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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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

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, 2009 with the comparative figures for the corresponding period in 2008 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30th June, 2009

		Six months ended 30th June,	
		2009	2008
		Unaudited	Unaudited
	Notes	***HK$ Million***	*HK$ Million*
			(Restated)
Revenue	*3*	**2,170.9**	1,892.6
Other income		**15.4**	23.9
Total income		**2,186.3**	1,916.5
Cost of sales and other direct costs		**(310.8)**	(314.4)
Brokerage and commission expenses		**(94.9)**	(126.3)
Selling and marketing expenses		**(21.4)**	(30.4)
Administrative expenses		**(727.9)**	(640.2)
Discount on acquisition of additional interest in a subsidiary		**0.6**	19.8
Profit on deemed acquisition of additional interests in subsidiaries	*4*	**8.5**	–
(Loss) profit on deemed disposal of partial interest in a subsidiary	*5*	**(31.7)**	0.4
Loss on fair value change of warrants of a listed associate		**(0.3)**	(270.1)
Changes in values of properties	*6*	**382.0**	25.4
Bad and doubtful debts		**(264.4)**	(136.6)
Other operating expenses		**(150.5)**	(213.3)
Finance costs	*7*	**(49.8)**	(104.5)
Share of results of associates		**140.0**	358.5
Share of results of jointly controlled entities		**75.9**	71.3
Profit before taxation	*8*	**1,141.6**	556.1
Taxation	*9*	**(142.9)**	(42.2)
Profit for the period		**998.7**	513.9

CONDENSED CONSOLIDATED INCOME STATEMENT (Cont'd)

for the six months ended 30th June, 2009

	Notes	Six months ended 30th June, 2009 Unaudited HK$ Million	2008 Unaudited HK$ Million (Restated)
Attributable to :			
Owners of the Company		**750.9**	322.1
Minority interests		**247.8**	191.8
		998.7	513.9
Earnings per share:	*10*		
Basic		**13.17 HK cents**	5.70 HK cents
Diluted		**13.17 HK cents**	5.40 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30th June, 2009

	Six months ended 30th June,	
	2009	2008
	Unaudited	Unaudited
	HK$ Million	*HK$ Million*
Profit for the period	**998.7**	513.9
Other comprehensive income:		
Available-for-sale financial assets		
– Net fair value changes during the period	**24.3**	(524.4)
– Reclassification adjustment to profit or loss on disposal	**(2.8)**	–
– Deferred tax	**(0.3)**	0.6
	21.2	(523.8)
Property, plant and equipment		
– Deferred tax	**–**	0.7
Exchange differences arising on translation of foreign operations	**1.7**	12.3
Share of other comprehensive income of associates	**15.0**	117.5
Share of other comprehensive income of jointly controlled entities	**(0.8)**	(8.2)
Other comprehensive income (expenses) for the period, net of tax	**37.1**	(401.5)
Total comprehensive income for the period	**1,035.8**	112.4
Attributable to:		
Owners of the Company	**778.6**	55.8
Minority interests	**257.2**	56.6
	1,035.8	112.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30th June, 2009

	Notes	At 30th June, 2009 Unaudited HK$ Million	At 31st December, 2008 Audited HK$ Million
Non-current assets			
Investment properties		**3,562.1**	3,189.2
Property, plant and equipment		**313.5**	314.5
Prepaid land lease payments		**338.0**	341.2
Goodwill		**2,640.6**	2,642.4
Intangible assets		**1,761.6**	1,830.5
Interests in associates		**3,974.8**	3,839.5
Interests in jointly controlled entities		**1,063.7**	934.7
Available-for-sale financial assets		**267.9**	247.6
Statutory deposits		**18.8**	18.4
Loans and advances to consumer finance customers due after one year		**1,884.4**	1,743.5
Loans and receivables		**114.6**	164.2
Deferred tax assets		**98.5**	122.5
		16,038.5	15,388.2
Current assets			
Properties held for sale and other inventories		**410.9**	410.5
Financial assets at fair value through profit or loss		**430.5**	299.3
Prepaid land lease payments		**6.2**	6.0
Loans and advances to consumer finance customers due within one year		**2,331.0**	2,588.4
Trade and other receivables	*12*	**7,144.7**	4,623.4
Amounts due from associates		**99.9**	101.8
Amount due from a jointly controlled entity		**1.8**	3.4
Tax recoverable		**30.3**	32.8
Short-term pledged bank deposits		**115.5**	130.5
Cash and cash equivalents		**1,634.0**	2,036.3
		12,204.8	10,232.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2009

