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**新鴻基有限公司**

**SUN HUNG KAI & CO. LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 86)**

## **CONTINUING CONNECTED TRANSACTIONS**

On 27th February, 2009, SHK Insurance, an indirect wholly-owned subsidiary of the Company, entered into the respective Continuing Connected Transaction Agreements with each of AGL, APL, QHA and YMIM.

As each of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the aggregate fees receivable under the Continuing Connected Transaction Agreements is, on an annual basis, less than 2.5%, the Continuing Connected Transactions are classified as continuing connected transactions under Rule 14A.34 of the Listing Rules and are exempted from the independent shareholders' approval requirements under the Listing Rules. Details of the Continuing Connected Transaction Agreements will be included in the Company's next published annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the Continuing Connected Transaction Agreements were entered into after arm's length negotiations and reflect normal commercial terms and that the terms of the Continuing Connected Transaction Agreements (including the respective annual cap for the Continuing Connected Transactions) are fair and reasonable so far as the Company and its shareholders as a whole are concerned and are in the interests of the Company and its shareholders as a whole.

On 27th February, 2009, SHK Insurance, an indirect wholly-owned subsidiary of the Company, entered into the respective Continuing Connected Transaction Agreements with each of AGL, APL, QHA and YMIM, all for a term of one year commencing from 1st January, 2009 and expiring on 31st December, 2009, details of which are as follows:

### **THE AGL INSURANCE BROKERAGE SERVICES AGREEMENT**

Date: 27th February, 2009

Effective period: One year commencing from 1st January, 2009 and expiring on 31st December, 2009

Parties: SHK Insurance as service provider  
AGL as customer

Nature of transaction:	SHK Insurance will provide packaged insurance brokerage services to the AGL Group by assisting AGL in procuring insurance policies to be taken out with third party insurers. The scope of the services provided by SHK Insurance includes without limitation risks analysis, insurance program design, insurance placement, claims handling and management, loss control and insurance advisory.
Terms:	The premium for any insurance policy proposed by SHK Insurance under the AGL Insurance Brokerage Services Agreement shall be such premium as would be charged by SHK Insurance to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts. The terms under the AGL Insurance Brokerage Services Agreement will be no less favourable than that provided by the Independent Third Parties. AGL will pay and settle the premium to SHK Insurance in accordance with the terms of the insurance policies taken out with the third party insurers. Under general circumstances, AGL is allowed 30 days credit period to settle the premium.
Annual cap:	HK\$611,000
Basis of the annual cap:	The aggregate insurance brokerage service fees paid by the AGL Group to SHK Insurance for the year ended 31st December, 2008 amounted to approximately HK\$504,000. This historical service charge paid by the AGL Group reflects the actual level of requirement for insurance brokerage services and in determining the annual cap, besides taking into account the aforementioned service fees paid by the AGL Group for the year ended 31st December, 2008, the general insurance market this year, and a review of the present insurance coverage and having done so, the aggregate amount payable by the AGL Group under the AGL Insurance Brokerage Services Agreement for the year ending 31st December, 2009 is expected not to exceed HK\$611,000 and accordingly, the annual cap for the transactions under the AGL Insurance Brokerage Services Agreement is set at HK\$611,000.
Reason for the transaction:	Insurance brokerage services are essential in assisting the AGL Group to identify and mitigate the risks exposure through different insurance products. As such, it is essential for the business operation of the AGL Group to be provided with insurance brokerage services. AGL engages an insurance broker to obtain professional insurance advice and to obtain insurance cover that best suits the AGL Group's requirements at competitive prices. SHK Insurance has the market standing, capabilities and experience to serve AGL.

## **THE APL INSURANCE BROKERAGE SERVICES AGREEMENT**

Date: 27th February, 2009

Effective period: One year commencing from 1st January, 2009 and expiring on 31st December, 2009

Parties: SHK Insurance as service provider  
APL as customer

Nature of transaction: SHK Insurance will provide packaged insurance brokerage services to the APL Group by assisting APL in procuring insurance policies to be taken out with third party insurers. The scope of the services provided by SHK Insurance includes without limitation risks analysis, insurance program design, insurance placement, claims handling and management, loss control and insurance advisory.

