathan Road, Yau Ma Tei, Kowloon	<p>The property comprises a shop unit on the ground floor of a 21-storey commercial building completed in 1987.</p> <p>The property has a gross floor area of approximately 95.69 sq.m. (1,030 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 18th February, 2006 to 17th February, 2008 at a monthly rent of HK\$49,500, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
28 Room A, G/F, Hamilton Commercial Building, 558-560 Nathan Road, Yau Ma Tei, Kowloon	<p>The property comprises a shop unit on the ground floor of a 21-storey commercial building completed in 1987.</p> <p>The property has a gross floor area of approximately 6.50 sq.m. (70.00 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 18th February, 2006 to 17th February, 2008 at a monthly rent of HK\$3,300, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
29 Shop E4f, G/F, Tai Yau Building, No. 56-58 Ivy Street, Tai Kok Tsui, Kowloon	<p>The property comprises a shop unit on the ground floor of a 14-storey composite building. The building was completed in 1974.</p> <p>The property has a total gross floor area of approximately 130.06 sq.m. (1,400 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 15th November, 2005 to 14th November, 2007 at a monthly rent of HK\$38,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
30 Shops G13-14, G/F, Kwun Tong Plaza, No. 68 Hoi Yuen Road, Kwun Tong, Kowloon	<p>Kwun Tong Plaza is a 14-storey (including a mezzanine floor) commercial/office complex with shopping arcade on 1/F to 3/F and car parking spaces on 5/F to 11/F completed in 1986.</p> <p>The property comprises a shop unit on the ground floor of Kwun Tong Plaza a gross floor area of approximately 46.08 sq.m. (496 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of five years from 24th January, 2006 to 23rd January, 2011 at a monthly rent of HK\$98,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
31 Workshop No. 1A, G/F, International Plaza, No. 20 Sheung Yuet Road, Kowloon Bay, Kowloon	<p>The property comprises a workshop unit on the ground floor of a 12-storey industrial building with car parking spaces on ground floor and one level of basement. The building was completed in 1987.</p> <p>The property has a gross floor area of approximately 89.19 sq.m. (960 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two and a half years from 1st June, 2006 to 30th November, 2008 at a monthly rent of HK\$68,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
32 Units 1816B-1818A, 18/F, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, New Territories	<p>Nam Fung Centre is a 24-storey commercial/office complex erected over a 2-storey shopping podium completed in 1983.</p> <p>The property comprises two offices units on 18th floor of Nam Fung Centre with a total gross floor area of approximately 164.90 sq.m. (1,775 sq.ft.) and is currently occupied by the UAF Group as office use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st July, 2004 to 30th June, 2006 at a monthly rental of HK\$22,075 exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
33 Shops 15B-D, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Shatin, New Territories	<p>Lucky Plaza is a residential/commercial complex erected over a 3-storey shopping podium completed in 1983.</p> <p>The property comprises a shop unit on Level 1 of Lucky Plaza with a total gross floor area of approximately 147.43 sq.m. (1,587 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st April, 2005 to 31st March, 2007 at a monthly rent of HK\$95,200, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
34 Shop B2, Central Plaza, 51-59 Kwong Fuk Road, Tai Po, New Territories	<p>Central Plaza is a 16-storey composite building completed in 1991.</p> <p>The property comprises a shop unit on the ground floor of Central Plaza with a gross floor area of approximately 120.77 sq.m. (1,300 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st January, 2006 to 31st December, 2007 at a monthly rent of HK\$34,500, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
35 G/F, No. 195 Castle Peak Road, Yuen Long, New Territories	<p>The property comprises a shop unit on the ground floor of a 6-storey composite building. The building was completed in 1972.</p> <p>The property has a gross floor area of approximately 97.54 sq.m. (1,050 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 3rd July, 2004 to 2nd July, 2006 at a monthly rent of HK\$70,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
36 Shop No. 12, G/F, Ming Wai House, 4-26 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories	<p>The property comprises a shop unit on the ground floor of a 6-storey composite building. The building was completed in 1972.</p> <p>The property has a gross floor area of approximately 74.32 sq.m. (800 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st September, 2005 to 31st August, 2007 at a monthly rent of HK\$45,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
37 Shop No. 11, G/F, Ming Wai House, 4-26 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories	<p>The property comprises a shop unit on the ground floor of a 6-storey composite building erected over a 4-storey car parking podium. The building was completed in 1972.</p> <p>The property has a gross floor area of approximately 74.32 sq.m. (800 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st April, 2005 to 31st March, 2007 at a monthly rent of HK\$32,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
38 Flat A, G/F, Sun Fung House, 113-119 San Fung Avenue, Shek Wu Hui, Sheung Shui, New Territories	<p>The property comprises a shop unit on ground floor of a 4-storey composite building. The building was completed in 1966.</p> <p>The property has a gross floor area of approximately 92.90 sq.m. (1,000 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 10th November, 2005 to 9th November, 2007 at a monthly rent of HK\$50,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
39 Shop 6, G/F & Cockloft, 49 Tai Ho Road, Tsuen Wan, New Territories	<p>The property comprises a shop unit on the ground floor of a 7-storey composite building. The building was completed in 1966.</p> <p>The property has a gross floor area of approximately 157.93 sq.m. (1,700 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 1st September, 2004 to 31st August, 2006 at a monthly rent of HK\$66,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

