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ALLIED PROPERTIES (H.K.) LIMITED
（聯合地產（香港）有限公司）

(Incorporated in Hong Kong with limited liability)

(Stock code: 56)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2011

The board of directors ("Board") of Allied Properties (H.K.) Limited ("Company") announces that the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31st December, 2011 are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Notes	**2011** **HK$ Million**	2010 *HK$ Million* (Restated)
Continuing operations			
Revenue	*(3)*	**4,047.9**	3,493.6
Other income		**57.9**	86.0
Total income		**4,105.8**	3,579.6
Cost of sales and other direct costs		**(228.8)**	(221.5)
Brokerage and commission expenses		**(214.4)**	(219.2)
Selling and marketing expenses		**(103.7)**	(77.1)
Administrative expenses		**(1,254.0)**	(1,016.6)
Changes in values of properties	*(5)*	**912.7**	871.3
Net (loss) gain on financial instruments	*(6)*	**(147.0)**	128.2
Net exchange gain or loss		**(45.2)**	0.3
Bad and doubtful debts		**(169.3)**	(109.8)
Other operating expenses		**(281.4)**	(289.1)
Finance costs	*(7)*	**(77.7)**	(72.1)
Share of results of associates		**337.1**	612.4
Share of results of jointly controlled entities		**166.7**	135.9
Profit before taxation	*(8)*	**3,000.8**	3,322.3
Taxation	*(9)*	**(398.0)**	(312.7)
Profit for the year from continuing operations		**2,602.8**	3,009.6
Discontinued operations			
(Loss) profit for the year from discontinued operations	*(10)*	**(1.5)**	1,102.2
Profit for the year		**2,601.3**	4,111.8

CONSOLIDATED INCOME STATEMENT (Cont'd)
FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Notes	2011 HK$ Million	2010 HK$ Million
Attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**1,889.3**	2,266.8
(Loss) profit for the year from discontinued operations		**(1.0)**	736.3
		1,888.3	3,003.1
Non-controlling interests			
Profit for the year from continuing operations		**713.5**	742.8
(Loss) profit for the year from discontinued operations		**(0.5)**	365.9
		713.0	1,108.7
		2,601.3	4,111.8
Earnings per share	*(11)*		
From continuing and discontinued operations			
Basic		**HK26.26 cents**	HK45.11 cents
Diluted		**HK26.26 cents**	HK45.11 cents
From continuing operations			
Basic		**HK26.27 cents**	HK33.84 cents
Diluted		**HK26.27 cents**	HK33.84 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	HK$ Million	*HK$ Million*
Profit for the year	**2,601.3**	4,111.8
Other comprehensive income:		
Available-for-sale financial assets		
– Net fair value changes during the year	**(19.2)**	12.2
– Reclassification adjustment to profit or loss on disposal	**(4.3)**	(2.1)
	(23.5)	10.1
Reclassification adjustment to profit or loss on disposal/ liquidation of subsidiaries	**–**	(38.0)
Reclassification adjustment to profit or loss on liquidation of a jointly controlled entity	**(0.3)**	–
Revaluation gain on properties transferred from property, plant and equipment to investment properties	**146.0**	137.5
Deferred tax arising from revaluation gain on properties transferred from property, plant and equipment to investment properties	**(24.0)**	(22.2)
Exchange differences arising on translation of foreign operations	**111.3**	76.2
Share of other comprehensive income of associates	**250.8**	142.9
Share of other comprehensive income of jointly controlled entities	**0.1**	3.7
Other comprehensive income for the year, net of tax	**460.4**	310.2
Total comprehensive income for the year	**3,061.7**	4,422.0
Attributable to:		
Owners of the Company	**2,243.7**	3,214.8
Non-controlling interests	**818.0**	1,207.2
	3,061.7	4,422.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2011

	Notes	**2011** **HK$ Million**	2010 HK$ Million
Non-current assets			
Investment properties		**6,192.2**	5,156.4
Property, plant and equipment		**594.8**	627.9
Prepaid land lease payments		**10.0**	10.0
Goodwill		**2,490.3**	2,490.3
Intangible assets		**1,027.2**	1,190.4
Interests in associates		**6,226.2**	5,274.9
Interests in jointly controlled entities		**1,387.9**	1,221.6
Available-for-sale financial assets		**316.2**	292.1
Statutory deposits		**26.9**	50.8
Amounts due from associates		**51.3**	56.1
Loans and advances to consumer finance customers due after one year		**2,972.6**	2,291.9
Prepaid deposits for acquisition of property, plant and equipment and other receivables		**36.5**	33.4
Deferred tax assets		**92.7**	94.1
Financial assets at fair value through profit or loss		**642.1**	–
		22,066.9	18,789.9
Current assets			
Properties held for sale and other inventories		**441.8**	412.8
Financial assets at fair value through profit or loss		**547.1**	720.7
Prepaid land lease payments		**0.4**	0.4
Loans and advances to consumer finance customers due within one year		**4,583.5**	3,172.6
Trade and other receivables	*(13)*	**6,397.4**	6,737.3
Amounts due from associates		**373.6**	58.5
Amounts due from jointly controlled entities		**8.6**	7.7
Tax recoverable		**17.1**	1.5
Short-term pledged bank deposits		**96.5**	99.5
Cash, deposits and cash equivalents		**3,903.2**	4,255.0
		16,369.2	15,466.0
Current liabilities			
Trade and other payables	*(14)*	**1,104.6**	1,460.9
Financial liabilities at fair value through profit or loss		**15.0**	6.3
Amount due to a holding company		**3.9**	24.9
Amounts due to fellow subsidiaries		**1,255.3**	757.1
Amounts due to associates		**32.7**	14.1
Amounts due to jointly controlled entities		**50.1**	0.1
Tax payable		**102.0**	106.7
Bank and other borrowings due within one year		**3,098.3**	2,874.8
Mandatory convertible notes		**–**	32.6
Provisions		**48.0**	74.7
		5,709.9	5,352.2
Net current assets		**10,659.3**	10,113.8
Total assets less current liabilities		**32,726.2**	28,903.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AT 31ST DECEMBER, 2011

