

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 securities in Allied Properties (H.K.) 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 PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

DISCLOSEABLE TRANSACTION

**(1) Conditional sale and purchase of the entire issued share capital of
Island New Finance Limited**

**(2) Possible unconditional mandatory cash offer by
Sommerley Limited
on behalf of**

**Mercurius Partners Investments Limited
for all the issued shares in**

**The Hong Kong Building and Loan Agency Limited
(other than those already owned by or agreed to be acquired by
Mercurius Partners Investments Limited
and parties acting in concert with it)**

CONTENTS

	Page
Definitions	1
Letter from the Board	
Introduction	4
The Conditional Sale and Purchase	5
The Agreement	5
Unconditional Mandatory Cash Offer	8
Information about AGL, the Company and SHK	9
Information about INFL and HKBLA	9
Information about the Offeror	11
Reasons for and Benefits of the Sale and Purchase of the Sale Share	11
Financial Effect of the Transaction	12
Listing Rules Implications	12
Additional Information	12
Appendix – General Information	13

DEFINITIONS

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

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange and is the ultimate holding company of the Company
“Agreement”	the sale and purchase agreement dated 11th May, 2007 made between Onspeed, UAF and the Offeror, relating to the sale and purchase of the Sale Share and the assignment of the Loan
“associates”	having the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“B.V.I.”	British Virgin Islands
“Company”	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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	convertible bonds of the Company entitling the holders thereof to convert all or any of the convertible bonds into fully paid Shares at any time during the period from 1st July, 2009 and ending on the business day falling ten business days immediately preceding 9th November, 2011 at an initial conversion price of HK\$10 per convertible bond (subject to adjustments)
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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, and a direct non wholly-owned subsidiary of INFL

DEFINITIONS

“HKBLA Group”	HKBLA and its subsidiaries
“HKBLA Shares”	shares of nominal value of HK\$1.00 each in the share capital of HKBLA
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“INFL”	Island New Finance Limited, a company incorporated in the B.V.I. with limited liability, and an indirect wholly-owned subsidiary of UAF as at the date of the Agreement
“Joint Announcement”	joint announcement issued by AGL, the Company, SHK and HKBLA dated 16th May, 2007 in relation to the sale and purchase of the Sale Share and the Offer
“Latest Practicable Date”	1st June, 2007, 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 of HK\$192,852,975 advanced by Onspeed to INFL
“Offer”	the unconditional mandatory cash offer for all the issued shares in HKBLA other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code
“Offeror”	Mercurius Partners Investments Limited, a company incorporated in the B.V.I. with limited liability and a wholly-owned subsidiary of Mercurius Partners, LLP which is in turn wholly and beneficially owned by family members of Mr. John Zwaanstra and a trust and the sole initial beneficiary thereof is wholly and beneficially owned by Mr. John Zwaanstra
“Onspeed”	Onspeed Investments Limited, a company incorporated in the B.V.I. with limited liability, and a direct wholly-owned subsidiary of UAF

DEFINITIONS

“Penta”	Penta Investment Advisers Limited, a company incorporated in the B.V.I. with limited liability and wholly and beneficially owned by Mr. John Zwaanstra, and an existing shareholder of each of the Company and SHK
“Sale Share”	one share of US\$1.00 in the issued share capital of INFL, representing the entire issued share capital of INFL
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of nominal value of HK\$2 each in the share capital of the Company
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange and a subsidiary of the Company
“SHK Group”	SHK and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“Takeovers Code”	Code on Takeovers and Mergers
“UAF”	United Asia Finance Limited, a company incorporated in Hong Kong with limited liability, and an indirect non wholly-owned subsidiary of SHK
“Warrants”	warrants of the Company entitle the holders thereof to subscribe at any time during the period from 7th June, 2006 up to and including 6th June, 2009 (both days inclusive) for fully paid Shares at an initial subscription price of HK\$10 per Share (subject to adjustments)



ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

Executive Directors:

Patrick Lee Seng Wei (*Chief Executive*)

Li Chi Kong

Non-executive Directors:

Arthur George Dew (*Chairman*)

Henry Lai Hin Wing

Steven Lee Siu Chung

Registered Office:

22nd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

Independent non-executive Directors:

John Douglas Mackie

Steven Samuel Zoellner

Alan Stephen Jones

6th June, 2007

*To the Shareholders and, for information only,
the holders of Warrants*

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**(1) Conditional sale and purchase of the entire issued share capital of
Island New Finance Limited**

**(2) Possible unconditional mandatory cash offer by
Somerley Limited
on behalf of**

**Mercurius Partners Investments Limited
for all the issued shares in**

**The Hong Kong Building and Loan Agency Limited
(other than those already owned by or agreed to be acquired by
Mercurius Partners Investments Limited
and parties acting in concert with it)**

INTRODUCTION

Reference is made to the Joint Announcement, on 11th May, 2007, Onspeed (an indirect non wholly-owned subsidiary of SHK, held through its interests in UAF), UAF and the Offeror

LETTER FROM THE BOARD

entered into the Agreement, pursuant to which Onspeed conditionally agreed to sell the Sale Share (representing the entire issued share capital of INFL) and assign the Loan, and the Offeror conditionally agreed to purchase the Sale Share and accept the assignment of the Loan, at an aggregate consideration of HK\$248,903,319.

An initial deposit of HK\$20,000,000 was paid by the Offeror to Onspeed upon the signing of the Agreement. The balance of the consideration in the sum of HK\$228,903,319 was settled in cash on completion of the sale and purchase of the Sale Share on 31st May, 2007.

As at the Latest Practicable Date, INFL was beneficially interested in approximately 74.999 per cent. of the issued share capital of HKBLA. HKBLA is the only investment of INFL.

Completion of the sale and purchase of the Sale Share was conditional upon fulfilment of a number of conditions.

Under Chapter 14 of the Listing Rules, the transactions referred to in the Agreement constitute a discloseable transaction for the Company, on the basis that the calculation of the consideration ratio is within the range of 5 per cent. and 25 per cent.

The purpose of this circular is to provide the Shareholders with further information in relation to, amongst other things, details of the terms of the Agreement and other information in accordance with the requirements of the Listing Rules.

THE CONDITIONAL SALE AND PURCHASE

On 11th May, 2007, Onspeed (an indirect non wholly-owned subsidiary of SHK, held through its interests in UAF), UAF and the Offeror entered into the Agreement, pursuant to which Onspeed conditionally agreed to sell the Sale Share (representing the entire issued share capital of INFL) and assign the Loan, and the Offeror conditionally agreed to purchase the Sale Share and accept the assignment of the Loan, at an aggregate consideration of HK\$248,903,319.

THE AGREEMENT

Date: 11th May, 2007

Parties:

- (1) Onspeed as vendor
- (2) UAF as warrantor
- (3) The Offeror as purchaser

LETTER FROM THE BOARD

The Sale Share

The Sale Share represented the entire issued share capital of INFL as at the Latest Practicable Date.

The Sale Share and the Loan were to be acquired free from all liens, charges, mortgages, pledges, encumbrances or security arrangements and other options, restrictions, conditions, claims or third party rights, interest or equity of any kind and together with all rights and benefits, as at or after the date of the Agreement, attaching to them.

UAF has agreed to give certain representations and warranties in relation to INFL and the HKBLA Group and to warrant the performance and observance by Onspeed of its obligations and undertakings under the Agreement.

Net consolidated profits attributable to the Sale Share (before minority interest) for the two financial years ended 31st December, 2006 were:

- (i) approximately HK\$999,000 (before taxation) or approximately HK\$999,000 (after taxation) for the financial year ended 31st December, 2005; and
- (ii) approximately HK\$11,781,000 (before taxation) or approximately HK\$10,997,000 (after taxation) for the financial year ended 31st December, 2006.

