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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, 2021

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, 2021 with the comparative figures for the corresponding period in 2020 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30th June, 2021

		Six months ended 30th June,	
		2021	2020
	<i>Notes</i>	Unaudited HK\$ Million	Unaudited HK\$ Million
Revenue	4		
Interest income		2,111.2	2,079.7
Other revenue		394.0	374.0
		<hr/> 2,505.2	<hr/> 2,453.7
Other income		82.0	17.4
Total income		<hr/> 2,587.2	<hr/> 2,471.1
Cost of sales and other direct costs		(234.7)	(280.0)
Brokerage and commission expenses		(42.7)	(19.9)
Selling and marketing expenses		(47.9)	(58.5)
Administrative expenses		(938.1)	(692.9)
Changes in values of properties	5	38.5	(114.7)
Net gain on financial assets and liabilities at fair value through profit or loss		2,704.0	407.0
Net exchange (loss) gain		(35.5)	17.7
Net impairment losses on financial assets	6	(313.6)	(514.0)
Other operating expenses		(92.4)	(79.4)
Finance costs	7	(250.5)	(278.7)
Share of results of associates		256.4	(34.6)
Share of results of joint ventures		(100.9)	(45.6)
Profit before taxation	8	<hr/> 3,529.8	<hr/> 777.5
Taxation	9	(280.7)	(93.5)
Profit for the period		<hr/> <hr/> 3,249.1	<hr/> <hr/> 684.0

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
for the six months ended 30th June, 2021

		Six months ended 30th June,	
		2021	2020
	<i>Note</i>	Unaudited HK\$ Million	Unaudited HK\$ Million
Attributable to:			
Owners of the Company		2,198.1	177.1
Non-controlling interests		1,051.0	506.9
		<u>3,249.1</u>	<u>684.0</u>
		<i>HK\$</i>	<i>HK\$</i> (Restated)
Earnings per share			
Basic	<i>10</i>	<u>0.63</u>	<u>0.05</u>
Diluted		<u>0.62</u>	<u>0.05</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30th June, 2021

	Six months ended 30th June,	
	2021	2020
	Unaudited	Unaudited
	HK\$ Million	HK\$ Million
Profit for the period	<u>3,249.1</u>	<u>684.0</u>
Other comprehensive income (expenses):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income	205.2	(43.1)
Share of other comprehensive income (expenses) of associates	221.9	(203.5)
Share of other comprehensive income (expenses) of joint ventures	<u>1.5</u>	<u>(2.8)</u>
	<u>428.6</u>	<u>(249.4)</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	(9.0)	(2.6)
– Reclassification adjustment for realisation upon disposal/redemption	(0.5)	(0.4)
Exchange differences arising on translation of foreign operations	89.4	(128.5)
Share of other comprehensive income (expenses) of associates	4.4	(20.9)
Share of other comprehensive income (expenses) of joint ventures	<u>6.2</u>	<u>(19.3)</u>
	<u>90.5</u>	<u>(171.7)</u>
Other comprehensive income (expenses) for the period, net of tax	<u>519.1</u>	<u>(421.1)</u>
Total comprehensive income for the period	<u>3,768.2</u>	<u>262.9</u>
Attributable to:		
Owners of the Company	2,597.6	(69.3)
Non-controlling interests	<u>1,170.6</u>	<u>332.2</u>
	<u>3,768.2</u>	<u>262.9</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June, 2021

		At 30th June, 2021 Unaudited HK\$ Million	At 31st December, 2020 Audited HK\$ Million
	Notes		
Non-current assets			
Investment properties		9,837.0	9,789.1
Property, plant and equipment		1,228.2	1,223.7
Right-of-use assets		350.0	292.7
Net investments in finance lease		7.3	1.4
Goodwill		132.9	132.9
Intangible assets		44.8	43.7
Interests in associates		14,093.2	13,820.5
Interests in joint ventures		3,568.6	3,661.8
Financial assets at fair value through other comprehensive income		399.2	209.3
Amounts due from associates		295.3	320.4
Loans and advances to consumer finance customers	12	3,410.4	3,088.9
Mortgage loans	13	1,729.8	1,192.9
Deferred tax assets		653.7	794.9
Financial assets at fair value through profit or loss		11,767.7	9,504.6
Term loans	14	835.0	554.5
Trade receivables, prepayments and other receivables	15	21.1	17.3
		48,374.2	44,648.6
Current assets			
Other inventories		0.1	0.1
Financial assets at fair value through profit or loss		7,688.8	5,426.7
Loans and advances to consumer finance customers	12	7,672.4	7,474.8
Mortgage loans	13	1,611.4	1,820.8
Term loans	14	1,113.2	1,756.6
Trade receivables, prepayments and other receivables	15	340.4	496.7
Amounts due from brokers		797.0	399.3
Amounts due from associates		161.8	245.8
Amounts due from joint ventures		2.1	5.4
Financial assets at fair value through other comprehensive income		68.2	147.0
Tax recoverable		15.0	5.2
Tax reserve certificates		7.1	7.1
Bank deposits		–	12.3
Cash and cash equivalents		6,279.4	7,890.3
		25,756.9	25,688.1
Assets classified as held for sale		80.0	–
		25,836.9	25,688.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
at 30th June, 2021

