

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2017

The board of directors (“Board”) of Allied Properties (H.K.) Limited (“Company”) announces that the audited consolidated results of the Company and its subsidiaries (“Group”) for the year ended 31st December, 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Notes	2017 HK\$ Million	2016 HK\$ Million
Revenue	(2)	4,374.3	3,974.6
Other income		139.3	51.9
Total income		4,513.6	4,026.5
Cost of sales and other direct costs		(365.6)	(335.2)
Brokerage and commission expenses		(46.7)	(51.0)
Selling and marketing expenses		(145.6)	(120.3)
Administrative expenses		(1,348.5)	(1,249.3)
Changes in values of properties	(4)	982.3	580.1
Net gain on financial assets and liabilities	(5)	1,229.9	753.7
Net exchange (loss) gain		(107.4)	8.6
Bad and doubtful debts	(6)	(387.4)	(893.6)
Other operating expenses		(287.5)	(260.1)
Finance costs	(7)	(384.3)	(297.8)
Share of results of associates		1,277.3	2,900.2
Share of results of joint ventures		659.4	193.9
Profit before taxation	(8)	5,589.5	5,255.7
Taxation	(9)	(322.0)	(155.9)
Profit for the year		5,267.5	5,099.8

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
FOR THE YEAR ENDED 31ST DECEMBER, 2017

	<i>Notes</i>	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Attributable to:			
Owners of the Company		3,991.1	4,352.9
Non-controlling interests		1,276.4	746.9
		<u>5,267.5</u>	<u>5,099.8</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	<i>(10)</i>		
Basic		<u>58.59</u>	<u>63.88</u>
Diluted		<u>58.58</u>	<u>63.87</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31ST DECEMBER, 2017

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Profit for the year	<u>5,267.5</u>	<u>5,099.8</u>
Other comprehensive income (expenses):		
<i>Items that will not be reclassified to profit or loss:</i>		
Share of other comprehensive income (expenses) of associates	337.3	(422.6)
Share of other comprehensive income of joint ventures	<u>0.2</u>	<u>0.4</u>
	<u>337.5</u>	<u>(422.2)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale financial assets		
– Net fair value changes during the year	(175.5)	(0.7)
– Reclassification adjustment to profit or loss on impairment	<u>176.2</u>	<u>–</u>
	<u>0.7</u>	<u>(0.7)</u>
Exchange differences arising on translation of foreign operations	465.6	(491.7)
Reclassification adjustment to profit or loss on disposal/liquidation of subsidiaries	–	(0.1)
Share of other comprehensive income (expenses) of associates	70.6	(106.5)
Share of other comprehensive income (expenses) of joint ventures	<u>2.3</u>	<u>(4.2)</u>
	<u>539.2</u>	<u>(603.2)</u>
Other comprehensive income (expenses) for the year, net of tax	<u>876.7</u>	<u>(1,025.4)</u>
Total comprehensive income for the year	<u>6,144.2</u>	<u>4,074.4</u>
Attributable to:		
Owners of the Company	4,559.3	3,658.2
Non-controlling interests	<u>1,584.9</u>	<u>416.2</u>
	<u>6,144.2</u>	<u>4,074.4</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2017

	<i>Notes</i>	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Non-current assets			
Investment properties		9,537.1	8,278.7
Property, plant and equipment		1,084.9	1,043.0
Prepaid land lease payments		4.4	4.2
Goodwill		2,498.7	2,498.7
Intangible assets		887.5	888.3
Interests in associates		13,288.0	11,681.9
Interests in joint ventures		3,163.7	2,422.1
Available-for-sale financial assets		324.0	109.5
Amounts due from associates		275.2	248.8
Loans and advances to consumer			
finance customers due after one year	<i>(12)</i>	2,322.8	2,190.8
Mortgage loans	<i>(13)</i>	1,243.1	330.4
Deposits for acquisition of property, plant and equipment		–	44.8
Deferred tax assets		649.6	652.5
Financial assets at fair value through profit or loss		5,033.7	3,632.9
Trade and other receivables	<i>(14)</i>	505.8	398.7
		40,818.5	34,425.3
Current assets			
Properties held for sale and other inventories		0.2	44.4
Financial assets at fair value through profit or loss		6,199.1	2,987.5
Prepaid land lease payments		0.1	0.1
Loans and advances to consumer			
finance customers due within one year	<i>(12)</i>	6,840.8	5,469.5
Mortgage loans	<i>(13)</i>	877.3	282.7
Trade and other receivables	<i>(14)</i>	3,162.6	2,867.5
Amounts due from brokers		725.9	1,059.6
Amounts due from associates		228.1	112.0
Amounts due from joint ventures		9.1	11.1
Tax recoverable		5.9	1.9
Short-term pledged bank deposit		1.2	–
Bank deposits		787.7	1,257.7
Cash and cash equivalents		2,409.7	5,831.9
		21,247.7	19,925.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AT 31ST DECEMBER, 2017

