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ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock code: 56)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2014

The board of directors (“Board”) of Allied Properties (H.K.) Limited (“Company”) announces that the audited consolidated results of the Company and its subsidiaries (“Group”) for the year ended 31st December, 2014 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Notes	2014 HK\$ Million	2013 HK\$ Million
Continuing operations			
Revenue	(2)	5,645.0	4,949.4
Other income		209.4	88.7
Total income		5,854.4	5,038.1
Cost of sales and other direct costs		(324.6)	(283.0)
Brokerage and commission expenses		(283.0)	(260.7)
Selling and marketing expenses		(134.2)	(125.4)
Administrative expenses		(1,775.9)	(1,520.1)
Changes in values of properties	(4)	403.8	471.5
Net profit on financial assets and liabilities	(5)	117.0	75.5
Net exchange gain (loss)		16.5	(77.4)
Bad and doubtful debts	(6)	(796.1)	(589.6)
Other operating expenses		(142.6)	(312.3)
Finance costs	(7)	(271.8)	(281.7)
Share of results of associates		608.1	29.2
Share of results of joint ventures		176.1	223.2
Profit before taxation	(8)	3,447.7	2,387.3
Taxation	(9)	(372.4)	(228.4)
Profit for the year from continuing operations		3,075.3	2,158.9
Discontinued operations			
Profit for the year from discontinued operations	(10)	–	319.0
Profit for the year		3,075.3	2,477.9

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
FOR THE YEAR ENDED 31ST DECEMBER, 2014

	<i>Notes</i>	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Attributable to:			
Owners of the Company			
Profit for the year from continuing operations		2,023.8	1,283.5
Profit for the year from discontinued operations		–	310.9
		<u>2,023.8</u>	<u>1,594.4</u>
Non-controlling interests			
Profit for the year from continuing operations		1,051.5	875.4
Profit for the year from discontinued operations		–	8.1
		<u>1,051.5</u>	<u>883.5</u>
		<u>3,075.3</u>	<u>2,477.9</u>
Earnings per share (11)			
<i>From continuing and discontinued operations</i>			
Basic		<u>HK29.75 cents</u>	<u>HK23.44 cents</u>
Diluted		<u>HK29.75 cents</u>	<u>HK23.44 cents</u>
<i>From continuing operations</i>			
Basic		<u>HK29.75 cents</u>	<u>HK18.87 cents</u>
Diluted		<u>HK29.75 cents</u>	<u>HK18.87 cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31ST DECEMBER, 2014

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Profit for the year	<u>3,075.3</u>	<u>2,477.9</u>
Other comprehensive income (expenses):		
<i>Items that will not be reclassified to profit or loss:</i>		
Share of other comprehensive (expenses) income of associates	(3.0)	153.1
Share of other comprehensive expenses of joint ventures	<u>(0.6)</u>	<u>(1.8)</u>
	<u>(3.6)</u>	<u>151.3</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale financial assets		
– Net fair value changes during the year	7.2	(9.7)
– Reclassification adjustment to profit or loss on disposal	(3.8)	(0.1)
– Reclassification upon impairment	<u>–</u>	<u>10.0</u>
	3.4	0.2
Exchange differences arising on translation of foreign operations	(162.4)	158.1
Reclassification adjustment to profit or loss on liquidation of subsidiaries	0.4	31.6
Reclassification adjustment to profit or loss on disposal of associates and joint ventures	(9.2)	(10.3)
Share of other comprehensive income (expenses) of associates	99.7	(29.0)
Share of other comprehensive (expenses) income of joint ventures	<u>(39.0)</u>	<u>34.3</u>
	<u>(107.1)</u>	<u>184.9</u>
Other comprehensive (expenses) income for the year, net of tax	<u>(110.7)</u>	<u>336.2</u>
Total comprehensive income for the year	<u>2,964.6</u>	<u>2,814.1</u>
Attributable to:		
Owners of the Company	2,038.7	1,797.4
Non-controlling interests	<u>925.9</u>	<u>1,016.7</u>
	<u>2,964.6</u>	<u>2,814.1</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2014

	<i>Notes</i>	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Non-current assets			
Investment properties		7,653.6	7,213.0
Property, plant and equipment		1,061.3	894.0
Prepaid land lease payments		9.3	9.8
Goodwill		2,488.9	2,488.9
Intangible assets		986.6	989.6
Interests in associates		6,970.4	6,290.0
Interests in joint ventures		2,045.4	1,871.1
Available-for-sale financial assets		232.6	262.9
Statutory deposits		39.9	28.6
Amounts due from associates		64.7	169.6
Loans and advances to consumer finance customers due after one year	<i>(13)</i>	3,308.4	3,440.5
Deposits for acquisition of property, plant and equipment		112.0	75.2
Deferred tax assets		265.0	201.6
Financial assets at fair value through profit or loss		603.5	378.3
Trade and other receivables	<i>(14)</i>	1,520.3	1,028.1
		27,361.9	25,341.2
Current assets			
Properties held for sale and other inventories		298.9	339.2
Financial assets at fair value through profit or loss		934.2	663.9
Prepaid land lease payments		0.3	0.3
Loans and advances to consumer finance customers due within one year	<i>(13)</i>	8,083.3	6,603.0
Trade and other receivables	<i>(14)</i>	7,775.2	6,573.4
Amounts due from associates		116.0	50.2
Amounts due from joint ventures		9.9	17.7
Tax recoverable		12.0	6.5
Short-term pledged bank deposits		–	13.5
Bank deposits		993.4	755.6
Cash and cash equivalents		4,391.9	4,383.1
		22,615.1	19,406.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AT 31ST DECEMBER, 2014

