ALLIED GROUP LIMITED
（聯合集團有限公司）

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2013

The board of directors ("Board") of Allied Group Limited ("Company") announces that the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31st December, 2013 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Notes	**2013** **HK$ Million**	2012 *HK$ Million*
Continuing operations			
Revenue	*(2)*	**5,038.3**	4,161.8
Other income		**101.6**	174.9
Total income		**5,139.9**	4,336.7
Cost of sales and other direct costs		**(283.6)**	(205.8)
Brokerage and commission expenses		**(260.7)**	(187.8)
Selling and marketing expenses		**(125.4)**	(124.7)
Administrative expenses		**(1,610.2)**	(1,417.4)
Changes in values of properties	*(4)*	**470.5**	602.1
Net profit on financial assets and liabilities	*(5)*	**246.1**	343.1
Net exchange (loss) gain		**(82.9)**	4.9
Bad and doubtful debts	*(6)*	**(589.7)**	(506.0)
Other operating expenses		**(309.5)**	(104.0)
Finance costs	*(7)*	**(262.6)**	(112.5)
Share of results of associates		**30.1**	168.9
Share of results of joint ventures		**202.7**	167.9
Profit before taxation	*(8)*	**2,564.7**	2,965.4
Taxation	*(9)*	**(237.3)**	(300.4)
Profit for the year from continuing operations		**2,327.4**	2,665.0
Discontinued operations			
Profit for the year from discontinued operations	*(10)*	**323.4**	99.4
Profit for the year		**2,650.8**	2,764.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Notes	2013 HK$ Million	2012 HK$ Million
Attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**1,095.7**	1,340.3
Profit for the year from discontinued operations		**237.5**	54.6
		1,333.2	1,394.9
Non-controlling interests			
Profit for the year from continuing operations		**1,231.7**	1,324.7
Profit for the year from discontinued operations		**85.9**	44.8
		1,317.6	1,369.5
		2,650.8	2,764.4
Earnings per share	*(11)*		
From continuing and discontinued operations			
Basic		**HK$7.06**	HK$7.16
Diluted		**HK$7.06**	HK$7.16
From continuing operations			
Basic		**HK$5.80**	HK$6.88
Diluted		**HK$5.80**	HK$6.88

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2013

	2013	2012
	HK$ Million	*HK$ Million*
Profit for the year	**2,650.8**	2,764.4
Other comprehensive income (expenses):		
Items that will not be reclassified to profit or loss:		
Revaluation gain on properties transferred from property, plant and equipment to investment properties	**–**	30.0
Share of other comprehensive income of associates	**153.1**	0.8
Share of other comprehensive expenses of joint ventures	**(1.8)**	–
	151.3	30.8
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Net fair value changes during the year	**15.1**	48.1
– Reclassification adjustment to profit or loss on disposal	**(7.1)**	(43.4)
– Reclassification upon impairment	**11.2**	0.7
	19.2	5.4
Exchange differences arising on translation of foreign operations	**158.1**	45.2
Reclassification adjustment to profit or loss on liquidation of subsidiaries	**31.6**	(0.4)
Reclassification adjustment to profit or loss on disposal of associates and joint ventures	**(10.3)**	–
Share of other comprehensive expenses of associates	**(29.0)**	(8.8)
Share of other comprehensive income of joint ventures	**31.9**	4.1
	201.5	45.5
Other comprehensive income for the year, net of tax	**352.8**	76.3
Total comprehensive income for the year	**3,003.6**	2,840.7
Attributable to:		
Owners of the Company	**1,504.2**	1,449.7
Non-controlling interests	**1,499.4**	1,391.0
	3,003.6	2,840.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2013

	Notes	2013 HK$ Million	2012 HK$ Million
Non-current assets			
Investment properties		**6,744.0**	6,465.5
Property, plant and equipment		**932.1**	656.1
Prepaid land lease payments		**9.8**	9.8
Goodwill		**125.6**	127.0
Intangible assets		**107.3**	116.4
Interests in associates		**6,294.2**	6,041.0
Interests in joint ventures		**1,882.8**	1,694.4
Available-for-sale financial assets		**559.9**	499.1
Statutory deposits		**28.6**	26.5
Amounts due from associates		**179.0**	396.1
Loans and advances to consumer finance customers due after one year	*(13)*	**3,440.5**	3,057.6
Deposits for acquisition of property, plant and equipment		**75.2**	20.4
Deferred tax assets		**201.6**	106.0
Financial assets at fair value through profit or loss		**378.3**	912.6
Trade and other receivables	*(14)*	**1,028.1**	720.0
		21,987.0	20,848.5
Current assets			
Properties held for sale and other inventories		**339.2**	370.0
Financial assets at fair value through profit or loss		**1,604.8**	1,317.3
Prepaid land lease payments		**0.3**	0.3
Loans and advances to consumer finance customers due within one year	*(13)*	**6,603.0**	5,236.2
Trade and other receivables	*(14)*	**6,622.4**	5,694.5
Amounts due from associates		**50.2**	52.5
Amounts due from joint ventures		**59.4**	55.1
Available-for-sale financial assets		**82.7**	–
Tax recoverable		**6.5**	17.8
Short-term pledged bank deposits and bank balances		**20.4**	83.5
Bank deposits		**755.6**	467.8
Cash and cash equivalents		**4,996.9**	6,451.6
		21,141.4	19,746.6
Current liabilities			
Trade and other payables	*(15)*	**1,960.7**	1,461.8
Financial liabilities at fair value through profit or loss		**71.1**	67.3
Amounts due to associates		**5.7**	5.6
Amounts due to joint ventures		**75.0**	40.1
Tax payable		**148.2**	105.0
Bank and other borrowings due within one year		**2,918.1**	4,735.4
Bonds and notes		**366.2**	–
Provisions		**46.6**	35.2
		5,591.6	6,450.4
Net current assets		**15,549.8**	13,296.2
Total assets less current liabilities		**37,536.8**	34,144.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AT 31ST DECEMBER, 2013