Terms: The premium for any insurance policy proposed by SHK Insurance under the APL Insurance Brokerage Services Agreement shall be such premium as would be charged by SHK Insurance to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts. The terms under the APL Insurance Brokerage Services Agreement will be no less favourable than that provided by the Independent Third Parties. APL will pay and settle the premium to SHK Insurance in accordance with the terms of the insurance policies taken out with the third party insurers. Under general circumstances, APL is allowed 30 days credit period to settle the premium.

Annual cap: HK\$1,017,000

Basis of the annual cap: The aggregate insurance brokerage service fees paid by the APL Group to SHK Insurance for the year ended 31st December, 2008 amounted to approximately HK\$718,000. This historical service charge paid by the APL Group reflects the actual level of requirement for insurance brokerage services and in determining the annual cap, besides taking into account the aforementioned service fees paid by the APL Group for the year ended 31st December, 2008, the general insurance market this year, and a review of the present insurance coverage (in particular after the expansion of the business of the APL Group which results in an increase in demand for insurance coverage and insurance brokerage services) and having done so, the aggregate amount payable by the APL Group under the APL Insurance Brokerage Services Agreement for the year ending 31st December, 2009 is expected not to exceed HK\$1,017,000 and accordingly, the annual cap for the transactions under the APL Insurance Brokerage Services Agreement is set at HK\$1,017,000.

Reason for the transaction: Insurance brokerage services are essential in assisting the APL Group to identify and mitigate the risks exposure through different insurance products. As such, it is essential for the business operation of the APL Group to be provided with insurance brokerage services. APL engages an insurance broker to obtain professional insurance advice and to obtain insurance cover that best suits the APL Group's requirements at competitive prices. SHK Insurance has the market standing, capabilities and experience to serve APL.

## **THE QHA INSURANCE BROKERAGE SERVICES AGREEMENT**

Date: 27th February, 2009

Effective period: One year commencing from 1st January, 2009 and expiring on 31st December, 2009

Parties: SHK Insurance as service provider  
QHA as customer

Nature of transaction: SHK Insurance will provide packaged insurance brokerage services to the QHA Group by assisting QHA in procuring insurance policies to be taken out with third party insurers. The scope of the services provided by SHK Insurance includes without limitation risks analysis, insurance program design, insurance placement, claims handling and management, loss control and insurance advisory.

Terms: The premium for any insurance policy proposed by SHK Insurance under the QHA Insurance Brokerage Services Agreement shall be such premium as would be charged by SHK Insurance to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts. The terms under the QHA Insurance Brokerage Services Agreement will be no less favourable than that provided by the Independent Third Parties. QHA will pay and settle the premium to SHK Insurance in accordance with the terms of the insurance policies taken out with the third party insurers. Under general circumstances, QHA is allowed 30 days credit period to settle the premium.

Annual cap: HK\$5,800,000

Basis of the annual cap: The annual cap for the transactions under the insurance brokerage services agreement dated 31st January, 2008 and entered into between QHA and SHK Insurance was set at HK\$5,800,000. The aggregate insurance brokerage service fees paid by the QHA Group to SHK Insurance for the year ended 31st December, 2008 amounted to approximately HK\$4,490,000. This historical service charge paid by the QHA Group reflects the actual level of requirement for insurance brokerage services and in determining the annual cap, besides taking into account the aforementioned service fees paid by the QHA Group for the year ended 31st December, 2008, the Directors have also taken into consideration the existing scales of the QHA Group's operations (in particular after the acquisition of the GHC Medical Group in 2008 which results in an increase in demand for insurance coverage and insurance brokerage services) and the anticipated growth of the QHA Group, the general insurance market this year, and a review of the present insurance coverage and having done so, the aggregate amount payable by the QHA Group under the QHA Insurance Brokerage Services Agreement for the year ending 31st December, 2009 is expected not to exceed HK\$5,800,000 and accordingly, the annual cap for the transactions under the QHA Insurance Brokerage Services Agreement is set at HK\$5,800,000.