	Notes	2011 HK$ Million	2010 HK$ Million
Capital and reserves			
Share capital		**1,473.2**	1,390.6
Share premium and reserves	(15)	**18,166.9**	15,968.9
Equity attributable to owners of the Company		**19,640.1**	17,359.5
Equity elements of mandatory convertible notes and warrants		**57.6**	1,616.5
Shares held for employee ownership scheme		**(19.6)**	(23.7)
Employee share-based compensation reserve		**9.4**	10.6
Share of net assets of subsidiaries		**8,330.4**	6,033.6
Non-controlling interests		**8,377.8**	7,637.0
Total equity		**28,017.9**	24,996.5
Non-current liabilities			
Bank and other borrowings due after one year		**3,405.4**	2,690.4
Bonds		**555.8**	500.0
Amount due to an associate		**–**	47.1
Mandatory convertible notes		**–**	45.9
Deferred tax liabilities		**732.4**	610.9
Provisions		**14.7**	12.9
		4,708.3	3,907.2
		32,726.2	28,903.7

Notes:

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

In the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards and amendments that have been issued but are not yet effective, and are relevant to the operations of the Group.

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income [1]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets [2]
HKAS 27 (2011)	Separate Financial Statements [3]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [3]
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities [4]
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities [3]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures [5]
HKFRS 9	Financial Instruments [5]
HKFRS 10	Consolidated Financial Statements [3]
HKFRS 11	Joint Arrangements [3]
HKFRS 12	Disclosure of Interests in Other Entities [3]
HKFRS 13	Fair Value Measurement [3]

1 Effective for annual periods beginning on or after 1st July, 2012
2 Effective for annual periods beginning on or after 1st January, 2012
3 Effective for annual periods beginning on or after 1st January, 2013
4 Effective for annual periods beginning on or after 1st January, 2014
5 Effective for annual periods beginning on or after 1st January, 2015

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1st July, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The Group anticipates that the application of the amendments to HKAS 12 may affect the measurement of the Group's deferred taxation. The management is still in the process of assessing the impact of the amendments.

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, an entity may make an irrevocable election to present changes in fair value of equity investments in other comprehensive income, with only dividend income recognised in profit or loss. The applicable of HKFRS 9 might affect the measurement of the Group's financial assets. The management is still in the process of assessing the impact of adoption of HKFRS 9.

In June 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK(SIC)-Int12 "Consolidation – Special Purpose Entities" has been withdrawn upon the issuance of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC)-Int 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" has been withdrawn upon the issuance of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12.

These five standards are effective for annual periods beginning on or after 1st January, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2013. The application of these five standards may have impact on amounts reported in the consolidated financial statements. However, the Directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those required in the current standards.

HKFRS 13 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The Directors anticipate that the application of the other new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

(2) RESTATEMENT OF COMPARATIVES

In prior years, the net gain or loss on financial instruments ("Net Gain or Loss") were classified under revenue. The net exchange gain and net exchange loss were classified under other income and other operating expenses respectively. In the current year, the Directors have determined that the Net Gain or Loss and the net exchange gain and loss are classified as two separate items in the consolidated income statement. Accordingly, the comparatives of the consolidated income statement are restated: – Net Profit or Loss of HK$128.2 million and net exchange gain of HK$0.3 million were reclassified out of revenue and other income respectively.

(3) REVENUE

	2011 ***HK$ Million***	2010 *HK$ Million* (Restated)
Revenue comprises:		
Continuing operations		
Interest income on loans and advances to consumer finance customers	**2,057.1**	1,645.0
Interest income received from banks, term loans, margin loans and others	**740.1**	521.3
Securities broking	**333.1**	486.4
Income from corporate finance and others	**327.2**	242.6
Property rental, hotel operations and management services	**303.7**	291.0
Net trading profit from forex, bullion, commodities and futures	**174.0**	196.0
Elderly care services	**98.5**	100.9
Dividend income	**14.2**	10.4
	4,047.9	3,493.6
Discontinued operations		
Subsidiaries engaged in medical, nursing agency, physiotherapy, dental and other services ("Discontinued Medical Service Business")	**–**	967.4
	4,047.9	4,461.0

(4) SEGMENTAL INFORMATION

The operating business organised and managed in each segment represents a strategic business unit that offers different products and services for the purpose of resource allocation and assessment of segment performance.