Property	Description and Tenure	Capital value in existing state as at 30th April, 2006
40 Shop G31, G/F, Metro City, Phase II, 8 Yan King Road, Tseung Kwan O, New Territories	<p>The property comprises a shop unit on the ground floor of a 3-storey commercial podium with basement completed in 1999.</p> <p>The property has a gross floor area of approximately 132.38 sq.m. (1,425 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of two years from 6th January, 2005 to 5th January, 2007 at a monthly rent of HK\$32,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>
41 Shop 134A, 1/F, Kingswood Ginza, Phase 2, Tsin Shui Wai, New Territories	<p>The property comprises a shop unit on the first floor of a 25-storey commercial/office building. The building was completed in 1997.</p> <p>The property has a gross floor area of approximately 62.15 sq.m. (669 sq.ft.) and is currently occupied by the UAF Group as shop use.</p> <p>The property is leased to the UAF Group for a term of three years from 16th November, 2005 to 15th November, 2008 at a monthly rent of HK\$34,000, exclusive of rates, management fees and other outgoings.</p>	<p>No Commercial Value</p> <p>(100% interest attributable to the UAF Group: No Commercial Value)</p>

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 and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

2. FINANCIAL INFORMATION OF THE GROUP

Working Capital

The Directors are of the opinion that in the absence of unforeseen circumstances and after taking into account the top up placing of the 248,000,000 shares of SHK, the issue of Bonds by the SHK Group, the Group's current cash balance and resources as well as its available banking facilities, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

Statement of Indebtedness

At the close of business on 30th April, 2006, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$2,707.8 million, comprising secured bank loans and overdrafts of approximately HK\$1,678.9 million, unsecured bank loans and overdrafts of approximately HK\$755.7 million, 4% unlisted loan notes of approximately HK\$65.0 million, 2.25% unlisted loan notes of approximately HK\$42.7 million, unsecured borrowings of approximately HK\$91.1 million from a jointly controlled entity, unsecured borrowings of approximately HK\$62.9 million from associates, unsecured borrowings of approximately HK\$2.5 million from investee companies, unsecured borrowing of approximately HK\$1.0 million from a minority shareholder and unsecured other borrowings of approximately HK\$8.0 million. The Group's banking facilities were secured by charges over its assets, including investment properties, hotel property, land and buildings, prepaid land lease payments, properties held for sale, short-term bank deposits and listed investments belonging to the Group and margin clients, together with certain securities in respect of listed subsidiaries held by the Group.