	Notes	At 30th June, 2009 Unaudited HK$ Million	At 31st December, 2008 Audited HK$ Million
Current liabilities			
Trade and other payables	*13*	**1,526.0**	1,634.7
Financial liabilities at fair value through profit or loss		**38.8**	37.3
Amount due to ultimate holding company		**11.2**	7.3
Amounts due to fellow subsidiaries		**1,636.3**	2,157.5
Amounts due to associates		**14.1**	13.8
Amounts due to jointly controlled entities		**29.3**	14.1
Tax payable		**119.0**	73.8
Bank and other borrowings due within one year		**3,416.2**	1,403.8
Provisions		**36.6**	62.7
Other liabilities due within one year		**–**	0.6
		6,827.5	5,405.6
Net current assets		**5,377.3**	4,826.8
Total assets less current liabilities		**21,415.8**	20,215.0
Capital and reserves			
Share capital		**1,217.8**	1,130.3
Share premium and reserves		**10,290.2**	9,161.7
Equity attributable to owners of the Company		**11,508.0**	10,292.0
Shares held for employee ownership scheme		**(27.6)**	(32.6)
Employee share-based compensation reserve		**8.4**	10.0
Minority interests		**6,441.8**	6,039.8
Total equity		**17,930.6**	16,309.2
Non-current liabilities			
Bank and other borrowings due after one year		**2,446.9**	2,479.3
Bonds		**500.0**	900.0
Deferred tax liabilities		**526.1**	501.8
Provisions		**12.2**	24.7
		3,485.2	3,905.8
		21,415.8	20,215.0

Notes :

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("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 value.

The accounting policies used in the 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, 2008.

In the current interim period, the Group has applied, for the first time, the following new or revised standards or amendments issued by HKICPA, which are or have become effective and are relevant to the operations of the Group.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 except for the amendments to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendments to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

In May 2009, the HKICPA issued Improvements to HKFRSs 2009 that include an amendment to the Appendix to HKAS 18 Revenue which provides additional guidance ("Additional Guidance") to determine whether an entity is acting as a principal or an agent.

The Additional Guidance includes, inter alia, features that indicate an entity is acting as a principal or as an agent. The Group has re-assessed its business arrangements based on the Additional Guidance and has applied the Additional Guidance retrospectively. As a result of the re-assessment, the Group has retrospectively changed the presentation of results of certain arrangements previously presented on a gross basis (that is, based on the gross amount billed to a customer) to the net basis (that is, based on the amount billed to the customer less the amount paid to the corresponding supplier) as it would result in a more appropriate presentation of the substance of those arrangements.

Accordingly, the following adjustments were made to the financial information for the six months ended 30th June, 2009 and 2008:

	Six months ended 30th June,	
	2009	2008
	HK$ Million	*HK$ Million*
Net decrease in revenue – Healthcare	**46.6**	53.2
Net decrease in costs of sales and other direct costs	**46.6**	53.2

Such change in presentation has had no impact to the profit for the period and earnings per share of the Group for the six months ended 30th June, 2009 and 2008 or the accumulated profits and other components of equity of the Group as at 1st January, 2009 and 2008.

Save as detailed above, the adoption of the new or revised standards or amendments 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.

Apart from the application of the Additional Guidance under the amendment to the Appendix to HKAS 18 Revenue which is included in Improvements to HKFRSs 2009 as detailed above, the Group has not early applied the following revised standard, amendments or interpretation that have been issued, but are not yet effective, and are relevant to the operations of the Group.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 except for an amendment to the Appendix to HKAS 18 Revenue and the amendments to paragraph 80 of HKAS 39[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Headed Items[1]
HKFRS 1 (Revised 2008)	First-time Adoption of HKFRS[1]
HKFRS 2 (Amendment)	Amendment to HKFRS 2 Group Cash-settled Shared-based Payment Transactions[4]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1st July, 2009.

2 Amendments that are effective for annual period beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.

3 Effective for transfer on or after 1st July, 2009.

4 Effective for annual periods beginning on or after 1st January, 2010.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The adoption of HKFRS 8 had no material effect on the presentation of segmental information.