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

	2011					
	Investment, broking and finance *HK$ Million*	**Consumer finance** *HK$ Million*	**Elderly care services** *HK$ Million*	**Property rental, hotel operations and management services** *HK$ Million*	**Sale of properties and property based investments** *HK$ Million*	**Total** *HK$ Million*
Segment revenue	**1,550.7**	**2,084.3**	**133.5**	**298.9**	**–**	**4,067.4**
Less: inter-segment revenue	**(8.1)**	**–**	**–**	**(11.4)**	**–**	**(19.5)**
Segment revenue from external customers from continuing operations	**1,542.6**	**2,084.3**	**133.5**	**287.5**	**–**	**4,047.9**
Segment results	**761.0**	**879.1**	**14.5**	**885.0**	**35.1**	**2,574.7**
Finance costs						**(77.7)**
Share of results of associates						**337.1**
Share of results of jointly controlled entities	**6.2**	**–**	**–**	**160.5**	**–**	**166.7**
Profit before taxation						**3,000.8**
Taxation						**(398.0)**
Profit for the year from continuing operations						**2,602.8**

	2010					
	Investment, broking and finance *HK$ Million* (Restated)	Consumer finance *HK$ Million*	Elderly care services *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)
Segment revenue	1,452.8	1,659.5	107.0	297.0	–	3,516.3
Less: inter-segment revenue	(9.5)	–	–	(13.2)	–	(22.7)
Segment revenue from external customers from continuing operations	1,443.3	1,659.5	107.0	283.8	–	3,493.6
Segment results	820.3	776.6	12.5	969.6	67.1	2,646.1
Finance costs						(72.1)
Share of results of associates						612.4
Share of results of jointly controlled entities	5.0	–	–	130.9	–	135.9
Profit before taxation						3,322.3
Taxation						(312.7)
Profit for the year from continuing operations						3,009.6

The geographical information of revenue is disclosed as follows:

	2011 **HK$ Million**	2010 *HK$ Million* (Restated)
Revenue from external customers by location of operations		
Hong Kong	**3,498.2**	3,247.2
PRC and others	**549.7**	246.4
	4,047.9	3,493.6

(5) CHANGES IN VALUES OF PROPERTIES

	2011 *HK$ Million*	2010 *HK$ Million*
Continuing operations		
Changes in values of properties comprise:		
Net increase in fair value of investment properties	**889.0**	794.9
Impairment loss reversed for properties held for sale	**27.7**	70.7
Impairment loss (recognised) reversed for hotel property	**(4.0)**	5.7
	912.7	871.3

The recognition and reversal of impairment losses was based on the lower of cost and value in use for hotel property and, the lower of cost and net realisable value for properties held for sale. The value in use and net realisable values were determined with reference to the respective fair values of the properties based on independent professional valuations at 31st December, 2011.

(6) NET (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	2011 *HK$ Million*	2010 *HK$ Million*
Continuing operations		
Net realised and unrealised profit on derivatives	**62.0**	80.6
Net profit on dealing in leveraged foreign currencies	**–**	0.5
Net profit on other dealing activities	**3.0**	4.4
Net realised and unrealised (loss) profit on trading in equity securities	**(127.8)**	31.6
Net realised and unrealised (loss) profit on financial assets designated as at fair value through profit or loss	**(84.2)**	11.1
	(147.0)	128.2

(7) FINANCE COSTS

	2011 *HK$ Million*	2010 *HK$ Million*
Continuing operations		
Total finance costs included in:		
Cost of sales and other direct costs	**101.0**	52.0
Finance costs	**77.7**	72.1
	178.7	124.1

(8) PROFIT BEFORE TAXATION

	2011	2010
	HK$ Million	*HK$ Million*
Profit before taxation from continuing operations has been arrived at after charging:		
Depreciation	**60.8**	50.6
Amortisation of intangible assets		
Computer software (included in administrative expenses)	**24.5**	11.4
Other intangible assets (included in other operating expenses)	**174.4**	174.7
Amortisation of prepaid land lease payments	**0.4**	0.4
Net loss on disposal of property, plant and equipment and intangible assets	**4.2**	3.6
and after crediting:		
Dividend income from listed equity securities	**6.0**	6.6
Dividend income from unlisted equity securities	**8.2**	3.8
Net realised profit on disposal of a subsidiary (included in other income)	**–**	29.3
Net realised profit on disposal of an associate (included in other income)	**13.4**	–
Net realised profit on disposal of available-for-sale financial assets (included in other income)	**5.2**	2.1
Net realised profit on liquidation of subsidiaries (included in other income)	**–**	3.7
Profit on disposal of investment properties (included in other income)	**20.8**	9.4

(9) TAXATION

	2011	2010
	HK$ Million	*HK$ Million*
The income tax charged (credited) from continuing operations comprises:		
Current tax		
Hong Kong	**232.5**	238.3
Other jurisdictions	**53.1**	27.9
	285.6	266.2
Under (over) provision in prior years		
Hong Kong	**13.4**	(9.4)
Other jurisdictions	**(0.5)**	0.5
	12.9	(8.9)
Deferred tax		
Current year	**99.5**	62.6
Over-provision in prior years	**–**	(7.2)
	99.5	55.4
	398.0	312.7

Hong Kong Profits Tax is calculated at the rate of 16.5% of the estimated assessable profit for both years.

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

(10) DISCONTINUED OPERATIONS

On 8th October, 2010, Allied Overseas Limited ("AOL"), an indirect non wholly-owned subsidiary of the Company, and Cautious Base Limited ("Holdco"), a direct wholly-owned subsidiary of AOL, entered into a share sale agreement ("Share Sale Agreement") with Altai Investments Limited and RHC Holding Private Limited (collectively "Purchaser") and had agreed to sell 100% of the issued share capital of the companies ("Disposal Group") engaging in Discontinued Medical Service Business to the Purchaser.

