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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 86)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **RENEWAL OF THE SHARING OF MANAGEMENT SERVICES AGREEMENT AND THE INSURANCE BROKERAGE SERVICES AGREEMENTS**

#### **RENEWED SHARING OF MANAGEMENT SERVICES AGREEMENT**

The Company entered into the Renewed Sharing of Management Services Agreement with AGL on 31 January 2011 pursuant to which the Company agreed to renew and extend the terms of the Sharing of Management Services Agreement in relation to the Management Services provided by the Management Staff to the Group and the reimbursement of costs payable to AGL.

#### **INSURANCE BROKERAGE SERVICES AGREEMENTS**

On 31 January 2011, SHK Insurance, an indirect wholly-owned subsidiary of the Company, entered into the respective Insurance Brokerage Services Agreements with each of AGL, APL, AOL, YMIM and TACI, all for a term of two years commencing from 1 January 2011 and expiring on 31 December 2012.

#### **LISTING RULES IMPLICATIONS**

Given that APL is a substantial shareholder of the Company; and AGL, AOL, YMIM and TACI are all associates of APL, AGL, APL, AOL, YMIM and TACI are regarded as connected persons 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 one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of each of (i) the fees payable by the Company to AGL for the Renewed Sharing of Management Services Agreement and (ii) the aggregate fees receivable under the Insurance Brokerage Services Agreements will, on an annual basis, be less than 5%, the entering into of each of (i) the Renewed Sharing of Management Services Agreement by the Company and (ii) the Insurance Brokerage Services Agreements by SHK Insurance, which is on normal commercial terms, and the transactions contemplated thereunder will constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules which will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) but will be exempted from the independent shareholders' approval requirements under the Listing Rules.

Details of the Continuing Connected Transactions Agreements and the transactions contemplated thereunder 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.

## **BACKGROUND**

The Company entered into the Sharing of Management Services Agreement with AGL on 31 January 2008 for a term of three years commencing from 1 January 2008 pursuant to which the Management Staff would provide to the Group with the Management Services and the Group would reimburse the relevant costs to AGL.

The Sharing of Management Services Agreement expired on 31 December 2010 and the parties thereto agreed to renew and extend the terms of the Sharing of Management Services Agreement for a period of three years commencing from 1 January 2011 to 31 December 2013.

## **RENEWED SHARING OF MANAGEMENT SERVICES AGREEMENT**

Date	:	31 January 2011
Parties	:	The Company and AGL
Effective period	:	Three years commencing from 1 January 2011 and expiring on 31 December 2013
Nature of transaction	:	The Company agreed to reimburse AGL the costs incurred in respect of the Management Services provided by the Management Staff to the Group.
Terms	:	The Group agreed to reimburse a portion of the actual costs of the services incurred by AGL by reference to a specified percentage of the remuneration of members of the Management Staff providing the Management Services to the Group, which will be payable by the Group on a quarterly basis. Such percentage varies between each member of the Management Staff providing the Management Services and would be determined by reference to the percentage of the time currently estimated to be devoted by the individual members of the Management Staff to the affairs of the Group against the amount of time they would otherwise devote to the affairs of AGL as full time employees of AGL.
Annual cap	:	The aggregate sum of HK\$3,240,000, HK\$3,630,000 and HK\$4,080,000 for each of the three financial years ending 31 December 2013 respectively
Historical figures	:	Prior to the signing of the Renewed Sharing of Management Services Agreement, the aggregate amount of fees paid and payable by the Group to AGL for the Management Services provided by the Management Staff for each of the three financial years ended 31 December 2010 were approximately HK\$2,800,000, HK\$3,080,000 and HK\$3,400,000 respectively. The said historical service fees paid by the Group reflected the actual level of requirement for the Management Services that were provided by the Management Staff.

