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, 2007

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, 2007 with the comparative figures for the corresponding period in 2006 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30th June, 2007

		Six months ended 30th June,	
		2007	2006
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**2,107,141**	692,094
Other income		**221,214**	85,832
Total income		**2,328,355**	777,926
Cost of sales and other direct costs		**(301,840)**	(38,595)
Brokerage and commission expenses		**(161,344)**	(114,469)
Selling and marketing expenses		**(26,747)**	(1,488)
Administrative expenses		**(614,921)**	(223,213)
Profit on disposal of subsidiaries		**50,213**	–
Profit on deemed disposal of partial interests in subsidiaries		**–**	216,461
Changes in values of properties	*5*	**196,352**	96,618
Net loss on deemed disposal of partial interests in listed associates		**–**	(80,784)
Impairment loss recognised in respect of an available-for-sale financial asset		**–**	(58,203)
Bad and doubtful debts (provided) written back		**(110,695)**	6,178
Other operating expenses		**(162,480)**	(39,239)
Finance costs	*6*	**(240,845)**	(98,609)
Share of results of associates		**150,985**	71,502
Share of results of jointly controlled entities		**92,858**	57,914
Profit before taxation	*7*	**1,199,891**	571,999
Taxation	*8*	**(98,678)**	(32,359)
Profit for the period		**1,101,213**	539,640

CONDENSED CONSOLIDATED INCOME STATEMENT (Cont'd)
for the six months ended 30th June, 2007

		Six months ended 30th June,	
		2007	2006
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
Attributable to			
Equity holders of the Company		**742,735**	498,299
Minority interests		**358,478**	41,341
		1,101,213	539,640
			Restated
Earnings per share	*9*		
Basic		**13.82 HK cents**	9.28 HK cents
Diluted		**13.22 HK cents**	9.26 HK cents

CONDENSED CONSOLIDATED BALANCE SHEET
at 30th June, 2007

	At 30th June, 2007 Unaudited HK$'000	At 31st December, 2006 Restated HK$'000
Non-current assets		
Investment properties	**3,198,980**	2,959,300
Property, plant and equipment	**374,278**	365,583
Prepaid land lease payments	**344,770**	283,032
Goodwill	**2,591,351**	2,626,744
Intangible assets	**2,310,217**	2,411,741
Interests in associates	**2,712,752**	2,521,862
Interests in jointly controlled entities	**1,012,278**	914,092
Available-for-sale financial assets	**1,148,751**	1,060,578
Statutory deposits	**71,703**	78,687
Amounts due from associates	**78,000**	78,000
Loans and advances to consumer finance customers due after one year	**1,335,243**	1,156,998
Loans and receivables	**5,884**	33,603
Deferred tax assets	**56,785**	47,709
	15,240,992	14,537,929
Current assets		
Properties held for sale and other inventories	**483,870**	525,000
Financial assets at fair value through profit or loss	**387,320**	363,384
Prepaid land lease payments	**5,866**	4,378
Loans and advances to consumer finance customers due within one year	**1,740,172**	1,654,167
Accounts receivable, deposits and prepayments	**17,204,506**	3,741,396
Amounts due from associates	**72,289**	80,702
Amount due from a jointly controlled entity	**1,197**	2,185
Tax recoverable	**1,991**	2,660
Short-term pledged bank deposit	**1,000**	1,000
Cash and cash equivalents	**1,144,951**	1,455,569
	21,043,162	7,830,441
Current liabilities		
Accounts payable and accrued charges	**2,536,443**	1,532,185
Financial liabilities at fair value through profit or loss	**30,918**	1,972
Amount due to the ultimate holding company	**12,808**	10,919
Amount due to a fellow subsidiary	**603,495**	804,226
Amounts due to associates	**12,775**	12,527
Amount due to a jointly controlled entity	**84,063**	79,063
Tax payable	**154,666**	74,874
Bank and other borrowings due within one year	**13,591,280**	1,534,570
Loan notes	**67,867**	–
Provisions	**59,070**	77,684
Dividend payable	**80,595**	–
Other liabilities due within one year	**12,756**	861
	17,246,736	4,128,881
Net current assets	**3,796,426**	3,701,560
Total assets less current liabilities	**19,037,418**	18,239,489

CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)
at 30th June, 2007

	At 30th June, 2007 Unaudited *HK$'000*	At 31st December, 2006 Restated *HK$'000*
Capital and reserves		
Share capital	**1,074,653**	1,074,599
Reserves	**8,143,134**	7,411,463
Equity attributable to equity holders of the Company	**9,217,787**	8,486,062
Minority interests	**5,059,741**	4,848,502
Total equity	**14,277,528**	13,334,564
Non-current liabilities		
Bank and other borrowings due after one year	**1,080,206**	919,151
Loan notes	**–**	66,639
Bonds	**2,800,000**	2,800,000
Convertible bonds	**240,550**	479,783
Deferred tax liabilities	**638,115**	638,164
Provisions	**391**	1,180
Other liabilities due after one year	**628**	8
	4,759,890	4,904,925
	19,037,418	18,239,489

Notes :

1. BASIS OF PREPARATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2006.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("New HKFRSs") issued by the HKICPA, which are effective for the accounting period beginning on 1st January, 2007. The adoption of these New HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Potential impact arising on the new accounting standards not yet effective

The Group has not early applied the following Hong Kong Financial Reporting Standard ("HKFRS"), HKAS and Interpretation that have been issued but are not yet effective and are pertinent to the operations of the Group. The Directors of the Company ("Directors") anticipate that the application of this HKFRS, HKAS and Interpretation will have no material impact on the results and financial position of the Group.

HKFRS 8	Operating Segments[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[2]

[1] Effective for annual periods beginning on or after 1st January, 2009.
[2] Effective for annual periods beginning on or after 1st March, 2007.

3. RESTATEMENT OF 2006 COMPARATIVES

The Group acquired UAF Holdings Limited group and Quality HealthCare Asia Limited group ("Acquisitions") during the second half of 2006. When preparing the consolidated financial statements for the year ended 31st December, 2006, the management was in the process of performing the valuations on the net assets acquired in the Acquisitions. Thus, the net assets acquired and goodwill arising from the Acquisitions as shown in the 2006 consolidated financial statements could only be determined provisionally.

The valuations of the net assets were completed in the first half of 2007 which has resulted in adjustments to the net assets acquired and goodwill arising from the Acquisitions, including additional amortisation of intangible assets (see note 7). As a result, the comparative figures in the consolidated balance sheet for the current period are restated as if the adjustments had been recognised on the dates of the acquisitions. The effects of the restatements are analysed as follows:

	As reported on 31st December, 2006	**Adjustments**	**As restated on 31st December, 2006**
	HK$'000	*HK$'000*	*HK$'000*
Goodwill	3,567,585	(940,841)	2,626,744
Intangible assets	27,200	2,384,541	2,411,741
Deferred tax liabilities	(220,869)	(417,295)	(638,164)
Reserves	7,293,770	117,693	7,411,463
Minority interests	3,939,790	908,712	4,848,502

Certain other comparative figures have been reclassified to conform to current period's presentation and to be consistent with the presentation in 2006 annual financial statements.

4. SEGMENT INFORMATION

Analysis of the Group's business segmental information is as follows:

	Six months ended 30th June, 2007					
	Investment, broking and finance	**Consumer finance**	**Healthcare**	**Property rental, hotel operations and management services**	**Sale of properties and property based investments**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,021,480**	**537,135**	**465,804**	**97,625**	**–**	**2,122,044**
Less: inter-segment revenue	**(11,966)**	**–**	**–**	**(2,937)**	**–**	**(14,903)**
	1,009,514	**537,135**	**465,804**	**94,688**	**–**	**2,107,141**
Segment results	**727,525**	**195,298**	**37,194**	**228,710**	**8,166**	**1,196,893**
Finance costs						**(240,845)**
Share of results of associates						**150,985**
Share of results of jointly controlled entities	**730**	**–**	**78**	**92,050**	**–**	**92,858**
Profit before taxation						**1,199,891**
Taxation						**(98,678)**
Profit for the period						**1,101,213**

	Six months ended 30th June, 2006			
	Investment, broking and finance	Property rental, hotel operations and management services	Sale of properties and property based investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	616,819	88,974	–	705,793
Less: inter-segment revenue	(10,900)	(2,799)	–	(13,699)
	605,919	86,175	–	692,094
Segment results	273,899	152,307	(20,691)	405,515
Profit on deemed disposal of partial interests in subsidiaries				216,461
Net loss on deemed disposal of partial interests in listed associates				(80,784)
Finance costs				(98,609)
Share of results of associates				71,502
Share of results of jointly controlled entities	(18)	57,932	–	57,914
Profit before taxation				571,999
Taxation				(32,359)
Profit for the period				539,640

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

During the period under review, less than 10% of the operations of the Group in terms of both revenue and segment results were carried on outside Hong Kong. Accordingly, no geographical segmental information is shown.

5. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Changes in values of properties comprise:		
Increase in fair value of investment properties	**185,264**	113,671
Reversal (recognition) of impairment loss of properties held for sale	**10,668**	(18,700)
Reversal of impairment loss of hotel property	**420**	1,647
	196,352	96,618

6. FINANCE COSTS

	Six months ended 30th June, 2007 HK$'000	2006 HK$'000
Total finance costs included in:		
Cost of sales and other direct costs	**22,049**	–
Finance costs	**240,845**	98,609
	262,894	98,609

7. PROFIT BEFORE TAXATION

	Six months ended 30th June, 2007 HK$'000	2006 HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**105,335**	1,946
Amortisation of prepaid land lease payments	**2,343**	2,154
Depreciation	**21,813**	10,726
Loss on partial redemption of convertible bonds	**7,110**	–
Net loss on disposal of property, plant and equipment	**286**	–
Net unrealised loss on derivatives	**22,178**	–
and after crediting:		
Dividend income from listed investments	**13,998**	8,952
Dividend income from unlisted investments	**116**	3,332
Excess of net fair value over consideration arising from acquisition of an associate (included in other income)	**242**	9,011
Interest income	**791,597**	139,304
Net profit on dealing in leveraged foreign currencies	**6,888**	4,131
Net profit on disposal of available-for-sale financial assets (include in other income)	**208,315**	68,604
Net profit on other dealing activities	**7,813**	17,725
Net realised profit on derivatives	**42,142**	9,508
Net realised profit on financial assets at fair value through profit or loss	**44,774**	11,271
Net unrealised profit on derivatives	**–**	6,406
Net unrealised profit on financial assets at fair value through profit or loss	**46,044**	7,405
Share of profit from discontinued operations of a listed associate (included in share of results of associates)	**57,136**	378

8. TAXATION

	Six months ended 30th June, 2007	2006
	HK$'000	*HK$'000*
The income tax charge comprises:		
Current tax:		
Hong Kong	**109,958**	25,795
Outside Hong Kong	**721**	553
	110,679	26,348
Deferred tax	**(12,001)**	6,011
	98,678	32,359

Hong Kong Profits Tax is calculated at the rate of 17.5% on the estimated assessable profits for both periods.

Taxation outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions.

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the equity holders of the Company is based on the following:

	Six months ended 30th June, 2007	2006
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to equity holders of the Company)	**742,735**	498,299
Effect of dilutive potential ordinary shares:		
Adjustment to earnings in respect of the effect of dilutive potential ordinary shares arising from convertible bonds of the Company	**16,000**	–
Adjustment to earnings in respect of the effect of dilutive potential ordinary shares arising from warrants of a subsidiary	**–**	(41)
Adjustment to the share of results of associates based on dilution of their earnings per share	**–**	(898)
Earnings for the purpose of diluted earnings per share	**758,735**	497,360
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,373,028**	5,371,519
Effect of dilutive potential ordinary shares:		
Convertible bonds	**366,610**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,739,638**	5,371,519

For the periods ended 30th June, 2007 and 2006, the computation of diluted earnings per share do not include the effect of the exercise of warrants of the Company since their exercise would result in an anti-dilutive effect.

The weighted average number of shares for the purpose of basic and diluted earnings per share have been adjusted for the subdivision of the Company's ordinary shares in August 2007. The basic and diluted earnings per share for the period ended 30th June, 2006 has been restated accordingly.

10. DIVIDEND

The Board does not recommend the declaration of an interim dividend (2006: Nil).

During the period under review, the Company did not pay any dividend. For the corresponding period in 2006, the Company paid a dividend of HK$53,715,000, representing HK10 cents per share, being final dividends of 2005.

INTERIM DIVIDEND AND BOOK CLOSE

The Board does not recommend the declaration of an interim dividend (2006: Nil). Accordingly, there will be no closure of the register of members of the Company.

FINANCIAL REVIEW

Results

The revenue of the Group for the period increased by 204.5% to HK$2,107.1 million (2006: HK$692.1 million). The increase in revenue was mainly due to:

– stronger performances from the Group's core financial services divisions;

– consolidation of United Asia Finance Limited ("UAF") and Quality HealthCare Asia Limited ("QHA"), which became subsidiaries from August and October 2006 respectively; and

– higher rental income received from the Group's investment properties.

