新鴻基有限公司
SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 86)

ANNOUNCEMENT OF 2022 FINAL RESULTS

CHAIRMAN'S LETTER

In 2022, global markets faced volatility across asset classes, with rising interest rates and disruptions in the real economy driven by both COVID-19 and geopolitics. Against the backdrop of this difficult macroeconomic environment, the Company ("SHK & Co.") took prudent actions to mitigate the impact on our businesses and investments and maintain a strong liquidity position. We remain focused on becoming Asia's leading alternative investment platform.

The Group's diversified business mix and conservative balance sheet has helped us to navigate the strong headwinds and we aim to continue delivering long term risk adjusted returns to our shareholders. Our Financing assets and our growing Funds Management platform provide us with a relatively uncorrelated diversified earnings stream, while the Investment Management unit focuses on generating risk-adjusted returns in the long term.

Our Funds Management business has achieved solid progress in 2022 post the setup year of 2021. AUM and revenue growth has been very encouraging particularly from strategies that are better suited for the volatile market environment. As at end of 2022, we have seeded five partnerships, launched three internally managed funds with the third-party capital totalled in excess of US$450 million. We have also extended this platform to provide Family Office Solutions. Our balanced and diversified assets give us a platform to deliver consistent value to shareholders.

Financial Highlights, Capital Management and Dividends

In 2022, HK$1,534.8 million of loss attributable to owners of the Company was recorded, compared to the previous year's profit of HK$2,813.7 million. Basic loss per share was HK78.2 cents (2021: profit of HK142.7 cents), mainly due to mark-to-market losses in the Investment Management division. Although we employed active hedges and other strategies to protect our investment portfolios amid the market downturn, the speed, size and volatility of the market moves proved greater than anticipated. The book value per share was HK$11.4 (2021: HK$12.7). Return on equity and return on assets were -6.5% and -2.6%, respectively (2021: 11.8% and 7.1%, respectively).

We continued to maintain a strong cash position and a healthy balance sheet, and adapted to changes in the funding environment. In March 2022, we did a tap issue of US$75 million 5.00% USD medium term notes, and subsequently redeemed the full outstanding amount together with interest (US$443.9 million) of 4.65% USD notes upon their maturity in September 2022. During the year, we also bought back a portion of our outstanding USD medium term notes at an aggregate principal amount of US$59.8 million. The Company continued to repurchase shares in 2022, with a buyback of 5.9 million shares for a total net consideration of HK$18.3 million. We plan to continue repurchasing our shares in the ordinary course of business, as we had in previous years.

We maintained our dividend and share buyback policy in 2022 and returned HK$13.4 billion to our shareholders since 2007. The Board declared a second interim dividend of HK14 cents per share, unchanged from the previous year. Together with an interim dividend of HK12 cents per share, the total dividend per share amounted to HK26 cents for 2022 (2021: HK30 cents per share, including special dividend of HK4 cents per share).

Business Update

During the year, our Financing business produced stable cashflows despite the pandemic-driven economic slowdowns in both Mainland China and Hong Kong. Consumer Finance contributed pre-tax profit of HK$1,197.1 million in 2022, which represented a year-over-year decrease of 28.1% following the unit's record performance in 2021. Revenue and asset quality for the Consumer Finance business was generally stable, and the Company continued to make appropriate impairment provisions.

Mortgage Loans made a pre-tax profit contribution of HK$122.3 million in 2022, reaching an all-time high despite the challenged Hong Kong real estate market. We continued to exercise caution in loan underwriting against continued downward pressure on Hong Kong property values and rising funding costs.

The Private Credit business recorded a pre-tax loss of HK$44.7 million in 2022. The net loan balance declined significantly as the Company focused on managing our existing portfolio and reallocated a large portion of business to MCIP, an APAC real estate loan fund in our Funds Management division, in line with our strategy of developing a leading alternative investment platform.

The Investment Management business stayed focused on its long-term investment horizon, aiming to preserve capital and remain positioned to opportunistically capture market dislocations. Pre-tax loss was HK$2,403.8 million, mainly attributable to the unrealised loss on Alternatives and Real Estate of HK$1,865.9 million, with a large amount of write-downs driven by the over exuberant valuations stemming from the second half of 2022. Private Equity continued to return capital though with a lesser frequency of exits. Meanwhile, we continued to make upgrades to our back end, including investing in a new portfolio management system that will enhance data analytics and improve portfolio reporting.

Sun Hung Kai Capital Partners ("SHKCP"), our Funds Management unit, delivered solid growth, with AUM increasing from US$809 million at end-2021 to US$975 million at end-2022. The quantitative equity market-neutral ActusRayPartners European Alpha Fund we seeded in 2021 performed well in the volatile markets, and the strategy was a main driver of our AUM growth. Such seed arrangements provide an attractive and complementary asymmetric return stream to our investment portfolios.

During the year, we continued to develop, launch, and manage innovative investment solutions both through our Seeded Partners and SHKCP's own funds. On the back of demand by clients for direct alternative investment opportunities, we set up the SHKCP Private Access Fund collaborating with Investment Management division. This collaborative approach is expected to accelerate in 2023.

In addition, we extended our support to E15VC, a global deep tech venture capital Seeded Partner by anchoring the firm's third fund, E15 Fund III, LP. The fund raised US$61 million at first close based on the team's proven track record.

In 2022, we also launched a new initiative called Family Office Solutions (FOS). This unit of SHKCP provides customised alternative investment solutions that creates long term value for a limited number of private clients, family offices and institutions. We expect this new business to support further diversification of our revenue base and open up further synergies between different business units across the Group.

I am very pleased that the Funds Management unit has managed to plant strong roots despite its launch in such an uncertain market environment. Its growing momentum supports our strategy of transforming into a leading alternative investment platform.

People and Community

We have placed greater emphasis on ESG over the past year, setting out guiding principles in four key areas: Culture of Integrity & Compliance, Diversity & Inclusion, Climate Change and Responsible Investment & Financing. These values will ensure that we reward the trust of our stakeholders, foster harmony in our workforce, help take care of the planet and operate our financing and investing businesses in a responsible manner.

I am particularly pleased to share that we have further mapped out our sustainability commitments with the adoption of three new policies: a Group Procurement Policy with Supplier Code of Conduct; a Climate Change Policy; and Green Office Guidelines. We are convinced that the positive impact we can make on the environment and the larger community represent an important part of the value we create for our stakeholders.

During the pandemic, many of our staff were forced to work remotely, and taking care of our people took on increased importance during this difficult period. We supported SHK & Co.'s Hong Kong-based staff in a number of ways, including by delivering green food boxes to every team member's home. Since then, we have continued to promote staff health and wellbeing through team workout challenges, health-focused talks and regular social events.

We delivered more than 19,900 hours of training during the year, on topics ranging from leadership to cybersecurity. We also gave team members a chance to give back to the community through volunteer activities such as planting trees and distributing rice dumplings to the homeless community for the Dragon Boat Festival. Our team's enthusiastic participation in these charity events is a testament to the environmentally and socially conscious corporate culture we have built.

Outlook

The end of 2022 and first months of 2023 have given us cause for cautious optimism. The relaxation of almost all COVID-19 measures in Hong Kong and Mainland China should improve the outlook for our Financing business in particular. Across Investment Management and Funds Management, we have seen opportunities pick up since November and continue their momentum into the new year. Nevertheless, we know that many uncertainties lie ahead. Fears of a global recession and geopolitical tensions continue to cloud markets. These conditions create a challenging operating environment, but they also highlight investors' need for alternative investments, particularly in the Asian region, and confirm that we are moving in the right direction as a group, with our Funds Management and Investment Management businesses leading our ongoing corporate transformation.

I thank our shareholders, business partners, colleagues and Board members for their steadfast support as we continue to navigate the volatility and look to capture the opportunities that lie ahead.

Lee Seng Huang
Group Executive Chairman

Hong Kong, 16 March 2023

GROUP RESULTS

The Board announces the consolidated results of the Group for the year ended 31 December 2022 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

(HK$ Million)	*Notes*	**2022**	2021
Interest income		**3,932.0**	4,133.4
Other revenue	*4*	**122.1**	190.6
Other gains	*5*	**99.5**	111.8
Total income		**4,153.6**	4,435.8
Brokerage and commission expenses		**(160.1)**	(124.1)
Advertising and promotion expenses		**(134.3)**	(127.6)
Direct costs and operating expenses		**(109.3)**	(119.8)
Administrative expenses		**(1,159.6)**	(1,323.9)
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	*6*	**(1,643.8)**	2,616.2
Net exchange loss		**(101.4)**	(66.2)
Net impairment losses on financial assets	*7*	**(757.8)**	(714.6)
Finance costs		**(914.2)**	(716.2)
Other losses		**(37.7)**	(24.9)
		(864.6)	3,834.7
Share of results of associates		**(11.0)**	0.3
Share of results of joint ventures		**(16.7)**	(61.8)
(Loss) profit before taxation	*8*	**(892.3)**	3,773.2
Taxation	*9*	**(284.6)**	(474.1)
(Loss) profit for the year		**(1,176.9)**	3,299.1
(Loss) profit attributable to:			
– Owners of the Company		**(1,534.8)**	2,813.7
– Non-controlling interests		**357.9**	485.4
		(1,176.9)	3,299.1
(Loss) earnings per share	*11*		
– Basic (HK cents)		**(78.2)**	142.7
– Diluted (HK cents)		**(78.1)**	142.5

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

(HK$ Million)	**2022**	2021
(Loss) profit for the year	**(1,176.9)**	3,299.1
Other comprehensive (expenses) income:		
Items that will not be reclassified to profit or loss		
Fair value (loss) gain on investments in equity instrument at fair value through other comprehensive income, net of tax	**(221.5)**	66.3
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translating foreign operations	**(507.5)**	228.0
Reclassification adjustment to profit or loss on liquidation of subsidiaries	**11.6**	—
Share of other comprehensive expenses of associates	**(14.3)**	(10.4)
Share of other comprehensive (expenses) income of joint ventures	**(39.7)**	7.3
	(549.9)	224.9
Other comprehensive (expenses) income for the year, net of tax	**(771.4)**	291.2
Total comprehensive (expenses) income for the year	**(1,948.3)**	3,590.3
Total comprehensive (expenses) income attributable to:		
– Owners of the Company	**(2,104.0)**	3,021.3
– Non-controlling interests	**155.7**	569.0
	(1,948.3)	3,590.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

