

[For Immediate Release]

## **Sun Hung Kai Financial to repurchase up to HK\$85m of Lehman Brothers Minibonds from its retail clients**

**Hong Kong, 22 January 2009** – Sun Hung Kai Financial ("SHKF" or the "Group"), Hong Kong's leading non-bank financial institution, is pleased to announce that after exploring various alternatives in recent months with the primary objective of assisting our retail customers with Lehman Brothers Minibond holdings, the Group has decided voluntarily to repurchase up to approximately HK\$85 million of Lehman Brothers Minibonds from our small number of affected primary market retail customers.

SHKF has worked tirelessly and in co-operation with all relevant parties, including our customers, the Securities & Futures Commission, the trustee of Lehman Brothers' Minibond Series being HSBC Bank USA and the HKAB TaskForce to identify a workable solution that appropriately balances the interests of relevant stakeholders, but in particular, our own customers.

The repurchase offers will be made at the full principal value of the Lehman Brothers Minibonds held by the Group's 310 primary market retail customers. The Group believes that this repurchase initiative represents the best possible solution for our affected customers, and provides closure for them on the unforeseen and unfortunate events sparked by the global collapse of Lehman Brothers in September 2008. SHKF does not accept any liability or wrongdoing in regard to this offer.

Mr. Lee Seng Huang, Executive Chairman, SHKF, said: "After months of hard work during which we evaluated various alternatives, we achieved an outcome which we believe represents the best possible solution for our Minibond customers. We understand it has not been an easy time for all concerned, but we believe that this voluntary initiative will bring closure to our affected customers, particularly in light of this challenging economic environment. As it is now the beginning of 2009, a year in which we celebrate our 40<sup>th</sup> Anniversary, we feel it is time to begin writing the next chapter in our company's legacy with the support of our most valuable asset - our customers. I'd like to thank our customers for their patience and our dedicated staff members who have worked to achieve what is undoubtedly a very positive result."

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The expected repurchase amount, being a maximum of approximately HK\$85 million, will be immaterial in the broader context of the Group's financial strength. SHKF remains well capitalised, with approximately HK\$20 billion in Group assets, more than HK\$50 billion in assets under management, custody and/or advice, and approximately HK\$11 billion in shareholders' equity. This repurchase initiative will not affect the Group's expansion plans.

In relation to the SFC reprimand, while unfortunate, SHKF does not admit to any liability or wrongdoing. While we acknowledge the SFC's concerns, SHKF highlights that some of these issues raised date back to 2002 and have since been rectified, while any outstanding concerns are currently being addressed. Furthermore, the SFC, in issuing its statement, made specific mention of SHKF's: a) agreement to resolve such noted concerns immediately; b) already-implemented enhancements; c) commitment to continuing to enhance our internal controls; and d) clear disciplinary record. SHKF has fully co-operated with the SFC and is committed to ensuring that we operate with the highest standards of conduct and customer service.

Further details on the repurchase initiative will be made available to our eligible Minibond customers directly in the coming days.

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### **About Sun Hung Kai & Co. Limited and Sun Hung Kai Financial**

With its foundation dating back to 1969, Sun Hung Kai & Co. Limited, which operates under the name Sun Hung Kai Financial, is the leading non-bank financial institution in Hong Kong. The Group currently has more than HK\$50 billion in assets under management, custody and/or advice, and approximately HK\$11 billion of shareholders' equity. Its core areas of focus include wealth management and brokerage, asset management, corporate finance, consumer finance as well as principal investments. Listed on the HKEx (stock code: 86), the Group has an extensive branch and office network in over 60 locations in Hong Kong, Macau, China and Singapore.

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