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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, 2022

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, 2022 with the comparative figures for the corresponding period in 2021 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30th June, 2022

		Six months ended 30th June,	
		2022	2021
	Notes	Unaudited HK\$ Million	Unaudited HK\$ Million
Revenue	4		
Interest income		2,122.0	2,111.2
Other revenue		1,296.2	394.0
		3,418.2	2,505.2
Other income		48.5	82.0
Total income		3,466.7	2,587.2
Cost of sales and other direct costs		(824.7)	(234.7)
Brokerage and commission expenses		(83.5)	(42.7)
Selling and marketing expenses		(99.5)	(47.9)
Administrative expenses		(886.3)	(938.1)
Changes in values of properties	5	(199.6)	38.5
Net (loss) gain on financial assets and liabilities at fair value through profit or loss		(598.9)	2,704.0
Net exchange loss		(156.1)	(35.5)
Net impairment losses on financial assets	6	(333.2)	(313.6)
Other operating expenses		(106.5)	(92.4)
Finance costs	7	(430.9)	(250.5)
Share of results of associates		(90.2)	256.4
Share of results of joint ventures		(35.2)	(100.9)
(Loss) profit before taxation	8	(377.9)	3,529.8
Taxation	9	(184.2)	(280.7)
(Loss) profit for the period		(562.1)	3,249.1

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
for the six months ended 30th June, 2022

		Six months ended 30th June,	
		2022	2021
	<i>Note</i>	Unaudited	Unaudited
		HK\$ Million	HK\$ Million
Attributable to:			
Owners of the Company		(605.7)	2,198.1
Non-controlling interests		43.6	1,051.0
		<u>(562.1)</u>	<u>3,249.1</u>
		<i>HK\$</i>	<i>HK\$</i>
(Loss) earnings per share	<i>10</i>		
Basic		<u>(0.17)</u>	<u>0.63</u>
Diluted		<u>(0.17)</u>	<u>0.62</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30th June, 2022

	Six months ended 30th June,	
	2022	2021
	Unaudited	Unaudited
	HK\$ Million	HK\$ Million
(Loss) profit for the period	<u>(562.1)</u>	<u>3,249.1</u>
Other comprehensive (expenses) income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income	(209.4)	205.2
Exchange differences arising on translation to presentation currency	(884.2)	–
Share of other comprehensive (expenses) income of associates	(7.5)	221.9
Share of other comprehensive (expenses) income of joint ventures	(243.3)	1.5
	<u>(1,344.4)</u>	<u>428.6</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	6.0	(9.0)
– Reclassification adjustment for realisation upon disposal/redemption	4.7	(0.5)
Exchange differences arising on translation of foreign operations	(262.4)	89.4
Reclassification adjustment to profit or loss on liquidation of subsidiaries	8.1	–
Others	0.2	–
Share of other comprehensive (expenses) income of associates	(24.9)	4.4
Share of other comprehensive (expenses) income of joint ventures	(33.2)	6.2
	<u>(301.5)</u>	<u>90.5</u>
Other comprehensive (expenses) income for the period, net of tax	<u>(1,645.9)</u>	<u>519.1</u>
Total comprehensive (expenses) income for the period	<u>(2,208.0)</u>	<u>3,768.2</u>
Attributable to:		
Owners of the Company	(1,460.5)	2,597.6
Non-controlling interests	(747.5)	1,170.6
	<u>(2,208.0)</u>	<u>3,768.2</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June, 2022

		At 30th June, 2022	At 31st December, 2021
		Unaudited	Audited
	<i>Notes</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Non-current assets			
Investment properties		25,396.0	26,468.7
Property, plant and equipment		2,125.0	1,738.6
Right-of-use assets		678.8	730.1
Net investments in finance lease		1.2	1.9
Properties for development		5,446.6	5,934.6
Other assets – properties interests		56.1	58.9
Goodwill		135.8	132.9
Intangible assets		69.5	71.4
Interests in associates		4,074.4	4,298.3
Interests in joint ventures		12,746.8	12,677.2
Financial assets at fair value through other comprehensive income		507.4	420.8
Amounts due from associates		440.2	285.9
Amounts due from joint ventures		3,198.5	2,505.7
Loans and advances to consumer finance customers	12	3,899.1	3,805.9
Mortgage loans	13	2,133.8	2,163.7
Deferred tax assets		649.6	687.5
Financial assets at fair value through profit or loss		12,318.7	12,707.8
Term loans	14	413.4	676.5
Trade receivables, prepayments and other receivables	15	52.5	49.1
		<u>74,343.4</u>	<u>75,415.5</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2022

