ALLIED GROUP LIMITED
（聯合集團有限公司）

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

The board of directors ("Board") of Allied Group Limited ("Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries ("Group") for the six months ended 30th June, 2010 with the comparative figures for the corresponding period in 2009 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30th June, 2010

		Six months ended 30th June,	
		2010	2009
		Unaudited	Unaudited
	Notes	***HK$ Million***	*HK$ Million*
Revenue	*3*	**2,206.8**	2,425.4
Other income		**100.6**	11.9
Total income		**2,307.4**	2,437.3
Cost of sales and other direct costs		**(316.2)**	(310.8)
Brokerage and commission expenses		**(103.3)**	(94.9)
Selling and marketing expenses		**(36.9)**	(21.4)
Administrative expenses		**(812.0)**	(748.6)
Discount on acquisition of a subsidiary		**–**	138.5
Discount on acquisition of additional interests in subsidiaries		**–**	40.9
Profit on deemed acquisition of additional interests in subsidiaries		**–**	8.5
Loss on deemed disposal of partial interest in a subsidiary		**–**	(31.7)
Loss on warrants of a listed associate		**–**	(0.3)
Changes in values of properties	*5*	**378.7**	335.2
Bad and doubtful debts		**(42.8)**	(282.4)
Other operating expenses		**(53.9)**	(48.6)
Finance costs	*6*	**(19.2)**	(20.7)
Share of results of associates		**194.3**	162.3
Share of results of jointly controlled entities		**28.6**	75.9
Profit before taxation	*7*	**1,524.7**	1,639.2
Taxation	*8*	**(176.5)**	(154.8)
Profit for the period		**1,348.2**	1,484.4

CONDENSED CONSOLIDATED INCOME STATEMENT (Cont'd)
for the six months ended 30th June, 2010

		Six months ended 30th June,	
		2010	2009
		Unaudited	Unaudited
	Notes	***HK$ Million***	*HK$ Million*
Attributable to:			
Owners of the Company		**681.1**	936.8
Non-controlling interests		**667.1**	547.6
		1,348.2	1,484.4
Earnings per share:	*9*		
Basic		**HK$3.29**	HK$3.84
Diluted		**HK$3.29**	HK$3.84

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30th June, 2010

	Six months ended 30th June, 2010 Unaudited *HK$ Million*	2009 Unaudited *HK$ Million*
Profit for the period	**1,348.2**	1,484.4
Other comprehensive income:		
Available-for-sale financial assets		
– Net fair value changes during the period	**7.5**	65.5
– Reclassification adjustment to profit or loss on disposal	**(25.9)**	(2.8)
– Deferred tax	**(0.4)**	(0.3)
	(18.8)	62.4
Exchange differences arising on translation of foreign operations	**12.0**	1.7
Reclassification adjustment to profit or loss on liquidation of subsidiaries	**(6.7)**	–
Revaluation gain on properties transferred from property, plant and equipment to investment properties	**5.4**	–
Share of other comprehensive (expenses) income of associates	**(16.2)**	19.1
Share of other comprehensive income (expenses) of jointly controlled entities	**0.9**	(0.8)
Other comprehensive (expenses) income for the period, net of tax	**(23.4)**	82.4
Total comprehensive income for the period	**1,324.8**	1,566.8
Attributable to:		
Owners of the Company	**664.2**	993.6
Non-controlling interests	**660.6**	573.2
	1,324.8	1,566.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30th June, 2010

	Notes	At 30th June, 2010 Unaudited *HK$ Million*	At 31st December, 2009 Audited *HK$ Million* (Restated)
Non-current assets			
Investment properties		**4,177.3**	3,868.7
Property, plant and equipment		**686.3**	675.0
Prepaid land lease payments		**9.9**	13.0
Goodwill		**278.0**	278.0
Intangible assets		**400.3**	405.2
Interests in associates		**4,474.7**	4,345.1
Interests in jointly controlled entities		**1,186.0**	1,043.2
Available-for-sale financial assets		**860.9**	749.5
Held-to-maturity investments		**–**	51.5
Statutory deposits		**43.7**	36.0
Amounts due from associates		**56.1**	56.1
Loans and advances to consumer finance customers due after one year		**1,951.0**	1,870.2
Prepaid deposits for acquisition of property, plant and equipment and other receivables		**53.4**	–
Deferred tax assets		**92.5**	100.5
		14,270.1	13,492.0
Current assets			
Properties held for sale and other inventories		**426.8**	374.5
Financial assets at fair value through profit or loss		**1,303.5**	1,443.6
Prepaid land lease payments		**0.4**	0.4
Loans and advances to consumer finance customers due within one year		**2,715.6**	2,456.2
Trade and other receivables	*11*	**7,307.6**	5,922.4
Amounts due from associates		**341.2**	67.3
Amount due from a jointly controlled entity		**2.0**	3.9
Tax recoverable		**2.1**	5.9
Short-term pledged bank deposits and bank balances		**161.4**	141.6
Cash and cash equivalents		**2,246.4**	2,278.4
		14,507.0	12,694.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2010

