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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, 2024

The board of directors (“Board”) of Allied Group Limited (“Company”) is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (“Group”) for the six months ended 30th June, 2024 with the comparative figures for the corresponding period in 2023 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30th June, 2024

		Six months ended 30th June,	
		2024	2023
	<i>Notes</i>	Unaudited HK\$ Million	Unaudited HK\$ Million
Revenue	5	3,894.9	3,512.9
Other income		77.6	103.8
Total income		3,972.5	3,616.7
Cost of sales and other direct costs		(1,459.0)	(1,150.8)
Brokerage and commission expenses		(52.0)	(75.0)
Selling and marketing expenses		(107.9)	(138.1)
Administrative expenses		(956.4)	(845.0)
Changes in values of properties	6	(487.0)	34.3
Net gain (loss) on financial assets and liabilities at fair value through profit or loss		90.6	(383.8)
Net exchange loss		(22.8)	(23.0)
Net impairment losses on financial assets	7	(436.1)	(327.3)
Other operating expenses		(119.2)	(95.9)
Finance costs	8	(402.2)	(386.6)
Share of results of associates		37.0	(29.7)
Share of results of joint ventures		(2.4)	7.2
Profit before taxation	9	55.1	203.0
Taxation	10	(163.3)	(228.8)
Loss for the period		(108.2)	(25.8)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)*for the six months ended 30th June, 2024*

		Six months ended 30th June,	
		2024	2023
		Unaudited	Unaudited
	<i>Note</i>	HK\$ Million	HK\$ Million
Attributable to:			
Owners of the Company		(213.8)	(163.9)
Non-controlling interests		105.6	138.1
		<u>(108.2)</u>	<u>(25.8)</u>
		<i>HK\$</i>	<i>HK\$</i>
Loss per share	<i>11</i>		
Basic		<u>(0.06)</u>	<u>(0.05)</u>
Diluted		<u>(0.06)</u>	<u>(0.05)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30th June, 2024

	Six months ended 30th June,	
	2024	2023
	Unaudited	Unaudited
	HK\$ Million	HK\$ Million
Loss for the period	<u>(108.2)</u>	<u>(25.8)</u>
Other comprehensive (expenses) income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value loss on investments in equity instruments at fair value through other comprehensive income	(11.6)	(46.3)
Revaluation gain on properties transferred from owner-occupied properties to investment properties	49.3	20.2
Exchange differences arising on translation to presentation currency	(9.8)	(608.9)
Share of other comprehensive expenses of associates	–	(9.3)
Share of other comprehensive expenses of joint ventures	<u>(0.2)</u>	<u>(310.2)</u>
	<u>27.7</u>	<u>(954.5)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Investments in financial assets at fair value through other comprehensive income		
– Net fair value changes during the period	(3.9)	(2.3)
Exchange differences arising on translation of foreign operations	(39.1)	(169.7)
Others	–	0.1
Share of other comprehensive (expenses) income of associates	(8.5)	1.2
Share of other comprehensive expenses of joint ventures	<u>(5.2)</u>	<u>(4.5)</u>
	<u>(56.7)</u>	<u>(175.2)</u>
Other comprehensive expenses for the period, net of tax	<u>(29.0)</u>	<u>(1,129.7)</u>
Total comprehensive expenses for the period	<u>(137.2)</u>	<u>(1,155.5)</u>
Attributable to:		
Owners of the Company	(216.2)	(790.7)
Non-controlling interests	<u>79.0</u>	<u>(364.8)</u>
	<u>(137.2)</u>	<u>(1,155.5)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30th June, 2024

		At 30th June, 2024	At 31st December, 2023
	<i>Notes</i>	Unaudited <i>HK\$ Million</i>	Restated <i>HK\$ Million</i>
Non-current assets			
Investment properties		26,837.0	26,704.0
Property, plant and equipment		3,290.3	3,781.5
Right-of-use assets		774.3	777.7
Net investments in finance lease		1.4	2.4
Properties for development		2,662.0	5,419.4
Other assets – properties interests		150.8	151.0
Goodwill		132.9	135.7
Intangible assets		71.9	71.5
Interests in associates		3,981.4	3,907.8
Interests in joint ventures		11,294.5	11,178.5
Financial assets at fair value through other comprehensive income		341.2	333.7
Amounts due from associates		225.0	87.1
Amounts due from joint ventures		3,704.6	3,451.8
Loans and advances to consumer finance customers	<i>13</i>	3,647.5	3,709.0
Mortgage loans	<i>14</i>	591.2	758.1
Deferred tax assets		477.0	504.6
Financial assets at fair value through profit or loss		10,167.4	10,584.4
Term loans	<i>15</i>	40.7	180.0
Trade receivables, prepayments and other receivables	<i>16</i>	47.4	53.3
		<u>68,438.5</u>	<u>71,791.5</u>
Current assets			
Other inventories		58.2	68.0
Inventories of properties			
– under development		9,024.0	5,300.4
– completed		2,800.0	3,164.8
Financial assets at fair value through profit or loss		4,753.9	5,220.2
Loans and advances to consumer finance customers	<i>13</i>	6,698.9	6,918.2
Mortgage loans	<i>14</i>	1,573.7	1,710.6
Term loans	<i>15</i>	584.3	446.8
Trade receivables, prepayments and other receivables	<i>16</i>	858.2	879.0
Amounts due from brokers		896.1	590.9
Amounts due from associates		154.2	210.9
Amounts due from joint ventures		1,227.1	1,192.8
Financial assets at fair value through other comprehensive income		39.1	29.3
Tax recoverable		335.4	336.0
Pledged bank deposits		5.5	33.4
Bank deposits		2,825.3	1,214.8
Cash and cash equivalents		12,665.9	14,702.0
		<u>44,499.8</u>	<u>42,018.1</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2024