	<i>Notes</i>	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Current liabilities			
Trade and other payables	(15)	425.5	331.1
Financial liabilities for repurchase agreements		1,071.0	–
Financial liabilities at fair value through profit or loss		161.1	115.3
Amount due to a holding company		14.9	11.6
Amounts due to associates		7.4	7.3
Amounts due to joint ventures		0.1	0.1
Tax payable		156.6	141.5
Bank and other borrowings due within one year		2,784.9	2,749.7
Notes issued		1,077.0	2,264.0
Provisions		70.7	56.0
		5,769.2	5,676.6
Net current assets		15,478.5	14,249.3
Total assets less current liabilities		56,297.0	48,674.6
Capital and reserves			
Share capital		4,250.6	4,250.6
Reserves	(16)	30,768.6	26,732.4
Equity attributable to owners of the Company		35,019.2	30,983.0
Shares held for employee ownership scheme		(7.6)	(9.1)
Employee share-based compensation reserve		5.1	4.8
Share of net assets of subsidiaries		12,277.6	11,496.9
Non-controlling interests		12,275.1	11,492.6
Total equity		47,294.3	42,475.6
Non-current liabilities			
Bank and other borrowings due after one year		1,740.4	2,862.6
Notes issued		6,930.4	2,998.2
Deferred tax liabilities		328.6	335.3
Provisions		3.3	2.9
		9,002.7	6,199.0
		56,297.0	48,674.6

Notes:

(1) Basis of preparation

Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Except as described below, the application of the above new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in the annual report. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the annual report, the application of these amendments has had no impact on the Group’s consolidated financial statements.

The same accounting policies, presentation and methods of computation have been followed in these consolidated financial statements as were applied in the preparation of the Group’s financial statements for the year ended 31st December, 2016.

Disclosure in accordance with section 436 of the Hong Kong Companies Ordinance

The financial information relating to the financial years ended 31st December, 2017 and 2016 included in this announcement of annual results does not constitute the Company’s statutory annual financial statements for those financial years 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 (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31st December, 2017 in due course. The Company’s auditor has reported on those financial statements for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(2) **Revenue**

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Revenue comprises:		
Interest income on loans and advances to consumer finance customers	3,074.8	2,961.0
Property rental, hotel operations and management services	498.0	437.8
Interest income received from banks, term loans and others	590.4	431.4
Income from advisory services and others	120.9	100.9
Elderly care services	79.4	26.2
Dividend income	10.8	17.3
	4,374.3	3,974.6

(3) **Segmental information**

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

The Group has merged its “Sale of properties and property based investments” and “Others” business segments into “Others” in the 2017 annual financial statements. There is no impact on the recognition of the amounts included in these business segments for both the current and prior years arising from these changes of business segments. The directors consider that these changes to segment reporting are in line with the changes of internal reporting reviewed by the chief operating decision maker in 2017. The comparative figures for Others segment were restated.