	Notes	At 30th June, 2010 Unaudited HK$ Million	At 31st December, 2009 Audited HK$ Million (Restated)
Current liabilities			
Trade and other payables	*12*	**1,737.3**	1,831.7
Financial liabilities at fair value through profit or loss		**87.6**	96.5
Amounts due to associates		**14.3**	13.7
Amounts due to jointly controlled entities		**75.7**	0.3
Tax payable		**159.1**	82.7
Bank and other borrowings due within one year		**4,639.9**	3,126.0
Provisions		**64.4**	26.3
Dividend payable		**72.6**	–
		6,850.9	5,177.2
Net current assets		**7,656.1**	7,517.0
Total assets less current liabilities		**21,926.2**	21,009.0
Capital and reserves			
Share capital		**414.7**	414.7
Share premium and reserves		**9,486.6**	9,033.9
Equity attributable to owners of the Company		**9,901.3**	9,448.6
Shares held for employee ownership scheme		**(23.7)**	(28.0)
Employee share-based compensation reserve		**9.2**	9.9
Non-controlling interests		**10,682.1**	10,089.0
Total equity		**20,568.9**	19,519.5
Non-current liabilities			
Bank and other borrowings due after one year		**972.9**	1,141.6
Deferred tax liabilities		**365.8**	335.6
Provisions		**18.6**	12.3
		1,357.3	1,489.5
		21,926.2	21,009.0

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair value.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1st January, 2010. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2009.

HKAS 27 (revised 2008) Consolidated and Separate Financial Statements

HKAS 27 (revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Company. In prior years, increases in interests in existing subsidiaries of the Company were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate. The impact of decreases in interests in subsidiaries of the Company that did not involve loss of control was recognised in profit or loss. Under HKAS 27 (revised 2008), all increases or decreases in interests in subsidiaries that do not result in gaining or losing control of the subsidiaries are accounted for as equity transactions, with no impact on profit or loss.

The following table summaries the effect on equity in respect of the various changes in interests in subsidiaries of the Company without loss of control during the period.

	HK$ Million
Credited (charged) to accumulated profits in respect of:	
Discount on acquisition of additional interests in subsidiaries	41.9
Loss on deemed disposal of partial interests in subsidiaries	(312.7)
	(270.8)

In addition, during the period, a wholly-owned subsidiary of Allied Properties (H.K.) Limited ("APL") acquired an associate from Sun Hung Kai & Co. Limited ("SHK"), a non wholly-owned subsidiary of APL. Accordingly, the effective interest in the associate held by the Group increased. A difference of HK$131.9 million between the consideration and the increase in effective interest in the associate attributable to the Group, by which the non-controlling interests are adjusted, was recognised directly in equity attributable to owners of the Company.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009 by HKICPA, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group classified leasehold land as operating leases and presented leasehold land as prepaid land lease payments in the consolidated statement of financial position. The amendment has removed such a requirement.

In accordance with the transitional provisions of HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January, 2010 based on information which existed at the inception of the leases. Leasehold land that qualifies the finance lease classification has been reclassified from "prepaid land lease payments" to "property, plant and equipment" retrospectively. The adjustments in respect of the comparative figures are as follows:

	At 31st December, 2009 Originally stated *HK$ Million*	Adjustments *HK$ Million*	At 31st December, 2009 Restated *HK$ Million*
Property, plant and equipment	339.3	335.7	675.0
Prepaid land lease payments – non-current	343.0	(330.0)	13.0
Prepaid land lease payments – current	6.1	(5.7)	0.4
	688.4	–	688.4

3. SEGMENTAL INFORMATION

The following is an analysis of the Group's revenue and results by operating segments:

	Six months ended 30th June, 2010					
	Investment, broking and finance *HK$ Million*	**Consumer finance** *HK$ Million*	**Healthcare** *HK$ Million*	**Property development and investment** *HK$ Million*	**Corporate and other operations** *HK$ Million*	**Total** *HK$ Million*
Segment revenue	**821.5**	**787.7**	**567.0**	**153.2**	**33.1**	**2,362.5**
Less: inter-segment revenue	**(108.1)**	**–**	**–**	**(21.6)**	**(26.0)**	**(155.7)**
Segment revenue from external customers	**713.4**	**787.7**	**567.0**	**131.6**	**7.1**	**2,206.8**
Segment results	**349.8**	**490.4**	**23.5**	**455.4**	**1.9**	**1,321.0**
Finance costs						**(19.2)**
Share of results of associates						**194.3**
Share of results of jointly controlled entities	**2.9**	**–**	**–**	**25.7**	**–**	**28.6**
Profit before taxation						**1,524.7**
Taxation						**(176.5)**
Profit for the period						**1,348.2**

	Six months ended 30th June, 2009					
	Investment, broking and finance *HK$ Million*	Consumer finance *HK$ Million*	Healthcare *HK$ Million*	Property development and investment *HK$ Million*	Corporate and other operations *HK$ Million*	Total *HK$ Million*
Segment revenue	1,057.2	737.1	540.4	120.6	54.7	2,510.0
Less: inter-segment revenue	(32.2)	–	–	(5.1)	(47.3)	(84.6)
Segment revenue from external customers	1,025.0	737.1	540.4	115.5	7.4	2,425.4
Segment results	594.0	246.5	30.0	399.0	(3.7)	1,265.8
Discount on acquisition of a subsidiary						138.5
Discount on acquisition of additional interests in subsidiaries						40.9
Profit on deemed acquisition of additional interests in subsidiaries						8.5
Loss on deemed disposal of partial interest in a subsidiary						(31.7)
Loss on warrants of a listed associate						(0.3)
Finance costs						(20.7)
Share of results of associates						162.3
Share of results of jointly controlled entities	0.3	–	–	75.6	–	75.9
Profit before taxation						1,639.2
Taxation						(154.8)
Profit for the period						1,484.4

Inter-segment transactions have been entered into on terms agreed by the parties concerned.

4. DISPOSAL OF 49% OWNERSHIP INTEREST IN A SUBSIDIARY

In April 2010, SHK disposed of 49% ownership interest in its wholly-owned subsidiary engaging in leveraged foreign exchange trading business. The control of the subsidiary after the disposal is shared by SHK and the other shareholder according to the relevant shareholders' agreement. As a result, the retained interest in the subsidiary is classified as a jointly controlled entity. The gain of the disposal is calculated as follows:

	HK$ Million
Net assets disposed of:	
Cash and cash equivalents	95.2
Trade and other receivables	5.4
Amount due from the Group	53.5
Trade and other payables	(0.2)
Tax payable	(2.2)
	151.7
Consideration receivable	(66.1)
Retained interest in a jointly controlled entity	(114.9)
Gain on disposal of 49% ownership interest in a subsidiary	(29.3)

The retained interest in a jointly controlled entity included interest in non-voting shares in the former subsidiary of HK$75.0 million. Pursuant to the terms of the relevant shareholders' agreement, after the reporting date, the non-voting shares were repurchased by the former subsidiary and the retained interest in the jointly controlled entity was reduced accordingly.

5. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June,	
	2010	2009
	HK$ Million	*HK$ Million*
Changes in values of properties comprise:		
Net increase in fair value of investment properties	**330.0**	320.0
Impairment loss reversed for properties held for sale	**51.5**	17.6
Impairment loss recognised for hotel property	**(2.8)**	(2.4)
	378.7	335.2

6. FINANCE COSTS

	Six months ended 30th June,	
	2010	2009
	HK$ Million	*HK$ Million*
Total finance costs included in:		
Cost of sales and other direct costs	**19.8**	21.9
Finance costs	**19.2**	20.7
	39.0	42.6

