ALLIED GROUP LIMITED
(聯 合 集 團 有 限 公 司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

The board of directors ("Board") of Allied Group 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, 2013 with the comparative figures for the corresponding period in 2012 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30th June, 2013

		Six months ended 30th June,	
		2013	2012
		Unaudited	Unaudited
	Notes	***HK$ Million***	*HK$ Million*
Revenue	*3*	**2,469.6**	2,060.8
Other income		**32.8**	116.5
Total income		**2,502.4**	2,177.3
Cost of sales and other direct costs		**(131.1)**	(102.4)
Brokerage and commission expenses		**(129.2)**	(88.9)
Selling and marketing expenses		**(52.8)**	(53.4)
Administrative expenses		**(817.1)**	(731.9)
Changes in values of properties	*4*	**311.8**	316.1
Net (loss) profit on financial assets and liabilities	*5*	**(57.1)**	128.3
Net exchange (loss) gain		**(60.4)**	10.5
Bad and doubtful debts	*6*	**(222.9)**	(230.2)
Other operating expenses		**(279.3)**	(51.3)
Finance costs	*7*	**(120.3)**	(32.1)
Share of results of associates		**(3.6)**	95.1
Share of results of joint ventures		**126.2**	111.7
Profit before taxation	*8*	**1,066.6**	1,548.8
Taxation	*9*	**(122.1)**	(142.8)
Profit for the period		**944.5**	1,406.0

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
for the six months ended 30th June, 2013

		Six months ended 30th June,	
		2013	2012
		Unaudited	Unaudited
	Notes	***HK$ Million***	*HK$ Million*
Attributable to:			
Owners of the Company		**422.9**	708.1
Non-controlling interests		**521.6**	697.9
		944.5	1,406.0
Earnings per share:	*10*		
Basic		**HK$2.21**	HK$3.57
Diluted		**HK$2.21**	HK$3.57

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30th June, 2013

	Six months ended 30th June,	
	2013	2012
	Unaudited	Unaudited
	HK$ Million	*HK$ Million*
Profit for the period	**944.5**	1,406.0
Other comprehensive income (expenses):		
Item that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates	**87.1**	0.4
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Net fair value changes during the period	**(17.4)**	12.0
– Reclassification adjustment to profit or loss on disposal	**(7.1)**	(40.6)
Exchange differences arising on translation of foreign operations	**82.2**	(33.3)
Reclassification adjustment to profit or loss on liquidation of subsidiaries	**31.5**	–
Share of other comprehensive expenses of associates	**(23.8)**	(20.1)
Share of other comprehensive expenses of joint ventures	**(4.0)**	(12.0)
	61.4	(94.0)
Other comprehensive income (expenses) for the period, net of tax	**148.5**	(93.6)
Total comprehensive income for the period	**1,093.0**	1,312.4
Attributable to:		
Owners of the Company	**479.3**	673.8
Non-controlling interests	**613.7**	638.6
	1,093.0	1,312.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30th June, 2013

	Notes	At 30th June, 2013 Unaudited HK$ Million	At 31st December, 2012 Audited HK$ Million
Non-current assets			
Investment properties		**6,769.2**	6,465.5
Property, plant and equipment		**672.1**	656.1
Prepaid land lease payments		**9.8**	9.8
Goodwill		**127.0**	127.0
Intangible assets		**112.6**	116.4
Interests in associates		**6,018.4**	6,041.0
Interests in joint ventures		**1,813.3**	1,694.4
Available-for-sale financial assets		**384.8**	499.1
Statutory deposits		**30.2**	26.5
Amounts due from associates		**116.6**	396.1
Loans and advances to consumer finance customers due after one year	*12*	**3,149.3**	3,057.6
Deposits for acquisition of property, plant and equipment		**74.2**	20.4
Deferred tax assets		**133.4**	106.0
Financial assets at fair value through profit or loss		**900.2**	912.6
Trade and other receivables	*13*	**1,890.9**	720.0
		22,202.0	20,848.5
Current assets			
Properties held for sale and other inventories		**377.5**	370.0
Financial assets at fair value through profit or loss		**787.2**	1,317.3
Prepaid land lease payments		**0.3**	0.3
Loans and advances to consumer finance customers due within one year	*12*	**5,444.3**	5,236.2
Trade and other receivables	*13*	**7,218.0**	5,694.5
Amounts due from associates		**53.1**	52.5
Amounts due from joint ventures		**46.4**	55.1
Available-for-sale financial assets		**81.7**	–
Tax recoverable		**12.6**	17.8
Short-term pledged bank deposits and bank balances		**34.2**	83.5
Bank deposits		**840.2**	467.8
Cash and cash equivalents		**5,906.0**	6,451.6
		20,801.5	19,746.6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2013