		At 30th June, 2024	At 31st December, 2023
	<i>Notes</i>	Unaudited <i>HK\$ Million</i>	Restated <i>HK\$ Million</i>
Current liabilities			
Trade payables, other payables and accruals	17	2,684.1	3,099.5
Contract liabilities		8,774.8	7,177.6
Financial liabilities at fair value through profit or loss		295.3	256.0
Amounts due to associates		23.0	187.9
Amounts due to brokers		83.5	77.4
Amounts due to joint ventures		1,963.5	1,934.5
Amounts due to non-controlling interests		0.2	0.2
Tax payable		2,300.6	2,285.5
Bank and other borrowings due within one year		10,562.6	9,766.6
Notes payable		2,538.3	2,780.8
Lease liabilities		139.4	124.4
Other liabilities		33.6	27.0
Provisions		69.0	60.6
		<u>29,467.9</u>	<u>27,778.0</u>
Net current assets		<u>15,031.9</u>	<u>14,240.1</u>
Total assets less current liabilities		<u>83,470.4</u>	<u>86,031.6</u>
Capital and reserves			
Share capital	18	2,221.7	2,221.7
Reserves		41,101.0	41,317.2
Equity attributable to owners of the Company		<u>43,322.7</u>	<u>43,538.9</u>
Shares held for employee ownership scheme		(25.6)	(30.2)
Employee share-based compensation reserve		4.0	9.3
Share of net assets of subsidiaries		23,744.7	23,876.6
Non-controlling interests		<u>23,723.1</u>	<u>23,855.7</u>
Total equity		<u>67,045.8</u>	<u>67,394.6</u>
Non-current liabilities			
Bank and other borrowings due after one year		6,799.6	8,845.7
Notes payable		2,961.5	2,987.8
Lease liabilities		248.1	258.6
Other liabilities		40.5	36.9
Contract liabilities		6.9	8.1
Rental deposits from tenants		16.0	17.8
Financial liabilities at fair value through profit or loss		109.4	111.6
Deferred tax liabilities		6,240.8	6,366.3
Provisions		1.8	4.2
		<u>16,424.6</u>	<u>18,637.0</u>
		<u>83,470.4</u>	<u>86,031.6</u>

Notes:

1. DISCLOSURE IN ACCORDANCE WITH SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information relating to the financial year ended 31st December, 2023 included in this announcement of interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31st December, 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

Other than described below and in note 4, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31st December, 2023.

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Non-current Liabilities with Covenants (“2022 Amendments”)

Transition and summary of impact

Borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date

The Group's right to defer settlement for borrowings of HK\$5,502.2 million and HK\$5,623.2 million as at 1st January, 2023 and 31st December, 2023, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

The change in accounting policy does not have impact to the Group's profit or loss or loss per share for the six months ended 30th June, 2023 and 30th June, 2024.

4. CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF HOSPITAL AND OTHER BUILDINGS IN THE PEOPLE'S REPUBLIC OF CHINA

The Group re-assessed its accounting policy for measurement of hospital and other buildings in the People's Republic of China (“PRC”) after initial recognition. The Group had previously adopted the revaluation model to measure the carrying amount of its hospital and other buildings in the PRC whereby, after initial recognition, the hospital and other buildings in the PRC were stated at fair value, based on annual valuations by independent and qualified professional valuer not connected with the Group, less subsequent accumulated depreciation and impairment losses, if any.

The Group changed its accounting policy for the measurement of hospital and other buildings in the PRC, as the Group believes that adopting cost model provides a more reliable and more relevant information to reflect the Group's operational performance, as well as aligns with the industry's practice in the measurement of hospital and other buildings in the PRC. Under the cost model, the hospital and other buildings in the PRC were measured at their costs less accumulated depreciation and accumulated impairment losses. The Group applied the cost model retrospectively and the comparative figures in the condensed consolidated statement of financial position as at 31st December, 2023 have been restated. After the acquisition of Tian An Medicare Limited (“TAMC”) as an indirectly non wholly-owned subsidiary of the Company on 5th October, 2023, the Group recognised the hospital and other buildings in the PRC held by TAMC. Before the acquisition of TAMC, the Group did not own any hospital and other buildings in the PRC. Therefore, no comparative figures in the condensed consolidated statement of financial position as at 1st January, 2023 have been restated.