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

	2017				
	Investment and finance HK\$ Million	Consumer finance HK\$ Million	Property rental, hotel operations and management services HK\$ Million	Others HK\$ Million	Total HK\$ Million
Segment revenue	701.9	3,122.2	488.8	80.0	4,392.9
Less: inter-segment revenue	(6.3)	–	(12.3)	–	(18.6)
Segment revenue from external customers	<u>695.6</u>	<u>3,122.2</u>	<u>476.5</u>	<u>80.0</u>	<u>4,374.3</u>
Segment results	1,444.3	1,444.7	1,040.7	3.9	3,933.6
Reversal of impairment loss on interest in an associate					107.6
Impairment loss on interest in an associate					(4.1)
Finance costs					(384.3)
Share of results of associates					1,277.3
Share of results of joint ventures	(28.7)	–	688.1	–	<u>659.4</u>
Profit before taxation					5,589.5
Taxation					<u>(322.0)</u>
Profit for the year					<u>5,267.5</u>

	2016				
	Investment and finance <i>HK\$ Million</i>	Consumer finance <i>HK\$ Million</i>	Property rental, hotel operations and management services <i>HK\$ Million</i>	Others <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Segment revenue	512.0	3,024.2	429.8	26.4	3,992.4
Less: inter-segment revenue	(6.0)	–	(11.8)	–	(17.8)
Segment revenue from external customers	<u>506.0</u>	<u>3,024.2</u>	<u>418.0</u>	<u>26.4</u>	<u>3,974.6</u>
Segment results	1,256.6	726.6	626.6	(7.9)	2,601.9
Impairment loss on interests in associates					(142.5)
Finance costs					(297.8)
Share of results of associates					2,900.2
Share of results of joint ventures	(55.3)	–	249.2	–	193.9
Profit before taxation					5,255.7
Taxation					(155.9)
Profit for the year					<u>5,099.8</u>

The geographical information of revenue is disclosed as follows:

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Revenue from external customers by location of operations		
Hong Kong	3,365.4	3,004.9
Mainland China	999.2	958.4
Others	9.7	11.3
	<u>4,374.3</u>	<u>3,974.6</u>

No revenue arising from transactions with a single external customer amounted to 10% or more of the Group's revenue for the year.

(4) Changes in values of properties

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Changes in values of properties comprise:		
Net increase in fair value of investment properties*	983.1	574.0
Impairment loss (recognised) reversed for hotel property	(0.8)	6.1
	<u>982.3</u>	<u>580.1</u>

The reversal of impairment losses was based on the lower of cost and value in use for hotel property. The value in use was determined based on independent professional valuations at 31st December, 2017.

* The amount recognised in 2016 included HK\$130.8 million representing the difference between the fair value and previous carrying amount of a property transferred from properties held for sale to investment properties at 31st December, 2016.

(5) Net gain on financial assets and liabilities

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

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Net realised and unrealised gain (loss) on financial assets and liabilities		
Held for trading	297.9	(138.7)
Designated as at fair value through profit or loss	932.0	892.4
	<u>1,229.9</u>	<u>753.7</u>

(6) Bad and doubtful debts

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Impairment loss, net of reversal	277.3	873.6
Mortgage loans		
Impairment loss, net of reversal	3.2	3.0
Trade and other receivables		
Impairment loss, net of reversal	106.9	17.0
Bad and doubtful debts recognised in profit or loss	<u>387.4</u>	<u>893.6</u>

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

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Amounts written off in allowance of impairment	(700.8)	(1,053.0)
Recoveries credited to allowance of impairment	162.8	160.2
Mortgage loans		
Amounts written off in allowance of impairment	(1.4)	(1.0)
Trade and other receivables		
Amounts written off in allowance of impairment	(71.5)	(72.4)

(7) **Finance costs**

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Total finance costs included in:		
Cost of sales and other direct costs	158.2	193.3
Finance costs	384.3	297.8
	<u>542.5</u>	<u>491.1</u>

(8) **Profit before taxation**

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets		
Computer software (included in administrative expenses)	1.8	1.5
Other intangible assets (included in other operating expenses)	–	4.1
Amortisation of prepaid land lease payments	0.1	0.2
Depreciation	78.3	77.0
Impairment loss on interest in available-for-sale financial assets measured at fair value (included in other operating expenses)	176.2	–
Impairment loss on interests in associates (included in other operating expenses)	4.1	142.5
Net loss on disposal/write-off of property, plant and equipment	1.5	1.2
and after crediting:		
Dividend income from listed equity securities	10.8	13.7
Dividend income from unlisted equity securities	–	3.6
Net realised gain on disposal of an associate (included in other income)	–	3.9
Net realised gain on disposal of subsidiaries (included in other income)	–	9.7
Reversal of impairment loss on interest in an associate (included in other income)*	107.6	–

