新鴻基有限公司
SUN HUNG KAI & CO. LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 86)

ANNOUNCEMENT OF 2024 FINAL RESULTS

CHAIRMAN'S LETTER

The global macroeconomic environment in 2024 remained volatile, on the one hand characterised by persistent headwinds including elevated interest rates, ongoing geopolitical tensions, and subdued consumer sentiment. On the other hand, exuberance over the adoption of AI and all things AI related, along with the optimism over the incoming US administration continued to drive US markets higher. Our strategic business transformation toward leveraging our internal and external investment capabilities for the benefit of other third-party investors, has continued to make progress and gain momentum.

In 2024, the development of our Funds Management platform, Sun Hung Kai Capital Partners ("SHKCP"), continued to progress well, building on the solid foundation established by our Investment Management business and the unique alignment of interests among third-party investors, fund managers, and Sun Hung Kai & Co. Limited (the "Company" or "SHK & Co.", together with its subsidiaries, the "Group") – an uncommon combination in the region. Total assets under management ("AUM")^ reached a record US$2.0 billion, more than doubling from 2023, driven by both organic growth as well as new partnerships forged during the year. This segment continued its positive pre-tax contribution trajectory to HK$49.0 million, highlighting efficacy of our strategic alignment and the high operating leverage of our business model. Our partnerships continue to produce strong returns for ourselves and third-party capital, which is driving growth. To further strengthen the alternative asset management platform, we continued to invest in talent, upgrading our technology backbone, and enhancing workflows, laying the groundwork for institutional-grade infrastructure that positions us for sustained growth.

Since our expansion into Investment Management in 2015, we have successfully positioned ourselves as a diversified alternatives investor. Over the past decade, our investment portfolio has been selectively curated and efficiently managed across varying economic cycles, with continuous reweighting since 2022 driving further diversification. By emphasising disciplined risk exposure, diversification, combined with our access to differentiated opportunities, the Investment Management segment delivered an overall investment gain of 2.5% for 2024 with contributions from all asset classes, despite dealing with some legacy assets as well as the restrictive monetary policies continuing to weigh on asset values. Notably, the ongoing hedge funds portfolio achieved a solid gain of 10.6%, supported by a combination of managers employing conservative strategies and those with higher volatility, with an emphasis placed on highly liquid strategies.

Our Credit business maintained a conservative approach to loan origination during the year, while focusing on portfolio management and operational efficiency enhancement. This disciplined strategy has solidified our market leading position in Hong Kong's Consumer Finance industry and strengthened the resilience of our loan book in Mainland China. Building on our established consumer lending platform, SIM Credit Card, our new credit card business continued to make solid progress, reaching cumulative transaction volumes exceeding HK$1.5 billion by year-end. In addition, our Mortgage Loans segment expanded its offerings by launching a mortgage servicing business for third-party investors managing a US$100 million institutionally owned residential mortgage portfolio. Leveraging its end-to-end retail mortgage platform and collaborating with the Special Situations and Structured Credit team, our Mortgage Loans subsidiary is uniquely positioned to capitalise on opportunities driven by market volatility and generate additional revenue streams.

Financial Highlights, Capital Management & Dividends

Our financial performance in 2024 reflects the efficacy of our strategy. We delivered a profit attributable to owners of the Company of HK$377.7 million (2023: loss of HK$471.4 million) including one-off exchange losses of HK$29.0 million (2023: nil) associated with liquidation of a subsidiary and deferred tax assets written off amounting to HK$55.9 million (2023: HK$60.7 million) in Mainland China, both of which were non-cash and after non-controlling interests. Basic earnings per share stood at HK19.3 cents, compared with a loss of HK24.1 cents per share in 2023. Return on equity and return on assets improved to 1.8% and 1.5%, respectively (2023: -2.2% and -0.5%, respectively).

Our disciplined approach to capital management is highlighted by the decisions we made to reduce our Medium-Term Note ("MTN") exposure. We opportunistically repurchased US$37.9 million in MTNs and redeemed US$277.0 million of the notes due in 2024, lowering our overall MTN exposure by US$314.8 million. The total MTN repurchase and redemption since 2022 amounts to US$434.1 million, underscoring our commitment to capital efficiency and strategic derisking amid market turbulence. Consequently, our net gearing ratio declined by 740 basis points to 31.2% from 2023.

In line with our commitment to shareholder returns, we declared a second interim dividend of HK14 cents per share. Together with an interim dividend of HK12 cents per share, the total dividend per share was HK26 cents, the same level as last year. We also repurchased and cancelled 210,000 shares and will continue to do so in the ordinary course of business. We have returned a total of HK$15.4 billion to our shareholders through dividend payments and share buybacks since 1997.

Business Updates

Our Funds Management business delivers increasingly meaningful financial contributions as we continue to develop the new endeavour. In 2024, we expanded our fee income base, increasing pre-tax profit to HK$49.0 million from last year's HK$16.8 million. This was primarily driven by the strong growth in total AUM^ reaching US$2.0 billion, as we captured strong net capital inflows and solid performance across nearly all strategies. Our Fund Partnerships, the emerging managers we curate and partner with by providing seeding or accelerating capital alongside revenue sharing arrangements, achieved critical milestones with our ongoing support. Notably, ActusRayPartners, which employs an equity market neutral strategy to deliver returns uncorrelated to broader markets, successfully launched its third fund during the year. By the end of 2024, ActusRayPartners had grown its AUM to over US$1.1 billion, underscoring the success of our collaborative approach with strong incentive alignment.