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

	Six months ended 30th June, 2009					
	Investment, broking and finance *HK$ Million*	**Consumer finance** *HK$ Million*	**Healthcare** *HK$ Million*	**Property rental, hotel operations and management services** *HK$ Million*	**Sale of properties and property based investments** *HK$ Million*	**Total** *HK$ Million*
Revenue	**789.7**	**737.1**	**540.4**	**120.7**	**–**	**2,187.9**
Less : inter-segment revenue	**(13.7)**	**–**	**–**	**(3.3)**	**–**	**(17.0)**
	776.0	**737.1**	**540.4**	**117.4**	**–**	**2,170.9**
Segment results	**377.7**	**144.6**	**30.0**	**431.0**	**15.1**	**998.4**
Discount on acquisition of additional interest in a subsidiary						**0.6**
Profit on deemed acquisition of additional interests in subsidiaries						**8.5**
Loss on deemed disposal of partial interest in a subsidiary						**(31.7)**
Loss on fair value change of warrants of a listed associate						**(0.3)**
Finance costs						**(49.8)**
Share of results of associates						**140.0**
Share of results of jointly controlled entities	**0.3**	**–**	**–**	**75.6**	**–**	**75.9**
Profit before taxation						**1,141.6**
Taxation						**(142.9)**
Profit for the period						**998.7**

	Six months ended 30th June, 2008					
	Investment, broking and finance *HK$ Million* (Restated)	Consumer finance *HK$ Million*	Healthcare *HK$ Million* (Restated)	Property rental, hotel operations and management services *HK$ Million*	Sale of properties and property based investments *HK$ Million*	Total *HK$ Million* (Restated)
Revenue	650.7	640.8	468.1	113.8	34.2	1,907.6
Less : inter-segment revenue	(11.3)	–	–	(3.7)	–	(15.0)
	639.4	640.8	468.1	110.1	34.2	1,892.6
Segment results	219.5	139.3	25.3	83.4	13.2	480.7
Discount on acquisition of additional interest in a subsidiary						19.8
Profit on deemed disposal of partial interest in a subsidiary						0.4
Loss on fair value change of warrants of a listed associate						(270.1)
Finance costs						(104.5)
Share of results of associates						358.5
Share of results of jointly controlled entities	–	–	–	71.3	–	71.3
Profit before taxation						556.1
Taxation						(42.2)
Profit for the period						513.9

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

4. PROFIT ON DEEMED ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

Profit on deemed acquisition of additional interests in subsidiaries arose from the shares repurchased and cancelled by subsidiaries.

5. (LOSS) PROFIT ON DEEMED DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

(Loss) profit on deemed disposal of partial interest in a subsidiary arose from the conversion of shares by the external warrant holders of a subsidiary.

6. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June,	
	2009	2008
	HK$ Million	*HK$ Million*
Changes in values of properties comprise :		
Net increase in fair value of investment properties	**366.8**	17.2
Impairment loss reversed for properties held for sale	**17.6**	9.6
Impairment loss recognised for hotel property	**(2.4)**	(1.4)
	382.0	25.4

7. FINANCE COSTS

	Six months ended 30th June,	
	2009	2008
	HK$ Million	*HK$ Million*
Total finance costs included in:		
Cost of sales and other direct costs	**21.9**	29.6
Finance costs	**49.8**	104.5
	71.7	134.1

8. PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2009	2008
	HK$ Million	*HK$ Million*
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**104.6**	114.0
Amortisation of prepaid land lease payments	**3.0**	3.0
Depreciation	**29.0**	26.2
Impairment loss for intangible assets	**11.0**	56.0
Impairment loss for interests in associates	**2.6**	–
Net loss on disposal of property, plant and equipment	**2.1**	0.4
Net unrealised loss on Lehman Brothers Minibonds (included in revenue)	**42.7**	–
Net realised and unrealised loss on unlisted investment funds (included in revenue)	**–**	64.2
Net unrealised loss on financial assets at fair value through profit or loss – derivatives (included in revenue)	**–**	25.8
Net unrealised loss on financial assets at fair value through profit or loss – securities (included in revenue)	**–**	96.2
and after crediting:		
Dividend income from listed equity securities	**3.0**	22.6
Dividend income from unlisted equity securities	**3.6**	3.8
Discount on acquisition of additional interest in an associate (included in share of results of associates)	**–**	1.4
Interest income (included in revenue)	**894.5**	868.1
Net profit on dealing in leveraged foreign currencies (included in revenue)	**1.4**	1.2
Net profit on other dealing activities (included in revenue)	**3.1**	7.0
Net realised and unrealised profit on unlisted investment funds (included in revenue)	**1.3**	–
Net realised profit on disposal of available-for-sale financial assets	**4.7**	–
Net realised profit on financial assets at fair value through profit or loss – derivatives (included in revenue)	**12.1**	59.2
Net realised profit on financial assets at fair value through profit or loss – securities (included in revenue)	**74.6**	21.7
Net unrealised profit on financial asssets at fair value through profit or loss – derivatives (included in revenue)	**23.7**	–
Net unrealised profit on financial assets at fair value through profit or loss – securities (included in revenue)	**77.5**	–
Profit on disposal of properties held for sale	**–**	5.1