		At 30th June, 2021 Unaudited HK\$ Million	At 31st December, 2020 Audited HK\$ Million
	<i>Notes</i>		
Current liabilities			
Trade payables, other payables and accruals	16	800.1	909.7
Financial assets sold under repurchase agreements		974.8	–
Financial liabilities at fair value through profit or loss		1,120.3	172.8
Amounts due to associates		5.8	5.8
Amounts due to joint ventures		0.1	0.1
Tax payable		203.6	149.8
Bank and other borrowings due within one year		9,711.5	9,374.8
Notes/paper payable		962.6	2,010.0
Other liabilities		53.6	–
Lease liabilities		122.5	107.9
Provisions		44.4	50.5
		<u>13,999.3</u>	<u>12,781.4</u>
Net current assets		<u>11,837.6</u>	<u>12,906.7</u>
Total assets less current liabilities		<u>60,211.8</u>	<u>57,555.3</u>
Capital and reserves			
Share capital	17	2,221.7	2,221.7
Reserves		38,815.7	34,797.7
Equity attributable to owners of the Company		<u>41,037.4</u>	<u>37,019.4</u>
Shares held for employee ownership scheme		(40.8)	(18.8)
Employee share-based compensation reserve		9.9	9.0
Share of net assets of subsidiaries		9,979.2	11,955.8
Non-controlling interests		<u>9,948.3</u>	<u>11,946.0</u>
Total equity		<u>50,985.7</u>	<u>48,965.4</u>
Non-current liabilities			
Bank and other borrowings due after one year		2,640.0	2,514.1
Notes/paper payable		6,144.5	5,741.1
Other liabilities		53.0	–
Lease liabilities		228.4	175.2
Deferred tax liabilities		159.8	157.0
Provisions		0.4	2.5
		<u>9,226.1</u>	<u>8,589.9</u>
		<u>60,211.8</u>	<u>57,555.3</u>

Notes:

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

The financial information relating to the financial year ended 31st December, 2020 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, 2020 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 unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

During the period, the Group adopted certain amendments to Hong Kong Financial Reporting Standards ("Amendments") issued by the HKICPA that are mandatorily effective for the Group's financial year beginning on 1st January, 2021. The adoption of the Amendments has had no material effect on the condensed consolidated financial statements of the Group for the current and prior accounting periods. Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements for the six months ended 30th June, 2021 as were applied in the preparation of the Group's consolidated financial statements for the year ended 31st December, 2020.

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 or after 1st January, 2021 for the preparation of the Group's condensed consolidated financial statements.

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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.

As at 30th June, 2021, the Group has several London Interbank Offered Rate/Hong Kong Interbank Offered Rate loans and advances to consumer finance customers, mortgage loans, term loans and bank and other borrowings which will be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