Basis of determining the annual cap : In determining the annual cap, besides taking into account the aforementioned service fees paid and payable by the Group for each of the three financial years ended 31 December 2010, the Directors have also taken into consideration the existing scales of the Group's operations and, for the purpose of determining the annual cap only, the anticipated growth of the Group, the anticipated increase in the remuneration of those Management Staff who are involved in providing Management Services to the Group, and having done so, for each of the three financial years ending 31 December 2013, the aggregate annual amount payable by the Group in respect of the Management Services under the Renewed Sharing of Management Services Agreement is expected not to exceed HK\$3,240,000, HK\$3,630,000 and HK\$4,080,000 respectively and accordingly, the above figures have been adopted as the annual cap for the transaction under the Renewed Sharing of Management Services Agreement in respect of the same period.

Reasons for and benefits of the transaction : The Directors consider that the sharing of the Management Services arrangement will benefit the Group in that both AGL and the Group can enjoy economies of scale brought by the sharing of the Management Services which will maximise cost efficiency and management effectiveness. In addition, since members of the Management Staff will devote part of their time to the affairs of the Group in the course of performance of the Management Services to the Group, the Directors consider that it is reasonable for the Group to be charged for the Management Services so as to allocate the costs borne by AGL in this respect.

## **INSURANCE BROKERAGE SERVICES AGREEMENTS**

On 31 January 2011, SHK Insurance, an indirect wholly-owned subsidiary of the Company, entered into the respective Insurance Brokerage Services Agreements with each of AGL, APL, AOL, YMIM and TACI, all for a term of two years commencing from 1 January 2011 and expiring on 31 December 2012, details of which are as follows:

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

Date : 31 January 2011

Parties : SHK Insurance as service provider and AGL as customer

Effective period : Two years commencing from 1 January 2011 and expiring on 31 December 2012

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 tender exercise, 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. The AGL Group 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, the AGL Group is allowed 30 days credit period to settle the premium.
- Annual cap : HK\$800,000 and HK\$880,000 for each of the two financial years ending 31 December 2012 respectively
- Basis of determining the annual cap : The aggregate insurance brokerage services fee paid by the AGL Group to SHK Insurance for the financial year ended 31 December 2010 amounted to approximately HK\$609,000. This historical service fee 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 fee paid by the AGL Group for the financial year ended 31 December 2010, the Directors have also taken into consideration 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 each of the two financial years ending 31 December 2012 is expected not to exceed HK\$800,000 and HK\$880,000 respectively and accordingly, the said figures have been adopted as the annual cap for the transactions under the AGL Insurance Brokerage Services Agreement in respect of the same period.
- 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 operations 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 : 31 January 2011
- Parties : SHK Insurance as service provider and APL as customer
- Effective period : Two years commencing from 1 January 2011 and expiring on 31 December 2012
- 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 tender exercise, 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. The APL Group 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, the APL Group is allowed 30 days credit period to settle the premium.
- Annual cap : HK\$1,200,000 and HK\$1,320,000 for each of the two financial years ending 31 December 2012 respectively
- Basis of determining the annual cap : The aggregate insurance brokerage services fee paid by the APL Group to SHK Insurance for the financial year ended 31 December 2010 amounted to approximately HK\$455,000. This historical service fee 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 fee paid by the APL Group for the financial year ended 31 December 2010, the Directors have also taken into consideration the general insurance market this year, the existing scales of operations of the APL Group and a review of the present insurance coverage and having done so, the aggregate amount payable by the APL Group under the APL Insurance Brokerage Services Agreement for each of the two financial years ending 31 December 2012 is expected not to exceed HK\$1,200,000 and HK\$1,320,000 respectively and accordingly, the said figures have been adopted as the annual cap for the transactions under the APL Insurance Brokerage Services Agreement in respect of the same period.

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 operations 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 AOL INSURANCE BROKERAGE SERVICES AGREEMENT**

Date : 31 January 2011

Parties : SHK Insurance as service provider and AOL as customer

Effective period : Two years commencing from 1 January 2011 and expiring on 31 December 2012

Nature of transaction : SHK Insurance will provide packaged insurance brokerage services to the AOL Group by assisting AOL 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 tender exercise, insurance placement, claims handling and management, loss control and insurance advisory.