Another standout achievement within Funds Management was our Family Office Solutions ("FOS") business, a multi-family office platform providing bespoke investment solutions for like-minded family offices and ultra-high-net-worth individuals ("UHNWIs"). FOS allows strong alignment of interests between clients and the Company, enabled by our balance sheet commitments. In 2024, we selectively expanded our client base, while preserving our high-touch service model, and created access to exclusive alternative investments, leveraging the Group's broader investment networks and extensive expertise across the alternative space.

We forged a strategic alliance with GAM Investments ("GAM") during the year, which further diversified our product offerings by distributing and servicing their funds across Greater China. The partnership further expanded to the wealth management space, allowing us to cross-sell alternatives and wealth services between SHKCP and GAM clients. In addition, the newly established collaboration with Wentworth Capital ("Wentworth") allows us to further penetrate Australia's burgeoning real estate private credit opportunities through a sizeable and institutional real estate platform dedicated to servicing local market. These partnerships reflect our broader objective to explore global expansion and identify strategic opportunities that broaden the spectrum of our service offerings.

Turning to our Investment Management division, we continued to rebalance our portfolio to enhance downside protection and resilience amid the ongoing market volatility in 2024. While we maintained a cautious approach to deploying capital throughout the year, we remained proactive in evaluating opportunities in dislocated markets, where attractive entry prices presented compelling value. By screening idiosyncratic situations, structuring the investments to ensure robust downside protection, and closely monitoring their recovery to achieve optimal exits, we were able to capitalise on these opportunities and generate asymmetric returns. This opportunistic strategy is evident in the new investments we added to both the Special Situations and Structured Credit as well as Real Estate segments. One notable example is our partnership with Colony Investment established during the year, through which we invested in one of Europe's largest hotel owners. The European hotel platform, previously challenged by the impact of COVID-19, presented an attractive opportunity to collaborate on repositioning and revitalising the assets.

Coupled with strengthened risk management framework, our agility and portfolio management helped us deliver improved performance in 2024. Total gains of Investment Management amounted to HK$394.4 million (2023: loss of HK$332.0 million). After an internal allocation of cost of capital charge of HK$669.4 million, the business recorded a pre-tax loss of HK$405.9 million (2023: HK$1,291.3 million). We delivered positive returns across all segments, led by a 10.6% return from the ongoing hedge funds. Real Estate recorded a gain of HK$200.9 million excluding the revaluation loss on investment properties in Hong Kong. The gain was primarily driven by the strong recovery of our hospitality investments in the EU. Meanwhile, our diversified Private Equity portfolio posted a 1.1% return, with the capital markets not facilitating many exits in the space.

Weaker loan demand and stricter underwriting criteria constrained the expansion of our Credit business. However, improved operating efficiency helped to dampen the impact. Our Consumer Finance arm demonstrated its resilience despite the strong headwinds of an economic slowdown and elevated interest rates, contributing pre-tax profit of HK$807.3 million (2023: HK$979.5 million), including a one-off exchange loss of HK$46.1 million associated with the liquidation of a subsidiary in Mainland China. SIM Credit Card continue to perform well across the board and broaden our customer base, strengthening our confidence in its ability to increasingly contribute to the bottom line over time. The Mortgage Loans segment generated a pre-tax profit of HK$39.5 million (2023: HK$65.7 million) in an extremely difficult environment for the Hong Kong property market. However, we are cautiously optimistic about the continuous development of our newly launched mortgage servicing business with an increasing number of developers seeking to divest their portfolios and outsource administration to third parties.

People and Community

Our people are central to our achievements, driving the performance that underpins our success. We continued to invest in talent development, professional training, and overall staff wellbeing. Our commitment to nurturing an engaging and caring work culture is evident in initiatives such as our Unlimited Annual Leave policy which aims to foster a work environment where creativity and productivity can thrive.

Our Employee Ownership Scheme ("EOS") continues to play an integral role in aligning the interests of our staff with those of our shareholders. In 2024, we granted over 1 million shares and saw 1.2 million shares vested, reinforcing our belief that a motivated and invested workforce is essential for our long-term success.

Environmental, Social, and Governance ("ESG") principles remain integral to our business and operations. In 2024, we took further steps to strengthen our commitment to sustainability and responsible investing by launching our Responsible Investment Policy. This policy formalises the integration of ESG considerations into our investment decision-making processes, supported by screening and alignment procedures. To ensure transparency and accountability, we engaged a third-party service provider to conduct an audit and provide additional assurance on our 2024 ESG Report, further enhancing the credibility of our disclosures.

On the environmental front, we achieved notable performance milestones, including a reduction of over 40% in paper consumption and over 30% in water consumption compared to 2023 levels. We extend this commitment to our customers, with each SIM Credit Card statement now featuring a dashboard that highlights the carbon dioxide emissions associated with every transaction – raising environmental awareness more broadly.

Another key pillar within ESG principles is our active participation in community volunteer initiatives, reflected in the various programs we run to support sustainable development and community wellbeing. Moving forward, we remain dedicated to advancing our ESG initiatives, embedding responsible practices across our business, and contributing to a more sustainable future.

Outlook

As we look to 2025, the economic landscape remains volatile as hopes for further interest rate cuts fade weighing on asset values, geopolitical tensions intensify, and the Greater China area navigates softening consumer demand and ongoing structural reforms. While these uncertainties impact investor sentiment and necessitate a cautious approach, they also present opportunities as we continue to sharpen our strategic focus. The origination of compelling opportunities in private credit and special situations, in particular, will continue to uncover mispriced assets, potentially counterbalancing the slower activity observed in other asset classes.