4. SEGMENTAL INFORMATION

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

	Six months ended 30th June, 2021					
	Investment and finance <i>HK\$ Million</i>	Consumer finance <i>HK\$ Million</i>	Property development and investment <i>HK\$ Million</i>	Property management and 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	163.0	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>113.8</u>	<u>162.2</u>	<u>32.1</u>	<u>2,505.2</u>
Segment results	2,784.2	871.9	16.1	8.1	(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						<u>3,529.8</u>
Taxation						(280.7)
Profit for the period						<u>3,249.1</u>
	Six months ended 30th June, 2020					
	Investment and finance <i>HK\$ Million</i>	Consumer finance <i>HK\$ Million</i>	Property development and investment <i>HK\$ Million</i>	Property management and elderly care services <i>HK\$ Million</i>	Corporate and other operations <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Segment revenue	533.0	1,623.7	124.1	159.3	66.5	2,506.6
Less: inter-segment revenue	(2.0)	-	(11.4)	(1.9)	(37.6)	(52.9)
Segment revenue from external customers	<u>531.0</u>	<u>1,623.7</u>	<u>112.7</u>	<u>157.4</u>	<u>28.9</u>	<u>2,453.7</u>
Segment results	646.8	520.0	15.5	17.8	(60.5)	1,139.6
Impairment loss on interest in an associate						(3.2)
Finance costs						(278.7)
Share of results of associates						(34.6)
Share of results of joint ventures	(4.7)	-	(40.9)	-	-	(45.6)
Profit before taxation						<u>777.5</u>
Taxation						(93.5)
Profit for the period						<u>684.0</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,	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue from external customers by location of operations		
Hong Kong	2,042.1	2,098.3
Mainland China	457.1	352.3
Others	6.0	3.1
	<u>2,505.2</u>	<u>2,453.7</u>

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

	Six months ended 30th June, 2021					
	Investment and finance	Consumer finance	Property development and investment	Property management and elderly care services	Corporate and other operations	Total
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
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>13.3</u>	<u>162.2</u>	<u>31.9</u>	<u>240.3</u>
	Six months ended 30th June, 2020					
	Investment and finance	Consumer finance	Property development and investment	Property management and elderly care services	Corporate and other operations	Total
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Hotel operations	-	-	7.6	-	-	7.6
Management services	-	-	2.7	100.1	24.6	127.4
Advisory and service income, commission income and others	21.3	9.8	-	-	-	31.1
Elderly care services	-	-	-	56.9	-	56.9
Revenue from contracts with customers	<u>21.3</u>	<u>9.8</u>	<u>10.3</u>	<u>157.0</u>	<u>24.6</u>	<u>223.0</u>

5. CHANGES IN VALUES OF PROPERTIES

	Six months ended 30th June,	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Changes in values of properties comprise:		
Net increase (decrease) in fair value of investment properties	38.3	(116.8)
Impairment loss reversed for hotel property	0.2	2.1
	<u>38.5</u>	<u>(114.7)</u>

6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six months ended 30th June,	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Net impairment losses	326.5	545.3
Recoveries of amounts previously written off	(119.7)	(104.7)
	<u>206.8</u>	<u>440.6</u>
Mortgage loans		
Net impairment losses	<u>12.5</u>	24.1
Term loans		
Net impairment losses	<u>56.1</u>	91.8
Amounts due from associates		
Net impairment losses	<u>10.8</u>	0.5
Trade and other receivables		
Net recognition (reversal) of impairment losses	3.7	(41.0)
Recoveries of amounts previously written off	<u>–</u>	<u>(2.0)</u>
	<u>3.7</u>	<u>(43.0)</u>
Financial assets at fair value through other comprehensive income		
Net impairment losses	<u>23.7</u>	–
	<u>313.6</u>	<u>514.0</u>

7. FINANCE COSTS

	Six months ended 30th June,	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Total finance costs included in:		
Cost of sales and other direct costs	102.0	160.0
Finance costs	250.5	278.7
	<u>352.5</u>	<u>438.7</u>

8. PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets – computer software	1.6	0.9
Depreciation of property, plant and equipment	44.2	36.4
Depreciation of right-of-use assets	72.1	69.9
Impairment loss on interests in associates (included in other operating expenses)	4.2	3.2*
Interest expenses of lease liabilities	5.5	3.8
Loss on deemed disposal of an associate (included in other operating expenses)	1.3	–
Net loss on disposal/write-off of property, plant and equipment	0.2	0.4
and after crediting:		
Dividend income from listed equity securities	26.9	31.3
Dividend income from unlisted equity securities	10.1	4.6
Gain on disposal of investments (included in other income)	61.4	–
Third-party interests in consolidated structure entities (included in other income)	3.2	–
Realised gain on disposal/redemption of financial assets at fair value through other comprehensive income (included in other income)	0.9	1.8

* Sun Hung Kai & Co. Limited (“SHK”) 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 up to 16th November, 2020. The recoverable amount was measured at fair value less cost of disposal of SHKFGL. As part of the disposal, the Group was awarded a put right on the 30% equity interest of SHKFGL. In the first half of 2020, this put right recorded a valuation gain of HK\$35.0 million classified under net gain on financial assets and liabilities at fair value through profit or loss (“FVTPL”) and an impairment loss on interest in SHKFGL of HK\$3.2 million was recognised for the six months ended 30th June, 2020.