Condensed consolidated statement of financial position as at 31st December, 2023

	As previously reported HK\$ Million	Effect HK\$ Million	As restated HK\$ Million
Non-current assets			
Property, plant and equipment	3,788.7	(7.2)	3,781.5
Non-current liabilities			
Deferred tax liabilities	6,368.0	(1.7)	6,366.3
Capital and reserves			
Reserves	41,320.9	(3.7)	41,317.2
Non-controlling interests			
Share of net assets of subsidiaries	<u>23,878.4</u>	<u>(1.8)</u>	<u>23,876.6</u>

5. SEGMENTAL INFORMATION

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

	Six months ended 30th June, 2024								Total HK\$ Million
	Investment and finance HK\$ Million	Consumer finance HK\$ Million	Property development HK\$ Million	Property investment HK\$ Million	Property management HK\$ Million	Elderly care services HK\$ Million	Healthcare services HK\$ Million	Corporate and other operations HK\$ Million	
Segment revenue	462.0	1,567.7	319.1	454.5	160.2	98.7	800.4	170.9	4,033.5
Less: inter-segment revenue	<u>(32.0)</u>	<u>-</u>	<u>-</u>	<u>(59.0)</u>	<u>(0.5)</u>	<u>-</u>	<u>-</u>	<u>(47.1)</u>	<u>(138.6)</u>
Segment revenue from external customers	<u>430.0</u>	<u>1,567.7</u>	<u>319.1</u>	<u>395.5</u>	<u>159.7</u>	<u>98.7</u>	<u>800.4</u>	<u>123.8</u>	<u>3,894.9</u>
Segment results	245.1	400.3	(91.4)	(206.0)	(2.6)	(21.8)	82.6	16.5	422.7
Finance costs									(402.2)
Share of results of associates	-	-	(1.3)	(26.8)	-	-	-	-	(28.1)
Share of results of associates (unallocated)									65.1
Share of results of joint ventures	25.8	-	62.8	(107.1)	11.8	-	-	4.3	<u>(2.4)</u>
Profit before taxation									55.1
Taxation									<u>(163.3)</u>
Loss for the period									<u>(108.2)</u>

Six months ended 30th June, 2023

	Investment and finance	Consumer finance	Property development	Property investment	Property management	Elderly care services	Healthcare services	Corporate and other operations	Total
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Segment revenue	425.4	1,628.6	750.3	440.9	170.9	55.0	-	129.8	3,600.9
Less: inter-segment revenue	(8.2)	-	-	(32.5)	(0.6)	-	-	(46.7)	(88.0)
Segment revenue from external customers	<u>417.2</u>	<u>1,628.6</u>	<u>750.3</u>	<u>408.4</u>	<u>170.3</u>	<u>55.0</u>	<u>-</u>	<u>83.1</u>	<u>3,512.9</u>
Segment results	(166.7)	553.8	(93.5)	307.6	6.3	(6.6)	-	11.2	612.1
Finance costs									(386.6)
Share of results of associates	-	-	(1.9)	12.9	-	-	-	-	11.0
Share of results of associates (unallocated)									(40.7)
Share of results of joint ventures	(10.2)	-	(251.8)	234.3	7.3	-	-	27.6	<u>7.2</u>
Profit before taxation									203.0
Taxation									<u>(228.8)</u>
Loss for the period									<u>(25.8)</u>

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

(A) The geographical information of revenue is disclosed as follows:

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue from external customers by location of operations		
Hong Kong	2,125.8	2,053.8
PRC	1,752.4	1,438.3
United Kingdom	16.4	18.2
Australia	0.3	2.6
	<u>3,894.9</u>	<u>3,512.9</u>

(B) Revenue from contracts with customers are included in the segment revenue as follows:

	Six months ended 30th June, 2024								
	Investment and finance	Consumer finance	Property development	Property investment	Property management	Elderly care services	Healthcare services	Corporate and other operations	Total
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Sales of completed properties	-	-	319.1	-	-	-	-	-	319.1
Sales of building materials	-	-	-	-	-	-	-	43.9	43.9
Hotel operations	-	-	-	25.8	-	-	-	-	25.8
Management services	-	-	-	2.6	159.4	-	-	1.1	163.1
Advisory and service income, commission income and others	8.5	40.2	-	-	-	-	-	16.1	64.8
Elderly care services	-	-	-	-	-	98.7	-	-	98.7
Logistics services	-	-	-	-	-	-	-	15.8	15.8
Hospital fees and charges	-	-	-	-	-	-	800.4	-	800.4
Revenue from contracts with customers	8.5	40.2	319.1	28.4	159.4	98.7	800.4	76.9	1,531.6