7. PROFIT BEFORE TAXATION

	Six months ended 30th June, **2010** *HK$ Million*	2009 *HK$ Million*
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**13.8**	13.7
Amortisation of prepaid land lease payments	**0.2**	0.3
Depreciation	**34.0**	33.0
Impairment loss for amounts due from associates	**0.3**	–
Impairment loss for interests in associates	**–**	2.6
Net loss on disposal of property, plant and equipment	**–**	2.1
Net realised and unrealised loss on financial assets at fair value through profit or loss – securities (included in revenue)	**76.7**	–
Net realised and unrealised loss on unlisted investment funds (included in revenue)	**7.3**	–
Net unrealised loss on Lehman Brothers Minibonds (included in revenue)	**–**	42.7
and after crediting:		
Dividend income from listed equity securities	**13.8**	8.5
Dividend income from unlisted equity securities	**4.3**	3.6
Gain on disposal of 49% ownership interest in a subsidiary	**29.3**	–
Gain on liquidation of subsidiaries	**3.7**	–
Interest income (included in revenue)	**1,033.8**	907.1
Net profit on dealing in leveraged foreign currencies (included in revenue)	**0.5**	1.4
Net profit on other dealing activities (included in revenue)	**1.7**	3.1
Net realised and unrealised profit on financial assets at fair value through profit or loss – derivatives (included in revenue)	**80.3**	79.1
Net realised and unrealised profit on financial assets at fair value through profit or loss – securities (included in revenue)	**–**	319.3
Net realised and unrealised profit on unlisted investment funds (included in revenue)	**–**	1.3
Net realised profit on disposal of available-for-sale financial assets and held-to-maturity investments	**43.7**	1.1

8. TAXATION

	Six months ended 30th June, 2010 HK$ Million	2009 HK$ Million
The income tax charge (credit) comprises:		
Current tax		
Hong Kong	**127.7**	95.1
Other jurisdictions	**10.7**	2.9
	138.4	98.0
Under (over) provision in prior years	**0.3**	(0.1)
	138.7	97.9
Deferred tax		
Current period	**37.8**	56.9
	176.5	154.8

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

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

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of HK$681.1 million (2009: HK$936.8 million) and on the weighted average number of 207.3 million (2009: 244.0 million) shares in issue during the period.

Diluted earnings per share for both periods were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding.

10. DIVIDEND

	Six months ended 30th June, 2010 HK$ Million	2009 HK$ Million
Ordinary shares:		
Interim dividend declared after the end of the reporting period of HK15 cents per share (2009: HK15 cents per share)	**31.1**	36.6

The amount of the interim dividend for the six months ended 30th June, 2010 has been calculated by reference to 207,334,060 shares in issue at 27th August, 2010.

The Company did not pay any dividend during the current and prior period. The final dividend of 2009 was paid in July 2010.

11. TRADE AND OTHER RECEIVABLES

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

	At 30th June, 2010 *HK$ Million*	At 31st December, 2009 *HK$ Million*
Less than 31 days	**1,225.2**	1,406.0
31 to 60 days	**45.8**	35.2
61 to 90 days	**14.1**	19.7
Over 90 days	**182.4**	334.5
	1,467.5	1,795.4
Margin loans and other receivables	**6,018.9**	4,305.4
Allowances for impairment	**(178.8)**	(178.4)
	7,307.6	5,922.4

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of the trade and other payables:

	At 30th June, 2010 *HK$ Million*	At 31st December, 2009 *HK$ Million*
Less than 31 days	**1,254.2**	1,301.7
31 to 60 days	**17.1**	14.0
61 to 90 days	**17.2**	10.7
Over 90 days	**22.6**	46.6
	1,311.1	1,373.0
Accruals and other payables	**426.2**	458.7
	1,737.3	1,831.7

INTERIM DIVIDEND

The Board has declared an interim dividend of HK15 cents per share for the six months ended 30th June, 2010 (2009: HK15 cents per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 15th October, 2010. The Board is cognizant of the benefit to Shareholders of a dividend policy with a high pay-out ratio. However, we consider that a sustainable dividend represents a better policy.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 12th October, 2010 to Friday, 15th October, 2010 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim 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 Monday, 11th October, 2010. Dividend warrants are expected to be despatched to the Shareholders by post on or around Thursday, 21st October, 2010.

FINANCIAL REVIEW

Financial Results

The revenue of the Group was HK$2,206.8 million, a decrease of 9.0% when compared with the corresponding period of 2009.

The net profit attributable to the owners of the Company for the period was HK$681.1 million (2009: HK$936.8 million), a decrease of HK$255.7 million. Earnings per share amounted to HK$3.29 (2009: HK$3.84).