	Notes	At 30th June, 2013 Unaudited *HK$ Million*	At 31st December, 2012 Audited *HK$ Million*
Current liabilities			
Trade and other payables	*14*	**2,117.0**	1,461.8
Financial liabilities at fair value through profit or loss		**91.9**	67.3
Amounts due to associates		**5.8**	5.6
Amounts due to joint ventures		**40.3**	40.1
Tax payable		**168.2**	105.0
Bank and other borrowings due within one year		**3,087.5**	4,735.4
Bonds and notes		**361.0**	–
Provisions		**20.4**	35.2
Dividend payable		**191.1**	–
		6,083.2	6,450.4
Net current assets		**14,718.3**	13,296.2
Total assets less current liabilities		**36,920.3**	34,144.7
Capital and reserves			
Share capital		**382.2**	382.4
Share premium and reserves		**14,565.0**	14,254.6
Equity attributable to owners of the Company		**14,947.2**	14,637.0
Equity element of warrants		**57.6**	57.6
Shares held for employee ownership scheme		**(19.9)**	(25.2)
Employee share-based compensation reserve		**6.1**	8.9
Share of net assets of subsidiaries		**14,902.0**	14,690.2
Non-controlling interests		**14,945.8**	14,731.5
Total equity		**29,893.0**	29,368.5
Non-current liabilities			
Bank and other borrowings due after one year		**3,606.8**	1,526.9
Bonds and notes		**3,214.5**	2,997.8
Financial liabilities at fair value through profit or loss		**–**	8.0
Deferred tax liabilities		**194.8**	232.0
Provisions		**11.2**	11.5
		7,027.3	4,776.2
		36,920.3	34,144.7

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.

During the period, the Group adopted certain new and revised Standards and Amendments to Standards that are mandatorily effective for the Group's financial year beginning on 1st January, 2013 except that the Group had early adopted the amendments to HKAS 1 "Presentation of Financial Statements" (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012) since 1st January, 2012. The adoption of these Standards and Amendments has had no material effect on the condensed consolidated financial statements of the Group for the current and prior accounting periods. 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, 2012.

Amendments to HKAS 1 – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. As a result, the condensed consolidated income statement and condensed consolidated statement of comprehensive income are renamed as condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income during the period. As required by the amendments, the items of other comprehensive income are also grouped into two categories in the condensed consolidated statement of profit or loss and other comprehensive income: (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.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidated – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group. The directors of the Company ("Directors") have determined that the application of HKFRS 10 does not have material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

HKFRS 11 – Joint Arrangements

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC) – Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separated entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors have determined that the application of HKFRS 11 does not have material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

HKFRS 12 – Disclosures of Interests in Other Entities

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. The Directors have determined that the application of HKFRS 12 will require additional disclosure for the Group's interests in associates and interests in joint ventures in the annual consolidated financial statements for the year ending 31st December, 2013 and thereafter.

HKFRS 13 – Fair Value Measurement

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. In accordance with the transitional provisions of HKFRS 13, additional information was disclosed in the notes to the condensed consolidated interim financial statements.