As at 31st December, 2006, the consolidated net book value of the Sale Share was approximately HK\$8,548,000.

As at the Latest Practicable Date, INFL was beneficially interested in approximately 74.999 per cent. of the issued share capital of HKBLA. HKBLA is the only investment of INFL.

Consideration

The aggregate consideration for the sale and purchase of the Sale Share and the assignment of the Loan was HK\$248,903,319, comprising HK\$56,050,344 for the Sale Share and HK\$192,852,975 for the Loan.

The consideration was arrived at after arm's length negotiations between Onspeed and the Offeror, having regard to the net asset value of the HKBLA Shares, together with the profit estimated to be generated from the sale of the Sale Share for UAF, SHK and the Company of approximately HK\$47,507,000, approximately HK\$18,532,000 and approximately HK\$12,079,000 respectively based on the selling price of HK\$1.475 per HKBLA Share.

As at the date of the Agreement, the closing price per HKBLA Share was HK\$2.30 and the selling price per HKBLA Share is HK\$1.475 based on the consideration of the sale and purchase of the Sale Share and the assignment of the Loan of HK\$248,903,319.

LETTER FROM THE BOARD

The selling price of HK\$1.475 per HKBLA Share represents:

- (i) a discount of approximately 35.9 per cent. to the closing price of HK\$2.30 per HKBLA Share as quoted on the Stock Exchange on the last trading day of the HKBLA Shares immediately before the date of the Joint Announcement;
- (ii) a discount of approximately 34.7 per cent. to the average closing price of HK\$2.26 per HKBLA Share as quoted on the Stock Exchange for the last five trading days of the HKBLA Shares immediately before the date of the Joint Announcement;
- (iii) a discount of approximately 35.8 per cent. to the average closing price of HK\$2.296 per HKBLA Share as quoted on the Stock Exchange for the last ten trading days of the HKBLA Shares immediately before the date of the Joint Announcement; and
- (iv) a discount of approximately 69.3 per cent. to the closing price of HK\$4.80 per HKBLA Share as quoted on the Stock Exchange of the HKBLA Shares as at the Latest Practicable Date.

An initial deposit of HK\$20,000,000 was paid by the Offeror to Onspeed upon the signing of the Agreement. The balance of the consideration in the sum of HK\$228,903,319 was settled in cash on completion of sale and purchase of the Sale Share on 31st May, 2007.

Conditions

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

- (i) all necessary approvals, consents and authorisations required for the implementation of the Agreement and the consummation of the transactions envisaged herein, under the Listing Rules and any existing contractual arrangements, including any loan or finance documentation, entered into by INFL, Onspeed or any other member of the SHK Group and the holding companies of SHK being obtained and remaining in full force and effect;
- (ii) all necessary licences, authorisations, consents and approvals of all relevant governmental or regulatory authorities, agencies or bodies required for the implementation of the Agreement and the consummation of the transactions envisaged in the Agreement being obtained and remaining in full force and effect;
- (iii) HKBLA retaining its listed status, with the HKBLA Shares not having been suspended from listing, other than for suspensions of a routine nature, including but not limited to, any suspensions relating to the transactions and matters referred to in the Agreement;
- (iv) the delivery to the Offeror (or its advisers) of a certificate of good standing issued by the Registrar of Corporate Affairs in the B.V.I. in respect of INFL and a certificate of incumbency issued by the registered agent of INFL; and

LETTER FROM THE BOARD

- (v) the delivery to the Offeror (or its advisers) the unaudited management accounts of INFL for the accounting period commencing from the date of incorporation of INFL and ended on the date of the Agreement, within three business days after the date of the Agreement.

Onspeed and the Offeror agreed to use their respective reasonable endeavours to procure that the above conditions are fulfilled as soon as practicable, and in any event no later than 5:00 p.m. on 30th November, 2007.