	Six months ended 30th June, 2023								
	Investment and finance	Consumer finance	Property development	Property investment	Property management	Elderly care services	Healthcare services	Corporate and other operations	Total
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Sales of completed properties	-	-	750.3	-	-	-	-	-	750.3
Hotel operations	-	-	-	25.5	-	-	-	-	25.5
Management services	-	-	-	2.6	170.3	-	-	1.0	173.9
Advisory and service income, commission income and others	6.7	20.1	-	-	-	-	-	13.3	40.1
Elderly care services	-	-	-	-	-	54.7	-	-	54.7
Logistics services	-	-	-	-	-	-	-	19.2	19.2
Revenue from contracts with customers	6.7	20.1	750.3	28.1	170.3	54.7	-	33.5	1,063.7

6. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Changes in values of properties comprise:		
Net (decrease) increase in fair value of investment properties	(475.3)	31.6
Impairment loss reversed (recognised) for hotel property	0.3	(0.2)
Impairment loss (recognised) reversed for leasehold land and buildings	(5.0)	0.6
Fair value gain on transfer of inventories of completed properties to investment properties	1.1	2.3
Impairment loss recognised on properties under development	(8.1)	-
	<u>(487.0)</u>	<u>34.3</u>

7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Net impairment losses	489.5	417.5
Recoveries of amounts previously written off	(103.9)	(123.3)
	<u>385.6</u>	<u>294.2</u>
Mortgage loans		
Net recognition (reversal) of impairment losses	33.8	(7.7)
Term loans		
Net impairment losses	13.4	39.6
Amounts due from associates		
Net impairment losses	2.1	0.5
Trade and other receivables		
Net impairment losses	1.6	0.5
Financial assets at fair value through other comprehensive income		
Net (reversal) recognition of impairment losses	(0.4)	0.2
	<u>436.1</u>	<u>327.3</u>

8. FINANCE COSTS

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Total finance costs included in:		
Cost of sales and other direct costs	253.9	225.6
Finance costs	402.2	386.6
	<u>656.1</u>	<u>612.2</u>

9. PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets – computer software	2.7	2.5
Amortisation of properties for development	4.7	9.7
Cost of inventories recognised as expenses	604.0	673.5
Depreciation of other assets – properties interests	0.2	0.2
Depreciation of property, plant and equipment	105.7	68.5
Less: amount capitalised in properties under development	(0.4)	(0.6)
	<u>105.3</u>	<u>67.9</u>
Depreciation of right-of-use assets	91.6	90.6
Write-down of inventories of completed properties (included in cost of sales)	41.7	–
and after crediting:		
Gain on disposal of a subsidiary (included in other income)	<u>1.2</u>	<u>–</u>

10. TAXATION

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
The income tax charged comprises:		
Current tax		
Hong Kong	90.0	115.5
PRC	86.6	63.0
Other jurisdictions	–	0.1
Land Appreciation Tax	42.7	46.0
	219.3	224.6
Under (over) provision in prior years	44.1	(40.4)
	263.4	184.2
Deferred tax	(100.1)	44.6
	163.3	228.8

11. LOSS PER SHARE

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

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<u>Loss</u>		
Loss for the purpose of basic loss per share (loss attributable to owners of the Company)	(213.8)	(163.9)
Adjustments to profit in respect of adjustments under the employee ownership scheme of a subsidiary	–	–*
Loss for the purpose of diluted loss per share	(213.8)	(163.9)
	<i>Million shares</i>	<i>Million shares</i>
<u>Number of shares</u>		
Weighted average number of shares in issue for the purpose of basic and diluted loss per share	3,513.7	3,513.7

* The loss for the purpose of calculating diluted loss per share had not adjusted for the effect under the employee ownership scheme of a subsidiary as it was anti-dilutive.

12. DIVIDENDS

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Dividends recognised as distribution during the period:		
Nil (2023: 2022 second interim dividend (in lieu of a final dividend) of HK11.75 cents per share)	<u>–</u>	<u>412.9</u>

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2024 (2023: nil).

13. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	At 30th June, 2024	At 31st December, 2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Hong Kong	8,991.9	9,123.7
PRC	1,928.5	2,073.3
	<u>10,920.4</u>	<u>11,197.0</u>
Less: impairment allowance	(574.0)	(569.8)
	<u>10,346.4</u>	<u>10,627.2</u>
Analysed for reporting purposes as:		
Non-current assets	3,647.5	3,709.0
Current assets	6,698.9	6,918.2
	<u>10,346.4</u>	<u>10,627.2</u>

The following is an aging analysis for the loans and advances to consumer finance customers that are past due at the reporting date:

	At 30th June, 2024 <i>HK\$ Million</i>	At 31st December, 2023 <i>HK\$ Million</i>
Less than 31 days past due	590.1	707.9
31 to 60 days	214.1	159.1
61 to 90 days	50.4	22.2
91 to 180 days	14.7	58.6
Over 180 days	70.5	61.6
	<u>939.8</u>	<u>1,009.4</u>