Terms : The premium for any insurance policy proposed by SHK Insurance under the AOL 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 AOL Insurance Brokerage Services Agreement will be no less favourable than that provided by the Independent Third Parties. The AOL Group 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, the AOL Group is allowed 30 days credit period to settle the premium.

Annual cap : HK\$1,500,000 and HK\$1,650,000 for each of the two financial years ending 31 December 2012 respectively

- Basis of determining the annual cap : The aggregate insurance brokerage services fee paid by the AOL Group to SHK Insurance for the financial year ended 31 December 2010 amounted to approximately HK\$4,350,000. This historical service fee paid by the AOL Group reflects the actual level of requirement for insurance brokerage services and in determining the annual cap, besides taking into account the aforementioned service fee paid by the AOL Group for the financial year ended 31 December 2010, the Directors have also taken into consideration the existing scales of the AOL Group's operations (which have been reduced substantially due to the completion of the very substantial disposal of AOL in November 2010), the general insurance market this year, and a review of the present insurance coverage and having done so, the aggregate amount payable by the AOL Group under the AOL Insurance Brokerage Services Agreement for each of the two financial years ending 31 December 2012 is expected not to exceed HK\$1,500,000 and HK\$1,650,000 respectively and accordingly, the said figures have been adopted as the annual cap for the transactions under the AOL Insurance Brokerage Services Agreement in respect of the same period.
- Reason for the transaction : Insurance brokerage services are essential in assisting the AOL Group to identify and mitigate the risks exposure through different insurance products. As such, it is essential for the business operations of the AOL Group to be provided with insurance brokerage services. AOL engages an insurance broker to obtain professional insurance advice and to obtain insurance cover that best suits the AOL Group's requirements at competitive prices. SHK Insurance has the market standing, capabilities and experience to serve AOL.

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

- Date : 31 January 2011
- Parties : SHK Insurance as service provider and YMIM as customer
- Effective period : Two years commencing from 1 January 2011 and expiring on 31 December 2012
- 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 tender exercise, 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\$144,000 and HK\$160,000 for each of the two financial years ending 31 December 2012 respectively
- Basis of determining the annual cap : The aggregate insurance brokerage services fee paid by YMIM to SHK Insurance for the financial year ended 31 December 2010 amounted to approximately HK\$101,000. This historical service fee 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 fee paid by YMIM for the financial year ended 31 December 2010, the Directors have also taken into consideration 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 each of the two financial years ending 31 December 2012 is expected not to exceed HK\$144,000 and HK\$160,000 respectively and accordingly, the said figures have been adopted as the annual cap for the transactions under the YMIM Insurance Brokerage Services Agreement in respect of the same period.
- 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 operations 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.

## **THE TACI INSURANCE BROKERAGE SERVICES AGREEMENT**

- Date : 31 January 2011
- Parties : SHK Insurance as service provider and TACI as customer
- Effective period : Two years commencing from 1 January 2011 and expiring on 31 December 2012
- Nature of transaction : SHK Insurance will provide packaged insurance brokerage services to the TACI Group by assisting TACI 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 tender exercise, insurance placement, claims handling and management, loss control and insurance advisory.
- Terms : The premium for any insurance policy proposed by SHK Insurance under the TACI 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 TACI Insurance Brokerage Services Agreement will be no less favourable than that provided by the Independent Third Parties. The TACI Group 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, the TACI Group is allowed 30 days credit period to settle the premium.
- Annual cap : HK\$4,000,000 and HK\$4,400,000 for each of the two financial years ending 31 December 2012 respectively
- Basis of determining the annual cap : The aggregate insurance brokerage services fee paid by the TACI Group to SHK Insurance for the financial year ended 31 December 2010 amounted to approximately HK\$3,000,000. This historical service fee paid by TACI Group reflects the actual level of requirement for insurance brokerage services and in determining the annual cap, besides taking into account the aforementioned service fee paid by the TACI Group for the financial year ended 31 December 2010, the Directors have also taken into consideration the general insurance market this year, and a review of the present insurance coverage and having done so, the aggregate amount payable by the TACI Group under the TACI Insurance Brokerage Services Agreement for each of the two financial years ending 31 December 2012 is expected not to exceed HK\$4,000,000 and HK\$4,400,000 respectively and accordingly, the said figures have been adopted as the annual cap for the transactions under the TACI Insurance Brokerage Services Agreement in respect of the same period.