If any of the above conditions had not been fulfilled (or, to the extent permissible, waived by the Offeror) in full by such time, the deposit would have been refunded without interest and the Agreement would have terminated. None of the parties to the Agreement would have had any claim against any other in respect of the Agreement, except for the obligation to refund the deposit and claims in respect of any antecedent breaches.

Completion

Completion of the sale and purchase of the Sale Share took place on 31st May, 2007.

Immediately following completion of the sale and purchase of the Sale Share, each of AGL, the Company and SHK has ceased to hold any interests in INFL and HKBLA, and INFL and HKBLA have ceased to be subsidiaries of each of AGL, the Company and SHK.

UNCONDITIONAL MANDATORY CASH OFFER

As at the Latest Practicable Date, the issued share capital of HKBLA was 225,000,000 HKBLA Shares. HKBLA did not have any other securities in issue.

The Directors are advised that, as at the date of the Agreement, the Offeror and parties acting in concert with it did not have any shareholding interest in HKBLA. Immediately following completion of the sale and purchase of the Sale Share, the Offeror and parties acting in concert with it, through their interests in INFL, were interested in approximately 74.999 per cent. of the issued share capital of HKBLA as at the Latest Practicable Date. Immediately following completion of the sale and purchase of the Sale Share, the Offeror is required under Rule 26.1 of the Takeovers Code to make the Offer (being an unconditional mandatory cash offer) to acquire all the issued shares in HKBLA other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Further details in relation to the Offer are set out in the announcement and the offer document issued by the Offeror dated 14th May, 2007 and 4th June, 2007 respectively.

Within 14 days after the date of posting of the offer document by the Offeror, HKBLA will despatch an offeree board circular in relation to the Offer to its shareholders. The offeree board circular to be despatched will contain, amongst other things, the information required under the Takeovers Code, a letter from its independent board committee and a letter from the independent financial adviser to its independent board committee.

LETTER FROM THE BOARD

INFORMATION ABOUT AGL, THE COMPANY AND SHK

AGL

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

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

The Company

The Company 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 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.

As at the Latest Practicable Date, the Company was beneficially owned as to approximately 74.93 per cent. by AGL.

SHK

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

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are wealth management and brokerage, asset management, capital markets, consumer finance as well as principal investments.

As at the Latest Practicable Date, SHK was beneficially owned as to approximately 65.17 per cent. by the Company.

INFORMATION ABOUT INFL AND HKBLA

INFL

INFL is a company incorporated in the B.V.I. with limited liability. It was an indirect non wholly-owned subsidiary of SHK as at the date of the Agreement.

The principal business activity of INFL is investment holding. HKBLA is the only investment of INFL. The principal business activities of HKBLA are investment holding, treasury investments and the provision of mortgage finance and other related services.

LETTER FROM THE BOARD

HKBLA

HKBLA is a company incorporated in Hong Kong with limited liability. The HKBLA Shares are listed on the Main Board of the Stock Exchange.

The principal business activities of the HKBLA Group are investment holding, treasury investments and the provision of mortgage finance and other related services.

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

- (i) as to approximately 74.999 per cent. by INFL; and
- (ii) as to approximately 25.001 per cent. by the public shareholders of HKBLA.

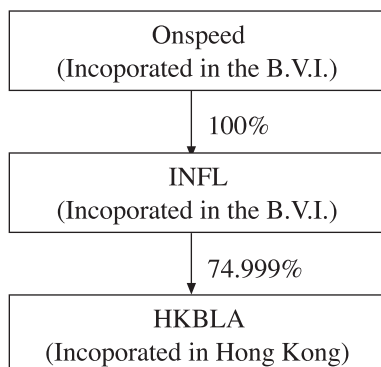
Audited consolidated profit of HKBLA for the two financial years ended 31st December, 2006 were:

- (i) approximately HK\$1,235,000 (before taxation) or approximately HK\$1,235,000 (after taxation) for the financial year ended 31st December, 2005; and
- (ii) approximately HK\$12,055,000 (before taxation) or approximately HK\$11,271,000 (after taxation) for the financial year ended 31st December, 2006.