	Notes	**2013** **_HK$ Million_**	2012 *HK$ Million*
Capital and reserves			
Share capital		**367.5**	382.4
Share premium and reserves	*(16)*	**15,421.2**	14,254.6
Equity attributable to owners of the Company		**15,788.7**	14,637.0
Equity element of warrants		**–**	57.6
Shares held for employee ownership scheme		**(19.8)**	(25.2)
Employee share-based compensation reserve		**10.3**	8.9
Share of net assets of subsidiaries		**15,110.5**	14,690.2
Non-controlling interests		**15,101.0**	14,731.5
Total equity		**30,889.7**	29,368.5
Non-current liabilities			
Bank and other borrowings due after one year		**3,277.3**	1,526.9
Bonds and notes		**3,118.1**	2,997.8
Financial liabilities at fair value through profit or loss		**42.9**	8.0
Deferred tax liabilities		**196.3**	232.0
Provisions		**12.5**	11.5
		6,647.1	4,776.2
		37,536.8	34,144.7

Notes:

(1) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

During the year, the Group adopted certain new and revised Standards and Amendments to Standards issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the Group's financial year beginning on 1st January, 2013 except that the Group had early adopted the amendments to HKAS 1 "Presentation of Financial Statements" (as part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012) since 1st January, 2012. The adoption of these Standards and Amendments has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2012.

Amendments to HKAS 1 – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. As a result, the consolidated income statement and consolidated statement of comprehensive income are renamed as consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income during the year. As required by the amendments, the items of other comprehensive income are also grouped into two categories in the consolidated statement of profit or loss and other comprehensive income: (a) items that will not be reclassified subsequently to profit or loss and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidated – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

On 16th October, 2013, China Elite Holdings Limited ("China Elite", a wholly-owned subsidiary of Allied Properties (H.K.) Limited ("APL")), acquired additional 27,300,000 shares in Tian An China Investments Company Limited ("TACI"), which is listed on The Stock Exchange of Hong Kong Limited and China Elite's interests in TACI increased from 46.85% to 48.66%. APL's 48.66% interest in TACI gives APL 48.66% of the voting rights in TACI, and the remaining voting rights are held by two shareholders holding significant percentages of the voting rights of TACI and numerous other shareholders. The Group is not aware of these other shareholders having contractual arrangements to consult any of the others or make collective decisions. Decisions about the relevant activities of TACI require the approval of a majority of votes cast at relevant shareholders' meetings.

As at 31st December, 2013, the board composition of TACI comprised five executive directors, three non-executive directors and four independent non-executive directors, totalling twelve directors. Of these directors, a non-executive director of TACI is also an executive director of APL and the Company, and an executive director of TACI is also an executive director of the Company. China Elite has resolved that whilst APL's direct or indirect shareholding in TACI is less than 50%, China Elite will not, without prior public notice required under applicable legislation, exercise its power as a shareholder of TACI to seek to appoint another director to the board of directors of TACI who is or has within the previous twelve months been an employee or a director of China Elite, its holding company or any subsidiary of its holding companies.

The Group has considered whether TACI is a subsidiary when preparing its consolidated financial statements for the year ended 31st December, 2013 in view of the provisions of HKFRS 10 and has concluded that it does not have unilateral ability to direct the relevant activities of TACI based on the above facts and circumstances, and accordingly, the Group continues to account for its interest in TACI as an associate.

The directors of the Company ("Directors") have determined that the application of HKFRS 10 does not have material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

HKFRS 11 – Joint Arrangements

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC) – Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separated entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors have determined that the application of HKFRS 11 does not have material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

HKFRS 12 – Disclosures of Interests in Other Entities

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive and in accordance with HKFRS 12 additional disclosure for the Group's interests in other entities, including interests in subsidiaries, interests in associates and interests in joint ventures has been provided in the annual consolidated financial statements for the years ending 31st December, 2013 and thereafter.

HKFRS 13 – Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those required in the current standards. In accordance with the transitional provisions of HKFRS 13, additional information was disclosed in the notes to the consolidated financial statements.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities Disclosures

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. Additional information was disclosed in the notes to the consolidated financial statements in accordance with the amendments.

New HKFRSs and Amendments in issue but not yet effective

The Group has not early applied the following new HKFRSs and amendments that have been issued but are not yet effective, and are relevant to the operations of the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[3]

1 Effective for annual periods beginning on or after 1st January, 2014
2 Mandatory effective date has not yet been fixed
3 Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions

Except as described below, the management anticipates that the application of the new HKFRSs and amendments does not have material impact to the consolidated financial statements.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKAS 32 are effective for annual periods beginning on or after 1st January, 2014, with retrospectively application required. The management anticipates that the application of the above amendments will not have material impact to the amounts reported in the consolidated financial statements.

HKFRS 9 – Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, an entity may make an irrevocable election to present changes in fair value of equity investments in other comprehensive income, with only dividend income recognised in profit or loss.

HKFRS 9 is available for application but the mandatory effective date has not yet been fixed. The application of HKFRS 9 might affect the measurement of the Group's financial assets. The management is still in the process of assessing the impact of the adoption of HKFRS 9.

(2) REVENUE

	2013	2012
	HK$ Million	*HK$ Million*
Revenue comprises:		
Continuing operations		
Interest income on loans and advances to consumer finance customers	**3,121.1**	2,568.5
Interest income received from banks, term loans, margin loans and others	**717.6**	585.5
Income from corporate finance and others	**446.8**	343.6
Property rental, hotel operations and management services	**363.3**	316.7
Securities broking	**254.0**	203.6
Net trading profit from forex, bullion, commodities and futures	**111.7**	117.6
Dividend income	**23.8**	26.3
	5,038.3	4,161.8
Discontinued operations		
Discontinued Elderly Care Services Business *(note (3))*	**143.1**	154.4
	5,181.4	4,316.2

(3) SEGMENTAL INFORMATION

The operating business organised and managed in each segment represents a strategic business unit that offers different products and services for the purpose of resource allocation and assessment of segment performance by the Executive Directors of the Company.