The decrease in profit was largely due to the absence of one-off items this period such as the gain of HK$156 million during the corresponding period of last year achieved from increasing our stake to approximately 57.66% in SHK Hong Kong Industries Limited ("SHK HK IND") at a discount to net assets, as well as the absence of write-backs arising from marking-to-market investments in securities during the last period due to the then improved global financial market as it recovered from the financial crisis in the latter part of 2008. Most other divisions achieved their profit targets with the performance of the consumer finance division exceeding expectations.

Financial Resources, Liquidity and Capital Structure

At 30th June, 2010, the equity attributable to owners of the Company amounted to HK$9,901.3 million, representing an increase of HK$452.7 million or approximately 4.8% from that of 31st December, 2009. The Group's short-term bank deposits, treasury bills, bank balances and cash amounted to HK$2,407.8 million (at 31st December, 2009: HK$2,420.0 million). The Group's bank and other borrowings totalling HK$5,612.8 million (at 31st December, 2009: HK$4,267.6 million) of which the portion due on demand or within one year was HK$4,639.9 million (at 31st December, 2009: HK$3,126.0 million), and the remaining long-term portion was HK$972.9 million (at 31st December, 2009: HK$1,141.6 million). The liquidity of the Group as evidenced by the current ratio (current assets / current liabilities) was 2.12 times (at 31st December, 2009: 2.45 times). The Group's gearing ratio (net bank and other borrowings / equity attributable to owners of the Company) was 32.4% (at 31st December, 2009: 19.6%).

Most of the bank borrowings of the Group are charged at floating interest rate. 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.

Material Acquisitions and Disposals

(a) In April 2010, Sun Hung Kai & Co. Limited ("Sun Hung Kai") disposed of 49% ownership interest in a wholly-owned subsidiary engaging in leveraged foreign exchange trading business at a consideration of HK$66.1 million. The Group recognised a gain of HK$29.3 million on the disposal. The control of the subsidiary after the disposal is shared by Sun Hung Kai and the other shareholder according to the relevant shareholders' agreement. As a result, the retained interest in the subsidiary is classified as a jointly controlled entity.

(b) On 28th June, 2010, China Elite Holdings Limited ("China Elite"), a wholly-owned subsidiary of the Allied Properties (H.K.) Limited ("Allied Properties") completed the acquisition of Sun Hung Kai's entire interest in a listed associate, Tian An China Investments Company Limited ("Tian An"), representing approximately 38.06% of the issued share capital of Tian An. The consideration of the acquisition was a share entitlement note ("SEN") which conferred the right to call for the issue of 2,293,561,833 fully paid shares of Allied Properties ("Allied Properties Share(s)"). Immediately upon receipt of the SEN, Sun Hung Kai distributed a special dividend by way of distribution in specie, 1.309 fully paid Allied Properties Shares under the SEN for each share of Sun Hung Kai. At the time of the distribution by Sun Hung Kai, Allied Properties and its subsidiaries collectively held the right to a total entitlement to 1,429,277,678 of the 2,293,561,833 Allied Properties Shares which were immediately cancelled on distribution of the SEN. Accordingly, only 864,284,155 Allied Properties Shares were issued and allotted to shareholders of Sun Hung Kai other than Allied Properties, China Elite or any other subsidiaries of Allied Properties. Immediately upon completion of the acquisition of Tian An by China Elite and issue of Allied Properties Shares under the SEN by Allied Properties, the effective shareholding in Tian An by Allied Properties increased from approximately 23.72% to approximately 38.06%.

The loss on disposal of Tian An of HK$159.3 million recorded by Sun Hung Kai was reversed at Group level as the transaction is an intragroup transaction and the loss recorded by Sun Hung Kai was regarded as unrealised at Group level. A difference of HK$131.9 million between the consideration and the increase in effective interest in the associate attributable to the Group, by which the non-controlling interests are adjusted, was recognised directly in equity attributable to owners of the Company.

Details regarding the acquisition and the issue of the Allied Properties Shares are contained in the circular of the Company dated 24th May, 2010.

(c) On 28th June, 2010, the completion date of the acquisition of Tian An by Allied Properties from Sun Hung Kai, Allied Properties issued 864,284,155 Allied Properties Shares to shareholders of Sun Hung Kai other than Allied Properties and its subsidiaries at a consideration of HK$1.66 per share being the closing market price of Allied Properties on that date. Accordingly, the issued share capital of Allied Properties increased from 6,088,832,430 shares to 6,953,116,585 shares and the Group's interest in Allied Properties decreased from approximately 74.37% to approximately 65.12%. A loss on this deemed disposal amounting to approximately HK$312.6 million was recognised directly in equity attributable to owners of the Company.

