

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

The board of directors (“Board”) of Allied Properties (H.K.) 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, 2016 with the comparative figures for the corresponding period in 2015 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30th June, 2016

		Six months ended 30th June,	
		2016	2015
	<i>Notes</i>	Unaudited HK\$ Million	Unaudited HK\$ Million
Continuing operations			
Revenue	4	1,952.2	2,368.1
Other income		32.8	50.8
Total income		1,985.0	2,418.9
Cost of sales and other direct costs		(175.2)	(171.5)
Brokerage and commission expenses		(25.9)	(25.2)
Selling and marketing expenses		(55.7)	(47.0)
Administrative expenses		(614.7)	(712.3)
Changes in values of properties	5	188.8	335.3
Net gain on financial assets and liabilities		137.8	238.9
Net exchange loss		(1.0)	(7.2)
Bad and doubtful debts	6	(565.6)	(654.6)
Other operating expenses		(166.8)	(227.6)
Finance costs	7	(131.8)	(125.8)
Share of results of associates		278.2	117.3
Share of results of joint ventures		135.0	103.8
Profit before taxation	8	988.1	1,243.0
Taxation	9	(39.4)	(111.3)
Profit for the period from continuing operations		948.7	1,131.7
Discontinued operations			
Profit for the period from discontinued operations		–	3,228.9
Profit for the period		948.7	4,360.6

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
for the six months ended 30th June, 2016

		Six months ended 30th June,	
		2016	2015
	<i>Notes</i>	Unaudited	Unaudited
		HK\$ Million	<i>HK\$ Million</i>
Attributable to:			
Owners of the Company			
Profit for the period from continuing operations		752.6	787.4
Profit for the period from discontinued operations		–	1,769.4
		<u>752.6</u>	<u>2,556.8</u>
Non-controlling interests			
Profit for the period from continuing operations		196.1	344.3
Profit for the period from discontinued operations		–	1,459.5
		<u>196.1</u>	<u>1,803.8</u>
		<u>948.7</u>	<u>4,360.6</u>
		HK cents	<i>HK cents</i>
Earnings per share	<i>10</i>		
From continuing and discontinued operations			
Basic		<u>11.04</u>	<u>37.58</u>
Diluted		<u>11.04</u>	<u>37.58</u>
From continuing operations			
Basic		<u>11.04</u>	<u>11.57</u>
Diluted		<u>11.04</u>	<u>11.57</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30th June, 2016

	Six months ended 30th June,	
	2016	2015
	Unaudited	Unaudited
	HK\$ Million	HK\$ Million
Profit for the period	<u>948.7</u>	<u>4,360.6</u>
Other comprehensive income (expenses):		
<i>Items that will not be reclassified to profit or loss:</i>		
Revaluation gain on properties transferred from self-owned properties to investment properties, net of tax	–	111.0
Share of other comprehensive expenses of associates	(102.3)	(1.1)
Share of other comprehensive expenses of joint ventures	(1.3)	–
	<u>(103.6)</u>	<u>109.9</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale financial assets		
– Net fair value changes during the period	(2.3)	25.2
– Reclassification adjustment to profit or loss on disposal	–	(18.8)
	(2.3)	6.4
Exchange differences arising on translation of foreign operations	(151.8)	3.0
Reclassification adjustment to profit or loss on disposal/ liquidation of subsidiaries	(0.2)	(9.1)
Share of other comprehensive (expenses) income of associates	(86.8)	239.1
Share of other comprehensive expenses of joint ventures	(8.4)	(0.3)
	<u>(249.5)</u>	<u>239.1</u>
Other comprehensive (expenses) income for the period, net of tax	<u>(353.1)</u>	<u>349.0</u>
Total comprehensive income for the period	<u>595.6</u>	<u>4,709.6</u>
Attributable to:		
Owners of the Company	508.8	2,853.8
Non-controlling interests	86.8	1,855.8
	<u>595.6</u>	<u>4,709.6</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June, 2016