	<i>Notes</i>	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Current liabilities			
Trade and other payables	(15)	2,896.1	1,941.1
Financial liabilities at fair value through profit or loss		66.6	60.8
Amount due to a holding company		6.2	5.0
Amounts due to fellow subsidiaries		5.2	324.8
Amounts due to associates		5.4	5.7
Amounts due to joint ventures		75.1	75.0
Tax payable		187.5	142.6
Bank and other borrowings due within one year		4,528.6	2,918.1
Notes		71.3	366.2
Provisions		62.6	46.1
		<hr/> 7,904.6 <hr/>	<hr/> 5,885.4 <hr/>
Net current assets		<hr/> 14,710.5 <hr/>	<hr/> 13,521.0 <hr/>
Total assets less current liabilities		<hr/> 42,072.4 <hr/>	<hr/> 38,862.2 <hr/>
Capital and reserves			
Share capital	(16)	4,216.2	1,360.5
Reserves	(17)	20,073.0	21,183.2
		<hr/> 24,289.2 <hr/>	<hr/> 22,543.7 <hr/>
Equity attributable to owners of the Company		<hr/> 24,289.2 <hr/>	<hr/> 22,543.7 <hr/>
Shares held for employee ownership scheme		(20.2)	(19.8)
Employee share-based compensation reserve		13.3	10.3
Share of net assets of subsidiaries		10,506.9	9,320.9
		<hr/> 10,500.0 <hr/>	<hr/> 9,311.4 <hr/>
Non-controlling interests		<hr/> 10,500.0 <hr/>	<hr/> 9,311.4 <hr/>
Total equity		<hr/> 34,789.2 <hr/>	<hr/> 31,855.1 <hr/>
Non-current liabilities			
Bank and other borrowings due after one year		3,286.0	3,277.3
Notes		3,637.2	3,332.1
Financial liabilities at fair value through profit or loss		–	42.9
Deferred tax liabilities		347.2	342.3
Provisions		12.8	12.5
		<hr/> 7,283.2 <hr/>	<hr/> 7,007.1 <hr/>
		<hr/> 42,072.4 <hr/>	<hr/> 38,862.2 <hr/>

Notes:

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

In the current year, the Group adopted certain 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, 2014. The adoption of these Amendments has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods. 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, 2013.

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 1	Disclosure Initiative ³
HKFRS 9	Financial Instruments ⁵
HKFRS 15	Revenue from Contracts with Customers ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ³

¹ Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions. Earlier application is permitted.

² Effective for annual periods beginning on or after 1st July, 2014, with earlier application permitted.

³ Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.

Except as described below, the management anticipates that the application of the new HKFRSs and amendments will not have material impact to 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. HKFRS 9 amended in 2013 includes the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include: (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” measurement category for certain debt instruments.

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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at “fair value through other comprehensive

income”. 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.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The application of HKFRS 9 may affect the measurement of the Group’s financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group undertakes a detailed review.

HKFRS 15 – Revenue from Contracts with Customers

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract with customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied. Furthermore, extensive disclosures are required by HKFRS 15.

The application of HKFRS 15 may affect the amount reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

(2) REVENUE

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Revenue comprises:		
Continuing operations		
Interest income on loans and advances to consumer finance customers	3,742.5	3,121.1
Interest income received from banks, term loans, margin loans and others	693.2	677.1
Income from corporate finance and others	413.7	407.3
Property rental, hotel operations and management services	404.5	368.7
Securities broking	297.0	254.0
Net trading profit from forex, bullion, commodities and futures	74.1	111.7
Dividend income	19.0	9.5
Sale of properties	1.0	–
	<u>5,645.0</u>	<u>4,949.4</u>
Discontinued operations		
A subsidiary engaged in the provision of elderly care services ("Discontinued Elderly Care Services Business")	–	143.1
	<u>5,645.0</u>	<u>5,092.5</u>

(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.

