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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)

PROPOSED SUBDIVISION OF SHARES

The Board proposes that each of the existing issued and unissued shares of HK\$2.00 each in the share capital of the Company would be subdivided into ten (10) shares of HK\$0.20 each. The Share Subdivision is conditional upon fulfillment of the conditions set out under the paragraph headed “Conditions of the Share Subdivision” below.

The Existing Shares are currently traded in board lots of 2,000 Existing Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 2,000 Subdivided Shares.

A circular containing, amongst other things, details of the Share Subdivision, the trading arrangements in respect of the Subdivided Shares and the procedure for the free exchange of Existing Share Certificates, together with the notice of the EGM will be dispatched to the Shareholders as soon as practicable.

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REASONS FOR THE SHARE SUBDIVISION

The closing price of an Existing Share on the Stock Exchange on 11th July, 2007 was HK\$12.14. Therefore, the monetary value of a board lot of Existing Shares was approximately HK\$24,280. After the Share Subdivision, the theoretical monetary value of a board lot of Subdivided Shares will be HK\$2,428.

On 24th November, 2003, the share capital of the Company was restructured pursuant to which every ten (10) shares of HK\$0.20 each of the then issued and unissued share capital of the Company were consolidated into an Existing Share. The market capitalisation of the Company at that time based on the then closing price of a share of the Company was approximately HK\$1,346 million, which was significantly lower than that of the present market capitalisation of the Company of approximately HK\$6,523 million based on the closing price of an Existing Share described above. Given the prevailing market conditions, the Board considers it is appropriate to provide more flexibility for the investors to buy and sell the shares of the Company by reducing the amount of investment per board lot of the Subdivided Shares and trading at a lower price. The Board takes the view that the Share Subdivision will improve the liquidity in trading of the shares of the Company, thereby providing the opportunity for the Company to attract more investors and widen the Company's shareholder base. Given the background to and benefits of the Share Subdivision as mentioned above, the Board believes the Share Subdivision to be in the interest of the Company and its Shareholders.

The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

CAPITAL STRUCTURE

As at the date of this announcement, the authorised share capital of the Company is HK\$6,000,000,000 divided into 3,000,000,000 Existing Shares, of which 537,326,497 Existing Shares are in issue and are fully paid. Assuming that no further shares of the Company will be issued or repurchased after the date of this announcement and prior to the Share Subdivision becoming effective, the effect of the Share Subdivision to the capital structure of the Company is set out below:

	As at the date of this announcement and before completion of the Share Subdivision	Immediately after completion of the Share Subdivision
Par Value of each share	HK\$2.00	HK\$0.20
Number of authorised shares	3,000,000,000 Existing Shares	30,000,000,000 Subdivided Shares
Authorised share capital	HK\$6,000,000,000	HK\$6,000,000,000
Number of shares in issue	537,326,497 Existing Shares	5,373,264,970 Subdivided Shares
Issued share capital	HK\$1,074,652,994	HK\$1,074,652,994
Number of unissued shares	2,462,673,503 Existing Shares	24,626,735,030 Subdivided Shares
Unissued share capital	HK\$4,925,347,006	HK\$4,925,347,006

The Subdivided Shares will rank *pari passu* in all respects with each other and the Share Subdivision will not result in any change in the rights of the Shareholders.

The Share Subdivision after it has become effective will not result in any odd lots other than those which already exist.

ADJUSTMENT TO THE EXERCISE PRICE AND THE NUMBER OF SHARES RELATING TO THE CONVERTIBLE BONDS AND WARRANTS OF THE COMPANY

Adjustments are required to be made to the exercise prices and the number of shares of the Company falling to be issued upon conversion and exercise of the outstanding Convertible Bonds and Warrants issued by the Company when the Share Subdivision becoming effective. The Company will engage the auditors to confirm to the Directors that the adjustments to the Convertible Bonds and Warrants will satisfy the requirements of the instruments of the Convertible Bonds and the Warrants. Details of such adjustments will be disclosed in the circular to be dispatched to the Shareholders in relation to the proposed Share Subdivision.

As at the date of this announcement, the Company has not granted any share option scheme to its employees.

CONDITIONS OF THE SHARE SUBDIVISION

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subdivided Shares.