In addition, the Group had contingent liabilities in the sum of approximately HK\$20.8 million in respect of guarantees for a banking facility granted to an investee company, indemnities on bank guarantees made available to a clearing house and regulatory body, other guarantees. There were also claims arising from the litigation with New World Development Company Limited and Shanghai Finance Holdings Limited, further particulars of which are set out in the section headed "Litigation" of this Appendix.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30th April, 2006.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans or other similar indebtedness or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities at the close of business on 30th April, 2006.

Financial and Trading Prospects

As stated in the 2005 annual report, the Hong Kong economy is expected to continue to enjoy benefits from the stable local economic environment and the vigorous growth in the Mainland economy. With the improved employment situation, rising labour income and enhanced economic co-operation with the Pan-Pearl River Delta, the local economy is benefiting from solid growth in private expenditure. However, the persistently high global oil prices and interest rates are still the factors that may negatively influence the market sentiment in 2006.

The Group will continue to maintain its stated strategy of the ongoing development of its financial services and property investment and development businesses in both Hong Kong and the PRC for the benefit of the Company and Shareholders as a whole.

3. 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); or (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 issued share capital of the Company	Nature of interest
Lee Seng Hui	101,906,613	40.72	Personal interest (held as beneficial owner) in 22,921 Shares and other interest in 101,883,692 Shares (<i>Note 1</i>)
Lee Su Hwei	101,883,692	40.71	Other interest (<i>Note 1</i>)

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 101,883,692 Shares.
2. All interests stated above represented long positions.

(b) Substantial shareholders' 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 ten per cent. 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) *Interest in the Shares*

Name of Shareholder	Number of Shares held	Approximate percentage of the issued share capital	Notes
Cashplus Management Limited ("Cashplus")	26,039,000	10.40	–
Zealous Developments Limited ("Zealous")	26,039,000	10.40	1, 2
Minty Hongkong Limited ("Minty")	75,844,692	30.30	–
Lee and Lee Trust	101,883,692	40.71	3, 4
COL Capital Limited ("COL Capital")	24,272,494	9.70	5

Notes:

1. This figure refers to the same interest of Cashplus in 26,039,000 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) 16,817,170 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) 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. All interests stated above represented long positions.

(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
Dalian Allied First Financial Centre Co. Ltd.	大連商業集團總公司	N/A	30
Dalian Lianhua Plaza Development Co. Ltd.	大連民興房地產發展有限公司	N/A	20
Hardy Wall Limited	Betterhuge Limited	35	35
SHK Financial Data Limited	Unison Information Limited	49	49
United Asia Finance Limited	ITOCHU Hong Kong Limited	25,625,000	19

4. 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).

5. 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 (as defined in the Listing Rules) was considered to have interests in any competing businesses pursuant to the Listing Rules:

- (a) 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 (as defined in the Listing Rules) of each of APL, SHK, Tian An China Investments Company Limited ("Tian An") and Lippo Limited ("Lippo") 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;
 - Tian An, through a subsidiary, is partly engaged in the business of money lending; and
 - Lippo, through its subsidiaries, is partly engaged in the businesses of property development and investment, securities broking, securities investment, money lending, provision of financial and other related services;
- (b) 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;
- (c) Mr. Arthur George Dew is a director of SHK which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, provision of financial services and property investment; 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.