* Sun Hung Kai & Co. Limited disposed of 70% interest in its wholly-owned subsidiary Sun Hung Kai Financial Group Limited (“SHKFGL”) in June 2015 and classified the remaining 30% equity interest as an associate. Affected by the slow recovery of Hong Kong and China stock markets in 2016 after the stock market correction in the second half of 2015, the carrying amount of the 30% equity interest in SHKFGL exceeded the recoverable amount at the reporting date that led to a further impairment loss for the year ended 31st December, 2016. The recoverable amount was measured at fair value less cost of disposal of SHKFGL. There was an improvement of the stock market in 2017 and resulted in a partial reversal of impairment loss for the year ended 31st December, 2017. The fair value was measured by discounted cash flow approach at the reporting date using a discount rate of 16.6% (2016: 19.7%). As part of the disposal in 2015, the Group was awarded a put right on the 30% equity interest of SHKFGL. This put right recorded a valuation gain during the year of HK\$1.0 million (2016: HK\$345.0 million) classified under net gain on financial assets and liabilities.

(9) **Taxation**

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
The income tax charged (credited) comprises:		
Current tax		
Hong Kong	213.5	194.8
People's Republic of China ("PRC") and other jurisdictions	52.9	83.4
	<u>266.4</u>	<u>278.2</u>
Under (over) provision in prior years	22.2	(0.8)
	<u>288.6</u>	<u>277.4</u>
Deferred tax		
Current year	33.4	(121.5)
	<u>322.0</u>	<u>155.9</u>

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

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

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

(10) **Earnings per share**

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

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
<u>Earnings</u>		
Earnings for the purpose of basic earnings per share (profit attributable to owners of the Company)	3,991.1	4,352.9
Adjustments to profit in respect of impact of contingently issuable shares under the employee ownership scheme of a subsidiary	(0.5)	(0.2)
	<u>3,990.6</u>	<u>4,352.7</u>
Earnings for the purpose of diluted earnings per share	<u>3,990.6</u>	<u>4,352.7</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 earnings per share	<u>6,812.2</u>	<u>6,814.5</u>

The computation of diluted earnings per share in year 2016 did not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of shares for the period ended 13th June, 2016. The Company's warrants expired on 13th June, 2016.

(11) Dividend

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Dividend declared		
Interim dividend (in lieu of a final dividend) of HK8 cents per share declared subsequent to the end of the reporting period (2016: interim dividend (in lieu of a final dividend) of HK8 cents per share)	<u>545.0</u>	<u>545.0</u>
Dividend recognised as distribution during the year		
2016 interim dividend (in lieu of a final dividend) of HK8 cents per share (2016: 2015 interim dividend (in lieu of a final dividend) of HK6 cents per share)	<u>545.0</u>	<u>409.1</u>

The amount of the interim dividend (in lieu of a final dividend) for the year ended 31st December, 2017 has been calculated by reference to 6,812,201,460 shares in issue at 26th March, 2018.

(12) Loans and advances to consumer finance customers

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Hong Kong	6,544.2	6,373.5
Mainland China	3,282.7	2,193.1
Less: impairment allowance	<u>(663.3)</u>	<u>(906.3)</u>
	<u>9,163.6</u>	<u>7,660.3</u>
Analysed for reporting purposes as:		
Non-current assets	2,322.8	2,190.8
Current assets	<u>6,840.8</u>	<u>5,469.5</u>
	<u>9,163.6</u>	<u>7,660.3</u>

The following is an aging analysis for the loans and advances to consumer finance customers that were past due at the end of the reporting period but not impaired:

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Less than 31 days past due	538.7	499.6
31 to 60 days	100.2	91.8
61 to 90 days	52.9	55.2
91 to 180 days	117.5	139.8
Over 180 days	<u>31.4</u>	<u>169.6</u>
	<u>840.7</u>	<u>956.0</u>