During the year, the operations of provision of discontinued elderly care services business which were reported under the segment of “Elderly care services” in previous years were discontinued (“Discontinued Elderly Care Services Business”) due to the disposal of a subsidiary engaged in provision of elderly care services business as described in note (10). Accordingly, the segment information disclosed below relating to the Group’s continuing operations do not include the amounts for the “Elderly care services”. Prior year figures have been restated to re-present the “Elderly care services” operation as a discontinued operation.

Analysis of the Group’s revenue and results from continuing operations is as follows:

	2013				
	Investment, broking and finance *HK$ Million*	**Consumer finance** *HK$ Million*	**Property development and investment** *HK$ Million*	**Corporate and other operations** *HK$ Million*	**Total** *HK$ Million*
Segment revenue	**1,546.4**	**3,136.8**	**365.5**	**53.9**	**5,102.6**
Less: inter-segment revenue	**(12.0)**	**–**	**(21.0)**	**(31.3)**	**(64.3)**
Segment revenue from external customers from continuing operations	**1,534.4**	**3,136.8**	**344.5**	**22.6**	**5,038.3**
Segment results	**891.4**	**1,229.8**	**619.7**	**(31.0)**	**2,709.9**
Reversal of impairment loss on interests in associates					**16.2**
Impairment loss for interest in an associate					**(145.8)**
Reversal of impairment loss on amounts due from associates					**14.2**
Finance costs					**(262.6)**
Share of results of associates					**30.1**
Share of results of joint ventures	**(13.8)**	**–**	**216.5**	**–**	**202.7**
Profit before taxation					**2,564.7**
Taxation					**(237.3)**
Profit for the year from continuing operations					**2,327.4**

	2012				
	Investment, broking and finance *HK$ Million*	Consumer finance *HK$ Million*	Property development and investment *HK$ Million*	Corporate and other operations *HK$ Million*	Total *HK$ Million*
Segment revenue	1,267.6	2,581.6	334.3	63.0	4,246.5
Less: inter-segment revenue	(7.4)	–	(34.7)	(42.6)	(84.7)
Segment revenue from external customers from continuing operations	1,260.2	2,581.6	299.6	20.4	4,161.8
Segment results	863.5	1,163.9	736.2	(24.5)	2,739.1
Reversal of impairment loss on interest in an associate					9.3
Impairment loss for interest in an associate					(6.2)
Impairment loss for amounts due from associates					(1.1)
Finance costs					(112.5)
Share of results of associates					168.9
Share of results of joint ventures	(30.8)	–	198.7	–	167.9
Profit before taxation					2,965.4
Taxation					(300.4)
Profit for the year from continuing operations					2,665.0

The geographical information of revenue from continuing operations is disclosed as follows:

	2013 **_HK$ Million_**	2012 *HK$ Million*
Revenue from continuing operations from external customers by location of operations		
Hong Kong	**3,627.7**	3,206.2
Mainland China	**1,329.7**	942.5
Others	**80.9**	13.1
	5,038.3	4,161.8

No revenue from transaction with single external customer amounted to 10% or more of the Group's revenue for the year.

(4) CHANGES IN VALUES OF PROPERTIES

	2013 HK$ Million	2012 HK$ Million
Continuing operations		
Changes in values of properties comprise:		
Net increase in fair value of investment properties	**441.9**	585.6
Impairment loss reversed for properties held for sale	**7.8**	3.9
Impairment loss reversed for hotel property	**20.8**	12.6
	470.5	602.1

The reversal of impairment losses was based on the lower of cost and value in use for hotel property and, the lower of cost and net realisable value for properties held for sale. The value in use and net realisable values were determined based on independent professional valuations at 31st December, 2013.

(5) NET PROFIT ON FINANCIAL ASSETS AND LIABILITIES

The following is an analysis of the net profit on financial assets and liabilities at fair value through profit or loss:

	2013 HK$ Million	2012 HK$ Million
Continuing operations		
Net realised and unrealised profit (loss) on derivatives	**29.7**	(16.6)
Net profit on other dealing activities	**1.1**	1.3
Net realised and unrealised profit on trading in equity securities	**129.4**	330.7
Net realised and unrealised profit on trading in bonds and notes	**1.4**	5.3
Net realised and unrealised profit on financial assets and liabilities designated as at fair value through profit or loss	**84.5**	22.4
	246.1	343.1

(6) BAD AND DOUBTFUL DEBTS

	2013 HK$ Million	2012 HK$ Million
Continuing operations		
Loans and advances to consumer finance customers		
Impairment loss	**567.3**	350.8
Trade and other receivables		
Reversal of impairment loss	**(10.3)**	(0.1)
Impairment loss	**32.2**	155.3
Bad debts written off	**0.5**	–
	22.4	155.2
Bad and doubtful debts recognised in profit or loss	**589.7**	506.0

The following is the amounts written off in allowance of impairment against the receivables and recoveries credited to allowance of impairment during the year:

	2013	2012
	HK$ Million	*HK$ Million*
Loans and advances to consumer finance customers		
Amounts written off in allowance of impairment	**(519.3)**	(366.7)
Recoveries credited to allowance of impairment	**87.5**	69.1
Trade and other receivables		
Amounts written off in allowance of impairment	**(139.5)**	(0.3)

(7) FINANCE COSTS

	2013	2012
	HK$ Million	*HK$ Million*
Continuing operations		
Total finance costs included in:		
Cost of sales and other direct costs	**150.7**	105.9
Finance costs	**262.6**	112.5
	413.3	218.4

