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ALLIED GROUP LIMITED
(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)



ALLIED PROPERTIES (H.K.) LIMITED
(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

JOINT ANNOUNCEMENT
CONNECTED TRANSACTION

The directors of Allied Group Limited ("AGL") and Allied Properties (H.K.) Limited ("APL") jointly announce that on 24th December, 2003, Hillcrest Development Limited ("Hillcrest"), a wholly-owned subsidiary of APL, has entered into a tenancy agreement with AGL, the controlling shareholder of APL, for the renewal of a lease. The renewed rental arrangement is described below.

RENEWED RENTAL ARRANGEMENT

AGL is currently leasing 60 Plantation Road, The Peak, Hong Kong from Hillcrest, a wholly-owned subsidiary of APL, for a term of two years at a monthly rental of HK\$200,000 (exclusive of rates and management fee) and the lease will expire on 31st December, 2003.

On 24th December, 2003, Hillcrest has entered into a tenancy agreement with AGL for the renewal of the above lease of 60 Plantation Road, The Peak, Hong Kong for residential use for a further term of two years commencing from 1st January, 2004 to 31st December, 2005 at a monthly rental of HK\$200,000 (exclusive of rates and management fee). This property is held by Hillcrest for investment purposes. The rental was based on the prevailing market rental as reviewed by an independent firm of international property consultants. The directors (including the independent non-executive directors) of both AGL and APL are of the view that the terms and conditions of the tenancy agreement are on normal commercial terms which are fair and reasonable so far as the shareholders of AGL and APL are concerned.

As AGL is the controlling shareholder of APL and beneficially interested in approximately 74.58% of the issued share capital of APL as at 24th December, 2003, the renewed tenancy constitutes a connected transaction for APL which requires disclosure by way of a press notice. The Stock Exchange is of the view that the renewed tenancy constitutes a connected transaction for AGL under Rule 14.25(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Based on the legal advice of AGL's legal advisors and for the sake of prudence, AGL is disclosing the details of the tenancy agreement jointly with APL as a connected transaction of AGL, as requested by the Stock Exchange. Details of the renewed tenancy agreement will also be disclosed in the next published annual reports and accounts of AGL and APL in accordance with Rule 14.25(1) of the Listing Rules.

PRINCIPAL BUSINESSES OF AGL AND APL

The principal businesses of AGL and APL consist of property investment and development, hospitality related activities and financial services through their subsidiaries and associated companies.

By Order of the Board
Allied Group Limited
Phoebe Lau Mei Yi
Company Secretary

By Order of the Board
Allied Properties (H.K.) Limited
Cindy Yung Yee Mei
Company Secretary

Hong Kong, 30th December, 2003