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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)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2010

The board of directors ("Board") of Allied Group Limited ("Company") announces that the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31st December, 2010 are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	**2010** *HK$ Million*	2009 *HK$ Million*
Continuing operations			
Revenue	*(3)*	**3,748.4**	3,883.7
Other income		**128.6**	77.0
Total income		**3,877.0**	3,960.7
Cost of sales and other direct costs		**(221.5)**	(224.1)
Brokerage and commission expenses		**(219.2)**	(224.5)
Selling and marketing expenses		**(77.1)**	(52.5)
Administrative expenses		**(1,066.2)**	(1,067.0)
Discount on acquisition of a subsidiary		**–**	138.0
Discount on acquisition of additional interests in subsidiaries		**–**	44.3
Profit on deemed acquisition of additional interests in subsidiaries		**–**	13.7
Net loss on deemed disposal of partial interests in subsidiaries		**–**	(31.1)
Loss on warrants of a listed associate		**–**	(1.2)
Changes in values of properties	*(5)*	**812.3**	824.7
Bad and doubtful debts		**(109.8)**	(442.5)
Other operating expenses		**(111.4)**	(108.7)
Finance costs	*(6)*	**(41.9)**	(43.0)
Share of results of associates		**612.4**	467.4
Share of results of jointly controlled entities		**135.9**	102.5
Profit before taxation	*(7)*	**3,590.5**	3,356.7
Taxation	*(8)*	**(335.5)**	(330.9)
Profit for the year from continuing operations		**3,255.0**	3,025.8
Discontinued operations			
Profit for the year from discontinued operations	*(9)*	**1,102.2**	50.6
Profit for the year		**4,357.2**	3,076.4

CONSOLIDATED INCOME STATEMENT (Cont'd)
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	2010 HK$ Million	2009 HK$ Million
Attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**1,775.1**	1,755.0
Profit for the year from discontinued operations		**535.7**	24.1
		2,310.8	1,779.1
Non-controlling interests			
Profit for the year from continuing operations		**1,479.9**	1,270.8
Profit for the year from discontinued operations		**566.5**	26.5
		2,046.4	1,297.3
		4,357.2	3,076.4
Earnings per share	*(10)*		
From continuing and discontinued operations			
Basic		**HK$10.95**	HK$7.38
Diluted		**HK$10.95**	HK$7.38
From continuing operations			
Basic		**HK$8.36**	HK$7.28
Diluted		**HK$8.36**	HK$7.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2010

	2010	2009
	HK$ Million	*HK$ Million*
Profit for the year	**4,357.2**	3,076.4
Other comprehensive income:		
Available-for-sale financial assets		
– Net fair value changes during the year	**57.0**	137.7
– Reclassification adjustment to profit or loss on disposal	**(27.6)**	(8.0)
– Deferred tax	**–**	0.2
	29.4	129.9
Reclassification adjustment to profit or loss on disposal/liquidation of subsidiaries	**(38.0)**	–
Revaluation gain on properties transferred from property, plant and equipment to investment properties	**137.5**	–
Deferred tax arising from revaluation gain on properties transferred from property, plant and equipment to investment properties	**(22.2)**	–
Exchange differences arising on translation of foreign operations	**76.2**	3.0
Share of other comprehensive income of associates	**142.9**	46.4
Share of other comprehensive income of jointly controlled entities	**3.7**	2.0
Other comprehensive income for the year, net of tax	**329.5**	181.3
Total comprehensive income for the year	**4,686.7**	3,257.7
Attributable to:		
Owners of the Company	**2,487.1**	1,902.1
Non-controlling interests	**2,199.6**	1,355.6
	4,686.7	3,257.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2010

	Notes	**31/12/2010** **HK$ Million**	31/12/2009 HK$ Million (Restated)	1/1/2009 HK$ Million (Restated)
Non-current assets				
Investment properties		**4,762.4**	3,868.7	3,024.0
Property, plant and equipment		**668.9**	675.0	690.8
Prepaid land lease payments		**10.0**	13.0	13.4
Goodwill		**125.7**	278.0	268.2
Intangible assets		**111.3**	405.2	370.5
Interests in associates		**5,293.1**	4,345.1	4,010.5
Interests in jointly controlled entities		**1,221.6**	1,043.2	934.7
Available-for-sale financial assets		**918.6**	749.5	273.3
Held-to-maturity investments		**–**	51.5	–
Statutory deposits		**50.8**	36.0	18.4
Amounts due from associates		**56.1**	56.1	–
Loans and advances to consumer finance customers due after one year		**2,291.9**	1,870.2	1,743.5
Prepaid deposits for acquisition of property, plant and equipment and other receivables		**33.4**	–	164.2
Deferred tax assets		**94.1**	100.5	122.5
		15,637.9	13,492.0	11,634.0
Current assets				
Properties held for sale and other inventories		**412.8**	374.5	410.5
Financial assets at fair value through profit or loss		**1,727.1**	1,443.6	423.3
Prepaid land lease payments		**0.4**	0.4	0.5
Loans and advances to consumer finance customers due within one year		**3,172.6**	2,524.2	2,661.0
Trade and other receivables	*(12)*	**6,745.5**	5,854.4	4,592.3
Amounts due from associates		**58.5**	67.3	104.8
Amount due from a jointly controlled entity		**7.7**	3.9	3.4
Tax recoverable		**1.5**	5.9	36.8
Short-term pledged bank deposits and bank balances		**101.0**	141.6	130.5
Cash, deposits and cash equivalents		**4,546.0**	2,278.4	2,591.5
		16,773.1	12,694.2	10,954.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