The profit attributable to the equity holders of the Company for the period was approximately HK$742.7 million (2006 : HK$498.3 million), an increase of HK$244.4 million. Earnings per share amounted to HK13.82 cents (2006 : HK9.28 cents, after adjusting for the subdivision of the Company's shares in August 2007).

The increase in profit was largely due to:

– increased contributions from the Group's financial services division;

– higher fair value gain on the investment properties of the Group; and

– contributions from UAF and QHA.

The Group has completed a valuation of the net assets of the consumer finance business and the health care business which were acquired by Sun Hung Kai & Co. Limited ("Sun Hung Kai") in 2006 and has started to account for the amortisation of the intangible assets identified. Profit for the period was calculated after amortisation charges of the intangible assets of HK$105.3 million. Although these charges will be incurred on an annual basis, over the estimated economic life of these intangible assets, it must be emphasised that they are of a non-cash nature and do not affect the operating cash flows of the Group. As a consequence of this valuation exercise, goodwill arising from the acquisitions has been restated at its cost and will be subject to impairment testing in accordance with the Group's standard accounting policy.

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, 26,971 warrants were converted into 26,971 ordinary shares at a subscription price of HK$10 per share. Accordingly, 107,255,784 warrants were outstanding at 30th June, 2007. Exercise in full of the outstanding warrants would result in the issue of 107,255,784 additional shares of HK$2.0 each with aggregate subscription value of approximately HK$1,072.6 million.

Subsequent to the period end, the Company received an extraordinary resolution in writing on 9th August, 2007 passed by the Bondholders holding an aggregate of not less than 75 per cent. in principal amount of the Convertible Bonds outstanding as at the date of such resolution effecting a change of Maturity Date to 31st August, 2007. Accordingly, the Company gave notice to all Bondholders on 13th August, 2007 that as a result of the change of Maturity Date, the Company would redeem all outstanding Convertible Bonds on 31st August, 2007. The Convertible Bonds shall cease to bear any interest after the Maturity Date. The redemption monies together with accrued interest amount to HK$274.5 million. Details of the redemption were set out in the Company's announcement dated 13th August, 2007.

In addition, subsequent to the period end, an ordinary resolution was passed on 20th August, 2007 at an extraordinary general meeting of the Company pursuant to which each of the existing issued and unissued shares of HK$2.0 each in the share capital of the Company was subdivided into ten shares of HK$0.2 each with effect from 21st August, 2007. Accordingly, the warrant holders are entitled to subscribe in cash, in respect of each warrant, for ten fully paid shares at subscription price of HK$1.00 per share, subject to adjustment, up to 6th June, 2009.

At 30th June, 2007, the Group's net borrowings amounted to HK$17,133.9 million (at 31st December, 2006: HK$5,043.5 million), representing bank and other borrowings, loan notes, short-term loan due to a fellow subsidiary, bonds due to a fellow subsidiary and convertible bonds totalling HK$18,279.9 million (at 31st December, 2006: HK$6,500.1 million) less bank deposits, bank balances, treasury bills and cash of HK$1,146.0 million (at 31st December, 2006: HK$1,456.6 million) and the Group had equity attributable to equity holders of the Company of HK$9,217.8 million (at 31st December, 2006: HK$8,486.1 million, restated). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to equity holders of the Company was 185.9% (at 31st December, 2006: 59.4%). The increase in short-term bank borrowings was mainly due to the significant increase of IPO financing to clients during the period under review.

	At **30th June, 2007** *HK$'000*	At 31st December, 2006 *HK$'000*
Bank borrowings of the Group are repayable as follows:		
Within one year or on demand	**13,583,280**	1,526,570
More than one year but not exceeding two years	**196,671**	645,712
More than two years but not exceeding five years	**822,565**	273,439
More than five years	**60,970**	–
	14,663,486	2,445,721
Other borrowings due within one year	**8,000**	8,000
Short-term loan due to a fellow subsidiary	**500,000**	700,000
Loan notes repayable within one year	**67,867**	–
Loan notes repayable within five years	**–**	66,639
Convertible bonds repayable within five years	**240,550**	479,783
Bonds held by a fellow subsidiary repayable within five years	**2,800,000**	2,800,000
	18,279,903	6,500,143

At 30th June, 2007, the current ratio (current assets/current liabilities) of the Group was 1.22 times (2006: 1.90) as a result of the rapid growth of IPO financing to clients and the increase of the Group's short term bank borrowings.