According to the Share Sale Agreement, AOL and Holdco have agreed to sell 100% of the issued share capital of the Disposal Group companies to the Purchaser for the consideration of transaction, payable on the closing date for an amount in cash equal to aggregate sum of (i) HK$1,521 million; (ii) the base working capital (i.e. HK$20 million) and (iii) the estimated working capital adjustment (i.e. a deduction of HK$559,000 from the base working capital), subject to the working capital adjustment. Further details are set out in the AOL's circular dated 2nd November, 2010. The disposal of the Disposal Group was completed on 30th November, 2010 and the Group recognised a gain on disposal of approximately HK$1,093.9 million for the year ended 31st December, 2010.

On 13th July, 2011, the closing statement in relation to Share Sale Agreement ("Closing Statement") was issued and the working capital of the Disposal Group at closing date was agreed to be approximately HK$35,832,000. Pursuant to the working capital confirmed in the Closing Statement, consideration receivable was adjusted to approximately HK$16,391,000 and was received by the Group during the year 2011. The loss for the year from discontinued operations of approximately HK$1.5 million represents adjustments to the gain on disposal of the Disposal Group upon finalisation of the working capital adjustment.

(Loss) profit for the year from discontinued operations is analysed as follows:

	2011 ***HK$ Million***	2010 *HK$ Million*
Profit of Discontinued Medical Service Business	**–**	31.1
Expenses incurred on the disposal of Disposal Group	**–**	(22.8)
(Loss) gain on disposal of Disposal Group	**(1.5)**	1,093.9
(Loss) profit for the year from discontinued operations	**(1.5)**	1,102.2
Attributable to:		
Owners of the Company	**(1.0)**	736.3
Non-controlling interests	**(0.5)**	365.9
	(1.5)	1,102.2

An analysis of the results of the Discontinued Medical Service Business for the year ended 31st December, 2010 is as follows:

	2010 *HK$ Million*
Revenue	967.4
Other income	13.7
Total income	981.1
Cost of sales	(419.9)
Administrative expenses	(504.6)
Bad and doubtful debts	0.2
Other operating expenses	(21.7)
Profit before taxation	35.1
Taxation	(4.0)
Profit for the year	31.1

Profit for the year ended 31st December, 2010 from discontinued operations include the following:

Amortisation of intangible assets	15.3
Depreciation	17.9

(11) 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:

	2011 ***HK$ Million***	2010 *HK$ Million*
Earnings		
Profit attributable to owners of the Company	**1,888.3**	3,003.1
Adjustments to profit in respect of mandatory convertible notes of a subsidiary	**(62.1)**	(56.6)
Earnings for the purpose of basic and diluted earnings per share	**1,826.2**	2,946.5
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	**6,955.4**	6,531.6

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:

	2011	2010
	HK$ Million	*HK$ Million*
Earnings		
Profit attributable to owners of the Company	**1,889.3**	2,266.8
Adjustments to profit in respect of mandatory convertible notes of a subsidiary	**(62.1)**	(56.6)
Earnings for the purpose of basic and diluted earnings per share	**1,827.2**	2,210.2
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	**6,955.4**	6,531.6

From discontinued operations

Basic loss per share from the discontinued operations is HK0.01 cents per share (2010: earnings per share of HK11.27 cents) is calculated based on the loss attributable to owners of the Company from the discontinued operations of HK$1.0 million (2010: profit of HK$736.3 million) and the weighted average number of 6,955.4 million (2010: 6,531.6 million) shares in issue during the year. Diluted (loss) earnings per share from discontinued operations for both years were the same as the basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding.

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 2011.

(12) DIVIDEND

	2011	2010
	HK$ Million	*HK$ Million*
Dividend attributable to the year		
Proposed final dividend of HK1.5 cents per share (2010: HK3 cents per share)	**107.6**	208.6
Dividend recognised as distribution during the year		
2010 final dividend of HK3 cents per share (2010: 2009 final dividend of HK1.5 cents per share)	**208.6**	91.3

A final dividend of HK1.5 cents (2010: HK3 cents) per share has been recommended by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

The amount of the proposed final dividend for the year ended 31st December, 2011 has been calculated by reference to 7,174,455,180 shares in issue at 29th March, 2012.

(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:

	2011	2010
	HK$ Million	*HK$ Million*
Less than 31 days	**769.9**	1,128.4
31 to 60 days	**7.2**	17.6
61 to 90 days	**96.7**	5.8
Over 90 days	**35.5**	143.9
	909.3	1,295.7
Trade and other receivables without aging	**5,488.1**	5,441.6
	6,397.4	6,737.3

(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:

	2011	2010
	HK$ Million	*HK$ Million*
Less than 31 days	**781.9**	1,149.3
31 to 60 days	**11.2**	14.9
61 to 90 days	**7.2**	7.6
Over 90 days	**27.9**	22.0
	828.2	1,193.8
Accrued staff costs, other accrued expenses and other payables without aging	**276.4**	267.1
	1,104.6	1,460.9

(15) SHARE PREMIUM AND RESERVES

	2011	2010
	HK$ Million	*HK$ Million*
Share premium	**2,670.8**	2,353.0
Property revaluation reserve	**209.4**	129.2
Investment revaluation reserve	**300.7**	327.5
Capital redemption reserve	**72.2**	72.2
Translation reserve	**613.7**	328.0
Capital reserve	**1.4**	(11.3)
Accumulated profits	**14,191.1**	12,561.7
Dividend reserve	**107.6**	208.6
	18,166.9	15,968.9

DIVIDEND

The Board has recommended a final dividend of HK1.5 cents per share for the year ended 31st December, 2011 (2010: HK3 cents per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 15th June, 2012.