14. MORTGAGE LOANS

	At 30th June, 2024 <i>HK\$ Million</i>	At 31st December, 2023 <i>HK\$ Million</i>
Mortgage loans		
Hong Kong	2,299.3	2,569.1
Less: impairment allowance	<u>(134.4)</u>	<u>(100.4)</u>
	<u>2,164.9</u>	<u>2,468.7</u>
Analysed for reporting purposes as:		
Non-current assets	591.2	758.1
Current assets	<u>1,573.7</u>	<u>1,710.6</u>
	<u>2,164.9</u>	<u>2,468.7</u>

The following is an aging analysis for the mortgage loans that are past due at the reporting date:

	At 30th June, 2024 <i>HK\$ Million</i>	At 31st December, 2023 <i>HK\$ Million</i>
Less than 31 days past due	102.9	101.1
31 to 60 days	119.5	8.9
61 to 90 days	140.6	7.0
91 to 180 days	146.3	381.4
Over 180 days	370.9	114.6
	<u>880.2</u>	<u>613.0</u>

15. TERM LOANS

	At 30th June, 2024 <i>HK\$ Million</i>	At 31st December, 2023 <i>HK\$ Million</i>
Secured term loans	1,315.7	1,380.7
Unsecured term loans	118.8	91.5
	<u>1,434.5</u>	<u>1,472.2</u>
Less: impairment allowance	(809.5)	(845.4)
	<u>625.0</u>	<u>626.8</u>
Analysed for reporting purposes as:		
Non-current assets	40.7	180.0
Current assets	584.3	446.8
	<u>625.0</u>	<u>626.8</u>

No aging analysis is disclosed for term loans financing, as, in the opinion of the management, the aging analysis does not give additional value in the view of the nature of the term loans financing business.

16. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

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

	At 30th June, 2024 <i>HK\$ Million</i>	At 31st December, 2023 <i>HK\$ Million</i>
Less than 31 days	336.6	190.4
31 to 60 days	47.3	32.5
61 to 90 days	20.0	26.8
91 to 180 days	31.7	23.7
Over 180 days	<u>143.8</u>	<u>89.2</u>
	579.4	362.6
Trade and other receivables without aging	258.0	423.8
Less: impairment allowances	<u>(64.2)</u>	<u>(62.6)</u>
	773.2	723.8
Trade and other receivables at amortised cost	132.4	208.5
Prepayments	<u>132.4</u>	<u>208.5</u>
	<u>905.6</u>	<u>932.3</u>
Analysed for reporting purposes as:		
Non-current assets	47.4	53.3
Current assets	<u>858.2</u>	<u>879.0</u>
	<u>905.6</u>	<u>932.3</u>

17. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	At 30th June, 2024 <i>HK\$ Million</i>	At 31st December, 2023 <i>HK\$ Million</i>
Less than 31 days/repayable on demand	591.7	734.3
31 to 60 days	67.6	159.1
61 to 90 days	70.9	102.7
91 to 180 days	124.9	91.8
Over 180 days	543.7	606.8
	<u>1,398.8</u>	1,694.7
Accrued staff costs, other accrued expenses and other payables without aging	<u>1,285.3</u>	<u>1,404.8</u>
	<u>2,684.1</u>	<u>3,099.5</u>

18. SHARE CAPITAL

	Number of shares	Amount <i>HK\$ Million</i>
Issued and fully paid:		
At 1st January, 2023, 31st December, 2023, 1st January, 2024 and 30th June, 2024	<u>3,513,684,360</u>	<u>2,221.7</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2024 (2023: nil).

FINANCIAL HIGHLIGHTS

	Six months ended 30th June,	
	2024	2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	3,894.9	3,512.9
Loss for the period attributable to owners of the Company	(213.8)	(163.9)
Equity attributable to owners of the Company at the end of the reporting period	43,322.7	42,947.5
Return on equity attributable to owners of the Company	(0.5)%	(0.4)%
Loss per share		
– Basic	HK\$(0.06)	HK\$(0.05)
– Diluted	HK\$(0.06)	HK\$(0.05)
	At	At
	30th June,	31st December,
	2024	2023
Net asset value per share attributable to owners of the Company	HK\$12.33	HK\$12.39
Gearing ratio	17.0%	19.4%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the period was HK\$3,894.9 million (2023: HK\$3,512.9 million).

The loss attributable to owners of the Company for the period was HK\$213.8 million, as compared to a loss of HK\$163.9 million for the same period in 2023.

Loss per share

Basic loss per share amounted to HK\$0.06 for the period, as compared to the basic loss per share of HK\$0.05 for the same period in 2023.

Capital Management and Treasury Policy

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts (which include bank and other borrowings and notes payable) and equity attributable to owners of the Company comprising issued share capital and reserves. The Group's management reviews the capital structure on an ongoing basis using gearing ratio, which is the net debt comprising the Group's bank and other borrowings and notes payable less bank deposits and cash and cash equivalents divided by equity attributable to owners of the Company.