		At 30th June, 2022 Unaudited <i>HK\$ Million</i>	At 31st December, 2021 Audited <i>HK\$ Million</i>
	<i>Notes</i>		
Current assets			
Other inventories		5.5	7.3
Inventories of properties			
– under development		7,821.7	7,394.9
– completed		2,768.4	3,379.1
Financial assets at fair value through profit or loss		6,330.0	7,591.0
Receivable from reverse repurchase agreements		–	169.3
Loans and advances to consumer finance customers	<i>12</i>	7,839.2	8,243.8
Mortgage loans	<i>13</i>	1,268.9	1,297.6
Term loans	<i>14</i>	1,463.0	1,837.9
Trade receivables, prepayments and other receivables	<i>15</i>	1,104.1	901.2
Amounts due from brokers		641.2	499.9
Amounts due from associates		7.2	121.3
Amounts due from joint ventures		1,329.6	2,398.0
Financial assets at fair value through other comprehensive income		20.9	32.4
Tax recoverable		72.6	58.7
Tax reserve certificates		–	7.1
Short-term pledged bank deposits and bank balances		0.6	50.7
Bank deposits		466.8	786.0
Cash and cash equivalents		11,714.9	10,116.2
		42,854.6	44,892.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2022

		At 30th June, 2022 Unaudited <i>HK\$ Million</i>	At 31st December, 2021 Audited <i>HK\$ Million</i>
	<i>Notes</i>		
Current liabilities			
Trade payables, other payables and accruals	16	2,570.4	3,028.6
Contract liabilities		3,326.0	2,966.0
Financial liabilities at fair value through profit or loss		497.6	433.9
Amounts due to associates		264.6	227.4
Amounts due to joint ventures		841.4	816.0
Amounts due to non-controlling interests		0.2	0.2
Tax payable		2,158.7	2,118.1
Bank and other borrowings due within one year		12,872.6	12,721.6
Notes/paper payable		3,536.1	4,313.3
Lease liabilities		143.7	147.2
Other liabilities		40.2	32.2
Provisions		48.8	43.3
		<u>26,300.3</u>	<u>26,847.8</u>
Net current assets		<u>16,554.3</u>	<u>18,044.6</u>
Total assets less current liabilities		<u>90,897.7</u>	<u>93,460.1</u>
Capital and reserves			
Share capital	17	2,221.7	2,221.7
Reserves		42,092.7	43,992.9
Equity attributable to owners of the Company		<u>44,314.4</u>	<u>46,214.6</u>
Shares held for employee ownership scheme		(36.2)	(46.7)
Employee share-based compensation reserve		10.0	16.5
Share of net assets of subsidiaries		26,246.2	27,663.5
Non-controlling interests		<u>26,220.0</u>	<u>27,633.3</u>
Total equity		<u>70,534.4</u>	<u>73,847.9</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2022

	At 30th June, 2022 Unaudited <i>HK\$ Million</i>	At 31st December, 2021 Audited <i>HK\$ Million</i>
Non-current liabilities		
Bank and other borrowings due after one year	6,023.2	6,445.4
Notes/paper payable	7,073.1	5,553.0
Lease liabilities	291.2	322.3
Other liabilities	11.0	19.2
Rental deposits from tenants	23.5	28.3
Financial liabilities at fair value through profit or loss	119.2	–
Deferred tax liabilities	6,820.6	7,242.0
Provisions	1.5	2.0
	<hr/> 20,363.3 <hr/>	<hr/> 19,612.2 <hr/>
	<hr/> 90,897.7 <hr/>	<hr/> 93,460.1 <hr/>

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, 2021 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 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 financial statements for the year ended 31st December, 2021 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 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 Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 value.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2022 are the same as those presented in the Group's annual financial statements for the year ended 31st December, 2021.

Application of amendments to 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 annual periods beginning on 1st January, 2022 for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30th June, 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 the condensed consolidated financial statements.

Impacts and changes in accounting policies on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

Accounting policies

For business combinations in which the acquisition date is on or after 1st January, 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (“Conceptual Framework”) except for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC)-Int 21 “Levies”, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

Transition and summary of effects

The Group applies the amendments to business combinations for which the acquisition date is on or after 1st January, 2022. The application of the amendments in the current period had no impact on the Group’s condensed consolidated financial statements.

4. SEGMENTAL INFORMATION

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

	Six months ended 30th June, 2022							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	Corporate and other operations HK\$ Million	
Segment revenue	435.0	1,759.1	586.8	403.4	158.2	50.7	80.8	3,474.0
Less: inter-segment revenue	(8.5)	-	-	(14.9)	(0.2)	(0.2)	(32.0)	(55.8)
Segment revenue from external customers	<u>426.5</u>	<u>1,759.1</u>	<u>586.8</u>	<u>388.5</u>	<u>158.0</u>	<u>50.5</u>	<u>48.8</u>	<u>3,418.2</u>
Segment results	(440.1)	645.4	(59.0)	141.2	(6.1)	(2.8)	(100.2)	178.4
Finance costs								(430.9)
Share of results of associates	-	-	(0.4)	11.9	-	-	-	11.5
Share of results of associates (unallocated)								(101.7)
Share of results of joint ventures	45.5	-	(73.4)	(135.7)	8.9	-	119.5	(35.2)
Loss before taxation								(377.9)
Taxation								(184.2)
Loss for the period								<u>(562.1)</u>