It should be noted that the Company undertook share repurchases for cancellation in January 2012 at an aggregate consideration of approximately HK$220 million. Accordingly both net asset value per share and earnings per share have been enhanced. The Board will give consideration to further repurchases of shares for cancellation when opportunities arise.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANT HOLDERS

(1) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2012 AGM")

The 2012 AGM is scheduled to be held on Thursday, 31st May, 2012. For determining the entitlement to attend and vote at the 2012 AGM, the register of members and the register of warrant holders of the Company will be closed from Tuesday, 29th May, 2012 to Thursday, 31st May, 2012 (both days inclusive), during which period no transfer of shares and warrants of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at the 2012 AGM, all transfer forms accompanied by the relevant share certificates or in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and exercise money, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 28th May, 2012.

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

The proposed final dividend is subject to the approval by the Shareholders at the 2012 AGM. For determining the entitlement to the proposed final dividend for the year ended 31st December, 2011, the register of members and the register of warrant holders of the Company will be closed from Wednesday, 13th June, 2012 to Friday, 15th June, 2012 (both days inclusive), during which period no transfer of shares and warrants of the Company will be registered. In order for a Shareholder to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates or in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and exercise money, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12th June, 2012. Subject to approval by the Shareholders at the 2012 AGM, dividend warrants are expected to be despatched to the Shareholders by post on or around Tuesday, 17th July, 2012.

FINANCIAL REVIEW

Financial Results

The revenue of the Group for 2011 from continuing operations was HK$4,047.9 million, an increase of HK$554.3 million when compared with the year 2010. The increase in revenue mainly resulted from the increased revenue of the consumer finance business.

The profit attributable to the owners of the Company (including continuing and discontinued operations) was HK$1,888.3 million, as compared to HK$3,003.1 million in 2010. The earnings per share (including continuing and discontinued operations) amounted to HK26.26 cents (2010: HK45.11 cents).

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

1. Lack of exceptional items for both Allied Overseas Limited ("AOL") and Tian An China Investments Company Limited ("Tian An"), which contributed significantly to the 2010 results;

2. Slower disposals of non-core assets at Tian An; and

3. Lower contributions from Sun Hung Kai & Co. Limited ("Sun Hung Kai").

Material Acquisitions and Disposals

On 14th September, 2011, China Elite Holdings Limited, a wholly-owned subsidiary of the Company, made a voluntary conditional partial share exchange offer ("Partial Share Exchange Offer") to acquire from the independent shareholders of Tian An for 103,180,000 shares of Tian An, representing approximately 6.85% of the existing issued share capital of Tian An. The Partial Share Exchange Offer was completed on 23rd December, 2011. Upon completion, the Group's beneficial interest in Tian An increased to approximately 46.85%. A total number of 412,720,000 shares were issued and allotted as consideration to the independent Tian An shareholders who accepted the Partial Share Exchange Offer.

Details regarding the Partial Share Exchange Offer are contained in the joint announcement dated 14th September, 2011 jointly issued by the Company, Allied Group Limited and Tian An and the joint announcement dated 23rd December, 2011 and composite offer document dated 18th November, 2011 jointly issued by the Company and Tian An.

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

Financial Resources, Liquidity and Capital Structure

At the end of the reporting period, the current ratio (current assets/current liabilities) of the Group was 2.9 times, which was same as the 2.9 times applicable at the end of the preceding year.

During the year, United Asia Finance Limited ("UAF"), the consumer finance subsidiary of Sun Hung Kai issued Renminbi denominated bonds to third parties with maturity period of 3-year and carrying value of HK$555.8 million at the end of the reporting period. At the end of the reporting period, the Group's net borrowings amounted to HK$4,315.1 million (2010: HK$2,546.3 million), representing bank and other borrowings, amounts due to fellow subsidiaries, financial liabilities portion of mandatory convertible notes ("MCN") being the accrued effective interest and bonds totalling HK$8,314.8 million (2010: HK$6,900.8 million) less bank deposits, bank balances, treasury bills and cash of HK$3,999.7 million (2010: HK$4,354.5 million) and the Group had equity attributable to owners of the Company of HK$19,640.1 million (2010: HK$17,359.5 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to owners of the Company was 22.0% (2010: 14.7%).

A bonus issue of warrants on the basis of one warrant for every five shares held was proposed by the Board on 7th April, 2011. 1,390,623,317 warrants were issued on 13th June, 2011. The warrant holders are entitled to subscribe in cash for one fully paid share at an initial subscription price of HK$2.00 per share, subject to adjustments, at any time from 13th June, 2011 to 13th June, 2016 (both days inclusive).

During the year ended 31st December, 2011, 1,783 warrants were converted into 1,783 ordinary shares at a subscription price of HK$2.00 per share. Accordingly 1,390,621,534 warrants were outstanding at 31st December, 2011. Exercise in full of the outstanding warrants would result in the issue of 1,390,621,534 additional shares with an aggregate subscription value of approximately HK$2,781.2 million.

