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, 2012

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, 2012 with the comparative figures for the corresponding period in 2011 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30th June, 2012

		Six months ended 30th June,	
		2012	2011
		Unaudited	Unaudited
	Notes	***HK$ Million***	*HK$ Million*
			(Restated)
Continuing operations			
Revenue	*4*	**2,013.6**	1,960.7
Other income		**96.8**	30.9
Total income		**2,110.4**	1,991.6
Cost of sales and other direct costs		**(102.2)**	(113.3)
Brokerage and commission expenses		**(88.9)**	(104.8)
Selling and marketing expenses		**(53.4)**	(32.7)
Administrative expenses		**(688.8)**	(607.9)
Changes in values of properties	*5*	**336.1**	665.0
Net profit (loss) on financial instruments	*6*	**76.4**	(39.0)
Net exchange gain or loss		**10.6**	(0.5)
Bad and doubtful debts	*7*	**(230.2)**	(41.1)
Other operating expenses		**(62.9)**	(148.2)
Finance costs	*8*	**(41.6)**	(30.7)
Share of results of associates		**95.1**	190.2
Share of results of jointly controlled entities		**111.7**	141.3
Profit before taxation	*9*	**1,472.3**	1,869.9
Taxation	*10*	**(137.6)**	(159.2)
Profit for the period from continuing operations		**1,334.7**	1,710.7
Discontinued operations			
Loss for the period from discontinued operations	*11*	**–**	(1.5)
Profit for the period		**1,334.7**	1,709.2

CONDENSED CONSOLIDATED INCOME STATEMENT (Cont'd)
for the six months ended 30th June, 2012

		Six months ended 30th June,	
		2012	2011
		Unaudited	Unaudited
	Notes	***HK$ Million***	*HK$ Million*
			(Restated)
Attributable to:			
Owners of the Company			
Profit for the period from continuing operations		**891.3**	1,316.5
Loss for the period from discontinued operations		**–**	(1.0)
		891.3	1,315.5
Non-controlling interests			
Profit for the period from continuing operations		**443.4**	394.2
Loss for the period from discontinued operations		**–**	(0.5)
		443.4	393.7
		1,334.7	1,709.2
Earnings per share:	*12*		
From continuing and discontinued operations			
Basic		**12.62 HK cents**	17.98 HK cents
Diluted		**12.62 HK cents**	17.98 HK cents
From continuing operations			
Basic		**12.62 HK cents**	17.99 HK cents
Diluted		**12.62 HK cents**	17.99 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30th June, 2012

	Six months ended 30th June, 2012 Unaudited *HK$ Million*	2011 Unaudited *HK$ Million* (Restated)
Profit for the period	**1,334.7**	1,709.2
Other comprehensive income (expense):		
Available-for-sale financial assets		
– Net fair value changes during the period	**(7.9)**	4.6
– Reclassification adjustment to profit or loss on disposal	**(43.6)**	(1.5)
	(51.5)	3.1
Exchange differences arising on translation of foreign operations	**(33.8)**	47.1
Reclassification adjustment to profit or loss on liquidation of a jointly controlled entity	**–**	(0.2)
Revaluation gain on properties transferred from property, plant and equipment to investment properties	**–**	146.0
Deferred tax arising on revaluation gain on properties transferred from property, plant and equipment to investment properties	**–**	(0.1)
Share of other comprehensive (expense) income of associates	**(19.7)**	117.1
Share of other comprehensive income of jointly controlled entities	**1.1**	0.7
Other comprehensive (expense) income for the period, net of tax	**(103.9)**	313.7
Total comprehensive income for the period	**1,230.8**	2,022.9
Attributable to:		
Owners of the Company	**834.6**	1,547.2
Non-controlling interests	**396.2**	475.7
	1,230.8	2,022.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30th June, 2012

	Notes	At 30th June, 2012 Unaudited HK$ Million	At 31st December, 2011 Audited HK$ Million (Restated)
Non-current assets			
Investment properties		**6,562.2**	6,192.2
Property, plant and equipment		**624.6**	594.8
Prepaid land lease payments		**9.8**	10.0
Goodwill		**2,490.3**	2,490.3
Intangible assets		**1,016.6**	1,027.2
Interests in associates		**5,957.1**	5,903.2
Interests in jointly controlled entities		**1,622.4**	1,509.8
Available-for-sale financial assets		**157.4**	316.2
Statutory deposits		**22.4**	26.9
Amounts due from associates		**268.1**	51.3
Loans and advances to consumer finance customers due after one year	*14*	**3,038.0**	2,972.6
Prepaid deposits for acquisition of property, plant and equipment and other receivables		**32.6**	36.5
Deferred tax assets		**100.6**	92.7
Financial assets at fair value through profit or loss		**823.5**	642.1
		22,725.6	21,865.8
Current assets			
Properties held for sale and other inventories		**402.8**	441.8
Financial assets at fair value through profit or loss		**471.8**	547.1
Prepaid land lease payments		**0.4**	0.4
Loans and advances to consumer finance customers due within one year	*14*	**4,549.0**	4,583.5
Trade and other receivables	*15*	**5,406.3**	6,397.4
Amounts due from associates		**46.5**	373.6
Amounts due from jointly controlled entities		**2.8**	8.6
Tax recoverable		**20.2**	17.1
Short-term pledged bank deposits		**87.2**	96.5
Cash, deposits and cash equivalents		**4,890.9**	3,903.2
		15,877.9	16,369.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2012