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

	2014				
	Investment, broking and finance HK\$ Million	Consumer finance HK\$ Million	Property rental, hotel operations and management services HK\$ Million	Sale of properties and property based investments HK\$ Million	Total HK\$ Million
Segment revenue	1,509.1	3,763.6	389.8	1.0	5,663.5
Less: inter-segment revenue	(11.8)	–	(6.7)	–	(18.5)
Segment revenue from external customers from continuing operations	<u>1,497.3</u>	<u>3,763.6</u>	<u>383.1</u>	<u>1.0</u>	<u>5,645.0</u>
Segment results	962.2	1,407.7	577.0	(4.2)	2,942.7
Reversal of impairment loss on interests in associates					7.1
Impairment loss for interest in an associate					(14.5)
Finance costs					(271.8)
Share of results of associates					608.1
Share of results of joint ventures	37.2	–	138.9	–	176.1
Profit before taxation					3,447.7
Taxation					(372.4)
Profit for the year from continuing operations					<u>3,075.3</u>

	2013				
	Investment, broking and finance <i>HK\$ Million</i>	Consumer finance <i>HK\$ Million</i>	Property rental, hotel operations and management services <i>HK\$ Million</i>	Sale of properties and property based investments <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Segment revenue	1,474.7	3,136.8	365.5	–	4,977.0
Less: inter-segment revenue	(12.0)	–	(15.6)	–	(27.6)
Segment revenue from external customers from continuing operations	<u>1,462.7</u>	<u>3,136.8</u>	<u>349.9</u>	<u>–</u>	<u>4,949.4</u>
Segment results	687.3	1,223.5	616.8	4.4	2,532.0
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					(281.7)
Share of results of associates					29.2
Share of results of joint ventures	6.7	–	216.5	–	223.2
Profit before taxation					2,387.3
Taxation					(228.4)
Profit for the year from continuing operations					<u>2,158.9</u>

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

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Revenue from continuing operations from external customers by location of operations		
Hong Kong	3,785.2	3,538.8
Mainland China	1,803.4	1,329.7
Others	56.4	80.9
	<u>5,645.0</u>	<u>4,949.4</u>

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**

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Continuing operations		
Changes in values of properties comprise:		
Net increase in fair value of investment properties	393.3	442.9
Impairment loss reversed for properties held for sale	–	7.8
Impairment loss reversed for hotel property	10.5	20.8
	<u>403.8</u>	<u>471.5</u>

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, 2014.

(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:

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Continuing operations		
Net realised and unrealised (loss) profit on derivatives	(43.1)	17.6
Net profit on other dealing activities	1.1	1.1
Net profit on dealing in leveraged foreign currencies	0.3	–
Net realised and unrealised profit (loss) on trading in equity securities	48.0	(29.1)
Net realised and unrealised profit on trading in bonds and notes	12.1	1.4
Net realised and unrealised profit on financial assets and liabilities designated as at fair value through profit or loss	98.6	84.5
	<u>117.0</u>	<u>75.5</u>

(6) **BAD AND DOUBTFUL DEBTS**

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Continuing operations		
Loans and advances to consumer finance customers		
Impairment loss	787.2	567.3
Trade and other receivables		
Reversal of impairment loss	(13.2)	(10.3)
Impairment loss	22.0	32.2
Bad debts written off	0.1	0.4
	<u>8.9</u>	<u>22.3</u>
Bad and doubtful debts recognised in profit or loss	<u>796.1</u>	<u>589.6</u>

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

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Continuing operations		
Loans and advances to consumer finance customers		
Amounts written off in allowance of impairment	(738.9)	(519.3)
Recoveries credited to allowance of impairment	<u>114.2</u>	<u>87.5</u>
Trade and other receivables		
Amounts written off in allowance of impairment	<u>(54.3)</u>	<u>(139.5)</u>
(7) FINANCE COSTS		
	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Continuing operations		
Total finance costs included in:		
Cost of sales and other direct costs	192.8	150.7
Finance costs	<u>271.8</u>	<u>281.7</u>
	<u>464.6</u>	<u>432.4</u>
(8) PROFIT BEFORE TAXATION		
	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Profit before taxation from continuing operations has been arrived at after charging:		
Depreciation	90.3	74.3
Amortisation of intangible assets		
Computer software (included in administrative expenses)	27.0	31.0
Other intangible assets (included in other operating expenses)	6.3	6.3
Amortisation of prepaid land lease payments	0.3	0.3
Impairment loss for interests in associates (included in other operating expenses) (<i>Note</i>)	14.5	145.8
Loss on liquidation of subsidiaries (included in other operating expenses)	0.4	31.6
Net loss on disposal/write-off of property, plant and equipment and intangible assets	5.0	–
and after crediting:		
Dividend income from listed equity securities	16.2	5.7
Dividend income from unlisted equity securities	2.8	3.8
Net profit on disposal of land and building (included in other income)	139.9	–
Net profit on disposal/write-off of property, plant and equipment	–	0.2
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)	12.9	30.1
Net realised profit on disposal of available-for-sale financial assets (included in other income)	8.8	0.6
Profit on disposal of investment properties (included in other income)	<u>0.8</u>	<u>–</u>

Note: As a result of the operating results incurred by the Australian listed associates and the decrease in share prices of these associates, the Directors had performed an impairment testing on the interests in these Australian listed associates to estimate the recoverable amounts of these associates. The carrying amounts of these associates were in excess of their recoverable amounts.

During the year, an impairment loss of HK\$14.5 million (2013: HK\$145.8 million), as determined by comparing the carrying amounts of the associates and their recoverable amounts, was charged to the profit or loss during the year.