9. TAXATION

	Six months ended 30th June, 2009 HK$ Million	2008 HK$ Million
The income tax charge (credit) comprises :		
Current tax:		
Hong Kong	**91.9**	103.5
Other jurisdictions	**2.9**	0.5
	94.8	104.0
Underprovision in prior years	**0.2**	3.8
	95.0	107.8
Deferred tax:		
Current period	**47.9**	(34.9)
Change of tax rate	**–**	(30.7)
	47.9	(65.6)
	142.9	42.2

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

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

10. EARNINGS PER SHARE

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

	Six months ended 30th June, 2009 HK$ Million	2008 HK$ Million
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**750.9**	322.1
	Million Shares	*Million Shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,703.3**	5,649.0
Effect of dilutive potential ordinary shares arising from warrants	**–**	316.1
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,703.3**	5,965.1

11. DIVIDEND

The Board does not recommend the declaration of an interim dividend (2008: Nil).

The Company did not pay any dividend during the current and prior period.

12. TRADE AND OTHER RECEIVABLES

The aging analysis of the trade receivables and term loans that were past due at the end of the reporting period but not impaired is as follows:

	At 30th June, 2009 *HK$ Million*	At 31st December, 2008 *HK$ Million*
Less than 31 days	**95.5**	236.7
31 to 180 days	**41.6**	55.4
181 to 365 days	**277.8**	25.4
Over 365 days	**12.7**	11.7
	427.6	329.2
Trade and other receivables that were not past due nor impaired	**6,717.1**	4,294.2
	7,144.7	4,623.4

13. TRADE AND OTHER PAYABLES

The aging analysis of the trade payables is as follows:

	At 30th June, 2009 *HK$ Million*	At 31st December, 2008 *HK$ Million*
Less than 31 days	**865.7**	1,119.4
31 to 180 days	**29.2**	18.8
181 to 365 days	**5.3**	3.2
Over 365 days	**7.6**	7.0
	907.8	1,148.4
Other payables	**618.2**	486.3
	1,526.0	1,634.7

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2009 (2008: 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 14.7 % to HK$2,170.9 million (2008: HK$1,892.6 million). The increase in revenue was mainly due to the increase in turnover from the Group's investment, broking and finance business due to an improving financial market during the period, and the increased revenue from the consumer finance and healthcare segments.

The profit attributable to the owners of the Company for the period was approximately HK$750.9 million (2008: HK$322.1 million), an increase of HK$428.8 million. Earnings per share amounted to HK13.17 cents (2008: HK5.70 cents)

The increase in profit was primarily due to:–

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

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

– profits, both realised and unrealised, arising from investments in securities due to an improving global financial market.

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, 43,739,691 warrants were converted into 437,396,910 ordinary shares at a subscription price of HK$1.00 per share. The remaining 35,593,638 warrants which have not been exercised expired on 5th June, 2009.

At 30th June, 2009, the Group's net borrowings amounted to HK$6,249.9 million (at 31st December, 2008: HK$4,773.8 million), representing bank and other borrowings, amounts due to fellow subsidiaries and bonds held by a fellow subsidiary totalling HK$7,999.4 million (at 31st December, 2008: HK$6,940.6 million) less bank deposits, bank balances, treasury bills and cash of HK$1,749.5 million (at 31st December, 2008: HK$2,166.8 million) and the Group had equity attributable to owners of the Company of HK$11,508.0 million (at 31st December, 2008: HK$10,292.0 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to owners of the Company was 54.3% (at 31st December, 2008: 46.4%).