AT 31ST DECEMBER, 2010

	Notes	31/12/2010 HK$ Million	31/12/2009 HK$ Million (Restated)	1/1/2009 HK$ Million (Restated)
Current liabilities				
Trade and other payables	*(13)*	**1,473.0**	1,831.7	1,638.4
Financial liabilities at fair value through profit or loss		**75.0**	96.5	49.0
Amounts due to associates		**14.1**	13.7	13.8
Amounts due to jointly controlled entities		**0.1**	0.3	14.1
Tax payable		**107.8**	82.7	76.0
Bank and other borrowings due within one year		**2,898.2**	3,860.0	1,965.6
Mandatory convertible notes		**32.6**	–	–
Provisions		**74.8**	26.3	62.8
Other liabilities due within one year		**–**	–	0.6
		4,675.6	5,911.2	3,820.3
Net current assets		**12,097.5**	6,783.0	7,134.3
Total assets less current liabilities		**27,735.4**	20,275.0	18,768.3
Capital and reserves				
Share capital		**414.7**	414.7	488.1
Share premium and reserves	*(14)*	**11,626.6**	9,033.9	7,849.9
Equity attributable to owners of the Company		**12,041.3**	9,448.6	8,338.0
Equity elements of mandatory convertible notes and warrants		**1,616.5**	–	–
Shares held for employee ownership scheme		**(23.7)**	(28.0)	(32.6)
Employee share-based compensation reserve		**10.6**	9.9	10.0
Share of net assets of subsidiaries		**10,918.9**	10,089.0	8,268.8
Non-controlling interests		**12,522.3**	10,070.9	8,246.2
Total equity		**24,563.6**	19,519.5	16,584.2
Non-current liabilities				
Bank and other borrowings due after one year		**2,690.4**	407.6	1,917.5
Amount due to an associate		**47.1**	–	–
Mandatory convertible notes		**45.9**	–	–
Deferred tax liabilities		**375.5**	335.6	241.9
Provisions		**12.9**	12.3	24.7
		3,171.8	755.5	2,184.1
		27,735.4	20,275.0	18,768.3

Notes :

(1) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 27 (revised 2008) Consolidated and Separate Financial Statements

HKAS 27 (revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Company. In prior years, increases in interests in existing subsidiaries of the Company were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate. The impact of decreases in interests in subsidiaries of the Company that did not involve loss of control was recognised in profit or loss. Under HKAS 27 (revised 2008), all increases or decreases in interests in subsidiaries that do not result in gaining or losing control of the subsidiaries are accounted for as equity transactions, with no impact on profit or loss.

The following table summarises the effect on equity in respect of the various changes in interests in subsidiaries of the Company without loss of control during the year:

	HK$ Million
Credited (charged) to accumulated profits in respect of:	
Acquisition of additional interests in subsidiaries	410.0
Deemed disposal of partial interests in subsidiaries	(319.8)
Deemed acquisition of partial interests in subsidiaries	(12.7)
	77.5

In addition, during the year, a wholly-owned subsidiary of Allied Properties (H.K.) Limited ("APL") acquired an associate from Sun Hung Kai & Co. Limited, a non wholly-owned subsidiary of APL. Accordingly, the effective interest in the associate held by the Group increased. A difference of HK$131.9 million between the consideration and the increase in effective interest in the associate attributable to the Group, by which the non-controlling interests are adjusted, was recognised directly in equity attributable to owners of the Company.

Under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. The application of the revised Standard has resulted in shares held for employee ownership scheme and employee share-based compensation reserve of a subsidiary being included as part of non-controlling interest in the consolidated statement of financial position and consolidated statement of changes in equity. Previously, such reserves were presented separately in the consolidated statement of financial position and consolidated statement of changes in equity. In addition, the equity elements of mandatory convertible notes and warrants issued during the year is so included as part of non-controlling interest for the application of the revised Standard.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, HKAS 17 required leasehold land to be classified as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement.

In accordance with the transitional provisions of HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January, 2010 based on information which existed at the inception of the leases. Leasehold land that qualifies for the finance lease classification has been reclassified from "prepaid land lease payments" to "property, plant and equipment" retrospectively. The adjustments in respect of the comparative figures are as follows:

	31/12/2009			1/1/2009		
	Originally stated *HK$ Million*	Adjustments *HK$ Million*	Restated *HK$ Million*	Originally stated *HK$ Million*	Adjustments *HK$ Million*	Restated *HK$ Million*
Property, plant and equipment	339.3	335.7	675.0	349.5	341.3	690.8
Prepaid land lease payments – non-current	343.0	(330.0)	13.0	349.1	(335.7)	13.4
Prepaid land lease payments – current	6.1	(5.7)	0.4	6.1	(5.6)	0.5
	688.4	–	688.4	704.7	–	704.7

As at 31st December, 2010, leasehold land that qualifies for finance lease classification with the carrying amount of HK$328.3 million has been included in property, plant and equipment. The application of the amendment to HKAS 17 has had no impact on the net profit and total equity of the Group.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int-5")

HK Int-5 clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int-5 for the first time in the current year. HK Int-5 requires retrospective application.

In order to comply with the requirements set out in HK Int-5, the Group has changed its accounting policy on classification of borrowings with a repayment on demand clause. In the past, the classification of such borrowings were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int-5, term borrowings with a repayment on demand clause are classified as current liabilities.

As a result, bank and other borrowings that contain a repayment on demand clause with the aggregate carrying amounts of HK$734.0 million and HK$561.8 million have been reclassified from non-current liabilities to current liabilities as at 31st December, 2009 and 1st January, 2009 respectively. As at 31st December, 2010, bank and other borrowings (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$245.9 million have been classified as current liabilities. The application of HK Int-5 has had no impact on the reported profit or loss for the current and prior years.

New and revised Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards and amendments that have been issued but are not yet effective, and are relevant to the operations of the Group.

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 32 (Amendment)	Classification of Rights Issues[3]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[5]

1 Effective for annual periods beginning on or after 1st January, 2012
2 Effective for annual periods beginning on or after 1st January, 2011
3 Effective for annual periods beginning on or after 1st February, 2010
4 Effective for annual periods beginning on or after 1st July, 2011
5 Effective for annual periods beginning on or after 1st January, 2013

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The Group anticipates that the application of the amendments to HKAS 12 may affect the measurement of the Group's deferred taxation. The management is still in the process of assessing the impact of the amendments.

HKFRS 9 (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 (as revised in November 2010) adds requirements for financial liabilities and for derecognition. HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, an entity may make an irrevocable election to present changes in fair value of equity investments in other comprehensive income, with only dividend income recognised in profit or loss. The applicable of HKFRS 9 might affect the measurement of the Group's financial assets. The management is still in the process of assessing the impact of adoption of HKFRS 9.

The directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

(2) RECLASSIFICATION

During the year, the Group has changed the classification of interest receivable on consumer finance business (previously included in "trade and other receivables") to "loans and advances to consumer finance customers". The Group considers the new presentation is more appropriate. In order to conform to the current year's classification, interest receivable of HK$72.6 million as at 1st January, 2009 and HK$68.0 million as at 31st December, 2009 were reclassified from "trade and other receivables" to "loans and advances to consumer finance customers".

(3) REVENUE

	2010	2009
	HK$ Million	*HK$ Million*
Revenue comprises:		
Continuing operations		
Interest income on loans and advances to consumer finance customers	**1,645.0**	1,494.1
Other interest income	**553.3**	415.0
Securities broking	**513.6**	588.4
Income from corporate finance and others	**308.0**	235.2
Property rental, hotel operations and management services	**286.4**	249.3
Net trading profit from forex, bullion, commodities and futures	**207.7**	261.1
Net trading profit from securities	**103.5**	514.1
Elderly care services	**100.9**	98.3
Dividend income	**30.0**	28.2
	3,748.4	3,883.7
Discontinued operations		
Discontinued Medical Service Business *(note (4))*	**967.4**	1,002.7
	4,715.8	4,886.4

(4) 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.

During the year, the operations of provision of medical, nursing agency, physiotherapy, dental and other services which represented a substantial portion of the operations under the segment of "Healthcare" in previous year were discontinued ("Discontinued Medical Service Business") due to the disposal of a group of subsidiaries engaged in provision of medical service business as described in note (9). The operation remained in the Healthcare segment is the provision of elderly care services. Accordingly, the segment is redesigned as "Elderly care services" for the purpose of segmental information.

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

	2010					
	Investment, broking and finance *HK$ Million*	**Consumer finance** *HK$ Million*	**Elderly care services** *HK$ Million*	**Property development and investment** *HK$ Million*	**Corporate and other operations** *HK$ Million*	**Total** *HK$ Million*
Segment revenue	**1,694.9**	**1,659.5**	**109.6**	**297.0**	**63.6**	**3,824.6**
Less: inter-segment revenue	**(9.5)**	**–**	**–**	**(17.8)**	**(48.9)**	**(76.2)**
Segment revenue from external customers from continuing operations	**1,685.4**	**1,659.5**	**109.6**	**279.2**	**14.7**	**3,748.4**
Segment results	**935.9**	**959.0**	**12.5**	**977.1**	**(0.4)**	**2,884.1**
Finance costs						**(41.9)**
Share of results of associates						**612.4**
Share of results of jointly controlled entities	**5.0**	**–**	**–**	**130.9**	**–**	**135.9**
Profit before taxation						**3,590.5**
Taxation						**(335.5)**
Profit for the year from continuing operations						**3,255.0**

	2009					
	Investment, broking and finance *HK$ Million*	Consumer finance *HK$ Million*	Elderly care services *HK$ Million*	Property development and investment *HK$ Million*	Corporate and other operations *HK$ Million*	Total *HK$ Million*
Segment revenue	2,028.8	1,511.7	106.4	253.8	73.9	3,974.6
Less: inter-segment revenue	(19.8)	–	–	(11.5)	(59.6)	(90.9)
Segment revenue from external customers from continuing operations	2,009.0	1,511.7	106.4	242.3	14.3	3,883.7
Segment results	1,142.7	621.4	13.0	955.1	(38.2)	2,694.0
Discount on acquisition of a subsidiary						138.0
Discount on acquisition of additional interests in subsidiaries						44.3
Profit on deemed acquisition of additional interests in subsidiaries						13.7
Net loss on deemed disposal of partial interests in subsidiaries						(31.1)
Loss on warrants of a listed associate						(1.2)
Impairment loss for interests in associates						(27.9)
Finance costs						(43.0)
Share of results of associates						467.4
Share of results of jointly controlled entities	1.3	–	–	101.2	–	102.5
Profit before taxation						3,356.7
Taxation						(330.9)
Profit for the year from continuing operations						3,025.8

The geographical information of revenue is disclosed as follows:

	2010 *HK$ Million*	2009 *HK$ Million*
Revenue from external customers by location of operations		
Hong Kong	**3,501.9**	3,755.9
Others	**246.5**	127.8
	3,748.4	3,883.7

(5) CHANGES IN VALUES OF PROPERTIES

	2010	2009
	HK$ Million	*HK$ Million*
Continuing operations		
Changes in values of properties comprise:		
Net increase in fair value of investment properties	**735.9**	804.3
Impairment loss reversed for properties held for sale	**70.7**	25.6
Impairment loss reversed (recognised) for hotel property	**5.7**	(5.2)
	812.3	824.7

The recognition and reversal of impairment losses was based on the lower of cost and value in use for hotel property and, the lower of cost and net realisable value for properties held for sale. The value in use and net realisable values were determined with reference to the respective fair values of the properties based on independent professional valuations at 31st December, 2010.

(6) FINANCE COSTS

	2010	2009
	HK$ Million	*HK$ Million*
Continuing operations		
Total finance costs included in:		
Cost of sales and other direct costs	**52.0**	39.9
Finance costs	**41.9**	43.0
	93.9	82.9

(7) PROFIT BEFORE TAXATION

	2010	2009
	HK$ Million	*HK$ Million*
Profit before taxation from continuing operations has been arrived at after charging:		
Depreciation	**53.1**	48.5
Amortisation of intangible assets (included in other operating expenses)	**11.4**	11.3
Amortisation of prepaid land lease payments	**0.4**	0.5
Net loss on disposal of property, plant and equipment	**3.5**	1.9
and after crediting:		
Dividend income from listed equity securities	**25.2**	21.5
Dividend income from unlisted equity securities	**4.8**	6.6
Discount on acquisition of additional interest in an associate (included in share of results of associates)	**52.2**	22.6
Net realised profit on disposal of a subsidiary (included in other income)	**29.3**	–
Net realised profit on disposal of available-for-sale financial assets and held-to-maturity investments (included in other income)	**45.1**	24.8
Net realised profit on liquidation of subsidiaries (included in other income)	**3.7**	–
Profit on disposal of investment properties (included in other income)	**9.4**	2.1