Six months ended 30th June, 2021

	Investment and finance <i>HK\$ Million</i>	Consumer finance <i>HK\$ Million</i>	Property development <i>HK\$ Million</i>	Property investment <i>HK\$ Million</i>	Property management <i>HK\$ Million</i>	Elderly care services <i>HK\$ Million</i>	Corporate and other operations <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Segment revenue	456.6	1,741.1	–	121.3	108.3	54.7	75.9	2,557.9
Less: inter-segment revenue	(0.6)	–	–	(7.5)	(0.8)	–	(43.8)	(52.7)
Segment revenue from external customers	<u>456.0</u>	<u>1,741.1</u>	<u>–</u>	<u>113.8</u>	<u>107.5</u>	<u>54.7</u>	<u>32.1</u>	<u>2,505.2</u>
Segment results	2,784.2	871.9	–	16.1	5.2	2.9	(51.3)	3,629.0
Impairment loss on interest in an associate								(4.2)
Finance costs								(250.5)
Share of results of associates								256.4
Share of results of joint ventures	(36.5)	–	–	(64.4)	–	–	–	(100.9)
Profit before taxation								3,529.8
Taxation								(280.7)
Profit for the period								<u>3,249.1</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,	
	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue from external customers by location of operations		
Hong Kong	2,014.7	2,042.1
The People's Republic of China ("PRC")	1,382.6	457.1
United Kingdom	19.3	6.0
Australia	1.6	–
	<u>3,418.2</u>	<u>2,505.2</u>

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

Six months ended 30th June, 2022								
	Investment and finance <i>HK\$ Million</i>	Consumer finance <i>HK\$ Million</i>	Property development <i>HK\$ Million</i>	Property investment <i>HK\$ Million</i>	Property management <i>HK\$ Million</i>	Elderly care services <i>HK\$ Million</i>	Corporate and other operations <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Sales of completed properties	-	-	586.8	-	-	-	-	586.8
Hotel operations	-	-	-	49.4	-	-	-	49.4
Management services	-	-	-	2.6	158.0	-	0.9	161.5
Advisory and service income, commission income and others	11.7	9.6	-	-	-	-	28.0	49.3
Elderly care services	-	-	-	-	-	50.5	-	50.5
Logistics services	-	-	-	-	-	-	2.8	2.8
Revenue from contracts with customers	<u>11.7</u>	<u>9.6</u>	<u>586.8</u>	<u>52.0</u>	<u>158.0</u>	<u>50.5</u>	<u>31.7</u>	<u>900.3</u>
Six months ended 30th June, 2021								
	Investment and finance <i>HK\$ Million</i>	Consumer finance <i>HK\$ Million</i>	Property development <i>HK\$ Million</i>	Property investment <i>HK\$ Million</i>	Property management <i>HK\$ Million</i>	Elderly care services <i>HK\$ Million</i>	Corporate and other operations <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Hotel operations	-	-	-	10.6	-	-	-	10.6
Management services	-	-	-	2.7	107.5	-	31.9	142.1
Advisory and service income, commission income and others	24.1	8.8	-	-	-	-	-	32.9
Elderly care services	-	-	-	-	-	54.7	-	54.7
Revenue from contracts with customers	<u>24.1</u>	<u>8.8</u>	<u>-</u>	<u>13.3</u>	<u>107.5</u>	<u>54.7</u>	<u>31.9</u>	<u>240.3</u>

5. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June,	
	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Changes in values of properties comprise:		
Net (decrease) increase in fair value of investment properties	(115.0)	38.3
Impairment loss reversed for hotel property	4.7	0.2
Impairment loss recognised for leasehold land and buildings	(2.9)	-
Fair value loss on transfer of inventories of completed properties to investment properties	(3.0)	-
Impairment loss on properties for development	(83.4)	-
	<u>(199.6)</u>	<u>38.5</u>

6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six months ended 30th June,	
	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Net impairment losses	425.1	326.5
Recoveries of amounts previously written off	(112.5)	(119.7)
	<u>312.6</u>	<u>206.8</u>
Mortgage loans		
Net (reversal) recognition of impairment losses	(15.7)	12.5
Term loans		
Net impairment losses	25.2	56.1
Amounts due from associates		
Net (reversal) recognition of impairment losses	(5.2)	10.8
Trade and other receivables		
Net impairment losses	4.1	3.7
Financial assets at fair value through other comprehensive income		
Net impairment losses	12.2	23.7
	<u>333.2</u>	<u>313.6</u>