	At 30th June, 2009 HK$ Million	At 31st December, 2008 HK$ Million
Bank borrowings of the Group are repayable as follows:		
On demand or within one year	**3,286.6**	1,305.3
More than one year but not exceeding two years	**2,018.1**	238.0
More than two years but not exceeding five years	**418.6**	2,194.1
More than five years	**–**	39.3
	5,723.3	3,776.7
Other borrowings are repayable as follows:		
On demand or within one year	**129.6**	98.5
More than two years but not exceeding five years	**10.2**	7.9
Amount due to fellow subsidiaries	**1,636.3**	2,157.5
Bonds held by a fellow subsidiary repayable within five years	**500.0**	900.0
	7,999.4	6,940.6

At 30th June, 2009, the current ratio (current assets/current liabilities) of the Group was 1.8 times (at 31st December, 2008: 1.9 times).

The amount due to a fellow subsidiary and the bonds held by a fellow subsidiary and most of the bank borrowings of the Group are charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profiles.

Acquisition and 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

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

Contingent Liabilities

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

	At 30th June, 2009 *HK$ Million*	At 31st December, 2008 *HK$ Million*
Indemnities on banking guarantees made available to a clearing house and regulatory body	**4.5**	4.5
Other guarantees	**3.0**	3.0
	7.5	7.5

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

(i) On 29th February, 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited ("GBA"), LPI and Walton Enterprises Limited ("Walton") ("2008 Writ") in the High Court of Hong Kong against SHKS ("HCA 317/2008"). In the 2008 Writ, (a) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, for an alleged collateral warranty, and for alleged negligent and/or reckless and/or fraudulent misrepresentation; (b) LPI claims against SHKS damages for alleged breaches of a contract dated 12th October, 2001; and (c) Walton claims against SHKS for the sum of US$3 million under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and Walton also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the Court may think fit. The 2008 Writ was served on SHKS on 29th May, 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JV or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JV or any transaction related thereto. While a provision has been made for legal costs, Sun Hung Kai does not consider it presently appropriate to make any other provision with respect to HCA 317/2008.

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

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

Material Litigation Update

(a) On 25th February, 2009, the Market Misconduct Tribunal ("MMT") made findings and orders following the conduct of proceedings relating to dealings in May and June 2003 in the securities of QPL International Holdings Limited. The MMT's determinations of misconduct against two employees of Sun Hung Kai resulted also in adverse determinations against Sun Hung Kai's indirect wholly-owned subsidiaries, Sun Hung Kai Investment Services Limited ("SHKIS") and Cheeroll Limited ("Cheeroll") (now known as Sun Hung Kai Strategic Capital Limited). The MMT ordered that the companies not again perpetrate any form of market misconduct, that they pay the Government's and the Securities and Futures Commission ("SFC")'s costs, and recommended that the SFC take disciplinary action against SHKIS. SHKIS and Cheeroll are presently appealing aspects of the MMT's findings and orders.

(b) On 14th October, 2008, a writ of summons was issued by SHKIS in the High Court of Hong Kong against Quality Prince Limited, Allglobe Holdings Limited, the Personal Representative of the Estate of Lam Sai Wing, Chan Yam Fai Jane ("Ms. Chan") and Ng Yee Mei ("Ms. Ng"), seeking recovery of (a) the sum of HK$50,932,876.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Having sold collateral for the partial recovery of amounts owing, SHKIS filed a Statement of Claim in the High Court of Hong Kong on 24th October, 2008 claiming (a) the sum of HK$36,030,376.64;

(b) interest; (c) legal costs; and (d) further and/or other relief. Summary judgment against all the defendants was granted by Master C Chan on 25th May, 2009, but judgment with respect to Ms. Chan and Ms. Ng only was overturned on appeal by the judgment of Suffiad J dated 7th August, 2009. SHKIS has sought leave to appeal that judgment to the Court of Appeal.

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

Pledge of Assets

At 30th June, 2009, 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$4,350.0 million (at 31st December, 2008: HK$3,977.5 million), bank deposit of HK$114.0 million (at 31st December, 2008: HK$129.0 million), listed investments belonging to the Group with fair values of HK$2,128.3 million* (at 31st December, 2008: HK$1,033.0 million) and listed investments belonging to margin clients with fair values of HK$937.2 million** (at 31st December, 2008: HK$684.1 million) together with certain securities in respect of a listed subsidiary with a carrying value of HK$1,443.2 million (at 31st December, 2008: HK$1,463.4 million) were pledged to secure loans and general banking facilities to the extent of HK$3,618.2 million (at 31st December, 2008: HK$3,602.1 million) granted to the Group. Facilities amounting to HK$1,930.3 million (at 31st December, 2008: HK$1,964.1 million) were utilised at 30th June, 2009.