(8) TAXATION

	2010	2009
	HK$ Million	*HK$ Million*
The income tax charged (credited) from continuing operations comprises:		
Current tax		
Hong Kong	**242.2**	198.3
Other jurisdictions	**27.9**	13.4
	270.1	211.7
(Over) under provision in prior years		
Hong Kong	**(9.3)**	0.2
Other jurisdictions	**0.5**	0.1
	(8.8)	0.3
Deferred tax		
Current year	**81.4**	118.0
(Over) under provision in prior years	**(7.2)**	0.9
	74.2	118.9
	335.5	330.9

Hong Kong Profits Tax is calculated at the rate of 16.5% of the estimated assessable profit 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.

(9) DISCONTINUED OPERATIONS

On 8th October, 2010, Allied Overseas Limited (formerly known as Quality HealthCare Asia Limited) ("AOL"), an indirect non wholly-owned subsidiary of the Company, and Cautious Base Limited (formerly known as Quality HealthCare Holdings Limited) ("Holdco"), a direct wholly-owned subsidiary of AOL, entered into a share sale agreement ("Share Sale Agreement") with Altai Investments Limited and RHC Holding Private Limited (collectively "Purchaser").

According to the Share Sale Agreement, AOL and Holdco have agreed to sell 100% of the issued share capital of five subsidiaries and their respective subsidiaries engaged in provision of the Discontinued Medical Service Business ("Disposal Group") (note (4)) to the Purchaser for the consideration of transaction, payable on the closing date for an amount in cash equal to aggregate sum of (i) HK$1,521.0 million; (ii) the Base Working Capital* (i.e. HK$20.0 million) and (iii) the estimated Working Capital Adjustment* (i.e. a deduction of HK$559,000 from the Base Working Capital*) (collectively being the "Consideration Amount"), subject to the Working Capital Adjustment*. Further details are set out in the Company's circular dated 8th November, 2010. Up to the reporting date, the Working Capital Adjustment has not been finalised.

* *As defined in the Company's circular dated 8th November, 2010.*

Profit for the year from the discontinued operations is analysed as follows:

	2010	2009
	HK$ Million	*HK$ Million*
Profit of Discontinued Medical Service Business	**31.1**	50.6
Expenses incurred on the disposal of Disposal Group	**(22.8)**	–
Gain on disposal of Disposal Group	**1,093.9**	–
Profit for the year from discontinued operations	**1,102.2**	50.6
Attributable to:		
Owners of the Company	**535.7**	24.1
Non-controlling interests	**566.5**	26.5
	1,102.2	50.6

An analysis of the results of the Discontinued Medical Service Business for the year ended 31st December, 2010, with the comparatives for illustrative purpose, is as follows:

	2010	2009
	HK$ Million	*HK$ Million*
Revenue	**967.4**	1,002.7
Other income	**13.7**	16.5
Total income	**981.1**	1,019.2
Cost of sales	**(419.9)**	(424.4)
Administrative expenses	**(504.6)**	(515.5)
Bad and doubtful debts	**0.2**	(0.6)
Other operating expenses	**(21.7)**	(17.9)
Profit before taxation	**35.1**	60.8
Taxation	**(4.0)**	(10.2)
Profit for the year	**31.1**	50.6

Profit for the year from discontinued operations include the following:

Amortisation of intangible assets	**15.3**	16.7
Depreciation	**17.9**	18.9

(10) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2010	2009
	HK$ Million	*HK$ Million*
Earnings		
Profit attributable to owners of the Company	**2,310.8**	1,779.1
Adjustments to profit in respect of ordinary shares that will be issued upon the conversion of the mandatory convertible notes of a subsidiary	**(41.2)**	–
Earnings for the purpose of basic and diluted earnings per share	**2,269.6**	1,779.1
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	**207.3**	241.0

From continuing operations

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

	2010	2009
	HK$ Million	*HK$ Million*
Earnings		
Profit attributable to owners of the Company	**1,775.1**	1,755.0
Adjustments to profit in respect of ordinary shares that will be issued upon the conversion of the mandatory convertible notes of a subsidiary	**(41.2)**	–
Earnings for the purpose of basic and diluted earnings per share	**1,733.9**	1,755.0
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share	**207.3**	241.0

From discontinued operations

Basic earnings per share for discontinued operations is HK$2.58 per share (2009: HK$0.1 per share), based on the profit attributable to owners of the Company from the discontinued operations of HK$535.7 million (2009: HK$24.1 million) and the weighted average number of 207.3 million (2009: 241.0 million) shares in issue during the year. Diluted earnings per share from discontinued operations for both years were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding.

(11) DIVIDEND

	2010 *HK$ Million*	2009 *HK$ Million*
Dividend attributable to the year		
Interim dividend of HK15 cents per share (2009: HK15 cents)	**31.1**	36.6
Proposed final dividend of HK60 cents per share (2009: HK35 cents)	**124.4**	72.6
	155.5	109.2
Dividend recognised as distribution during the year		
2009 final dividend of HK35 cents per share (2009: 2008 final dividend of HK30 cents)	**72.6**	73.2
2010 interim dividend of HK15 cents per share (2009: 2009 interim dividend of HK15 cents)	**31.1**	36.6
	103.7	109.8

A final dividend of HK60 cents (2009: HK35 cents) per share has been recommended by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

The amount of the proposed final dividend for the year ended 31st December, 2010 has been calculated by reference to 207,334,060 shares in issue at 30th March, 2011.