The short-term loan and bonds due to a fellow subsidiary and most of the bank borrowings of the Group are charged at floating interest rates. The convertible bonds and the loan notes are charged at fixed interest rates.

Acquisition and Disposal

On 31st May, 2007, Onspeed Investments Limited (an indirectly non wholly-owned subsidiary of Sun Hung Kai, held through its interest in UAF) completed its disposal of the entire issued share capital of Island New Finance Limited ("INFL") and the assignment of a loan for an aggregate consideration of approximately HK$248.9 million.

As of the completion date of the above disposal, INFL was beneficially interested in approximately 74.999% of the issued capital of The Hong Kong Building and Loan Agency Limited.

Other than the above disposal, there were no material acquisitions or disposals of subsidiaries, associated companies or jointly controlled entities completed during the period.

Risk of Foreign Exchange Fluctuation

There have been no significant changes in the exposures to foreign exchange risks from those previously outlined in the Company's annual report for 2006.

Contingent Liabilities

(a) At the balance sheet date, the Group had guarantees as follows:

	At 30th June, 2007 *HK$'000*	At 31st December, 2006 *HK$'000*
Indemnities on banking guarantees made available to a clearing house and regulatory body	**5,540**	5,540
Other guarantees	**1,400**	12,098
	6,940	17,638

(b) In June 2006, Sun Hung Kai received notice of a 2001 order made by the Hubei Province Higher Peoples Court in China freezing US$3 million of funds (or assets of equivalent value) of Sun Hung Kai Securities Limited ("SHKS"), a wholly-owned subsidiary of Sun Hung Kai, pursuant to which SHKS's shares in Chang Zhou Power Development Company Limited in China ("Chang Zhou Shares") (worth US$3 million) were frozen. SHKS had sold all of its beneficial interests in the Chang Zhou Shares in 1998. Sun Hung Kai continues to investigate the matter.

Litigation

(a) On 10th July, 2006, the Court of Final Appeal upheld the judgment (as amended by the Court of Appeal) of the Hong Kong Court of First Instance of 1st April, 2004, that SHKS holds a 12.5% interest in a 50/50 joint venture entered into between New World Development Company Limited ("NWDC") and IGB Corporation Berhad to purchase land and build two international hotels plus a 200-units service apartment in Kuala Lumpur, Malaysia ("Joint Venture"), and that accordingly SHKS was liable to pay to NWDC the sums which NWDC had advanced to the joint venture company Great Union Properties Sdn. Bhd ("GUP") on behalf of SHKS, together with interest on such monies ("Judgment Sum") and costs of the First Instance hearing and of the two appeals ("Costs Order"). SHKS had previously paid to NWDC the Judgment Sum and more recently a sum in satisfaction of the Costs Order. Other claims from NWDC for amounts advanced to GUP on behalf of SHKS with respect to the Joint Venture had been paid previously by SHKS. SHKS is presently seeking the assistance of NWDC and Stapleton Developments Limited to ensure that the legal interest of the issued shares of GUP which Stapleton Developments Limited holds on trust for SHKS be transferred to SHKS and that GUP acknowledges and records in its accounts in the name of SHKS the amount of the shareholders' loans made on behalf of SHKS to it.

(b) Details of the case regarding Chang Zhou Power Development Company Limited are set out in paragraph (b) of the "Contingent Liabilities" section above.

Pledge of Assets

At 30th June, 2007, certain of the Group's investment properties, hotel property, land and buildings, prepaid land lease payments and properties held for sale with an aggregate carrying value of HK$4,243.7 million (at 31st December, 2006: HK$3,975.2 million), listed investments belonging to the Group and margin clients with market values of HK$2,513.3 million (at 31st December, 2006: HK$142.1 million) and HK$1,958.8 million (at 31st December, 2006: HK$1,164.1 million) respectively together with certain securities in respect of a listed subsidiary with a carrying value of HK$1,164.8 million (at 31st December, 2006: HK$1,181.6 million) were pledged to secure loans and general banking facilities to the extent of HK$3,170.2 million (at 31st December, 2006: HK$3,075.6 million) granted to the Group. Facilities amounting to HK$2,347.1 million (at 31st December, 2006: HK$1,445.4 million) were utilised at 30th June, 2007.