	Notes	At 30th June, 2012 Unaudited HK$ Million	At 31st December, 2011 Audited HK$ Million (Restated)
Current liabilities			
Trade and other payables	16	**926.8**	1,104.6
Financial liabilities at fair value through profit or loss		**39.2**	15.0
Amount due to a holding company		**4.9**	3.9
Amounts due to fellow subsidiaries		**500.0**	1,255.3
Amounts due to associates		**32.6**	32.7
Amounts due to jointly controlled entities		**50.1**	50.1
Tax payable		**141.5**	102.0
Bank and other borrowings due within one year		**5,527.2**	3,098.3
Provisions		**32.5**	48.0
Dividend payable		**102.0**	–
		7,356.8	5,709.9
Net current assets		**8,521.1**	10,659.3
Total assets less current liabilities		**31,246.7**	32,525.1
Capital and reserves			
Share capital		**1,360.8**	1,473.2
Share premium and reserves		**18,585.6**	18,317.1
Equity attributable to owners of the Company		**19,946.4**	19,790.3
Equity elements of mandatory convertible notes and warrants		**57.6**	57.6
Shares held for employee ownership scheme		**(17.8)**	(19.6)
Employee share-based compensation reserve		**5.9**	9.4
Share of net assets of subsidiaries		**8,980.0**	8,356.4
Non-controlling interests		**9,025.7**	8,403.8
Total equity		**28,972.1**	28,194.1
Non-current liabilities			
Financial liabilities at fair value through profit or loss		**1.3**	–
Bonds		**527.8**	555.8
Bank and other borrowings due after one year		**1,361.1**	3,405.4
Deferred tax liabilities		**369.7**	355.1
Provisions		**14.7**	14.7
		2,274.6	4,331.0
		31,246.7	32,525.1

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 on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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.

Certain amendments to Standards are mandatorily effective for the Group's financial year beginning on 1st January, 2012. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2011.

HKAS 12 (Amendments) Deferred Tax: Recovery of Underlying Assets

Under the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", 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 measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

The Group has adopted this amendment retrospectively and the effects of adoption are disclosed as follows:

	Six months ended 30th June,	
	2012	2011
	Unaudited	Unaudited
	HK$ Million	*HK$ Million*
Condensed consolidated income statement		
Decrease in share of results of associates	**(42.5)**	(42.6)
Increase in share of results of jointly controlled entities	**14.8**	18.0
Decrease in taxation	**35.6**	67.4
Increase in profit for the period from continuing operations	**7.9**	42.8
Increase in profit for the period from continuing operations attributable to owners of the Company	**7.4**	34.0
Increase in profit for the period from continuing operations attributable to non-controlling interests	**0.5**	8.8

	Six months ended 30th June, 2012 Unaudited *HK$ Million*	2011 Unaudited *HK$ Million*
Condensed consolidated statement of comprehensive income		
Increase (decrease) in exchange differences arising on translation of foreign operations	**0.1**	(0.4)
Increase in deferred tax arising on revaluation gain on properties transferred from property, plant and equipment to investment properties	**–**	24.0
Decrease in share of other comprehensive income of associates	**–**	(6.3)
Net increase in other comprehensive income for the period	**0.1**	17.3
Increase in total comprehensive income for the period	**8.0**	60.1
Increase in total comprehensive income attributable to owners of the Company	**7.5**	44.8
Increase in total comprehensive income attributable to non-controlling interests	**0.5**	15.3