		At 30th June, 2016 Unaudited <i>HK\$ Million</i>	At 31st December, 2015 Audited <i>HK\$ Million</i>
	<i>Notes</i>		
Non-current assets			
Investment properties		7,764.8	7,676.7
Property, plant and equipment		1,053.1	1,097.3
Prepaid land lease payments		4.5	4.6
Goodwill		2,488.9	2,488.9
Intangible assets		889.5	888.4
Interests in associates		9,413.6	9,020.9
Interests in joint ventures		2,362.4	2,156.3
Available-for-sale financial assets		107.8	104.8
Amounts due from associates		258.8	64.9
Loans and advances to consumer finance customers due after one year	12	2,706.7	2,741.3
Deposits for acquisition of property, plant and equipment and investments		52.5	48.8
Deferred tax assets		638.8	543.4
Financial assets at fair value through profit or loss		3,127.5	3,484.6
Trade and other receivables	13	623.6	1,728.8
		31,492.5	32,049.7
Current assets			
Properties held for sale and other inventories		179.3	179.2
Financial assets at fair value through profit or loss		2,805.9	2,251.2
Prepaid land lease payments		0.1	0.1
Loans and advances to consumer finance customers due within one year	12	5,268.0	6,080.7
Trade and other receivables	13	3,658.9	2,176.1
Amounts due from associates		76.5	171.3
Amounts due from joint ventures		2.1	9.2
Tax recoverable		6.9	9.6
Bank deposits		2,073.6	1,501.4
Cash and cash equivalents		5,967.0	6,388.8
		20,038.3	18,767.6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2016

	<i>Notes</i>	At 30th June, 2016 Unaudited HK\$ Million	At 31st December, 2015 Audited HK\$ Million
Current liabilities			
Trade and other payables	14	582.8	354.9
Financial liabilities at fair value through profit or loss		79.5	177.9
Amount due to a holding company		6.1	5.7
Amounts due to associates		5.7	5.5
Amounts due to joint ventures		0.1	0.1
Tax payable		140.2	201.2
Bank and other borrowings due within one year		3,203.6	2,579.5
Notes		77.4	78.3
Provisions		18.8	32.2
		<u>4,114.2</u>	<u>3,435.3</u>
Net current assets		<u>15,924.1</u>	<u>15,332.3</u>
Total assets less current liabilities		<u>47,416.6</u>	<u>47,382.0</u>
Capital and reserves			
Share capital		4,250.6	4,250.5
Reserves		23,560.0	23,427.0
Equity attributable to owners of the Company		<u>27,810.6</u>	<u>27,677.5</u>
Shares held for employee ownership scheme		(9.0)	(12.6)
Employee share-based compensation reserve		3.0	6.1
Share of net assets of subsidiaries		11,373.7	11,635.8
Non-controlling interests		<u>11,367.7</u>	<u>11,629.3</u>
Total equity		<u>39,178.3</u>	<u>39,306.8</u>
Non-current liabilities			
Bank and other borrowings due after one year		2,707.9	4,303.6
Notes		5,225.4	3,453.1
Deferred tax liabilities		303.6	317.1
Provisions		1.4	1.4
		<u>8,238.3</u>	<u>8,075.2</u>
		<u>47,416.6</u>	<u>47,382.0</u>

Notes:

1. DISCLOSURE IN ACCORDANCE WITH SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information relating to the financial year ended 31st December, 2015 included in this announcement does not constitute the Company's statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on those financial statements for 2015. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. 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 and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

3. 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.

During the period, the Group adopted certain Amendments to Standards that are mandatorily effective for the Group's financial year beginning on 1st January, 2016. The adoption of these Amendments has had no material effect on the condensed 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 condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2015.

4. SEGMENTAL INFORMATION

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

	Six months ended 30th June, 2016				Total <i>HK\$ Million</i>
	Investment 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>	
Segment revenue	250.5	1,506.5	203.4	-	1,960.4
Less: inter-segment revenue	(3.5)	-	(4.7)	-	(8.2)
Segment revenue from external customers from continuing operations	<u>247.0</u>	<u>1,506.5</u>	<u>198.7</u>	<u>-</u>	<u>1,952.2</u>
Segment results	454.9	187.1	170.2	(1.4)	810.8
Reversal of impairment loss on interest in an associate					5.2
Impairment loss for interest in an associate					(109.3)
Finance costs					(131.8)
Share of results of associates					278.2
Share of results of joint ventures	(19.8)	-	154.8	-	135.0
Profit before taxation					988.1
Taxation					(39.4)
Profit for the period from continuing operations					<u>948.7</u>