7. FINANCE COSTS

	Six months ended 30th June,	
	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Total finance costs included in:		
Cost of sales and other direct costs	118.7	102.0
Finance costs	430.9	250.5
	<u>549.6</u>	<u>352.5</u>

8. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
(Loss) profit before taxation has been arrived at after charging:		
Amortisation of intangible assets – computer software	1.6	1.6
Amortisation of properties for development	10.3	–
Cost of inventories recognised as expenses	434.9	–
Depreciation of other assets – properties interests	0.3	–
Depreciation of property, plant and equipment	48.8	44.2
Less: amount capitalised in properties under development	(0.9)	–
	47.9	44.2
Depreciation of right-of-use assets	88.8	72.1
Impairment loss on interest in an associate (included in other operating expenses)	–	4.2
Interest expenses of lease liabilities	6.8	5.5
Loss on deemed disposal of an associate (included in other operating expenses)	–	1.3
Net loss on disposal of intangible assets	1.4	–
Net loss on disposal/write-off of property, plant and equipment	0.2	0.2
Realised loss on disposal/redemption of financial assets at fair value through other comprehensive income (included in other operating expenses)	11.7	–
and after crediting:		
Dividend income from listed equity securities	34.3	24.3
Dividend income from unlisted equity securities	8.9	10.1
Gain on disposal of investments (included in other income)	1.0	61.4
Government grants on Employment Support Scheme (included in other income)	11.5	–
Change in net assets attributable to other holders of consolidated structured entities (included in other income)	2.9	3.2
Realised gain on disposal/redemption of financial assets at fair value through other comprehensive income (included in other income)	–	0.9

9. TAXATION

	Six months ended 30th June,	
	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
The income tax charged (credited) comprises:		
Current tax		
Hong Kong	135.5	159.7
PRC	82.7	2.2
Other jurisdictions	0.1	–
Land Appreciation Tax	111.3	–
	<u>329.6</u>	<u>161.9</u>
Under (over) provision in prior years	4.2	(9.0)
	<u>333.8</u>	<u>152.9</u>
Deferred tax	<u>(149.6)</u>	<u>127.8</u>
	<u>184.2</u>	<u>280.7</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the period. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries. 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. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<u>(Loss) earnings</u>		
(Loss) earnings for the purpose of basic (loss) earnings per share ((loss) profit attributable to owners of the Company)	(605.7)	2,198.1
Adjustments to profit in respect of adjustments under the employee ownership scheme of a subsidiary (<i>Note</i>)	–	(1.6)
	<u>(605.7)</u>	<u>2,196.5</u>
	<u>(605.7)</u>	<u>2,196.5</u>
	<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) earnings per share	3,514.5	3,515.1
	<u>3,514.5</u>	<u>3,515.1</u>

Note: During the six months ended 30th June, 2022, the loss for the purpose calculating diluted loss per share has not adjusted for the effect under the employee ownership scheme of a subsidiary as it is anti-dilutive.

11. DIVIDENDS

	Six months ended 30th June,	
	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Ordinary shares:		
Interim dividend declared after the end of the reporting period of HK0.75 cents per share (2021: HK0.75 cents per share)	<u>26.4</u>	<u>26.4</u>
Dividends recognised as distribution during the period:		
2021 second interim dividend (in lieu of a final dividend) of HK12.5 cents per share (2021: 2020 second interim dividend (in lieu of a final dividend) of HK11.75 cents per share)	<u>439.2</u>	<u>413.0</u>

Subsequent to the end of the reporting period, an interim dividend of HK0.75 cents (2021: HK0.75 cents) per share in respect of the period ended 30th June, 2022 has been declared by the Board.

12. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	At 30th June, 2022	At 31st December, 2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Hong Kong	8,703.6	8,767.3
PRC	<u>3,617.3</u>	<u>3,913.2</u>
	12,320.9	12,680.5
Less: impairment allowance	<u>(582.6)</u>	<u>(630.8)</u>
	<u>11,738.3</u>	<u>12,049.7</u>
Analysed for reporting purposes as:		
Non-current assets	3,899.1	3,805.9
Current assets	<u>7,839.2</u>	<u>8,243.8</u>
	<u>11,738.3</u>	<u>12,049.7</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, 2022	At 31st December, 2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Less than 31 days past due	828.9	828.4
31 to 60 days	155.7	102.6
61 to 90 days	27.3	28.5
91 to 180 days	75.8	1.6
Over 180 days	<u>68.4</u>	<u>70.6</u>
	<u>1,156.1</u>	<u>1,031.7</u>

13. MORTGAGE LOANS

	At 30th June, 2022 <i>HK\$ Million</i>	At 31st December, 2021 <i>HK\$ Million</i>
Mortgage loans		
Hong Kong	3,440.1	3,514.4
Less: impairment allowance	(37.4)	(53.1)
	<u>3,402.7</u>	<u>3,461.3</u>
Analysed for reporting purposes as:		
Non-current assets	2,133.8	2,163.7
Current assets	1,268.9	1,297.6
	<u>3,402.7</u>	<u>3,461.3</u>