	As previously reported *HK$ Million*	**Adjustments** *HK$ Million*	**As restated** *HK$ Million*
Condensed consolidated income statement for the period ended 30th June, 2011			
Share of results of associates	232.8	(42.6)	190.2
Share of results of jointly controlled entities	123.3	18.0	141.3
Taxation	(226.6)	67.4	(159.2)
Profit for the period from continuing operations	1,667.9	42.8	1,710.7
Profit for the period from continuing operations attributable to owners of the Company	1,282.5	34.0	1,316.5
Profit for the period from continuing operations attributable to non-controlling interests	385.4	8.8	394.2
Condensed consolidated statement of comprehensive income for the period ended 30th June, 2011			
Exchange differences arising on translation of foreign operations	47.5	(0.4)	47.1
Deferred tax arising on revaluation gain on properties transferred from property, plant and equipment to investment properties	(24.1)	24.0	(0.1)
Share of other comprehensive income of associates	123.4	(6.3)	117.1
Other comprehensive income for the period	296.4	17.3	313.7
Total comprehensive income for the period	1,962.8	60.1	2,022.9
Total comprehensive income attributable to owners of the Company	1,502.4	44.8	1,547.2
Total comprehensive income attributable to non-controlling interests	460.4	15.3	475.7

	As previously reported *HK$ Million*	Adjustments *HK$ Million*	As restated *HK$ Million*
Condensed consolidated statement of financial position as at 1st January, 2011			
Interests in associates	5,274.9	(260.1)	5,014.8
Interests in jointly controlled entities	1,221.6	98.3	1,319.9
Deferred tax liabilities	610.9	(253.3)	357.6
Property revaluation reserve	129.2	21.8	151.0
Translation reserve	328.0	(6.2)	321.8
Accumulated profits	12,561.7	74.0	12,635.7
Non-controlling interests – share of net assets of subsidiaries	6,033.6	1.9	6,035.5
Condensed consolidated statement of financial position as at 31st December, 2011			
Interests in associates	6,226.2	(323.0)	5,903.2
Interests in jointly controlled entities	1,387.9	121.9	1,509.8
Deferred tax liabilities	732.4	(377.3)	355.1
Property revaluation reserve	209.4	34.6	244.0
Translation reserve	613.7	(20.6)	593.1
Accumulated profits	14,191.1	136.2	14,327.3
Non-controlling interests – share of net assets of subsidiaries	8,330.4	26.0	8,356.4

Impact on basic and diluted earnings per share

	Six months ended 30th June,	
	2012	2011
	Unaudited	Unaudited
	HK cents	*HK cents*
Basic earnings per share from continuing operations before adjustments	**12.52**	17.49
Adjustments arising on the application of the amendments to HKAS 12	**0.10**	0.49
Reported basic earnings per share from continuing operations	**12.62**	17.98
Diluted earnings per share from continuing operations before adjustments	**12.52**	17.49
Adjustments arising on the application of the amendments to HKAS 12	**0.10**	0.49
Reported diluted earnings per share from continuing operations	**12.62**	17.98

Except as described above, the application of other amendments to Hong Kong Financial Reporting Standards in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

3. RESTATEMENT OF COMPARATIVES

In addition to the restatements arising from the change of accounting policy as stated in note 2 above, the Group has made the following reclassification of comparatives in its condensed consolidated financial statements.

In 2011 interim period, the net profit ("Net Profit") and net loss ("Net Loss") on financial assets and liabilities at fair value through profit or loss were classified under other income and other operating expenses respectively. Net exchange gain or loss was classified under other income or other operating expenses. In preparing the consolidated financial statements for the year ended 31st December, 2011, Net Profit and Net Loss were netted against each other and presented as a separate item in the consolidated income statement. Net exchange gain or loss was also presented as a separate item in the consolidated income statement. Accordingly, the comparatives of the condensed consolidated income statement in respect of the period ended 30th June, 2011 have been restated: – Net Profit and exchange gain in a sum of HK$10.9 million and Net Loss of HK$50.4 million were reclassified out of other income and other operating expenses respectively.

4. SEGMENTAL INFORMATION

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

	Six months ended 30th June, 2012					
	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	583.5	1,213.1	77.5	148.8	–	2,022.9
Less: inter-segment revenue	(3.6)	–	–	(5.7)	–	(9.3)
Segment revenue from external customers from continuing operations	579.9	1,213.1	77.5	143.1	–	2,013.6
Segment results	284.6	577.1	44.8	399.1	1.5	1,307.1
Finance costs						(41.6)
Share of results of associates						95.1
Share of results of jointly controlled entities	0.1	–	–	111.6	–	111.7
Profit before taxation						1,472.3
Taxation						(137.6)
Profit for the period from continuing operations						1,334.7