Six months ended 30th June, 2015

	Investment 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	236.5	1,946.5	195.6	–	2,378.6
Less: inter-segment revenue	(4.2)	–	(6.3)	–	(10.5)
Segment revenue from external customers from continuing operations	232.3	1,946.5	189.3	–	2,368.1
Segment results	262.7	470.7	404.1	(3.3)	1,134.2
Reversal of impairment loss on interests in associates					13.5
Finance costs					(125.8)
Share of results of associates					117.3
Share of results of joint ventures	43.8	–	60.0	–	103.8
Profit before taxation					1,243.0
Taxation					(111.3)
Profit for the period from continuing operations					1,131.7

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

The geographical information of revenue is disclosed as follows:

	Six months ended 30th June,	
	2016	2015
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue from continuing operations from external customers by location of operations		
Hong Kong	1,455.1	1,397.3
Mainland China	490.2	946.8
Others	6.9	24.0
	1,952.2	2,368.1

5. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June,	
	2016	2015
	<i>HK\$ Million</i>	<i>HK\$ Million</i>

Continuing operations

Changes in values of properties comprise:

Net increase in fair value of investment properties	193.1	329.6
Impairment loss (recognised) reversed for hotel property	(4.3)	5.7
	188.8	335.3

6. BAD AND DOUBTFUL DEBTS

	Six months ended 30th June,	
	2016	2015
	HK\$ Million	HK\$ Million
Continuing operations		
Loans and advances to consumer finance customers		
Impairment loss, net of reversal	<u>(578.5)</u>	<u>(639.4)</u>
Trade and other receivables		
Reversal of impairment loss	36.3	0.1
Impairment loss	(23.4)	(4.4)
Bad debts written off	<u>–</u>	<u>(10.9)</u>
	<u>12.9</u>	<u>(15.2)</u>
Bad and doubtful debts recognised in profit or loss	<u>(565.6)</u>	<u>(654.6)</u>

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

	Six months ended 30th June,	
	2016	2015
	HK\$ Million	HK\$ Million
Continuing operations		
Loans and advances to consumer finance customers		
Amounts written off in allowance of impairment	(648.1)	(610.6)
Recoveries credited to allowance of impairment	<u>77.7</u>	<u>59.8</u>
Trade and other receivables		
Amounts written off in allowance of impairment	<u>(59.8)</u>	<u>–</u>

7. FINANCE COSTS

	Six months ended 30th June,	
	2016	2015
	HK\$ Million	HK\$ Million
Continuing operations		
Total finance costs included in:		
Cost of sales and other direct costs	101.8	114.5
Finance costs	<u>131.8</u>	<u>125.8</u>
	<u>233.6</u>	<u>240.3</u>

8. PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2016	2015
	HK\$ Million	<i>HK\$ Million</i>
Profit before taxation from continuing operations has been arrived at after charging:		
Amortisation of intangible assets	3.8	3.8
Amortisation of prepaid land lease payments	0.1	0.1
Depreciation	38.1	38.0
Impairment loss for amounts due from joint ventures (included in other operating expenses)	–	5.3
Impairment loss for available-for-sale financial assets (included in other operating expenses)	–	13.7
Impairment loss for interest in an associate (included in other operating expenses)*	109.3	–
Net loss on disposal of property, plant and equipment	0.4	4.1
Loss on purchase of bonds issued by the Group (included in other operating expenses)	–	141.5
and after crediting:		
Dividend income from listed equity securities	2.4	6.4
Dividend income from unlisted equity securities	–	3.5
Interest income (included in revenue)	1,690.5	2,136.2
Net realised gain on disposal of an associate (included in other income)	3.9	–
Net realised gain on disposal of available-for-sale financial assets (included in other income)	–	18.8
Net realised gain on disposal of investment properties (included in other income)	–	1.0
Net realised gain on disposal of subsidiaries (included in other income)	18.9	15.9
Reversal of impairment loss on interests in associates (included in other income)	5.2	13.5
	_____	_____