3. SEGMENTAL INFORMATION

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

	Six months ended 30th June, 2013					
	Investment, broking and finance *HK$ Million*	**Consumer finance** *HK$ Million*	**Elderly care services** *HK$ Million*	**Property development and investment** *HK$ Million*	**Corporate and other operations** *HK$ Million*	**Total** *HK$ Million*
Segment revenue	**747.6**	**1,487.0**	**70.5**	**175.1**	**26.9**	**2,507.1**
Less: inter-segment revenue	**(4.3)**	**–**	**–**	**(17.8)**	**(15.4)**	**(37.5)**
Segment revenue from external customers	**743.3**	**1,487.0**	**70.5**	**157.3**	**11.5**	**2,469.6**
Segment results	**281.8**	**628.6**	**(8.9)**	**379.2**	**(22.8)**	**1,257.9**
Impairment loss for interests in associates						**(193.6)**
Finance costs						**(120.3)**
Share of results of associates						**(3.6)**
Share of results of joint ventures	**(13.8)**	**–**	**–**	**140.0**	**–**	**126.2**
Profit before taxation						**1,066.6**
Taxation						**(122.1)**
Profit for the period						**944.5**

	Six months ended 30th June, 2012					
	Investment, broking and finance *HK$ Million* (Restated)	Consumer finance *HK$ Million*	Elderly care services *HK$ Million*	Property development and investment *HK$ Million*	Corporate and other operations *HK$ Million*	Total *HK$ Million* (Restated)
Segment revenue	623.0	1,213.1	77.5	148.8	29.8	2,092.2
Less: inter-segment revenue	(3.7)	–	–	(8.0)	(19.7)	(31.4)
Segment revenue from external customers	619.3	1,213.1	77.5	140.8	10.1	2,060.8
Segment results	373.9	588.3	44.8	380.3	(20.4)	1,366.9
Reversal of impairment loss on interest in an associate						7.2
Finance costs						(32.1)
Share of results of associates						95.1
Share of results of joint ventures	0.1	–	–	111.6	–	111.7
Profit before taxation						1,548.8
Taxation						(142.8)
Profit for the period						1,406.0

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,	
	2013	2012
	HK$ Million	*HK$ Million*
Revenue from external customers by location of operations		
Hong Kong	**1,836.6**	1,646.8
Mainland China	**618.8**	407.2
Others	**14.2**	6.8
	2,469.6	2,060.8

4. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June,	
	2013	2012
	HK$ Million	*HK$ Million*
Changes in values of properties comprise:		
Net increase in fair value of investment properties	**289.2**	304.1
Impairment loss reversed for properties held for sale	**7.7**	3.6
Impairment loss reversed for hotel property	**14.9**	8.4
	311.8	316.1

5. NET (LOSS) PROFIT ON FINANCIAL ASSETS AND LIABILITIES

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

	Six months ended 30th June,	
	2013	2012
	HK$ Million	*HK$ Million*
Net realised and unrealised loss on derivatives	**(42.2)**	(5.9)
Net profit on other dealing activities	**0.2**	0.6
Net realised and unrealised (loss) profit on trading in equity securities	**(25.5)**	108.9
Net realised and unrealised loss on trading in bonds and notes	**(6.7)**	–
Net realised and unrealised profit on financial assets designated as at fair value through profit or loss	**17.1**	24.7
	(57.1)	128.3

6. BAD AND DOUBTFUL DEBTS

	Six months ended 30th June, 2013 *HK$ Million*	2012 *HK$ Million*
Loans and advances to consumer finance customers		
Impairment loss	**(232.4)**	(182.4)
Trade and other receivables		
Reversal of impairment loss	**10.0**	0.1
Impairment loss	**(0.1)**	(47.9)
Bad debts written off	**(0.4)**	–
	9.5	(47.8)
Bad and doubtful debts recognised in profit or loss	**(222.9)**	(230.2)

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

	Six months ended 30th June, 2013 *HK$ Million*	2012 *HK$ Million*
Loans and advances to consumer finance customers		
Amounts written off in allowance of impairment	**(249.0)**	(179.1)
Recoveries credited to allowance of impairment	**40.8**	31.5
Trade and other receivables		
Amounts written off in allowance of impairment	**(137.0)**	(0.2)