	Six months ended 30th June, 2011 (Restated)					
	Investment, broking and finance	Consumer finance	Elderly care services	Property rental, hotel operations and management services	Sale of properties and property based investments	Total
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Segment revenue	794.7	961.9	64.5	149.2	–	1,970.3
Less: inter-segment revenue	(3.0)	–	–	(6.6)	–	(9.6)
Segment revenue from external customers from continuing operations	791.7	961.9	64.5	142.6	–	1,960.7
Segment results	479.3	451.9	3.0	609.0	25.9	1,569.1
Finance costs						(30.7)
Share of results of associates						190.2
Share of results of jointly controlled entities	1.1	–	–	140.2	–	141.3
Profit before taxation						1,869.9
Taxation						(159.2)
Profit for the period from continuing operations						1,710.7

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

The geographical information of revenue is disclosed as follows:

	Six months ended 30th June,	
	2012	2011
	HK$ Million	*HK$ Million*
Revenue from external customers by location of operations		
Hong Kong	**1,599.6**	1,741.9
PRC	**407.2**	217.7
Others	**6.8**	1.1
	2,013.6	1,960.7

5. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June, 2012 HK$ Million	2011 HK$ Million
Continuing operations		
Changes in values of properties comprise:		
Net increase in fair value of investment properties	**324.1**	629.7
Impairment loss reversed for properties held for sale	**3.6**	27.7
Impairment loss reversed for hotel property	**8.4**	7.6
	336.1	665.0

6. NET PROFIT (LOSS) ON FINANCIAL INSTRUMENTS

The following is an analysis of the net profit (loss) on financial instruments at fair value through profit or loss:

	Six months ended 30th June, 2012 HK$ Million	2011 HK$ Million
Continuing operations		
Net realised and unrealised profit on derivatives	**5.0**	5.2
Net profit on other dealing activities	**0.6**	1.3
Net realised and unrealised profit (loss) on trading in equity securities	**46.1**	(24.0)
Net realised and unrealised profit (loss) on financial assets designated as at fair value through profit or loss	**24.7**	(21.5)
	76.4	(39.0)

7. BAD AND DOUBTFUL DEBTS

	Six months ended 30th June, 2012 HK$ Million	2011 HK$ Million
Continuing operations		
Loans and advances to consumer finance customers		
Reversal of impairment loss	**–**	47.7
Impairment loss	**(182.4)**	(99.2)
	(182.4)	(51.5)
Trade and other receivables		
Reversal of impairment loss	**0.1**	8.8
Impairment loss	**(47.9)**	(4.6)
	(47.8)	4.2
Bad debts recovery after written off	**–**	6.2
	(47.8)	10.4
	(230.2)	(41.1)

The amounts written off in allowance of impairment against the loans and advances to consumer finance customers were HK$179.1 million (2011: HK$124.3 million). Recoveries of loans and advances to consumer finance customers credited to allowance of impairment were HK$31.5 million (2011: HK$25.1 million).

8. FINANCE COSTS

	Six months ended 30th June, **2012** *HK$ Million*	2011 *HK$ Million*
Continuing operations		
Total finance costs included in:		
Cost of sales and other direct costs	**53.6**	43.9
Finance costs	**41.6**	30.7
	95.2	74.6

9. PROFIT BEFORE TAXATION

	Six months ended 30th June, **2012** *HK$ Million*	2011 *HK$ Million*
Profit before taxation from continuing operations has been arrived at after charging:		
Amortisation of intangible assets	**25.8**	98.0
Amortisation of prepaid land lease payments	**0.2**	0.2
Depreciation	**32.5**	29.4
Impairment loss for available-for-sale financial assets	**6.1**	–
Impairment loss for interest in an associate	**–**	10.7
and after crediting:		
Dividend income from listed equity securities	**1.2**	1.5
Dividend income from unlisted equity securities	**3.3**	8.2
Interest income (included in revenue)	**1,479.5**	1,315.0
Net realised profit on disposal of available-for-sale financial assets (included in other income)	**82.6**	2.4
Reversal of impairment loss on interest in an associate (included in other income)	**7.2**	–

10. TAXATION

	Six months ended 30th June, 2012 *HK$ Million*	2011 *HK$ Million* (Restated)
The income tax charged from continuing operations comprises:		
Current tax		
Hong Kong	**96.7**	120.2
Other jurisdictions	**38.3**	22.9
	135.0	143.1
(Over) under provision in prior years	**(4.0)**	10.2
	131.0	153.3
Deferred Tax		
Current period	**6.6**	5.9
	137.6	159.2

Hong Kong Profits Tax is calculated at the rate of 16.5% of 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.

11. DISCONTINUED OPERATIONS

On 8th October, 2010, Allied Overseas Limited ("AOL"), an indirect non wholly-owned subsidiary of the Company, and Cautious Base Limited, a direct wholly-owned subsidiary of AOL, entered into a 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") engaged in the medical, nursing agency, physiotherapy, dental and other services to the Purchaser. 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, subject to finalisation of consideration based on working capital adjustment.