On 17th November, 2020, SHK exercised the put option on SHKFGL at the consideration of HK\$1,257.1 million in cash and HK\$1,156.0 million in SHKFGL preference shares.

On 1st June, 2021, SHKFGL preference shares were fully redeemed and a gain of HK\$62.9 million was recognised under net gain on financial assets and liabilities at FVTPL.

9. TAXATION

	Six months ended 30th June,	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
The income tax charged (credited) comprises:		
Current tax		
Hong Kong	152.4	105.4
People's Republic of China ("PRC") and other jurisdictions	0.5	41.6
	<u>152.9</u>	<u>147.0</u>
Deferred tax	127.8	(53.5)
	<u>280.7</u>	<u>93.5</u>

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 ("Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2020: 25%).

Deferred tax recognised in other comprehensive income was immaterial in both periods presented.

10. EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<u>Earnings</u>		
Earnings for the purpose of basic earnings per share (profit attributable to owners of the Company)	2,198.1	177.1
Adjustments to profit in respect of adjustments under the employee ownership scheme of a subsidiary	(1.6)	(0.5)
	<hr/>	<hr/>
Earnings for the purpose of diluted earnings per share	2,196.5	176.6
	<hr/>	<hr/>
	<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	3,515.1	3,515.1
	<hr/>	<hr/>

The weighted average number of shares in issue for the period ended 30th June, 2020 has been adjusted for the effect of the share subdivision which was effective on 7th September, 2020. Details of the share subdivision are set out in note 17.

11. DIVIDENDS

	Six months ended 30th June,	
	2021	2020
	<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 (2020: HK0.75 cents* per share)	26.4	26.4
	<hr/>	<hr/>
Dividends recognised as distribution during the period:		
2020 second interim dividend (in lieu of a final dividend) of HK11.75 cents per share (2020: 2019 second interim dividend (in lieu of a final dividend) of HK11.75 cents* per share)	413.0	413.0
	<hr/>	<hr/>

Subsequent to the end of the reporting period, an interim dividend of HK0.75 cents (2020: HK0.75 cents*) per share in respect of the period ended 30th June, 2021 has been declared by the Board.

* The respective dividend per share has been adjusted for the effect of the share subdivision which was effective on 7th September, 2020. Details of the share subdivision are set out in note 17.

12. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	At 30th June, 2021 <i>HK\$ Million</i>	At 31st December, 2020 <i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Hong Kong	8,572.4	8,318.0
Mainland China	3,193.2	3,000.0
	<u>11,765.6</u>	<u>11,318.0</u>
Less: impairment allowance	(682.8)	(754.3)
	<u>11,082.8</u>	<u>10,563.7</u>
Analysed for reporting purposes as:		
Non-current assets	3,410.4	3,088.9
Current assets	7,672.4	7,474.8
	<u>11,082.8</u>	<u>10,563.7</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, 2021 <i>HK\$ Million</i>	At 31st December, 2020 <i>HK\$ Million</i>
Less than 31 days past due	582.7	491.4
31 to 60 days	49.8	36.0
61 to 90 days	13.8	23.6
91 to 180 days	1.2	10.2
Over 180 days	186.1	293.9
	<u>833.6</u>	<u>855.1</u>

13. MORTGAGE LOANS

	At 30th June, 2021 <i>HK\$ Million</i>	At 31st December, 2020 <i>HK\$ Million</i>
Mortgage loans		
Hong Kong	3,396.8	3,061.1
Less: impairment allowance	(55.6)	(47.4)
	<u>3,341.2</u>	<u>3,013.7</u>
Analysed for reporting purposes as:		
Non-current assets	1,729.8	1,192.9
Current assets	1,611.4	1,820.8
	<u>3,341.2</u>	<u>3,013.7</u>

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

	At 30th June, 2021 <i>HK\$ Million</i>	At 31st December, 2020 <i>HK\$ Million</i>
Less than 31 days past due	97.6	66.7
31 to 60 days	149.5	26.6
61 to 90 days	–	11.5
91 to 180 days	76.8	160.4
Over 180 days	426.9	459.0
	<u>750.8</u>	<u>724.2</u>

As of 30th June, 2021, HK\$1,066.7 million (at 31st December, 2020: Nil) of mortgage loan receivables were pledged for a securitisation financing transaction.