(13) Mortgage loans

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Mortgage loans		
Hong Kong	2,125.4	616.3
Less: impairment allowance	(5.0)	(3.2)
	2,120.4	613.1
Analysed for reporting purposes as:		
Non-current assets	1,243.1	330.4
Current assets	877.3	282.7
	2,120.4	613.1

The following is an aging analysis for the mortgage loans that were past due at the end of the reporting period but not impaired:

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Less than 31 days past due	218.0	20.0
31 to 60 days	6.5	37.9
61 to 90 days	4.1	3.0
91 to 180 days	–	0.1
Over 180 days	8.8	–
	237.4	61.0

(14) Trade and other receivables

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

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Less than 31 days	27.3	35.3
31 to 60 days	10.6	7.3
61 to 90 days	6.5	6.1
91 to 180 days	1.8	0.7
Over 180 days	0.8	0.4
	47.0	49.8
Term loans and trade and other receivables without aging	3,679.9	3,227.7
Less: impairment allowances	(94.3)	(56.9)
Trade and other receivables at amortised cost	3,632.6	3,220.6
Prepayments	35.8	45.6
	3,668.4	3,266.2
Analysed for reporting purposes as:		
Non-current assets	505.8	398.7
Current assets	3,162.6	2,867.5
	3,668.4	3,266.2

(15) Trade and other payables

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

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Less than 31 days/repayable on demand	51.4	43.1
31 to 60 days	8.8	9.4
61 to 90 days	9.2	8.5
91 to 180 days	–	1.8
Over 180 days	0.1	0.9
	<hr/>	<hr/>
	69.5	63.7
Accrued staff costs, other accrued expenses and other payables without aging	356.0	267.4
	<hr/>	<hr/>
	425.5	331.1
	<hr/> <hr/>	<hr/> <hr/>

(16) Reserves

	2017 <i>HK\$ Million</i>	2016 <i>HK\$ Million</i>
Property revaluation reserve	336.4	335.0
Investment revaluation reserve	324.8	292.3
Translation reserve	100.3	(439.5)
Capital and other reserves	(8.6)	42.4
Accumulated profits	29,470.7	25,957.2
Dividend reserve	545.0	545.0
	<hr/>	<hr/>
	30,768.6	26,732.4
	<hr/> <hr/>	<hr/> <hr/>

DIVIDEND

The Board has declared an interim dividend of HK8 cents per share (in lieu of a final dividend) for the year ended 31st December, 2017 (2016 interim dividend (in lieu of a final dividend): HK8 cents per share) payable on or around Wednesday, 2nd May, 2018 to the shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on Tuesday, 17th April, 2018.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to the interim dividend

For determining the entitlement to the interim dividend (in lieu of a final dividend) for the year ended 31st December, 2017, the register of members of the Company will be closed from Friday, 13th April, 2018 to Tuesday, 17th April, 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the interim dividend (in lieu of a final dividend), all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12th April, 2018.

(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (“2018 AGM”)

The 2018 AGM is scheduled to be held on Friday, 25th May, 2018. For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 21st May, 2018 to Friday, 25th May, 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at the 2018 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 18th May, 2018.

FINANCIAL HIGHLIGHTS

	2017	2016
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	4,374.3	3,974.6
Profit for the year attributable to owners of the Company	3,991.1	4,352.9
Equity attributable to owners of the Company	35,019.2	30,983.0
Return on equity attributable to owners of the Company	11.4%	14.0%
Earnings per share	HK58.59 cents	HK63.88 cents
	At	At
	31st December,	31st December,
	2017	2016
Net asset value per share	HK\$5.1	HK\$4.5
Gearing ratio	26.7%	12.2%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the year was HK\$4,374.3 million (2016: HK\$3,974.6 million). The increase is mainly due to higher revenue arising from Sun Hung Kai & Co. Limited (“SHK”), higher rental income and building services income, as well as full year income generated from the elderly care business which was acquired in the second half of 2016.

The profit attributable to the owners of the Company for the year was HK\$3,991.1 million (2016: HK\$4,352.9 million), a decrease of HK\$361.8 million.