The synergies created by aligning interests both internally and externally will further enrich our product offerings and broaden client reach of our Funds Management business. By exploring new partnerships and developing our FOS business, the alternative asset management platform is well-positioned to achieve continued growth going forward. Concurrently, we will continue upgrading our risk management framework, investing in our talent pool, and leveraging advanced technology to sustain our competitive advantage in an ever-evolving market.

In closing, I wish to extend my sincere thanks to all our stakeholders for your support and trust. Your confidence in our business transformation strategy and our people remains crucial to our ability to navigate complex market conditions and to achieve sustained long-term success.

Lee Seng Huang
Group Executive Chairman

Hong Kong, 20 March 2025

GROUP RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2024 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

(HK$ Million)	*Notes*	**2024**	2023
Interest income		**3,573.0**	3,764.4
Other revenue	*4*	**189.0**	152.2
Other gains	*5*	**80.5**	81.8
Total income		**3,842.5**	3,998.4
Brokerage and commission expenses		**(106.8)**	(126.8)
Advertising and promotion expenses		**(131.3)**	(129.1)
Direct costs and operating expenses		**(105.4)**	(95.8)
Administrative expenses		**(1,097.9)**	(1,116.1)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	*6*	**419.8**	(478.4)
Net exchange losses		**(35.6)**	(2.8)
Net impairment losses on financial assets	*7*	**(903.0)**	(763.1)
Finance costs		**(918.7)**	(999.2)
Other losses		**(156.5)**	(97.4)
		807.1	189.7
Share of results of associates		**1.0**	28.3
Share of results of joint ventures		**53.2**	(141.4)
Profit before taxation	*8*	**861.3**	76.6
Taxation	*9*	**(270.0)**	(277.9)
Profit (loss) for the year		**591.3**	(201.3)
Profit (loss) attributable to:			
– Owners of the Company		**377.7**	(471.4)
– Non-controlling interests		**213.6**	270.1
		591.3	(201.3)
Earnings (loss) per share	*11*		
– Basic (HK cents)		**19.3**	(24.1)
– Diluted (HK cents)		**19.3**	(24.0)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(HK$ Million)	**2024**	2023
Profit (loss) for the year	**591.3**	(201.3)
Other comprehensive income (expenses):		
Items that will not be reclassified to profit or loss		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income, net of tax	**75.4**	(53.2)
Revaluation gains on investment properties transferred from owned properties	**2.8**	19.1
	78.2	(34.1)
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translating foreign operations	**(105.6)**	(86.3)
Reclassification adjustment to profit or loss on liquidation of subsidiaries	**46.1**	–
Share of other comprehensive (expenses) income of associates, net of tax	**(7.2)**	6.7
Share of other comprehensive expenses of joint ventures, net of tax	**(19.6)**	(3.3)
	(86.3)	(82.9)
Other comprehensive expenses for the year, net of tax	**(8.1)**	(117.0)
Total comprehensive income (expenses) for the year	**583.2**	(318.3)
Total comprehensive income (expenses) attributable to:		
– Owners of the Company	**390.5**	(569.0)
– Non-controlling interests	**192.7**	250.7
	583.2	(318.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(HK$ Million)	*Notes*	**31/12/2024**	31/12/2023
Non-current Assets			
Investment properties		**1,134.9**	1,197.7
Property and equipment		**332.5**	402.1
Right-of-use assets		**227.2**	272.8
Intangible assets		**908.6**	910.8
Goodwill		**2,384.0**	2,384.0
Interest in associates		**111.0**	216.4
Interest in joint ventures		**415.9**	4.7
Financial assets at fair value through other comprehensive income		**287.9**	192.3
Financial assets at fair value through profit or loss		**9,049.0**	9,470.9
Deferred tax assets		**230.9**	337.6
Amounts due from associates		**195.3**	64.9
Loans and advances to consumer finance customers	*12*	**3,712.7**	3,709.0
Mortgage loans	*13*	**539.2**	758.1
Term loans	*14*	**41.9**	40.0
Prepayments, deposits and other receivables	*15*	**25.9**	29.9
		19,596.9	19,991.2
Current Assets			
Financial assets at fair value through profit or loss		**3,507.7**	4,363.8
Taxation recoverable		**2.7**	17.2
Amounts due from associates		**8.5**	153.2
Loans and advances to consumer finance customers	*12*	**6,815.7**	6,918.2
Mortgage loans	*13*	**1,439.6**	1,710.6
Term loans	*14*	**184.5**	167.9
Prepayments, deposits and other receivables	*15*	**318.6**	280.7
Amounts due from brokers		**418.7**	574.0
Bank deposits		**679.8**	230.6
Cash and cash equivalents		**4,327.4**	6,462.1
		17,703.2	20,878.3

(HK$ Million)	*Note*	**31/12/2024**	31/12/2023
Current Liabilities			
Financial liabilities at fair value through profit or loss		**159.0**	256.0
Bank and other borrowings		**6,718.1**	5,495.4
Creditors and accruals	*16*	**450.7**	467.4
Amounts due to brokers		**88.5**	77.4
Amount due to a holding company		**1.7**	1.8
Provisions		**53.2**	52.0
Taxation payable		**96.4**	125.4
Other liabilities		**55.0**	27.0
Lease liabilities		**107.5**	84.2
Notes payable		**156.4**	2,859.8
		7,886.5	9,446.4
Net Current Assets		**9,816.7**	11,431.9
Total Assets less Current Liabilities		**29,413.6**	31,423.1
Capital and Reserves			
Share capital		**8,752.3**	8,752.3
Reserves		**12,395.2**	12,515.7
Equity attributable to owners of the Company		**21,147.5**	21,268.0
Non-controlling interests		**3,105.7**	3,127.6
Total Equity		**24,253.2**	24,395.6
Non-current Liabilities			
Financial liabilities at fair value through profit or loss		**139.2**	111.6
Deferred tax liabilities		**135.2**	138.1
Bank and other borrowings		**1,828.5**	3,546.5
Provisions		**1.0**	1.4
Other liabilities		**29.9**	36.9
Lease liabilities		**117.3**	189.6
Notes payable		**2,909.3**	3,003.4
		5,160.4	7,027.5
		29,413.6	31,423.1

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 2024 and 2023 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 2023 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 2024 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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, 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.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the 2020 and 2022 Amendments has no material impact on the classification of the Group's liabilities. The change in accounting policy does not have impact to the Group's profit or loss or earnings per share for the current and prior years presented.