* Sun Hung Kai & Co. Limited disposed of 70% interest in its wholly-owned subsidiary Sun Hung Kai Financial Group Limited (“SHKFGL”) in June 2015 and classified the remaining 30% equity interest as an associate. Affected by the correction of Hong Kong and China stock markets since the second half of 2015, the carrying amount of the 30% equity interest in SHKFGL exceeded the recoverable amount at the reporting date that led to an impairment loss. The recoverable amount was measured at fair value less cost of disposal of SHKFGL. The fair value was measured by discounted cash flow approach at the reporting date using a discount rate of 18.7%. As part of the disposal, the Group was awarded a put right on the 30% equity interest of SHKFGL. This put right recorded a valuation gain during the period of HK\$224.0 million classified under net gain on financial assets and liabilities.

9. TAXATION

	Six months ended 30th June,	
	2016	2015
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
The income tax charged (credited) from continuing operations comprises:		
Current tax		
Hong Kong	89.5	93.0
PRC	44.0	122.8
	133.5	215.8
Over provision in prior years	(0.2)	(0.3)
	133.3	215.5
Deferred tax		
Current period	(93.9)	(104.2)
	39.4	111.3

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

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2015: 25%).

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.

Deferred tax recognised in other comprehensive income during the period was immaterial (2015: deferred tax of HK\$5.3 million arising from the revaluation gain on properties transferred from self-owned properties to investment properties).

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Six months ended 30th June,	
	2016	2015
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<u>Earnings</u>		
Earnings for the purpose of basic earnings per share (profit attributable to owners of the Company)	752.6	2,556.8
Adjustments to profit in respect of impact of contingently issuable shares under the employee ownership scheme of a subsidiary	–	(0.1)
Earnings for the purpose of diluted earnings per share	752.6	2,556.7
	<i>Million shares</i>	<i>Million shares</i>
<u>Number of shares</u>		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	6,816.9	6,804.1

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended 30th June,	
	2016	2015
	HK\$ Million	HK\$ Million
<u>Earnings</u>		
Earnings for the purpose of basic earnings per share (profit from continuing operations attributable to owners of the Company)	752.6	787.4
Adjustments to profit in respect of impact of contingently issuable shares under the employee ownership scheme of a subsidiary	—	(0.1)
Earnings for the purpose of diluted earnings per share	<u>752.6</u>	<u>787.3</u>
	<i>Million shares</i>	<i>Million shares</i>
<u>Number of shares</u>		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	<u>6,816.9</u>	<u>6,804.1</u>

From discontinued operations

No earnings per share from discontinued operations is presented for the period as there is no discontinued operation during the period. Basic earnings per share from discontinued operations for the period ended 30th June, 2015 was HK26.01 cents per share which was calculated based on the profit attributable to owners of the Company from discontinued operations of HK\$1,769.4 million and the weighted average number of 6,804.1 million shares in issue during that period. Diluted earnings per share from discontinued operations for last period 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 the periods ended 13th June, 2016 and 30th June, 2015. The Company's warrants expired on 13th June, 2016.

11. DIVIDEND

The Board does not recommend the declaration of an interim dividend for the six months ended 30th June, 2016 (2015: Nil).

	Six months ended 30th June,	
	2016	2015
	HK\$ Million	HK\$ Million
Dividends recognised as distribution during the period:		
2015 interim dividend (in lieu of a final dividend) of HK6 cents per share (2015: 2014 final dividend of HK5.5 cents per share)	409.1	374.1
Adjustments to 2014 final dividend	—	1.0
	<u>409.1</u>	<u>375.1</u>

12. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	At 30th June, 2016 <i>HK\$ Million</i>	At 31st December, 2015 <i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Hong Kong	6,875.9	6,839.9
Mainland China	2,048.0	2,932.3
Less: impairment allowance	(949.2)	(950.2)
	<u>7,974.7</u>	<u>8,822.0</u>
Analysed for reporting purposes as:		
Non-current assets	2,706.7	2,741.3
Current assets	5,268.0	6,080.7
	<u>7,974.7</u>	<u>8,822.0</u>