During the year, a total number of 412,720,000 shares were issued and allotted as consideration to the independent Tian An shareholders who accepted the Partial Share Exchange Offer. Immediately upon the completion of the Partial Share Exchange Offer, the number of issued shares increased to 7,365,838,368 shares.

Subsequent to the year end, the Company has repurchased 191,383,428 own shares at an aggregate consideration of approximately HK$220 million and 240 warrants were converted into 240 shares and accordingly the total number of issued shares decreased to 7,174,455,180 shares.

	2011 *HK$ Million*	2010 *HK$ Million*
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	**2,128.1**	1,625.4
More than one year but not exceeding two years	**2,474.9**	522.6
More than two years but not exceeding five years	**930.5**	2,167.8
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	**588.6**	851.3
More than one year but not exceeding two years	**35.2**	41.8
More than two years but not exceeding five years	**314.7**	180.5
	6,472.0	5,389.4
Other borrowings repayable on demand or within one year	**8.6**	8.3
Other borrowings with a repayment on demand clause are repayable as follows:		
Within one year	**23.1**	143.9
More than one year but not exceeding two years	**–**	23.6
Amounts due to fellow subsidiaries	**1,255.3**	757.1
Bonds held by a fellow subsidiary repayable within five years	**–**	500.0
Renminbi denominated bonds repayable within five years	**555.8**	–
	1,842.8	1,432.9
	8,314.8	6,822.3

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.

Financial liabilities portion of MCN being the accrued effective interest at the end of the reporting period:

	2011 *HK$ Million*	2010 *HK$ Million*
Current portion	**–**	32.6
Non-current portion	**–**	45.9
	–	78.5

Other than the MCN and Renminbi denominated bonds, most of the bank and other borrowings of the Group, the amount due to a fellow subsidiary and the bonds held by a fellow subsidiary are charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profile.

Risk of Foreign Exchange Fluctuation

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

Contingent Liabilities

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

	2011	2010
	HK$ Million	*HK$ Million*
Guarantees for banking facilities granted to a jointly controlled entity	**5.8**	1,661.0
Indemnities on banking guarantees made available to a clearing house and regulatory body	**4.5**	4.5
Other guarantees	**3.0**	3.0
	13.3	1,668.5

(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") (now known as Sun Hung Kai Financial Limited), a wholly-owned subsidiary of Sun Hung Kai, was required to pay US$3 million to Chang Zhou Power Development Company Limited ("JV"), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JV to Sun Hung Kai's then listed associate, Tian An, in 1998 and disposed of any and all interest it might hold in the registered capital of the JV ("Interest") to Long Prosperity Industrial Limited ("LPI") in October 2001. Subsequent to those disposals, SHKS' registered interest in the JV in the amount of US$3 million was frozen further to the 2001 Order. SHKS is party to the following litigation relating to the JV:

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

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

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

(c) Walton claims against SHKS for the sum of US$3 million under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and Walton also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the court may think fit.

The 2008 Writ was served on SHKS on 29th May, 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI (being the nominee of GBA) waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JV or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JV or any transaction related thereto. On 24th February, 2010 the Court of Appeal struck out the claims of GBA and LPI, and awarded costs of the appeal and the strike out application as against GBA and LPI to SHKS. Subsequently, GBA, LPI and Walton sought to amend their claims which was opposed by SHKS and is pending a determination by the court. 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 the Intermediate People's Court of Wuhan City, Hubei Province ("IPC") (湖北省武漢市中級人民法院) [(2008) 武民商外初字第8號] ("Mainland Proceedings"), 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. Judgement was awarded by the IPC in favour of Tian An and SHKS on 16th July, 2009 which judgement was being appealed against by Ms. Cheung. On 24th November, 2010, the Higher People's Court of Hubei Province (湖北省高級人民法院) ordered that the case be remitted back to the IPC for retrial. The IPC subsequently ordered upon Ms. Cheung's unilateral application that the liquidator of Changjiang Power Development (H.K.) Co. Ltd. be joined as a third party to the PRC proceedings. The substantive retrial hearing will take place on a date to be decided. 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.

(c) On 8th October, 2010, AOL, an indirect non wholly-owned subsidiary of the Company, and a direct wholly-owned subsidiary of AOL entered into a share sale agreement ("Share Sale Agreement") with the purchasers ("Purchaser") and had agreed to sell 100% of the issued share capital of its certain subsidiary companies ("Disposal Group") to the Purchaser. Pursuant to the Share Sale Agreement, pending the release of any securities, guarantees or indemnities given by or binding upon AOL in respect of any liability of the Disposal Group, the Purchaser shall indemnify AOL against all amounts paid by them after completion pursuant to any such securities, guarantees and indemnities. The following guarantees and performance bonds had not been released as at 31st December, 2010:

Corporate guarantees were given by AOL to certain banks in connection with banking facilities granted to the Disposal Group with an aggregate amount of HK$20.0 million at 31st December, 2010. As at 31st December, 2010, the banking facilities granted to the Disposal Group subject to the corporate guarantees given to the banks by AOL were utilised to the extent of approximately HK$4.9 million for the issuance of bank guarantees and performance bonds by a bank.

At 31st December, 2010, AOL had an outstanding guarantee in favour of a third party in connection with a medical contract entered into by a company within the Disposal Group. The annual value of this medical contract amounts to approximately HK$42.2 million in 2010.