(HK$ Million)	*Notes*	**31/12/2022**	31/12/2021
Non-current Assets			
Investment properties		**1,217.1**	1,255.5
Property and equipment		**471.2**	492.8
Right-of-use assets		**323.1**	364.2
Intangible assets		**911.6**	912.8
Goodwill		**2,384.0**	2,384.0
Interest in associates		**176.6**	202.1
Interest in joint ventures		**355.4**	411.8
Financial assets at fair value through other comprehensive income		**246.1**	186.6
Financial assets at fair value through profit or loss		**10,323.2**	11,843.7
Deferred tax assets		**453.4**	567.1
Amounts due from associates		**239.1**	263.5
Loans and advances to consumer finance customers	*12*	**3,797.3**	3,805.9
Mortgage loans	*13*	**1,273.0**	2,163.7
Term loans	*14*	**42.7**	40.6
Prepayments, deposits and other receivables	*15*	**45.0**	49.1
		22,258.8	24,943.4
Current Assets			
Financial assets at fair value through profit or loss		**4,115.1**	6,676.4
Receivable from reverse repurchase agreements		**—**	169.3
Taxation recoverable		**16.8**	3.3
Amounts due from associates		**2.6**	1.9
Loans and advances to consumer finance customers	*12*	**7,228.6**	8,243.8
Mortgage loans	*13*	**1,790.9**	1,297.6
Term loans	*14*	**294.8**	737.6
Prepayments, deposits and other receivables	*15*	**197.5**	373.2
Amounts due from brokers		**1,125.7**	342.8
Amount due from a holding company		**—**	0.1
Short-term pledged bank deposits and bank balances		**—**	50.0
Bank deposits		**156.5**	86.0
Cash and cash equivalents		**5,727.4**	5,864.7
		20,655.9	23,846.7

(HK$ Million)	*Note*	**31/12/2022**	31/12/2021
Current Liabilities			
Financial liabilities at fair value through profit or loss		**407.4**	433.9
Bank and other borrowings		**5,510.0**	6,334.3
Creditors and accruals	*16*	**464.7**	811.1
Amount due to brokers		**79.6**	—
Amount due to a holding company		**1.8**	—
Provisions		**48.8**	37.8
Taxation payable		**93.5**	136.3
Other liabilities		**38.7**	32.2
Lease liabilities		**118.6**	100.3
Notes/paper payable		**86.8**	4,313.9
		6,849.9	12,199.8
Net Current Assets		**13,806.0**	11,646.9
Total Assets less Current Liabilities		**36,064.8**	36,590.3
Capital and Reserves			
Share capital		**8,752.3**	8,752.3
Reserves		**13,605.8**	16,322.9
Equity attributable to owners of the Company		**22,358.1**	25,075.2
Non-controlling interests		**3,198.0**	3,464.0
Total Equity		**25,556.1**	28,539.2
Non-current Liabilities			
Financial liabilities at fair value through profit or loss		**99.6**	—
Deferred tax liabilities		**134.6**	138.5
Bank and other borrowings		**3,475.2**	2,004.3
Provisions		**0.5**	0.5
Other liabilities		**13.2**	19.2
Lease liabilities		**207.6**	258.1
Notes/paper payable		**6,578.0**	5,630.5
		10,508.7	8,051.1
		36,064.8	36,590.3

Notes:

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

The financial information relating to the financial years ended 31 December 2022 and 2021 included in this announcement of annual results does not constitute the Company's statutory annual financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2022 in due course. The Company's auditor has reported on those financial statements for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022:

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

The application of the amendments to HKFRSs has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

3. SEGMENT INFORMATION

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Inter-segment sales are charged at prevailing market rates.

The main reportable and operating segments are as follows:

(a) Consumer Finance: provision of consumer, SME and other financing.

(b) Private Credit: provision of structured and specialty financing.

(c) Mortgage Loans: provision of mortgage loans financing.

(d) Investment Management: portfolio investments.

(e) Funds Management: provision of fund management service.

(f) Group Management and Support: provision of liquidity, supervisory and administrative functions to all business segments.

"Funds Management" was previously presented within the "Investment Management" segment and is currently separately shown as an operating segment. The directors of the Company consider that this change to segment reporting is in line with the changes of internal reporting reviewed by the chief operating decision maker in 2022. The comparative figures for the business segments were re-presented to conform with current year's presentation.

Segment assets and liabilities are not presented as they are not regularly reviewed by the chief operating decision maker.

(HK$ Million)	2022						
	Financing Business						
	Consumer Finance	Private Credit	Mortgage Loans	Investment Management	Funds Management	Group Management and Support	Total
Segment revenue	3,499.3	83.7	283.2	114.7	29.3	152.5	4,162.7
Less: inter-segment revenue	—	—	—	—	—	(108.6)	(108.6)
Segment revenue from external customers	3,499.3	83.7	283.2	114.7	29.3	43.9	4,054.1
Segment profit or loss	1,197.1	(21.2)	122.3	(2,399.6)	(22.9)	259.7	(864.6)
Share of results of associates	—	—	—	(11.0)	—	—	(11.0)
Share of results of joint ventures	—	(23.5)	—	6.8	—	—	(16.7)
Profit (loss) before taxation	1,197.1	(44.7)	122.3	(2,403.8)	(22.9)	259.7	(892.3)
Included in segment profit or loss:							
Interest income	3,466.7	82.9	283.2	48.1	0.1	51.0	3,932.0
Other gains	28.5	—	1.9	4.2	5.5	59.4	99.5
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	—	6.7	—	(1,690.4)	(18.8)	58.7	(1,643.8)
Net exchange (loss) gain	(42.7)	—	—	(9.0)	0.5	(50.2)	(101.4)
Net (impairment losses) reversal of impairment losses on financial assets	(702.3)	(70.3)	9.1	5.7	—	—	(757.8)
Other losses	(2.2)	—	—	(35.5)	—	—	(37.7)
Amortisation and depreciation	(122.3)	(0.1)	(5.5)	(0.2)	(0.3)	(50.4)	(178.8)
Finance costs	(347.3)	(35.7)	(100.9)	(1.5)	(0.1)	(512.3)	(997.8)
Less: inter-segment finance costs	—	35.7	47.9	—	—	—	83.6
Finance costs to external suppliers	(347.3)	—	(53.0)	(1.5)	(0.1)	(512.3)	(914.2)
Cost of capital (charges) income *	—	—	—	(739.7)	—	739.7	—

(HK$ Million)	2021 Financing Business Consumer Finance	Private Credit	Mortgage Loans	Investment Management**	Funds Management**	Group Management and Support	Total
Segment revenue	3,526.2	261.2	305.6	137.8	50.8	215.5	4,497.1
Less: inter-segment revenue	—	—	—	—	—	(173.1)	(173.1)
Segment revenue from external customers	3,526.2	261.2	305.6	137.8	50.8	42.4	4,324.0
Segment profit or loss	1,665.4	55.1	120.0	1,929.3	16.6	48.3	3,834.7
Share of results of associates	—	—	—	0.3	—	—	0.3
Share of results of joint ventures	—	(50.0)	—	(11.8)	—	—	(61.8)
Profit before taxation	1,665.4	5.1	120.0	1,917.8	16.6	48.3	3,773.2
Included in segment profit or loss:							
Interest income	3,504.6	193.7	305.6	84.4	—	45.1	4,133.4
Other gains	38.8	1.9	0.5	67.8	—	2.8	111.8
Net gain on financial assets and liabilities at fair value through profit or loss	—	59.1	—	2,542.9	—	14.2	2,616.2
Net exchange gain (loss)	1.8	—	—	(26.1)	—	(41.9)	(66.2)
Net impairment losses on financial assets	(509.4)	(185.9)	(10.0)	(9.3)	—	—	(714.6)
Other losses	(1.1)	—	—	(23.8)	—	—	(24.9)
Amortisation and depreciation	(113.0)	—	(5.2)	—	—	(33.3)	(151.5)
Finance costs	(222.9)	(76.9)	(101.4)	—	—	(471.2)	(872.4)
Less: inter-segment finance costs	—	76.9	79.3	—	—	—	156.2
Finance costs to external suppliers	(222.9)	—	(22.1)	—	—	(471.2)	(716.2)
Cost of capital (charges) income *	—	—	—	(587.1)	—	587.1	—

* Cost of capital (charges) income are intersegment transactions charged by Group Management and Support segment to other segments. The charges are determined by the internal capital consumed by the segments.

** The comparative figures for Investment Management and Funds Management segments were re-presented to align with the changes to segment reporting adopted in 2022.

The geographical information of revenue and non-current assets are disclosed as follows:

(HK$ Million)	**2022**	2021
Revenue from external customers by location of operations		
– Hong Kong	**3,222.9**	3,410.3
– PRC	**831.2**	913.7
	4,054.1	4,324.0

(HK$ Million)	**31/12/2022**	31/12/2021
Non-current assets other than interests in associates and joint ventures, financial assets and deferred tax assets by location of assets		
– Hong Kong	**4,858.2**	4,935.4
– PRC	**448.8**	473.9
	5,307.0	5,409.3

4. OTHER REVENUE

(HK$ Million)	**2022**	2021
Service and commission income	**30.2**	85.6
Dividends from listed investments	**35.2**	19.2
Dividends from unlisted investments	**6.7**	6.4
Gross rental income from investment properties	**26.6**	31.0
Revenue sharing from funds	**14.9**	37.5
Referral fee	**1.2**	8.5
Management fee income	**7.3**	2.4
	122.1	190.6

5. OTHER GAINS

(HK$ Million)	**2022**	2021
Gain on disposal of investments	**—**	61.4
Gain on repurchase of notes	**46.3**	—
Change in net assets attributable to other holders of consolidated structured entities	**4.1**	1.1
Government grants on Employment Support Scheme	**16.7**	—
Miscellaneous income	**32.4**	49.3
	99.5	111.8

6. NET (LOSS) GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(HK$ Million)	**2022**	2021
Net realised and unrealised (loss) gain on financial assets and liabilities		
– Held for trading	**208.9**	729.3
– At fair value through profit or loss	**(1,852.7)**	1,886.9
	(1,643.8)	2,616.2

7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

(HK$ Million)	**2022**	2021
Loans and advances to consumer finance customers		
– Net impairment losses	**(928.0)**	(751.0)
– Recoveries of amounts previously written off	**224.9**	243.5
	(703.1)	(507.5)
Mortgage loans		
– Net reversal (recognition) of impairment losses	**9.1**	(10.0)
	9.1	(10.0)
Term loans		
– Net impairment losses	**(69.9)**	(186.5)
	(69.9)	(186.5)
Amounts due from associates		
– Net reversal (recognition) of impairment losses	**6.9**	(10.8)
	6.9	(10.8)
Deposits and other receivables		
– Net (recognition) reversal of impairment losses	**(0.8)**	0.2
	(0.8)	0.2
	(757.8)	(714.6)

8. (LOSS) PROFIT BEFORE TAXATION

(HK$ Million)	**2022**	2021
(Loss) profit before taxation for the year has been arrived at after (charging) crediting:		
Administrative expenses	**(1,159.6)**	(1,323.9)
Outgoings in respect of rental-generating investment properties	**(0.5)**	(0.9)
Other losses	**(37.7)**	(24.9)
Share of taxation of associates and joint ventures included in share of results of associates and joint ventures	**3.6**	—

9. TAXATION

(HK$ Million)	**2022**	2021
Current tax		
– Hong Kong	**(217.8)**	(234.8)
– PRC	**(1.5)**	(3.2)
– Other jurisdictions	**(1.3)**	—
	(220.6)	(238.0)
Over (under) provision in prior years	**7.3**	(1.8)
	(213.3)	(239.8)
Deferred tax	**(71.3)**	(234.3)
	(284.6)	(474.1)

Hong Kong profits tax is calculated at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2021: 25%). Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in the relevant jurisdictions.