14. TERM LOANS

	At 30th June, 2021 <i>HK\$ Million</i>	At 31st December, 2020 <i>HK\$ Million</i>
Secured term loans	2,618.8	2,764.0
Unsecured term loans	84.5	246.0
	<u>2,703.3</u>	<u>3,010.0</u>
Less: impairment allowance	(755.1)	(698.9)
	<u>1,948.2</u>	<u>2,311.1</u>
Analysed for reporting purposes as:		
Non-current assets	835.0	554.5
Current assets	1,113.2	1,756.6
	<u>1,948.2</u>	<u>2,311.1</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, 2021 <i>HK\$ Million</i>	At 31st December, 2020 <i>HK\$ Million</i>
Less than 31 days	123.3	277.0
31 to 60 days	17.0	15.0
61 to 90 days	8.9	6.1
91 to 180 days	3.5	4.3
Over 180 days	0.9	3.6
	<u>153.6</u>	<u>306.0</u>
Trade and other receivables without aging	140.4	170.3
Less: impairment allowances	(7.8)	(6.4)
	<u>286.2</u>	<u>469.9</u>
Trade and other receivables at amortised cost	286.2	469.9
Prepayments	75.3	44.1
	<u>361.5</u>	<u>514.0</u>
Analysed for reporting purposes as:		
Non-current assets	21.1	17.3
Current assets	340.4	496.7
	<u>361.5</u>	<u>514.0</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, 2021 <i>HK\$ Million</i>	At 31st December, 2020 <i>HK\$ Million</i>
Less than 31 days/repayable on demand	139.9	230.2
31 to 60 days	5.9	4.2
61 to 90 days	1.4	2.0
91 to 180 days	0.2	–
Over 180 days	0.9	0.8
	<u>148.3</u>	<u>237.2</u>
Accrued staff costs, other accrued expenses and other payables without aging	651.8	672.5
	<u>800.1</u>	<u>909.7</u>

17. SHARE CAPITAL

	Number of shares	Amount <i>HK\$ Million</i>
Issued and fully paid:		
At 1st January, 2020	175,754,118	2,221.7
Subdivision of shares	<u>3,339,328,242</u>	<u>–</u>
At 31st December, 2020, 1st January, 2021 and 30th June, 2021	<u>3,515,082,360</u>	<u>2,221.7</u>

Subdivision of shares

On 3rd September, 2020, an ordinary resolution was passed by the shareholders at an extraordinary general meeting of the Company pursuant to which every one (1) share of the Company was subdivided into twenty (20) subdivided shares with effect from 7th September, 2020.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK0.75 cents per share for the six months ended 30th June, 2021 (2020: HK0.75 cents* per share) payable on or around Thursday, 23rd September, 2021 to the shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on Monday, 13th September, 2021. 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.

* Has been adjusted for the effect of the share subdivision (“Share Subdivision”) of every one (1) share being subdivided into twenty (20) subdivided shares of the Company effective on 7th September, 2020.

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, 8th September, 2021
- Closure of the register of members of the Company
Thursday, 9th September, 2021
to Monday, 13th September, 2021
(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,	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	2,505.2	2,453.7
Profit for the period attributable to owners of the Company	2,198.1	177.1
Equity attributable to owners of the Company at the end of the reporting period	41,037.4	27,639.4
Return on equity attributable to owners of the Company	5.4%	0.6%
Earnings per share		
– Basic	HK\$0.63	HK\$0.05*
– Diluted	HK\$0.62	HK\$0.05*
	At	At
	30th June,	31st December,
	2021	2020
Net asset value per share attributable to owners of the Company	HK\$11.67	HK\$10.53
Gearing ratio	32.1%	31.7%

* The basic and diluted earnings per share for the six months ended 30th June, 2020 have been adjusted for the effect of the Share Subdivision.

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the period was HK\$2,505.2 million (2020: HK\$2,453.7 million). The increase is mainly due to higher interest income arising from the loan business.

The profit attributable to the owners of the Company for the period was HK\$2,198.1 million (2020: HK\$177.1 million), an increase of HK\$2,021.0 million or 1,141%.

The increase in profit attributable to the owners of the Company was primarily due to:

- an increase in profit contribution from Sun Hung Kai & Co. Limited (“SHK”);
- an increase in profit contribution from Tian An China Investments Company Limited (“TACI”);
- net increase in the fair value of investment properties of the Group; and
- increase in profit contributed by APAC Resources Limited (“APAC”) as compared with a loss suffered in the last corresponding period.