At 30th June, 2009, bank deposits of HK$1.5 million (at 31st December, 2008: HK$1.5 million) were pledged to secure a bank guarantee facility amounting to HK$2.0 million granted to third parties (at 31st December, 2008: HK$2.0 million).

* *Mainly representing a portion of shares in a listed associate owned by the Group with a carrying value of HK$3,790.0 million (at 31st December, 2008: HK$3,551.7 million).*

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

OPERATIONAL REVIEW

Properties

Hong Kong

Notwithstanding the impact of the economic downturn, the Group has maintained positive results in terms of rental income in the first six months of 2009 which reported a slight increase from that of 2008. In particular, as a result of marketing efforts, St. George Apartments and China Online Centre reported higher rental income. The performance of Ibis North Point hotel and Century Court serviced apartments was affected by the reduction of tourists and business travellers due to the spread of swine flu and slowdown of the global economy.

The local property market values have reversed since the trough in 2008. The net gain in the value of the group's property portfolio was HK$382 million during the period.

Allied Kajima Limited ("Allied Kajima"), 50% indirectly owned by the Group and holding properties including Allied Kajima Building, Novotel Century Hong Kong hotel and Sofitel Philippine Plaza Hotel, experienced a decreased in profit contribution from Novotel Century Hong Kong hotel due to the adverse environment in the hotel industry. Allied Kajima reported a profit slightly higher than that of 2008, mainly benefitting from the fair value gain of its investment properties.

Notwithstanding volatility in the current local property market, the Group is hopeful that demand from corporate tenants will remain solid. The rental rates of luxury residential properties, which showed a decreasing trend in the first six months of 2009, may stabilise in the second half. The hotel industry will need time to improve its performance, pending a confirmed recovery of the global economy.

Mainland PRC

Profit attributable to owners of Tian An was HK$365.5 million, a 62% decrease from the corresponding period. However, if the profit derived from the change in fair value of liabilities in respect of warrants issued by Tian An of HK$757.1 million which was recognised in 2008 is deducted, the profit attributable to owners of Tian An would have increased by around 80%.

As part of its economic stimulus measures, the Mainland government has requested major banks to increase lending to all sectors of the economy, which resulted in improved sentiment in the property market. Tian An's management believes that the sustainability of this process is difficult to gauge and will therefore continue to reduce its existing inventories and non-core projects. Tian An remains confident regarding the long-term prospects of the property market in China, and will continue to position the company to take advantage of opportunities as they arise.

Financial Services

Broking and finance

Sun Hung Kai, the Group's broking and finance arm, recorded a profit attributable to its owners of HK$507.2 million (2008: HK$462.3 million).

Celebrating its 40th Anniversary in Hong Kong, Sun Hung Kai undertook a series of strategic corporate initiatives during the first half of 2009, aimed at capitalising on the improving market environment. A high-profile anniversary advertising campaign and customer promotion, targeted at both new and existing customers, achieved strong results. Sun Hung Kai officially launched its flagship SHK wealth management centre in Causeway Bay, which will form a foundation for the further expansion of the Group's wealth management platform in Hong Kong.

Notably, Sun Hung Kai's voluntary repurchase of Lehman Brothers minibond holdings from its eligible primary and secondary market customers was also completed during the first half of 2009. Sun Hung Kai believes that its repurchase generated significant goodwill among both customers and the wider Hong Kong community in the wake of the Lehman Brothers collapse in September last year.

The wealth management & brokerage division posted a solid performance during the first half, with demand for financial products and services increasing in line with the recovery in investor confidence. The division's customer recruitment initiatives remained on course, with approximately 4,000 new customer accounts opened during the period under review.

Increasing market activity during the second quarter saw Sun Hung Kai's securities broking and third party execution businesses post improved results following a relatively quiet first three months. Pleasingly, Sun Hung Kai's securities turnover, new accounts opened and client assets under custody approximately returned to last year's pre-crisis levels.

Fund raising activities both in initial public offerings and secondary share placements also recovered moderately. Sun Hung Kai remained an active participant in these segments of the market, acting in more than 30 placements or sub-underwriting transactions for clients.