Reason for the transaction: Insurance brokerage services are essential in assisting the QHA Group to identify and mitigate the risks exposure through different insurance products. As such, it is essential for the business operation of the QHA Group to be provided with insurance brokerage services. QHA engages an insurance broker to obtain professional insurance advice and to obtain insurance cover that best suits the QHA Group's requirements at competitive prices. SHK Insurance has the market standing, capabilities and experience to serve QHA.

## **THE YMIM INSURANCE BROKERAGE SERVICES AGREEMENT**

Date: 27th February, 2009

Effective period: One year commencing from 1st January, 2009 and expiring on 31st December, 2009

Parties: SHK Insurance as service provider  
YMIM as customer

Nature of transaction: SHK Insurance will provide packaged insurance brokerage services to YMIM by assisting YMIM in procuring insurance policies to be taken out with third party insurers. The scope of the services provided by SHK Insurance includes without limitation risks analysis, insurance program design, insurance placement, claims handling and management, loss control and insurance advisory.

Terms:	The premium for any insurance policy proposed by SHK Insurance under the YMIM Insurance Brokerage Services Agreement shall be such premium as would be charged by SHK Insurance to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts. The terms under the YMIM Insurance Brokerage Services Agreement will be no less favourable than that provided by the Independent Third Parties. YMIM will pay and settle the premium to SHK Insurance in accordance with the terms of the insurance policies taken out with the third party insurers. Under general circumstances, YMIM is allowed 30 days credit period to settle the premium.
Annual cap:	HK\$101,000
Basis of the annual cap:	The aggregate insurance brokerage service fees paid by YMIM to SHK Insurance for the year ended 31st December, 2008 amounted to approximately HK\$123,000. This historical service charge paid by YMIM reflects the actual level of requirement for insurance brokerage services and in determining the annual cap, besides taking into account the aforementioned service fees paid by YMIM for the year ended 31st December, 2008, the general insurance market this year, and a review of the present insurance coverage and having done so, the aggregate amount payable by YMIM under the YMIM Insurance Brokerage Services Agreement for the year ending 31st December, 2009 is expected not to exceed HK\$101,000 and accordingly, the annual cap for the transactions under the YMIM Insurance Brokerage Services Agreement is set at HK\$101,000.
Reason for the transaction:	Insurance brokerage services are essential in assisting YMIM to identify and mitigate the risks exposure through different insurance products. As such, it is essential for the business operation of YMIM to be provided with insurance brokerage services. YMIM engages an insurance broker to obtain professional insurance advice and to obtain insurance cover that best suits YMIM's requirements at competitive prices. SHK Insurance has the market standing, capabilities and experience to serve YMIM.

## **INFORMATION ABOUT THE COMPANY, SHK INSURANCE, AGL, APL, QHA AND YMIM**

### **The Company**

The Company is a company incorporated in Hong Kong with limited liability, the securities of which 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 wealth management and brokerage, asset management, corporate finance, consumer finance as well as principal investments.

## **SHK Insurance**

SHK Insurance is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company and its principal business activity is the provision of insurance broking and consultancy services to its customers.

## **AGL**

AGL is a company incorporated in Hong Kong with limited liability, the shares of which 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, health administration, medical scheme administration, the provision of healthcare services and the provision of financial services.

## **APL**

APL is a company incorporated in Hong Kong with limited liability, the securities of which 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, health administration, medical scheme administration, the provision of healthcare services and the provision of financial services.

## **QHA**

QHA is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activities of the QHA Group are healthcare administration, medical scheme administration and the provision of healthcare services.

## **YMIM**

YMIM is a company incorporated in Hong Kong with limited liability.

YMIM is a licensed corporation and its principal business activities are the provision of corporate finance advisory services and investment management services.

As at the date of this announcement,

- (a) APL indirectly holds approximately 63.45% of the issued share capital of the Company and approximately 63.03% of the issued share capital of QHA;
- (b) APL is beneficially owned as to approximately 73.93% by AGL; and
- (c) YMIM is beneficially owned as to 100% by AGL.

## **LISTING RULES IMPLICATIONS**

Given that APL is a substantial shareholder of the Company; and AGL, QHA and YMIM are associates of APL, each of AGL, APL, QHA and YMIM and their respective associates are regarded as a connected person of the Company under the Listing Rules.