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

	At 30th June, 2022 <i>HK\$ Million</i>	At 31st December, 2021 <i>HK\$ Million</i>
Less than 31 days past due	83.0	238.0
31 to 60 days	139.3	21.3
61 to 90 days	7.2	4.8
91 to 180 days	184.8	2.9
Over 180 days	217.4	321.5
	<u>631.7</u>	<u>588.5</u>

As of 30th June, 2022, HK\$1,186.2 million (at 31st December, 2021: HK\$977.0 million) of mortgage loan receivables were pledged for a securitisation financing transaction.

14. TERM LOANS

	At 30th June, 2022 <i>HK\$ Million</i>	At 31st December, 2021 <i>HK\$ Million</i>
Secured term loans	2,250.9	2,883.4
Unsecured term loans	388.5	455.3
	<u>2,639.4</u>	<u>3,338.7</u>
Less: impairment allowance	(763.0)	(824.3)
	<u>1,876.4</u>	<u>2,514.4</u>
Analysed for reporting purposes as:		
Non-current assets	413.4	676.5
Current assets	1,463.0	1,837.9
	<u>1,876.4</u>	<u>2,514.4</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.

15. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

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

	At 30th June, 2022 <i>HK\$ Million</i>	At 31st December, 2021 <i>HK\$ Million</i>
Less than 31 days	506.9	321.0
31 to 60 days	15.2	17.5
61 to 90 days	31.0	12.5
91 to 180 days	8.8	4.6
Over 180 days	98.0	87.7
	<u>659.9</u>	<u>443.3</u>
Trade and other receivables without aging	454.4	374.0
Less: impairment allowances	(24.6)	(19.9)
	<u>1,089.7</u>	<u>797.4</u>
Trade and other receivables at amortised cost	66.9	152.9
Prepayments	<u>66.9</u>	<u>152.9</u>
	<u>1,156.6</u>	<u>950.3</u>
Analysed for reporting purposes as:		
Non-current assets	52.5	49.1
Current assets	1,104.1	901.2
	<u>1,156.6</u>	<u>950.3</u>

16. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	At 30th June, 2022 <i>HK\$ Million</i>	At 31st December, 2021 <i>HK\$ Million</i>
Less than 31 days/repayable on demand	765.8	1,157.1
31 to 60 days	16.3	48.1
61 to 90 days	8.6	7.4
91 to 180 days	151.8	173.0
Over 180 days	396.0	425.3
	<u>1,338.5</u>	<u>1,810.9</u>
Accrued staff costs, other accrued expenses and other payables without aging	<u>1,231.9</u>	<u>1,217.7</u>
	<u>2,570.4</u>	<u>3,028.6</u>

17. SHARE CAPITAL

	Number of shares	Amount <i>HK\$ Million</i>
Issued and fully paid:		
At 1st January, 2021, 31st December, 2021 and 1st January, 2022	3,515,082,360	2,221.7
Shares repurchased and cancelled	<u>(1,398,000)</u>	<u>–</u>
At 30th June, 2022	<u>3,513,684,360</u>	<u>2,221.7</u>

During the period, the Company repurchased 1,398,000 shares of the Company through purchases on the Stock Exchange at an aggregate consideration of approximately HK\$3.9 million. All the shares were cancelled after the repurchases.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK0.75 cents per share for the six months ended 30th June, 2022 (2021: HK0.75 cents per share) payable on or around Monday, 26th September, 2022 to the shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on Tuesday, 13th September, 2022. 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.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend

- Latest time to lodge transfer documents for registration with the Company’s share registrar
At 4:30 p.m.
on Wednesday, 7th September, 2022

- Closure of the register of members of the Company
Thursday, 8th September, 2022
to Tuesday, 13th September, 2022
(both days inclusive)

During the above closure 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 the aforementioned latest time.

FINANCIAL HIGHLIGHTS

	Six months ended 30th June,	
	2022	2021
	HK\$ Million	HK\$ Million
Revenue	3,418.2	2,505.2
(Loss) profit for the period attributable to owners of the Company	(605.7)	2,198.1
Equity attributable to owners of the Company at the end of the reporting period	44,314.4	41,037.4
Return on equity attributable to owners of the Company	(1.4)%	5.4%
(Loss) earnings per share		
– Basic	HK\$(0.17)	HK\$0.63
– Diluted	HK\$(0.17)	HK\$0.62
	At	At
	30th June,	31st December,
	2022	2021
Net asset value per share attributable to owners of the Company	HK\$12.61	HK\$13.15
Gearing ratio	39.1%	39.1%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the period was HK\$3,418.2 million (2021: HK\$2,505.2 million). The increase is mainly due to inclusion of revenue of Tian An China Investments Company Limited (“TACI”) since it became an indirect non wholly-owned subsidiary of the Company in October 2021.