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 revenues are charged at prevailing market rates.

The main reportable and operating segments are as follows:

(a) Consumer Finance: provision of consumer, small and medium enterprises and other financing.

(b) Private Credit: interest in joint venture engaging in auto leasing business in Mainland China.

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

(d) Investment Management: portfolio investments and provision of term loans, structured and specialty financing.

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

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

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

	2024						
	Credit Business						
(HK$ Million)	Consumer Finance	Private Credit	Mortgage Loans	Investment Management	Funds Management	Group Management and Support	Total
Segment revenue	3,144.8	–	229.3	172.3	57.5	228.8	3,832.7
Less: inter-segment revenue	–	–	–	–	–	(70.7)	(70.7)
Segment revenue from external customers	3,144.8	–	229.3	172.3	57.5	158.1	3,762.0
Segment profit or loss	807.3	–	39.5	(460.1)	49.0	371.4	807.1
Share of results of associates	–	–	–	1.0	–	–	1.0
Share of results of joint ventures	–	–	–	53.2	–	–	53.2
Profit (loss) before taxation	807.3	–	39.5	(405.9)	49.0	371.4	861.3
Included in segment profit or loss:							
Interest income	3,054.3	–	228.9	109.7	1.0	179.1	3,573.0
Other gains	10.6	–	–	5.3	23.6	41.0	80.5
Net gain on financial assets and liabilities at fair value through profit or loss	1.3	–	–	347.0	0.2	71.3	419.8
Net exchange (loss) gain	(45.9)	–	–	(11.1)	(0.4)	21.8	(35.6)
Net (recognition) reversal of impairment losses on financial assets	(793.5)	–	(76.2)	(33.2)	(0.5)	0.4	(903.0)
Other losses	(21.0)	–	(0.1)	(131.9)	–	(3.5)	(156.5)
Amortisation and depreciation	(112.3)	–	(4.1)	(0.8)	(0.4)	(53.5)	(171.1)
Finance costs	(505.1)	–	(68.6)	(23.2)	(0.1)	(360.0)	(957.0)
Less: inter-segment finance costs	–	–	20.3	18.0	–	–	38.3
Finance costs to external suppliers	(505.1)	–	(48.3)	(5.2)	(0.1)	(360.0)	(918.7)
Cost of capital (charges) income *	–	–	–	(669.4)	–	669.4	–

	2023						
	Credit Business						
(HK$ Million)	Consumer Finance	Private Credit	Mortgage Loans	Investment Management	Funds Management	Group Management and Support	Total
Segment revenue	3,231.8	–	286.6	198.6	37.2	282.1	4,036.3
Less: inter-segment revenue	–	–	–	–	–	(119.7)	(119.7)
Segment revenue from external customers	3,231.8	–	286.6	198.6	37.2	162.4	3,916.6
Segment profit or loss	979.5	(23.2)	65.7	(1,313.9)	16.8	464.8	189.7
Share of results of associates	–	–	–	28.3	–	–	28.3
Share of results of joint ventures	–	(135.7)	–	(5.7)	–	–	(141.4)
Profit (loss) before taxation	979.5	(158.9)	65.7	(1,291.3)	16.8	464.8	76.6
Included in segment profit or loss:							
Interest income	3,176.0	–	286.4	124.6	0.9	176.5	3,764.4
Other gains	18.2	–	0.3	2.9	15.7	44.7	81.8
Net loss on financial assets and liabilities at fair value through profit or loss	(0.5)	–	–	(454.9)	(6.9)	(16.1)	(478.4)
Net exchange (loss) gain	(8.5)	–	–	5.8	(0.1)	–	(2.8)
Net (recognition) reversal of impairment losses on financial assets	(675.7)	–	(57.5)	(30.1)	–	0.2	(763.1)
Other losses	(5.6)	(23.2)	–	(66.3)	–	(2.3)	(97.4)
Amortisation and depreciation	(138.0)	–	(5.8)	(0.6)	(0.5)	(55.8)	(200.7)
Finance costs	(504.7)	–	(105.6)	(30.3)	(0.1)	(418.5)	(1,059.2)
Less: inter-segment finance costs	–	–	36.7	23.3	–	–	60.0
Finance costs to external suppliers	(504.7)	–	(68.9)	(7.0)	(0.1)	(418.5)	(999.2)
Cost of capital (charges) income *	–	–	–	(739.7)	–	739.7	–

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

(HK$ Million)	**2024**	2023
Revenue from external customers by location of operations		
– Hong Kong	**3,405.9**	3,401.5
– PRC	**356.1**	515.1
	3,762.0	3,916.6

(HK$ Million)	**31/12/2024**	31/12/2023
Non-current assets other than interests in associates and joint ventures, financial assets and deferred tax assets by location of assets		
– Hong Kong	**4,608.2**	4,759.6
– PRC	**387.9**	416.8
	4,996.1	5,176.4