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

## **CONTINUING CONNECTED TRANSACTIONS**

As at the date of this announcement,

- (a) APL holds approximately 62.72% of the issued share capital of the Company, approximately 69.76% of the issued share capital of AOL and approximately 40.00% of the issued share capital of TACI;
- (b) APL is beneficially owned as to approximately 72.34% 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, AOL, YMIM, and TACI are all associates of APL, AGL, APL, AOL, YMIM and TACI are regarded as connected persons 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 one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of each of (i) the fees payable by the Company to AGL for the Renewed Sharing of Management Services Agreement and (ii) the aggregate fees receivable under the Insurance Brokerage Services Agreements will, on an annual basis, be less than 5%, the entering into of each of (i) the Renewed Sharing of Management Services Agreement by the Company and (ii) the Insurance Brokerage Services Agreements by SHK Insurance, which is on normal commercial terms, and the transactions contemplated thereunder will constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules which will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) but will be exempted from the independent shareholders' approval requirements under the Listing Rules.

Details of the Continuing Connected Transactions Agreements and the transactions contemplated thereunder 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.

## GENERAL

The principal business activity of the Company is investment holding. The principal business activities of the Company's major subsidiaries are wealth management and brokerage, asset management, corporate finance, consumer finance as well as principal investments.

The principal business activity of SHK Insurance is the provision of insurance broking and consultancy services to its customers.

The principal business activity of AGL is investment holding. The principal business activities of AGL's major subsidiaries are property investment and development, hospitality related activities, the provision of elderly care homes, the provision of financial services and investments in listed and unlisted securities.

The principal business activity of APL is investment holding. The principal business activities of APL's major subsidiaries are property investment and development, hospitality related activities, the provision of elderly care homes and the provision of financial services.

The principal business activity of the AOL Group is the provision of elderly care homes.

YMIM is a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and its principal business activities are dealing in securities, advising on securities, advising on corporate finance and asset management.

The principal business activity of TACI is investment holding. The TACI Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, property investment, property management and hotel operation as well as the manufacture and sale of construction materials in China.

The Company will comply with the requirements under Rule 14A.36 of the Listing Rules if the aggregate value of the service fees paid for any of the Continuing Connected Transactions exceeds the respective relevant annual cap during the three financial years ending 31 December 2013 (in the case of the Renewed Sharing of Management Services Agreement) and the two financial years ending 31 December 2012 (in the case of the Insurance Brokerage Services Agreements) or when any of the Continuing Connected Transactions Agreements is renewed or where there are material changes to the terms of any of the Continuing Connected Transactions 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 31 December 2011.

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

Mr. Lee Seng Huang (Executive Director and Chairman) is one of the trustees of the Lee and Lee Trust, being a discretionary trust which, together with Mr. Lee Seng Hui, owns approximately 53.32% interest in the issued share capital of AGL which in turn owns approximately 72.34% of

the issued share capital of APL. Accordingly, Mr. Lee Seng Huang is deemed to be materially interested in the Continuing Connected Transactions and has abstained from voting on the relevant board resolutions of the Company.