The profit attributable to the owners of the Company was primarily a mixed result of:–

- lower contribution from associate Tian An China Investments Company Limited (“TACI”);
- good performance of the consumer finance business and principal investments of SHK; and
- a higher fair value gain on revaluation of the investment properties.

Earnings per share

Earnings per share amounted to HK58.59 cents (2016: HK63.88 cents).

Material Acquisitions and Disposals

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year.

Financial Resources, Liquidity and Capital Structure

On 11th September, 2017, under the guaranteed medium term note programme, Sun Hung Kai & Co. (BVI) Limited further issued US\$550 million (including intra-group holdings of US\$4.4 million) 4.65% US dollar denominated notes (“4.65% Notes”) for a net consideration of HK\$4,289.0 million. The 4.65% Notes are listed on The Stock Exchange of Hong Kong Limited. The 4.65% Notes will mature on 8th September, 2022. During the year, the Group purchased part of the 4.65% Notes with a total nominal value of US\$4.8 million from the market at a total consideration of HK\$37.7 million. The nominal value of the 4.65% Notes after eliminating the intra-group holdings was US\$540.8 million or equivalent to HK\$4,228.0 million at the reporting date.

On 20th November, 2017, under the guaranteed medium term note programme, Sun Hung Kai & Co. (BVI) Limited further issued HK\$447.5 million 2.8% HK dollar denominated notes (“2.8% Notes”) at discount for a net consideration of HK\$446.7 million. The 2.8% Notes will mature on 20th November, 2018.

The 6.375% US dollar denominated notes and 3% US dollar denominated notes matured in September and December 2017 respectively and the outstanding balance was repaid.

At the end of the reporting period, the Group’s net borrowings amounted to HK\$9,334.1 million (2016: HK\$3,784.9 million), representing bank and other borrowings and notes issued totalling HK\$12,532.7 million (2016: HK\$10,874.5 million) less bank deposits, bank balances and cash of HK\$3,198.6 million (2016: HK\$7,089.6 million) and the Group had equity attributable to owners of the Company of HK\$35,019.2 million (2016: HK\$30,983.0 million). Accordingly, the Group’s gearing ratio of net borrowings to equity attributable to owners of the Company was 26.7% (2016: 12.2%). At the end of the reporting period, the current ratio (current assets/current liabilities) of the Group was 3.7 times, which increased from the 3.5 times applicable at the end of the preceding year.

	2017	2016
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Bank loans are repayable as follows:		
On demand or within one year	1,752.9	2,004.9
More than one year but not exceeding two years	1,395.8	1,753.4
More than two years but not exceeding five years	309.6	1,074.2
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	1,018.0	260.8
More than one year but not exceeding two years	14.0	450.8
More than two years but not exceeding five years	–	9.2
	4,490.3	5,553.3
Other borrowings are repayable as follows:		
Within one year	–	24.0
Over five years	35.0	35.0
	35.0	59.0
Renminbi denominated notes are repayable as follows:		
Within one year	536.5	6.3
More than one year but not exceeding five years	–	551.5
US dollar denominated notes are repayable as follows:		
Within one year	92.3	2,257.7
More than one year but not exceeding five years	6,930.4	2,446.7
HK dollar denominated notes are repayable within one year	448.2	–
	8,007.4	5,262.2
	12,532.7	10,874.5

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.

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

Segment Information

Detailed segmental information in respect of the revenue and profit or loss is shown in note 3 to the 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.

Contingent Liabilities

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

	2017	2016
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Indemnities on banking facility made available to joint venture	112.7	104.7
Financial guarantees under loan guarantee business*	19.2	81.9
	131.9	186.6

* The Group has provided guarantees to lenders of its loan guarantee customers to guarantee the repayment of debts owed by the loan guarantee customers to their lenders. At 31st December, 2017, the outstanding guarantee amount was HK\$19.2 million (2016: HK\$81.9 million).

