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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 BONUS ISSUE OF WARRANTS

The Board proposed a bonus issue of 2009 Warrants to the Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one (1) 2009 Warrant for every five (5) Shares held. Each 2009 Warrant will entitle the holder thereof to, during the Subscription Period of three years, subscribe for one new Share at the initial Subscription Price of HK\$10.00, subject to adjustment(s) in accordance with the terms of the 2009 Warrants.

The Company will despatch a circular to the Shareholders containing further details of the Bonus Issue of Warrants as soon as practicable after the publication of this announcement.

PROPOSED BONUS ISSUE OF WARRANTS

On 12th April, 2006, Allied Properties (H.K.) Limited ("Company") announced the results of the Company and its subsidiaries ("Group") for the year ended 31st December, 2005 and on the same day, the board of directors ("Board") of the Company proposed, subject to the satisfaction of the condition below, a bonus issue of warrants ("Bonus Issue of Warrants") to shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on 26th May, 2006 ("Record Date") on the basis of one (1) warrant ("2009 Warrant") for every five (5) shares of HK\$2.00 each ("Shares") in the share capital of the Company held on the Record Date. This announcement sets out further details in respect of the Bonus Issue of Warrants.

THE SUBSCRIPTION PRICE

The 2009 Warrants will entitle the holders thereof to subscribe for new Shares at an initial subscription price of HK\$10.00 per Share in cash ("Subscription Price"), subject to adjustment(s), at any time between the date when dealings in the 2009 Warrants on The Stock Exchange of Hong Kong Limited ("Stock Exchange") commence (which is expected to be on or about 7th June, 2006) ("Commencement Date") and a date falling three years from the Commencement Date (which is expected to be on or about 6th June, 2009), both days inclusive ("Subscription Period"). Fractional entitlements to the 2009 Warrants will not be granted to the Shareholders but will be aggregated and sold for the benefit of the Company. The Subscription Price is subject to adjustment(s) upon occurrence of adjustment events arising as a result of changes in the share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.

The initial Subscription Price of HK\$10.00 represents a premium of approximately 37.93% over the closing price of HK\$7.25 per Share as quoted on the Stock Exchange on 12th April, 2006 (being the date of this announcement), and represents a premium of approximately 39.86% over the average closing price of HK\$7.15 per Share on the Stock Exchange for the five (5) trading days ended 12th April, 2006. On the basis of 537,151,901 Shares in issue on 12th April, 2006, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 107,430,380 2009 Warrants are proposed to be issued pursuant to the Bonus Issue of Warrants.

USE OF PROCEEDS

Full exercise of the 107,430,380 2009 Warrants would result in the receipt by the Company of HK\$1,074,303,800.00, before expenses and, assuming that the Subscription Price is not adjusted, an issue of 107,430,380 new Shares, representing approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of such Shares. The Company has not presently planned for any specific use of the proceeds save as to say that it is the present intention of the Board to apply the proceeds of the Bonus Issue of Warrants for general working capital and to reduce the indebtedness of the Company in general.

GENERAL MANDATE

The 2009 Warrants will be issued under the authority of a general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 3rd June, 2005 to issue and allot new securities up to 20% of the issued share capital of the Company as at 3rd June, 2005.

RANKING OF THE SHARES TO BE ISSUED UPON EXERCISE OF THE 2009 WARRANTS

Shares which may fall to be issued upon exercise of the 2009 Warrants will rank for any dividends and other distributions and/or offers of further securities made by the Company, the record date for which is on or after the relevant subscription date and subject thereto, *pari passu* in all respects with the then existing issued Shares on the relevant subscription date. Application will be made to the Stock Exchange for listing of, and permission to deal in, the 2009 Warrants and any Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2009 Warrants. No part of the equity or debt securities of the Company is listed on or dealt in on any other stock exchange and no such listing of or permission to deal in is being or is proposed to be sought.

OVERSEAS SHAREHOLDERS

For those Shareholders whose addresses as shown on the register of members on the Record Date are outside Hong Kong ("Overseas Shareholders"), enquiry pursuant to Rule 13.36(2) of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") will be made by the Board. If the Board is of the view that, after such enquiry, the exclusion of Overseas Shareholders is necessary or expedient, the 2009 Warrants will not be granted to the Overseas Shareholders, if any. In such circumstances, arrangements will be made for the 2009 Warrants which would otherwise have been issued to such Overseas Shareholders, if any, to be sold in the market as soon as practicable, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Overseas Shareholders, if any, *pro rata* to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100.00, in which case it will be retained for the benefit of the Company. Details in respect of any exclusion of the Overseas Shareholders and the treatment for the excluded Overseas Shareholders (if any) will be set out in the circular to be sent to the Shareholders.

CONDITION TO THE BONUS ISSUE OF WARRANTS

The Bonus Issue of Warrants is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the 2009 Warrants and any Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2009 Warrants.

Save for the Bonus Issue of Warrants, the Company has no other outstanding equity securities which remain to be issued on exercise of any other subscription rights subject to Chapter 15 of the Listing Rules.

CERTIFICATES FOR THE 2009 WARRANTS AND BOARD LOT

All necessary arrangements will be made by the Company to enable the 2009 Warrants to be admitted into the Central Clearing and Settlement System ("CCASS"). Subject to the satisfaction of the condition mentioned above and the compliance with the stock admission requirements of Hong Kong Securities Clearing Company Limited ("Hongkong Clearing"), the 2009 Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2009 Warrants will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in CCASS with effect from the Commencement Date (which is expected to be on or about 7th June, 2006) or such other date(s) as determined by Hongkong Clearing. It is expected that warrant certificates issued pursuant to the Bonus Issue of Warrants will be posted at the risks of the Shareholders entitled thereto around 5th June, 2006. The 2009 Warrants will be traded in board lots of 4,000 units entitling holders thereof to subscribe an amount of HK\$40,000.00 initially for Shares, on the basis of the Subscription Price.

A circular containing further details of the Bonus Issue of Warrants will be despatched to the Shareholders as soon as practicable after the publication of this announcement.

REASONS FOR THE BONUS ISSUE OF WARRANTS

The Board believes that the Bonus Issue of Warrants will provide the Shareholders with the opportunity to participate further in the future growth of the Group.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Monday, 22nd May, 2006 to Friday, 26th May, 2006 (both days inclusive) in order to establish entitlements of the Shareholders to the Bonus Issue of Warrants, during which period no transfer of Shares will be registered. In order to qualify for the 2009 Warrants under the Bonus Issue of Warrants, Shareholders are reminded to ensure that all Share transfers, accompanied by the relevant certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, situate at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 19th May, 2006.

On behalf of the Board
Allied Properties (H.K.) Limited
Patrick Lee Seng Wei
Chief Executive

Hong Kong, 12th April, 2006

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