4. OTHER REVENUE

(HK$ Million)	**2024**	2023
Service and commission income	**85.9**	51.7
Dividends from listed investments	**36.6**	39.9
Dividends from unlisted investments	**9.4**	13.6
Gross rental income from investment properties	**20.8**	24.5
Management fee income	**5.0**	11.4
Revenue sharing from funds	**28.8**	11.1
Distribution fee income	**2.5**	–
	189.0	152.2

5. OTHER GAINS

(HK$ Million)	**2024**	2023
Gain on repurchase of notes payable	**5.0**	38.9
Income from assignment of revenue sharing rights	**23.3**	15.7
Gain on disposal of intangible assets	**18.3**	–
Miscellaneous income	**33.9**	27.2
	80.5	81.8

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

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

(HK$ Million)	**2024**	2023
Net realised and unrealised gain (loss) on financial assets and liabilities at FVTPL		
– Held for trading	**(38.5)**	(420.7)
– Except held for trading	**458.3**	(57.7)
	419.8	(478.4)

7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

(HK$ Million)	**2024**	2023
Loans and advances to consumer finance customers		
– Net charge of impairment losses	**(1,007.6)**	(911.7)
– Recoveries of amounts previously written off	**217.8**	235.1
	(789.8)	(676.6)
Mortgage loans		
– Net charge of impairment losses	**(76.3)**	(57.5)
– Recoveries of amounts previously written off	**0.1**	–
	(76.2)	(57.5)
Term loans		
– Net charge of impairment losses	**(31.7)**	(30.3)
	(31.7)	(30.3)
Amounts due from associates		
– Net (charge) reversal of impairment losses	**(1.1)**	0.4
	(1.1)	0.4
Deposits and other receivables		
– Net (charge) reversal of impairment losses	**(4.2)**	0.9
	(4.2)	0.9
	(903.0)	(763.1)

8. PROFIT BEFORE TAXATION

(HK$ Million)	**2024**	2023
Profit before taxation for the year has been arrived at after charging:		
Administrative expenses	**(1,097.9)**	(1,116.1)
Outgoings in respect of rental-generating investment properties	**(0.4)**	–
Other losses	**(156.5)**	(97.4)

9. TAXATION

(HK$ Million)	**2024**	2023
Current tax (charge) credit		
– Hong Kong	**(164.3)**	(173.5)
– PRC	**(6.2)**	(6.1)
– Other jurisdictions	**0.1**	(2.3)
	(170.4)	(181.9)
Over provision in prior years	**0.4**	12.8
	(170.0)	(169.1)
Deferred tax	**(100.0)**	(108.8)
	(270.0)	(277.9)

Hong Kong Profits Tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2023: 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)	**2024**	2023
The aggregate amount of dividends declared and proposed:		
– 2024 interim dividend paid of HK12 cents (2023: HK12 cents) per share	**235.8**	236.0
– 2024 second interim dividend of HK14 cents per share declared after the reporting date (2023: 2023 second interim dividend of HK14 cents per share)	**275.1**	275.1
	510.9	511.1
Dividends recognised as distribution during the year:		
– 2023 second interim dividend paid of HK14 cents (2023: 2022 second interim dividend paid of HK14 cents) per share	**275.1**	275.4
– 2024 interim dividend paid of HK12 cents (2023: HK12 cents) per share	**235.8**	236.0
	510.9	511.4

11. EARNINGS (LOSS) PER SHARE

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

(HK$ Million)	**2024**	2023
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share		
Earnings (loss) for the year attributable to owners of the Company	**377.7**	(471.4)
Number of shares (in million)		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,957.7**	1,958.6
Effect of dilutive potential ordinary shares:		
– Adjustments on the SHK Employee Ownership Scheme	**1.3**	2.5
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,959.0**	1,961.1

12. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

(HK$ Million)	**31/12/2024**	31/12/2023
Loans and advances to consumer finance customers		
– Hong Kong	**9,199.4**	9,123.7
– PRC	**1,942.3**	2,073.3
	11,141.7	11,197.0
Less: impairment allowance	**(613.3)**	(569.8)
	10,528.4	10,627.2
Analysed for reporting purposes as:		
– Non-current assets	**3,712.7**	3,709.0
– Current assets	**6,815.7**	6,918.2
	10,528.4	10,627.2

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)	**31/12/2024**	31/12/2023
Less than 31 days past due	**654.2**	707.9
31 – 60 days	**168.7**	159.1
61 – 90 days	**36.4**	22.2
91 – 180 days	**6.7**	58.6
Over 180 days	**88.1**	61.6
	954.1	1,009.4

13. MORTGAGE LOANS

(HK$ Million)	**31/12/2024**	31/12/2023
Mortgage loans		
– Hong Kong	**2,146.2**	2,569.1
Less: impairment allowance	**(167.4)**	(100.4)
	1,978.8	2,468.7
Analysed for reporting purposes as:		
– Non-current assets	**539.2**	758.1
– Current assets	**1,439.6**	1,710.6
	1,978.8	2,468.7

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

(HK$ Million)	**31/12/2024**	31/12/2023
Less than 31 days past due	**102.4**	101.1
31 – 60 days	**31.7**	8.9
61 – 90 days	**81.2**	7.0
91 – 180 days	**231.6**	381.4
Over 180 days	**481.8**	114.6
	928.7	613.0

14. TERM LOANS

(HK$ Million)	**31/12/2024**	31/12/2023
Secured term loans	**655.4**	671.4
Unsecured term loans	**77.7**	60.1
	733.1	731.5
Less: impairment allowance	**(506.7)**	(523.6)
	226.4	207.9
Analysed for reporting purposes as:		
– Non-current assets	**41.9**	40.0
– Current assets	**184.5**	167.9
	226.4	207.9