As at 31st December, 2006, the audited consolidated net asset value of HKBLA was approximately HK\$231,881,000.

Group Chart

An overview of the corporate structure of Onspeed, INFL and HKBLA immediately before completion of the sale and purchase of the Sale Share was set out below:



LETTER FROM THE BOARD

INFORMATION ABOUT THE OFFEROR

The Offeror is a company incorporated in the B.V.I. with limited liability. The principal business activity of the Offeror is investment holding.

The Directors are advised by the Offeror that the Offeror is a wholly-owned subsidiary of Mercurius Partners, LLP which is in turn wholly and beneficially owned by family members of Mr. John Zwaanstra and a trust and the sole initial beneficiary thereof is wholly and beneficially owned by Mr. John Zwaanstra. Mr. John Zwaanstra is a professional investor who has extensive experience in investment management and securities analysis. Except for the entering into of the Agreement, the Offeror has not conducted any other business since incorporation.

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

For the year ended 31st December, 2006, the mortgage finance business for HKBLA recorded a revenue of approximately HK\$1,381,000 and a segment profit of approximately HK\$1,400,000, while the treasury investments recorded a revenue of approximately HK\$60,135,000 and a segment profit of approximately HK\$14,348,000. The mortgage finance market in Hong Kong remains highly competitive and the return on treasury investment always fluctuates in line with the volatility in the financial markets.

In addition, HKBLA's mortgage finance customers are quite distinct from the existing customer base of UAF and experience has indicated that there are little synergistic benefits between the consumer finance business of UAF and the mortgage finance business of HKBLA. Accordingly, the directors of UAF believe that the disposal of HKBLA would enhance its management resources to enable it to focus on the future development of the consumer finance business of UAF.

As HKBLA does not currently have any substantial active business operation, the disposal of HKBLA (through the sale of the Sale Share) will reduce the costs associated with maintaining HKBLA as a listed company within the SHK Group, and at the same time generate a profit estimated to be approximately HK\$18,532,000 attributable to the equity holders of SHK, on the basis of the audited consolidated net asset value of HKBLA as at 31st December, 2006. Such profit of approximately HK\$18,532,000 will be recorded as a gain by the SHK Group, and is derived on the basis of the consideration of the disposal of approximately 74.999 per cent. interest in HKBLA less carrying value of HKBLA in the consolidated accounts of SHK (including the goodwill to be released by SHK in its consolidated accounts). The profit attributable to the equity holders of the Company is estimated to be approximately HK\$12,079,000, and is derived on the basis of the profit of approximately HK\$18,532,000 attributable to the equity holders of SHK and adjusted for minority interest in SHK.

Having regard to the nature of and the benefits resulting from the sale and purchase of the Sale Share, the Directors believe that the terms of the sale and purchase of the Sale Share are fair and reasonable and in the interests of the Shareholders taken as a whole.

LETTER FROM THE BOARD

The proceeds from the disposal of the Sale Share and the assignment of the Loan are intended to be applied by UAF for general working capital purposes.

The 74.999 per cent. interest in HKBLA was acquired by SHK (indirectly through the acquisition of UAF) on 24th August, 2006, with an original acquisition cost of approximately HK\$123,930,000.

FINANCIAL EFFECT OF THE TRANSACTION

Following completion of the sale and purchase of the Sale Share, the liabilities of the Group have decreased by approximately HK\$877,000 based on the audited consolidated net asset value of HKBLA as at 31st December, 2006. The net assets and the earnings of the Group have increased by approximately HK\$12,079,000 after completion of the sale and purchase of the Sale Share.

LISTING RULES IMPLICATIONS

Under Chapter 14 of the Listing Rules, the transactions referred to in the Agreement constitute a discloseable transaction for the Company, on the basis that the calculation of the consideration ratio is within the range of 5 per cent. and 25 per cent.