The following is an aged analysis for the loans and advances to consumer finance customers that were past due at the reporting date but not impaired:

	At 30th June, 2016 <i>HK\$ Million</i>	At 31st December, 2015 <i>HK\$ Million</i>
Less than 31 days past due	517.3	571.2
31 to 60 days	125.9	147.0
61 to 90 days	52.0	124.7
91 to 180 days	217.7	397.6
Over 180 days	211.6	103.5
	<u>1,124.5</u>	<u>1,344.0</u>

13. TRADE AND OTHER RECEIVABLES

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

	At 30th June, 2016 <i>HK\$ Million</i>	At 31st December, 2015 <i>HK\$ Million</i>
Less than 31 days	17.6	19.0
31 to 60 days	7.1	8.2
61 to 90 days	4.6	5.6
91 to 180 days	0.8	3.6
Over 180 days	0.5	0.9
	30.6	37.3
Term loans and trade and other receivables without aging	4,236.4	3,945.6
Less: impairment allowances	(40.1)	(115.6)
	4,226.9	3,867.3
Trade and other receivables at amortised cost	4,226.9	3,867.3
Prepayments	55.6	37.6
	4,282.5	3,904.9
	4,282.5	3,904.9
Analysed for reporting purposes as:		
Non-current assets	623.6	1,728.8
Current assets	3,658.9	2,176.1
	4,282.5	3,904.9

14. 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:

	At 30th June, 2016 <i>HK\$ Million</i>	At 31st December, 2015 <i>HK\$ Million</i>
Less than 31 days	309.8	70.8
31 to 60 days	7.0	9.1
61 to 90 days	5.8	7.2
91 to 180 days	0.8	0.2
Over 180 days	0.3	0.6
	323.7	87.9
Accrued staff costs, other accrued expenses and other payables without aging	259.1	267.0
	582.8	354.9

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2016 (2015: Nil). Accordingly, there will be no closure of the register of members of the Company.

It should be noted that the Company undertook share repurchases for cancellation for the six months ended 30th June, 2016 at an aggregate consideration of approximately HK\$10.7 million.

FINANCIAL HIGHLIGHTS

	Six months ended 30th June,	
	2016	2015
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	1,952.2	2,368.1
Profit for the period attributable to owners of the Company (continuing and discontinued operations)	752.6	2,556.8
Equity attributable to owners of the Company at the end of the reporting period	27,810.6	26,801.0
Return on equity attributable to owners of the Company	2.7%	9.5%
Earnings per share	<i>HK cents</i> 11.04	<i>HK cents</i> 37.58
Gearing ratio	At 30th June, 2016 11.4%	At 31st December, 2015 9.1%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the period from continuing operations was HK\$1,952.2 million (2015: HK\$2,368.1 million), a decrease of 17.6%. The decrease was mainly due to lower interest income from the consumer finance business.

The profit attributable to the owners of the Company for the period was HK\$752.6 million (2015: HK\$2,556.8 million, which included profit from discontinued operations of HK\$1,769.4 million following the disposal of 70% interest in Sun Hung Kai Financial Group Limited (“SHKFGL”) by Sun Hung Kai & Co. Limited (“SHK”)), a decrease of HK\$1,804.2 million.

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

- lack of significant non-recurring gain from disposal of 70% interest in SHKFGL in 2015 mentioned above;
- reduction in profit contribution from consumer finance, mainly due to repositioning of the loan book and adjusting the cost structure of the mainland business; and
- lower revaluation gain from the Group's Hong Kong property portfolio.

Earnings per share

Earnings per share from continuing and discontinued operations amounted to HK11.04 cents (2015: HK37.58 cents).

Financial Resources, Liquidity and Capital Structure

The Group is principally financed by cash inflow from operating activities and banking facilities granted by the banks. The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

During the period, the Group purchased part of the 6.375% US dollar denominated notes ("6.375% Notes") with a total nominal value of US\$9.7 million from the market at a total consideration of HK\$80.4 million. In May 2016, the Group made an exchange offer for the exchange of the 6.375% Notes with the 4.75% US dollar denominated notes ("4.75% Notes") at an exchange ratio of 1.05375. The holders of the 6.375% Notes with a nominal value of US\$115.5 million (including intra-group holdings of US\$35.2 million) accepted the exchange offer to exchange for the 4.75% Notes with a nominal value of US\$121.6 million (including intra-group holdings of US\$37.0 million). In addition, the Group issued new 4.75% Notes with a nominal value of US\$240.0 million at par.