Mr. Patrick Lee Seng Wei (Non-Executive Director) is the managing director and an executive director of TACI. Pursuant to the Articles of Association of the Company, Mr. Patrick Lee Seng Wei is interested in the TACI Insurance Brokerage Services Agreement only as director of TACI, and he has confirmed that neither he nor any of his associates in aggregate is beneficially interested in 5% or more of the issued share capital of TACI. Accordingly, Mr. Patrick Lee Seng Wei has voted on the relevant board resolutions of the Company.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“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), is a substantial shareholder of the Company through its interests in APL;
“AGL Group”	AGL and its subsidiaries, excluding the APL Group, AOL Group and YMIM;
“AGL Insurance Brokerage Services Agreement”	an agreement dated 31 January 2011 and entered into between AGL and SHK Insurance in respect of the provision of packaged insurance brokerage services to the AGL Group by SHK Insurance;
“AOL”	Allied Overseas Limited (formerly known as Quality HealthCare Asia Limited), a 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), is a non wholly-owned subsidiary of APL;
“AOL Group”	AOL and its subsidiaries;
“AOL Insurance Brokerage Services Agreement”	an agreement dated 31 January 2011 and entered into between AOL and SHK Insurance in respect of the provision of insurance brokerage services to the AOL Group by SHK Insurance;
“APL”	Allied Properties (H.K.) 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: 56), is a substantial Shareholder of the Company and a non-wholly owned subsidiary of AGL;

“APL Group”	APL and its subsidiaries, excluding the Group and the AOL Group;
“APL Insurance Brokerage Services Agreement”	an agreement dated 31 January 2011 and entered into between APL and SHK Insurance in respect of the provision of packaged insurance brokerage services to the APL Group by SHK Insurance;
“associate(s)”	having the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Company”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 86);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Continuing Connected Transactions”	the continuing connected transactions regarding the sharing of Management Services under the Renewed Sharing of Management Services Agreement as well as the continuing connected transactions under the Insurance Brokerage Services Agreements;
“Continuing Connected Transactions Agreements”	the Renewed Sharing of Management Services Agreement as well as the Insurance Brokerage Services Agreements;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“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 within the meaning of the Listing Rules;
“Insurance Brokerage Services Agreement(s)”	the AGL Insurance Brokerage Services Agreement, the APL Insurance Brokerage Services Agreement, the AOL Insurance Brokerage Services Agreement, the YMIM Insurance Brokerage Services Agreement and the TACI Insurance Brokerage Services Agreement;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Management Services”	the management, consultancy, strategic and business advice services provided by the Management Staff to the Group;
“Management Staff”	the senior management and the selected staff of AGL;
“Renewed Sharing of Management Services Agreement”	the agreement dated 31 January 2011 and entered into between the Company and AGL in respect of the renewal of the Sharing of Management Services Agreement;
“Shareholder(s)”	the shareholders of the Company;
“Sharing of Management Services Agreement”	the agreement dated 31 January 2008 and entered into between the Company and AGL in respect of the sharing of Management Services between AGL and the Group;
“SHK Insurance”	Sun Hung Kai Insurance Consultants Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TACI”	Tian An China Investments Company 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: 28), is an associate of APL
“TACI Group”	TACI and its subsidiaries;
“TACI Insurance Brokerage Services Agreement”	an agreement dated 31 January 2011 and entered into between TACI and SHK Insurance in respect of the provision of packaged insurance brokerage services to the TACI Group by SHK Insurance;
“YMIM”	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of AGL;

“YMIM Insurance Brokerage Services Agreement” an agreement dated 31 January 2011 and entered into between YMIM and SHK Insurance in respect of the provision of packaged insurance brokerage services to YMIM by SHK Insurance;

“substantial shareholder” has the meaning ascribed thereto under the Listing Rules; and

“%” per cent.

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

Hong Kong, 31 January 2011

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

*Executive Directors:*

Messrs. Lee Seng Huang (*Chairman*), Joseph Tong Tang and Peter Anthony Curry

*Non-Executive Directors:*

Messrs. Goh Joo Chuan, Fevzi Timucin Engin, Joseph Kamal Eskandar (*alternate to Mr. Fevzi Timucin Engin*), Patrick Lee Seng Wei, Ming Cheng, Roy Kuan, Ho Chi Kit (*alternate to Mr. Roy Kuan*) and Leung Pak To

*Independent Non-Executive Directors:*

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