(12) TRADE AND OTHER RECEIVABLES

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

	31/12/2010 *HK$ Million*	31/12/2009 *HK$ Million* (Restated)
Less than 31 days	**1,131.1**	1,406.0
31 to 60 days	**17.7**	35.2
61 to 90 days	**5.8**	19.7
Over 90 days	**160.6**	334.5
	1,315.2	1,795.4
Margin loans and other receivables	**5,593.7**	4,228.1
Allowance for impairment	**(163.4)**	(169.1)
	6,745.5	5,854.4

(13) TRADE AND OTHER PAYABLES

The following is an aged analysis of the trade and other payables:

	31/12/2010	31/12/2009
	HK$ Million	*HK$ Million*
Less than 31 days	**1,165.7**	1,301.7
31 to 60 days	**14.9**	14.0
61 to 90 days	**7.6**	10.7
Over 90 days	**22.0**	46.6
	1,210.2	1,373.0
Accruals and other payables on demand	**262.8**	458.7
	1,473.0	1,831.7

(14) SHARE PREMIUM AND RESERVES

	31/12/2010	31/12/2009
	HK$ Million	*HK$ Million*
Share premium	**1,519.5**	1,519.5
Property revaluation reserve	**94.6**	42.3
Investment revaluation reserve	**257.3**	277.1
Capital redemption reserve	**287.5**	287.5
Translation reserve	**286.6**	149.2
Non-distributable reserve	**55.2**	55.2
Capital reserve	**(8.5)**	(8.7)
Accumulated profits	**9,010.0**	6,639.2
Dividend reserve	**124.4**	72.6
	11,626.6	9,033.9

DIVIDEND

The Board has recommended a final dividend of HK60 cents per share for the year ended 31st December, 2010 (2009: HK35 cents per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Wednesday, 1st June, 2011, making a total dividend for the year 2010 of HK75 cents per share (2009: HK50 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27th May, 2011, to Wednesday, 1st June, 2011 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the 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, 26th May, 2011. Subject to approval by the Shareholders at the forthcoming annual general meeting of the Company, dividend warrants are expected to be despatched to the Shareholders by post on or around Friday, 8th July, 2011.

FINANCIAL REVIEW

Financial Results

The revenue of the Group for 2010 (including continuing and discontinued operations) was HK$4,715.8 million, which was a slight decrease of 3.5% when compared with the year 2009.

The profit attributable to the owners of the Company (including continuing and discontinued operations) amounted to HK$2,310.8 million, as compared to HK$1,779.1 million in 2009. The earnings per share (including continuing and discontinued operations) amounted to HK$10.95 (2009: HK$7.38).

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

1. Profit on disposal of medical and associated health services businesses by Allied Overseas Limited (previously known as Quality HealthCare Asia Limited) ("AOL"). The profit attributable to the owners of the Company amounted to HK$535.7 million;

2. Increase in contribution from consumer finance division; and

3. Increase in profit of listed associate, Tian An China Investments Company Limited ("Tian An"), together with increase in attributable percentage shareholding in Tian An during the year.

Material Acquisitions and Disposals

(a) In April 2010, Sun Hung Kai & Co. Limited ("Sun Hung Kai") disposed of 49% ownership interest in a wholly-owned subsidiary engaging in leveraged foreign exchange trading business at a consideration of HK$141.1 million. The Group recognised a gain of HK$29.3 million on the disposal.

(b) On 28th June, 2010, China Elite Holdings Limited ("China Elite"), a wholly-owned subsidiary of Allied Properties (H.K.) Limited ("Allied Properties") completed the acquisition of Sun Hung Kai's entire interest in an associate, Tian An, representing approximately 38.06% of the issued share capital of Tian An. The consideration of the acquisition was a share entitlement note ("SEN"), which conferred the right to call for the issue of 2,293,561,833 fully paid shares of Allied Properties ("Allied Properties Share(s)"). Immediately upon receipt of the SEN, Sun Hung Kai distributed a special dividend by way of distribution in specie, 1.309 fully paid Allied Properties Shares under the SEN for each share of Sun Hung Kai. At the time of the distribution by Sun Hung Kai, Allied Properties and its subsidiaries collectively held the right to a total entitlement to 1,429,277,678 of the 2,293,561,833 Allied Properties Shares which were immediately cancelled on distribution of the SEN. Accordingly, only 864,284,155 Allied Properties Shares were issued and allotted to shareholders of Sun Hung Kai other than Allied Properties, China Elite or any other subsidiaries of Allied Properties. Immediately upon completion of the acquisition of Tian An by China Elite and issue of Allied Properties Shares under the SEN by Allied Properties, the effective shareholding in Tian An by Allied Properties increased from approximately 23.72% to approximately 38.06%.

The loss on disposal of Tian An of HK$159.3 million recorded by Sun Hung Kai was reversed at Group level as the transaction is an intragroup transaction and the loss recorded by Sun Hung Kai was regarded as unrealised at Group level. A difference of HK$131.9 million between the consideration and the increase in effective interest in the associate attributable to the Group, by which the non-controlling interests are adjusted, was recognised directly in equity attributable to owners of the Company.

Details regarding the acquisition and the issue of the Allied Properties Shares are contained in the circular of the Company dated 24th May, 2010.

(c) On 28th June, 2010, the completion date of the acquisition of Tian An by Allied Properties from Sun Hung Kai, Allied Properties issued 864,284,155 Allied Properties Shares to shareholders of Sun Hung Kai other than Allied Properties and its subsidiaries at a consideration of HK$1.66 per share being the closing market price of Allied Properties on that date. Accordingly, the issued share capital of Allied Properties increased from 6,088,832,430 shares to 6,953,116,585 shares and the Group's interest in Allied Properties decreased from approximately 74.37% to 65.12%. A loss on this deemed disposal amounting to approximately HK$312.6 million was recognised directly in equity attributable to owners of the Company.

(d) During the year, the Group has increased its holding in SHK Hong Kong Industries Limited ("SHK HK IND") by additional 797,275,832 shares. The Group's shareholding in SHK HK IND at 31st December, 2010 was approximately 72.13%, an increase of 14.48% from 31st December, 2009.

(e) On 8th October, 2010, AOL entered into a share sale agreement ("Share Sale Agreement") to dispose of its 100% shareholding in a group of subsidiaries, representing AOL's entire interest in medical and associated health services businesses ("Disposal"). The Disposal was completed on 30th November, 2010. Further details of the Disposal are set out in the circular of the Company dated 8th November, 2010.