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties, land and buildings and properties held for sale with an aggregate carrying value of HK\$7,766.9 million (2016: HK\$6,827.4 million) together with certain securities in respect of a listed subsidiary with investment cost of HK\$276.6 million (2016: HK\$276.6 million) were pledged to secure loans and general banking facilities to the extent of HK\$2,388.5 million (2016: HK\$1,762.3 million) granted to the Group. Facilities amounting to HK\$990.0 million (2016: HK\$840.8 million) were utilised at the end of the reporting period.

At the end of the reporting period, a bank deposit of HK\$1.2 million (2016: Nil) was pledged to secure a guarantee issued to third parties by a bank in favour of a subsidiary to the extent of HK\$1.2 million (2016: Nil).

OPERATIONAL REVIEW

Properties

Hong Kong

- The Group's rental income from its Hong Kong property portfolio increase slightly when compared to 2016.
- The net gain in the value of the Group's property portfolio, including investment properties owned by SHK, was HK\$982.3 million during the year, higher than that of 2016 by HK\$402.2 million.
- The hotel division reported an increase in average room rates and occupancies, resulting in an increased contribution.
- 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 the Wanchai Jaffe Road hotel redevelopment, contributed a profit increase of 176% mainly due to increase in fair value of its property portfolio during the year. Foundation work on the Jaffe Road hotel site is being carried out.

Mainland PRC

- The profit attributable to the owners of TACI was HK\$2,054.1 million (2016: HK\$5,713.0 million).
- The decrease in profit of TACI was mainly due to a lower contribution from disposal of non-core assets and the absence of a large one-off gain from a bargain purchase of an interest in a Hong Kong listed subsidiary, Asiasec Properties Limited. For 2017, disposal of non-core assets contributed HK\$1,634.0 million (2016: HK\$3,937.7 million). By increasing its stake in an Australian listed company, Tian An Australia Limited, at a discount to the stated net asset value, TACI also recorded a gain of HK\$60.9 million in 2017 (2016: HK\$1,588.6 million).
- There are a total of 15 cyberparks over 12 cities. The overall contribution of TACI's cyberpark unit has increased, with sales and leasing improved in most of its cyberparks. Those on the Pearl River Delta have been contributing most and TACI will concentrate on developing new cyberparks and urban renewal projects in this region where it has ample manpower and marketing resources.
- Phase 2 of TACI's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen, with a gross floor area of approximately 599,400m² is under construction and expected to be completed in 2018.
- Asiasec Properties Limited reported a profit attributable to its shareholders of HK\$169.2 million (2016: HK\$61.8 million).

Financial Services

Investment and Finance

- The profit attributable to owners of SHK was HK\$1,824.3 million (2016: HK\$1,109.6 million). The better performance during the year was mainly due to improved performances of all main sectors of SHK's businesses.
- SHK's principal investments division which included the structured finance business provided a pre-tax contribution of HK\$1,061.0 million (2016: HK\$472.6 million) to its earnings. An improved performance from United Asia Finance Limited ("UAF") and a net valuation gain of HK\$108.6 million (2016: HK\$203.5 million) from its 30% stake in Everbright Sun Hung Kai Company Limited (previously Sun Hung Kai Financial Limited) also contributed significantly.
- Sun Hung Kai Credit Limited ("SHKC") made a pre-tax profit contribution of HK\$35.0 million for the year (2016: HK\$1.8 million). The loan portfolio of SHKC now exceeds HK\$2 billion and based on the latest data available from the Land Registry, is now the top-ranked non-bank mortgage provider in terms of the number of new loans originated for first mortgages.

Consumer Finance

- Profit before tax of UAF, the 58% owned subsidiary of SHK, amounted to HK\$1,444.7 million for the year, an increase of 99% from 2016.
- The improved performance was due to a turnaround of its mainland China business which registered a profit before tax of HK\$302.6 million whilst UAF's Hong Kong business continued to maintain a steady increase in profitability.
- At the end of the year, the consolidated consumer finance gross loan balance amounted to HK\$9.8 billion, representing an increase of 15% from the end of 2016. The use of technology to improve online reach and productivity has allowed UAF to close 23 underperforming branches in mainland China and 1 branch in Hong Kong during the year. Currently, UAF has 84 branches operating on the mainland and 49 branches in Hong Kong.