7. FINANCE COSTS

	Six months ended 30th June, 2013 *HK$ Million*	2012 *HK$ Million*
Total finance costs included in:		
Cost of sales and other direct costs	**69.2**	53.6
Finance costs	**120.3**	32.1
	189.5	85.7

8. PROFIT BEFORE TAXATION

	Six months ended 30th June, 2013 HK$ Million	2012 HK$ Million
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**15.3**	14.6
Amortisation of prepaid land lease payments	**0.2**	0.2
Depreciation	**37.7**	33.8
Impairment loss for available-for-sale financial assets (included in other operating expenses)	**–**	6.1
Impairment loss for interests in associates (included in other operating expenses) *(note)*	**193.6**	–
Impairment loss for property, plant and equipment (included in other operating expenses)	**0.3**	–
and after crediting:		
Dividend income from listed equity securities	**7.7**	5.9
Dividend income from unlisted equity securities	**3.8**	3.3
Interest income (included in revenue)	**1,838.4**	1,499.5
Net realised profit on disposal/redemption of available-for-sale financial assets (included in other income)	**8.4**	101.1
Reversal of impairment loss on interest in an associate (included in other income)	**–**	7.2

note: During the period ended 30th June, 2013, as a result of the operating losses incurred by the Australian listed associates and the decrease in share prices of these associates, the Directors had performed an impairment testing on the interests in these Australian listed associates to estimate the recoverable amounts of these associates. The carrying amounts of these associates were in excess of their recoverable amounts. Accordingly, impairment loss of HK$193.6 million, as determined by comparing the carrying amounts of the associates and their respective fair values, was charged to the profit or loss during the period.

9. TAXATION

	Six months ended 30th June,	
	2013	2012
	HK$ Million	*HK$ Million*
The income tax charged (credited) comprises:		
Current tax		
Hong Kong	**113.9**	100.0
PRC and other jurisdictions	**73.6**	38.3
	187.5	138.3
Over provision in prior years	**(1.0)**	(4.0)
	186.5	134.3
Deferred tax		
Current period	**(21.5)**	8.5
Over provision in prior years	**(42.9)**	–
	(64.4)	8.5
	122.1	142.8

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

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2012: 25%).

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

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to owners of the Company of HK$422.9 million (2012: HK$708.1 million) and on the weighted average number of 191.1 million (2012: 198.2 million) shares in issue during the period.

Diluted earnings per share for both periods were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding.

11. DIVIDEND

	Six months ended 30th June,	
	2013	2012
	HK$ Million	*HK$ Million*
Ordinary shares:		
Interim dividend declared after the end of the reporting period of HK15 cents per share (2012: HK15 cents per share)	**28.7**	28.7
Dividends recognised as distribution during the period:		
2012 final dividend of HK$1 per share (2012: 2011 final dividend of HK40 cents per share)	**191.1**	81.1
Adjustment to 2011 final dividend	**–**	(4.5)
	191.1	76.6

The amount of the interim dividend for the six months ended 30th June, 2013 has been calculated by reference to 191,114,118 shares in issue at 28th August, 2013.

The Company did not pay any dividend during the current and prior period. The final dividend of 2012 was paid in July 2013.

12. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	At 30th June, 2013	At 31st December, 2012
	HK$ Million	*HK$ Million*
Loans and advances to consumer finance customers	**9,079.1**	8,753.5
Less: Allowances for impairment	**(485.5)**	(459.7)
	8,593.6	8,293.8
Analysed for reporting purposes as:		
Non-current assets	**3,149.3**	3,057.6
Current assets	**5,444.3**	5,236.2
	8,593.6	8,293.8