The 4.75% Notes are listed on The Stock Exchange of Hong Kong Limited and are issued to professional investors only. The 4.75% Notes are guaranteed by SHK. The nominal value of the 4.75% Notes after eliminating the intra-group holdings was US\$324.6 million or equivalent to HK\$2,518.0 million at the reporting date.

The nominal value of the 6.375% Notes after eliminating the intra-group holdings was US\$225.8 million or equivalent to HK\$1,751.8 million (at 31st December, 2015: US\$315.8 million or equivalent to HK\$2,447.5 million) at the reporting date.

The nominal value of the 3% US dollar denominated notes was US\$60.0 million or equivalent to HK\$465.5 million (at 31st December, 2015: US\$60.0 million or equivalent to HK\$465.0 million) at the reporting date.

The nominal value of the 6.9% Renminbi denominated notes after eliminating the intra-group holdings was RMB495.0 million or equivalent to HK\$576.9 million (at 31st December, 2015: RMB495.0 million or equivalent to HK\$590.8 million) at the reporting date.

At 30th June, 2016, the Group's net borrowings amounted to HK\$3,173.7 million (at 31st December, 2015: HK\$2,524.3 million), representing bank and other borrowings and notes totalling HK\$11,214.3 million (at 31st December, 2015: HK\$10,414.5 million) less bank deposits, bank balances and cash of HK\$8,040.6 million (at 31st December, 2015: HK\$7,890.2 million) and the Group had equity attributable to owners of the Company of HK\$27,810.6 million (at 31st December, 2015: HK\$27,677.5 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to owners of the Company was 11.4% (at 31st December, 2015: 9.1%).

During the period, 55,791 warrants were exercised, resulting in the issuance of 55,791 ordinary shares at a subscription price of HK\$2.00 per share. The remaining 1,373,393,014 warrants which have not been exercised expired on 13th June, 2016.

During the period, the Company repurchased 7,306,000 own shares at an aggregate consideration of approximately HK\$10.7 million, details of which are outlined in the section "Purchase, Sale or Redemption of Securities" below.

	At 30th June, 2016 <i>HK\$ Million</i>	At 31st December, 2015 <i>HK\$ Million</i>
Bank loans are repayable as follows:		
On demand or within one year	2,593.6	1,995.1
More than one year but not exceeding two years	1,742.4	2,240.9
More than two years but not exceeding five years	930.5	2,027.7
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	136.0	73.2
More than one year but not exceeding two years	474.0	65.2
More than two years but not exceeding five years	–	446.0
	5,876.5	6,848.1
Other borrowings repayable over five years	35.0	35.0
Renminbi denominated notes are repayable as follows:		
Within one year	6.5	6.7
More than one year but not exceeding five years	576.6	588.7
US dollar denominated notes are repayable as follows:		
Within one year	70.9	71.6
More than one year but not exceeding five years	4,648.8	2,864.4
	5,337.8	3,566.4
	11,214.3	10,414.5

At 30th June, 2016, the current ratio (current assets/current liabilities) of the Group was 4.9 times (at 31st December, 2015: 5.5 times).

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

Material Acquisition and Disposal

In February 2016, the acquisition of approximately 23.9% of the total issued share capital of APAC Resources Limited ("APAC") (stock code: 1104) at a consideration of HK\$484.0 million was completed. APAC is treated as an associate of the Company. Details of the acquisition are contained in the joint announcements dated 16th December, 2015 and 29th February, 2016 made by the Company and Allied Group Limited. Subsequent to the acquisition, the Group acquired additional interests in APAC and the Group's shareholdings in APAC increased from approximately 23.9% to approximately 24.51% as at 30th June, 2016 and was approximately 26.43% as at the date of this announcement.