The margin finance business remained stable on the back of improving market sentiment, particularly during the second quarter of the year. As at 30th June, 2009, its margin loan book stood at HK$2,897.8 million, a slight increase when compared with HK$2,803.6 million at 30th June, 2008.

During the period under review, Sun Hung Kai's futures, foreign exchange and commodities platforms achieved strong results despite challenging market conditions. Sun Hung Kai's foreign exchange trading volume more than doubled during the period under review, with its commodities and index futures volumes also growing.

After a difficult 2008, the performance of the asset management division steadied during the first half of 2009, as the broader alternative investment sector rallied. Assets under management held directly and through associates remained stable for the six months ended 30th June, 2009. The asset management division will seek to further extend its hedge fund platform to investors seeking to capitalise on Asia's growth.

In line with a strategy to scale back exposure to corporate loans, the corporate finance division adopted a conservative approach to its structured finance business during the first half of 2009, reducing its loan book to HK$616 million.

Consumer finance

With unemployment in Hong Kong reaching 5.4% in June 2009 and bankruptcy petitions rising 73% when compared with the same period last year, United Asia Finance Limited ("UAF"), a leading company in the consumer finance sector, has prudently accounted for higher impairment allowances on loans and advances to its customers. However, the negative impact from these higher impairment charges was mitigated to a certain extent by double-digit growth in interest income, spurred by higher turnover in the loan business. At a Group level, contributions from the consumer finance division improved as a result of a decrease in impairment provisions for intangible assets.

During the period, UAF added one more branch in Hong Kong and two in Shenzhen, broadening its network to 42 branches in Hong Kong and 14 in Shenzhen. Management will continue to strengthen UAF's presence in China by expanding its network coverage, with a focus on identifying new opportunities to develop a consumer finance business in key cities across China.

Operating conditions for UAF are expected to remain challenging for some time. Accordingly, UAF will maintain a cautious approach to its business to ensure loan delinquencies are minimised, while seeking to position itself for the eventual market recovery.

Investments

Quality HealthCare Asia Limited ("QHA")

For the six months ended 30th June, 2009, profit attributable to owners of QHA was HK$32.5 million, an increase of 11.0%, compared to HK$29.3 million for the corresponding period in the prior year.

The first six months of 2009 has been challenging with the Hong Kong economy still heavily under the influence of the global financial crisis. QHA prepared itself for volatility in the market as its corporate clients continued to take various measures to cut costs and reduce staff headcounts. During this period, QHA achieved a growth of 30.8% in turnover for in-patient services and 24.0% growth for third party administration services when compared to the same period of last year. For out-patient services provided to cash and fee-for-service clients of its medical division, the average revenue per visit grew by 4.3% and attendance grew by 15.5%.

With the acquisition of the GHC network at end of year 2008 and the opening of new medical centres, QHA's core medical network has grown to 60 centres. QHA will continue to expand its network through organic growth, partnership and acquisition opportunities. Besides focusing on the growth in the local market, QHA is also actively looking for appropriate platforms to develop a presence in China.

In March 2009, QHA established another cosmetic skin centre within one of its medical centres on the Kowloon side, making four such centres within its network. Having observed a continual market demand for reliable and professional medical cosmetic services, QHA is actively studying the opportunities to expand its presence in this market.

Employees

The total number of staff of the Group at 30th June, 2009 was 4,011 (at 31st December, 2008: 3,966). 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 Hong Kong economy suffered from the negative effects of the slowdown of the world economy and the fear of the spread of swine flu especially during the early part of the period under review. However, recently there have been signs of a recovering U.S. economy while the Mainland government has significantly relaxed its monetary policy in order to sustain economic growth.

Market sentiment has improved but it is difficult to determine if this is sustainable. We are cautiously optimistic about the economic prospects, but Hong Kong's economy should benefit from the Mainland's supportive policies and growth prospects.

The Group will observe closely any changes in the economic situation and the Mainland's macro policies, particularly those related to the financial market and monetary supply. The Board's policy has been to concentrate on building its core businesses where it believes it can add value and will continue to prudently implement its stated strategies for the benefit of the Group and all its shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2009, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

Code Provisions B.1.3 and C.3.3

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

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

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

The reasons for the above deviations were set out in the Corporate Governance Report contained in the Company's Annual Report for the financial year ended 31st December, 2008. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30th June, 2009. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, and on the interim results announcements of the listed associates, as well as reports obtained from management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF 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, 2009.

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

Hong Kong, 7th September, 2009

As at the date of this announcement, the Board 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.