(9) TAXATION

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
The income tax charged (credited) from continuing operations comprises:		
Current tax		
Hong Kong	203.7	209.0
PRC	206.7	152.7
Other jurisdictions	17.2	0.5
	427.6	362.2
Under (over) provision in prior years	4.9	(2.3)
	432.5	359.9
Deferred tax		
Current year	(60.1)	(88.6)
Over provision in prior years	–	(42.9)
	(60.1)	(131.5)
	372.4	228.4

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, an indirect wholly-owned subsidiary of the Company, entered into a share agreement (“Share Agreement”) with SkyOcean Investment Holdings Limited to dispose of its entire interest in SkyOcean International Holdings Limited (“SkyOcean International”, formerly known as Allied Overseas Limited), which was engaged in Discontinued Elderly Care Services Business, previously reported under the elderly care services segment.

Further details of the Share Agreement are set out in the Company’s joint announcement with Allied Group Limited dated 30th October, 2013. The Share Agreement was completed on 30th December, 2013.

Profit for the year ended 31st December, 2013 from discontinued operations is analysed as follows:

	2013 <i>HK\$ Million</i>
Profit of Discontinued Elderly Care Services Business	31.3
Expenses incurred on disposal of SkyOcean International	(2.8)
Gain on disposal of SkyOcean International	290.5
	<hr/>
Profit for the year from discontinued operations	319.0
	<hr/>
Attributable to:	
Owners of the Company	310.9
Non-controlling interests	8.1
	<hr/>
	319.0
	<hr/>

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

	2013 <i>HK\$ Million</i>
Revenue	143.1
Profit for the year	31.3
	<hr/>
Profit for the year ended 31st December, 2013 from discontinued operations include the following:	
Depreciation	1.2
	<hr/>

(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\$2,023.8 million (2013: HK\$1,594.4 million) and on the weighted average number of 6,802.3 million (2013: 6,803.0 million) shares in issue during the year.

From continuing operations

The calculation of the 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\$2,023.8 million (2013: HK\$1,283.5 million) and on the weighted average number of 6,802.3 million (2013: 6,803.0 million) shares in issue during the year.

From discontinued operations

No earnings per share from discontinued operations is presented for the year as there is no discontinued operation during the year. Basic earnings per share from discontinued operations for the year ended 31st December, 2013 was HK4.57 cents per share which is calculated based on the profit attributable to owners of the Company from discontinued operations of HK\$310.9 million and the weighted average number of 6,803.0 million shares in issue during 2013. Diluted earnings per share from discontinued operations for 2013 was the same as the basic earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of shares for 2014 and 2013.

(12) DIVIDEND

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Dividend proposed		
Proposed final dividend of HK5.5 cents per share (2013: HK4.5 cents per share)	<u>374.1</u>	<u>306.1</u>
Dividend recognised as distribution during the year		
2013 final dividend of HK4.5 cents per share (2013: 2012 final dividend of HK3 cents per share)	<u>306.1</u>	<u>204.1</u>

A final dividend of HK5.5 cents (2013: HK4.5 cents) 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, 2014 has been calculated by reference to 6,802,329,032 shares in issue at 26th March, 2015.

(13) LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Loans and advances to consumer finance customers	12,148.3	10,642.7
Less: impairment allowance	(756.6)	(599.2)
	11,391.7	10,043.5
Analysed for reporting purposes as:		
Non-current assets	3,308.4	3,440.5
Current assets	8,083.3	6,603.0
	11,391.7	10,043.5

(14) TRADE AND OTHER RECEIVABLES

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

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Less than 31 days	1,834.2	1,050.1
31 to 60 days	10.0	8.3
61 to 90 days	5.8	6.0
91 to 180 days	6.5	9.1
Over 180 days	25.6	32.7
	1,882.1	1,106.2
Term loans, margin loans and trade and other receivables without aging	7,526.1	6,632.5
Impairment allowances	(138.8)	(184.2)
	9,269.4	7,554.5
Trade and other receivables at amortised cost	9,269.4	7,554.5
Prepayments	26.1	47.0
	9,295.5	7,601.5
Analysed for reporting purposes as:		
Non-current assets	1,520.3	1,028.1
Current assets	7,775.2	6,573.4
	9,295.5	7,601.5

(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:

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Less than 31 days	2,482.1	1,560.6
31 to 60 days	9.0	9.3
61 to 90 days	11.5	6.6
91 to 180 days	9.6	8.4
Over 180 days	3.9	4.2
	2,516.1	1,589.1
Accrued staff costs, other accrued expenses and other payables without aging	380.0	352.0
	2,896.1	1,941.1

(16) SHARE CAPITAL

Under the Hong Kong Companies Ordinance (Cap. 622) (“New CO”) with effect from 3rd March, 2014, the concept of authorised share capital no longer exists and the Company’s shares no longer have a par value. The balances of the share premium and capital redemption reserve were transferred to share capital pursuant to the adoption of the New CO.

