

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 TRANSACTIONS

**RENEWAL OF THE SHARING OF ADMINISTRATIVE SERVICES
AND MANAGEMENT SERVICES AGREEMENT AND SHARING OF
MANAGEMENT SERVICES AGREEMENT**

The Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL on 28th January, 2014 pursuant to which the Company agreed to renew and extend the term of the Sharing of Administrative Services and Management Services Agreement in relation to the Administrative Services and the Management Services provided by AGL to the Group and the reimbursement of costs payable to AGL.

SHK, a listed subsidiary of the Company also entered into the SHK Management Services Agreement with AGL on 28th January, 2014 in relation to the Management Services provided by the Management Staff to the SHK Group.

In view of the fact that the Company is held as to approximately 74.99% by AGL, AGL is a connected person of the Company and accordingly, the entering into of the Renewed Sharing of Administrative Services and Management Services Agreement by the Company and the SHK Management Services Agreement by SHK and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Pursuant to Rules 14A.31(8) and 14A.33(2) of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

As it is anticipated that 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 the aggregated fees payable by the group of each of the Company and its listed subsidiary, SHK, to AGL for the sharing of Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement and the SHK Management Services Agreement will, on an annual basis, exceed 0.1% but be less than 5%, the entering into of the Renewed Sharing of Administrative Services and Management Services Agreement by the Company and the SHK Management Services Agreement by SHK and the transactions regarding the sharing of Management Services contemplated thereunder constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules which are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under the Listing Rules. Details of the SHK Management Services Agreement will be disclosed in the separate announcement of SHK dated 28th January, 2014.

Details of the Renewed Sharing of Administrative Services and Management Services Agreement and the SHK Management Services Agreement 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 Administrative Services and Management Services Agreement with AGL on 31st January, 2011 for a term of three years commencing from 1st January, 2011 pursuant to which AGL would provide to the Group the Administrative Services and the Management Staff would provide the Group with the Management Services and the Group would reimburse the relevant costs to AGL.

The Sharing of Administrative Services and Management Services Agreement expired on 31st December, 2013 and the parties thereto agreed to renew and extend the term of which for a period of three years commencing from 1st January, 2014 to 31st December, 2016.

RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

Date	:	28th January, 2014
Parties	:	The Company and AGL
Effective period	:	Three years commencing from 1st January, 2014 and expiring on 31st December, 2016
Nature of transaction	:	The Company agreed to reimburse AGL the costs incurred in respect of the Administrative Services and the Management Services provided by AGL to the Group.

- Terms : In respect of the Administrative Services provided to the Group, the Group agreed to reimburse the actual costs incurred by AGL which will be payable by the Group on a monthly basis. The fees charged will be determined by reference to the actual use of the Administrative Services by the Group on a cost basis without margin which varies across different types of services. The Directors consider that such cost allocation of the Administrative Services between the Group and AGL is on a fair and equitable basis and that the fees charged by AGL are comparable to market rates for similar services provided by the Independent Third Parties.
- In respect of the Management Services provided to the Group, 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 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 : In respect of the Management Services, HK\$18,840,000, HK\$21,120,000 and HK\$23,700,000 for each of the three financial years ending 31st December, 2016 respectively.
- Historical figures : Prior to the signing of the Renewed Sharing of Administrative Services and Management Services Agreement, the 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 31st December, 2013 were approximately HK\$11,640,000, HK\$13,040,000 and HK\$14,640,000 respectively. The 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 by the Group for each of the three financial years ended 31st December, 2013, 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 the Management Services to the Group, and having done so, for each of the three financial years ending 31st December, 2016, the aggregate annual amount payable by the Group in respect of the Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement is expected not to exceed HK\$18,840,000, HK\$21,120,000 and HK\$23,700,000 respectively and accordingly, the above figures have been adopted as the annual cap for the transaction in respect of the Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement in respect of the same period.
Reasons for and benefits of the transaction	: The Directors consider that the sharing of Administrative Services and 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 Administrative Services and 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.