Apart from the above, there were no material acquisitions or disposals of subsidiaries, associated companies or jointly controlled entities during the period.

Financial Resources, Liquidity and Capital Structure

At the end of the reporting period, the equity attributable to owners of the Company amounted to HK$12,041.3 million, representing an increase of HK$2,592.7 million or approximately 27.4% from 2009. The Group maintained a strong cash and bank balance position and had cash, treasury bills and bank balances of approximately HK$4,647.0 million as at 31st December, 2010 (2009: HK$2,420.0 million). The Group's bank and other borrowings totalling HK$5,588.6 million (2009: HK$4,267.6 million) of which the portion due on demand or within one year was HK$2,898.2 million (2009: HK$3,860.0 million) and the remaining long-term portion was HK$2,690.4 million (2009: HK$407.6 million). During the year, Sun Hung Kai issued mandatory convertible notes ("MCN") of which HK$78.5 million being the accrued effective interest was classified as financial liabilities at the end of the reporting period. The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 3.59 times (2009: 2.15 times). The Group's gearing ratio (net bank and other borrowings and financial liabilities portion of MCN/equity attributable to the owners of the Company) was 8.5% (2009: 19.6%).

	31/12/2010 ***HK$ Million***	31/12/2009 *HK$ Million*
Bank loans and overdrafts are repayable as follows:		
On demand or within one year	**1,648.8**	2,180.3
More than one year but not exceeding two years	**522.6**	252.6
More than two years but not exceeding five years	**2,167.8**	155.0
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	**851.3**	780.9
More than one year but not exceeding two years	**41.8**	253.2
More than two years but not exceeding five years	**180.5**	447.8
	5,412.8	4,069.8
Other borrowings repayable on demand or within one year	**8.3**	8.5
Other borrowings with a repayment on demand clause are repayable as follows:		
Within one year	**143.9**	156.3
More than one year but not exceeding two years	**23.6**	10.2
More than two years but not exceeding five years	**–**	22.8
	175.8	197.8
	5,588.6	4,267.6

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.

Financial liabilities portion of MCN being the accrued effective interest at the end of the reporting period:

	HK$ Million
Current portion	32.6
Non-current portion	45.9
	78.5

Other than the MCN, 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.

Risk of Foreign Exchange Fluctuation

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

Contingent Liabilities

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

	31/12/2010	31/12/2009
	HK$ Million	*HK$ Million*
Guarantees for banking facilities granted to a jointly controlled entity	**1,661.0**	–
Indemnities on banking guarantees made available to a clearing house and regulatory body	**4.5**	4.5
Other guarantees	**3.0**	3.0
	1,668.5	7.5

(b) In 2001, an order was made by the Hubei Province Higher People's Court in China ("2001 Order") enforcing a CIETAC award of 19th July, 2000 ("Award") by which Sun Hung Kai Securities Limited ("SHKS"), a wholly-owned subsidiary of Sun Hung Kai, was required to pay US$3 million to Chang Zhou Power Development Company Limited ("JV"), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JV to Sun Hung Kai's then listed associate, Tian An, in 1998 and disposed of any and all interest it might hold in the registered capital of the JV ("Interest") to Long Prosperity Industrial Limited ("LPI") in October 2001. Subsequent to those disposals, SHKS' registered interest in the JV in the amount of US$3 million was frozen further to the 2001 Order. SHKS is party to the following litigation relating to the JV:

(i) On 29th February, 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited ("GBA"), LPI and Walton Enterprises Limited ("Walton") ("2008 Writ") in the High Court of Hong Kong against SHKS ("HCA 317/2008"). In the 2008 Writ,

(a) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, for an alleged collateral warranty, and for alleged negligent and/or reckless and/or fraudulent misrepresentation;

(b) LPI claims against SHKS damages for alleged breaches of a contract dated 12th October 2001; and

(c) Walton claims against SHKS for the sum of US$3 million under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and Walton also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the court may think fit.

The 2008 Writ was served on SHKS on 29th May, 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI (being the nominee of GBA) waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JV or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JV or any transaction related thereto. On 24th February, 2010 the Court of Appeal struck out the claims of GBA and LPI, and awarded costs of the appeal and the strike out application as against GBA and LPI to SHKS. Subsequently, GBA, LPI and Walton sought to amend their claims which was opposed by SHKS and is pending a determination by the court. While a provision has been made for legal costs, Sun Hung Kai does not consider it presently appropriate to make any other provision with respect to HCA 317/2008.

(ii) On 20th December, 2007, a writ ("Mainland Writ") was issued by Cheung Lai Na (張麗娜) ("Ms. Cheung") against Tian An and SHKS and was accepted by the Intermediate People's Court of Wuhan City, Hubei Province ("IPC") (湖北省武漢市中級人民法院) [(2008) 武民商外初字第8號], claiming the transfer of a 28% shareholding in the JV, and RMB19,040,000 plus interest thereon for the period from January 1999 to the end 2007, together with related costs and expenses. Judgment was awarded by the IPC in favour of Tian An and SHKS on 16th July, 2009 which the judgment was being appealed against by Ms. Cheung. On 24th November, 2010, the Higher People's Court of Hubei Province (湖北省高級人民法院) ordered that the case be remitted back to the IPC for retrial. While a provision has been made for legal costs, Sun Hung Kai does not consider it presently appropriate to make any other provision with respect to this writ.

(iii) On 4th June, 2008, a writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung ("HK Writ"), seeking declarations that (a) Ms. Cheung is not entitled to receive or obtain the transfer of 28% or any of the shareholding in the JV from Tian An and SHKS; (b) Ms. Cheung is not entitled to damages or compensation; (c) Hong Kong is the proper and/or the most convenient forum to determine the issue of Ms. Cheung's entitlement to any shareholding in the JV; (d) further and alternatively, that Ms. Cheung's claim against Tian An and SHKS in respect of her entitlement to the shareholding in the JV is scandalous, vexatious and/or frivolous; and (e) damages, interest and costs as well as further or other relief (together with related costs and expenses). The HK Writ was not served on Ms. Cheung and lapsed on 3rd June, 2009. A further writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung on 4th June, 2009 ("2nd HK Writ") seeking the same relief as the HK Writ. The 2nd HK Writ expired on 3rd June, 2010, and a further writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung on 4th June, 2010. Sun Hung Kai does not consider it presently appropriate to make any provision with respect to this action.