13. TRADE AND OTHER RECEIVABLES

	At 30th June, 2013 *HK$ Million*	At 31st December, 2012 *HK$ Million*
Trade and other receivables at amortised cost	**9,059.3**	6,400.3
Prepayments	**49.6**	14.2
	9,108.9	6,414.5
Analysed for reporting purposes as:		
Non-current assets	**1,890.9**	720.0
Current assets	**7,218.0**	5,694.5
	9,108.9	6,414.5

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, 2013 *HK$ Million*	At 31st December, 2012 *HK$ Million*
Less than 31 days	**1,240.6**	1,006.2
31 to 60 days	**6.6**	8.0
61 to 90 days	**9.5**	5.7
91 to 180 days	**11.3**	4.1
Over 180 days	**35.8**	58.3
	1,303.8	1,082.3
Term loans, margin loans and trade and other receivables without aging	**7,910.7**	5,620.1
Allowances for impairment	**(155.2)**	(302.1)
Trade and other receivables at amortised cost	**9,059.3**	6,400.3

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:

	At 30th June, 2013 *HK$ Million*	At 31st December, 2012 *HK$ Million*
Trade payables:		
Less than 31 days	**1,184.0**	1,085.3
31 to 60 days	**9.6**	12.4
61 to 90 days	**8.5**	9.5
91 to 180 days	**12.8**	26.9
Over 180 days	**4.9**	19.8
	1,219.8	1,153.9
Accrued staff costs, other accrued expenses and other payables without aging	**897.2**	307.9
	2,117.0	1,461.8

INTERIM DIVIDEND

The Board has declared an interim dividend of HK15 cents per share for the six months ended 30th June, 2013 (2012: HK15 cents per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 27th September, 2013. The Board is cognizant of the benefit to Shareholders of a dividend policy with a high pay-out ratio. However, we consider that a sustainable dividend represents a better policy.

It should be noted that the Company undertook share repurchases for cancellation for the six months ended 30th June, 2013 at an aggregate consideration of approximately HK$1.6 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 REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25th September, 2013 to Friday, 27th September, 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates 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, 24th September, 2013. Dividend warrants are expected to be despatched to the Shareholders by post on or around Monday, 7th October, 2013.

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the period was HK$2,469.6 million (2012: HK$2,060.8 million), an increase of 19.8%. The increase was mainly due to higher interest income from the consumer finance business and an increase 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$422.9 million (2012: HK$708.1 million), a decrease of HK$285.2 million. Earnings per share amounted to HK$2.21 (2012: HK$3.57).

The decrease in profit was primarily due to:–

- decreased contributions from the Group's investment, broking and finance division and a listed associate, Tian An China Investments Company Limited ("Tian An"); and

- impairment loss provided for interests in Australian listed associates.

Financial Resources, Liquidity and Capital Structure

On 2nd May, 2013, UA Finance (BVI) Limited, a subsidiary of Sun Hung Kai & Co. Limited ("Sun Hung Kai", an indirect non wholly-owned subsidiary of the Company), further issued RMB500 million (or equivalent to HK$625.3 million) 6.9% 5-year Renminbi denominated notes at par. During the period, the Group purchased part of the 4% 3-year Renminbi denominated notes and 6.9% 5-year Renminbi denominated notes with a total nominal value of RMB116.9 million and RMB7.0 million from the market at a consideration of HK$147.8 million and HK$9.1 million respectively. The nominal value of the notes after eliminating the intra-group holdings was RMB777.1 million or equivalent to HK$982.2 million at the reporting date (at 31st December, 2012: RMB401.0 million or equivalent to HK$498.8 million). In June 2013, SWAT Securitisation Fund, a subsidiary of Sun Hung Kai, issued RMB106.8 million (or equivalent to HK$134.8 million) 9.5% 2-year Renminbi denominated bonds at par. The bonds are asset-backed by another set of Renminbi bonds issued by a Singapore listed company held by the Group ("Singapore Bonds"). The repayment of the principal and the payment of coupons are protected by the proceeds generated by the Singapore Bonds in case of the occurrence of an event of default as defined in the placement memorandum of the bonds.

