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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 86)**

## **ANNOUNCEMENT**

### **Sun Hung Kai Investment Services Limited Agrees with the SFC to Repurchase Lehman Brothers Minibonds from its Clients at Original Value**

This announcement is made by SHK pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the reprimand issued by the SFC to SHKIS (the “SFC Press Release”) on 22 January 2009 for their concerns on SHKIS’s internal system and controls relating to its sales since 2002 of Lehman Brothers Minibonds to its retail clients following an investigation by the SFC (the “Matter”).

On 22 January 2009, without any admission of liability or wrongdoing in respect of the Matter, SHKIS agreed with the SFC to make the Voluntary Offer to repurchase Lehman Brothers Minibonds subscribed through SHKIS.

This announcement is made by SHK pursuant to Rule 13.09 of the Listing Rules.

A reprimand was issued by the SFC to SHKIS on 22 January 2009 for their concerns on SHKIS’s internal system and controls relating to its sales since 2002 of Lehman Brothers Minibonds to its retail clients following an investigation by the SFC.

SHK announces that on 22 January 2009, SHKIS, being an indirect wholly-owned subsidiary of SHK, agreed with the SFC to make a voluntary offer to each eligible client (as defined herein) of SHKIS to purchase all outstanding Lehman Brothers Minibonds subscribed through SHKIS at a price equal to the principal amount invested by them (the “Voluntary Offer”). Based on the information currently available to SHKIS, the estimated aggregate amount involved in such a purpose is up to approximately HK\$85 million if all eligible clients accepted the Voluntary Offer.

The Board wishes to reiterate that SHK ascribes to the highest standard of conduct in its business. The Voluntary Offer is therefore being made pursuant to an agreement with the SFC in the interest of resolving concerns raised by the SFC regarding SHKIS’s internal system and

controls and is without any admission of liability or wrongdoing by SHKIS. The Matter is now resolved and the SFC will not take any further action against SHKIS or its directors, officers and employees in respect of their involvement in the sale of Lehman Brothers Minibonds.

The events that resulted in the collapse of Lehman Brothers were unprecedented and could not have reasonably been foreseen. Consequently, it is the Board's opinion that an expedient resolution is in the best interest of SHKIS's retail clients and removes the potential for costly, disruptive and time consuming disputes.

## **DEFINITIONS**

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

“Board”	the board of directors of SHK;
“eligible client(s)”	includes all clients of SHKIS who bought Lehman Brothers Minibonds through SHKIS except for: (a) those clients who purchased Lehman Brothers Minibonds only from the secondary market on an execution only basis and had not previously purchased Lehman Brothers Minibonds through SHKIS in primary offerings; (b) professional investors, including financial institutions, insurers and other corporations falling under paragraphs (a) to (i) of the definition of “professional investor” in Part 1 of Schedule 1 to the Securities and Futures Ordinance; (c) those clients who had already commenced legal action against SHKIS unless the clients are willing to stay or end the legal action; or (d) those clients who had concluded a settlement with SHKIS and already received payments that exceeded the principal they invested;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Lehman Brothers Minibonds”	Series 5 to Series 36 of Notes issued under the “Secured Continuously Offer Noted Programme” of Pacific International Finance Limited;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“SFC”	The Securities and Futures Commission;
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange, and an indirect non wholly-owned subsidiary of Allied Properties (H.K.) Limited and Allied Group Limited;

“SHKIS” Sun Hung Kai Investment Services Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of SHK, and is licensed under the Securities and Futures Ordinance to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities; and

“Stock Exchange” The Stock Exchange of Hong Kong Limited.

## **DIRECTORS**

As at the date of this announcement, the Board comprises of:

*Executive Directors:*

Messrs. Lee Seng Huang (Chairman) and Joseph Tong Tang

*Non-executive Directors:*

Messrs. Abdulhakeem Abdulhussain Ali Kamkar, Amin Rafie Bin Othman (also as alternate to Mr. Abdulhakeem Abdulhussain Ali Kamkar) and Patrick Lee Seng Wei

*Independent non-executive Directors:*

Messrs. David Craig Bartlett, Alan Stephen Jones, Carlisle Caldow Procter and Peter Wong Man Kong

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

Hong Kong, 22 January 2009