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)	**31/12/2024**	31/12/2023
Rental and other deposits	**58.7**	62.7
Other receivables	**159.7**	118.7
Less: impairment allowance	**(4.0)**	(0.3)
Deposits and other receivables at amortised cost	**214.4**	181.1
Prepayments	**130.1**	129.5
	344.5	310.6
Analysed for reporting purposes as:		
– Non-current assets	**25.9**	29.9
– Current assets	**318.6**	280.7
	344.5	310.6

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

(HK$ Million)	**31/12/2024**	31/12/2023
Less than 31 days	**61.4**	40.2
	61.4	40.2
Deposits and other receivables without ageing	**153.0**	140.9
Deposits and other receivables at amortised cost	**214.4**	181.1

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)	**31/12/2024**	31/12/2023
Less than 31 days	**199.1**	145.5
31 – 60 days	**11.2**	5.1
61 – 90 days	**3.4**	4.9
91 – 180 days	**0.2**	–
Over 180 days	**0.2**	0.4
	214.1	155.9
Accrued staff costs, other accrued expenses and creditors without ageing	**236.6**	311.5
	450.7	467.4

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

(HK$ Million)	**Year Ended 2024**	2023	**Change**
Revenue	**3,762.0**	3,916.6	-3.9%
Pre-tax profit	**861.3**	76.6	1024.4%
Profit/(loss) attributable to owners of the Company	**377.7**	(471.4)	N/A
Basic earnings/(losses) per share *(HK cents)*	**19.3**	(24.1)	N/A
Second interim dividend *(HK cents)*	**14.0**	14.0	—
Book value per share *(HK$)*	**10.8**	10.8	—

In 2024, we navigated a complex and challenging environment to deliver a solid financial performance and return to profitability. The year was characterised by persistent headwinds in financial markets, where higher interest rates continued to weigh on asset values and were compounded by geopolitical tensions. The Greater China region continued to experience economic weakness, driven by sluggish retail sales, declining property prices, and Mainland China's structural transition away from real estate-driven growth. Meanwhile, in the US, the enthusiasm surrounding the development and adoption of AI, coupled with optimism about the incoming administration, continued to drive the markets upward.

Against this backdrop, our diversified businesses – spanning Credit, Investment Management, and Funds Management – remained resilient and allowed us to generate sustainable value to shareholders. Throughout the year, we maintained a prudent approach, exercising caution in the underwriting of new loans while managing our investment portfolio. As part of our strategic business transformation initiative, the build out of the Funds Management business gained momentum, contributing to new revenue streams. We maintained a robust financial position, prioritising capital efficiency and liquidity. While our discipline fortified the resilience of our business, it also ideally positioned us to capitalise on opportunities created by dislocated markets.

Pre-tax profit was HK$861.3 million (2023: HK$76.6 million), up 1024.4% year-on-year ("YoY"), primarily driven by the improved performance of our Investment Management business, along with a growing contribution from the Funds Management business. Including one-off non-cash exchange losses of HK$29.0 million (2023: nil) (after non-controlling interests) associated with liquidation of a subsidiary and non-cash deferred tax assets written off amounting to HK$55.9 million (2023: HK$60.7 million) (after non-controlling interests) in Mainland China, profit attributable to the owners of the Company was HK$377.7 million (2023: loss of HK$471.4 million) while basic earnings per share was HK19.3 cents (2023: losses of HK24.1 cents).

The Board of Directors (the "Board" or the "Directors") of the Company declared a second interim dividend of HK14 cents per share for the year ended 31 December 2024, maintaining the same level of shareholder returns from last year. During the year, the Company repurchased and cancelled 210,000 shares for a total net consideration of HK$0.5 million. In addition, the Company repurchased US$37.9 million of its MTN and redeemed the outstanding MTNs due in 2024 at their principal amount of US$277.0 million, reducing MTN exposure by US$314.8 million. This, alongside a decrease in total bank and other borrowings, lowered the net gearing ratio by 740 basis points to 31.2% YoY, reflecting our emphasis on capital efficiency.

As of 31 December 2024, the Group's book value per share was HK$10.8 (2023: HK$10.8).

RESULTS ANALYSIS

Revenue in 2024 was HK$3,762.0 million (2023: HK$3,916.6 million), mainly consisting of interest income of HK$3,573.0 million (2023: HK$3,764.4 million). The YoY decrease in revenue was largely attributable to a decrease in the loan book associated with constrained customer demand for loans and the strategic tightening of loan origination policies. A decrease in return of loans from the Consumer Finance business also contributed to the decrease following the strategic transition to secured loans from unsecured lending in Mainland China.

The Credit business delivered a pre-tax profit of HK$846.8 million (2023: HK$886.3 million after a full write down of our interest in a joint venture amounting to HK$158.9 million), a decrease of 4.5% YoY, primarily driven by the aforementioned decrease in loan book and deterioration of customer credit profiles as a result of weakened local economy. A one-off exchange loss of HK$46.1 million arising from the liquidation of a subsidiary in Mainland China was also a factor for the decrease, albeit it is a non-cash item. The impact was partially mitigated by a decrease in operating expenses and finance costs with our prioritisation of operating and capital efficiencies amid the economic turbulence.

Investment Management recorded a gross gain of HK$394.4 million (2023: loss of HK$332.0 million). After allocating internal cost of capital charges of HK$669.4 million, the segment had a pre-tax loss of HK$405.9 million (2023: HK$1,291.3 million). The improvement from 2023 was primarily driven by investment gains across the board as well as reduced write-downs. This underscores our disciplined approach to selectively deploying capital, portfolio management, and prudent risk management.