10. DIVIDENDS

(HK$ Million)	**2022**	2021
The aggregate amount of dividends declared and proposed:		
– 2022 interim dividend paid of HK12 cents (2021: HK12 cents) per share	**236.7**	237.5
– 2022 second interim dividend of HK14 cents per share declared after the reporting date (2021: 2021 second interim dividend of HK14 cents per share)	**275.4**	276.3
– 2021 special dividend of HK4 cents per share declared after the reporting date	**—**	78.9
	512.1	592.7
Dividends recognised as distribution during the year:		
– 2021 second interim dividend paid of HK14 cents (2021: 2020 second interim dividend paid of HK14 cents) per share	**276.2**	277.5
– 2021 special dividend paid of HK4 cents (2021: 2020 special dividend paid of nil) per share	**78.9**	—
– 2022 interim dividend paid of HK12 cents (2021: HK12 cents) per share	**236.7**	237.5
	591.8	515.0

11. (LOSS) EARNINGS PER SHARE

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

(HK$ Million)	**2022**	2021
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share		
(Loss) profit for the year attributable to owners of the Company	**(1,534.8)**	2,813.7
Number of shares (in million)		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,961.9**	1,971.2
Effect of dilutive potential ordinary shares:		
– Adjustments on the SHK Employee Ownership Scheme	**2.6**	3.4
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,964.5**	1,974.6

12. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

(HK$ Million)	**31/12/2022**	31/12/2021
Loans and advances to consumer finance customers		
– Hong Kong	**8,743.1**	8,767.3
– PRC	**2,887.2**	3,913.2
	11,630.3	12,680.5
Less: impairment allowance	**(604.4)**	(630.8)
	11,025.9	12,049.7
Analysed for reporting purposes as:		
– Non-current assets	**3,797.3**	3,805.9
– Current assets	**7,228.6**	8,243.8
	11,025.9	12,049.7

The ageing analysis for the loans and advances to consumer finance customers (net of impairment allowance) that are past due is as follows:

(HK$ Million)	**31/12/2022**	31/12/2021
Less than 31 days past due	**705.0**	828.4
31 – 60 days	**127.5**	102.6
61 – 90 days	**66.0**	28.5
91 – 180 days	**2.7**	1.6
Over 180 days	**67.6**	70.6
	968.8	1,031.7

13. MORTGAGE LOANS

(HK$ Million)	**31/12/2022**	31/12/2021
Mortgage loans		
– Hong Kong	**3,107.5**	3,514.4
Less: impairment allowance	**(43.6)**	(53.1)
	3,063.9	3,461.3
Analysed for reporting purposes as:		
– Non-current assets	**1,273.0**	2,163.7
– Current assets	**1,790.9**	1,297.6
	3,063.9	3,461.3

The ageing analysis for the mortgage loans that are past due is as follows:

(HK$ Million)	**31/12/2022**	31/12/2021
Less than 31 days past due	**207.8**	238.0
31 – 60 days	**22.6**	21.3
61 – 90 days	**—**	4.8
91 – 180 days	**0.1**	2.9
Over 180 days	**313.4**	321.5
	543.9	588.5

14. TERM LOANS

(HK$ Million)	**31/12/2022**	31/12/2021
Secured term loans	**1,022.9**	1,489.6
Unsecured term loans	**97.3**	87.6
	1,120.2	1,577.2
Less: impairment allowance	**(782.7)**	(799.0)
	337.5	778.2
Analysed for reporting purposes as:		
– Non-current assets	**42.7**	40.6
– Current assets	**294.8**	737.6
	337.5	778.2

The Group considers a loan to be secured when there is collateral or credit enhancement in place. The main types of collateral and credit enhancement obtained include share charges over unlisted and listed equity securities, personal guarantees, assignment of rights and charges over properties.

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

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(HK$ Million)	**31/12/2022**	31/12/2021
Deposits	**91.0**	89.5
Other receivables	**111.4**	277.1
Less: impairment allowance	**(1.2)**	(1.9)
Deposits and other receivables at amortised cost	**201.2**	364.7
Prepayments	**41.3**	57.6
	242.5	422.3
Analysed for reporting purposes as:		
– Non-current assets	**45.0**	49.1
– Current assets	**197.5**	373.2
	242.5	422.3

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

(HK$ Million)	**31/12/2022**	31/12/2021
Less than 31 days	**110.1**	271.8
	110.1	271.8
Deposits and other receivables without ageing	**91.1**	92.9
Deposits and other receivables at amortised cost	**201.2**	364.7

16. CREDITORS AND ACCRUALS

The following is an ageing analysis of the creditors and accruals based on the date of invoice/contract note at the reporting date:

(HK$ Million)	**31/12/2022**	31/12/2021
Less than 31 days/repayable on demand	**123.1**	290.7
31 – 60 days	**5.9**	5.5
61 – 90 days	**—**	1.5
	129.0	297.7
Accrued staff costs, other accrued expenses and creditors without ageing	**335.7**	513.4
	464.7	811.1

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	Year Ended		
(HK$ Million)	**2022**	2021	**Change**
Revenue	**4,054.1**	4,324.0	-6.2%
Pre-tax (loss)/profit	**(892.3)**	3,773.2	N/A
(Loss)/profit attributable to owners of the Company	**(1,534.8)**	2,813.7	N/A
Basic (loss)/earnings per share *(HK cents)*	**(78.2)**	142.7	N/A
Second interim dividend *(HK cents)*	**14.0**	14.0	—
Special dividend *(HK cents)*	**—**	4.0	-100.0%
Book value per share *(HK$)*	**11.4**	12.7	-10.2%

In 2022 the Group faced the confluence of turbulent financial markets and a gloomy economy. Central banks led by the US Federal Reserve aggressively hiked rates during the year to contain runaway inflation, driving extreme volatility across all asset classes globally. At the same time, the intermittent COVID-19 lockdowns in the Greater China area continued to curb local business activities and contribute to the regional economic slowdown. Amid these pressures, the Group continued to maintain a robust financial position and high liquidity despite the negative short-term impacts on our financial results. The Group is uniquely positioned to navigate market volatility leveraging our diversified businesses, strong balance sheet and half-century long history.

Loss attributable to owners of the Company for 2022 was HK$1,534.8 million (2021: profit of HK$2,813.7 million), primarily due to the mark-to-market losses taken by the Investment Management segment, reflecting the sharp sell-off in public markets and the subsequent impact on private market valuations. Basic loss per share for the year was HK78.2 cents (2021: earnings per share ("EPS") of HK142.7 cents).

The Board of Directors (the "Board" or the "Directors") of the Company has declared a second interim dividend of HK14 cents per share for the year ended 31 December 2022, same as previous year. During the year, the Company repurchased 5.9 million shares for a total net consideration of HK$18.3 million. In addition, the Company also repurchased its medium-term notes ("MTN") with principal amount totalling US$59.8 million during the year and fully redeemed the 4.65% MTN upon its maturity in September 2022 with principal and interest amounting to US$443.9 million.

As at 31 December 2022, the Group's book value per share was HK$11.4 (2021: HK$12.7).

RESULTS ANALYSIS

The Group's revenue in 2022 remained relatively stable at HK$4,054.1 million (2021: HK$4,324.0 million) despite the challenging business environment. The revenue mainly consisted of interest income from the Financing business of HK$3,832.8 million for the year.

Pre-tax loss was HK$892.3 million (2021: profit of HK$3,773.2 million), primarily due to the pre-tax loss recorded in the Investment Management segment, partially offset by a pre-tax profit of HK$1,274.7 million contributed by the Group's Financing business, which is largely uncorrelated to capital markets.

Consumer Finance delivered a robust pre-tax profit of HK$1,197.1 million in 2022, compared to HK$1,665.4 million for 2021, which was an all-time high.

Mortgage Loans contributed a pre-tax profit of HK$122.3 million in 2022 (2021: HK$120.0 million), the highest since the commencement of this business.

Private Credit recorded a pre-tax loss of HK$44.7 million (2021: profit of HK$5.1 million) due in part to a smaller average loan book size and in part to the appropriate impairment provisions we made.

Investment Management recorded a pre-tax loss of HK$2,403.8 million (2021: profit of HK$1,917.8 million), mainly attributable to the unrealised loss on Alternatives and Real Estate of HK$1,865.9 million (2021: HK$559.5 million) and the decrease in realised gain on Alternatives and Real Estate to HK$400.8 million from HK$3,031.8 million for 2021 as a result of fewer exit events in 2022.

Funds Management as a new business segment recorded a pre-tax loss of HK$22.9 million in 2022 (2021: profit of HK$16.6 million), primarily due to a reduction in performance fees received in 2022 versus 2021.

Group Management and Support ("GMS") recorded a pre-tax profit of HK$259.7 million in 2022 (2021: HK$48.3 million), mainly as a result of the increase in the fair value of financial assets held for hedging and liquidity purposes.

Operating costs for the year were HK$1,563.3 million (2021: HK$1,695.4 million), down 7.8% year-on-year, mainly reflecting lower performance-related operating expenses.