As at the Latest Practicable Date, Penta and its associates have advised that they were interested in 19,430,000 shares in the Company, representing approximately 3.62 per cent. of the issued share capital of APL, and 149,288,000 shares in SHK, representing approximately 9.99 per cent. of the issued share capital of SHK.

To the best of the knowledge of the Directors, Penta and its ultimate owners are independent third parties not connected with the Company, any of its subsidiaries or any of their respective associates, or any of the connected person of the Company, any of its subsidiaries or any of their respective associates.

ADDITIONAL INFORMATION

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

Yours faithfully,
On behalf of the Board
Allied Properties (H.K.) Limited
Arthur George Dew
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular 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. DISCLOSURE OF INTERESTS

(a) Directors' interests

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

Name of Director	Name of company	Number of shares and underlying shares held	Approximate percentage of the relevant issued share capital	Nature of interests
Patrick Lee Seng Wei	The Company	337,500 (Note 1)	0.06	Personal interests (held as beneficial owner)
	AGL (Note 2)	550,000 (Note 3)	0.22	Personal interests (held as beneficial owner)
Steven Samuel Zoellner	SHK (Note 2)	49,200 (Note 4)	0.00	Personal interests (held as beneficial owner)
	Quality HealthCare Asia Limited ("QHA") (Note 2)	102,000 (Note 5)	0.048	Personal interests (held as beneficial owner)

Notes:

1. The interest includes the holding of (i) 270,000 Shares; and (ii) 54,000 units of Warrants and 13,500 units of Convertible Bonds giving rise to an interest in 67,500 underlying Shares.
2. AGL is the ultimate holding company of the Company. SHK is an indirect non wholly-owned subsidiary of the Company, and QHA is an indirect non wholly-owned subsidiary of SHK. Therefore, AGL, QHA and SHK are associated corporations of the Company within the meaning of Part XV of the SFO.
3. This represents an interest in 550,000 shares of AGL.
4. This represents an interest in 49,200 shares of SHK.
5. This represents an interest in 102,000 shares of QHA.
6. All interests stated above represent long positions.

(b) Substantial shareholders' and other persons' interests

Save as disclosed below and in paragraph (a) above, the Directors and the chief executive of the Company were not aware that there was any person who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in 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) Interests in the Shares and the underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO

Name of Shareholder	Number of Shares and underlying Shares held	Approximate percentage of the issued share capital of the Company	<i>Notes</i>
AGL	508,097,789	94.56	<i>1</i>
Lee and Lee Trust	508,097,789	94.56	<i>2, 3</i>
Penta Investment Advisers Ltd ("Penta")	27,383,600	5.10	<i>4</i>
John Zwaanstra	27,383,600	5.10	<i>5</i>

Notes:

1. The interest includes the holding of: (i) an interest in 167,061,619 Shares, 33,412,323 units of Warrants and 8,353,080 units of Convertible Bonds held by Capscore Limited ("Capcore"); (ii) an interest in 4,186,632 Shares, 837,324 units of Warrants and 5,022,057 units of Convertible Bonds held by Citiwealth Investment Limited ("Citiwealth"); (iii) an interest in 135,063,783 Shares, 26,990,756 units of Warrants and 6,747,688 units of Convertible Bonds held by Sunhill Investments Limited ("Sunhill"); and (iv) an interest in 96,338,025 Shares, 19,267,603 units of Warrants and 4,816,899 units of Convertible Bonds held by AGL. The Warrants and the said Convertible Bonds held by Capscore, Citiwealth, Sunhill and AGL giving rise to an interest in an aggregate of 105,447,730 underlying Shares. Capscore, Citiwealth and Sunhill are all wholly-owned subsidiaries of AGL. AGL is therefore deemed to have an interest in the Shares and the underlying Shares in which Capscore, Citiwealth and Sunhill were interested.