As the Board is independent from the boards of the abovementioned companies and none of the above Directors can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

6. 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) By the Judgment of High Court on 1st April, 2004 ("Judgment") in HCA 3191/1999 between New World Development Company Limited ("NWDC") and Stapleton Development Limited against Sun Hung Kai Securities Limited ("SHKS"), a direct wholly-owned subsidiary of SHK, SHKS was ordered to pay NWDC the sum of HK\$105,534,018.22 together with interest on the principal sum of HK\$80,117,652.72 at judgment rate from 16th December, 1998 until payment, pursuant to the terms of an oral agreement which the Court found. As at 17th June, 2004, the date when the Judgment sum was paid, the Judgment amounted to HK\$150,115,681.54 (being HK\$105,534,018.22 plus interest of HK\$44,581,663.32). SHKS has paid the Judgment amounts. SHKS has filed an appeal against the Judgment both as to liability and quantum to the Court of Appeal. That Court of Appeal has now handed down the Court of Appeal Judgment ("Court of Appeal Judgment") in which the Court of

- Appeal ordered a repayment to SHKS of part of the interest element for the period from 16th December, 1998 to 31st March, 2004 previously ordered against SHKS in the High Court but otherwise broadly confirmed the Judgment. The sum repayable amounted to HK\$14,783,090.86 and has now been repaid. SHKS has obtained leave to appeal the Court of Appeal Judgment to the Court of Final Appeal ("Final Appeal"). The Final Appeal was heard on 19th, 20th and 21st June, 2006. The Court of Final Appeal reserved its decision.
- (b) On 4th February, 2004, Sun Tai Cheung Credits Limited ("STCC") and Sun Hung Kai Investment Services Limited ("SHKIS"), both indirect wholly-owned subsidiaries of SHK, were served with a writ attaching statement of claim ("200/2004") by Shanghai Finance Holdings Limited ("SFHL"), claiming, inter alia, that the sale of shares in Shun Loong Holdings Limited ("SLHL") ("Shun Loong Shares") by STCC as assignee to SHKIS (for a consideration of HK\$36,500,000 subject to additional amounts in a total sum not exceeding HK\$15,700,000 which might have been payable one year from the date of completion under certain conditions) pursuant to a sale and purchase agreement dated 25th June, 2003 be set aside, or alternatively, against STCC for damages and an account as to the amount received by STCC in respect of the Shun Loong Shares. The writ is being vigorously defended. STCC and SHKIS were properly advised at all times during the transaction and believe that the claim is not soundly based and have applied to have the claim struck-out. The proceedings have been stayed until further order by the court.
- (c) Shun Loong Finance Limited and SLHL (together the "Petitioners"), both indirect wholly-owned subsidiaries of SHK, filed a winding-up petition on 19th February, 2004 in the B.V.I. seeking an order that SFHL be wound up by reason of its failure to pay debts owing to the Petitioners. The B.V.I. proceedings were stayed by order of the B.V.I. court. The Petitioners have appealed that decision but have agreed not to pursue the appeal during the stay of 200/2004.
- (d) SHK, STCC and SHKIS filed a writ on 7th February, 2004 (230/2004) naming as defendants Shanghai Land Holdings Limited, Stephen Liu Yiu Keung, Yeo Boon Ann, The Standard Newspapers Publishing Limited and Hong Kong Economic Times Limited and claiming damages for libel, injunctive relief, interest and costs. The case remains at an early stage.
- (e) SHKIS filed a notice of action on 8th June, 2004 in Canada naming as defendants Sung Chun ("Sung"), Song Lei ("Song") and the Bank of Montreal claiming from Sung and Song reimbursement for funds totaling US\$1,300,000 transferred by them in addition to costs, and against the Bank of Montreal for an injunction freezing the subject funds or alternatively for payment of the funds into court, SHKIS discontinued the action in respect of the Bank of Montreal, and agreed to a dismissal of the action against Song. On 31st March, 2005, the Court granted summary judgment to SHKIS ("Summary Judgment") in the amount of Canadian currency sufficient to purchase HK\$10,533,000 plus prejudgment and postjudgment interest thereon. On 24th January, 2006, SHKIS received in partial satisfaction of the Summary Judgment order C\$14,070.99 and US\$1,288,555.31 (i.e. together HK\$10,008,867.89) that had been held in the custody of the Superior Court of Justice.