At 30th June, 2013, the equity attributable to owners of the Company amounted to HK$14,947.2 million, representing an increase of HK$310.2 million or approximately 2.1% from that of 31st December, 2012. The Group's short-term bank deposits, bank balances and cash amounted to HK$6,780.4 million (at 31st December, 2012: HK$7,002.9 million). The Group's bank and other borrowings and bonds and notes totalling HK$10,269.8 million (at 31st December, 2012: HK$9,260.1 million) of which the portion due on demand or within one year was HK$3,448.5 million (at 31st December, 2012: HK$4,735.4 million), and the remaining long-term portion was HK$6,821.3 million (at 31st December, 2012: HK$4,524.7 million). The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 3.42 times (at 31st December, 2012: 3.06 times). The Group's gearing ratio (net bank and other borrowings and bonds and notes/equity attributable to owners of the Company) was 23.3% (at 31st December, 2012: 15.4%).

	At 30th June, 2013 *HK$ Million*	At 31st December, 2012 *HK$ Million*
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	**2,231.6**	3,783.2
More than one year but not exceeding two years	**1,655.1**	1,248.4
More than two years but not exceeding five years	**1,951.7**	278.5
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	**566.7**	605.4
More than one year but not exceeding two years	**242.3**	188.5
More than two years but not exceeding five years	**14.6**	126.4
	6,662.0	6,230.4
Other borrowings repayable within one year	**8.9**	8.7
Other borrowings with a repayment on demand clause repayable within one year	**23.4**	23.2
Renminbi denominated bonds and notes are repayable as follows:		
Within one year	**361.0**	–
More than one year but not exceeding five years	**760.2**	500.9
US dollar denominated notes repayable within five years	**2,454.3**	2,496.9
	3,607.8	3,029.7
	10,269.8	9,260.1

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

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.

Material Acquisition and Disposal

There were no material acquisitions or disposals of subsidiaries, associated companies or joint ventures 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, 2013 *HK$ Million*	At 31st December, 2012 *HK$ Million*
Guarantees for banking facilities granted to a joint venture	**–**	5.8
Indemnities on banking guarantees made available to a clearing house and regulatory body	**4.5**	4.5
Other guarantees	**–**	3.0
	4.5	13.3

(b) On 20th December, 2007, a writ was issued by Cheung Lai Na (張麗娜) ("Ms. Cheung") against Tian An and Sun Hung Kai Financial Limited (formerly known as Sun Hung Kai Securities Limited) ("SHKF", a wholly-owned subsidiary of Sun Hung Kai) 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], claiming the transfer of a 28% shareholding in a mainland PRC joint venture, Chang Zhou Power Development Company Limited ("JV"), and RMB19,040,000 plus interest thereon for the period from January 1999 to the end of 2007, together with related costs and expenses. Judgment was awarded by the IPC in favour of Tian An and SHKF on 16th July, 2009. Ms. Cheung appealed against the said judgment and on 24th November, 2010, the Higher People's Court of Hubei Province (湖北省高級人民法院) ("HPC") ordered that the case be remitted back to the IPC for retrial. After the substantive retrial hearing took place on 29th March, 2012, on 14th August, 2012, the IPC dismissed Ms. Cheung's claim against Tian An and SHKF. Ms. Cheung appealed against the retrial decision of the IPC. The appeal hearing took place on 18th April, 2013 and on 17th July, 2013 the HPC dismissed Ms. Cheung's appeal. 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. AOL currently considers it is not likely that any liabilities will arise therefrom.

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$6,835.0 million (at 31st December, 2012: HK$6,520.4 million), bank deposits and bank balances of HK$29.7 million (at 31st December, 2012: HK$79.0 million), listed investments belonging to the Group with fair values of HK$4.2 million (at 31st December, 2012: HK$49.9 million), listed investments belonging to margin clients with fair values of HK$841.1 million (at 31st December, 2012: HK$927.6 million) together with certain securities in respect of a listed subsidiary with investment cost of HK$1,642.7 million (at 31st December, 2012: HK$1,642.7 million) were pledged to secure settlement for the equity forward contracts and loans and general banking facilities to the extent of HK$4,015.4 million (at 31st December, 2012: HK$4,148.0 million) granted to the Group. Facilities amounting to HK$2,015.3 million (at 31st December, 2012: HK$2,032.2 million) were utilised at the end of the reporting period.