BUSINESS REVIEW

The profit/(loss) before tax by segment, before non-controlling interests, is as follows:

	Pre-tax Contribution for the Year ended			Segment Assets as at	
(HK$ Million)	**2022**	2021	**Change**	**Dec 2022**	Dec 2021
FINANCING BUSINESS					
Consumer Finance	**1,197.1**	1,665.4	-28.1%	**18,156.9**	19,253.9
Mortgage Loans	**122.3**	120.0	1.9%	**3,283.4**	3,647.0
Private Credit	**(44.7)**	5.1	N/A	**486.0**	1,038.5
Sub-total	**1,274.7**	1,790.5	-28.8%	**21,926.3**	23,939.4
INVESTMENT MANAGEMENT	**(2,403.8)**	1,917.8	N/A	**17,579.9**	21,087.9
FUNDS MANAGEMENT	**(22.9)**	16.6	N/A	**14.3**	31.4
GMS	**259.7**	48.3	437.7%	**3,394.2**	3,731.4
Total	**(892.3)**	3,773.2	N/A	**42,914.7**	48,790.1

FINANCING BUSINESS

The Group's Financing business demonstrated its resilience and contributed strong cashflow in 2022, although it was not fully immune to the weakened business environment.

Consumer Finance

The Group's Consumer Finance business is conducted via its majority-owned subsidiary United Asia Finance Limited ("UAF") which operates under a money lenders licence in Hong Kong and holds an internet loan licence as well as offline money lending licences in major cities across Mainland China. Through a well-established branch network and sophisticated online and mobile platforms, UAF primarily offers unsecured loans to individuals and small to medium-sized business owners in Hong Kong and Mainland China. UAF is the prominent leader in the unsecured lending market. Over the past five consecutive years, UAF ranked first among all money lenders and was one of the top five among all lenders in terms of outstanding balance of unsecured lending in Hong Kong.

Segment Full Year Results

(HK$ Million)	**Year ended 31 December** **2022**	2021	**Change**
Revenue	**3,499.3**	3,526.2	-0.8%
Return on loans (% average gross loan balance)[1]	**28.8%**	29.4%	
Operating costs	**(1,229.2)**	(1,168.0)	5.2%
Cost to income (% revenue)	**35.1%**	33.1%	
Finance costs	**(347.3)**	(222.9)	55.8%
Net impairment losses	**(702.3)**	(509.4)	37.9%
Other gains	**28.5**	38.8	-26.5%
Other losses	**(9.2)**	(1.1)	736.4%
Exchange (loss)/gain	**(42.7)**	1.8	N/A
Pre-tax contribution	**1,197.1**	1,665.4	-28.1%
Loan Book:			
Net loan balance	**11,025.9**	12,049.7	-8.5%
Gross loan balance[2]	**11,630.3**	12,680.5	-8.3%

1 Interest and fee income/average gross loan balance

2 Before impairment allowance

Revenue in 2022 remained flat compared to the prior year despite the gross and net loan balance decreasing by 8.3% and 8.5% to HK$11,630.3 million and HK$11,025.9 million, respectively, as we were prudent in new loan underwriting against the economic backdrop.

Operating costs increased by 5.2% year-over-year as we continued to invest in technology infrastructure for our online products. Our enhanced collection efforts, a marketing campaign launched at the end of 2021 which lasted until 1H of 2022 and other promotional activities also contributed to the increase. Our finance costs, a certain portion of which were HIBOR based, increased by 55.8% year-over-year to HK$347.3 million despite the fact that our bank facilities' spread over the benchmark rate remained stable. Net impairment losses increased by 37.9% year-over-year to HK$702.3 million, mainly as a result of the HK$117.7 million reduction in written back of impairment allowance compared to 2021. The fifth wave outbreak of COVID-19 in Hong Kong in 1H 2022 also exacerbated net impairment losses.

As a result, pre-tax contribution to the Group in 2022 amounted to HK$1,197.1 million, a decrease of 28.1% compared to the record high of HK$1,665.4 million for 2021.

Net Impairment Losses on Financial Instruments

(HK$ Million)	**2022**	2021
Amounts written off[1]	**(938.3)**	(881.7)
Recoveries[2]	**224.9**	243.5
Charge off	**(713.4)**	(638.2)
As % of average gross loan balance	**5.9%**	5.3%
Written back of impairment allowance[3]	**11.1**	128.8
Net impairment losses	**(702.3)**	(509.4)
As % of average gross loan balance	**5.8%**	4.2%
Impairment allowance at year end	**604.4**	630.8
As % of gross loan balance at year end	**5.2%**	5.0%

1 The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has entered into bankruptcy proceedings.
2 Reflect recovery/repayment of loans which have previously been impaired and derecognised.
3 An adjustment to reflect changes in expected credit loss in the loan portfolio balance.

Ageing analysis for net loan balance of Consumer Finance customers (HK$ Million):

No. of days past due as at:	**31 Dec 2022**	***Note***	31 Dec 2021	*Note*
Less than 31	**705.0**	***6.4%***	828.4	*6.9%*
31–60	**127.5**	***1.2%***	102.6	*0.9%*
61–90	**66.0**	***0.6%***	28.5	*0.2%*
91–180	**2.7**	***0.0%***	1.6	*0.0%*
Over 180	**67.6**	***0.6%***	70.6	*0.6%*
Total	**968.8**	***8.8%***	1,031.7	*8.6%*

Note: Amount as a percentage of net loan balance

Hong Kong Business

Key Operating Data	**2022**	2021	**Change**
Number of branches	**49**	48	
Loan data:			
Gross loan balance *(HK$ Million)*	**8,743.1**	8,767.3	-0.3%
Loan originated for the year *(HK$ Million)*	**11,968.2**	12,177.3	-1.7%
Number of loans originated	**165,206**	172,030	-4.0%
Average gross balance per loan *(HK$)*	**60,885**	61,271	-0.6%
Ratios for the year:			
Total return on loans[1]	**30.4%**	30.6%	
Charge-off ratio[2]	**5.1%**	5.1%	
Net impairment losses ratio[3]	**5.0%**	4.1%	
Impairment allowance ratio[4]	**5.0%**	5.1%	

1 Interest income and fee/average gross loan balance
2 Charge-off/average gross loan balance
3 Net impairment losses/average gross loan balance
4 Impairment allowance/gross loan balance at year end

During the year, UAF's prudent credit underwriting policy kept the negative impact on our Hong Kong business within our expectation. Market competition remained intense. To grow our customer base among the younger demographic, UAF launched a series of promotion and advertising activities, including the brand revamp campaign featuring popular celebrities introduced at the end of 2021. After launching the campaign, UAF ranked No. 1 in brand consideration among general consumers according to the UA Finance Brand Track Study 2022 conducted by NielsenIQ.

In December 2022, UAF successfully completed development of a credit card branded as "SIM" card, an abbreviation of "Simple Instant Money". The official launch is scheduled for the first quarter of 2023. According to market surveys, this product addresses an untapped niche market segment, and it should benefit our product mix as a whole.

As the market leader, UAF is committed to providing first-rate services by investing in technology development. An iconic 3D robotic arm ("Sunbay") Non-Fungible Token ("NFT") was launched in July 2022 in a limited edition and has spurred great interest among collectors, making UAF the first money lender to launch an NFT. In November 2022, UAF established FinTech Valley, an open office space intended to foster an environment where local experts from technology and startup companies can gather to explore enterprise financing solutions. During the year, UAF further expanded its branch network to Tsing Yi, another densely populated area in Hong Kong, to make our services more accessible to local customers. Going forward UAF will grow its business by serving a wider range of customers with its versatile online and offline products across multiple channels.

Mainland China Business

Key Operating Data	**2022**	2021	**Change**
Number of branches	**17**	19	
Loan data:			
Gross loan balance *(HK$ Million)*	**2,887.2**	3,913.2	-26.2%
Loan originated for the year *(HK$ Million)*	**4,168.0**	5,512.5	-24.4%
Number of loans originated	**38,515**	52,332	-26.4%
Average gross balance per loan *(RMB)*	**69,908**	69,572	0.5%
Ratios for the year:			
Total return on loans[1]	**24.4%**	26.3%	
Charge-off ratio[2]	**7.8%**	5.9%	
Net impairment losses ratio[3]	**7.8%**	4.5%	
Impairment allowance ratio[4]	**5.8%**	4.6%	

1 Interest income and fee/average gross loan balance
2 Charge-off/average gross loan balance
3 Net impairment losses/average gross loan balance
4 Impairment allowance/gross loan balance at year end

In 2022, our business volume and delinquency in Mainland China were significantly impacted by the nationwide zero-COVID policy. On the operations side, UAF pursued further cost savings by reducing headcount and cutting office overheads in the mainland. Credit risks were closely managed day-to-day at an appropriate level of management. The secured loan product contributed a stable source of revenue and profit with adequate collaterals mitigating credit risk during the year.

Mortgage Loans

The Group's Mortgage Loans business is operated by its majority-owned subsidiary, Sun Hung Kai Credit Limited ("SHK Credit"). SHK Credit contributed a pre-tax profit of HK$122.3 million in 2022, the highest since the business commenced in 2015.

Segment Full Year Results

(HK$ Million)	**Year ended 31 December** **2022**	2021	**Change**
Revenue	**285.1**	306.1	-6.9%
Return on loans			
(% average gross loan balance)	**8.6%**	9.3%	
Operating costs	**(71.0)**	(74.7)	-5.0%
Cost to income (% revenue)	**24.9%**	24.4%	
Finance costs	**(100.9)**	(101.4)	-0.5%
Net reversal (charge) on impairment losses	**9.1**	(10.0)	N/A
Pre-tax contribution	**122.3**	120.0	1.9%
Loan Book:			
Net loan balance	**3,063.9**	3,461.3	-11.5%
Gross loan balance*	**3,107.5**	3,514.4	-11.6%

* Before impairment allowance

Against the backdrop of a challenged Hong Kong property market in 2022, SHK Credit continued to exercise prudence in loan underwriting and focused on protecting our capital. The gross loan balance as at 31 December 2022 was HK$3,107.5 million (31 December 2021: HK$3,514.4 million) with first mortgage loans accounting for over 90%. The loan-to-value ratio remained at a manageable level of around 70%, which was within the management team's expectation.

Revenue for 2022 was HK$285.1 million, a decrease of 6.9% year-over-year primarily due to a smaller loan balance. Operating costs were HK$71.0 million, decreasing 5.0% year-over-year due to our improved cost efficiency in the market down-cycle. Despite the steep rate hikes, finance costs continued to decrease during the year, by 0.5% year-over-year to HK$100.9 million, partly attributable to the Group's increasingly diversified funding channels. Net impairment losses saw a reversal of HK$9.1 million in 2022 thanks to our strong collection efforts, compared to a loss of HK$10.0 million for 2021.