(8) PROFIT BEFORE TAXATION

	2013	2012
	HK$ Million	*HK$ Million*
Profit before taxation from continuing operations has been arrived at after charging:		
Depreciation	**76.8**	70.2
Amortisation of intangible assets	**31.0**	29.7
Amortisation of prepaid land lease payments	**0.3**	0.4
Impairment loss for interest in an associate (included in other operating expenses) *(Note 1)*	**145.8**	6.2
Loss on liquidation of subsidiaries (included in other operating expenses) *(Note 2)*	**31.6**	–
Net loss on disposal/written off of property, plant and equipment and intangible assets	**–**	0.2
and after crediting:		
Dividend income from listed equity securities	**20.0**	16.8
Dividend income from unlisted equity securities	**3.8**	9.5
Net profit on disposal/written off of property, plant and equipment	**3.7**	–
Net realised profit on disposal of a joint venture (included in other income)	**0.5**	–
Net realised profit on disposal of associates (included in other income)	**30.1**	0.3
Net realised profit on disposal/redemption of available-for-sale financial assets (included in other income)	**8.4**	116.2
Net realised profit on liquidation of subsidiaries (included in other income)	**–**	3.8
Profit on disposal of investment properties (included in other income)	**–**	0.5

Note:

1. During the year, as a result of the operating losses incurred by an Australian listed associate and the decrease in share price of this associate, the Directors had performed an impairment testing on the interest in this Australian listed associate to estimate the recoverable amount of this associate. The carrying amount of this associate was in excess of its recoverable amount. Accordingly, impairment loss of HK$145.8 million, as determined by comparing the carrying amount of the associate and its fair value, was charged to the profit or loss during the year.

2. The losses were mainly derived from the liquidation of a subsidiary in the Philippines that ceased operations many years ago.

(9) TAXATION

	2013	2012
	HK$ Million	*HK$ Million*
The income tax charged (credited) from continuing operations comprises:		
Current tax		
Hong Kong	**216.5**	199.9
PRC and other jurisdictions	**153.2**	92.5
	369.7	292.4
Over provision in prior years	**(1.9)**	(5.1)
	367.8	287.3
Deferred tax		
Current year	**(87.6)**	13.1
Over provision in prior years	**(42.9)**	–
	(130.5)	13.1
	237.3	300.4

Hong Kong Profits Tax is calculated at the rate of 16.5% of the estimated assessable profits for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in the relevant jurisdictions.

(10) DISCONTINUED OPERATIONS

On 15th October, 2013, Wah Cheong Development (B.V.I.) Limited ("Wah Cheong"), an indirect wholly-owned subsidiary of APL, entered into a share agreement ("Share Agreement") with SkyOcean Investment Holdings Limited ("SkyOcean") to dispose of its entire interest in Allied Overseas Limited ("AOL"), which was engaged in Discontinued Elderly Care Services Business, previously reported under the elderly care services segment.

According to the Share Agreement, Wah Cheong had agreed to sell 166,165,776 shares of AOL, being 74.52% of the then issued share capital of AOL and 11,877,153 warrants of AOL to SkyOcean for a total cash consideration of HK$1,473.6 million. Further details are set out in the circular of the Company dated 6th December, 2013. The Share Agreement was completed on 30th December, 2013.

Profit for the year from discontinued operations is analysed as follows:

	2013	2012
	HK$ Million	*HK$ Million*
Profit of Discontinued Elderly Care Services Business	**35.7**	99.4
Expenses incurred on disposal of AOL	**(2.8)**	–
Gain on disposal of AOL	**290.5**	–
Profit for the year from discontinued operations	**323.4**	99.4
Attributable to:		
Owners of the Company	**237.5**	54.6
Non-controlling interests	**85.9**	44.8
	323.4	99.4

An analysis of the results of the Discontinued Elderly Care Services Business for the year ended 31st December, 2013, with the comparatives for illustrative purpose, is as follows:

	2013	2012
	HK$ Million	*HK$ Million*
Revenue	**143.1**	154.4
Other income	**5.3**	3.7
Total income	**148.4**	158.1
Cost of sales and other direct costs	**(3.4)**	(3.5)
Brokerage and commission expenses	**(0.2)**	(0.2)
Administrative expenses	**(87.5)**	(99.3)
Net (loss) profit on financial assets and liabilities	**(10.3)**	54.3
Net exchange loss	**(2.8)**	(0.1)
Bad and doubtful debts	**(0.1)**	(0.2)
Other operating expenses	**(6.9)**	(8.8)
Profit before taxation	**37.2**	100.3
Taxation	**(1.5)**	(0.9)
Profit for the year	**35.7**	99.4

Profit for the year from discontinued operations include the following:

Depreciation	**1.2**	1.1

(11) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share from continuing and discontinued operations is based on the profit attributable to owners of the Company of HK$1,333.2 million (2012: HK$1,394.9 million) and on the weighted average number of 188.8 million (2012: 194.7 million) shares in issue during the year.

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations is based on the profit attributable to owners of the Company from continuing operations of HK$1,095.7 million (2012: HK$1,340.3 million) and on the weighted average number of 188.8 million (2012: 194.7 million) shares in issue during the year.

From discontinued operations

Basic earnings per share from discontinued operations is HK$1.26 per share (2012: HK$0.28 per share) is calculated based on the profit attributable to owners of the Company from discontinued operations of HK$237.5 million (2012: HK$54.6 million) and the weighted average number of 188.8 million (2012: 194.7 million) shares in issue during the year. Diluted earnings per share from discontinued operations for both years were the same as the basic earnings per share.