The loss attributable to owners of the Company for the period was HK\$605.7 million, as compared to a profit of HK\$2,198.1 million for the same period in 2021.

The loss for the period was primarily due to:

- the loss attributable to Sun Hung Kai & Co. Limited (“SHK”);
- the share of loss from the listed associate, APAC Resources Limited (“APAC”);
- the loss contributed by Allied Kajima Limited (“AKL”), the Group’s 50% joint venture; and
- a net decrease in value of the property portfolio of the Group.

(Loss) earnings per share

Basic loss per share amounted to HK\$0.17 for the period, as compared to the basic earnings per share of HK\$0.63 for the same period in 2021.

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/paper 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/paper 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

The 4.65% US dollar denominated notes ("4.65% Notes") are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The nominal value of the 4.65% Notes after eliminating the intra-group holdings was US\$433.8 million or equivalent to HK\$3,403.4 million (at 31st December, 2021: US\$444.1 million or equivalent to HK\$3,462.6 million) at the reporting date.

The 5.75% US dollar denominated notes ("5.75% Notes") are listed on the Stock Exchange. The nominal value of the 5.75% Notes after eliminating the intra-group holdings was US\$340.0 million or equivalent to HK\$2,667.6 million (at 31st December, 2021: US\$340.0 million or equivalent to HK\$2,651.0 million) at the reporting date.

The 5.00% US dollar denominated notes ("5.00% Notes") are listed on The Stock Exchange. In March 2022, SHK completed issuance of additional US\$75.0 million or equivalent to HK\$584.8 million of 5.00% Notes. The nominal value of the 5.00% Notes was US\$450.0 million or equivalent to HK\$3,530.7 million (at 31st December, 2021: US\$375.0 million or equivalent to HK\$2,923.9 million) at the reporting date.

At 30th June, 2022, the equity attributable to owners of the Company amounted to HK\$44,314.4 million, representing a decrease of HK\$1,900.2 million from that of 31st December, 2021. The Group's bank deposits, bank balances and cash amounted to HK\$12,182.3 million (at 31st December, 2021: HK\$10,952.9 million). The Group's bank and other borrowings and notes/paper payable totalling HK\$29,505.0 million (at 31st December, 2021: HK\$29,033.3 million) of which the portion due on demand or within one year was HK\$16,408.7 million (at 31st December, 2021: HK\$17,034.9 million) and the remaining long-term portion was HK\$13,096.3 million (at 31st December, 2021: HK\$11,998.4 million). The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 1.63 times (at 31st December, 2021: 1.67 times). The Group's gearing ratio (net bank and other borrowings and notes/paper payable/equity attributable to owners of the Company) was 39.1% (at 31st December, 2021: 39.1%).

	At 30th June, 2022 <i>HK\$ Million</i>	At 31st December, 2021 <i>HK\$ Million</i>
Bank loans are repayable as follows:		
On demand or within one year	7,671.6	7,218.5
More than one year but not exceeding two years	1,822.4	1,877.7
More than two years but not exceeding five years	2,905.1	3,120.2
More than five years	1,233.6	1,385.4
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	4,183.6	4,251.0
More than one year but not exceeding two years	503.6	171.8
More than two years but not exceeding five years	–	435.0
	18,319.9	18,459.6
Other borrowings are repayable as follows:		
On demand or within one year	513.8	645.3
Over five years	62.1	62.1
	575.9	707.4
US dollar denominated notes are repayable as follows:		
Within one year	3,534.9	3,582.4
More than one year but not exceeding five years	6,173.1	5,553.0
HK dollar denominated notes/paper are repayable as follows:		
Within one year	1.2	730.9
More than one year but not exceeding five years	900.0	–
	10,609.2	9,866.3
	29,505.0	29,033.3

Other than the US dollar denominated notes and HK dollar denominated notes/paper, 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.

At the end of the reporting period, the Group had HK\$18,895.8 million (at 31st December, 2021: HK\$19,167.0 million) in bank and other borrowings, which were denominated in HK dollars, British pounds, Renminbi and US dollars. The Group had HK\$12,182.3 million (at 31st December, 2021: HK\$10,952.9 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.

During the period, the Company repurchased 1,398,000 own shares at an aggregate consideration (before expenses) of approximately HK\$3.9 million, details of which are outlined in the section "Purchase, Sale or Redemption of Shares" below.