Earnings per share

Basic earnings per share amounted to HK\$0.63 (2020: HK\$0.05).

Major Corporate Events

Acquisition of additional shares in SHK

On 19th March, 2021, AP Emerald Limited (an indirect wholly-owned subsidiary of the Company) entered into a share purchase agreement with the seller (“Seller”) to acquire approximately 9.91% of total number of issued shares in SHK at the consideration of HK\$589.8 million (representing a price of HK\$3 per share of SHK) which purchase was settled on 24th March, 2021 in the form of (i) notes consideration of US\$51.8 million (equivalent to HK\$401.8 million) by transferring to the Seller certain notes issued by SHK group held by certain indirect wholly-owned subsidiaries of the Company and (ii) cash consideration of HK\$188.0 million. Upon completion, the Company’s beneficial interest in SHK increased from 62.83% to 72.74%. The acquisition of additional shares in SHK enhanced the net asset value per share of the Company as the consideration per share of SHK acquired represented a discount to the net asset value per share of SHK. A gain of approximately HK\$1,714.6 million, subject to audit, arising from the acquisition was recognised directly in equity.

Privatisation of SHK Hong Kong Industries Limited (“SHK IND”)

The privatisation (“Privatisation”) of SHK IND became effective on 22nd April, 2021 and the listing of shares of SHK IND on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) was withdrawn on 23rd April, 2021. The Privatisation enhanced the net asset value per share of the Company as the scheme consideration of the Privatisation of HK\$0.21 per share of SHK IND, represented a discount to the net asset value per share of SHK IND. A gain of approximately HK\$117.9 million, subject to audit, arising from the Privatisation was recognised directly in equity.

Disposal of a listed associate, Dragon Mining Limited (“Dragon Mining”)

In August 2021, the Company completed the disposal of its 25.83% interest in a listed associate, Dragon Mining. The transaction was carried out through the sale of Allied Properties Resources Limited (an indirect wholly-owned subsidiary of the Company), and the assignment of a shareholder’s loan to the purchaser, Genuine Legend Limited (a direct wholly-owned subsidiary of APAC, an associate of the Company), for a total consideration of HK\$102.6 million. A net realised profit on disposal of approximately HK\$13.0 million, subject to audit, will be recognised in the consolidated statement of profit or loss by the Group in the second half of 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. The nominal value of the 4.65% Notes outstanding after eliminating the intra-group holdings was US\$444.1 million or equivalent to HK\$3,448.8 million (at 31st December, 2020: US\$442.3 million or equivalent to HK\$3,428.7 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 was US\$350.0 million or equivalent to HK\$2,718.1 million (at 31st December, 2020: US\$301.0 million or equivalent to HK\$2,333.3 million after eliminating the intra-group holdings) at the reporting date.

On 31st May, 2021, US\$361.6 million 4.75% US dollar denominated notes ("4.75% Notes"), of which US\$249.8 million were outstanding, were redeemed in full upon its maturity at its principal amount together with accrued and unpaid interest, and the 4.75% Notes were delisted from the Stock Exchange.

At 30th June, 2021, the equity attributable to owners of the Company amounted to HK\$41,037.4 million, representing an increase of HK\$4,018.0 million from that of 31st December, 2020. The Group's bank deposits, bank balances and cash amounted to HK\$6,279.4 million (at 31st December, 2020: HK\$7,902.6 million). The Group's bank and other borrowings and notes/paper payable totalling HK\$19,458.6 million (at 31st December, 2020: HK\$19,640.0 million) of which the portion due on demand or within one year was HK\$10,674.1 million (at 31st December, 2020: HK\$11,384.8 million) and the remaining long-term portion was HK\$8,784.5 million (at 31st December, 2020: HK\$8,255.2 million). The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 1.85 times (at 31st December, 2020: 2.01 times). The Group's gearing ratio (net bank and other borrowings and notes/paper payable/equity attributable to owners of the Company) was 32.1% (at 31st December, 2020: 31.7%).

