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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 OPEN OFFER TO QUALIFYING SHAREHOLDERS ON THE BASIS OF ONE CONVERTIBLE BOND FOR EVERY TEN EXISTING SHARES HELD AS AT THE RECORD DATE

DESPATCH OF PROSPECTUS

The Prospectus containing further information regarding, amongst other things, the Open Offer and other information in respect of the APL Group was despatched to the Qualifying Shareholders on 12th October, 2006. The Prospectus was also sent to the Excluded Shareholders and the APL Warrantholders, for their information only, on the same day.

APL Shareholders should note that dealings in the securities of APL will continue while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any APL Shareholder or other persons dealing in the securities of APL up to the day on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be Friday, 3rd November, 2006), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. APL Shareholders, APL Warrantholders and potential investors are reminded to exercise extreme caution when dealing in the APL Shares and the APL Warrants.

References is made to the joint announcement (the "Joint Announcement") of Allied Group Limited and Allied Properties (H.K.) Limited ("APL") dated 21st September, 2006. Terms used in the Joint Announcement have the same meanings when used in this announcement, unless the context requires otherwise.

DESPATCH OF PROSPECTUS

The prospectus (the "Prospectus") dated 12th October, 2006 issued by APL containing further information regarding, amongst other things, the Open Offer and other information in respect of the APL Group, together with the application form and the excess application form, was despatched to the Qualifying Shareholders on 12th October, 2006. The Prospectus was also sent to the Excluded Shareholders and the APL Warrantholders, for their information only, on the same day.

APL Shareholders should note that dealings in the securities of APL will continue while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any APL Shareholder or other persons dealing in the securities of APL up to the day on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be Friday, 3rd November, 2006), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. APL Shareholders, APL Warrantholders and potential investors are reminded to exercise extreme caution when dealing in the APL Shares and the APL Warrants.

QUALIFYING SHAREHOLDERS

Having reviewed the register of members of APL as at 9th October, 2006, being the latest practicable date prior to the printing of the Prospectus for the purpose of ascertaining certain information contained in the Prospectus, APL noted that 85 APL Shareholders maintained addresses located in Australia, Canada, China, the United Kingdom, Macau, Malaysia, New Zealand, Singapore, Thailand, Taiwan and the United States of America. APL has made enquiries with its legal advisers regarding the feasibility of extending the Open Offer to such overseas APL Shareholders, based on which the APL Directors have determined that (i) it is expedient for the Open Offer to be offered to the overseas APL Shareholders in the United Kingdom, Macau, Malaysia, New Zealand, Singapore, Thailand, China and Taiwan; and (ii) it is inexpedient for the Open Offer to be offered to the overseas APL Shareholders in Australia, Canada and the United States of America.

Accordingly, the Open Offer will not be extended to the overseas APL Shareholders with registered addresses in Australia, Canada and the United States of America, and will be extended to overseas APL Shareholders with registered addresses in the United Kingdom, Macau, Malaysia, New Zealand, Singapore, Thailand, China and Taiwan.

DIRECTORS

As at the date of this announcement, the APL Directors are:

Executive Directors:

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

Non-executive Directors:

Mr. Henry Lai Hin Wing, Mr. Steven Lee Siu Chung

Independent non-executive Directors:

Mr. John Douglas Mackie, Mr. Steven Samuel Zoellner, Mr. Alan Stephen Jones

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