Material Acquisitions and Disposals

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the period for the six months ended 30th June, 2022 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 4 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, loans and advances and bank and other borrowings denominated in foreign currencies, mainly in Australian dollars, British pounds, Euro, Japanese yen, Malaysian ringgit, New Taiwan dollars, 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

Two pieces of properties for development that are held by joint ventures of the Group with carrying value of approximately HK\$393.0 million are under idle land investigation by the local authorities. These pieces of lands owned by the joint ventures were held under several land use right certificates. The development of more than half of the pieces of lands were either completed or under development, except for the portions which are retained for the remaining development of the whole project. After the approval of construction planning for the remaining lands last year, all of the lands will be developed within two years. Property for development that is held by another joint venture of the Group with carrying value of approximately HK\$282.9 million had been identified as idle land by the local authority. The construction works for Phase 1 and Phase 2 Part 1 of the development have been completed. The construction works for Phase 2 Part 2 and Phase 3 Part 1 of the development have started and will be completed within one year. Further, the development progress of property for development that is held by another joint venture of the Group with carrying value of approximately HK\$79.9 million which cannot fully fulfil 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. The Group is currently working diligently 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 above cases are not probable.

Group companies have provided various guarantees on usual commercial terms to banks and government authorities in respect of property development interests and related loan facilities. These guarantees amounted to approximately HK\$2,868.7 million as at 30th June, 2022. There is a legal dispute over whether a joint venture party of the Group guaranteed an obligation which, if ultimately determined against that joint venture, would result in a liability of approximately HK\$252.9 million. The claim is being contested and management with reference to legal advices judges that even if determined against the joint venture, it will not have material effect on the condensed consolidated financial statements.

Pledge of Assets

At 30th June, 2022, the following assets were pledged:

- (a) Certain of the Group's property, plant and equipment, development properties and investment properties with an aggregate carrying value of HK\$30,514.2 million (at 31st December, 2021: HK\$30,238.4 million), bank deposits and bank balances of nil (at 31st December, 2021: HK\$50.0 million) together with certain securities in respect of a listed subsidiary with investment cost of HK\$266.4 million (at 31st December, 2021: HK\$266.4 million) were pledged to secure loans and general banking facilities to the extent of HK\$10,508.3 million (at 31st December, 2021: HK\$10,839.6 million) granted to the Group. Facilities amounting to HK\$8,489.0 million (at 31st December, 2021: HK\$9,611.1 million) were utilised at the end of the reporting period.

- (b) HK\$1,186.2 million (at 31st December, 2021: HK\$977.0 million) of mortgage loan receivables were pledged for a securitisation financing transaction.
- (c) Bank deposits of HK\$0.6 million (at 31st December, 2021: HK\$0.7 million) were pledged for mortgage loans granted to property purchasers and guarantees in respect of government authorities for the development works.

Important events after the end of the financial period

There are no important events affecting the Group which have occurred after the end of the financial period ended 30th June, 2022 and up to the date of this announcement.

OPERATIONAL REVIEW

Financial Services

Investment and Finance

- The loss attributable to owners of SHK for the period was HK\$401.2 million, as compared to a profit of HK\$2,693.0 million for the same period in 2021.
- SHK's investment management division reported a pre-tax loss of HK\$957.6 million (2021: pre-tax profit of HK\$2,312.2 million). The pre-tax loss was mainly attributable to the loss from mark-to-market changes. In addition, there was a drop in realised gains on financial assets and interest income.
- SHK's private credit business, which provides tailored funding solutions to corporates, investment funds and high net worth individuals, reported a pre-tax loss of HK\$5.0 million (2021: HK\$11.4 million).
- Sun Hung Kai Credit Limited contributed a pre-tax profit of HK\$78.0 million (2021: HK\$58.9 million). Its gross loan balance was HK\$3.4 billion at the end of June 2022.

Consumer Finance

- Profit attributable to owners of United Asia Finance Limited ("UAF") for the period amounted to HK\$526.4 million (2021: HK\$675.8 million).
- UAF's business in Mainland China was affected by the economic slowdown, citywide lockdowns and travel curbs. Impairment charges and loan origination were adversely impacted. During the period, UAF continued to reduce operating costs and focused on growing its secured loan business.

- The outbreak of the fifth wave of COVID-19 had a negative impact on UAF's business in Hong Kong. However, after the HKSAR government relaxed social distancing measures in the second quarter of 2022, UAF has seen an improvement in performance with lower delinquencies and higher loan origination volume for its Hong Kong business.
- As at 30th June, 2022, the consolidated consumer finance gross loan balance amounted to HK\$12.3 billion. There were 18 branches in Mainland China and 48 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 2021.
- There was a net decrease in the value of the property portfolio of the Group for the period while there was a net increase in value for the same period in 2021.
- Ibis Hong Kong North Point has joined the Community Isolation Facility Hotel Scheme and was profitable during the period.
- AKL, holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel, Sofitel Philippine Plaza hotel and AKI Hong Kong MGallery, reported a loss for the period, the amount of which is approximate to the loss reported for the same period in 2021. The loss for the period was mainly attributable to fair value provision for its property portfolio. Novotel Century Hong Kong hotel has joined the Community Isolation Facility Hotel Scheme and was profitable during the period.

