



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)

ANNOUNCEMENT

REDEMPTION OF THE OUTSTANDING AMOUNT OF THE CONVERTIBLE BONDS

On 9th August, 2007, the Company received an extraordinary resolution in writing passed by the Bondholders holding an aggregate of not less than 75 per cent. in principal amount of the Convertible Bonds outstanding as at the date of such resolution and as at the date of this announcement effecting a change of Maturity Date to 31st August, 2007. Accordingly, the Company gave notice to all Bondholders on 13th August, 2007 that as a result of the change of Maturity Date, the Company will redeem all outstanding Convertible Bonds on 31st August, 2007. The Convertible Bonds shall cease to bear any interest after the new Maturity Date. The total principal amount to be redeemed is HK\$268,649,720, being the total outstanding amount of the Convertible Bonds of HK\$268,649,720 as at the date of this announcement, plus accrued interest.

The redemption monies under the Redemption, together with accrued interest, being HK\$274,523,213 will be payable to the Qualified Bondholders whose names appear on the Register on the Record Date and upon surrender by the Bondholders of the relevant Certificates at the Share Registrar during business hours from 10th September, 2007 to 21st September, 2007 (both days inclusive). Payments for the redemption monies, together with accrued interest, are expected to be made to the Qualified Bondholders within 7 Business Days after the Certificate has been surrendered at the Share Registrar.

Upon completion of the Redemption, all Convertible Bonds issued by the Company and subsequently redeemed by it will be cancelled and the names of the relevant Bondholders will be removed from the Register accordingly. Thereafter, the Certificates which have been surrendered in exchange for redemption monies and accrued interests will cease to be good for delivery and/or evidence of legal title to the Convertible Bonds. Any payment made in this regard will, to such extent, be a good discharge by the Company in respect of the Redemption and its obligations under the Convertible Bonds.

Reference is made to the prospectus of the Company dated 12th October, 2006 (the “**Prospectus**”) in relation to an open offer of the Convertible Bonds and the announcement dated 23rd February, 2007 (the “**Announcement**”) in respect of the partial redemption of the Convertible Bonds. Terms used therein shall have the same meaning when used in this announcement, unless otherwise stated.

EXTRAORDINARY RESOLUTION

Pursuant to Paragraph 16 (a) of Schedule 2 of the Instrument, Bondholders have power, amongst other, to modify or alter the Maturity Date of the Convertible Bonds. Such modification effected by a resolution in writing signed by or on behalf of the Bondholders of not less than 75 per cent. in principal amount of the Convertible Bonds is, for all purposes, as valid and effectual as an extraordinary resolution passed at a meeting of Bondholders duly convened under Paragraph 19 of Schedule 2 of the Instrument. The Instrument further provides that an extraordinary resolution so passed will be binding on all Bondholders, and each of the Bondholders shall be bound to give effect to it accordingly.

On 9th August, 2007, the Company received an extraordinary resolution in writing duly signed by the Bondholders holding an aggregate of not less than 75 per cent. in principal amount of the Convertible Bonds outstanding as at the date of such resolution and as at the date of this announcement, effecting the change of Maturity Date to 31st August, 2007. Accordingly, the Company gave notice to all Bondholders on 13th August, 2007 that as a result of the change of Maturity Date, the Company will redeem all outstanding Convertible Bonds on 31st August, 2007. The Convertible Bonds shall cease to bear any interest after the new Maturity Date.

REDEMPTION OF CONVERTIBLE BONDS

As at the date of this announcement, the total principal amount to be redeemed is HK\$268,649,720, being the total outstanding amount of the Convertible Bonds of HK\$268,649,720. The aggregate amount payable upon Redemption, as calculated in accordance with Condition 7(E) of the Terms, together with all accrued interest is HK\$274,523,213.

As the conversion rights attaching to the Convertible Bonds is exercisable from 1st July, 2009 onwards, there will be no conversion of the Convertible Bonds prior to Redemption.

The redemption monies to be paid by the Company in respect of the Redemption will be financed by a combination of internal fundings and bank borrowings. The interest rate of the bank borrowings is presently less than that payable under the Convertible Bonds. The Redemption therefore represents an opportunity for the Group to reduce its financing cost and increase profit attributable to the shareholders of the Company. The Board believes that there will be no material adverse impact on the Company's financial position pursuant to the Redemption. The Board also believes that the Redemption is fair and reasonable and is in the interest of the Company and its shareholders as a whole.