(17) RESERVES

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Share premium	–	2,670.8
Property revaluation reserve	274.0	274.0
Investment revaluation reserve	376.1	299.7
Capital redemption reserve	–	184.9
Translation reserve	699.5	790.5
Capital and other reserves	23.0	5.9
Accumulated profits	18,326.3	16,651.3
Dividend reserve	374.1	306.1
	20,073.0	21,183.2

DIVIDEND

The Board has recommended a final dividend of HK5.5 cents per share for the year ended 31st December, 2014 (2013: HK4.5 cents per share) payable to the shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on Thursday, 18th June, 2015.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANT HOLDERS

(1) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (“2015 AGM”)

The 2015 AGM is scheduled to be held on Thursday, 4th June, 2015. For determining the entitlement to attend and vote at the 2015 AGM, the register of members and the register of warrant holders of the Company will be closed from Tuesday, 2nd June, 2015 to Thursday, 4th June, 2015 (both days inclusive), during which period no transfer of shares and warrants of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at the 2015 AGM, all transfer forms accompanied by the relevant share certificates or in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and exercise money, 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, 1st June, 2015.

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

The proposed final dividend is subject to the approval by the Shareholders at the 2015 AGM. For determining the entitlement to the proposed final dividend for the year ended 31st December, 2014, the register of members and the register of warrant holders of the Company will be closed from Tuesday, 16th June, 2015 to Thursday, 18th June, 2015 (both days inclusive), during which period no transfer of shares and warrants 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 or in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and exercise money, 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, 15th June, 2015. Subject to approval by the Shareholders at the 2015 AGM, dividend warrants are expected to be despatched to the Shareholders by post on or around Tuesday, 7th July, 2015.

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the year from continuing operations was HK\$5,645.0 million, an increase of HK\$695.6 million when compared with the year 2013. The increase in revenue mainly resulted from growth of our consumer finance business in mainland China.

The profit attributable to the owners of the Company for the year from continuing and discontinued operations was HK\$2,023.8 million (2013: HK\$1,594.4 million), an increase of HK\$429.4 million. Earnings per share from continuing and discontinued operations amounted to HK29.75 cents (2013: HK23.44 cents).

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

- increased contributions from the Group's investment, broking and finance division, consumer finance division and listed associate, Tian An China Investments Company Limited ("TACI"); and
- lower impairment losses provided for our interests in Australian listed associates.

The increase in profit is pleasing considering a smaller revaluation gain in the value of the Group's properties from HK\$471.5 million in the previous year to HK\$403.8 million during the year, being a decrease of HK\$67.7 million and the lack of gain on disposal of SkyOcean International Holdings Limited ("SkyOcean International", formerly known as Allied Overseas Limited), which amounted to HK\$290.5 million in 2013.

Material Acquisitions and Disposals

(a) Acquisition of 40% interests in PT UAF Jaminan Kredit ("PT UAF")

During the year, Sun Hung Kai & Co. Limited ("SHK") acquired a 40% interest in PT UAF, a joint venture, at a consideration of HK\$42.3 million. The joint venture is incorporated in Indonesia and its principal activity is to provide credit guarantees.

(b) Acquisition of 23.68% interests in Dragon Mining Limited ("Dragon")

The Group has acquired 23.68% interests in Dragon, an Australian listed associate at consideration of approximately HK\$18.6 million in October 2014. Dragon is an established Scandinavian gold producer with production centres in both Sweden and Finland.

(c) Disposal of entire interests in Eurogold Limited ("Eurogold")

The Group has disposed of its entire interests in Eurogold, an Australian listed associate, at an aggregated consideration of approximately HK\$3.7 million in November 2014. The gain on disposal, including the release of related reserves, amounted to approximately HK\$12.9 million and was included in other income.

(d) Deemed disposal of interests in SHK arising from share placing and top up subscription

The Group, through its wholly-owned subsidiary, had completed share placing of 160,000,000 shares (“Share Placing”) of SHK at a subscription price of HK\$6.3 per share on 17th September, 2014. The top-up subscription of 160,000,000 new shares of SHK at the same price was completed on 22nd September, 2014. The shareholdings in SHK held by the Group before Share Placing and after top-up subscription were 58.16% and 54.24% respectively.

Other than the above acquisitions, disposal and deemed disposal, there were no material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the year.

Financial Resources, Liquidity and Capital Structure

On 26th March, 2014, under the guaranteed medium term note programme, Sun Hung Kai & Co. (BVI) Limited, a subsidiary of SHK, further issued US\$60 million 3% US dollar denominated notes at par for a net consideration of HK\$449.1 million.

During the year, the Group purchased part of the 6.375% US dollar denominated notes (“6.375% Notes”) with a total nominal value of US\$9.3 million (2013: US\$5 million) from the market at a consideration of HK\$75.9 million (2013: HK\$39.6 million) and did not sell any of the 6.375% Notes (2013: part of the 6.375% Notes with a total nominal value of US\$3.5 million were disposed of at HK\$27.9 million). The nominal value of the 6.375% Notes outstanding after eliminating the intra-group holdings was US\$335.2 million or equivalent to HK\$2,600.1 million at the reporting date (2013: US\$344.5 million or equivalent to HK\$2,671.4 million).