Investments

- In December 2017, the Group's associate APAC Resources Limited ("APAC") completed its share repurchase offer. As a result, the Group's interest in APAC increased to 33.91% at the end of 2017 (2016: 28.44%). APAC contributed a profit of HK\$207.5 million (2016: HK\$118.3 million) to the Group during the year.

Employees

The total number of headcount of the Group as at 31st December, 2017 was 5,005 (2016: 5,271). This net decrease in headcount reflects mainly the rationalisation of UAF's branch network in mainland China. Total staff costs, including Directors' emoluments, amounted to HK\$960.9 million (2016: HK\$877.9 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme. The Group recognises the importance of continuing professional education and development, and appropriate courses are arranged on a periodical basis as well as subsidies are granted to employees who take job-related courses.

LONG TERM CORPORATE STRATEGIES

The Group is engaged in its businesses of investment, structured finance, consumer finance, property and related businesses, elderly care services and other investments. The Group's policy has been to adopt the following long term strategies:–

1. To maintain the organic growth of its core businesses;
2. To maintain a balance between the demands of short term returns and long term capital appreciation; and
3. To seek investment opportunities that assist in strengthening and broadening its earnings base.

BUSINESS OUTLOOK

It is expected that global economic growth will strengthen in 2018. However, significant risk factors such as geopolitical issues and the pace of the US interest rate hike still remain. It is expected that interest rate pressure will bear upon the local economy.

The outlook for the consumer finance and mortgage loans businesses is expected to remain positive barring any disruptive market development.

The shortage in the supply of land of Hong Kong when compared to demand remains a main issue of the local economy. It is expected that downturn of the property market may happen if mortgage interest rates increase substantially in 2018.

For the mainland property market, there have been various measures by the authorities to regulate the high housing demand and cool down the overheated property market, so as to restore a healthy and stable property market.

The Board will continue to adopt a prudent approach in implementing the Group's stated strategies with the aim of consolidating its solid financial position and diversified income streams for the benefit of the Group and all its shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2017, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (“CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviations which are summarised below:

(1) Code Provisions B.1.2 and C.3.3

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

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

The terms of reference of the audit committee (“Audit Committee”) adopted by the Company are in compliance with the code provision C.3.3 of the CG Code except that the Audit Committee (i) shall recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has performed its duty to have 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 Board has reviewed the terms during the year under review and considers that the Remuneration Committee and the Audit Committee should continue to operate according to the relevant terms of reference as adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

(2) Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Mr. Arthur George Dew (“Mr. Dew”, the Chairman of the Board and the chairman of the nomination committee (“Nomination Committee”)), by reason of undergoing a medical procedure, was unable to attend the annual general meeting of the Company held on 26th May, 2017 (“2017 AGM”). Despite his absence, Mr. Dew had reviewed all the documents and procedures of the 2017 AGM before the meeting, and all records and minutes of the 2017 AGM have been circulated to Mr. Dew after the meeting for information. Moreover, Mr. Lee Seng Hui, the Chief Executive and Executive Director of the Company, who attended and chaired the meeting as Mr. Dew’s delegate in the Board, and Mr. Alan Stephen Jones, Independent Non-Executive Director of the Company, who attended the meeting as Mr. Dew’s delegate in the Nomination Committee, were available to answer questions to ensure effective communication with the shareholders of the Company.

The reasons for the above deviations are set out in the Corporate Governance Report to be contained in the Company’s Annual Report for the financial year ended 31st December, 2017 (“2017 Annual Report”). Further information on the Company’s corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company’s 2017 Annual Report which will be sent to the Shareholders by the end of April 2018.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2017.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2017 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 year ended 31st December, 2017.

APPRECIATION

The Board would like to thank all the staff for their effort and contribution in 2017, and would like to express appreciation to the Shareholders for their continued support.

On behalf of the Board
Allied Properties (H.K.) Limited
Arthur George Dew
Chairman

Hong Kong, 26th March, 2018

As at the date of this announcement, the Board comprises Messrs. Lee Seng Hui (Chief Executive), Li Chi Kong and Mark Wong Tai Chun being the Executive Directors; Mr. Arthur George Dew (Chairman) being the Non-Executive Director; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.