In addition, the Group's treasury policy is to ensure that funding requirements for capital commitments, investments and operations of the Group can be fulfilled and liquidity can be managed to ensure that fund inflows are matched against all maturing repayment obligations to achieve maximum harmony on cash flow management. The credit facilities of the Group are reviewed from time to time and new credit facilities will be obtained or renewed. The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group involving the management of the relevant group companies.

Financial Resources, Liquidity and Capital Structure

At the end of the reporting period, the equity attributable to owners of the Company amounted to HK\$43,322.7 million, representing a decrease of HK\$216.2 million from that of 31st December, 2023. The Group maintained a strong cash and bank balance position and had cash and bank balances of approximately HK\$15,496.7 million as at 30th June, 2024 (at 31st December, 2023: HK\$15,950.2 million). The Group's bank and other borrowings and notes payable totalling HK\$22,862.0 million (at 31st December, 2023: HK\$24,380.9 million) of which the portion due on demand or within one year was HK\$13,100.9 million (at 31st December, 2023: HK\$12,547.4 million) and the remaining long-term portion was HK\$9,761.1 million (at 31st December, 2023: HK\$11,833.5 million). The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 1.51 times (at 31st December, 2023: 1.51 times). The Group's gearing ratio (net bank and other borrowings and notes payable/equity attributable to the owners of the Company) was 17.0% (at 31st December, 2023: 19.4%).

	At 30th June, 2024 <i>HK\$ Million</i>	At 31st December, 2023 <i>HK\$ Million</i>
Bank and other borrowings		
Bank loans	16,739.7	17,950.2
Other borrowings	<u>622.5</u>	<u>662.1</u>
	<u>17,362.2</u>	<u>18,612.3</u>
Amount repayable within one year shown under current liabilities	10,562.6	9,766.6
Amount due after one year	<u>6,799.6</u>	<u>8,845.7</u>
	<u>17,362.2</u>	<u>18,612.3</u>
Notes payable		
5.75% US dollar notes ^	2,130.8	2,322.6
5.00% US dollar notes ^	3,018.2	3,044.8
Asset backed notes	<u>350.8</u>	<u>401.2</u>
	<u>5,499.8</u>	<u>5,768.6</u>
Analysed for reporting purpose		
– Current liabilities	2,538.3	2,780.8
– Non-current liabilities	<u>2,961.5</u>	<u>2,987.8</u>
	<u>5,499.8</u>	<u>5,768.6</u>
Total borrowings	<u>22,862.0</u>	<u>24,380.9</u>

^ Listed on The Stock Exchange of Hong Kong Limited

At the end of the reporting period, total borrowings accounted for around 23% were at fixed rates. There are no known seasonal factors in the Group's borrowing profile.

At the end of the reporting period, the Group had HK\$17,362.2 million (at 31st December, 2023: HK\$18,612.3 million) in bank and other borrowings, which were denominated in HK dollars, British pounds, Australian dollars, Renminbi and US dollars. The Group had HK\$15,496.7 million (at 31st December, 2023: HK\$15,950.2 million) in bank deposits, bank balances and cash, which were mainly denominated in HK dollars, Australian dollars, British pounds, Euro, Renminbi and US dollars.

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 Acquisitions and Disposals

In February 2024, Colony SHK Gen Par S.à r.l. (“General Partner”) was established in Luxembourg as a joint venture between a subsidiary of Sun Hung Kai & Co. Limited (“SHK”) and Colony Investment Management SAS and was owned as to 50% and 50% by each of them respectively. Furthermore, a partnership (“Partnership”) was also established as a joint venture between the subsidiary of SHK group, Colony Invest Platform I SCSP and the General Partner, of which 99% was owned by the subsidiary of SHK group. The Partnership is managed by the General Partner to carry on the business of holding, monitoring and realising qualifying investments. As at 30th June, 2024, SHK group committed and injected approximately EUR21.5 million into the Partnership. Subsequent to the end of the financial period, SHK group further committed EUR54.2 million into the Partnership, of which EUR28.1 million of this amount was injected into it up to the date of this announcement. The Partnership has executed a commitment to subscribe for preferred equity shares in a vehicle which in turn invests in preferred equity shares in one of Europe’s largest hotel owners.

Save as disclosed above, there were no material acquisitions or disposal of subsidiaries, associates and joint ventures for the six months ended 30th June, 2024 and up to the date of this announcement.

Segment Information

Detailed segmental information in respect of the revenue and profit or loss is shown in note 5 to the condensed consolidated financial information.

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.

The Group's foreign exchange risk primarily arises from currency exposures originating from proprietary trading positions, private equity investments, real estate investments, loans and advances and bank and other borrowings denominated in foreign currencies, mainly in Australian dollars, British pounds, Euro, Japanese yen, Malaysian ringgit, Renminbi and Thai baht. Foreign exchange risk is managed and monitored by senior management of the relevant group companies. The risk arises from open currency positions is subject to ratios that are monitored and reported weekly. Should the Group consider that its exposure to foreign currency risk justifies hedging, the Group may use forward or hedging contracts to reduce the risks.