The Continuing Connected Transactions involve the provision of services which are carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitute continuing connected transactions under the Listing Rules. As each of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the aggregate fees receivable under the Continuing Connected Transaction Agreements is, on an annual basis, less than 2.5%, the Continuing Connected Transactions are classified as continuing connected transactions under Rule 14A.34 of the Listing Rules and are exempted from the independent shareholders' approval requirements under the Listing Rules. Details of the Continuing Connected Transaction Agreements will be included in the Company's next published annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

The Company will comply with the requirements under Rule 14A.36 of the Listing Rules if the aggregate value of any of the Continuing Connected Transactions exceeds the relevant annual cap during the year ending 31st December, 2009, or when any of the Continuing Connected Transaction Agreements is renewed or where there are any material changes to the terms of any of the Continuing Connected Transaction Agreements. The Company will also comply with the requirements under Rules 14A.37 to 14A.41 of the Listing Rules in relation to the Continuing Connected Transactions during the year ending 31st December, 2009.

The Directors (including the independent non-executive Directors) are of the view that the Continuing Connected Transaction Agreements were entered into after arm's length negotiations and reflect normal commercial terms and that the terms of the Continuing Connected Transaction Agreements (including the respective annual cap for the Continuing Connected Transactions) are fair and reasonable so far as the Company and its shareholders as a whole are concerned and are in the interests of the Company and its shareholders as a whole.

## **DEFINITIONS**

For the purposes of this announcement, capitalized terms appearing herein shall, unless the context otherwise admits, have the meanings set out below:

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373)
“AGL Group”	AGL and its subsidiaries, excluding the APL Group and YMIM
“AGL Insurance Brokerage Services Agreement”	an agreement dated 27th February, 2009 entered into between AGL and SHK Insurance in respect of the provision of insurance brokerage services to the AGL Group by SHK Insurance
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Main Board of the Stock Exchange (Stock Code: 56), and a non wholly-owned subsidiary of AGL

“APL Group”	APL and its subsidiaries, excluding the SHK Group and the QHA Group
“APL Insurance Brokerage Services Agreement”	an agreement dated 27th February, 2009 entered into between APL and SHK Insurance in respect of the provision of insurance brokerage services to the APL Group by SHK Insurance
“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Main Board of the Stock Exchange (Stock Code: 86), and an indirect non wholly-owned subsidiary of AGL and APL
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Continuing Connected Transaction(s)”	continuing connected transactions under the AGL Insurance Brokerage Services Agreement, the APL Insurance Brokerage Services Agreement, the QHA Insurance Brokerage Services Agreement and the YMIM Insurance Brokerage Services Agreement, as the case may be
“Continuing Connected Transaction Agreement(s)”	the AGL Insurance Brokerage Services Agreement, the APL Insurance Brokerage Services Agreement, the QHA Insurance Brokerage Services Agreement and the YMIM Insurance Brokerage Services Agreement
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Directors, chief executives or substantial shareholders of the Company or its subsidiaries, or their respective associate(s) or not otherwise a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“QHA”	Quality HealthCare Asia Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 593), and an indirect non wholly-owned subsidiary of APL
“QHA Group”	QHA and its subsidiaries

“QHA Insurance Brokerage Services Agreement”	an agreement dated 27th February, 2009 entered into between QHA and SHK Insurance in respect of the provision of insurance brokerage services to the QHA Group by SHK Insurance
“SHK Group”	the Company and its subsidiaries
“SHK Insurance”	Sun Hung Kai Insurance Consultants Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YMIM”	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of AGL
“YMIM Insurance Brokerage Services Agreement”	an agreement dated 27th February, 2009 entered into between YMIM and SHK Insurance in respect of the provision of insurance brokerage services to YMIM by SHK Insurance
“%”	per cent.

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

Hong Kong, 2nd March, 2009

*As at the date of this announcement, the Board comprises Messrs. Lee Seng Huang (Chairman) and Joseph Tong Tang being the 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 being the non-executive Directors and Messrs. David Craig Bartlett, Alan Stephen Jones, Carlisle Caldow Procter and Peter Wong Man Kong being the independent non-executive Directors.*