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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Allied Properties (H.K.) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 SHARE SUBDIVISION

A letter from the board of directors of Allied Properties (H.K.) Limited is set out on pages 4 to 10 of this circular.

A notice convening an extraordinary general meeting of Allied Properties (H.K.) Limited to be held at Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 20th August, 2007 at 10:00 a.m. is set out on pages 11 and 12 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the registered office of Allied Properties (H.K.) Limited at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjournment thereof if they so wish.

1st August, 2007

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|---------------------------|--|
| “Board” | the board of Directors |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “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 |
| “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) |
| “Director(s)” | director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be held on 20th August, 2007 to consider and approve, among other things, the proposed Share Subdivision |
| “Existing Share(s)” | existing ordinary share(s) of HK\$2.00 each in the share capital of the Company |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Practicable Date” | 27th July, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |

DEFINITIONS

| | |
|-----------------------|--|
| “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 share(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 (subject to adjustments) |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

EXPECTED TIMETABLE

2007

Latest time for lodging forms of proxy for the EGM10:00 a.m. on Saturday,
18th August

EGM10:00 a.m. on Monday,
20th August

The following events are conditional on the fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Subdivision” in the Letter from the Board in this circular.

Publication of further announcement for
the effectiveness of Share SubdivisionTuesday, 21st August

Effective date of the Share SubdivisionTuesday, 21st August

Dealings in the Subdivided Shares commenceTuesday, 21st August

Original counter for trading in Existing Shares in board lots
of 2,000 Existing Shares temporarily closes9:30 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**”)) opens9:30 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) opens9:30 a.m. on Tuesday,
4th September

Parallel trading in Subdivided Shares (in the form of
New Share Certificates and the Existing Share
Certificates) commences9:30 a.m. on Tuesday,
4th September

Parallel trading in Subdivided Shares (in the form of
New Share Certificates and the Existing Share
Certificates) ends4:00 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) closes4:00 p.m. on Tuesday,
25th September

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



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)

Executive Directors:

Patrick Lee Seng Wei (*Chief Executive*)
Li Chi Kong

Non-executive Directors:

Arthur George Dew (*Chairman*)
Henry Lai Hin Wing
Steven Lee Siu Chung

Independent non-executive Directors:

John Douglas Mackie
Steven Samuel Zoellner
Alan Stephen Jones

Registered Office:

22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

1st August, 2007

*To the Shareholders and, for the information only,
the holders of Warrants*

Dear Sir or Madam,

PROPOSED SHARE SUBDIVISION

1. INTRODUCTION

It was announced in the Company's announcement dated 11th July, 2007 that the Company intends to put forward to the Shareholders for approval on the proposal relating to the Share Subdivision. The purpose of this circular is to provide you with the information regarding the Share Subdivision and to give you the notice of the EGM in order to enable you to make an informed decision on whether to vote for or against the resolution relating to the Share Subdivision.

LETTER FROM THE BOARD

2. PROPOSED SHARES SUBDIVISION

Reference is made to the announcement by the Company dated 11th July, 2007 whereby the Board proposed 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 will become effective upon the fulfillment of the conditions set out 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.

Given the prevailing market conditions, the Board considers it is appropriate to provide more flexibility for 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. Accordingly, the Board believes the Share Subdivision to be in the interest of the Company and its Shareholders. The Board also considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

3. CAPITAL STRUCTURE

As at the Latest Practical Date, the authorised share capital of the Company is HK\$6,000,000,000 divided into 3,000,000,000 Existing Shares, of which 538,841,226 Existing Shares are in issue and are fully paid. Assuming that no further shares of the Company will be issued or repurchased after the Latest Practical Date 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 Latest Practical Date 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 | 538,841,226 Existing Shares | 5,388,412,260 Subdivided Shares |

LETTER FROM THE BOARD

| | As at the Latest Practical Date and before completion of the Share Subdivision | Immediately after completion of the Share Subdivision |
|---------------------------|---|--|
| Issued share capital | HK\$1,077,682,452 | HK\$1,077,682,452 |
| Number of unissued shares | 2,461,158,774 | 24,611,587,740 |
| | Existing Shares | Subdivided Shares |
| Unissued share capital | HK\$4,922,317,548 | HK\$4,922,317,548 |

The Subdivided Shares will rank *pari passu* in all respect 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.

4. 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.

5. LISTING AND DEALING

An application has been made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares arising from the Share Subdivision.

Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading date is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

6. 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 subscription of the outstanding convertible bonds and warrants issued by the Company when the Share Subdivision becoming effective.