During the year, SHK Credit launched "Centaline • Nova Valuation+", a proprietary and industry-leading solution providing instant property valuation with a broader coverage on past property transaction data. The number of loan applications that were eligible to process under our innovative product Mortgage Fast Pass increased by 80% since its launch.

Private Credit

The Group's Private Credit business provides tailored funding solutions to corporates, investment funds and high net worth individuals. Almost all loans are either secured by assets or guaranteed by corporates or high net worth individuals.

As of 31 December 2022, the net loan balance declined 62.6% year-on-year to HK$263.0 million (31 December 2021: HK$703.1 million), mainly due to our continued efforts in managing existing loans and the reallocation of capital to MCIP, an APAC real estate loan fund on our Funds Management platform, which is licensed to manage third party capital. The shift is in line with our strategy of developing a leading alternative investment platform. Total repayment received for full loan settlement during the year was HK$367.7 million. As a result, revenue for 2022 was HK$83.7 million, decreasing 68.0% year-on-year.

Net impairment losses declined by 62.2% year-on-year to HK$70.3 million in 2022 as existing loans continued to be repaid, while certain net impairment losses were due to extra provisions we appropriately made considering the fluctuation in collateral values. Finance costs also declined substantially by 53.6% year-over-year to HK$35.7 million as less capital was employed. The segment recorded a pre-tax loss of HK$44.7 million (2021: pre-tax profit of HK$5.1 million).

Also included in the Private Credit segment was the Group's interest in LSS leasing, a Business-to-Business (B2B) and Business-to-Customer (B2C) auto leasing business in Mainland China.

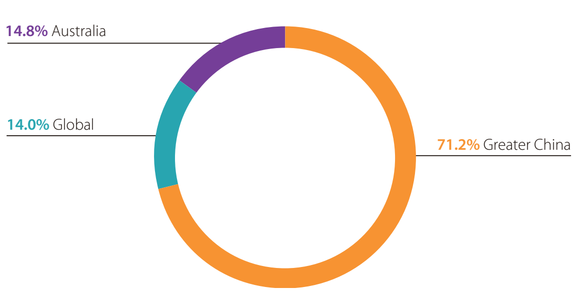
Segment Full Year Results

(HK$ Million)	Year ended 31 Dec **2022**	2021	**Change**
Revenue	**83.7**	261.2	-68.0%
Return on loans[1]	**6.6%**	13.9%	
Operating costs	**(5.6)**	(4.1)	36.6%
Cost to income (% Revenue)	**6.7%**	1.6%	
Finance costs	**(35.7)**	(76.9)	-53.6%
Net impairment losses	**(70.3)**	(185.9)	-62.2%
Net gain on financial assets and liabilities	**6.7**	59.1	-88.7%
Others	**(23.5)**	(48.3)	-51.3%
Pre-tax contribution	**(44.7)**	5.1	N/A
Loan Book:			
Net loan balance	**263.0**	703.1	-62.6%
Gross loan balance[2]	**1,044.6**	1,500.6	-30.4%
Other investments:			
Listed shares and others	**2.3**	74.4	-96.9%
Interest in joint venture	**161.3**	202.1	-20.2%
	163.6	276.5	-40.8%

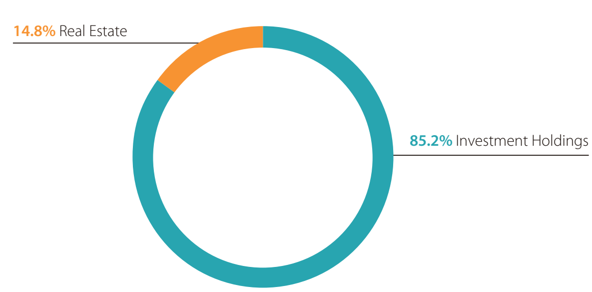
1 Interest and fee income/average gross loan balance
2 Before impairment allowance

Private Credit Loan Portfolio

Term Loan Breakdown by Geography



Term Loan Breakdown by Borrower's Sector



INVESTMENT MANAGEMENT

The Investment Management division leverages the Group's expertise, network and strong financial position to seek attractive risk-adjusted returns. Amid the sharp drop in asset prices in 2022, the Group adopted various active hedging strategies to protect a proportion of our public and private portfolio while rebalancing certain investments in a timely manner.

Although our portfolio was protected relative to benchmark indices, we were not fully exempt from the market downturn, as the speed and magnitude of market movements were larger than anticipated. The Alternatives and Real Estate investments, which provide attractive long-term returns, incurred an unrealised loss of HK$1,865.9 million in 2022, partially offset by a realised gain of HK$400.8 million. After operating costs, which include cost of capital, the Investment Management division recorded a pre-tax loss of HK$2,403.8 million.

In the past three years from 2020 to 2022, the cumulative realised gain on Alternatives and Real Estate was HK$5,351.5 million, and the three-year total return of the Investment Management segment was 20.5%.

Analysis of Pre-tax Contribution by Nature

(HK$ Million)	**2022**	2021[1]	**Change**
Realised gain on Alternatives and Real Estate	**400.8**	3,031.8	-86.8%
Unrealised loss on Alternatives and Real Estate	**(1,865.9)**	(559.5)	233.5%
Net (loss)/gain on Public Markets	**(225.3)**	70.6	N/A
Interest income	**48.1**	84.4	-43.0%
Dividends received	**39.5**	23.1	71.0%
Rental income	**25.9**	30.4	-14.8%
Net impairment allowance reversal/(losses) on financial assets	**5.7**	(9.3)	N/A
Net exchange loss	**(9.0)**	(26.1)	-65.5%
Share of results of associates & joint venture	**(4.2)**	(11.5)	-63.5%
Loss from revaluation on investment properties	**(32.7)**	(22.2)	47.3%
Others	**(0.2)**	68.2	N/A
Total (losses)/gains	**(1,617.3)**	2,679.9	N/A
Operating costs	**(786.5)**	(762.1)	3.2%
Pre-tax contribution	**(2,403.8)**	1,917.8	N/A

1 Re-presented

While major indices worldwide recorded negative returns ranging from mid-single digit to approximately 30% in 2022, the overall return of the Investment Management segment was -8.3% during the same period. Public Markets closed the year with a return of -6.1%. Alternatives recorded a return of -9.8% and Real Estate saw a return of -1.5% amid a gloomy real estate market.

On the operational side, we continued to optimise our team, enhance risk management systems and improve infrastructure to further institutionalise our investment management business and progress toward our vision of being a leading alternative investment platform.

Segment Assets Breakdown and Annual Return

	2022				Return track record	
(HK$ Million)	Year End Value	Average Value	Gain/ (Loss)	Annual Return	2021^	2020^
Public Markets	2,310.3	2,860.0	(174.9)	-6.1%	4.4%	8.7%
Alternatives	12,928.3	14,395.7	(1,409.0)	-9.8%	18.8%	24.7%
Real Estate	2,341.3	2,283.5	(33.4)	-1.5%	3.6%	-5.6%
Total	**17,579.9**	**19,539.2**	**(1,617.3)**	**-8.3%**	**14.2%**	**16.9%**

^ Re-presented

Public Markets

We reclassified the positions in the Public Markets portfolio to provide more granular investment performance reporting. Currently, the portfolio consists of Corporate Holdings and Strategic Holdings at fair value through other comprehensive income ("FVTOCI"). The Public Credit strategy was spun off and launched as a partnership fund on the Group's Funds Management platform in June 2022.

Breakdown of Public Markets Portfolio as at 31 December 2022

	2022				2021[1]			
(HK$ Million)	**Year End Value**	**Average Value**	**Gain/ (Loss)**	**Annual Return[2]**	Year End Value	Average Value	Gain/ (Loss)	Annual Return[2]
Corporate Holdings[3]	**2,098.7**	**2,204.8**	**(163.1)**	**-7.4%**	2,367.9	2,232.2	226.8	10.2%
Credit	**–**	**447.9**	**(11.8)**	**-2.6%**	885.2	1,004.5	(77.4)	-7.7%
Strategic Holdings[4]	**211.6**	**207.3**	**–**	**N/A**	235.4	195.6	–	N/A
Total	**2,310.3**	**2,860.0**	**(174.9)**	**-6.1%**	3,488.5	3,432.3	149.4	4.4%

1 Re-presented

2 Gain (Loss) before costs of capital charge/average fair market value for the year.

3 Certain delisted positions were regrouped to Direct/Co-investment in Private Equity.

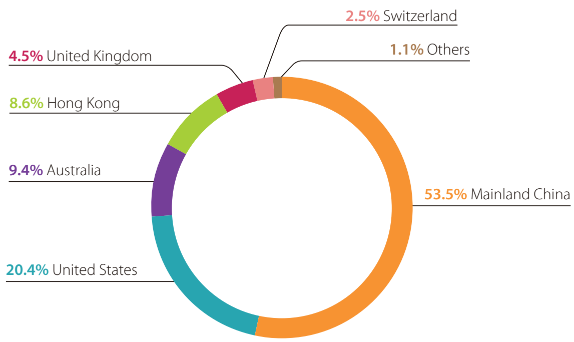
4 At FVTOCI

Corporate Holdings

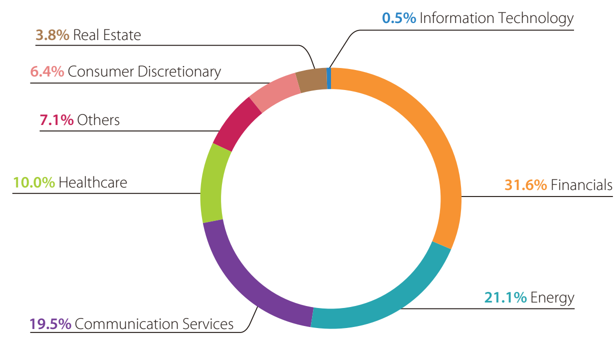
The Corporate Holdings segment mainly manages a mix of long-term and shorter-term equity positions. Derivatives and hedging are used both to manage risk and enhance returns. During 2022, we further strengthened our investment and portfolio management capabilities, striving to achieve sustainable risk-adjusted returns.

Against the confluence of global market volatility and the COVID-impacted economy in Mainland China, the performance of the strategy was -7.4%, outperforming HSCEI by 11.2 percentage points and S&P500 by 10.7 percentage points. We employed hedging strategies for the majority of the year through both index and single stock short positions, which helped reduce overall market exposure, against our US private positions and China strategic listed positions.

