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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 24th December, 2009, 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 for the Property. The entering into of the Tenancy Agreement 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 the Property from Hillcrest, a wholly-owned subsidiary of the Company, for a number of years and the tenancy was renewed by AGL at intervals of every two years. The tenancy was last renewed on 31st December, 2007 for a period of two years commencing from 1st January, 2008 to 31st December, 2009 at a monthly rental of HK\$300,000.00 (exclusive of rates and management fee) (the "Last Tenancy").

On 24th December, 2009, Hillcrest has entered into the Tenancy Agreement with AGL for the renewal of the Last Tenancy for residential use for a further term of two years commencing from 1st January, 2010 to 31st December, 2011 at a monthly rent of HK\$380,000.00 (exclusive of rates and management fee). The rent of HK\$380,000.00 shall be payable monthly in advance. The rent has been determined based on the prevailing market rent as reviewed by Norton Appraisals Limited, which is an independent firm of property valuer and is not a connected person to the Company under the Listing Rules.

#### **THE ANNUAL CAP**

The Annual Cap of HK\$4,560,000.00, being the annual rent payable by AGL to Hillcrest (exclusive of rates and management fee), has been determined with reference to (i) the annual cap of HK\$3,600,000.00 set by the Company for the two years ended 31st December, 2008 and ending 31st December, 2009 with respect to the Last Tenancy; and (ii) the prevailing market rent as reviewed by Norton Appraisals Limited. Up to the date of this announcement, the historical annual cap of HK\$3,600,000.00 has not been exceeded. Having regard to the above basis, the Directors consider that the Annual Cap for each of the two years ending 31st December, 2011 is fair and reasonable.

#### **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 AGL is the controlling shareholder of the Company and is beneficially interested in approximately 74.36% of the issued share capital of the Company as at the date of this announcement, and none of the percentage ratios applicable to the Transaction exceeds 2.5% under Rule 14A.34 of the Listing Rules, the 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 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 guarantee a suitable residential accommodation 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 interests 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 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 shares 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 medical and healthcare services and the provision of financial services.

As at the date of this announcement, the Company is beneficially owned as to approximately 74.36% by AGL.

### **Hillcrest**

Hillcrest is incorporated in Hong Kong with limited liability and is a 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 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 medical and healthcare services, the provision of financial services, 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, is the controlling shareholder of the Company and the shares of which are listed on the Main Board of the Stock Exchange;
“Annual Cap”	the annual cap of HK\$4,560,000.00 for the Transaction, being the annual rent payable by AGL to Hillcrest (exclusive of rates and management fee) pursuant to the Tenancy Agreement;
“Company”	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;
“Directors”	the directors of the Company;
“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”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Property”	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.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	the tenancy agreement dated 24th December, 2009 entered into between Hillcrest and AGL for a term of two years commencing from 1st January, 2010 to 31st December, 2011;
“Transaction”	the transaction contemplated under the Tenancy Agreement; and
“%”	per cent.

By Order of the Board  
**Allied Properties (H.K.) Limited**  
**Li Chi Kong**  
*Executive Director*

Hong Kong, 30th December, 2009

*As at the date of this announcement, the Board comprises Messrs. Patrick Lee Seng Wei (Chief Executive) and Li Chi Kong being the Executive Directors; and Messrs. Arthur George Dew (Chairman), Henry Lai Hin Wing and Steven Lee Siu Chung being the Non-Executive Directors; and Messrs. John Douglas Mackie, Steven Samuel Zoellner and Alan Stephen Jones being the Independent Non-Executive Directors.*