(d) During the period, the Group has acquired additional 488,608,258 shares in SHK HK IND. The Group's shareholding in SHK HK IND at 30th June, 2010 was approximately 70.70%, an increase of 13.05% from 31st December, 2009.

Apart from the above, there were no material acquisitions or disposals of subsidiaries, associates and jointly controlled entities during the period.

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:

	At 30th June, 2010 *HK$ Million*	At 31st December, 2009 *HK$ Million*
Indemnities on banking guarantees made available to a clearing house and regulatory body	**4.5**	4.5
Other guarantees	**3.0**	3.0
	7.5	7.5

(b) In 2001 an order was made by the Hubei Province Higher People's Court in China ("2001 Order") enforcing a CIETAC award of 19th July, 2000 ("Award") by which Sun Hung Kai Securities Limited ("SHKS"), a wholly-owned subsidiary of Sun Hung Kai, was required to pay US$3 million to Chang Zhou Power Development Company Limited ("JV"), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JV to Sun Hung Kai's then listed associate, Tian An, in 1998 and disposed of any and all interest it might hold in the registered capital of the JV ("Interest") to Long Prosperity Industrial Limited ("LPI") in October 2001. Subsequent to those disposals, SHKS' registered interest in the JV in the amount of US$3 million was frozen further to the 2001 Order. SHKS is party to the following litigation relating to the JV:

(i) On 29th February, 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited ("GBA"), LPI and Walton Enterprises Limited ("Walton") ("2008 Writ") in the High Court of Hong Kong against SHKS ("HCA 317/ 2008"). In the 2008 Writ,

(a) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, for an alleged collateral warranty, and for alleged negligent and/or reckless and/or fraudulent misrepresentation;

(b) LPI claims against SHKS damages for alleged breaches of a contract dated 12th October, 2001; and

(c) Walton claims against SHKS for the sum of US$3 million under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and Walton also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the Court may think fit. The 2008 Writ was served on SHKS on 29th May, 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI (being the nominee of GBA) waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JV or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JV or any transaction related thereto. On 24th February, 2010 the Court of Appeal struct out the claims of GBA and LPI, and awarded costs of the appeal and the strike out application as against GBA and LPI to SHKS. While a provision has been made for legal costs, Sun Hung Kai does not consider it presently appropriate to make any other provision with respect to HCA 317/2008.

(ii) On 20th December, 2007, a writ ("Mainland Writ") was issued by Cheung Lai Na (張麗娜) ("Ms. Cheung") against Tian An and SHKS and was accepted by a mainland PRC court, 湖北省武漢市中級人民法院((2008)武民商外初字第8號), claiming the transfer of a 28% shareholding in the JV, and RMB19,040,000 plus interest thereon for the period from January 1999 to the end 2007, together with related costs and expenses. Judgment was awarded by the mainland PRC court in Tian An and SHKS' favour on 27th July, 2009 which judgment is currently being appealed against by Ms. Cheung. While a provision has been made for legal costs, Sun Hung Kai does not consider it presently appropriate to make any other provision with respect to this writ.

(iii) On 4th June, 2008, a writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung ("HK Writ"), seeking declarations that (a) Ms. Cheung is not entitled to receive or obtain the transfer of 28% or any of the shareholding in the JV from Tian An and SHKS; (b) Ms. Cheung is not entitled to damages or compensation; (c) Hong Kong is the proper and/or the most convenient forum to determine the issue of Ms. Cheung's entitlement to any shareholding in the JV; (d) further and alternatively, that Ms. Cheung's claim against Tian An and SHKS in respect of her entitlement to the shareholding in the JV is scandalous, vexatious and/ or frivolous; and (e) damages, interest and costs as well as further or other relief (together with related costs and expenses). The HK Writ was not served on Ms. Cheung and lapsed on 3rd June, 2009. A further writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung on 4th June, 2009 ("2nd HK Writ") seeking the same relief as the HK Writ. The 2nd HK writ expired on 3rd June, 2010, and a further writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung on 4th June, 2010. Sun Hung Kai does not consider it presently appropriate to make any provision with respect to this action.