(12) DIVIDEND

	2013	2012
	HK$ Million	*HK$ Million*
Dividend paid and proposed		
Interim dividend paid of HK15 cents (2012: HK15 cents) per share	**27.6**	28.7
Proposed final dividend of HK$1.35 (2012: HK$1) per share	**248.1**	191.1
Adjustment to 2011 final dividend	**–**	(4.5)
	275.7	215.3
Dividend recognised as distribution during the year		
2012 final dividend of HK$1 (2012: 2011 final dividend of HK40 cents) per share	**191.1**	81.1
2013 interim dividend of HK15 cents (2012: 2012 interim dividend of HK15 cents) per share	**28.7**	28.7
Adjustment to 2013 interim dividend (2012: 2011 final dividend)	**(1.1)**	(4.5)
	218.7	105.3

A final dividend of HK$1.35 (2012: HK$1) per share has been recommended by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

The amount of the proposed final dividend for the year ended 31st December, 2013 has been calculated by reference to 183,764,118 shares in issue at 26th March, 2014.

(13) LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	2013	2012
	HK$ Million	*HK$ Million*
Loans and advances to consumer finance customers	**10,642.7**	8,753.5
Less: impairment allowance	**(599.2)**	(459.7)
	10,043.5	8,293.8
Analysed for reporting purposes as:		
Non-current assets	**3,440.5**	3,057.6
Current assets	**6,603.0**	5,236.2
	10,043.5	8,293.8

(14) TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade and other receivables based on the date of invoice/contract note at the reporting date:

	2013	2012
	HK$ Million	*HK$ Million*
Less than 31 days	**1,052.1**	1,006.2
31 to 60 days	**9.8**	8.0
61 to 90 days	**6.0**	5.7
91 to 180 days	**9.1**	4.1
Over 180 days	**39.6**	58.3
	1,116.6	1,082.3
Term loans, margin loans and trade and other receivables without aging	**6,669.8**	5,620.1
Impairment allowances	**(184.2)**	(302.1)
Trade and other receivables, at amortised cost	**7,602.2**	6,400.3
Prepayments	**48.3**	14.2
	7,650.5	6,414.5
Analysed for reporting purposes as:		
Non-current assets	**1,028.1**	720.0
Current assets	**6,622.4**	5,694.5
	7,650.5	6,414.5

(15) TRADE AND OTHER PAYABLES

The following is an aged analysis of the trade and other payables based on the date of invoice/contract note at the reporting date:

	2013 *HK$ Million*	2012 *HK$ Million*
Less than 31 days	**1,565.1**	1,085.3
31 to 60 days	**9.3**	12.4
61 to 90 days	**6.6**	9.5
91 to 180 days	**8.4**	26.9
Over 180 days	**4.2**	19.8
	1,593.6	1,153.9
Accrued staff costs, other accrued expenses and other payables without aging	**367.1**	307.9
	1,960.7	1,461.8

(16) SHARE PREMIUM AND RESERVES

	2013 *HK$ Million*	2012 *HK$ Million*
Share premium	**1,519.5**	1,519.5
Property revaluation reserve	**198.8**	198.8
Investment revaluation reserve	**223.8**	183.3
Capital redemption reserve	**334.7**	319.8
Translation reserve	**627.0**	493.7
Non-distributable reserve	**55.2**	55.2
Capital reserve	**4.1**	(4.8)
Accumulated profits	**12,210.0**	11,298.0
Dividend reserve	**248.1**	191.1
	15,421.2	14,254.6

DIVIDEND

The Board has recommended a final dividend of HK$1.35 per share for the year ended 31st December, 2013 (2012: HK$1 per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 20th June, 2014, making a total dividend for the year 2013 of HK$1.5 per share (2012: HK$1.15 per share).

It should be noted that the Company undertook share repurchases for cancellation during the year at aggregate consideration of approximately HK$189.0 million. Accordingly, both net asset value per share and earnings per share have been enhanced. The Board will give consideration to further repurchases of shares for cancellation when opportunities arise.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2014 AGM")

The 2014 AGM is scheduled to be held on Friday, 6th June, 2014. For determining the entitlement to attend and vote at the 2014 AGM, the register of members of the Company will be closed from Wednesday, 4th June, 2014 to Friday, 6th June, 2014 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at the 2014 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 3rd June, 2014.

(2) For determining the entitlement to the proposed final dividend

The proposed final dividend is subject to the approval by the Shareholders at the 2014 AGM. For determining the entitlement to the proposed final dividend for the year ended 31st December, 2013, the register of members of the Company will be closed from Wednesday, 18th June, 2014 to Friday, 20th June, 2014 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17th June, 2014. Subject to approval by the Shareholders at the 2014 AGM, dividend warrants are expected to be despatched to the Shareholders by post on or around Friday, 18th July, 2014.

FINANCIAL REVIEW

Financial Results

The revenue of the Group for 2013 (including continuing and discontinued operations) was HK$5,181.4 million, an increase of HK$865.2 million when compared with the year 2012. The increase in revenue mainly resulted from increased revenue of the investment, broking and finance business as well as the consumer finance business.

The profit attributable to owners of the Company for the year (including continuing and discontinued operations) amounted to HK$1,333.2 million (2012: HK$1,394.9 million). Earnings per share (including continuing and discontinued operations) amounted to HK$7.06 (2012: HK$7.16).

The decrease in profit attributable to owners of the Company was mainly due to

– a lower fair value gain on revaluation of investment properties of the Group;

– a decreased contribution from a listed associate, Tian An China Investments Company Limited ("Tian An");

– losses, including a provision for impairment loss, in respect of interests in Australian listed associates.

This decrease was mitigated by the disposal of the Group's interest in Allied Overseas Limited ("AOL") which recorded a gain on disposal of HK$290.5 million at Allied Properties (H.K.) Limited's ("Allied Properties") level.