The loss for the six months period ended 30th June, 2011 from discontinued operations of approximately HK$1.5 million represented adjustments to the gain on disposal of the Disposal Group upon finalisation of the working capital adjustment.

12. EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30th June,	
	2012	2011
	HK$ Million	*HK$ Million*
		(Restated)
Earnings		
Profit attributable to owners of the Company	**891.3**	1,315.5
Adjustments to profit in respect of mandatory convertible notes of a subsidiary	**–**	(65.5)
Earnings for the purpose of basic and diluted earnings per share	**891.3**	1,250.0
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	**7,061.8**	6,953.1

From continuing operations

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

	Six months ended 30th June,	
	2012	2011
	HK$ Million	*HK$ Million*
		(Restated)
Earnings		
Profit attributable to owners of the Company	**891.3**	1,316.5
Adjustments to profit in respect of mandatory convertible notes of a subsidiary	**–**	(65.5)
Earnings for the purpose of basic and diluted earnings per share	**891.3**	1,251.0
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	**7,061.8**	6,953.1

From discontinued operations

No loss per share from discontinued operations is presented for the period as there is no discontinued operation during the period. Basic loss per share from discontinued operations of last period was 0.01 HK cent which is calculated based on the loss attributable to owners of the Company from discontinued operations of HK$1.0 million and the weighted average number of 6,953.1 million shares in issue during that period. Diluted loss per share from discontinued operations for last period was the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding.

13. DIVIDEND

The Board does not recommend the declaration of an interim dividend (2011: Nil).

The Company recognised dividends of HK$102.0 million (2011: HK$208.6 million), representing HK1.5 cents (2011: HK3.0 cents) per share being the final dividend of 2011, during the current period. No dividend paid during the current period as the final dividend of 2011 was paid in July 2012.

14. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	At 30th June, 2012 *HK$ Million*	At 31st December, 2011 *HK$ Million*
Loans and advances to consumer finance customers	**8,026.9**	7,961.8
Less: Allowances for impairment		
Individually assessed	**–**	(0.1)
Collectively assessed	**(439.9)**	(405.6)
	7,587.0	7,556.1
Analysed for reporting purposes as:		
Non-current assets	**3,038.0**	2,972.6
Current assets	**4,549.0**	4,583.5
	7,587.0	7,556.1

15. TRADE AND OTHER RECEIVABLES

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

	At 30th June, 2012 *HK$ Million*	At 31st December, 2011 *HK$ Million*
Less than 31 days	**766.9**	769.9
31 to 60 days	**8.3**	7.2
61 to 90 days	**3.7**	96.7
Over 90 days	**90.5**	35.5
	869.4	909.3
Term loans, margin loans and trade and other receivables without aging	**4,731.5**	5,635.1
Allowances for impairment	**(194.6)**	(147.0)
	5,406.3	6,397.4

16. TRADE AND OTHER PAYABLES

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

	At 30th June, 2012 *HK$ Million*	At 31st December, 2011 *HK$ Million*
Trade payables:		
Less than 31 days	**621.6**	781.9
31 to 60 days	**9.0**	11.2
61 to 90 days	**9.5**	7.2
Over 90 days	**72.3**	58.3
	712.4	858.6
Accrued staff costs, other accrued expenses and other payables without aging	**214.4**	246.0
	926.8	1,104.6

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2012 (2011: Nil). Accordingly, there will be no closure of the registers of members and warrant holders of the Company.

It should be noted that the Company undertook share repurchases for cancellation for the six months ended 30th June, 2012 at an aggregate consideration of approximately HK$591 million. Accordingly, both net asset value per share and earnings per share have been enhanced.

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the period was HK$2,013.6 million (2011: HK$1,960.7 million), an increase of 2.7%. The increase was due to a higher interest income from the consumer finance business offset by a decrease in financial services fees from the investment, broking and finance division.

The profit attributable to the owners of the Company for the period was HK$891.3 million (2011: HK$1,315.5 million as restated), a decrease of HK$424.2 million. Earnings per share amounted to HK12.62 cents (2011: HK17.98 cents as restated).

The decrease in profit was primarily due to:

- a decreased contribution from the Group's investment, broking and finance division; and
- the fair value gain on revaluation of the investment properties of the Group was lower.

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.

At 30th June, 2012, the Group's net borrowings amounted to HK$2,938.0 million (at 31st December, 2011: HK$4,315.1 million), representing bank and other borrowings, amounts due to fellow subsidiaries and bonds totalling HK$7,916.1 million (at 31st December, 2011: HK$8,314.8 million) less bank deposits, bank balances and cash of HK$4,978.1 million (at 31st December, 2011: HK$3,999.7 million) and the Group had equity attributable to owners of the Company of HK$19,946.4 million (at 31st December, 2011: HK$19,790.3 million, restated). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to owners of the Company was 14.7% (at 31st December, 2011: 21.8%).