Mainland PRC

- The profit attributable to owners of TACI reported by TACI itself was HK\$420.2 million (2021: HK\$366.1 million). However, the financial results of TACI for the period, from the Company's perspective, was a loss of HK\$38.3 million. As TACI became an indirect non wholly-owned subsidiary of the Company in October 2021, the Company had 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 (please see 2021 annual report of the Company for details). This led to different cost base for TACI and the Company.
- TACI's total rental income increased by 6% as compared with same period of 2021.
- TACI has a total of 20 Tian An Cyberparks developed or under development in over 13 cities. TACI concentrates on developing new cyberparks and urban renewal projects in regions where TACI has ample manpower and marketing resources.

- The entire Phase 2 of TACI's urban renewal project, Tian An Cloud Park, in Bantian residential district, Longgang, Shenzhen comprising a gross floor area ("GFA") of approximately 599,400 m² is now completed and ready for sale or lease. In addition, Guangming Tian An Cloud Park in Guangming District of Shenzhen with a GFA of approximately 382,800 m² and Deqing Tian An Cloud Park in Deqing, Zhejiang with a GFA of approximately 459,800 m² are under development.
- The pre-sales of residential projects in Jiangsu, Zhejiang and Liaoning Provinces as well as in Shanghai acquired in previous years by TACI have been successful. TACI expects that these projects will contribute a good return in the coming years.
- Asiasec Properties Limited, the listed subsidiary of TACI, reported a loss of HK\$4.4 million (2021: HK\$48.8 million).

Services

- Allied Services Hong Kong Limited which engages in the businesses of property management, elderly care services and the newly acquired logistics services reported a profit of HK\$5.2 million for the period (2021: HK\$6.4 million).

Investment

Resource Investments

- At the end of the reporting period, the Group held approximately 41.89% interest in APAC. The Group recorded a share of loss from APAC for the period as compared to a share of profit for the same period in 2021.

Employees

The total number of headcount of the Group as at 30th June, 2022 was 4,020 (at 31st December, 2021: 4,177). 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.

COVID-19 PANDEMIC RESPONSE

COVID-19 continued to spread around the world during the first half of 2022. The Group carried on providing preventative protocols to protect the health and safety of our workforce, their families, local suppliers and neighbouring communities, while ensuring a safe environment for operations to continue as usual:

- measures to maximise social distancing and staff protection within the offices;
- meetings held off-site or by conference calls or video conference as far as possible;

- cancellation of all non-essential travel;
- flexible working plans for employees;
- restrictions on office access and temperature screening;
- self-isolation following travel, development of symptoms, or interaction with a confirmed case of COVID-19 and requirement to undergo a coronavirus test as and when necessary at the Company's cost; and
- maintain inventory of face masks, hand sanitiser and hygiene supplies and focus on cleaning and sanitation.

BUSINESS OUTLOOK

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.

With various measures rolled out by the HKSAR government including successive payout of consumption vouchers, the relaunch of the employer support scheme, expected looser monetary policy and stronger fiscal stimulus measures in Mainland China, UAF is cautiously optimistic of higher demand of its loan services and lower credit losses.

Rising interest rates and the continued impact of the COVID-19 pandemic will 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.

The funding problems of many China property developers continue to worsen. In the first half of 2022, China's Central Bank cut the one-year loan prime rate ("LPR") by 10 basis points from 3.8% to 3.7% and five year LPR by 20 basis points from 4.65% to 4.45% helping to reduce the financial burdens of the property sector. In addition, local governments have introduced measures to stabilise the property market. This should help improve the currently weak market sentiment.

There is no doubt that the second half of 2022 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, 2022, 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 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 Provision D.3.3

Code provision D.3.3 of the CG Code stipulates that the terms of reference of the Audit Committee (“Audit Committee”) should include, as a minimum, those specific duties as set out in the code provision.

During the six months ended 30th June, 2022, the Board has reviewed and updated the terms of reference of the Audit Committee according to the revised CG Code effective on 1st January, 2022. The updated terms of reference of the 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, 2021 and remain unchanged. The Board considers that the Audit Committee should continue to operate according to the updated terms of reference, and will continue to review the terms 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, 2022. 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 purchase of its own shares on The Stock Exchange of Hong Kong Limited which were subsequently cancelled 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, 2022.

Month	Number of shares repurchased	Purchase price per share		Aggregate consideration paid (before expenses)
		Highest HK\$	Lowest HK\$	HK\$
April	<u>1,398,000</u>	2.80	2.77	<u>3,903,640</u>
	<u>1,398,000</u>			<u>3,903,640</u>

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

Hong Kong, 24th August, 2022

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 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.