These guarantees and performance bonds have all been released during the year ended 31st December, 2011.

(d) Pursuant to the Share Sale Agreement, AOL has given certain warranties and indemnities to the Purchaser which the Purchaser may rely on for any breaches. AOL has signed a tax deed to indemnify the Purchaser for tax liabilities of the Disposal Group prior to the completion of the disposal which had not been provided for in the closing account of the Disposal Group as at 30th November, 2010. The period for claims under the tax deed is seven years from completion. In respect of most other claims against other general customary warranties and indemnities in the Share Sale Agreement, the period for such claim is within twelve months from completion; that period expired as at 31st December, 2011.

Material Litigation Update

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

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

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties, hotel property, land and buildings and properties held for sale with an aggregate carrying value of HK$6,564.1 million (2010: HK$5,751.8 million), bank deposit of HK$92.0 million (2010: HK$98.0 million), listed investments belonging to the Group with fair values of HK$125.9 million (2010: HK$1.4 million) and listed investments belonging to margin clients with fair values of HK$1,554.2 million* (2010: HK$1,941.5 million) together with certain securities in respect of a listed subsidiary with a carrying value of HK$1,524.0 million (2010: HK$1,506.5 million), were pledged to secure loans and general banking facilities to the extent of HK$3,940.9 million (2010: HK$3,438.4 million) granted to the Group. Facilities amounting to HK$2,041.0 million (2010: HK$2,141.2 million) were utilised at the end of the reporting period.

At the end of the reporting period, bank deposits of HK$4.5 million (2010: HK$1.5 million) were pledged to secure a guarantee facilities issued to third parties by a bank to extent of HK$2.0 million (2010: HK$2.0 million) and a letter of credit to extent of HK$3.0 million (2010: Nil).

At 31st December, 2010, the share of a subsidiary was also pledged for the bonds issued by the Group and held by a fellow subsidiary.

* *Based on the terms of its margin loan agreements, SHKIS is able to repledge clients' securities for margin financing arrangements with other financial institutions as provided by the Securities and Future Ordinance. Securities belonging to clients are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited. The fair value of the listed securities at 31st December, 2011 was HK$12,622.5 million (2010: HK$19,601.5 million). The collateral held can be sold at SHKIS's discretion to settle any outstanding amounts owed by the margin clients. Margin clients receivables are repayable on demand and bear interest at commercial rates.*

Event after the Reporting Period

On 16th March, 2012, Attractive Gain Limited ("Attractive Gain"), a wholly-owned subsidiary of AOL entered into an agreement ("Agreement") with Action Best Limited, a wholly-owned subsidiary of COL Limited. Pursuant to the Agreement, Attractive Gain had conditionally agreed to purchase the 8% guaranteed convertible notes due 2016 in a principal amount of A$21 million issued by FKP Limited, a company incorporated in Australia and whose shares are listed on the Australian Securities Exchange ("FKP Note") at a total consideration of A$18.9 million together with interest accrued on the FKP Note from the last interest payment date until completion ("Acquisition").

Further details of the Acquisition are set out in the announcement of AOL dated 16th March, 2012.

OPERATIONAL REVIEW

Properties

Hong Kong

- The Group's rental income from its Hong Kong property portfolio remained steady.

- The Group's Ibis North Point, a 275-room budget hotel, enjoyed a record year in revenue and profit.

- The net gain in value of the Group's property portfolio, including investment properties owned by Sun Hung Kai, was HK$912.7 million for the full year, as compared to HK$871.3 million in 2010.

- Allied Kajima Limited ("Allied Kajima"), 50% indirectly owned by the Group and holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel ("Novotel Century") and Sofitel Philippine Plaza Hotel ("SPPH"), contributed a profit increase of 22% compared to 2010. While Allied Kajima reported a higher revaluation gain of its investment properties and a record performance by Novotel Century, the results of SPPH were affected by a powerful typhoon in September 2011, which led to the evacuation of existing hotel guests and caused flooding to the lower ground floor of the hotel and damaging some food and beverage outlets and other facilities.

Mainland PRC

- The profit attributable to owners of Tian An was HK$868.9 million (2010: HK$1,432.5 million), a decrease of 39% over 2010.

- Although the mainland property market remained weak, Tian An enjoyed increased contributions from its cyberpark units. Its southern cyberparks have been progressing well. The projects in Shenzhen, Panyu, Longgang and Foshan all performed in line with Tian An's expectations. As far as its eastern and northern cyberparks are concerned, Tian An expects completion of construction works for its Nanjing Tian An Cyber Park (Phase 1) and Changzhou Tian An Cyber Park (Phase 1 Parts 3 & 4) in 2012. Construction works for Wuxi Tian An Intelligent Park, Nantong Tian An Cyberpark, Jiangyin Tian An Cyber Park, Chongqing Tian An Cyber Park and Tianjin Tian An Cyber Park (in Xiqing District) have commenced and are progressing as planned.

- Tian An has also taken advantage of the central and local governments' in mainland China push for urban renewal to launch its first such project in Huawei New City Area, Longgang district, Shenzhen. This 50/50 joint venture will be a 2.8 million m^2 business, commercial, and residential development close to the centre of Shenzhen. Phase 1 of about 400,000 m^2 will commence in the second quarter of 2012.