At the end of the reporting period, bank deposits of HK$4.5 million (at 31st December, 2012: 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, 2012: HK$2.0 million) and a letter of credit to the extent of HK$3.0 million (at 31st December, 2012: HK$3.0 million).

OPERATIONAL REVIEW

Financial Services

Broking and finance

- Sun Hung Kai, the Group's broking and finance arm, recorded a profit attributable to its owners of HK$380.2 million (2012: HK$514.3 million).

- The decrease in profit of Sun Hung Kai was mainly due to mark-to-market valuation adjustments for its principal investments, while the operating earnings of its core businesses produced satisfactory growth. The unrealised mark-to-market losses have been partially recovered since the end of June as markets improved.

- During the first half of 2013, brokerage and commission revenue in the wealth management and brokerage division increased by 20%.

- In June 2013, Sun Hung Kai entered into a long term strategic cooperation agreement with China Everbright Bank, providing their high net worth customers access to Sun Hung Kai's products and services, and acting in the role of their cross-border financial services partner. Sun Hung Kai will continue to look for these types of opportunities in the future, especially as mainland China opens up avenues for foreign entities to participate in its financial services industry.

- The margin loan business under the wealth management and brokerage division was steady in the first half of 2013. In response to increasing market demand, Sun Hung Kai's structured finance business under the capital markets division achieved significant growth in the first half of 2013. Interest income more than doubled that derived during the corresponding period in 2012.

Consumer finance

- United Asia Finance Limited ("UAF") delivered generally satisfactory results in the first half of 2013. Revenue rose by 23% for the period under review and contribution to pre-tax profit increased to HK$625.5 million, 12% higher than the corresponding interim period in 2012.

- At the end of the period, the net consumer finance loan balance amounted to HK$8.6 billion, a 4% half yearly growth since the end of 2012 and 13% year-on-year increase since June 2012.

- During the period, UAF added 15 more branches on the mainland, bringing the total number to 94 covering 12 cities. It will continue to pursue new money lending licences in mainland cities with potential and expand its branch network presence within existing cities.

- Despite keen competition, UAF's local business continued to contribute significantly to its profitability. A new "No Show Loan" product was launched in the second half of 2012 and has been well-received by consumers in the market. The total number of Hong Kong branches stood at 46 at the end of June.

- In May 2013, UAF completed a second RMB500 million dim sum bond issue, with the final subscription significantly exceeding its launch size. This was a second drawdown from the US$3 billion medium term note programme established in March 2011.

Properties

Hong Kong

- Allied Properties (H.K.) Limited ("Allied Properties") reported a profit attributable to its owners of HK$545.4 million (2012: HK$891.3 million), a decrease of HK$345.9 million.

- Allied Properties' rental income from its Hong Kong property portfolio increased by 9.4% resulting from strong rental rates.

- The net gain in the value of Allied Properties' property portfolio, including investment properties owned by Sun Hung Kai, was HK$325.8 million during the period, similar to that of the same period of 2012.

- The hotel division reported a steady result as compared with corresponding period of last year.

- During the period, Allied Properties has incurred losses totalling HK$273.2 million including impairment loss amounting to HK$193.6 million for interests in two Australian listed associates, Tanami Gold NL ("Tanami") and Eurogold Limited ("Eurogold"). Tanami has had to restructure its operations to be cost effective in a low gold price environment. A rights issue during the period has put the company on a stronger financial footing and Tanami is looking at various options to restart its operations. Allied Properties has earned substantial interest income and underwriting fees totalling approximately HK$186 million from Tanami over the past few years and these have been reflected in previous years' as well as the current period's income statements. As for Eurogold, the shares have been suspended because it is currently a holding company with no operations of its own. The Group will closely monitor the performance of Tanami and Eurogold.