The 4% Renminbi denominated notes matured in April 2014 and the outstanding balance was repaid. The nominal value of 6.9% Renminbi denominated notes was RMB500.0 million or equivalent to HK\$624.9 million at the reporting date (2013: RMB500.0 million or equivalent to HK\$624.7 million).

At the end of the reporting period, the Group’s net borrowings amounted to HK\$6,143.0 million (2013: HK\$5,066.3 million), representing bank and other borrowings, amounts due to fellow subsidiaries and notes totalling HK\$11,528.3 million (2013: HK\$10,218.5 million) less bank deposits, bank balances and cash of HK\$5,385.3 million (2013: HK\$5,152.2 million) and the Group had equity attributable to owners of the Company of HK\$24,289.2 million (2013: HK\$22,543.7 million). Accordingly, the Group’s gearing ratio of net borrowings to equity attributable to owners of the Company was 25.3% (2013: 22.5%). At the end of the reporting period, the current ratio (current assets/current liabilities) of the Group was 2.9 times, which decreased from the 3.3 times applicable at the end of the preceding year.

During the year, 8,085 warrants were exercised, resulting in the issuance of 8,085 ordinary shares at a subscription price of HK\$2.00 per share. Accordingly 1,390,571,682 warrants were outstanding at 31st December, 2014. Exercise in full of the outstanding warrants would result in the issue of 1,390,571,682 additional shares with an aggregate subscription value of approximately HK\$2,781.1 million.

During the year, the Company repurchased 100,000 own shares at an aggregate consideration of approximately HK\$0.1 million, details of which are outlined in the section “Purchase, Sale or Redemption of Securities” below.

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Bank loans are repayable as follows:		
On demand or within one year	4,152.2	2,444.4
More than one year but not exceeding two years	1,434.3	1,521.4
More than two years but not exceeding five years	1,851.7	1,713.6
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	350.0	203.5
More than one year but not exceeding two years	17.2	225.2
More than two years but not exceeding five years	9.2	12.4
	7,814.6	6,120.5
Preference shares issued to non-controlling interests		
repayable in the third to fifth year	–	42.3
Other borrowings repayable within one year	–	9.0
Other borrowings with a repayment on demand clause		
repayable within one year	–	23.6
Amounts due to fellow subsidiaries	5.2	324.8
Renminbi denominated notes are repayable as follows:		
Within one year	7.0	366.2
More than one year but not exceeding five years	621.6	643.1
US dollar denominated notes are repayable as follows:		
Within one year	64.3	–
More than one year but not exceeding five years	3,015.6	2,689.0
	3,713.7	4,098.0
	11,528.3	10,218.5

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.

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 and the amount due to a fellow subsidiary are charged at floating interest rates. There are no known seasonal factors in the Group’s borrowing profile.

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:

	2014 <i>HK\$ Million</i>	2013 <i>HK\$ Million</i>
Indemnities on banking guarantees made available to a clearing house and regulatory body	1.5	4.5
Financial guarantees under loan guarantee business*	30.2	–
	31.7	4.5

* *The Group provided guarantees to lenders of its loan guarantee customers to guarantee the repayment of debts owed by the loan guarantee customers to their lenders. At 31st December, 2014, the outstanding guarantee amount was RMB24.2 million or equivalent to HK\$30.2 million (2013: Nil).*

(b) On 30th August, 2014, a writ of summons with general indorsement of claim (“Writ”) was issued by Global Bridge Assets Limited (“GBA”) and Long Prosperity Industrial Limited (“LPI”) in the High Court of Hong Kong against a subsidiary of SHK, Sun Hung Kai Financial Limited (“SHKFL”). This followed the striking-out of an earlier claim made by GBA and LPI and Walton Enterprises Limited for US\$3,000,000, in addition to damages, interest and legal costs, in a High Court action against SHKFL (HCA 317 of 2008). In the Writ, GBA and LPI claimed against SHKFL for: (i) damages for alleged fraudulent misrepresentation by SHKFL in around August 2001; and (ii) a rescission of a contract and a deed both dated 12th October, 2001 relating to a power plant in Hubei, the PRC. They also claimed against SHKFL interest on any sums or damages payable, costs and such other relief as the High Court may think fit. The Writ was served on SHKFL on 11th October, 2014. SHKFL is opposing the claims.

- (c) On 15th October, 2013, Wah Cheong Development (B.V.I.) Limited (“Wah Cheong”), an indirect wholly-owned subsidiary of the Company, entered into a share agreement (“Share Agreement”) with SkyOcean Investment Holdings Limited (“SkyOcean Investment”) to dispose of its entire interest in SkyOcean International. For the purpose of determining the consideration for the disposal, SkyOcean Investment and Wah Cheong have taken into account the then estimated market value of the bonds, and cash held by Attractive Gain Limited (“Attractive Gain”, an indirect wholly-owned subsidiary of SkyOcean International), being approximately HK\$630,668,000. In this regard, SkyOcean Investment 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 SkyOcean International, the intermediate holding companies between Attractive Gain and SkyOcean International, being LHY Limited and Cautious Base Limited or any other members of the SkyOcean International 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. During the year, HK\$630,668,000 was paid in cash by Attractive Gain to SkyOcean International and the warranty given by Wah Cheong was extinguished accordingly.