In February 2016, SHK group divested its 25% stake in China Xin Yongan Futures Company Limited and realised total proceeds of HK\$57.9 million including interest on principal. A gain on disposal of HK\$3.9 million was recognised as other income.

In March 2016, SHK group completed the sale of its minority interest in Sinolending Ltd. for a consideration of US\$34.5 million. Sinolending is a peer-to-peer lending service company and operates under the name dianrong.com in mainland China. As the sale price is in line with the carrying value, there was no profit or loss from the sale for the period.

In May 2016, SHK group disposed of its commercial office space in Tian An Centre, Shanghai for a total consideration of RMB84.3 million (equivalent to HK\$100.7 million). The transaction was carried out through the sale of two wholly-owned subsidiaries of SHK group, Hing Yip Holdings Limited and Sing Hing Investment Limited, and the assignment of the respective shareholder's loans to the purchaser, a subsidiary of Tian An China Investments Company Limited ("TACI"). Further details are included in the joint announcement dated 6th May, 2016 made by SHK and TACI. A gain of HK\$18.9 million was booked by SHK from the sale.

In May 2016, SHK group entered into an agreement to form a joint venture with three partners to acquire the holding company of the Sofitel Paris Le Faubourg, a hotel located in the 8th district of Paris near major tourist attractions such as the Louvre Museum. The acquisition consideration was agreed at EUR118.9 million and the enterprise value for the holding company was EUR162.3 million. Taking into account debt financing, deal expenses and pre-funded interest reserves, the amount invested by SHK group shall be approximately EUR43.2 million (equivalent to approximately HK\$382.0 million) for its 50% interest in the joint venture.

Other than the above acquisitions and disposals, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the period.

Segment Information

Detailed segmental information in respect of the revenue and profit or loss is shown in note 4 to the condensed consolidated financial information.

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

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

	At 30th June, 2016 <i>HK\$ Million</i>	At 31st December, 2015 <i>HK\$ Million</i>
Financial guarantees under loan guarantee business*	<u>131.1</u>	<u>139.2</u>

* The Group had provided guarantees to lenders of its loan guarantee customers to guarantee the repayment of debts owed by the loan guarantee customers to their lenders.

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties, land and buildings and properties held for sale with an aggregate carrying value of HK\$5,764.6 million (at 31st December, 2015: HK\$6,153.8 million) together with certain securities in respect of a listed subsidiary with investment cost of HK\$276.6 million (at 31st December, 2015: HK\$276.6 million) were pledged to secure loans and general banking facilities to the extent of HK\$1,201.5 million (at 31st December, 2015: HK\$1,242.4 million) granted to the Group. Facilities amounting to HK\$610.0 million (at 31st December, 2015: HK\$584.4 million) were utilised at the end of the reporting period.

OPERATIONAL REVIEW

Properties

Hong Kong

- Rental income growth from the Group's Hong Kong property portfolio was flat compared to the corresponding period of 2015. The loss of income from the Century Court disposal in June 2015 was partially offset by increased rentals from the Group's remaining property portfolio.

- The hotel division reported a decrease in average room rates and occupancies, resulting in a decreased contribution to the Group.
- The net gain in the value of the Group's property portfolio, including investment properties owned by SHK, was HK\$188.8 million during the period, lower than that of the same period of 2015 by HK\$146.5 million.

Mainland PRC

- The profit attributable to the owners of TACI was HK\$513.2 million (2015: HK\$210.0 million).
- The increase in profit of TACI was mainly due to (i) an investment revaluation reserve of HK\$202.7 million released upon further disposal of shares in a previous listed subsidiary; (ii) deposits forfeited of HK\$145.7 million for termination of disposal of two projects; and (iii) a gain of HK\$125.0 million on disposal of a non-core asset.
- There are a total of 15 cyberparks over 12 cities. The overall contribution of TACI's cyberpark unit has been lower. The slowing Chinese economy has affected sales and leasing of the commercial components of TACI's cyberparks but sales of the residential component has been quite brisk, especially the smaller sized apartments.
- TACI's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen has commenced leasing and pre-sales of phase 1 since November 2014. Sales and leasing for phase 1 have been encouraging and this project has continued to contribute to TACI's performance. Phase 2 with GFA of approximately 542,900m² is under construction and expected to be completed in 2018.