Mainland PRC

- The profit attributable to the owners of Tian An was HK$86.5 million (2012: HK$219.7 million), representing a decrease of 60.6%. The decrease in profit of Tian An was mainly due to a decrease in the share of profit from joint ventures because of less recognised sales and completion of properties, and a decrease in revaluation gains from its investment property portfolio. This is a timing issue as contracted sales attributable to Tian An have gone up by more than 8 fold but they have not yet been recognised.

- There are now a total of 14 cyberparks over 12 cities. The southern cyberparks have been progressing well. The eastern and northern cyberparks are at various phases of construction, while Tianjin Tian An Cyber Park (Phase 1) has completed its construction works and Tian An has commenced sales and letting for this project.

- Tian An has completed site clearance for phase 1 of the first urban renewal project in Huawei New City Area in the Longgang District of Shenzhen with gross floor area of 531,000 m^2 and has commenced foundation works. Tian An has also started clearing the land for future phases. Although this means an increased outlay of capital, it is expected to reduce complications when Tian An starts developing these phases.

- The cement division reported a lower profit contribution due to a decline in cement selling prices.

Investments

AOL

- AOL's results for the period turned from a net profit of HK$44.7 million in 2012 to a net loss of HK$9.7 million in 2013. The reduction in profitability during the period was principally due to the unfavourable movement in the fair value on financial instruments at fair value through profit or loss from a gain of HK$23.9 million in 2012 to a loss of HK$29.9 million in 2013. Cash on hand and equivalents remained strong at HK$1,028.7 million at the end of June 2013.

- Reference is made to the joint announcement with Allied Properties and AOL made on 16th August, 2013. Discussions are continuing and further announcements will be made as to the status of the discussions as and when appropriate.

SHK Hong Kong Industries Limited ("SHK HK IND")

- SHK HK IND reported a net profit attributable to its owners of HK$43.5 million (2012: HK$65.6 million). In the second quarter of 2013, SHK HK IND liquidated a significant portion of its short term investments at a profit, and remained largely in cash.

Employees

The total number of headcount of the Group at 30th June, 2013 was 6,570 (at 31st December, 2012: 6,267) including investment consultants. 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 remainder of 2013 is anticipated to remain challenging. The uncertainty on how and when the US Federal Reserve will reduce its quantitative easing measures exercises pressure on global financial markets. The mainland government is still concerned with the perceived high property prices and it is expected that the tightening measures will not be relaxed in the short run. We foresee the local property market may consolidate at the present level under the influence of various measures implemented by the local government.

In such an environment, the market sentiment in the short term will remain cautious. The Board will continue to adopt a prudent approach in implementing the Group's stated strategies with the backing of the Group's stable financial position and diversified income streams for the benefit of the Group and all its shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30th June, 2013, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviations which are summarised below:

Code Provisions B.1.2 and C.3.3

Code provisions B.1.2 and C.3.3 of the CG Code stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee ("Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.2 of the CG Code except that the Remuneration Committee shall make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to executive directors and senior management under the code provision).

The terms of reference of the audit committee ("Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 of the CG Code except that the Audit Committee (i) shall recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has performed its duty to have 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.

Further details of 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, 2012. 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.

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, 2013. 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 SHARES

Save for the Company's purchases of its own shares on the 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 shares during the six months ended 30th June, 2013.

Month	Number of shares repurchased	Purchase consideration per share Highest	Purchase consideration per share Lowest	Aggregate consideration paid (before expenses)
		(HK$)	*(HK$)*	*(HK$)*
January	44,000	26.00	25.75	1,141,600
April	18,000	25.50	24.70	457,400
	62,000			1,599,000

On behalf of the Board
Allied Group Limited
Arthur George Dew
Chairman

Hong Kong, 28th August, 2013

As at the date of this announcement, the Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors; Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Messrs. David Craig Bartlett and Alan Stephen Jones being the Independent Non-Executive Directors.