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ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產 (香港) 有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

CONTINUING CONNECTED TRANSACTION

The Directors announce that on 23rd December, 2013, Hillcrest, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with AGL, the controlling shareholder of the Company, for the renewal of the Transaction.

The Transaction constitutes a continuing connected transaction which is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under the Listing Rules.

RENEWAL OF TENANCY

AGL, the controlling shareholder of the Company, had leased the Property from Hillcrest, an indirect wholly-owned subsidiary of the Company, for a number of years and the tenancy had been renewed by AGL at an interval of every two years. The tenancy was last renewed on 23rd December, 2011 for a period of two years commencing from 1st January, 2012 to 31st December, 2013 at a monthly rental of HK\$438,000.00 (exclusive of rates and management fee) (the "Last Tenancy").

On 23rd December, 2013, Hillcrest entered into the Tenancy Agreement with AGL for the renewal of the Last Tenancy for a further term of two years commencing from 1st January, 2014 to 31st December, 2015 at a monthly rental of HK\$470,000.00 (exclusive of rates and management fee) payable monthly in advance. The rent has been determined based on the prevailing market rent as advised by Norton Appraisals Limited, which is a firm of property valuers independent of and not connected with the Company under the Listing Rules.

THE ANNUAL CAP

The Annual Cap of HK\$5,640,000.00 has been determined with reference to the annualised rent payable by AGL to Hillcrest. Having regard to the above basis, the Directors (including the independent non-executive Directors) consider that the Annual Cap for each of the two years ending 31st December, 2015 is fair and reasonable.

Up to the date of this announcement, the historical annual cap of HK\$5,256,000.00, being the annualised rent payable by AGL under the Last Tenancy, has not been exceeded.

THE PROPERTY

The Property is a house located at 60 Plantation Road, the Peak, Hong Kong with a gross floor area of approximately 6,882 square feet with carport, garden/terrace and roofs, and is held by Hillcrest for investment purposes.

LISTING RULES IMPLICATIONS

As Hillcrest is an indirect wholly-owned subsidiary of the Company, the Transaction entered into by Hillcrest shall be a transaction for the Company under the Listing Rules as the definition of “listed issuer” under the Listing Rules includes the listed issuer’s subsidiaries.

As AGL is the controlling shareholder of the Company and is beneficially interested in approximately 74.99% of the issued share capital of the Company as at the date of this announcement, and all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in relation to the Transaction are less than 5%, under Rule 14A.34 of the Listing Rules, the Transaction constitutes a continuing connected transaction which is only subject to the reporting and announcement requirements and is exempt from the independent shareholders’ approval requirement under the Listing Rules. Details of the Tenancy Agreement and the Annual Cap will also be disclosed in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

The Tenancy Agreement has been entered into by both parties after arm’s length negotiation upon normal commercial terms. The signing of the Tenancy Agreement will ensure a suitable residential accommodation for the chief executive and executive director of AGL.

Based on the above reasons, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Messrs. Arthur George Dew, Alan Stephen Jones and David Craig Bartlett, all being the directors of both the Company and AGL, have voluntarily abstained from voting on the Board resolutions approving the Transaction although they were not considered by the Board to be materially interested in the Transaction.

Mr. Lee Seng Hui, who is the chief executive and executive director of both the Company and AGL and the occupant of the Property, was considered by the Board to be materially interested in the Transaction and accordingly has abstained from voting on the Board resolutions approving the Transaction.

The Company will comply with all the requirements for annual review of continuing connected transactions under Rules 14A.37 to 14A.41 of the Listing Rules.

INFORMATION ABOUT THE COMPANY, HILLCREST AND AGL

The Company

The Company is 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 property investment and development, hospitality related activities, the provision of financial services, the provision of elderly care services, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

As at the date of this announcement, the Company is beneficially owned as to approximately 74.99% by AGL.

Hillcrest

Hillcrest is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal business activity of Hillcrest is property investment.

AGL

AGL is a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company and 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, the provision of financial services, the provision of elderly care services, medical and aesthetic equipment distribution and investments in listed and unlisted securities.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373);
“Annual Cap”	the annual cap of HK\$5,640,000.00 for the Transaction, being the annualised rent payable by AGL to Hillcrest (exclusive of rates and management fee) pursuant to the Tenancy Agreement;
“Board”	the board of Directors;

“Company”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 56 and Warrant Code:1183);
“Directors”	the directors of the Company;
“Hillcrest”	Hillcrest Development Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary 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;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	the house located at 60 Plantation Road, the Peak, Hong Kong with a gross floor area of approximately 6,882 square feet with carport, garden/terrace and roofs, and is held by Hillcrest for investment purposes;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	the tenancy agreement dated 23rd December, 2013 entered into between Hillcrest and AGL for a term of two years commencing from 1st January, 2014 to 31st December, 2015;
“Transaction”	the transaction contemplated under the Tenancy Agreement; and
“%”	per cent.

On behalf of the Board
Allied Properties (H.K.) Limited
Li Chi Kong
Executive Director

Hong Kong, 23rd December, 2013

As at the date of this announcement, the Board comprises Messrs. Lee Seng Hui (Chief Executive), Li Chi Kong and Mark Wong Tai Chun being the Executive Directors; Mr. Arthur George Dew (Chairman) being the Non-Executive Director; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.