- The spin-off of the cement division previously announced by Tian An and the separate listing on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") under Allied Cement Holdings Limited (stock code: 1312) was accomplished on 18th January, 2012, raising gross proceeds of HK$165 million. Tian An believes that the listing of the division as a separate unit will better reflect its value.

Financial Services

Broking and finance

- Sun Hung Kai, the Group's broking and finance arm, recorded a profit attributable to its owners of HK$1,032.4 million (2010: HK$1,087.0 million).

- Sun Hung Kai's balanced and diversified mix of businesses and clientele enabled it to deal with the volatility of the global market and deliver a commendable set of results in 2011.

- The Wealth Management and Brokerage operation in 2011 performed above expectations. The growth in the margin lending business offset a drop in commission income. Sun Hung Kai has also invested in infrastructure and product platforms including SHK Private and SHK Master Choice Discretionary Portfolio Management Services serving high net worth customers, and "SHKF eMo!", an award winning mobile platform for clients who prefer to invest on a self-directed basis.

- The Capital Markets division continued to produce good results in 2011. The division made significant progress in tapping the small and medium corporate segments in Hong Kong and mainland China, despite a more subdued fund raising environment in the market.

- Sun Hung Kai has also strengthened its senior management team and collected several awards, including the Sing Tao Excellent Services Brand Award 2011 – Securities Firm, Capital Magazine's The 12th CAPITAL Outstanding Enterprise Award and CAPITAL Merits of Achievements in Banking and Finance.

Consumer Finance

- UAF performed well in 2011 as it benefited from the strong growth in its China loans business and healthy growth of local Hong Kong business due to increased consumption spending and lower unemployment.

- The loan balance at year end increased significantly by 34% to approximately HK$7.9 billion. This was driven by a 24% increase in Hong Kong and a doubling of the loan balance in mainland China.

- The size of UAF's mainland China branch network has surpassed that of Hong Kong. Total branch network stood at 99 outlets at the end of 2011, consisting of 54 in mainland China and 45 in Hong Kong.

- The mortgage business, under the "SHK Finance" brand, performed above expectations taking advantage of increased demand in a tightened mortgage lending environment available from banks.

- In 2012, UAF will continue to expand its mainland China business by increasing its network coverage in existing cities and provinces in which it now operates and will also continue to apply for new lending licences in cities and provinces where it believes there are significant growth prospects. In Hong Kong, UAF will continue to launch more loan programmes and advertising campaigns in order to maintain its loan growth momentum.

- Included in the results for the year was an amortisation charge in respect of intangible assets in the amount of HK$174 million incurred from Sun Hung Kai's acquisition of its interest in UAF in 2006. At the end of 2011, the balance of this amortisable intangible asset was reduced to HK$39 million. Accordingly, it will be a much reduced cost item to the Group after 2011.

Investments

AOL

- The profit for the year from continuing operations attributable to the owners of AOL increased from HK$12.7 million in 2010 to HK$14.7 million in 2011, an increase of 16%.

- AOL's existing businesses include the business of elderly homes and a new medical and aesthetic equipment business.

- The proposed acquisition of approximately 27.71% equity interest in APAC Resources Limited lapsed as one of the conditions precedent was not fulfilled by the long stop date.

- AOL currently has a significant amount of cash and liquid assets including listed bonds and will seek investment opportunities with significant prospects as opportunities are identified.

Employees

The total number of staff of the Group as at 31st December, 2011 was 4,726 (2010: 4,009). Total staff costs (including continuing operations and discontinued operations), including Directors' emoluments, amounted to HK$756.5 million (2010: HK$983.7 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

BUSINESS OUTLOOK

The world economy continues to remain uncertain. The economic recovery of the United States remains slow and the Euro Zone debt problems are still a looming threat to economic stability. The Group will closely monitor market fluctuations and risk management so as to minimise any adverse impact on the Group's financial services businesses.

In both Hong Kong and mainland China, various measures to control the residential property prices are still in effect, but the Group remains confident of the longer term prospects for the property markets in both Hong Kong and on the mainland.

The Board 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 year ended 31st December, 2011, 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 Rules Governing the Listing of Securities on the Stock Exchange (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 are set out in the Corporate Governance Report to be contained in the Company's Annual Report for the financial year ended 31st December, 2011 ("2011 Annual Report"). The Board has reviewed the terms during the year under review and considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

Further information on the Company's corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company's 2011 Annual Report which will be sent to the Shareholders by the end of April 2012.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2011.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2011 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31st December, 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The Stock Exchange has amended the Listing Rules relating to, amongst other things, the articles of association or equivalent constitutional documents of listed issuers. Some of the amendments to the Listing Rules came into or will come into effect on 1st January, 2012 and 1st April, 2012. Accordingly, the Directors propose to seek the approval of Shareholders by way of special resolutions ("Special Resolutions") at the 2012 AGM to amend the existing articles of association of the Company ("Proposed Amendments") and to adopt a new set of memorandum and articles of association of the Company which consolidates the Proposed Amendments and all previous amendments made pursuant to resolutions passed by Shareholders at general meetings. Full text of the Special Resolutions will be contained in the notice of the 2012 AGM. A circular containing, inter alia, the notice of the 2012 AGM, will be despatched to Shareholders in due course.

APPRECIATION

The Board would like to thank all the staff for their effort and contribution in 2011, and would like to express appreciation to the Shareholders for their continued support.

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

Hong Kong, 29th March, 2012

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.