At 30th June, 2007, a bank deposit of HK$1.0 million (at 31st December, 2006: HK$1.0 million) was pledged to secure a bank guarantee amounting to HK$2.0 million (at 31st December, 2006: HK$2.0 million).

Events after the Balance Sheet Date

(a) On 7th June, 2007, Sun Hung Kai and its two subsidiaries entered into a conditional sale and purchase agreement with Bright Clear Limited ("Bright Clear"), an indirect wholly-owned subsidiary of Allied Group Limited ("AGL"), to sell to Bright Clear in aggregate 379,291,800 shares in Yu Ming Investments Limited ("Yu Ming"), representing approximately 22.428% of the then issued share capital of Yu Ming at an aggregate consideration of approximately HK$166.9 million. The disposal was completed on 31st August, 2007 and resulted in a profit of approximately HK$7.2 million. Details of the transaction were contained in the joint announcement dated 11th June, 2007 made by the Company, AGL and Sun Hung Kai and the circulars dated 3rd July, 2007 issued by the Company and Sun Hung Kai respectively.

(b) On 13th August, 2007, the Company announced that all outstanding convertible bonds would be redeemed on 31st August, 2007. Details of the redemption are set out in the "Financial Resources, Liquidity and Capital Structure" section above.

(c) On 20th August, 2007, the Company announced that each of the existing issued and unissued shares of share capital of the Company of HK$2.0 per share was subdivided into ten shares of HK$0.2 each with effective from 21st August, 2007.

OPERATIONAL REVIEW

Properties

Hong Kong

The Group's recurrent income from its investment property portfolio continued to increase, benefiting from the favourable local property market. Park Place, Century Court, St George Apartments, Allied Cargo Centre as well as China Online Centre achieved higher rental income.

The hotel operating income from Ibis North Point continued to record improving results due to higher average room rates as a result of the continuing robust tourism industry in Hong Kong.

Allied Kajima Limited, 50% indirectly owned by the Group and holding properties including Allied Kajima Building, Novotel Century Hong Kong hotel and the Sofitel Philippine Plaza Hotel, contributed a higher profit than that of the corresponding period in 2006, principally due to the higher fair value gain from the investment properties.

Mainland PRC

Turnover (including continuing and discontinued operations) of Tian An China Investments Company Limited ("Tian An"), a listed associate of Sun Hung Kai, for the period ended 30th June, 2007 was HK$436.9 million (2006: HK$363.2 million), an increase of 20% compared to the corresponding period of last year. Profit attributable to equity holders of Tian An (including continuing and discontinued operations) was HK$335.7 million (2006: HK$141.3 million), representing a 138% increase over the corresponding period of last year.

As mentioned in its 2006 annual report, Tian An, in order to maximise its investment return on Shanghai Allied Cement Limited ("SAC"), took advantage of the buoyant Hong Kong share market and placed out its entire interest in SAC. The disposal generated a profit of HK$136.4 million and net proceeds of HK$276.5 million.

Consequent to the strong PRC property market, Tian An recorded sales of total gross floor area ("GFA") of 40,100 m^2 in the first half of 2007, compared to 32,800 m^2 for the same period last year. A total GFA of approximately 49,800 m^2 (2006: 40,300 m^2) of residential/commercial properties was completed during the first half of 2007, representing an increase of 24% over the corresponding period of last year. As at 30th June, 2007, a total GFA of approximately 335,130 m^2 (2006: 298,700 m^2) was under construction, representing a 12% increase from the corresponding date of last year.

Tian An will continue to implement its stated objectives of:– (1) continuing to dispose of non-core assets, (2) increasing recurrent income, (3) maximising development profits, (4) increasing its landbank in major cities, (5) streamlining operating processes, and (6) continuing to strengthen the professional management team.

Financial Services

Broking and finance

Sun Hung Kai, the Group's broking arm, recorded a profit attributable to its equity holders of HK$747.1 million (2006: HK$178.0 million). As mentioned above in the "Results" section, the profit for the period was stated after non-cash amortisation charges for intangible assets, principally arising from the acquisition of UAF by Sun Hung Kai, of HK$105.3 million.

The turnover and commission income of the securities broking division increased substantially as a result of increased initial public offerings ("IPO") activity, foreign and domestic inflows of funds in anticipation of the potential effects generated by QDII (Qualified Domestic Institutional Investor) arrangements and continued speculation over appreciation of renminbi. Substantial growth was recorded across key measurement indexes in terms of turnover, new accounts opened and client assets under custody.