Financial Services

Investment and Finance

- The profit attributable to owners of SHK, the Group's investment and finance arm, was HK\$276.2 million (2015: HK\$3,630.6 million).
- The decrease in the profit of SHK was mainly due to that for the first half of 2015, SHK realised an exceptional gain of HK\$3,033.5 million from the disposal of 70% interest in SHKFGL and had the benefit of 100% of SHKFGL's strong earnings at the time. In addition, there is a reduction in profit contribution from the consumer finance business of United Asia Finance Limited ("UAF") in mainland China and from principal investments during the period.
- SHK's structured finance division provides tailored funding solutions to corporate and high net worth customers. At 30th June, 2016, the aggregate structured finance loan balance was HK\$3,720.8 million, a 12% increase over the end of 2015. Pre-tax profit contribution during the period increased by 32%.

- SHK has made adjustments to reposition its principal investments portfolio towards sectors and themes which SHK believes are positive in the longer term. The carrying value of SHK's principal investments portfolio, including the 30% stake in SHKFGL, amounted to HK\$8,518.1 million at the end of June 2016 and this division reported a small pre-tax loss of HK\$8.7 million to SHK (2015: profit of HK\$295.9 million) after operating expenses and cost of capital allocation.

Consumer Finance

- Pre-tax profit of UAF, the 58% indirectly owned subsidiary of SHK, for the period amounted to HK\$187.1 million, a decrease of 60% from the same period last year.
- On the mainland, UAF has tightened up credit to small businesses which is the segment mostly affected by the downturn in economic cycle and revised its strategy to focus on smaller loans to salaried workers which segment is considered a more resilient customer group. UAF believes that this strategy will help it establish a more sustainable growth model for the market in the medium term. Cost rationalisation measures which were started in the second half of last year have been carried through to this year.
- UAF continued to increase its share of unsecured personal loans market in Hong Kong during the period and grow its business volume. Its Hong Kong loan portfolio recorded higher weighted average return yields and charge off ratio compared to the corresponding period of last year with an increased proportion of unsecured loans.
- At the end of the period, the consolidated consumer finance gross loan balance amounted to HK\$8.5 billion, representing a 11.5% decrease since the end of 2015. During the period, UAF closed 31 underperforming branches in mainland China. At the end of the period, it had 127 branches on the mainland, including 5 branches on loan marketing business, and 50 branches in Hong Kong.

Employees

The total number of headcount of the Group at 30th June, 2016 was 5,529 (at 31st December, 2015: 6,853) including sales consultants. This net decrease reflects a reduction of headcount at UAF from its branch network consolidation in mainland China. 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

It is expected that the slowdown of mainland China's economy will persist in 2016 and that uncertainty and volatility in the global markets is likely to remain. Brexit has imposed further uncertainty to the global economic outlook.

The loan businesses in Hong Kong are expected to remain relatively stable unless there is an abrupt or further deterioration in the local economy.

For the consumer finance business in mainland China, the recent trends in the UAF business indicate that the charge off amounts appear to have peaked. In addition, the decline in the mainland China loan book has stabilised which points to a recovery in profitability in the near term. However, the economic environment remains sluggish in mainland China and this could threaten these projections.

It is expected that Hong Kong property market will remain challenging in the second half of 2016.

For the mainland property market, the implementation of a two-child policy this year will further induce a strong demand for upgraded housing. Market prices for residential properties have increased substantially in first-tier cities, while those in suburban areas and lower-tier cities have also improved. TACI is pleased with the improved sentiment and is confident of the longer term prospects of the property market in China.

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30th June, 2016, 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 effective risk management and internal control systems; 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, 2015. The Board 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.

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, 2016. 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 Hong Kong Institute of Certified Public Accountants, 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 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 six months ended 30th June, 2016.

Month	Number of shares repurchased	Purchase consideration per share		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
January	758,000	1.37	1.33	1,025,840
April	2,672,000	1.50	1.48	3,968,560
May	3,876,000	1.50	1.44	5,649,160
	<u>7,306,000</u>			<u>10,643,560</u>

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

Hong Kong, 24th August, 2016

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.