CONTINUING CONNECTED TRANSACTIONS

In view of the fact that the Company is held as to approximately 74.99% by AGL, AGL is a connected person of the Company and accordingly, the entering into of the Renewed Sharing of Administrative Services and Management Services Agreement by the Company and the SHK Management Services Agreement by SHK and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Pursuant to Rules 14A.31(8) and 14A.33(2) of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

As it is anticipated that 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 the aggregated fees payable by the group of each of the Company and its listed subsidiary, SHK, to AGL for the sharing of Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement and the SHK Management Services Agreement will, on an annual basis, exceed 0.1% but be less than 5%, the entering into of the Renewed Sharing of Administrative Services and Management Services Agreement by the Company and the SHK Management Services Agreement by SHK and the transactions regarding the sharing of Management Services contemplated thereunder constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules which are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under the Listing Rules. Details of the SHK Management Services Agreement will be disclosed in the separate announcement of SHK dated 28th January, 2014.

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 the Continuing Connected Transactions exceeds the relevant annual cap respectively, during the three financial years ending 31st December, 2016, or when the Renewed Sharing of Administrative Services and Management Services Agreement and the SHK Management Services Agreement are further renewed or where there are material changes to the terms of the said agreements. The Company will also comply with the requirements under Rules 14A.37 to 14A.41 of the Listing Rules.

Details of the Renewed Sharing of Administrative Services and Management Services Agreement and the SHK Management Services Agreement 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 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 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.

AGL

AGL is a company incorporated in Hong Kong with limited liability, a substantial 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 and investments in listed and unlisted securities.

The Directors (including the Independent Non-Executive Directors) are of the view that the terms of the Renewed Sharing of Administrative Services and Management Services Agreement were entered into after arm's length negotiations and on normal commercial terms and that the terms of the Renewed Sharing of Administrative Services and Management Services Agreement (including the respective annual cap in respect of the Management Services) 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 Hui (Chief Executive and Executive Director) is the chief executive and an executive director of AGL, a member of the Management Staff providing Management Services to the Group and also one of the trustees of Lee and Lee Trust, being a discretionary trust which together with his personal interest, owns approximately 69.22% interest in the issued share capital of AGL which is directly and indirectly interested in an aggregate of approximately 74.99% of the issued share capital of the Company; Mr. Arthur George Dew (Chairman and Non-Executive Director) is the chairman and a non-executive director of AGL and also a member of the Management Staff providing Management Services to the Group; Messrs. Li Chi Kong (Executive Director) and Mark Wong Tai Chun (Executive Director) are members of the Management Staff providing Management Services to the Group; all of them are therefore deemed to be interested in the Renewed Sharing of Administrative Services and Management Services Agreement. Accordingly, Messrs. Lee Seng Hui, Arthur George Dew, Li Chi Kong and Mark Wong Tai Chun have abstained from voting 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:

“Administrative Services”	the corporate secretarial services, provision of registered office address, office space, utilities services including water, electricity, telephone (including international telephone services) and internet, photocopying, postal, courier, delivery and other services ancillary to the day-to-day administration and operation of the Group as stipulated in the Renewed Sharing of Administrative Services and Management Services Agreement;
“AGL”	Allied Group 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: 373), is a substantial shareholder of the Company;
“associate(s)”	having the meaning ascribed to it under the Listing Rules;
“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), and a non wholly-owned subsidiary of AGL;

“connected person(s)”	having the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	means collectively, the transactions regarding the sharing of Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement and the transactions contemplated under the SHK Management Services Agreement;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries, but excluding those in the SHK Group;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	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) (as defined in the Listing Rules) or not otherwise a connected person of the Company within the meaning of the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Services”	the management, consultancy, strategic and business advice services provided by the Management Staff;
“Management Staff”	the senior management and the selected staff of AGL;
“Renewed Sharing of Administrative Services and Management Services Agreement”	the agreement dated 28th January, 2014 entered into between the Company and AGL in respect of the renewal of the Sharing of Administrative Services and Management Services Agreement;
“Shareholder(s)”	the shareholders of the Company;
“Sharing of Administrative Services and Management Services Agreement”	the agreement dated 31st January, 2011 entered into between the Company and AGL in respect of the sharing of Administrative Services and Management Services (as amended and supplemented by three supplemental letters from AGL to the Company all dated 8th October, 2012);
“SHK”	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) and a non wholly-owned subsidiary of each of the Company and AGL;

“SHK Group”	SHK and its subsidiaries;
“SHK Management Services Agreement”	the agreement dated 28th January, 2014 entered into between SHK and AGL in respect of the sharing of Management Services;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	having the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 28th January, 2014

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.