Corporate Holdings Exposure by Geography



Corporate Holdings Exposure by Sector



Public Credit

The Public Credit portfolio is actively managed with a global credit strategy.

At the beginning of 2022, we started to put on active hedges to protect the long positions in our credit portfolio in response to market uncertainty. After navigating the market well relative to benchmarks, the Public Credit portfolio was transferred to an independent partnership launched on the Funds Management platform in June 2022, as part of the subscription of the fund it manages.

Strategic Holdings

The Strategic Holdings portfolio at FVTOCI consists of the Group's strategic positions which we believe will create synergies with other business units and deliver shareholder value over the long run.

Alternatives

Over the past several years, we have leveraged the Group's expertise and capital strength to build a portfolio consisting of Private Equity and Hedge Funds. The portfolio is invested with companies and fund managers selected based on parameters including performance, strategic fit, and access to markets and sectors.

Breakdown of Alternatives Portfolio as at 31 December 2022

	2022				2021[1]			
(HK$ Million)	**Year End Value**	**Average Value**	**Gain/ (Loss)**	**Annual Return**	Year End Value	Average Value	Gain/ (Loss)	Annual Return
Private Equity:								
– External funds	**4,669.8**	**5,227.8**	**(883.4)**	**-16.9%**	5,384.6	4,539.5	1,580.4	34.8%
– Direct/ Co-Investments	**4,918.6**	**4,994.5**	**70.1**	**1.4%**	5,200.9	4,683.3	830.7	17.7%
Sub-total	**9,588.4**	**10,222.3**	**(813.3)**	**-8.0%**	10,585.5	9,222.8	2,411.1	26.1%
Hedge Funds	**3,339.9**	**4,173.4**	**(595.7)**	**-14.3%**	4,649.6	3,801.6	31.7	0.8%
Total	**12,928.3**	**14,395.7**	**(1,409.0)**	**-9.8%**	15,235.1	13,024.4	2,442.8	18.8%

1 Re-presented

Private Equity

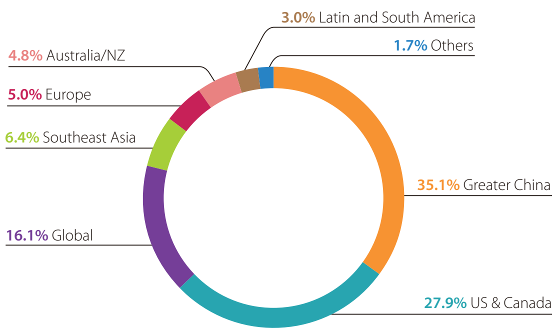
The Private Equity segment consists of our investments into external funds, co-investments alongside such funds, as well as direct investments. This portfolio provides the Company with attractive returns over the longer-term by taking advantage of our strong balance sheet, proprietary deal sourcing, domain expertise and global mandate.

During 2022, the portfolio was indirectly impacted by the sell-off in the public markets and recorded a return of -8.0%. This was primarily driven by the mark-to-market losses on listed portfolio companies held by the external funds that have yet to fully exit their positions.

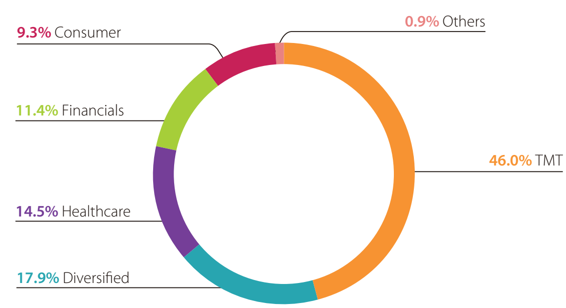
Despite the unfavourable market conditions, the portfolio still generated meaningful distributions, which contributed to this segment's positive cash flow during 2022. In addition, the portfolio also benefited from its diversification across vintages, stages, geographies and sectors; in particular, certain financial services-focused funds in the US and EU as well as consumer direct investments in Mainland China recorded strong gains during the year.

We exercised extra prudence in capital deployment in 2022 and took the opportunity to focus on portfolio management efforts with our direct portfolio companies and improve our internal infrastructure and investment processes.

Private Equity Exposure by Geography



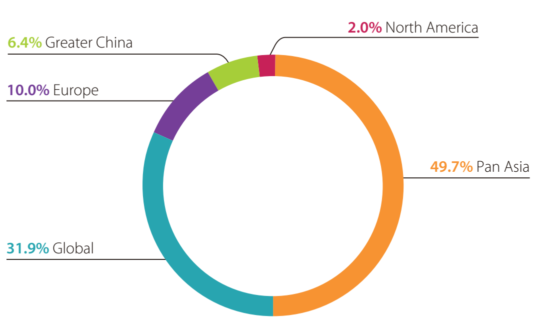
Private Equity Exposure by Sector



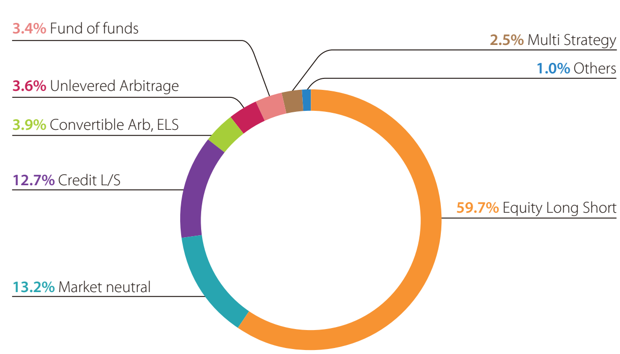
Hedge Funds

The Group's multi-manager hedge fund portfolio primarily consists of a group of selected external hedge funds that complement our capabilities and extend our investment networks. The overall strategy has been to contain losses during the difficult period in 2022 while maintaining investments so that the portfolio would be positioned for attractive opportunities when the environment normalises. Fortunately, key opportunities began to materialise by November, and the hedge fund portfolio benefitted. The Group will constantly monitor the situation with the aim of optimising the portfolio's risk/return balance.

External Hedge Funds Exposure by Geography



External Hedge Funds Exposure by Strategy

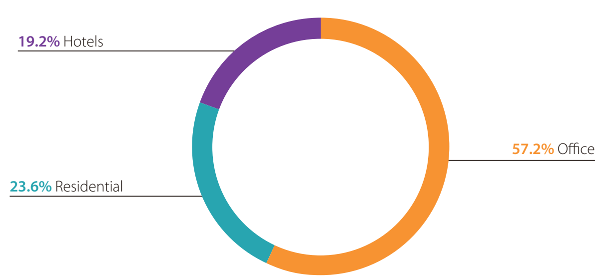


Real Estate

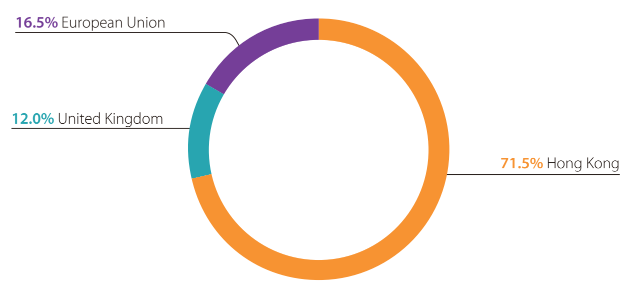
The Real Estate portfolio was valued at HK$2,341.3 million as at 31 December 2022 (31 December 2021: HK$2,364.3 million). The portfolio mainly includes the Group's interests in Hong Kong commercial real estate as well as hotels and commercial investments abroad.

In 2022, as overseas countries dropped COVID-19 restrictions, our investments in the hospitality sector saw their business recover to pre-pandemic levels. We continue to take a cautious approach to new investment, and we are monitoring broad macroeconomic and consumer preference shifts and their impact on valuations and cash flow in the markets in which we operate. In the near term, we are focused on new origination in the credit space as we believe this market will more rapidly reprice to reflect the material uncertainty ahead.

Real Estate Exposure by Asset Class



Real Estate Exposure by Geography



FUNDS MANAGEMENT

Sun Hung Kai Capital Partners Limited ("SHKCP") is the regulated entity within the Group to conduct funds management business. SHKCP is regulated by the SFC and holds a Type 1, 4 and 9 license.

The build out of the alternative funds management platform, SHKCP, commenced in 2021, a strong startup year. We have added to the platform and at the end of 2022 we had eight partnerships/funds. Albeit market conditions have been challenging we are pleased to report we have made solid progress throughout 2022.

Our primary focus is to work with clients to help them achieve their investment needs resulting in clients experiencing stronger financial wellbeing. We believe an important component of asset allocation for our target client segment is an allocation to alternatives and specifically our core focus is delivering and structuring best-in-class alternatives solutions, either through direct investments or through both independent strategies or strategies provided by our partners or SHKCP funds.

Our Funds Management business is organised into 3 groups:

1. Fund Partnerships

2. SHKCP Funds and Investment Solutions

3. Family Office Solutions

Fund Partnerships and SHKCP Funds and Investment Solutions

Through 2022 SHKCP further expanded both Fund Partnerships and SHKCP Funds and Investment Solutions.

Increased regulation, rising operating costs, a shift to a more conservative industry investor base and a decline in the number of traditional seed investors have made it increasingly difficult for first time funds and early-stage managers to attract sufficient capital to build a long-term viable business. Our Fund Partnerships business model is to work with these teams to overcome these difficulties by way of partnering with SHKCP and SHK & Co. who provides patient seed or acceleration capital, often contractually for a minimum period of time, in exchange for economics in the manager. In many cases, we have worked with the managers to develop business infrastructure and/ or distribution capabilities given the alignment of interest on both performance and asset raising. For the Group this has enabled an attractive and complementary asymmetric return stream to both our hedge fund and private equity portfolios.

During 2022 we continued to develop, launch and manage innovative investment solutions of SHKCP. In particular we launched the SHKCP Private Access Fund, which collaborates with SHK & Co.'s Investment Management teams to target specific alternative investment opportunities for our clients. This collaborative approach, particularly in relation to private company investment opportunities, is expected to accelerate in 2023.

Albeit market conditions were challenging in 2022, most of the Partnership Funds and the SHKCP Funds outperformed their respective benchmarks.

In Q4 2022, we entered into distribution agreements with quality hedge funds which are well known and understood by SHKCP. Such arrangements will provide and enhance revenue growth and diversification over time.