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\$5,658.1 million (2013: HK\$7,680.9 million), bank deposits of HK\$nil (2013: HK\$12.0 million), listed securities belonging to the Group with fair values of HK\$69.3 million (2013: HK\$9.3 million), and listed securities belonging to margin clients with fair values of HK\$1,563.5 million* (2013: HK\$1,350.1 million) together with certain securities in respect of a listed subsidiary with investment cost of HK\$276.6 million (2013: HK\$1,334.0 million) were pledged to secure loans and general banking facilities to the extent of HK\$3,093.0 million (2013: HK\$3,821.6 million) granted to the Group. Facilities amounting to HK\$859.9 million (2013: HK\$1,413.6 million) were utilised at the end of the reporting period.

At the end of the reporting period, bank deposits of HK\$nil (2013: HK\$1.5 million) were pledged to secure a guarantee facility issued to third parties by a bank to extent of HK\$nil (2013: HK\$2.0 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 clients’ listed securities deposited to the Group at 31st December, 2014 was HK\$13,913.9 million (2013: HK\$13,039.3 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.*

The listed securities belonging to the Group pledged for banking facilities are mainly pledged in the form of charge over securities.

Event After The Reporting Date

On 1st February, 2015, SHK entered into a sale and purchase agreement with Everbright Securities Financial Holdings Limited, a subsidiary of Everbright Securities Company Limited (“Everbright Securities”), to sell a 70% equity interest in its subsidiary, Sun Hung Kai Financial Group Limited (“SHKFGL”), for an initial consideration of HK\$4,095.0 million. The transaction should close in 2015. SHK expects to recognise a gain on the disposal of HK\$2,864.0 million. Upon completion, SHKFGL will become a 30% associate of SHK. Details of the transaction were disclosed in the Company’s circular dated 27th February, 2015.

OPERATIONAL REVIEW

Properties

Hong Kong

- The Group’s rental income from its Hong Kong property portfolio increased by 8.8% resulting from strong rental rates.
- The net gain in the value of the Group’s property portfolio, including investment properties owned by SHK, was HK\$403.8 million during the year, lower than that of the same period of 2013 by HK\$67.7 million.
- The Groups’ Ibis North Point, a 275-room budget hotel, contributed a 4.8% increase in profit during the year.
- The various properties held by Allied Kajima Limited (“Allied Kajima”), which is 50% indirectly owned by the Group, including Allied Kajima Building, Novotel Century Hong Kong hotel and Sofitel Philippine Plaza Hotel, all performed within expectations operationally. However, Allied Kajima reported a decrease of profit of 35.9% when compared to 2013, which was mainly due to a reduction in property fair value gains.

Mainland PRC

- The profit attributable to the owners of TACI was HK\$1,284.5 million (2013: HK\$337.6 million).

The increase in profit of TACI was mainly due to gain on disposal of two subsidiaries totalling HK\$1,389.9 million before tax and the increase in fair value gain on transfer of inventories of completed properties to investment properties as its Shenzhen project started to enter the rental market during the year.

- Rental income continued to increase and was up by 6% as compared with 2013.

- The overall contribution of TACI's cyberpark unit has been below expectations as the slowing Chinese economy affected sales and leasing. The southern cyberparks – Shenzhen, Panyu, Longgang, Foshan and Dongguan – were less affected with sales and leasing performing slightly below budget. However, the eastern and northern cyberparks performed poorly. With the exception of Nanjing, sales and leasing of Changzhou, Jiangyin, Wuxi, Nantong, Chongqing, Qingdao, Tianjin Tian An Cyber Park and Tianjin Tian An Intelligent Port were well short of expectations.

Where necessary, TACI has slowed down construction of future phases to alleviate pressure on sales and leasing of current phases. By focusing on sales of existing stock, TACI also hopes to reduce overall bank debt of the cyberpark unit.

- Phase 1 of TACI's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen should be completed in 2015. TACI has commenced leasing and pre-sales of this phase, which comprises 531,600m² (including basement), since November 2014. Sales and leasing to date have been encouraging and TACI hopes this project will contribute to its performance in 2015.

Financial Services

Broking and Finance

- SHK, the Group's broking and finance arm, recorded a profit attributable to its owners of HK\$1,328.4 million (2013: HK\$1,051.6 million).
- The increase in profit of SHK was driven by an improved operating performance in addition to significant gains from its portfolio of principal investments.
- The commission income of the wealth management and brokerage division of SHK increased by 7% over 2013. The margin loan balance was HK\$3,783.1 million at the end of 2014, compared with HK\$3,918.7 million at the end of 2013. Total interest income increased by 11% with higher returns as the proportion of the loan book accounted for by lower-yielding customers declined. Margin financing for IPOs also increased during the year.
- The structured finance business has been one of the key growth areas of SHK. In 2014, the loan balance increased by 42% to HK\$3,346.0 million. As most of the increase in the loan book occurred in the last two months of 2014, the growth has not yet been fully reflected in the division's revenue, which increased by 3% for the year. SHK plans to expand its structured finance business in 2015. As liquidity conditions for medium sized enterprises have remained relatively tight in the market, the demand for funding solutions should continue to be buoyant.
- A realised return of HK\$139.9 million was derived from the sale of SHK's former Macau branch office premises.