EXPECTED TIMETABLE

It is currently expected that the Share Subdivision will become effective on Tuesday, 21st August, 2007. The expected timetable for the implementation of the Share Subdivision and the associated trading arrangement are set out as follows:

2007

Circular relating to the Share Subdivision to be dispatched on or before	Wednesday, 1st August
Latest time for lodging forms of proxy for the EGM	10:00 a.m. on Saturday, 18th August
EGM	10:00 a.m. on Monday, 20th August
Effective date of the Share Subdivision	Tuesday, 21st August
Dealings in the Subdivided Shares commence	Tuesday, 21st August
Original counter for trading in Existing Shares in board lots of 2,000 Existing Shares temporarily closes	9:30 a.m. on Tuesday, 21st August
Temporary counter for trading in board lots of 20,000 Subdivided Shares (in the form of certificates of Existing Shares (“Existing Share Certificates”)) opens	9:30 a.m. on Tuesday, 21st August

First day of free exchange of Existing Share Certificates for new certificates for the Subdivided Shares (“**New Share Certificates**”) Tuesday, 21st August

Original counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of New Share Certificates) opens 9:30 a.m. on Tuesday, 4th September

Parallel trading in Subdivided Shares (in the form of New Share Certificates and the Existing Share Certificates) commences 9:30 a.m. on Tuesday, 4th September

Parallel trading in Subdivided Shares (in the form of New Share Certificates and the Existing Share Certificates) ends 4:00 p.m. on Tuesday, 25th September

Temporary counter for trading in board lots of 20,000 Subdivided Shares (in the form of Existing Share Certificates) closes 4:00 p.m. on Tuesday, 25th September

Last day for free exchange of Existing Share Certificates for New Share Certificates Tuesday, 2nd October

The Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:30 p.m. on Tuesday, 25th September, 2007 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one (1) Existing Share for ten (10) Subdivided Shares and may be exchanged free of charge for the New Share Certificates for Subdivided Shares at any time between Tuesday, 21st August, 2007 and Tuesday, 2nd October, 2007, and on payment of a prescribed fee any time after 4:30 p.m. on Tuesday, 2nd October, 2007. It is expected that New Share Certificates will be available for collection with a period of 10 business days after the submission of the Existing Share Certificates.

The New Share Certificates will be issued in brown colour in order to distinguish them from the Existing Share Certificates which are in grey colour.

GENERAL

Whilst making this announcement, the Board takes this opportunity to advise Shareholders that it will in the future explore opportunities to diversify the Company’s investments so as to increase returns to the Shareholders. The Company will initially focus on reviewing opportunities in the resources sector and property investment and development around the South East Asia region. The Board wishes to stress that no specific investment has yet been identified or considered by the Board. In the event that any of such possible opportunities are identified, further announcements will be made in compliance with the Listing Rules as and when appropriate.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares.

A circular containing, amongst other things, details of the Share Subdivision, the trading arrangements in respect of the Subdivided Shares and the procedures for the free exchange of Existing Share Certificates, together with a notice to convene the EGM, will be dispatched to the Shareholders as soon as practicable. An ordinary resolution to approve the Share Subdivision will be proposed at the EGM.

DEFINITIONS

The following expressions shall, unless the context otherwise requires, have the following meanings in this announcement:

“Board”	the board of directors of the Company
“Company”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Convertible Bonds”	convertible bonds of the Company entitling the holders thereof to convert all or any of the convertible bonds into fully paid shares of the Company at any time during the period from 1st July, 2009 and ending on the business day falling ten business days immediately preceding the Maturity Date, being 9th November, 2011, at an initial conversion price of HK\$10 per convertible bond (subject to adjustments)
“EGM”	an extraordinary general meeting of the Company to be convened for approving the Share Subdivision
“Existing Share(s)”	existing ordinary share(s) of HK\$2.00 each in the share capital of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shareholder(s)”	holder(s) of the Existing Shares prior to the Share Subdivision becoming effective, or holder(s) of the Subdivided Shares after the Share Subdivision becoming effective
“Share Subdivision”	the subdivision of one Existing Share into ten shares of HK\$0.20 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary shares(s) of HK\$0.20 each in the share capital of the Company upon the Share Subdivision becoming effective
“Warrants”	warrants of the Company entitling the holders thereof to subscribe at any time during the period from 7th June, 2006 up to and including 6th June, 2009 (both days inclusive) for fully paid shares of the Company at an initial subscription price of HK\$10 per share of the Company (subject to adjustments)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China

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

Hong Kong, 11th July, 2007

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, 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.