Material Acquisitions and Disposals

On 15th October, 2013, Wah Cheong Development (B.V.I.) Limited ("Wah Cheong"), a wholly-owned subsidiary of Allied Properties, entered into a share agreement to dispose of its entire interest in AOL ("Disposal") at a consideration of HK$1,473.6 million. The Disposal was completed on 30th December, 2013 and the gain of disposal was HK$290.5 million. Further details of the Disposal are set out in the circular of the Company dated 6th December, 2013.

During the year, Sun Hung Kai & Co. Limited ("Sun Hung Kai") disposed of two associates – Eurasia Mattress & Furniture Co. Ltd. and Tianjin Eurasia Mattress & Furniture Co. Ltd. for HK$48.7 million and at a profit of HK$30.1 million and it also disposed of a joint venture, Shenzhen Oriental Venture Capital Management Co., Ltd for HK$6.2 million and at a profit of HK$0.5 million.

Apart from the above, there were no material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the year.

Financial Resources, Liquidity and Capital Structure

On 2nd May, 2013, UA Finance (BVI) Limited, a subsidiary of Sun Hung Kai, further issued RMB500 million 6.9% 5-year Renminbi denominated notes at par for a net consideration of HK$625.3 million. During the year, the Group purchased part of the 4% 3-year Renminbi denominated notes and 6.9% 5-year Renminbi denominated notes with a total nominal value of RMB116.9 million (2012: RMB49.0 million) and RMB7.0 million from the market at a consideration of HK$147.8 million (2012: HK$56.0 million) and HK$9.1 million respectively. The nominal value of the notes after eliminating the intra-group holdings was RMB777.1 million or equivalent to HK$995.4 million at the reporting date (2012: RMB401.0 million or equivalent to HK$498.8 million).

During the year, the Group purchased part of the US dollar denominated notes with a total nominal value of US$6 million (2012: US$4 million) from the market at a consideration of HK$47.5 million (2012: HK$31.2 million) and then sold part of the notes with a total nominal value of US$3.5 million for HK$27.9 million. The nominal value of the notes outstanding after eliminating the intra-group holdings was US$318.5 million or equivalent to HK$2,469.8 million at the reporting date (2012: US$321.0 million or equivalent to HK$2,488.0 million).

During the year, a subsidiary of Sun Hung Kai issued at par 687,500 preference shares of HK$145 each of which 287,500 shares were issued to non-controlling interests. As the preference shares carry a fixed dividend rate and the subsidiary is bound to redeem the preference shares upon the request by the holders of the preference shares at a determinable future date, the preference shares are classified as financial liabilities under bank and other borrowings.

At the end of the reporting period, the equity attributable to owners of the Company amounted to HK$15,788.7 million, representing an increase of HK$1,151.7 million or approximately 7.9% from 2012. The Group maintained a strong cash and bank balance position and had cash and bank balances of approximately HK$5,772.9 million as at 31st December, 2013 (2012: HK$7,002.9 million). The Group's bank and other borrowings and bonds and notes totalling HK$9,679.7 million (2012: HK$9,260.1 million) of which the portion due on demand or within one year was HK$3,284.3 million (2012: HK$4,735.4 million) and the remaining long-term portion was HK$6,395.4 million (2012: HK$4,524.7 million). The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 3.78 times (2012: 3.06 times). The Group's gearing ratio (net bank and other borrowings and bonds and notes/equity attributable to the owners of the Company) was 24.7% (2012: 15.4%).

	2013 ***HK$ Million***	2012 *HK$ Million*
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	**2,444.4**	3,783.2
More than one year but not exceeding two years	**1,521.4**	1,248.4
More than two years but not exceeding five years	**1,713.6**	278.5
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	**203.5**	605.4
More than one year but not exceeding two years	**225.2**	188.5
More than two years but not exceeding five years	**12.4**	126.4
	6,120.5	6,230.4
Preference shares issued to non-controlling interests repayable in the third to fifth year	**42.3**	–
Other borrowings repayable within one year	**9.0**	8.7
Other borrowings with a repayment on demand clause repayable within one year	**23.6**	23.2
Renminbi denominated notes are repayable as follows:		
Within one year	**366.2**	–
More than one year but not exceeding five years	**634.1**	500.9
US dollar denominated notes repayable within five years	**2,484.0**	2,496.9
	3,559.2	3,029.7
	9,679.7	9,260.1

Other than the preference shares issued to non-controlling interests, US dollar denominated notes and Renminbi denominated notes, most of the bank and other borrowings of the Group are charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profile.

The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

During the year, the Company repurchased 7,412,000 own shares at an aggregate consideration of approximately HK$189.0 million, details of which are outlined in the section "Purchase, Sale or Redemption of Shares" below.

Risk of Foreign Exchange Fluctuation

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

Contingent Liabilities

(a) At the end of the reporting period, the Group had guarantees as follows:

	2013	2012
	HK$ Million	*HK$ Million*
Guarantees for banking facilities granted to a joint venture	–	5.8
Indemnities on banking guarantees made available to a clearing house and regulatory body	**4.5**	4.5
Other guarantees	–	3.0
	4.5	13.3

(b) On 15th October, 2013, Wah Cheong entered into a share agreement ("Share Agreement") with SkyOcean Investment Holdings Limited ("SkyOcean") to dispose of its entire interest in AOL. According to the Share Agreement, Wah Cheong had agreed to sell 166,165,776 shares of AOL ("Sale Shares"), being 74.52% of the then issued share capital of AOL and 11,877,153 warrants of AOL ("Sale Warrants") to SkyOcean for a total consideration of HK$1,473.6 million. For the purpose of determining the consideration for the Sale Shares and the Sale Warrants, SkyOcean and Wah Cheong have taken in account the then estimated market value of the bonds, and cash held by Attractive Gain Limited ("Attractive Gain", an indirect wholly-owned subsidiary of AOL), being approximately HK$630,668,000. In this regard, SkyOcean required a warranty from Wah Cheong that the bonds would be able to maintain such value for a certain period of time. Accordingly, Wah Cheong has warranted that Attractive Gain will be able to pay in cash not less than HK$630,668,000 to AOL, the intermediate holding companies between Attractive Gain and AOL, being LHY Limited and Cautious Base Limited or any other members of the AOL group as directed by any of them, by way of repayment of shareholder's loan, loans to shareholder, distribution of dividend, reduction of capital or other appropriate methods, within twelve months from the date of the Share Agreement.