Funds Management's pre-tax profit is increasingly becoming more meaningful, reaching HK$49.0 million (2023: HK$16.8 million), an increase of 191.7% YoY. This new business recorded robust growth in fee income by 55.6% YoY to HK$56.5 million, as a result of the increasing total AUM^ of US$2.0 billion. The establishment of strategic alliance with GAM also contributed to the fee income growth.

Group Management and Support ("GMS") delivered a pre-tax profit of HK$371.4 million in 2024 (2023: HK$464.8 million), a decrease of 20.1% YoY, driven primarily by a decrease in cost of capital income. This income is an internal mechanism to neutralise the cost of capital allocated to the Investment Management segment, with the decline attributed to a smaller amount of internal capital being utilised.

Operating costs for the year were HK$1,441.4 million (2023: HK$1,467.8 million), a decrease of 1.8% YoY, mainly driven by the Consumer Finance segment's efforts to improve operational efficiency associated with the strategic transition to secured loans in Mainland China.

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)	**2024**	2023	**Change**	**31 Dec 2024**	31 Dec 2023
CREDIT BUSINESS					
Consumer Finance	**807.3**	979.5	-17.6%	**17,761.5**	18,062.9
Mortgage Loans	**39.5**	65.7	-39.9%	**2,155.6**	2,674.6
Private Credit	**—**	(158.9)	N/A	**—**	—
Sub-total	**846.8**	886.3	-4.5%	**19,917.1**	20,737.5
INVESTMENT MANAGEMENT	**(405.9)**	(1,291.3)	-68.6%	**14,914.2**	16,257.4
FUNDS MANAGEMENT	**49.0**	16.8	191.7%	**59.6**	24.9
GMS	**371.4**	464.8	-20.1%	**2,409.2**	3,849.7
Total	**861.3**	76.6	1024.4%	**37,300.1**	40,869.5

CREDIT BUSINESS

The Group's Credit business principally operates in the Greater China region, where it is subject to the impact of local economic conditions, regulatory dynamics, and benchmark interest rate movements.

Consumer Finance

The Group's Consumer Finance business is conducted through its majority-owned subsidiary United Asia Finance Limited ("UAF") which operates under a money lender's licence in Hong Kong and holds an internet loan licence and offline money lending licences in major cities across Mainland China. Through a well-established branch network and sophisticated online and mobile platforms, UAF primarily engages in offering unsecured loans to individuals and businesses in Hong Kong and Mainland China. Since 2017, UAF has consistently held its place as the top-ranking unsecured loan provider among all non-bank lenders, and a top five ranking lender among all lenders in Hong Kong, based on outstanding unsecured lending balances.

Segment Full Year Results

	Year ended 31 December		
(HK$ Million)	**2024**	2023	**Change**
Revenue	**3,144.8**	3,231.8	-2.7%
Return on loans (% average gross loan balance)[1]	**28.1%**	28.3%	
Operating costs	**(982.6)**	(1,076.0)	-8.7%
Cost to income (% revenue)	**31.2%**	33.3%	
Finance costs	**(505.1)**	(504.7)	0.1%
Net impairment losses	**(793.5)**	(675.7)	17.4%
Other gains	**10.6**	18.2	-41.8%
Other losses	**(21.0)**	(5.6)	275.0%
Exchange loss	**(45.9)**	(8.5)	440.0%
Pre-tax contribution	**807.3**	979.5	-17.6%
Loan Book:			
Net loan balance	**10,528.4**	10,627.2	-0.9%
Gross loan balance[2]	**11,141.7**	11,197.0	-0.5%

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

In response to a challenging operating environment, we began the year by adopting a cautious approach to loan underwriting, prioritising operational efficiency and credit profile management. By the end of 2024, the total gross loan balance decreased 0.5% YoY to HK$11,141.7 million, while net loan balance stood at HK$10,528.4 million after impairment allowance, a decrease of 0.9% YoY. Revenue was HK$3,144.8 million, a decrease of 2.7% YoY.

Operating costs decreased by 8.7% YoY, driven by cost rationalisation measures implemented since 2023 and a strategic transition to secured lending in Mainland China. This contributed to a 210-basis point decrease in the cost-to-income ratio to 31.2%, marking the second consecutive year of decrease from 35.1% in 2022.

Finance costs, primarily linked to the Hong Kong Interbank Offered Rate ("HIBOR"), remained stable compared to 2023. In August 2024, we successfully concluded a new bank syndication for refinancing purposes. The facility was oversubscribed and supported by a broad group of participating banks, reflecting the banking community's strong confidence in our financial resilience.

Net impairment losses totalled HK$793.5 million, an increase of 17.4% YoY. While net impairment losses increased, we continued to effectively manage bad debts, resulting in a lower full-year increase compared to 31.6% for the first half of 2024.

Other losses of HK$21.0 million primarily resulted from the revaluation of office rental premises held in Mainland China. The HK$45.9 million exchange loss was largely attributable to the repatriation of capital from Mainland China following the liquidation of a subsidiary there. A one-off non-cash charge was arisen as RMB significantly depreciated between the time when the capital was initially remitted and its subsequent repatriation to Hong Kong.

Despite the challenges, UAF recorded a pre-tax profit of HK$807.3 million for 2024.

Net Impairment Losses on Financial Instruments

(HK$ Million)	**2024**	2023
Amounts written off[1]	**(962.7)**	(944.6)
Recoveries[2]	**217.8**	235.2
Charge off	**(744.9)**	(709.4)
As % of average gross loan balance	***6.7%***	*6.2%*
(Charge)/written back of impairment allowance[3]	**(48.6)**	33.7
Net impairment losses	**(793.5)**	(675.7)
As % of average gross loan balance	***7.1%***	*5.9%*
Impairment allowance at year end	**613.3**	569.8
As % of gross loan balance at year end	***5.5%***	*5.1%*

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 bankruptcy proceedings.