Consumer Finance

- Revenue at United Asia Finance Limited (“UAF”) rose by 20% for the year under review and profit after tax attributable to shareholders increased by 15% to HK\$1,130.0 million.
- At the end of 2014, the consolidated consumer finance gross loan balance amounted to HK\$12.1 billion, a 14% annual increase against the balance at the end of 2013.
- During the year, UAF added 34 new branches to its network in mainland China, bringing the total number of branches to 139 across 16 cities in mainland China. UAF has introduced new products such as secured and unsecured car loans and has established different alliances and platforms with various partners to broaden its customer base.
- Competition of UAF’s Hong Kong businesses remains strong. Notwithstanding this, UAF continues to reap a satisfactory return on its local businesses as a result of a supportive domestic economy underpinned by strong private consumption and a low unemployment rate. At the end of 2014, UAF had 50 branches in Hong Kong.

Investments

- The Group restructured its gold interests by directly acquiring a 23.68% stake in Scandinavian gold producer, Dragon. By disposing of its interest in Dragon, Eurogold became a cashbox, and a substantial premium over net assets was realised from the sale of our entire interest in Eurogold. Tanami Gold NL (“Tanami”), a 32.13% listed associate of the Group, is aiming to finalise a farm in agreement to restart its Central Tanami Project at minimal costs to Tanami shareholders.
- During the year, the Group incurred losses totalling HK\$28.9 million (2013: HK\$311.5 million) in respect of its interests in the Australian listed associates. This is a significant reduction from the previous year and with the strengthening of the US Dollar vis-à-vis the Australian Dollar and the Euro production cost base, the Group expects an improved performance in 2015.

Employees

The total number of headcount of the Group as at 31st December, 2014 was 8,104 (2013: 6,708) 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\$1,172.1 million (2013: HK\$1,031.5 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, structured 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

It is expected that the US economy will continue to strengthen while the quantitative easing policies of different countries will limit the risk of a global slowdown.

The sale of 70% equity interest in SHKFGL by SHK to Everbright Securities should be completed in 2015. Upon completion, SHKFGL will become a 30% associate of SHK and going forward the consolidated revenue and operating earnings of SHK will be driven by its current structured finance, consumer finance and principal investments divisions. Looking ahead, whilst the economic slowdown in mainland China may continue to have some impact on the credit quality of the mainland China part of the consumer finance loan book, the management remains optimistic about UAF's market opportunities in mainland China.

With weak sales sentiment, there have been downward adjustments of property prices in most cities of mainland China in 2014. Some local governments have relaxed the policy of restricting the number of homes that can be purchased in order to support the property market. There have been some changes to the mainland China property market environment in the recent months in the form of reduction in bank interest rates and lowering of the reserve requirement ratio. The sentiment in the short term may appear to be encouraging but significant market improvement is yet to be seen. However, the longer term growth trend of the property market in the PRC is expected to be sustainable.

The Hong Kong property market prices may continue to rise moderately due to the sustained demand and shortage in the supply, although additional cooling measures recently announced by the Hong Kong Government may have some effect.

The Board will continue to adopt a prudent approach in implementing the Group's stated strategies with the backing of the Group's diversified income streams and solid financial position for the benefit of the Group and all its shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2014, 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 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, 2014 (“2014 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 2014 Annual Report which will be sent to the Shareholders by the end of April 2015.

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, 2014.

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, 2014 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 SECURITIES

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 securities during the year ended 31st December, 2014.

Month	Number of shares repurchased	Purchase consideration per share		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
January	100,000	1.26	1.26	126,000

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

In respect of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3rd March, 2014, the Directors propose to seek the approval of Shareholders by way of special resolution ("Special Resolution") at the 2015 AGM to adopt a new set of articles of association of the Company to replace the existing articles of association of the Company. Full text of the Special Resolution will be contained in the notice of the 2015 AGM. A circular containing, inter alia, summary of the key amendments to the articles of association of the Company, together with the notice of the 2015 AGM, will be despatched to Shareholders in due course.

APPRECIATION

The Board would like to thank all the staff for their effort and contribution in 2014, and would like to express appreciation to the Shareholders for their continued support.

On behalf of the Board
Allied Properties (H.K.) Limited
Arthur George Dew
Chairman

Hong Kong, 26th March, 2015

As at the date of this announcement, the Board comprises Messrs. Lee Seng Hui (Chief Executive), Li Chi Kong and Mark Wong Tai Chun being the Executive Directors; Mr. Arthur George Dew (Chairman) being the Non-Executive Director; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.