During the period, 29,904 warrants were exercised, resulting in the issuance of 29,904 ordinary shares at a subscription price of HK$2.00 per share. Accordingly 1,390,591,630 warrants were outstanding at 30th June, 2012. Exercise in full of the outstanding warrants would result in the issue of 1,390,591,630 additional shares with an aggregate subscription value of approximately HK$2,781.2 million.

	At 30th June, 2012 *HK$ Million*	At 31st December, 2011 *HK$ Million*
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	**4,295.1**	2,128.1
More than one year but not exceeding two years	**872.5**	2,474.9
More than two years but not exceeding five years	**488.6**	930.5
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	**866.3**	588.6
More than one year but not exceeding two years	**76.6**	35.2
More than two years but not exceeding five years	**256.9**	314.7
	6,856.0	6,472.0
Other borrowings repayable on demand or within one year	**8.6**	8.6
Other borrowings with a repayment on demand clause are repayable within one year	**23.7**	23.1
Amounts due to fellow subsidiaries	**500.0**	1,255.3
Renminbi denominated bonds are repayable as follows:		
More than one year but not exceeding two years	**527.8**	–
More than two years but not exceeding five years	**–**	555.8
	1,060.1	1,842.8
	7,916.1	8,314.8

At 30th June, 2012, the current ratio (current assets/current liabilities) of the Group was 2.2 times (at 31st December, 2011: 2.9 times).

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

Material Acquisition and Disposal

There were no material acquisitions or disposals of subsidiaries, associated companies or jointly controlled entities 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, 2012 *HK$ Million*	At 31st December, 2011 *HK$ Million*
Guarantees for banking facilities granted to a jointly controlled entity	**5.8**	5.8
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	13.3

(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 Financial Limited (formerly known as Sun Hung Kai Securities Limited) ("SHKF"), a wholly-owned subsidiary of Sun Hung Kai & Co. Limited ("Sun Hung Kai", an indirect non wholly-owned subsidiary of the Company), was required to pay US$3 million to Chang Zhou Power Development Company Limited ("JV"), a mainland PRC joint venture. SHKF had disposed of all of its beneficial interest in the JV to Sun Hung Kai's then 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, SHKF's registered interest in the JV in the amount of US$3 million was frozen further to the 2001 Order. SHKF 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 SHKF ("HCA 317/2008"). In the 2008 Writ,

  (a) GBA claims against SHKF 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 SHKF damages for alleged breaches of a contract dated 12th October, 2001; and

  (c) Walton claims against SHKF 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 SHKF interest on any sums or damages payable, costs, and such other relief as the court may think fit.

  The 2008 Writ was served on SHKF 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 SHKF 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 SHKF 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 SHKF. Subsequently, GBA, LPI and Walton sought to amend their claims which was opposed by SHKF. On 3rd August, 2012 the Court of Appeal rejected GBA's, LPI's and Walton's proposed amendments and ordered that all of GBA's, LPI's and Walton's claims against SHKF be dismissed. 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 was issued by Cheung Lai Na (張麗娜) ("Ms. Cheung") against Tian An and SHKF 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. Ms. Cheung claimed to be the beneficial owner of Changjiang Power Development (H.K.) Co. Ltd. ("CJP") which acquired the interests in JV from Tian An in 1998. Judgment was awarded by the IPC in favour of Tian An and SHKF on 16th July, 2009 which judgment was 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 CJP be joined as a third party to the Mainland Proceedings. The substantive retrial hearing took place on 29th March, 2012 and on 14th August, 2012, the IPC dismissed Ms. Cheung's claim against Tian An and SHKF. 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) Pursuant to a share sale agreement dated 8th October, 2010, Allied Overseas Limited ("AOL", an indirect non wholly-owned subsidiary of the Company), and its direct wholly-owned subsidiary, Cautious Base Limited agreed to dispose of the entire interest of five subsidiaries and their respective subsidiaries ("Disposal Group") engaging in provision of medical, nursing agency, physiotherapy, dental and other services. 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.