Contingent Liabilities

- (a) Property for development that is held by a joint venture of the Group with total carrying value of approximately HK\$882.4 million is under idle land investigation by the local authority. The development progress cannot fully fulfill building covenants under the land grant contracts. The whole pieces of land of the joint venture were held under several land use right certificates. They are under phased construction stage and certain portions of them are under development, except for the portions which are retained for the remaining development of the whole project.

Property for development that is held by another joint venture of the Group with carrying value of approximately HK\$187.0 million had been identified as idle land by the local authority. The development of more than half of the piece of land was completed, except for the portions which are retained for the remaining development of the whole project. In particular, the construction work for Phase 3 Part 2 has started in current period.

The Group is currently working diligently with joint venture partners to prevent the possible classification as idle land for those under idle land investigation and taking remedy action to prevent from prosecution for those had been identified as idle land, including negotiating the feasibility of development plans with local authorities. Based on legal advices, the Group has assessed the issue and in the opinion of the management of the Group, the economic outflows caused by the above cases are not probable.

- (b) As at 30th June, 2024, guarantees given to banks in respect of mortgage loans granted to property purchasers, loan facilities granted to the joint ventures and an investee company classified as financial assets at fair value through profit or loss amounted to approximately HK\$1,830.0 million. All the guarantees provided by the Group were requested by banks under normal commercial terms.
- (c) A legal action was taken against a joint venture of the Group resulting in possible contingent liabilities of approximately HK\$236.2 million. The claim is being contested and the management of the Group, with reference to legal advice obtained, considered that in the event that the appeal court rules against the joint venture, it will not have material effect on the condensed consolidated financial statements of the Group.
- (d) Subsequent to the end of the reporting period, a legal action was taken against an indirect wholly-owned subsidiary of Tian An Medicare Limited (“TAMC”), an indirect non wholly-owned subsidiary of Tian An China Investments Company Limited (“TACI”), resulting in possible contingent liabilities of approximately HK\$157.1 million. The Group, after seeking PRC legal advice, is of the view that the litigation has no merits and hence no material impact on the operations and financial position of the Group.
- (e) One subsidiary of SHK is the named defendant in a legal action filed in the United States. The legal action relates to a disagreement regarding an incorrect transfer of a number of shares to the said subsidiary by a third party in 2017. The plaintiffs are claiming unspecified damages of US\$10 million and management of SHK considers that it is less than probable that a material outflow of resources embodying economic benefits will be required to settle the obligation. Therefore, no provision for the contingent liabilities in respect of this legal action is necessary.

Pledge of Assets

At 30th June, 2024, the following assets were pledged:

- (a) Certain of the Group's property, plant and equipment, properties for development, properties under development, inventories of completed properties and investment properties with an aggregate carrying value of HK\$29,093.8 million (at 31st December, 2023: HK\$28,695.3 million), financial assets at fair value through profit or loss ("FVTPL") of nil (at 31st December, 2023: HK\$148.5 million), financial assets at fair value through other comprehensive income of nil (at 31st December, 2023: HK\$42.9 million), notes receivables of nil (at 31st December, 2023: HK\$1.0 million), bank deposits of HK\$5.5 million (at 31st December, 2023: HK\$33.4 million) together with certain securities in respect of a listed subsidiary with investment cost of HK\$266.4 million (at 31st December, 2023: HK\$266.4 million) were pledged to secure loans and general banking facilities granted to the Group.
- (b) HK\$482.5 million (at 31st December, 2023: HK\$732.0 million) of mortgage loans receivable were pledged for a securitisation financing transaction.
- (c) The Group's interest in a subsidiary with net asset value of HK\$3.3 million (at 31st December, 2023: HK\$2.8 million) and equity securities at FVTPL with carrying values of HK\$5.3 million (at 31st December, 2023: HK\$5.7 million) were pledged to securities brokers houses for margin loan facilities granted to the Group.

Events after the Reporting Period

There are no important events affecting the Group which have occurred after the end of the financial period ended 30th June, 2024 and up to the date of this announcement.

OPERATIONAL REVIEW

Financial Services

Investment and Finance

- The profit attributable to owners of SHK for the period was HK\$75.4 million, as compared to a loss of HK\$287.5 million for the same period in 2023.
- SHK's investment management business reported a pre-tax loss of HK\$358.4 million (2023: pre-tax loss of HK\$861.4 million). The loss included SHK allocating a cost of capital charge of HK\$348.7 million.
- SHK's funds management business reported a pre-tax profit of HK\$1.3 million (2023: HK\$16.3 million).
- Sun Hung Kai Credit Limited reported a pre-tax profit of HK\$25.0 million (2023: HK\$71.6 million). Its gross loan balance was HK\$2.3 billion at the end of June 2024.