The trading volumes of Hang Seng Index Futures and Options grew strongly following the robust performance of the local market, compensating for the more subdued turnover in precious metals and overseas commodities.

IPO financing and margin lending revenues increased significantly in the first half of 2007. The term lending activity was also solid and continued to make a satisfactory contribution to profit.

The corporate finance division successfully sponsored an IPO and acted as financial adviser in various corporate exercises of several local listed companies. The division also completed secondary placements and rights issues for a number of listed companies, with a particular focus on the strengthening resources sector.

The asset under management by the hedge fund division amounted to approximately US$760 million as at 30th June, 2007. A branch was recently established in Singapore to improve the service capability for South East Asian investors.

Consumer finance

UAF, the Group's consumer finance arm, achieved satisfactory growth in its loan portfolio during the first half of 2007 with loan interest income up by more than 10% compared to the same period of last year. It continued to expand its branch network by opening three new branches in Causeway Bay, Tsimshatsui East and Chai Wan during the period. It also marked a significant milestone, opening its first branch in Shenzhen recently. UAF now has 39 branches (2006: 36 branches) in Hong Kong and a branch in Mainland PRC, and will continue to seek further locations both in Hong Kong and the Mainland to enable it to provide greater customer coverage.

Investments

QHA

For the six months ended 30th June, 2007, QHA, a listed subsidiary of Sun Hung Kai since October, 2006, reported a total turnover of HK$460.9 million, an increase of 4.8%, compared to HK$439.6 million for the same period last year. Profit attributable to equity holders of QHA was HK$31.9 million, a marginal increase of 0.4%, compared to HK$31.8 million in the comparative period in the prior year.

Expenditure on planned network infrastructure expansion and upgrading together with increasing rental and wage costs has narrowed the operating margin resulting in a relatively small increase in net profit.

Further expansion of QHA's medical network was achieved in the reporting period including the addition of a new centre in the New Territories as well as extensive renovation and expansion of two prime integrated medical centres in Kowloon and one on the Hong Kong Island side. QHA has also expanded its affiliated network in Hong Kong and Macau in order to provide more extensive coverage for its clients. This initiative will be continued throughout the second half of 2007 and into 2008.

Employees

The total number of staff of the Group at 30th June, 2007 was 3,123 (at 31st December, 2006: 3,111). The Group reviews remuneration packages from time to time. Besides salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

BUSINESS OUTLOOK

The Group is optimistic in respect of economic growth of Mainland China and believes that the local economy is well positioned to benefit from the progressive liberalisation of Mainland China's economic policies. Whilst the Group continues to develop its core financial services and property investment and development businesses in Hong Kong and Mainland China, the Group will also seek investment opportunities throughout South East Asia and in other industries, where the Group believes it can add value.

However, the Group will remain vigilant in respect of challenges arising from any additional austerity measures to tighten the fast growing Mainland China economy and uncertainties regarding the US subprime mortgage problems that may produce volatility in the stock markets and affect the economy of Hong Kong.

The Board will strive to develop and improve the performance of the Group's underlying businesses for the benefit of all shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2007, the Company has applied the principles of, and complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 and C.3.3 of the CG Code stipulate that the terms of reference of the remuneration committee and audit committee respectively should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee (the "Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.3 except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to Directors and senior management under the code provision).

The terms of reference of the audit committee (the "Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 except that the Audit Committee (i) should recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the coordination 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 section "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31st December, 2006. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

The annual review of internal controls in respect of the code provision C.2.1 of the CG Code will be reported upon in forthcoming corporate governance report to be contained in the Company's annual report for the financial year ending 31st December, 2007.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30th June, 2007.

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, 2007. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, and on the interim results announcement of the listed associates, as well as obtaining reports from management. The Audit Committee has not undertaken detailed independent audit checks.

By Order of the Board
Allied Properties (H.K.) Limited
Arthur George Dew
Chairman

Hong Kong, 14th September, 2007

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Patrick Lee Seng Wei (Chief Executive) and Li Chi Kong being the Executive Directors, Messrs. Arthur George Dew (Chairman), Henry Lai Hin Wing and Steven Lee Siu Chung being the Non-Executive Directors and Messrs. John Douglas Mackie, Steven Samuel Zoellner and Alan Stephen Jones being the Independent Non-Executive Directors.