Material Litigation Update

(a) On 14th October, 2008, a writ of summons was issued by Sun Hung Kai Investment Services Limited ("SHKIS"), a wholly-owned subsidiary of Sun Hung Kai, in the High Court of Hong Kong against Quality Prince Limited, Allglobe Holdings Limited, the Personal Representative of the Estate of Lam Sai Wing, Chan Yam Fai Jane ("Ms. Chan") and Ng Yee Mei ("Ms. Ng"), seeking recovery of (a) the sum of HK$50,932,876.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Having sold collateral for the partial recovery of amounts owing, SHKIS filed a Statement of Claim in the High Court of Hong Kong on 24th October, 2008 claiming (a) the sum of HK$36,030,376.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Summary judgment against all the defendants was granted by Master C Chan on 25th May, 2009, but judgment with respect to Ms. Chan and Ms. Ng only was overturned on appeal by the judgment of Suffiad J dated 7th August, 2009. SHKIS' appeal of that judgment to the Court of Appeal was heard on 6th May, 2010, and was dismissed. The trial will be heard on a date to be fixed.

(b) Details of proceedings relating to Chang Zhou Power Development Company Limited, a mainland PRC joint venture, are set out in paragraph (b) of the "Contingent Liabilities" section.

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$4,839.9 million (at 31st December, 2009: HK$4,456.6 million), bank deposits and bank balances of HK$159.9 million (at 31st December, 2009: HK$140.0 million), listed investments belonging to the Group with fair values of HK$304.4 million (at 31st December, 2009: HK$2,980.5 million*), listed investments belonging to margin clients with fair values of HK$2,373.1 million** (at 31st December, 2009: HK$1,277.2 million) and debt securities, including the related embedded option, with carrying value of HK$102.0 million (at 31st December, 2009: HK$136.2 million) together with certain securities in respect of a listed subsidiary with a carrying value of HK$1,448.3 million (at 31st December, 2009: HK$1,448.3 million) were pledged to secure loans and general banking facilities to the extent of HK$4,019.7 million (at 31st December, 2009: HK$4,096.8 million) granted to the Group. Facilities amounting to HK$2,673.8 million (at 31st December, 2009: HK$2,216.0 million) were utilised at the end of the reporting period.

At the end of the reporting period, a bank deposit of HK$1.5 million (at 31st December, 2009: HK$1.6 million) was pledged to secure a guarantee facility issued to third parties by a bank to the extent of HK$2.0 million (at 31st December, 2009: HK$2.0 million).

* *The amount at 31st December, 2009 mainly representing a portion of shares in a listed associate owned by the Group with a carrying value of HK$3,927.3 million. The pledge of the shares of the listed associate had been released during the period.*

** *Based on the agreement terms, the Group is able to repledge clients' securities for margin financing arrangement with other financial institutions under governance of the Securities and Futures Ordinance.*

Events after The Reporting Period

(a) On 13th July, 2010, Sun Hung Kai issued mandatory convertible notes ("MCN") in an aggregate principal amount of HK$1,708.0 million and warrants in an aggregate face value of HK$427.0 million.

The MCN bear interest of 2% per annum payable semi-annually and will mature on 13th July, 2013 ("Maturity Date"). The holders of the MCN have the right to convert their MCN into shares of Sun Hung Kai at a conversion price of HK$5.0 per share at any time during the issue date to the Maturity Date. Any outstanding MCN at the Maturity Date will automatically convert to shares of Sun Hung Kai.

The holders of the warrants have the right to subscribe for the shares of Sun Hung Kai by paying a subscription price of HK$6.25 per share at any time during the issue date to the Maturity Date.

Details regarding the principal terms and conditions of the MCN and warrants are contained in the circular of the Company dated 24th May, 2010.

(b) Pursuant to the announcement of Quality HealthCare Asia Limited ("QHA"), an indirect non wholly-owned subsidiary of the Company, dated 24th March, 2010, the board of directors of QHA announced that a conditional offer would be made to repurchase for cancellation up to the maximum number of shares of QHA, being 24,146,341 ordinary shares at the offer price of HK$4.1 per ordinary share. The maximum amount payable by QHA under this offer was HK$99 million.

On 9th July, 2010, the offer was approved by the shareholders of QHA and declared unconditional. At the date of close of the offer, valid acceptances in respect of a total of 18,076,803 ordinary shares were received by QHA from the accepting shareholders under the offer. On 2nd August, 2010, QHA repurchased and cancelled 18,076,803 ordinary shares and paid the accepting shareholders of QHA for approximately HK$74.1 million.