2. This represents the same interest of AGL in 402,650,059 Shares, an interest in 80,508,006 units of Warrants and an interest in 24,939,724 units of Convertible Bonds.
3. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together own approximately 42.07% interest in the issued share capital of AGL and are therefore deemed to have an interest in the Shares in which AGL was interested.
4. These include (i) an interest in 19,428,000 Shares; (ii) an interest in unlisted cash settled derivatives of the Company, giving rise to an interest in 4,916,000 underlying Shares; (iii) and an interest in 3,039,600 units of the Warrants, giving rise to an interest in 3,039,600 underlying Shares.
5. Mr. John Zwaanstra is deemed to have interests in the Shares and underlying Shares through his 100% interest in Penta.
6. The interest stated above represents a long position. As at the Latest Practicable Date, no short positions were recorded in the register required to be kept under Section 336 of the SFO.

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

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

Note: Although the Group holds 51% interest in GFIA, it is jointly controlled by the Group and LOTE. Its profit and loss are split 50/50 between the Group and LOTE.

3. DIRECTORS' SERVICE CONTRACTS

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

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (not being the independent non-executive Directors) or their respective associates was considered to have interests in any competing business pursuant to the Listing Rules:

- (a) Mr. Arthur George Dew is a director of AGL which, through a subsidiary, is partly engaged in the business of money lending;
- (b) Mr. Patrick Lee Seng Wei is a director of SHK which, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment;
- (c) Mr. Li Chi Kong is a director of AG Capital Limited, a subsidiary of AGL, which is partly engaged in the business of money lending;
- (d) Messrs. Patrick Lee Seng Wei and Li Chi Kong are directors of Tian An China Investments Company Limited which, through a subsidiary, is partly engaged in the business of money lending; and
- (e) Messrs. Patrick Lee Seng Wei and Li Chi Kong are directors 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.

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.

5. LITIGATION

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

- (a) On 10th July, 2006, the Court of Final Appeal ("CFA") upheld the judgment (as amended by the Court of Appeal) of the Hong Kong Court of First Instance of 1st April, 2004 (the "Judgment"), that Sun Hung Kai Securities Limited ("SHKS"), a

wholly-owned subsidiary of SHK, holds a 12.5% interest in a 50/50 joint venture entered into between New World Development Company Limited (“NWDC”) and IGB Corporation Berhad to purchase land and build two international hotels plus a 200-unit service apartment in Kuala Lumpur, Malaysia (the “Joint Venture”), and that accordingly SHKS was liable to pay to NWDC the sums which NWDC had advanced to the joint venture company Great Union Properties Sdn. Bhd (“GUP”) on behalf of SHKS, together with interest on such monies (the “Judgment Sum”) and costs of the First Instance hearing and of the two appeals. SHKS has duly paid the Judgment Sum. The final amount of NWDC’s costs and disbursements that SHKS is liable to pay has yet to be determined. SHKS received further claims from NWDC for amounts advanced by GUP on behalf of SHKS with respect to the Joint Venture and these claims have been paid.

- (b) In June 2006, SHK received notice of a 2001 order made by the Hubei Province Higher Peoples Court in China freezing US\$3 million (or assets of equivalent value) of SHKS’s funds pursuant to which SHKS’s shares in Chang Zhou Power Development Company Limited in China (the “Chang Zhou Shares”) (worth US\$3 million) were frozen. SHKS had sold the Chang Zhou Shares in 1998. SHK continues to investigate the matter.

6. GENERAL

- (a) The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (b) The company secretary of the Company is Mr. Li Chi Kong. Mr. Li is a member of the Institute of Chartered Accountants of Scotland and a fellow of the Hong Kong Institute of Certified Public Accountants. He is also an Executive Director of the Company.
- (c) The qualified accountant of the Company is Mr. Wu Kwan Yet. He obtained a Master’s Degree in Professional Accounting from The Hong Kong Polytechnic University in 2001 and is an associate member 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.