Material Litigation Update

Details regarding material litigation giving rise to contingent liabilities, namely 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$6,891.0 million (at 31st December, 2011: HK$6,564.1 million), bank deposits of HK$82.7 million (at 31st December, 2011: HK$92.0 million), listed investments belonging to the Group with fair values of HK$18.2 million (at 31st December, 2011: HK$125.9 million) and listed investments belonging to margin clients with fair values of HK$1,483.9 million (at 31st December, 2011: HK$1,554.2 million) together with certain securities in respect of a listed subsidiary with a carrying value of HK$1,524.0 million (at 31st December, 2011: HK$1,524.0 million) were pledged to secure settlement for the equity forward contracts and loans and general banking facilities to the extent of HK$4,395.2 million (at 31st December, 2011: HK$3,940.9 million) granted to the Group. Facilities amounting to HK$2,751.0 million (at 31st December, 2011: HK$2,041.0 million) were utilised at the end of the reporting period.

At the end of the reporting period, bank deposits of HK$4.5 million (at 31st December, 2011: HK$4.5 million) were pledged to secure a guarantee facility issued to third parties by a bank to the extent of HK$2.0 million (at 31st December, 2011: HK$2.0 million) and a letter of credit to the extent of HK$3.0 million (at 31st December, 2011: HK$3.0 million).

Event after the Reporting Period

On 9th May, 2012, a subsidiary of Sun Hung Kai entered into a director's service agreement for a term of 10 years which constituted a very substantial disposal and a connected transaction. The agreement would be subject to the approval of the independent shareholders of the Company. Details of the agreement are disclosed in the Company's circular dated 29th June, 2012. In the extraordinary general meeting held on 23rd July, 2012, the independent shareholders approved the agreement. The Group is in the process of assessing the financial impact.

OPERATIONAL REVIEW

Properties

Hong Kong

- The Group's rental income from its Hong Kong property portfolio remained steady compared to the corresponding period of last year.

- The net gain in the value of the Group's property portfolio, including investment properties owned by Sun Hung Kai, was HK$336.1 million during the period, lower than the same period of 2011 which was HK$665.0 million.

- The hotel division reported a further improved result with higher average room rates as compared with corresponding period of last year. Although there was a slight drop in average occupancy rates, net income has increased substantially.

Mainland PRC

- The profit attributable to the owners of Tian An was HK$219.7 million (2011: HK$458.2 million as restated), representing a decrease of 52.1%.

- Tian An's focus on developing cyberparks rather than conventional residential developments has sheltered it from high land costs in an uncertain property market.

- There are now a total of 13 cyberparks over 11 cities. These cyberparks are at various phases of construction but a majority are at a pre-sales and pre-letting stage for their respective phases.

- Tian An has commenced its first urban renewal project in Huawei New City Area in Longgang District of Shenzhen. Site clearance for the 550,000 m^2 gross floor area phase 1 of the project has substantially been completed and Tian An expects to commence foundation works at the end of 2012.

- The separate listing of Tian An's cement division, Allied Cement Holdings Limited, was accomplished on 18th January, 2012, raising gross proceeds of HK$165 million.

Financial Services

Broking and finance

- Sun Hung Kai, the Group's broking and finance arm, recorded a profit attributable to its owners of HK$514.3 million (2011: HK$618.7 million as restated).

- With low market turnover and reduced investor confidence towards financial markets, the performance of the wealth management and brokerage division and the capital market division of Sun Hung Kai was affected.

- During the first half of 2012, demand for margin loans remained robust with tight liquidity in the markets, but in view of the increased risk in writing new loans in this environment, the wealth management and brokerage division of Sun Hung Kai has adopted a more conservative approach and reduced its exposure in the margin finance business.

- Despite the difficult capital market with reduced activities in local fund raising, Sun Hung Kai continued to progress its move into the mid-to-small cap sectors. During the first half of 2012, the corporate finance team of Sun Hung Kai was involved in five IPO sponsorship-related transactions, eight fund-raising exercises and two financial advisory services.

Consumer finance

- During the period, United Asia Finance Limited ("UAF") added 11 more branches on the mainland, bring the number to 65 covering eight cities.

- All operating mainland China subsidiaries of UAF were profitable during the period. The business on the mainland continued to expand, with pre-tax contribution achieving a year-on-year growth of 95%. The gross principal balance increased by 13.9% in the first half of the year, accounting for 22% of the total gross principal balance of UAF.

- UAF will continue to expand its coverage in mainland China and negotiations for further money lending licences in mainland cities are in progress.

- UAF's local business performed as expected in the context of a slower economy with loan business dropping slightly. Despite the competitive environment, with its innovative products and services, UAF will continue to serve the more sophisticated demands of the market and achieve growth. The number of Hong Kong branches stood at 45.

- In May 2012, Sun Hung Kai, along with other minority shareholders of UAF, participated in a HK$1 billion rights issue for UAF. Accordingly, the capital base of UAF has been further strengthened.