OPERATIONAL REVIEW

Financial Services

Broking and finance

- Sun Hung Kai, the Group's broking and finance arm, recorded a profit attributable to its owners of HK$492.1 million (2009: HK$507.2 million).

- Sun Hung Kai disposed of its entire 38.06% stake in Tian An to China Elite, a wholly-owned subsidiary of Allied Properties. The entire consideration of HK$3.8 billion received in the form of shares in Allied Properties was subsequently distributed to its shareholders. It should be noted that this group reorganisation is an intragroup transaction and the loss recorded by Sun Hung Kai on its disposal of Tian An was reversed at Group level.

- Sun Hung Kai completed an agreement to attract up to HK$2.1 billion from a strategic investment by CVC Capital Partners in the form of mandatory convertible notes and warrants. The Group looks forward to the anticipated increased potential deal flow between the two groups.

- Sun Hung Kai entered into a strategic partnership in foreign exchange with Australian based Macquarie Bank in April this year.

- At the end of the reporting period, total assets under management (including affiliated funds) by the asset management division amounted to approximately US$570 million.

- The overall margin loan book stood in excess of HK$4.6 billion as at 30th June, 2010, a more than 30% increase from about HK$3.3 billion as at 31st December, 2009.

Consumer finance

- United Asia Finance Limited ("UAF") performed strongly in the first half of 2010, delivering a record interim profit, driven largely by much reduced loan impairment charges as well as growth in the China loans business.

- UAF added another branch in Shenzhen and launched loan businesses in Shenyang and Chongqing. The total distribution network expanded to 65 outlets, consisting of 42 in Hong Kong and 23 in mainland China. UAF also obtained a loan licence in Tianjin and will continue to seek further opportunities in other provinces in mainland China.

Properties

Hong Kong

- Allied Properties reported a profit attributable to its owners of HK$883.2 million (2009: HK$750.9 million).

- The net gain in the value of Allied Properties' property portfolio was HK$414.7 million during the period, slightly higher than the corresponding period of last year.

- Allied Properties continued to record increases in rental income from its Hong Kong property portfolio.

- The hotel division reported an improved result as the tourist industry improved during the period.

Mainland PRC

- The profit attributable to the owners of Tian An was HK$541.1 million, a 48% increase over the corresponding period of 2009.

- Tian An currently has an attributable GFA landbank of approximately 5,779,800 m^2, consisting of 362,900 m^2 of completed investment properties and 5,416,900 m^2 of properties held for development.

- Tian An will continue to adjust the quality of its landbank through acquisitions and disposals and the sale of its end products to balance the demands of short term returns and long term capital appreciation.

Investments

QHA

- Profit attributable to owners of QHA was HK$28.4 million, a decrease of 12.6%, compared to the corresponding period of 2009, mainly due to an increase in ongoing operating expenses and start up costs associated with additional development and capital expenditure.

SHK HK IND

- SHK HK IND recorded a net profit of approximately HK$17.2 million for the period, compared with a net profit of approximately HK$205.5 million in 2009. The net profit was mainly derived from the disposal of certain equities and bonds together with bond interest income.

- The major investments of SHK HK IND included listed equities, bonds, investment funds, investment in unlisted equity and unlisted warrants.

Employees

The total number of staff of the Group as at 30th June, 2010, was 4,664 (at 31st December, 2009: 4,338). 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.

BUSINESS OUTLOOK

We are operating in an environment where there is a delicate balance between low interest rates and high inflation. The mainland and Hong Kong governments recognise this issue and have implemented measures designed to curb the rise in property and asset prices. We have yet to see the effect of these measures but we are concerned that there is an increasing likelihood that rising inflation may force central banks to raise interest rates thereby dampening sentiment.

The Board has always concentrated on building its core businesses where it believes it can add value. The Group is in a strong financial position and will continue to prudently implement its stated strategies for the benefit of the Group and all its shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2010, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 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.1.3 except that the Remuneration Committee shall review (as opposed to determine under the code provision) and 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 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 discharged 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 were set out in the Corporate Governance Report contained in the Company's Annual Report for the financial year ended 31st December, 2009. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30th June, 2010. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, and on the interim results announcements of the listed associates, as well as reports obtained from management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the six months ended 30th June, 2010.

By Order of the Board
Allied Group Limited
Arthur George Dew
Chairman

Hong Kong, 27th August, 2010

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 Messrs. Wong Po Yan, David Craig Bartlett, John Douglas Mackie and Alan Stephen Jones being the Independent Non-Executive Directors.