(c) Pursuant to the Share Sale Agreement, pending the release of any securities, guarantees or indemnities given by or binding upon AOL in respect of any liability of a group of subsidiaries engaged in provision of medical, nursing agency, physiotherapy, dental and other services ("Disposal Group"), the purchaser ("Purchaser") shall indemnify AOL against all amounts paid by them after completion pursuant to any such securities, guarantees and indemnities. The following guarantees and performance bonds have not been released as at 31st December, 2010:

Corporate guarantees were given by AOL to a bank in connection with banking facilities granted to the Disposal Group with an aggregate amount of HK$20.0 million at 31st December, 2010 (2009: HK$20.0 million). As at 31st December, 2010, the banking facilities granted to the Disposal Group subject to the corporate guarantees given to the banks by AOL were utilised to the extent of approximately HK$4.9 million for the issuance of bank guarantees and performance bonds (2009: HK$4.0 million).

As at 31st December, 2010, AOL has an outstanding guarantee in favour of a third party in connection with a medical contract entered into by a company within the Disposal Group. The annual value of this medical contract amounts to approximately HK$42.2 million in 2010.

(d) Pursuant to the Share Sale Agreement, AOL has given certain warranties and indemnities to the Purchaser which the Purchaser may rely on for any breaches. AOL has signed a tax deed to indemnify the Purchaser for tax liabilities of the Disposal Group prior to completion which have not been provided for in the closing account of the Disposal Group as at 30th November, 2010. The time claim for claims under the tax deed shall be 7 years from completion and in respect of most other claims, effectively within 12 months from completion.

Material Litigation Update

(a) On 14th October, 2008, a writ of summons was issued by Sun Hung Kai Investment Services Limited ("SHKIS"), a wholly-owned subsidiary of Sun Hung Kai, in the High Court of Hong Kong against Quality Prince Limited, Allglobe Holdings Limited, the Personal Representative of the Estate of Lam Sai Wing, Chan Yam Fai Jane ("Ms. Chan") and Ng Yee Mei ("Ms. Ng"), seeking recovery of (a) the sum of HK$50,932,876.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Having sold collateral for the partial recovery of amounts owing, SHKIS filed a Statement of Claim in the High Court of Hong Kong on 24th October, 2008 claiming (a) the sum of HK$36,030,376.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Summary judgment against all the defendants was granted by Master C Chan on 25th May, 2009, but judgment with respect to Ms. Chan and Ms. Ng only was overturned on appeal by the judgment of Suffiad J dated 7th August, 2009. SHKIS's appeal of that judgment to the Court of Appeal was heard on 6th May, 2010, and was dismissed. The trial will be heard on a date to be fixed.

(b) Details of proceedings relating to Chang Zhou Power Development Company Limited, a mainland PRC joint venture, are set out in paragraph (b) of the "Contingent Liabilities" section.

Pledge of Assets

At the end of the reporting period, certain of the Group's investment properties, hotel property, land and buildings and properties held for sale with an aggregate carrying value of HK$5,378.2 million (2009: HK$4,456.6 million), bank deposits and bank balances of HK$99.5 million (2009: HK$140.0 million), listed investments belonging to the Group with fair values of HK$40.5 million (2009: HK$2,980.5 million*), listed investments belonging to margin clients with fair values of HK$1,941.5 million** (2009: HK$1,277.2 million) and debt securities, including the related embedded option, with carrying value of HK$107.2 million (2009: HK$136.2 million) together with certain securities in respect of a listed subsidiary with a carrying value of HK$1,506.5 million (2009: HK$1,448.3 million) were pledged to secure loans and general banking facilities to the extent of HK$3,993.9 million (2009: HK$4,096.8 million) granted to the Group. Facilities amounting to HK$2,164.6 million (2009: HK$2,216.0 million) were utilised at the end of the reporting period.

At the end of the reporting period, a bank deposit of HK$1.5 million (2009: HK$1.6 million) was pledged to secure a guarantee facility issued to third parties by a bank to the extent of HK$2.0 million (2009: HK$2.0 million).

* *The amount at 31st December, 2009 mainly representing a portion of shares in a listed associate owned by the Group with a carrying value of HK$3,927.3 million. The pledge of the shares of the listed associate had been released during the year.*

** *Based on the agreement terms, the Group is able to repledge clients' securities for margin financing arrangement with other financial institutions under governance of the Securities and Futures Ordinance.*

Subsequent Events

Pursuant to an agreement dated 10th December, 2010, Bright Clear Limited ("Bright Clear"), an indirect wholly-owned subsidiary of the Company, agreed to sell to an independent third party ("SHK HK IND Purchaser") approximately 27.97% interests in SHK HK IND. On 24th March, 2011, at the request of the SHK HK IND Purchaser, Bright Clear and SHK HK IND Purchaser agreed to terminate the transaction in view of the current unstable situation in Japan and in North Africa. Details of the proposed transaction and the termination of the agreement were set out in the Company's announcements dated 10th December, 2010 and 24th March, 2011 respectively.

OPERATIONAL REVIEW

Financial Services

Broking and finance

- Sun Hung Kai, the Group's broking and finance arm, recorded a profit attributable to its owners of HK$1,087.7 million (2009: HK$1,258.4 million).

- Sun Hung Kai disposed of its entire 38.06% stake in Tian An to a wholly-owned subsidiary of Allied Properties. The entire consideration of HK$3.8 billion received in the form of shares in Allied Properties was subsequently distributed to its shareholders. It should be noted that this group reorganisation is an intragroup transaction and the loss recorded by Sun Hung Kai on its disposal of Tian An was reversed at Group level.

- Sun Hung Kai's five core businesses, namely, Wealth Management & Brokerage, Asset Management, Corporate Finance, Consumer Finance and Principal Investments continued to perform well in 2010 despite the uncertain business environment.

