

Hong Kong, 27 February 2007

Sun Hung Kai Financial and ABN AMRO pioneer First Asian Property Derivative

Sun Hung Kai Financial and ABN AMRO have jointly executed the market's first ever Asian property derivative based upon Hong Kong residential properties.

This deal was based on trading The University of Hong Kong's Hong Kong Island Residential Price Index (HKU-HRPI), a sub index of The University of Hong Kong Real Estate Index Series (HKU-REIS). ABN AMRO receives the change in HKU-HRPI and pays interest (HIBOR + spread) to Sun Hung Kai Financial. This is similar to ABN AMRO buying residential property in Hong Kong, and Sun Hung Kai Financial selling property but in a virtual rather than direct way.

"Real estate as an investment has always been popular in Hong Kong hence, we believe investors will like the new instrument as there will be good liquidity in the market," says Joseph Tong, CEO for Wealth Management, Capital Markets and Brokerage from Sun Hung Kai Financial. "Property investments can now be done in a convenient manner and at a very low transaction cost. Investors no longer need to worry about the troubles of owning physical properties or problems associated with any particular properties as the index reflects the performance of the entire property sector."

This transaction follows ABN AMRO's pioneering role in developing the UK market where they conducted the first UK Retail sector swap (November 2005), first UK Office sector swap (January 2006), and the first sub-sector swap based on UK Shopping Centres (August 2006). "We see many similarities with the burgeoning UK market," said Philip Ljubic, a Director of Property derivatives at ABN AMRO. "When ABN AMRO first entered the UK property derivatives market in 2005 as the first market maker, only a handful of deals had been completed. Now the UK market is seeing liquidity grow rapidly. Similarly, ABN AMRO expects this to be the start of something big for Hong Kong," said Mr Ljubic.

"By using a property derivative there are none of the costs - legal, agent, and purchase/sales taxes - when compared to a direct physical transaction," Mr. Ljubic added. "Another big advantage is time, a physical transaction can take weeks while a property derivative, once liquidity is established, could take minutes."

A key ingredient which will underpin the success and growth of Hong Kong real estate derivatives is that The University of Hong Kong has developed credible and robust indices on which to trade.

"The HKU-REIS is the first set of transaction based real estate price indices that are suitable for development of real estate derivatives outside of the United Kingdom and the United States," commented Professor KW Chau, Chair of Real Estate & Construction, The University of Hong Kong. "Our goal is more than the development of real estate derivatives. We would like to see the HKU-REIS become the international benchmark for residential prices in Hong Kong in the academic, real estate and financial community. A real estate derivatives market in Hong Kong will further strengthen Hong Kong's status as an international financial centre."

The deal was brokered by GFI Colliers. Stephen Moore, head of property derivatives at GFI Colliers, said, "This is the first ever property derivative transaction in Asia Pacific and we are proud that GFI Colliers completed the deal after more than a year's work. We are very excited about the applications of this product throughout the region."

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"Sun Hung Kai Financial continually strives to be at the forefront of innovation in financial products and services. We are excited to source and close this first property derivative deal in Hong Kong and in Asia with ABN AMRO. This initiative is just one of the many products in our wide range of financial solutions that we provide our customers," said Mr. Tong.

Mr Ljubic added "By using this instrument, Sun Hung Kai Financial, a leading non-bank financial institution in Hong Kong, has demonstrated a clear endorsement of the future potential of property derivatives for Hong Kong."

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Notes to editors:

ABN AMRO

Netherlands-based ABN AMRO is a leading international bank with total assets of EUR 987 bln (as at 31 December 2006). It has more than 4,500 branches in 53 countries, and has a staff of more than 105,000 full-time equivalents worldwide. ABN AMRO is listed on Euronext and the New York Stock Exchange.

Sun Hung Kai & Co. Limited and Sun Hung Kai Financial

With its foundation dating back to 1969, Sun Hung Kai & Co. Limited, which trades under the brand Sun Hung Kai Financial, is the leading non-bank financial institution in Hong Kong. The Group currently has over HK\$30 billion in assets under management and/or advice, and about HK\$7 billion in shareholder's equity. Its core areas of focus include wealth management/brokerage, asset management, corporate finance, consumer finance as well as principal investments. Listed on the HKEx (under the stock code 00086), the Group is currently capitalized at about HK\$ 11 billion. It employs over 1300 dedicated professionals and has an extensive branch and office network in 50 locations in Hong Kong, Macau and China.

GFI Colliers

GFI Colliers is a Hong Kong property derivatives joint venture between Colliers International (www.colliers.com) and the GFI Group Inc. (www.GFIgroup.com). The GFI Group is a leading inter-dealer broker specializing in over-the-counter derivative products and related securities. The venture will provide broking services to banks, funds and property companies. Colliers International is one of the leaders in providing property knowledge solutions and services to its clients in over 240 offices in 51 countries across six continents. Colliers offers a full range of property services: sales, leasing, property and project management, valuation, research and consultancy. A Hong Kong residential property index, created by Professor K W Chau of the University of Hong Kong's Real Estate and Construction Department and based on repeat sales, will support the market. GFI Colliers take no proprietary positions in this market

The University of Hong Kong

The University of Hong Kong (HKU) is the first and foremost tertiary institution in Hong Kong, and was founded in 1911, incorporating the Hong Kong College of Medicine (est. 1887). The University was established to provide the highest level of education for the benefit of Hong Kong and China, and has a respected heritage of academic excellence. It is a comprehensive and research-led university, with ten faculties of Architecture, Arts, Business and Economics, Dentistry, Education, Engineering, Law, Medicine, Science, Social Sciences. Every year, around 6,000 students graduate from the University, which has, to date, produced over 100,000 graduates, many of whom have gone on to become leaders in society. The student population at HKU currently stands at over 22,200, including undergraduates and postgraduates.