- It should be noted that the amortisation and impairment expenses of intangible assets (acquired with Sun Hung Kai's acquisition of UAF six years ago) reduced from HK$86.5 million to HK$11.2 million in the first half of 2012, as the amortisation came to an end.

Investments

AOL

- The profit for the period of AOL increased from HK$1.8 million in 2011 to HK$44.7 million in 2012. The increase in profit was principally due to the fair value gain in financial instruments at fair value through profit or loss of HK$23.9 million in 2012 compared with a fair value loss of HK$6.8 million in 2011 and also due to the increase in interest and investment income.

- In view of the very low interest rate environment, AOL increased its bond related investment which offered a better return than bank deposits.

- Senior Care division of AOL currently operates 6 elderly care homes with 1,299 beds of which 367 beds are pursuant to the Enhanced Bought Place Scheme under the contracts with the Social Welfare Department. However, in view of the rising labour and rental costs, AOL will have to close some of their homes and undertake a review on the future profitability of senior care homes.

- The medical and aesthetic equipment business, operating under LYNX Technology, was in the initial stage of business development. Most of the product lines were acquired in the first quarter of this year. The division is making efforts in marketing and arranging product demonstration to its customers such as hospitals, medical centres and other healthcare facilities in both Hong Kong and Macau. Market feedback to its products is positive.

- AOL will continue to preserve its financial strength and seek to identify investment opportunities.

Employees

The total number of staff of the Group at 30th June, 2012 was 5,449 (at 31st December, 2011: 4,726). The main reason for the increase was UAF's business expansion in mainland China. 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 global economy has been affected by the sovereign Euro debt issues and a lacklustre American economy. This has led to lower imports and a corresponding reduction in resource prices due to a lack of demand.

In this environment, the market sentiment in the short term cannot be good. However, with the Group's stable financial position and diversified income streams, the Board is confident of implementing its stated strategies for the benefit of the Group and all its shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30th June, 2012, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") (previously known as Code on Corporate Governance Practices ("Former CG Code")) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviations which are summarised below:

Code Provisions B.1.2 (then B.1.3 of the Former CG Code) and C.3.3

Code provisions B.1.3 and C.3.3 of the Former 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 of the Former CG Code 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). Certain amendments have been made to the Former CG Code with effect from 1st April, 2012 ("CG Amendments"), including code provision B.1.2 of CG Code (then B.1.3 of the Former CG Code), which now accommodates a model where the remuneration committee performs an advisory role as to the remuneration packages of the executive directors and senior management. Accordingly, the revised terms of reference of the Remuneration Committee are in compliance with the new code provision B.1.2 except that the Remuneration Committee shall make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to Executive Directors and senior management under the new code provision B.1.2).

The terms of reference of the audit committee ("Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 of the Former CG Code except that the Audit Committee (i) shall recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has 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. Following the CG Amendments, code provision C.3.3 of the CG Code remains unchanged and the above-stated deviation in relation thereto applies.

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, 2011. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the relevant terms of reference as adopted and amended by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

Code Provision A.6.7

Following the CG Amendments, code provision A.6.7 of the CG Code came into force on 1st April, 2012, which stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, some Non-Executive Directors (including Independent Non-Executive Directors) could not attend the annual general meeting of the Company held on 31st May, 2012 and the extraordinary general meeting of the Company held on 23rd July, 2012. However, at the respective general meeting of the Company, there were Executive Directors and a Non-Executive Director or an Independent Non-Executive Director present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

Except as stated above, following the CG Amendments, the Company has continued to comply with the applicable code provisions of the CG Code and also adopted a revised set of corporate governance documentation which is in line with the new applicable code provisions of the CG Code. In summary, the Company, while adopting the applicable code provisions in the CG Code, has made enhancement in the following major areas:

(1) the Board shall perform the corporate governance duties for the Group;

(2) a Nomination Committee was set up with a majority of its members being Independent Non-Executive Directors; and

(3) a Shareholders' Communication Policy was adopted by which the Shareholders can communicate with the Company and the Board.

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, 2012. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and on the interim results announcements of the listed associates, as well as reports obtained from management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save for the Company's purchases of its own shares on The Stock Exchange of Hong Kong Limited as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30th June, 2012.

Month	**Number of shares repurchased**	**Purchase consideration per share**		**Aggregate consideration paid (before expenses)**
		Highest	**Lowest**	
		(HK$)	*(HK$)*	*(HK$)*
January	191,383,428	1.15	1.15	220,090,942
April	370,124,000	1.00	0.98	370,122,640
June	440,000	0.95	0.93	417,400
	561,947,428			590,630,982

On behalf of the Board
Allied Properties (H.K.) Limited
Li Chi Kong
Executive Director

Hong Kong, 28th August, 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.