- (f) SHKIS filed a writ on 23rd July, 2004 in Hong Kong naming as defendants Sellon Enterprises Limited (“Sellon”), Sung and Song and seeking a declaration that Sellon holds property wholly or in part on trust for SHKIS. The case remains at an early stage.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) A provisional sale and purchase agreement dated 19th October, 2004 was entered into between Chilatin Pte Ltd. as vendor and AP Sapphire Limited (an indirect non-wholly owned subsidiary of the Company) as purchaser in relation to the sale of two shares of HK\$1.00 each in the share capital of Gilmore Limited and the associated companies loans in an aggregate amount of approximately HK\$34,909,446 for an aggregate consideration of HK\$124,887,296. Further details were disclosed in the joint announcement of the Company and APL dated 28th October, 2004 and their respective circulars dated 18th November, 2004.
- (b) A loan agreement dated 2nd March, 2005 was entered into between (i) Ranbridge Finance Limited (“Ranbridge”) as lender; (ii) Join View Development Limited (“Join View”) as the borrower; and (iii) Tian An as guarantor in relation to the granting of a revolving loan facility up to an amount of HK\$100,000,000.00 for a period of 36 months at the interest rate of prime rate plus 1 per cent. per annum. Further details were disclosed in a joint announcement of the Company, APL and SHK dated 8th November, 2005 and their respective circulars dated 25th November, 2005.
- (c) A sale and purchase agreement dated 18th June, 2005 was entered into between (i) HKCB Corporation Limited as vendor; (ii) Lippo China Resources Limited as warrantor; (iii) Island New Finance Limited (“INFL”) as purchaser; and (iv) UAF in relation to the conditional acquisition of 168,313,038 ordinary shares in the issued share capital in HKBLA at a consideration of HK\$184,000,000.00. Further details were disclosed in a joint announcement of the Company and INFL dated 6th July, 2005 and the circular of the Company dated 28th July, 2005.
- (d) A supplemental loan agreement dated 7th November, 2005 was entered into between (i) Ranbridge as lender; (ii) Join View as borrower; and (iii) Tian An, Sky Full Enterprises Limited and Tian An Real Estate Agency (China) Limited collectively as guarantors in relation to amending the loan agreement dated 2nd March, 2005 and increasing the amount of the loan facility to HK\$280,000,000.00. Further details were disclosed in a joint announcement of the Company, APL and SHK dated 8th November, 2005 and their respective circulars dated 25th November, 2005.