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties, hotel property, land and buildings and properties held for sale with an aggregate carrying value of HK$7,230.7 million (2012: HK$6,520.4 million), bank deposits and bank balances of HK$18.9 million (2012: HK$79.0 million), listed investments belonging to the Group with fair values of HK$9.3 million (2012: HK$49.9 million), listed investments belonging to margin clients with fair values of HK$1,350.1 million* (2012: HK$927.6 million) together with certain securities in respect of a listed subsidiary with investment cost of HK$1,334.0 million (2012: HK$1,642.7 million) were pledged to secure settlement for the equity forward contracts and loans and general banking facilities to the extent of HK$4,131.6 million (2012: HK$4,148.0 million) granted to the Group. Facilities amounting to HK$1,413.6 million (2012: HK$2,032.2 million) were utilised at the end of the reporting period.

At the end of the reporting period, bank deposits of HK$1.5 million (2012: HK$4.5 million) were pledged to secure a guarantee facility issued to third parties by a bank to the extent of HK$2.0 million (2012: HK$2.0 million) and a letter of credit to the extent of HK$nil (2012: HK$3.0 million).

* *Based on the terms of its margin loan agreements, Sun Hung Kai Investment Services Limited ("SHKIS"), a subsidiary of the Group, is able to repledge clients' securities for margin financing arrangements with other financial institutions as provided by the Securities and Futures Ordinance. Securities belonging to clients are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited. The fair value of the listed securities at 31st December, 2013 was HK$13,093.3 million (2012: HK$13,817.6 million). The collateral held can be sold at SHKIS's discretion to settle any outstanding amounts owed by the margin clients. Margin clients receivables are repayable on demand and bear interest at commercial rates.*

OPERATIONAL REVIEW

Financial Services

Broking and Finance

- Sun Hung Kai recorded a profit attributable to its owners of HK$1,051.6 million (2012: HK$1,036.4 million).

- The revenue from the wealth management and brokerage division of Sun Hung Kai reported a substantial increase, while the structured finance business grew significantly in 2013 due to strong demand from corporate customers for debt financing. The term loan portfolio reached a record and exceeded HK$3 billion in the third quarter of 2013, although it stood at HK$2,356.6 million at end of 2013 after some loan repayments, still 36% higher compared with the balance at the end of 2012.

- Sun Hung Kai entered into a long-term strategic partnership with China Everbright Bank in June 2013. This agreement provides the bank's high net worth individuals in mainland China with a complete cross-border wealth management solution through Sun Hung Kai's financial services platform including a variety of overseas investment channels, asset allocation strategies and advice from Sun Hung Kai's investment consultants.

Consumer Finance

- United Asia Finance Limited ("UAF"), a 58% owned subsidiary of Sun Hung Kai, continued its expansion both in Hong Kong and in mainland China.

- At 31st December, 2013, UAF had a total of 105 branches across twelve cities/provinces in mainland China and 49 branches in Hong Kong.

- At the end of the year, the consolidated net consumer finance loan balance amounted to HK$10.0 billion, a 21% increment over the balance at the end of 2012.

- UAF intends to pursue additional money lending licenses in mainland China markets that possess good potential for growth and is also exploring new products to reach a broader customer base.

- In May 2013, UAF group issued its second dim sum bond and raised RMB500 million, with the final subscription significantly exceeding its launch size. This was a second drawdown from the US$3 billion medium term note programme established in March 2011.

Properties

Hong Kong

- Allied Properties reported a profit attributable to its owners (including continuing and discontinued operations) of HK$1,594.4 million (2012: HK$1,710.4 million), a decrease of HK$116.0 million.

- Allied Properties' rental income from its Hong Kong property portfolio increased by 11.3% resulting from strong rental rates.

- The net gain in the value of Allied Properties' property portfolio, including properties owned by Sun Hung Kai, was HK$471.5 million during the year, lower than 2012 which was HK$630.1 million.

- Allied Kajima Limited, 50% indirectly owned by Allied Properties and holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel and Sofitel Philippine Plaza Hotel, contributed a profit increase of 4.5% compared to 2012.

- During the year, Allied Properties incurred losses totalling HK$311.5 million in respect of its interests in two Australian listed associates, Tanami Gold NL ("Tanami") and Eurogold Limited ("Eurogold"), including its share of losses totalling HK$147.1 million and an impairment loss recognised for its interest in Tanami amounting to HK$145.8 million. The Tanami losses and impairment were principally as a result of Tanami closing its Coyote operating gold mine early in the year because of the substantial decline in the gold price. However, Tanami has now restructured its operations, the mine is on care and maintenance and Tanami is repositioning itself as an explorer. Tanami's recent rights issues have placed that company on a stronger financial position. Allied Properties has supported Tanami over recent years with loans and underwritings of rights issues and these activities have earned Allied Properties significant offsetting income totalling HK$193 million reflected in both past years as well as the 2013 income statement. Eurogold's principal asset is a 24.3% stake in Dragon Mining Limited, an Australian listed Scandinavian gold producer which is currently restructuring its operations to improve its performance. Eurogold is currently suspended because it is now solely a holding company.

Mainland China

- The profit attributable to the owners of Tian An was HK$337.6 million (2012: HK$401.4 million), representing a decrease of 16%.