- Sun Hung Kai continued to invest and build up its business platform through selective strategic relationships. The recent alliance with CVC Capital Partners, one of the world's largest private equity firms, has provided financial capital as well as access to wide ranging industry networks and investment experience.

- The establishment of a strategic partnership with EK Immigration Consulting Limited and the launch of the dedicated brand, SHK Private, were both directed towards servicing demands from high net worth individuals originating from China looking to emigrate to Hong Kong and globally and customers seeking high end services.

- Sun Hung Kai's strategic partnership in foreign exchange with Australian-based Macquarie Bank led to a number of initiatives in forex business including the launch of FX Trader Pro in September 2010.

- Sun Hung Kai completed its relocation of various offices to The Lee Gardens in Causeway Bay in January 2011. The centralization of most of its business units within the same building facilitates improved productivity and efficiency.

Consumer finance

- United Asia Finance Limited ("UAF") delivered another record set of strong financial results. The consumer finance gross loan principal balance as at 31st December, 2010 increased by 20% to HK$5.9 billion (31st December, 2009: HK$4.9 billion), with growth accelerating towards the end of the year.

- UAF's loan business in mainland China was the main driver of this growth. UAF in Shenzhen has developed into a growing profit contributor after its third year of operation. 8 branches were added in Shenzhen during the year, bringing the number of branches in Shenzhen to a total of 28.

- UAF has been granted licences to operate in six other cities or provinces, marking an important step in its national expansion. Shenyang and Chongqing branches commenced businesses in the first half of 2010 and Tianjin and Chengdu followed in the second half of the year. Expansion continues into 2011 with more branch openings in Kunming and Dalian.

- The loan business in Hong Kong also saw healthy growth during 2010. The Hong Kong economy benefited substantially from robust retail consumption and the strengthening of consumer confidence. UAF had a total of 43 branches in Hong Kong at the end of 2010.

- UAF re-launched the "SHK Finance" brand in the fourth quarter of 2010 to target mortgage loan business. A new service centre at Langham Place, Mongkok, was opened and its loan generation performance was satisfactory.

- China will be the major growth driver going forward, while UAF continues to consolidate its market leading position in Hong Kong.

Properties

Hong Kong

- Allied Properties reported a profit attributable to its owners of HK$3,003.1 million, an increase of 63.2% from HK$1,840.3 million in 2009.

- Allied Properties achieved a slight increase in total rental income on its property portfolio.

- Hotel operation improved as a result of recovery of tourist industries from 2009.

- The net gain in value of Allied Properties' property portfolio for the full year was HK$871.3 million, as compared to HK$994 million in 2009.

- Allied Kajima Limited, 50% indirectly owned by Allied Properties and holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel and Sofitel Philippine Plaza Hotel, contributed a profit increase of 29% compared to 2009. The increase was mainly due to revaluation of its investment properties and a commendable performance by Novotel Century Hong Kong hotel which recorded significantly higher occupancies and average room rates.

Mainland PRC

- The profit attributable to owners of Tian An was HK$1,432.5 million (2009: HK$1,067.4 million), representing a 34% increase over 2009.

- Rental income of Tian An increased by 60%.

- Tian An has continued to dispose of non-core assets. Gain on disposal of subsidiaries amounted to HK$613.7 million.

- Profit attributable to the owners of Tian An arising from the Shanghai Allied Cement factory site relocation compensation was HK$192.6 million, after deducting the income taxation and income attributable to the non-controlling interests. Shanghai Allied Cement factory will be rebuilt in the Pudong District of Shanghai subsequent to the confirmation of site area with the government.

- Tian An currently has an attributable GFA landbank of approximately 6,597,200 m^2, consisting of 333,900 m^2 of completed investment properties and 6,263,300 m^2 of properties for development.

- Tian An will continue to adjust through acquisitions and disposals the quality of its landbank and sale of end products to balance the demands of short term returns and long term capital appreciation.

Investments

AOL

- Profit attributable to owners of AOL amounted to HK$1,463.4 million, compared to HK$75.9 million in 2009. The substantial increase in profit was inclusive of a gain on disposal of the medical and associated health services businesses of HK$1,428.3 million.

- AOL is now in a position to continue to operate and develop its elderly care business in Hong Kong and to acquire or develop both healthcare businesses and elderly care businesses in the PRC and elsewhere as well as to diversify into other business sectors in Hong Kong, the PRC and elsewhere.

SHK HK IND

- SHK HK IND reported a profit attributable to its shareholders of HK$89.3 million as compared to HK$295.6 million in 2009. SHK HK IND's returns on its investments outperformed the Hong Kong stock market for three consecutive years. It maintained a balanced portfolio of equities, bonds and cash.

Employees

The total number of staff of the Group as at 31st December, 2010 was 4,078 (2009: 4,338). Total staff costs (including continuing operations and discontinued operations), including Directors' emoluments, amounted to HK$1,017.7 million (2009: HK$1,013.5 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.

BUSINESS OUTLOOK

Looking forward, the year 2011 presents various challenges such as geo-political uncertainty in North Africa and the Middle East, possible slower growth in China, monetary tightening in Europe and the unknown effects arising from the recent earthquakes and tsunami in Japan. The Group is also aware that interest rates cannot stay low for a prolonged period with inflation remaining a persistent problem. The Group will continue to monitor market changes closely and will implement prudent strategies as appropriate to address any changes with the aim of maximizing returns to our shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December, 2010, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviations which are summarised below:

Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 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.1.3 except that the Remuneration Committee shall review (as opposed to determine under the code provision) and 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 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 discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the co-ordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

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, 2010 ("2010 Annual Report"). 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 terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

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 2010 Annual Report which will be sent to the Shareholders at the end of April 2011.

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, 2010.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the announcement of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December 2010 have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 Deloitte Touche Tohmatsu on the announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December, 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

APPRECIATION

The Board would like to thank all the staff for achieving the commendable results for 2010, and would like to express appreciation to the Shareholders for their continual support.

By Order of the Board
Allied Group Limited
Arthur George Dew
Chairman

Hong Kong, 30th March, 2011

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