Family Office Solutions

We are pleased to report the establishment and launch of Family Office Solutions ("FOS") in Q4 2022. This unit provides customised alternative investment solutions that create long-term value for a limited number of private clients, family offices and institutions. Uniquely, it provides bespoke and discretionary portfolios of alternative investments leveraging the experienced in-house teams and capability of the broader SHK & Co. group. In addition, FOS provides comprehensive business operations and reporting services for clients.

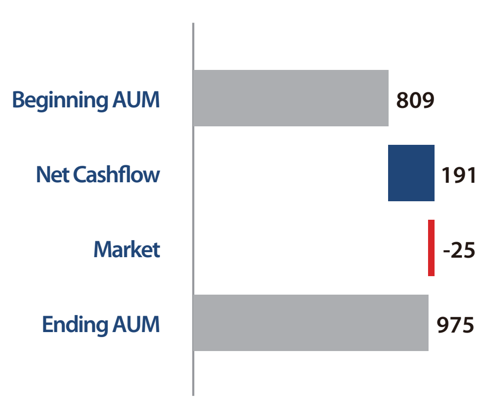
Specifically, as it relates to hedge funds, FOS provides bespoke advisory and discretionary portfolios of hedge funds to private clients and institutions. Mandates include standalone, completion strategy, or region specific and/or highly concentrated. The approach is dedicated to selecting best-in-class hedge fund managers with a focus on generating idiosyncratic sources of alpha and employing strategies uncorrelated to broader risk assets.

In relation to private investments, FOS provides access to exclusive direct market investments across regions, industries, and capital structures (equity, debt, hybrid) either on a deal-by-deal basis, funds, or co-investment funds. This flexible approach allows for innovative deal structuring that capitalises on prevailing market and deal dynamics.

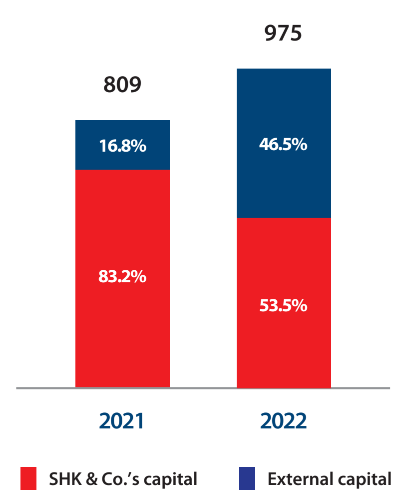
AUM and Segment Full Year Results

Overall, we achieved encouraging AUM growth in 2022, increasing external capital by US$318 million during the period, bringing our total AUM (including committed capital) of our Partners, SHKCP Funds and FOS (incl EAM) to approximately US$975 million. Net cashflow was partially impacted by a reduction in capital of US$129 million by SHK & Co., principally in the Fund of Hedge Fund – SHKCP Latitude Alpha Fund.

AUM Movement in 2022 *(US$'m)*



AUM Breakdown Between SHK & Co. and External Capital *(US$'m)*



2022 has been characterized by challenging market conditions. Despite this, certain strategies on our Funds Management platform have been performing well and have garnered strong growth in AUM and revenue. Encouragingly early indications from the launch of FOS have indicated strong interest in our value proposition.

The 2022 segment financial results have been impacted by a reduction in performance fees received in 2022 versus 2021. Expenses were well controlled and increased 15.2%, principally due to increased headcount to support the growth of the business.

Segment Full Year Results

	Year ended 31 December		
(HK$ Million)	**2022**	2021	**Change**
Fee income	**29.2**	50.8	-42.5%
Interest income	**0.1**	–	N/A
Other income/(expenses)	**5.5**	–	N/A
Total income	**34.8**	**50.8**	**-31.5%**
Operating expenses	**(39.4)**	(34.2)	15.2%
Net (loss)/gain on financial assets[1]	**(18.8)**	–	N/A
Net exchange gain/(loss)	**0.5**	–	N/A
Pre-tax contribution	**(22.9)**	16.6	N/A

1 Mark-to-market of carried interest distribution in kind received.

OUTLOOK

At the time we present this announcement, global markets are still facing multiple challenges including persistent inflation, conditional central banks' decision, recession risks in the EU and US as well as ongoing geopolitical tensions. In the Greater China region, the relaxation of the zero-COVID policy and the border reopening between Hong Kong and Mainland China have improved market confidence in economic recovery in 2023. Against this complex backdrop, our management remains committed to exercising extra prudence and selectivity in new investments to preserve our capital. We will continue to improve liquidity across all business segments and position ourselves to capitalise on emergent growth opportunities.

Our Consumer Finance business is poised to benefit from the improved regional economic outlook in 2023 and we expect to see growth in our outstanding loan balance and improvement in our customer credit profile. Although the reduction in the maximum statutory interest rate from 60% to 48% in Hong Kong will partially impact UAF's revenue, we believe the strategy of diversifying our product mix to tap into a larger customer base, specifically through the launch of our new credit card business, will generate additional revenue streams and drive profit growth in the medium to long term.

On the Mortgage Loans business, we are cautiously optimistic about Hong Kong's property market, which faces the confluence of high interest rates, a large stockpile of new homes and the return of business activities. SHK Credit will continue to focus on risk diversification, loan quality and profitability in 2023.

On Private Credit, we will continue to manage our existing loan portfolio and, in the meantime, cautiously originate new opportunities that provide privileged risk-adjusted returns.

Our Investment Management business has played a pivotal role in transforming the Group into a leading alternative investment platform. The management team will continue to proactively manage our investments and work closely with the Funds Management division to explore further synergies across the Group.

Our Funds Management initiative will focus on further building out our client reach through FOS, expanding our distribution efforts through greater connectivity with our Partners to raise third party capital, promoting our own SHKCP Funds and selectively representing other third-party alternative managers. In addition, we will continue to source partnership opportunities to create a broader and more diversified platform. However, we remain cautious on significant capital deployment in this more challenging investment cycle.

The Company is committed to delivering strong shareholder value over a long time horizon with sound governance and risk management. We will also maintain diversified funding sources and strong liquidity to provide staying power and enable our future growth.

We treasure our people as valuable assets of the Group. Over the course of 2022, we continued to build and adapt existing business continuity systems to allow our employees to work remotely, which helped us remain productive during the COVID-19 outbreak and will continue to add value in future. We will further develop our culture and systems to adapt to the current work environment and attract and retain top talent with a commitment to integrity, innovation and teamwork.

LONG TERM CORPORATE STRATEGIES

The Group focuses on building sustainable growth to deliver shareholder value consistently.

To achieve our goals, the Company has set the following long-term strategies:

SHK & Co. Business Objectives

- Produce strong risk-adjusted returns through our Financing, Investment Management and Funds Management businesses and transforming into a leading alternative investment platform

- Seek new business opportunities leveraging our extensive networks and strong financial position

- Build trusted relationships with all stakeholders

- Produce strong financial results through mid-to-long term focus and consistent leadership

Corporate Values

- Reliable, consistent and transparent communication with all stakeholders

- Robust risk management policy with regular evaluation of risk factors

- Flexible, diverse, inclusive and open culture to attract and retain talent

- Investing in our communities and protecting the environment

FINANCIAL REVIEW

Financial Resources, Liquidity, Capital Structure and Key Performance Indicators

(HK$ Million)	**31 Dec 2022**	31 Dec 2021	**Change**
Capital Structure			
Equity attributable to owners of the company	**22,358.1**	25,075.2	-10.8%
Total cash	**5,883.9**	6,000.7	-1.9%
Total borrowings[1]	**15,650.0**	18,283.0	-14.4%
Net debt[2]	**9,766.1**	12,282.3	-20.5%
Net debt to equity ratio	**43.7%**	49.0%	
Liquidity			
Interest cover[3]	**0.02**	6.27	-99.7%
Return Ratios			
Return on assets[4]	**-2.6%**	7.1%	
Return on equity	**-6.5%**	11.8%	
Key Performance Indicator			
Book value per share *(HK$)*	**11.4**	12.7	-10.2%
Dividend per share *(HK cents)*	**26**	30	-13.3%

1 Bank and other borrowings and notes/papers payable
2 Total borrowing minus total cash
3 Earnings before interest and tax/interest expense
4 Profit including non-controlling interests/average assets

The Group's gearing ratio decreased to 43.7% at the end of the period and has remained healthy. Interest cover in 2022 was lower than 2021 due to the decreased earnings mainly as a result of the mark-to-market losses of HK$1,865.9 million on our Alternatives and Real Estate investments.

As at 31 December 2022, total borrowings of the Group amounted to HK$15,650.0 million (31 December 2021: HK$18,283.0 million). Of this amount, 35.8% was repayable within one year (31 December 2021: 58.2%). The Group maintained a balanced mix of funding from various sources. Bank and other borrowings accounted for 57.4% of total debt (31 December 2021: 45.6%) and were mainly at floating interest rates, primarily denominated in Hong Kong dollars and US dollars. There were no known seasonal factors in the Group's borrowing profile.

Return on assets decreased to -2.6% as at 31 December 2022 (31 December 2021: 7.1%). Return on equity decreased to -6.5% as at 31 December 2022 (31 December 2021: 11.8%), mainly due to the impact of unrealised mark-to-market losses. Our strong cash position has provided us with comfortable liquidity during the volatile market conditions. The Company is well equipped to take advantage of available opportunities to optimise our capital efficiency in the long term.

As at 31 December 2022, the following notes were outstanding:

Note	**Maturity Date**	**HK$ Equivalent** ***(In Million)***	**% Total**
5.75% USD notes^	11/2024	2,590.3	38.9%
5.00% USD notes^	9/2026	3,332.6	50.0%
Asset backed notes	4/2024	741.9	11.1%
Total		6,664.8	100.0%

^ Listed on The Stock Exchange of Hong Kong Limited

During 2022, the Group completed issuance of an additional US$75.0 million or equivalent to HK$584.8 million of 5.00% notes in March 2022. The Group has repurchased an aggregate principal amount of US$10.3 million, US$20.5 million and US$29.0 million of 4.65% notes due September 2022, 5.75% notes due November 2024 and 5.00% notes due September 2026, respectively. The repurchased notes were subsequently cancelled. On 8 September 2022, the Group fully redeemed the outstanding 4.65% Notes due in September 2022 upon their maturity at their principal amount together with interest totaling US$443.9 million.

The Group continues to maintain a stable capital structure and is well positioned to avoid a liquidity crunch situation. The Group maintained foreign currency positions to manage its present and potential operating and investment activities. Most non-US or non-HK dollar investment assets costs were hedged against currency fluctuations. Exchange risks were closely monitored by the Group and held within monitored ratios.