- Rental income continued to increase and was up by 3% as compared with 2012. Shenzhen Tian An Park Place, being Tower 3 of Tian An Golf Garden (Phase 3), will be retained as investment property and is expected to enter the apartment rental market in the first quarter of 2014 after internal renovations are completed.

- There are now a total of 14 cyberparks over 12 cities. The southern cyberparks have been progressing well. The eastern and northern cyberparks are at various phases of construction, while Tianjin Tian An Cyber Park (Phase 1), Wuxi Tian An Intelligent Park (Phase 1 Part 1), Nanjing Tian An Cyber Park (Phase 1) and Nantong Tian An Cyber Park (Phase 1 Part 1) have completed their construction works and Tian An has commenced sales and letting of these projects.

- Tian An's urban renewal project in Huawei New City Area in the Longgang District of Shenzhen has been renamed "Tian An Cloud Park". This is a large scale cyber park of approximately 4 times Tian An's standard size. Construction works of all seven towers of phase 1 of the project with gross floor area of approximately 531,600 m^2 (including basement) have reached the superstructure stage. Tian An has been clearing the land for future phases. Although this would mean an increased outlay of capital, it is expected to reduce complications when Tian An starts developing these phases.

- The cement division of Tian An, conducted through Allied Cement Holdings Limited ("Allied Cement"), reported a higher profit contribution for the full year 2013. Subsequent to the year end, Tian An has sold 56.06% in Allied Cement at a consideration of HK$532.8 million. The gain on the sale amounted to approximately HK$84 million and will be accounted for by Tian An in 2014. The proceeds are intended to be used as working capital, in particular, for investment in assets that may offer better returns. After the completion of the sale, Tian An held approximately 18.94% of the issued share capital of Allied Cement.

Investments

SHK Hong Kong Industries Limited ("SHK HK IND")

- SHK HK IND reported a net profit attributable to its owners of HK$127.4 million (2012: HK$134.4 million). Equity related investments contributed a net gain of HK$136.6 million during the year (2012: HK$117.4 million). Profit contribution from bond investments decreased slightly from HK$38.1 million in 2012 to HK$33.4 million.

- SHK HK IND will focus its approach on identifying securities that are undervalued, and offer prospects of improvement over the medium to long term. Its bond portfolio is designed to offer a buffer to counter the volatility of equities investment. With the possibility of an end to easing in the United States, SHK HK IND's bond portfolio, mainly US$ or HK$ based, is expected to show a modest performance.

AOL

- During the year, Allied Properties disposed of its interest in AOL at a consideration of HK$1,473.6 million. The disposal was completed in December 2013 and the gain on disposal was HK$290.5 million. Allied Properties has utilised the sales proceeds to early repay some of its bank and other borrowings and as working capital.

Employees

The total number of headcount of the Group as at 31st December, 2013 was 6,783 (2012: 6,267) including investment consultants. The increase in headcount was due primarily to the expansion of UAF's business in mainland China during the year under review. Total staff costs (including continuing and discontinued operations), including Directors' emoluments, amounted to HK$1,102.2 million (2012: HK$945.1 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

LONG TERM CORPORATE STRATEGIES

The Group will continue its businesses of investment, broking and finance, consumer finance, property and related businesses and other investments. The Group's policy has been to adopt the following long term strategies:–

1. To maintain the organic growth of its core businesses;

2. To maintain a balance between the demands of short term returns and long term capital appreciation; and

3. To seek investment opportunities that assist in strengthening and broadening its earnings base.

BUSINESS OUTLOOK

Looking ahead for 2014, global financial markets are hopefully moving from uncertainty and towards a modest recovery as the US Federal Reserve has signalled its plan to taper its economic stimulus package. As various tightening measures in mainland China continue, short term growth may slow but the longer term growth trend should be sustainable. We foresee the local property market will continue to be influenced by the measures implemented by the government. Overall, we expect the local economy to experience moderate growth during 2014.

With the Group's stable and strong financial position, we will continue to adopt a prudent approach in implementing the Group's stated strategies to achieve sustainable long term growth for the benefit of the Group and all its shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2013, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviations which are summarised below:

Code Provision A.5.6

Code provision A.5.6 of the CG Code, which came into effect on 1st September, 2013, stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.

The Company adopted the Board Diversity Policy on 27th November, 2013 as the Board had taken more time to discuss and formulate the same.

Code Provisions B.1.2 and C.3.3

Code provisions B.1.2 and C.3.3 of the CG Code stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee ("Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.2 of the CG Code except that the Remuneration Committee shall make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to executive directors and senior management under the code provision).

The terms of reference of the audit committee ("Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 of the CG Code except that the Audit Committee (i) shall recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has performed its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the co-ordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The reasons for the above deviations are set out in the Corporate Governance Report to be contained in the Company's Annual Report for the financial year ended 31st December, 2013 ("2013 Annual Report"). The Board has reviewed the terms during the year under review and considers that the Remuneration Committee and the Audit Committee should continue to operate according to the relevant terms of reference as adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

Further information on the Company's corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company's 2013 Annual Report which will be sent to the Shareholders by the end of April 2014.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2013.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save for the Company's purchases of its own shares on The Stock Exchange of Hong Kong Limited as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2013.

Month	Number of shares repurchased	Purchase consideration per share Highest	Purchase consideration per share Lowest	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
January	44,000	26.00	25.75	1,141,600
April	18,000	25.50	24.70	457,400
September	7,350,000	25.50	25.50	187,425,000
	7,412,000			189,024,000

APPRECIATION

The Board would like to thank all the staff for their effort and contribution in 2013, and would like to express appreciation to the Shareholders for their continued support.

On behalf of the Board
Allied Group Limited
Arthur George Dew
Chairman

Hong Kong, 26th March, 2014

As at the date of this announcement, the Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors, Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors, and Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.