The Board refers to the Announcement and the Prospectus in relation to, inter alia, its intention to sustain a significant shareholding in SHK. It was stated in the Announcement that one of the major reasons for the issue of the Convertible Bonds was to enable the Company to restore, to the extent possible, its shareholding percentage in SHK, which was diluted by the top-up placing arrangement of SHK in August 2006. Following the completion of such top-up placing arrangement, one of the placees acquired a substantial number of shares in SHK and has subsequently become a substantial shareholder of SHK. That placees' shares are, by such reason, not regarded as being held in public hands for the purpose of the Listing Rules. Consequently, any increase in the Company's interest in SHK may therefore have an impact on the level of public float of shares in SHK and may therefore give rise to the risk that the public float of SHK not being maintained in accordance with the requirements under the Listing Rules. Accordingly, the Company is not able to pursue the application of the remaining proceeds from the issue of the Convertible Bonds to restore its shareholding percentage in SHK.

CLOSURE OF REGISTER IN RESPECT OF THE CONVERTIBLE BONDS AND PAYMENTS FOR THE REDEMPTION

Notice is hereby given that the Register will be closed on 30th August, 2007 for the purpose of determining entitlements to payments of the relevant Bondholders under the Redemption. No transfer of Convertible Bonds can be effected on that day.

In order to qualify for payments under the Redemption, all duly completed transfers of Convertible Bonds, accompanied by the relevant Certificates, must be lodged for registration with the Share Registrar no later than 4:30 p.m. (Hong Kong time) on 29th August, 2007.

The redemption monies under the Redemption, together with accrued interest, being HK\$274,523,213 will be payable to the Qualified Bondholders whose names appear on the Register on the Record Date and upon surrender by the Bondholders of the relevant Certificates at the Share Registrar during business hours from 10th September, 2007 to 21st September, 2007 (both days inclusive). Payments of the redemption money are expected to be made to the Qualified Bondholders within 7 Business Days (including the date of surrender of the relevant Certificate) after the relevant Certificate has been surrendered at the Share Registrar by transfer to an account of the relevant Qualified Bondholders previously notified to the Registrar in writing or, if there is no such account, by Hong Kong dollars cheque drawn on a bank in Hong Kong mailed by ordinary post (at the risk and expense of the Qualified Bondholders) to the registered address of the Qualified Bondholders as shown in the Register.

If any Certificate is lost, stolen, mutilated, defaced or destroyed, the Bondholder must arrange for the issue of a replacement Certificate in order to be entitled for payment of the redemption money. Application for replacement of Certificates can be made at the Share Registrar during normal business hours from 9:00 a.m. to 4:30 p.m. upon payment by the relevant Bondholder of the expenses, taxes and duties incurred in connection with such replacement and on such terms as to evidence, indemnity or security as may be reasonably required by the Company and the Share Registrar.

Upon completion of the Redemption, all Convertible Bonds issued by the Company and subsequently redeemed by it will be cancelled and the names of the relevant Bondholders will be removed from the Register accordingly. Thereafter, the Certificates which have been surrendered in exchange for redemption monies and accrued interests will cease to be good for delivery and/or evidence of legal title to the Convertible Bonds. Any payment made in this regard will, to such extent, be a good discharge by the Company in respect of the Redemption and its obligations under the Convertible Bonds.

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
“Bondholder(s)”	holders of the Convertible Bonds
“Business Day”	a day (other than a Saturday and Sunday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“Certificate(s)”	valid certificate of the Convertible Bonds evidencing entitlement for payment of money under the Convertible Bonds
“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 9th November, 2011 at an initial conversion price of HK\$10 per convertible bond (subject to adjustments)
“Instrument”	a written instrument of the Convertible Bonds issued by the Company dated 12th October, 2006
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	9th November, 2011, pursuant to the Instrument
“Qualified Bondholder”	the Bondholders whose names appear on the Register at the close of business on the Record Date who have registered their entitlements at the Share Registrar with the relevant valid Certificate(s)
“Record Date”	30th August, 2007 (Hong Kong time), being the date for determination of entitlements of the Bondholders under the Redemption
“Redemption”	redemption of all the outstanding Convertible Bonds by the Company at the principal amount of HK\$268,649,720 in accordance with the Terms of the Convertible Bonds
“Register”	register of Bondholders of the Company
“Share Registrar”	the share registrar of the Company being Computershare Hong Kong Investors Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, whose securities are listed on the Main Board of the Stock Exchange and an indirect non wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Terms” terms and conditions of the Convertible Bonds which forms part of the Convertible Bonds

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China

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

Hong Kong, 13th August, 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.