Significant Investments

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 31 December 2022.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the year of 2022, the Group had no material acquisitions and disposal of subsidiaries, associates and joint ventures.

Important Events After the End of the Financial Period

There are no important events affecting the Group which have occurred after the end of the financial year ended 31 December 2022 and up to the date of this announcement.

Charges on Group Assets

Properties of the Group with a total book value of HK$900.0 million were pledged by subsidiaries to banks for facilities granted to them as at 31 December 2022. HK$232.0 million of secured loans was drawn down as at 31 December 2022.

As at 31 December 2022, HK$1,025.0 million (2021: HK$977.0 million) of mortgage loan receivables were pledged for a securitization financing transaction.

Contingent liabilities

(a) The Group did not have any financial guarantees as at 31 December 2022 and 2021.

(b) One subsidiary of the Group is the named defendant in legal action filed in the United States. The legal action relates to a disagreement regarding an incorrect transfer of a number of shares to the said subsidiary by a third party in 2017. The plaintiffs are claiming unspecified damages of US$10 million and management considers that it is less than probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Therefore no provision for the contingent liabilities in respect of this legal action is necessary.

PEOPLE & CULTURE

As at 31 December 2022, the Group's total staff numbered 1,608 (31 December 2021: 1,738). Out of this, 76 (31 December 2021: 81) are corporate and investment staff and the remainder are within the main subsidiaries UAF and SHK Credit. The net decrease in staff numbers was a result of the ongoing branch consolidation in the Consumer Finance business in Mainland China, as the business migrated further online and made continuous efforts in driving cost efficiency. Total staff costs amounted to HK$625.8 million (2021: HK$886.9 million) mainly reflecting lower performance-related compensation.

The Group adopts various compensation structures as relevant to different job roles and functions within the organisation. For most staff, compensation comprises base salary with bonus or performance-based incentives, as appropriate. The remuneration packages of employees in a sales function consist of a base pay and commission, bonus or performance-based incentives as appropriate. In addition to monetary reward, the Group also provides competitive fringe benefits to attract and retain the best talent, e.g. Medical and Dental Benefit Enhancement and Unlimited Annual Leave policy.

Under our Employee Ownership Scheme ("EOS"), selected employees or directors of the Group (the "Selected Grantees") were awarded shares of the Company. Following management's recommendation, a total of 3,054,000 shares were granted to the Selected Grantees during the year subject to various terms. 1,021,000 shares were vested for key management personnel in 2022. As at 31 December 2022, the outstanding award shares under the EOS (excluding shares awarded but subsequently forfeited) amounted to 5,616,000 shares.

The Group values its people as our greatest asset. We believe that a competent and motivated workforce, able to work in safe conditions, is integral to the sustainable growth of our business. In line with our business strategies and continued development and retention of a high-performance team, the Group supports employee engagement activities and professional development with in-person training and online learning platforms.

COVID-19 PANDEMIC RESPONSE

COVID-19 continued to spread around the world during 2022. We closely monitor the situation and review our preventative protocols regularly to help the Company resume normal business and social activities.

We have adopted the following 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 maximize social distancing and staff protection within the offices;
- meetings are held off-site or by conference call or video conference as far as possible;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- restricted access to office and temperature screening;

- self-isolation following outbound travel, development of symptoms or interaction with a confirmed case of COVID-19, with COVID-19 test conducted as and when necessary at Company's cost;

- maintain inventory of face mask, hand sanitiser and hygiene supplies and focus on cleaning and sanitation;

- conduct regular rapid tests; and

- provide free rapid test kits to employees.

With Hong Kong government phasing out its anti-pandemic measures since the second half of 2022, the Company also abolished the protocols gradually and is returning to normality in 2023.

SECOND INTERIM DIVIDEND

The Board has declared a second interim dividend of HK14 cents (2021: second interim dividend of HK14 cents and special dividend of HK4 cents) per share for the year ended 31 December 2022 to shareholders of the Company whose names appear on the register of members of the Company on 26 April 2023, making a total dividend for the year 2022 of HK26 cents (2021: HK30 cents) per share. Dividend warrants for the second interim dividend are expected to be despatched on 10 May 2023.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "2023 AGM") is scheduled to be held on Thursday, 18 May 2023. The Notice of the 2023 AGM will be published on the website of the Company (www.shkco.com) and the website of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (www.hkexnews.hk), and despatched to the shareholders before end of April 2023.

CLOSURES OF REGISTER OF MEMBERS

The register of members of the Company will be closed on the following time periods during which no transfer of shares of the Company will be registered:

Events	**Book close period**
For entitlement to the second interim dividend:	24 April 2023–26 April 2023 (both days inclusive) (Ex-dividend date being 20 April 2023) (Record date being 26 April 2023)
For attendance to 2023 AGM:	15 May 2023–18 May 2023 (both days inclusive) (Record date being 18 May 2023)

In order to qualify for entitlement to the second interim dividend and/or attendance to the 2023 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Secretaries Limited, for registration not later than 4:30 p.m. on the following dates:

Events	**Last date of lodgment of transfer documents**
For entitlement to the second interim dividend:	21 April 2023
For attendance to 2023 AGM:	12 May 2023

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2022, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, except for certain deviations which are summarised below:

(a) Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Under the current organisational structure of the Company, the functions of a chief executive are performed by the Group Executive Chairman, Mr. Lee Seng Huang, in conjunction with the Group Deputy Chief Executive Officer, Mr. Simon Chow Wing Charn. The Group Executive Chairman oversees the Group's Investment Management business with support from the management team of the division, as well as its interest in UAF whose day-to-day management lies with its designated Managing Director. Mr. Simon Chow assists the Group Executive Chairman in driving the performance of the Mortgage Loans and other operating businesses of the Group as well as exploring new areas of growth.

The Board believes that this structure spreads the workload that would otherwise be borne by an individual chief executive, allowing the growing businesses of the Group to be overseen by appropriately qualified and experienced senior executives in those fields. Furthermore, it enhances communications and speeds up the decision-making process across the Company. The Board also considers that this structure will not impair the balance of power and authority between the Board and management of the Company. An appropriate balance can be maintained by the operation of the Board, which holds at least four regular meetings a year to discuss business and operational issues of the Group.

(b) Code Provisions E.1.2 and D.3.3

Code provisions E.1.2 and D.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 adopted by the Company are in compliance with the code provision E.1.2 of the CG Code, except that the Remuneration Committee shall make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to executive directors and senior management under the code provision).

The terms of reference of the Audit Committee adopted by the Company are in compliance with the code provision D.3.3 of the CG Code, except that the Audit Committee shall (i) recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditor 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; (iii) can promote (as opposed to ensure under the code provision) co-ordination between the internal and external auditors; and (iv) can check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced and has appropriate standing within the Company.

The reasons for the above deviations had been set out in the Corporate Governance Report contained in the Company's annual report for the financial year ended 31 December 2021. 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 their respective terms of reference as adopted by the Company. The Board will review the terms of reference at least annually and would make appropriate changes if considered necessary.

(c) Code Provision F.2.2

Code provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Group Executive Chairman was unable to attend the annual general meeting of the Company held on 24 May 2022 (the "AGM") due to other important business engagement. However, Mr. Simon Chow Wing Charn, an Executive Director and the Group Deputy Chief Executive Officer, had chaired the AGM in accordance with article 73 of the Company's articles of association.

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 2022 annual report which will be issued before end of April 2023.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

(1) Repurchase of Shares

During the year ended 31 December 2022, the Company repurchased a total of 5,930,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$18,270,110. All the repurchased shares were subsequently cancelled.

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price Highest *(HK$)*	Purchase price Lowest *(HK$)*	Aggregate consideration (before expenses) *(HK$)*
January	185,000	4.20	4.13	772,600
February	—	—	—	—
March	—	—	—	—
April	263,000	3.89	3.60	974,840
May	189,000	3.70	3.61	692,230
June	192,000	3.66	3.58	695,590
July	—	—	—	—
August	200,000	3.55	3.50	706,720
September	1,592,000	3.50	2.79	4,958,870
October	2,804,000	3.00	2.67	8,050,940
November	270,000	2.79	2.68	735,470
December	235,000	2.94	2.88	682,850
	5,930,000			18,270,110

(2) Redemption of Notes of a subsidiary, Sun Hung Kai & Co. (BVI) Limited ("SHK BVI")

2022 Notes

During the year ended 31 December 2022, the Group has repurchased an aggregate principal amount of US$10,320,000 of the US$550,000,000 4.65% guaranteed notes due September 2022 ("2022 Notes") issued by SHK BVI under the US$3,000,000,000 Guaranteed Medium Term Note Programme (the "MTN Programme") and were listed on the Stock Exchange (stock code: 5267). The repurchased 2022 Notes were cancelled respectively.

On 8 September 2022, the Group has fully redeemed the outstanding 2022 Notes (of which US$433,769,000 were outstanding) upon its maturity at its principal amount together with interest. The redeemed 2022 Notes were cancelled subsequently and the 2022 Notes were delisted from the Stock Exchange on 8 September 2022.

2024 Notes and 2026 Notes

During the year ended 31 December 2022, the Group has repurchased an aggregate principal amount of US$20,450,000 of the US$350,000,000 5.75% guaranteed notes due November 2024 (the "2024 Notes") issued by SHK BVI under the MTN Programme and listed on the Stock Exchange (stock code: 40065) and an aggregate principal amount of US$28,950,000 of the US$450,000,000 5.00% guaranteed notes due September 2026 (the "2026 Notes") issued by SHK BVI under the MTN Programme and listed on the Stock Exchange (stock code: 40831). Among which, US$19,500,000 of the repurchased 2024 Notes and US$28,750,000 of the repurchased 2026 Notes were cancelled during the year, the remaining repurchased 2024 Notes and 2026 Notes were cancelled subsequent to the year end.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities during the year ended 31 December 2022.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management of the Company the Group's financial statements for the year ended 31 December 2022, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte 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 on the preliminary announcement.

On behalf of the Board
Sun Hung Kai & Co. Limited
Lee Seng Huang
Group Executive Chairman

Hong Kong, 16 March 2023

As at the date of this announcement, the Board comprises:

Executive Directors:
Messrs. Lee Seng Huang *(Group Executive Chairman)* and Simon Chow Wing Charn

Non-Executive Director:
Mr. Peter Anthony Curry

Independent Non-Executive Directors:
Mr. Evan Au Yang Chi Chun, Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Vivian Alexa Kao, Ms. Jacqueline Alee Leung and Mr. Wayne Robert Porritt