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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 of the Company announce that on 31st December, 2007, Hillcrest, a wholly-owned subsidiary of the Company, has entered into the Tenancy Agreement with AGL, the controlling shareholder of the Company, for the renewal of a tenancy. The renewed tenancy is described below and will be published in the Company's next annual report in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

RENEWAL OF TENANCY

AGL, the controlling shareholder of the Company, had leased 60 Plantation Road, The Peak, Hong Kong from Hillcrest, a wholly-owned subsidiary of the Company, pursuant to a tenancy agreement dated 24th December, 2003 for a term of two years commencing from 1st January, 2004 at a monthly rental of HK\$200,000 (exclusive of rates and management fee). The tenancy was renewed on 30th December, 2005 for a further period of two years commencing from 1st January, 2006 to 31st December, 2007 at a monthly rental of HK\$238,000 (exclusive of rates and management fee).

On 31st December, 2007, Hillcrest has entered into the Tenancy Agreement with AGL for the renewal of the above tenancy of 60 Plantation Road, The Peak, Hong Kong for residential use for a further term of two years commencing from 1st January, 2008 to 31st December, 2009 at a monthly rental of HK\$300,000 (exclusive of rates and management fee). This property is held by Hillcrest for investment purposes. The rent was based on the prevailing market rent as reviewed by CBRE on 15th October, 2007. CBRE is an independent firm of international property consultants and is not a connected person to the Company under the Listing Rules.

As AGL is the controlling shareholder of the Company and beneficially interested in approximately 73.85% of the issued share capital of the Company as at 31st December, 2007, and the annual rent of the Tenancy Agreement does not exceed 2.5% of any of the applicable percentage ratios under Rule 14A.34 of the Listing Rules, the renewed tenancy constitutes a continuing connected transaction for the Company 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 renewed Tenancy Agreement and the annual cap of HK\$3,600,000 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 was entered into by both parties after arm's length consideration upon normal commercial terms. The signing of the Tenancy Agreement will guarantee a suitable residential premise for a director of AGL.

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

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

PRINCIPAL ACTIVITIES OF THE COMPANY

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

PRINCIPAL ACTIVITIES OF AGL

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 and the provision of financial services.

DEFINITIONS

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, is the controlling shareholder of the Company and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373)
“CBRE”	CB Richard Ellis Limited
“Company”	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)
“Hillcrest”	Hillcrest Development Limited, a company incorporated in Hong Kong with limited liability, and a 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”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenancy Agreement” the tenancy agreement dated 31st December, 2007 entered into between Hillcrest and AGL for a term of two years commencing from 1st January, 2008 to 31st December, 2009

“%” per cent.

By Order of the Board
Allied Properties (H.K.) Limited
Patrick Lee Seng Wei
Executive Director

Hong Kong, 31st December, 2007

As at the date of this announcement, the board of Directors comprises Mr. Patrick Lee Seng Wei (Chief Executive) and Mr. Li Chi Kong being the executive directors, Mr. Arthur George Dew (Chairman), Mr. Henry Lai Hin Wing and Mr. Steven Lee Siu Chung being the non-executive directors, and Mr. Alan Stephen Jones, Mr. John Douglas Mackie and Mr. Steven Samuel Zoellner being the independent non-executive directors.