According to the terms of the Convertible Bonds, the conversion price of the conversion rights attaching to the Convertible Bonds will be adjusted in such manner as the Company's auditors shall certify to the Board as, in their opinion, fair and reasonable in respect to the Share Subdivision. Upon the Share Subdivision becoming unconditional, the number and the conversion price of the convertible bonds will be adjusted as follows:

| Amount of Convertible Bonds outstanding HK\$ | Conversion price per Existing Share before adjustment HK\$ | Adjusted Conversion price per Subdivided Share HK\$ | Adjusted number of Subdivided Shares | Exercise period |
|---|---|--|---|--|
| 268,649,720 | 10 | 1 | 268,649,720 | 1st July, 2009 and ending on the business day falling ten business days immediately preceding the Maturity Date (as defined in the instrument for the Convertible Bonds) |

LETTER FROM THE BOARD

Pursuant to the terms and conditions of the Warrants, the subscription price of the subscription rights attaching the Warrants will also be adjusted in such manner as the Company's auditors shall certify to the Board as, in their opinion, fair and reasonable in respect to the Share Subdivision. Upon the Share Subdivision becoming effective, the number and the subscription price of the Warrants will be adjusted as follow:

| Amount of Warrants outstanding HK\$ | Subscription price per Existing Share before adjustment HK\$ | Adjusted Subscription price per Subdivided Share HK\$ | Adjusted number of Subdivided Shares | Exercise period |
|--|---|--|---|--|
| 1,057,410,550 | 10 | 1 | 1,057,410,550 | 7th June, 2006 to 6th June, 2009 both days inclusive |

Allotment and issue of the Subdivided Shares pursuant to the subscription form submitted by the holders of the Warrants between 1st August, 2007 to 20th August, 2007 will only be made after the Share Subdivision becomes unconditional. The Company will hold the monies remitted upon the exercise of the subscription rights attaching to the Warrants pending the allotment of the Subdivided Shares. If the Share Subdivision becomes unconditional, the number of Subdivided Shares to be allotted to the holders of these Warrants will be calculated on the basis of the adjusted subscription price. If the Share Subdivision does not become conditional, the number of Existing Shares to be allotted will be calculated on the basis of the original subscription price.

7. FREE EXCHANGE OF SHARE CERTIFICATES

Subject to fulfilment of the conditions set out above and the Share Subdivision taking effect, it is expected that from Tuesday, 21st August, 2007, New Share Certificate will be issued in board lots of 2,000 Subdivided Shares. 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 within 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.

LETTER FROM THE BOARD

8. TRADING ARRANGEMENT FOR SUBDIVIDED SHARES

Subject to the Share Subdivision becoming effective, dealings in the Subdivided Shares are expected to commence on Tuesday, 21st August, 2007. Parallel trading arrangement will be established with the Stock Exchange and will be operated from Tuesday, 4th September, 2007 to Tuesday, 25th September, 2007 (both days inclusive). Full details of the expected timetable and trading arrangements are set out on pages 3 and 9 of this circular respectively.

9. OTHERS

The Board takes this opportunity to advise the 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.

10. EGM

The notice of the EGM is set out on pages 11 and 12 of this circular. At the EGM, an ordinary resolution will be proposed for the Shareholders to approve the Share Subdivision of the Company.

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's registered office at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

11. PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 75 of the Company's Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

12. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility of the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement herein misleading.

13. RECOMMENDATION

The Directors consider that the proposed ordinary resolution for the approval of the Share Subdivision is in the interests of the Company and its Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

For and on behalf of the Board
ALLIED PROPERTIES (H.K.) LIMITED
Arthur George Dew
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Allied Properties (H.K.) Limited (the “**Company**”) will be held at Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 20th August, 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution of the Company as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granted the listing of, and permission to deal in, the Subdivided Shares (as hereinafter defined), each of the issued and unissued shares of HK\$2.00 in the share capital of the Company be and are hereby subdivided (“**Share Subdivision**”) into ten shares of HK\$0.20 each (the “**Subdivided Shares**”) and the directors of the Company be and are hereby authorised to issue new share certificates in respect of the Subdivided Shares to holders of the shares of the Company and to do all things and execute all documents as they shall in their absolute opinion deem necessary or expedient in connection with or incidental to the Share Subdivision.”

For and on behalf of the Board
ALLIED PROPERTIES (H.K.) LIMITED
Li Chi Kong
Executive Director

Hong Kong, 1st August, 2007

Registered Office:
22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his or her stead. A proxy need not be a member of the Company.
2. A form of proxy in respect of the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's registered office at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
4. Where there are joint holders of any share, any one of such joint holders may vote at the Meeting either personally or by proxy in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such share.