	At 30th June, 2021 <i>HK\$ Million</i>	At 31st December, 2020 <i>HK\$ Million</i>
Bank loans are repayable as follows:		
On demand or within one year	4,403.7	4,121.3
More than one year but not exceeding two years	1,179.4	1,770.2
More than two years but not exceeding five years	1,398.5	679.2
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	4,532.8	5,003.5
More than one year but not exceeding two years	60.0	–
More than two years but not exceeding five years	465.0	–
	12,039.4	11,574.2
Other borrowings are repayable as follows:		
On demand or within one year	250.0	250.0
Over five years	62.1	64.7
	312.1	314.7
US dollar denominated notes are repayable as follows:		
Within one year	79.0	2,010.0
More than one year but not exceeding five years	6,144.5	5,741.1
HK dollar denominated notes/paper are repayable within one year	883.6	–
	7,107.1	7,751.1
	19,458.6	19,640.0

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\$12,351.5 million (at 31st December, 2020: HK\$11,888.9 million) in bank and other borrowings, which were denominated in HK dollars, British pounds, Renminbi and US dollars. The Group had HK\$6,279.4 million (at 31st December, 2020: HK\$7,902.6 million) in bank deposits, bank balances and cash, which were mainly denominated in HK dollars, Australian dollars, British pounds, Euro, Renminbi and US dollars.

The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

Material Acquisitions and Disposals

The details of (i) acquisition of additional shares in SHK, (ii) Privatisation of SHK IND and (iii) disposal of a listed associate, Dragon Mining are set out in the section headed "Major Corporate Events" of the Financial Review of this announcement.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the period for the six months ended 30th June, 2021 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 unaudited 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, and loans, 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. As the majority of the Group's assets and investments were dominated in HK dollars and US dollars, the risk exposure was relatively low. 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.

Other Financial Liabilities

At the end of the reporting period, the Group issued financial guarantee to an independent third party of HK\$118.2 million (at 31st December, 2020: HK\$387.6 million) which did not recognise any financial liabilities in respect of the financial guarantee contracts in the condensed consolidated statement of financial position.

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties, hotel property and land and buildings with an aggregate carrying value of HK\$9,252.0 million (at 31st December, 2020: HK\$9,222.8 million) together with certain securities in respect of a listed subsidiary with investment cost of HK\$266.4 million (at 31st December, 2020: HK\$263.5 million) were pledged to secure loans and general banking facilities to the extent of HK\$4,699.5 million (at 31st December, 2020: HK\$4,560.4 million) granted to the Group. Facilities amounting to HK\$3,632.8 million (at 31st December, 2020: HK\$3,252.0 million) were utilised at the end of the reporting period.

As of 30th June, 2021, HK\$1,066.7 million (at 31st December, 2020: Nil) of mortgage loan receivables were pledged for a securitisation financing transaction.

Event after the Reporting Date

The details of disposal of Dragon Mining, which was completed in August 2021, are set out in the section headed "Major Corporate Events" of the Financial Review of this announcement.

Save as disclosed above, there were no important events affecting the Group which have occurred after the end of financial period for the six months ended 30th June, 2021 and up to the date of this announcement.

OPERATIONAL REVIEW

Financial Services

Investment and Finance

- The profit attributable to owners of SHK was HK\$2,693.0 million (2020: HK\$695.2 million).
- SHK's investment management division reported a pre-tax profit of HK\$2,312.2 million (2020: HK\$436.3 million). During the period, SHK completed several successful exits of its investments leading to the significant contribution for the first half of 2021.
- SHK's specialty finance business, which provides tailored funding solutions to corporates, investment funds and high net worth individuals, reported a pre-tax loss of HK\$11.4 million (2020: pre-tax profit of HK\$22.3 million). Those of SHK's borrowers with loans related to leisure and hospitality sectors have been particularly hard hit by COVID-19 and impairment provisions have been increased.

- Sun Hung Kai Credit Limited contributed a pre-tax profit of HK\$58.9 million (2020: HK\$65.5 million). Its gross loan balance was HK\$3.4 billion at the end of June 2021.

Consumer Finance

- Profit attributable to owners of United Asia Finance Limited (“UAF”) for the period amounted to HK\$675.8 million (2020: HK\$441.6 million).
- During the period, UAF’s operation in Mainland China experienced a rebound with increase in its loan volume and reduction in credit losses as the economic and operating environment of Mainland China continued to improve during the first half of 2021.
- UAF’s business in Hong Kong recorded a recovery in profitability due to higher loan demand and lower credit impairment as local economic activity gradually improved.
- At the end of the reporting period, the consolidated consumer finance gross loan balance amounted to HK\$11.8 billion.
- There were 21 branches in Mainland China and 48 branches in Hong Kong at the end of the reporting period.