- (e) A call option agreement dated 3rd April, 2006 (as supplemented on 18th May, 2006) was entered into between (i) CLSA Capital Limited (“CLSA”) as grantor; and (ii) Wah Cheong Development (B.V.I.) Limited (“Wah Cheong”) as grantee in relation to an option granted by CLSA to Wah Cheong. Such option will entitle Wah Cheong to require CLSA to sell all the shares held by CLSA in Quality HealthCare Asia Limited (“QHA”) at an aggregate exercise price of HK\$99,908,248.05; and to exercise all or part of the number of warrants held by CLSA in QHA which would, if exercised, lead to the subscription of 7,056,232 shares in QHA at the adjusted subscription price of HK\$2.46 per share in QHA. Further details were disclosed in the joint announcements of the Company, APL and SHK dated 7th April, 2006 and 18th May, 2006 and their respective circulars dated 29th June, 2006.
- (f) A placing agreement dated 12th May, 2006 (as supplemented on 17th May, 2006) was entered into between AP Emerald Limited (“APE”, an indirect non wholly-owned subsidiary of the Company) as vendor and 3V Capital Limited as placing agent in relation to the underwriting of the placing of 169,000,000 shares in SHK and the potential placing of 79,000,000 shares in SHK to independent investors at a price of HK\$7.00 per share of SHK. Further details were disclosed in a joint announcement of the Company, APL and SHK dated 17th May, 2006 and the respective circulars of the Company and APL dated 8th June, 2006.
- (g) A subscription agreement dated 12th May, 2006 (as supplemented on 17th May, 2006) was entered into between APE as subscriber and SHK for the subscription, subject to the conditions as set out in the agreement, of 169,000,000 new shares of SHK on completion of the placing of 169,000,000 shares of SHK by APE to 3V Capital Limited as placing agent pursuant to a placing agreement entered into between the two parties on 12th May, 2006 (as supplemented on 17th May, 2006) and an additional of 79,000,000 new shares of SHK if the potential placing of 79,000,000 shares of SHK proceeds, at a price of HK\$7.00 per share of SHK. Completion of the subscription agreement is conditional upon the fulfillment of the conditions as set out in the agreement. Further details were disclosed in the joint announcements of the Company, APL and SHK dated 17th May, 2006 and 18th May, 2006 and the respective circulars of the Company and APL dated 8th June, 2006.
- (h) A placing agreement dated 18th May, 2006 was entered into between APE as vendor and SHKIS as placing agent in relation to the underwriting of the placing of 79,000,000 shares of SHK at a price of HK\$7.00 per share of SHK. Completion of the placing agreement is conditional upon the fulfillment of the conditions as set out in the agreement. Further details were disclosed in a joint announcement of the Company, APL and SHK dated 18th May, 2006 and the respective circulars of the Company and APL on 8th June, 2006.
- (i) The Agreement.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2005, the date to which the latest published audited financial statements of the Company were made up.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Norton Appraisals	Professional valuers (with members of The Hong Kong Institute of Surveyors and the Hong Kong Institute of Certified Public Accountants)

As at the Latest Practicable Date, Norton Appraisals:-

- (a) did not have any direct or indirect interest in any assets which have since 31st December, 2005 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Norton Appraisals has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports or letters, as the case may be, and reference to its name in the form and context in which they respectively appear.

10. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31st December, 2005 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

11. 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. Phoebe Lau Mei Yi. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (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.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of P. C. Woo & Co. at 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix;
- (c) the annual reports of the Company for the two financial years ended 31st December, 2004 and 31st December, 2005;
- (d) business valuation report on the UAF Group, the text of which is set out in Appendix II;
- (e) valuation report on the properties of the UAF Group, the text of which is set out in Appendix III;
- (f) the letter of consent referred to under section headed "Expert and Consent" in this Appendix; and
- (g) the circular issued by the Company on 8th June, 2006 regarding the discloseable transaction for the placing of existing SHK Shares and subscription of new SHK Shares; (ii) the circular issued by the Company on 29th June, 2006 regarding the major transaction for the conditional grant of option over the shares and warrants in QHA; and (iii) this circular.

NOTICE OF THE EGM



ALLIED GROUP LIMITED (聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“Meeting”) of Allied Group Limited (“Company”) will be held at Plazas 1 to 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9th August, 2006 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT** (i) the agreement for sale and purchase dated 13th June, 2006 (“Agreement”) made between AG Capital Holding Limited as vendor, the Company as warrantor, Swan Islands Limited as purchaser and Sun Hung Kai & Co. Limited as guarantor, relating to the sale and purchase of the entire issued share capital of UAF Holdings Limited (together with the assignment of the accompanying shareholder’s loan) at an aggregate consideration of HK\$4,328,000,000, a copy of which has been produced at the Meeting marked “A” and signed by the chairman of the Meeting for identification purpose, be and is hereby approved, confirmed and ratified; (ii) the transactions contemplated in the Agreement be and are hereby approved; and (iii) the directors of the Company be and are hereby authorised to do such acts and execute such other documents as they may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the Agreement.”

By Order of the Board
Allied Group Limited
Phoebe Lau Mei Yi
Company Secretary

Hong Kong, 30th June, 2006

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

NOTICE OF THE EGM

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy in respect of the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's registered office at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
4. Where there are joint holders of any share, any one of such joint holders may vote at the Meeting either personally or by proxy in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such share.