Consumer Finance

- Profit attributable to owners of United Asia Finance Limited ("UAF") for the period amounted to HK\$291.4 million (2023: HK\$407.5 million).
- In view of the challenging operating conditions in Mainland China, UAF continued to reduce operating costs and focused on its shift from unsecured to secured lending.
- In the first half of 2024, UAF's Hong Kong business was affected by a weakened local economy. UAF has tightened its measures to mitigate credit risks and manage loan charge-offs. UAF's credit card product, "SIM" card (Simple Instant Money), was commercially launched in November 2023. The operating results to date have been satisfactory.
- As at 30th June, 2024, the consolidated consumer finance gross loan balance amounted to HK\$10.9 billion. There were 16 branches in Mainland China and 47 branches in Hong Kong.

Properties

Hong Kong

- Rental income from the Group's Hong Kong property portfolio was maintained at a steady level when compared to 2023.
- Allied Kajima Limited, the Group's 50% joint venture, holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel, Sofitel Philippine Plaza hotel, and AKI Hong Kong MGallery hotel, reported a loss for the period as compared to a profit reported for the same period in 2023 which was mainly attributable to higher fair value loss provisions for its property portfolio.

Mainland China

- The profit attributable to owners of TACI reported by TACI itself was HK\$78.1 million (2023: HK\$577.2 million). However, the financial results of TACI for the period from the Company's perspective was a loss of HK\$166.3 million (2023: profit of HK\$131.9 million). When TACI became an indirect non wholly-owned subsidiary of the Company in October 2021, the Company performed a fair value assessment in accordance with relevant accounting standards which increased the value of the net assets of TACI in the books of the Company. This led to different cost bases for TACI and the Company.
- TACI's total rental income decreased by 3% as compared with same period of 2023.
- TACI has a total of 20 Tian An Cyberparks developed or under development in over 13 cities with stable business strategies.
- The pre-sales and sales of residential projects in Jiangsu, Zhejiang and Liaoning Provinces as well as in Shanghai which projects were acquired in previous years by TACI have been successful. TACI expects these projects to provide a good return in the coming years.
- The pre-sales of part 1 of Phase 2B of The One Tian An Place, a residential project in Shanghai, has been a success and will provide steady contributions in the course of its phased development.

- Asiasec Properties Limited, the listed subsidiary of TACI, reported a loss of HK\$17.0 million (2023: profit of HK\$14.5 million) attributable to its shareholders.
- TAMC reported a profit of HK\$21.7 million (2023: HK\$1.3 million) attributable to its shareholders.

Services

- Allied Services Hong Kong Limited which principally engages in the businesses of property management and elderly care services reported a profit of HK\$6.6 million for the period (2023: HK\$3.5 million).

Investment

Resource Investments

- At the end of the reporting period, the Group held approximately 45.4% interest in a listed associate, APAC Resources Limited (“APAC”). The Group recorded a share of profit from APAC for the period as compared to a share of loss for the same period in 2023.

Employees

The total number of headcount of the Group as at 30th June, 2024 was 5,866 (at 31st December, 2023: 5,713). 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 financial problems of many sizeable China property developers, high dollar interest rates, geopolitical tensions, the war in Ukraine and the conflict in the Middle East have led to uncertainty and poor market sentiment. The policy of derisking by the United States and the European Union towards China will continue to have a negative impact on the economy of China.

SHK remains vigilant about the various risks and challenges facing the market and will continue to mitigate the volatility in its business and investment portfolio.

UAF will continue to manage its Hong Kong business by balancing business growth and risk. As for the Mainland China business, UAF will focus on secured lending while implementing cost cutting measures to generate better returns.

Elevated interest rates will continue to add downward pressure on the local property market. The Group will continue to focus on boosting the occupancy and leasing potential of its property portfolio.

TACI is comforted by the measures introduced by the Central government and local governments to stabilise the property market. In addition, the lowering of loan prime rates and the cutting of bank reserve requirement ratios would increase liquidity and stimulate the economy of Mainland China.

There is no doubt that the second half of 2024 will remain challenging. With the Group's solid financial position and diversified income streams, the Board will continue to adopt a prudent approach in implementing the Group's stated strategies for the benefit of the Group and all its shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30th June, 2024, the Company has applied the principles of, and complied with, the applicable code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("CG Code") under Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviation which is summarised below:

Code Provision D.3.3

Code provision D.3.3 of the CG Code stipulates that the terms of reference of the audit committee should include, as a minimum, those specific duties as set out in the code provision.

The terms of reference of the Audit Committee (“Audit Committee”) adopted by the Company are in compliance with the code provision D.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 effective risk management and internal control systems; and (iii) can promote (as opposed to ensure under the code provision) the co-ordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The reason for the above deviation was set out in the Corporate Governance Report contained in the Company’s Annual Report for the financial year ended 31st December, 2023 and remain unchanged. The Board considers that the Audit Committee should continue to operate according to its terms of reference, and will continue to review the terms of reference at least annually and make appropriate changes if considered necessary.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the 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, 2024. 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 as well as reports obtained from management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF SHARES

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, 2024.

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

Hong Kong, 28th August, 2024

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), Mr. Akihiro Nagahara (Vice Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Lisa Yang Lai Sum and Mr. Kelvin Chau Kwok Wing being the Independent Non-Executive Directors.