Properties

Hong Kong

- Rental income from the Group’s Hong Kong property portfolio remained at a steady level when compared to 2020.
- There was a net increase of HK\$38.5 million in the value of the property portfolio of the Group, including investment properties owned by SHK while there was a net decrease in value of HK\$114.7 million for the corresponding period in 2020.
- During the period, the performance of the hotel division continued to be affected by COVID-19. Despite an increase in occupancies, average room rates decreased resulting in a loss reported by the hotel division for the period.
- 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, reported a higher loss for period as compared with the loss of the corresponding period in 2020. The increase in loss for the current period was mainly due to a higher fair value provision for its property portfolio and an operating loss reported from its hotel operations, the performance of which was negatively affected by COVID-19. The occupation permit of the Wanchai Jaffe Road hotel has been obtained and the application for a hotel licence is being pursued.

Mainland China

- The profit attributable to the owners of TACI was HK\$366.1 million (2020: HK\$200.2 million).
- The increase in profit of TACI was mainly due to an increase in the share of profit of its joint ventures and an increase in fair value of its investment properties.
- TACI's total rental income slightly decreased by 3% as compared with same period of 2020. After excluding the rental income from the subsidiaries disposed of by TACI during the year ended 31st December, 2020, the rental income of TACI increased by 9% as compared with same period of 2020.
- 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 in Longgang Shenzhen which comprises 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 GFA of approximately 382,800 m² is under development.
- The pre-sales of residential projects in Jiangsu and Zhejiang Provinces acquired last year by TACI have been successful. In addition, TACI has acquired new residential projects in Jiangsu and Liaoning Provinces during the six months ended 30th June, 2021. 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\$48.8 million (2020: a profit of HK\$6.7 million).

Allied Services Hong Kong Limited ("Allied Services")

- Allied Services which engages in the businesses of property management and elderly care services reported a profit of HK\$6.4 million for the period (2020: HK\$17.2 million).

Investment

APAC

- At the end of the reporting period, the Group held a 39.90% interest in APAC, which is engaged in commodity trading, resources investment and principal investment as well as financial services business. The Group recorded a share of profit from APAC for the period compared to a share of a loss in the corresponding period of 2020.

Employees

The total number of headcount of the Group as at 30th June, 2021 was 3,097 (at 31st December, 2020: 3,415). The net decrease in headcount is mainly a result of the branch consolidation and the digitalisation of operation at the consumer finance business in Mainland China. 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 2021. In addition to carrying on preventative protocols, vaccination incentives are also provided to help the Company resume more normal business and social activities.

The 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

Although the economies of Mainland China and Hong Kong are on the road to recovery in 2021, the development and containment of COVID-19 remains unpredictable. Furthermore, geopolitical tensions, a crackdown on the technology and private education sector in Mainland China together with strict global travel restrictions have eroded market confidence.

Volatility of the markets is expected to persist. SHK is committed to its cautious approach and diligence in order to carefully manage risk.

It is expected that UAF's business in Hong Kong and Mainland China will continuously be affected by the uncertainties caused by US-China tension and the COVID-19 pandemic. However, with the proven track record of the UAF's management, UAF remains cautiously confident of its performance for the remainder of the year.

The local property market still suffers from the COVID-19 pandemic. However, the Group is hopeful that the confirmed cases of COVID-19 in Hong Kong will remain low and the Hong Kong vaccination rates will increase satisfactorily. The Group is cautiously optimistic regarding the strength of the local property market underpinned by the prospect of an improvement in economic activities when the borders re-open. The Group will continue to focus on boosting the occupancy and leasing potential of its property portfolio.

The China government always emphasises that houses are for living in, not for speculation. Many provinces and cities of Mainland China have introduced a series of measures to limit property speculation such as setting guidance prices on pre-owned homes and cracking down on business loans that have been misused to buy homes. These policies have curbed the rise in housing prices. On the other hand, the China government has introduced a new policy to allow all couples to have three children. This will help to increase the population of China in long run. TACI remains confident of the long term prospects of the property market in Mainland China and Hong Kong.

There is no doubt that the second half of 2021 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, 2021, 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, except for certain deviation which is summarised below:

Code Provision C.3.3

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

The terms of reference of the Audit Committee 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 reasons 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, 2020. The Board considers that 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.

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, 2021. 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

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, 2021.

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

Hong Kong, 25th August, 2021

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.