2 Reflects 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 2024**	***Note***	31 Dec 2023	*Note*
Less than 31	**654.2**	***6.2%***	707.9	*6.7%*
31-60	**168.7**	***1.6%***	159.1	*1.5%*
61-90	**36.4**	***0.4%***	22.2	*0.2%*
91-180	**6.7**	***0.1%***	58.6	*0.5%*
Over 180	**88.1**	***0.8%***	61.6	*0.6%*
Total	**954.1**	***9.1%***	1,009.4	*9.5%*

Note: amount as a percentage of net loan balance

Hong Kong Business

Key Operating Data	**2024**	2023	**Change**
Number of branches	**46**	48	
Loan data:			
Gross loan balance *(HK$ Million)*	**9,199.4**	9,123.7	0.8%
Loan originated for the year *(HK$ Million)*	**13,212.6**	12,345.3	7.0%
Number of loans originated	**220,284**	202,244	8.9%
Average gross balance per loan *(HK$)*	**41,194**	48,196	-14.5%
Ratios for the year:			
Total return on loans[1]	**30.4%**	30.4%	
Charge-off ratio[2]	**8.0%**	6.0%	
Net impairment losses ratio[3]	**8.8%**	6.5%	
Impairment allowance ratio[4]	**6.1%**	5.3%	

1 Interest and fee income/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

We are striking a strategic balance between growth and risk mitigation in Hong Kong, where individual bankruptcy petition cases in 2024 reached the highest level since 2017, according to the Official Receiver's Office. We managed to record mild growth of 0.8% in gross loan balance to HK$9.2 billion.

Throughout the year, we deployed stricter loan underwriting criteria and enhanced customer credit assessments. We continued to enhance our proprietary credit scoring system by incorporating the latest technological tools and updated databases, ensuring efficient and effective credit evaluations.

In April 2024, we became a founding subscribed member of *Credit Data Smart* ("CDS"), a centralised credit reference platform developed jointly by the Hong Kong Association of Banks, the Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies (the "DTC Association"), and the Hong Kong S.A.R. Licensed Money Lenders Association Limited ("LMLA"), with support from the Hong Kong Monetary Authority. As an industry leader, UAF has actively contributed to the development and launch of CDS, with a representative serving as Chairman of LMLA. We believe CDS will significantly strengthen credit information resilience, enabling loan providers to more accurately assess and evaluate consumer credit applications.

The new credit card business, branded as the SIM Credit Card, embodies our service ethos of "Simple, Instant, Money." By the end of 2024, this business generated cumulative transaction volumes exceeding HK$1.5 billion, with other key operating metrics – such as outstanding balances, income generation, and customer and card acquisition – also delivering solid results. The SIM Credit Card targets a distinct customer demographic and credit profile when compared to our personal loan business. We are confident that this new business will broaden UAF's customer base and gradually contribute to the Group's profitability over time.

UAF remains steadfast in its commitment to ESG initiatives. Each SIM Credit Card statement features a dashboard that highlights the carbon dioxide emissions associated with every transaction. Additionally, growth in online transactions has led to significant decreases of physical printouts and documentation, further supporting our sustainability goals. Various initiatives have also been launched to raise environmental protection awareness among customers and encourage sustainable practices.

Amid growing public concerns over information security, UAF received PCI-DSS 4.0 compliance for its card business and ISO 27001:2022 certification for its loan services. These accreditations underscore our commitment to meeting international security standards, safeguarding customer data, and enhancing trust. By maintaining these high standards, we are reinforcing our commitment to data security and compliance, while at the same time strengthening the long-term confidence customers place in us.

Mainland China Business

Key Operating Data	**2024**	2023	**Change**
Number of branches	**15**	16	
Loan data:			
Gross loan balance *(HK$ Million)*	**1,942.3**	2,073.3	-6.3%
Loan originated for the year *(HK$ Million)*	**3,234.5**	2,702.2	19.7%
Number of loans originated	**8,135**	15,365	-47.1%
Average gross balance per loan *(RMB)*	**212,176**	107,045	98.2%
Ratios for the year:			
Total return on loans[1]	**17.6%**	20.7%	
Charge-off ratio[2]	**0.8%**	7.1%	
Net impairment (reversals)/losses ratio[3]	**(0.5%)**	3.7%	
Impairment allowance ratio[4]	**2.8%**	4.0%	

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

In Mainland China, our strategic transition to secured loans further reduced impairment charges in 2024. Secured lending, backed by collateral, delivers stable returns and lowers operating costs, enhancing our operating efficiency and profitability. We are confident that this strategic transition will strengthen our resilience and ideally position us to capitalise on Mainland China's future economic recovery.

Mortgage Loans

The Group's Mortgage Loans segment is operated by its majority-owned subsidiary, Sun Hung Kai Credit Limited ("SHK Credit"). Since its inception in 2015, SHK Credit has grown into a leading non-bank property mortgage provider in Hong Kong, renowned for its customer-centric approach and innovative mortgage solutions.

Segment Annual Results

	Year ended 31 December		
(HK$ Million)	**2024**	2023	**Change**
Revenue	**229.3**	286.9	-20.1%
Return on loans			
(% average gross loan balance)	**9.7%**	10.1%	
Operating costs	**(45.0)**	(58.1)	-22.5%
Cost to income (% revenue)	**19.6%**	20.3%	
Finance costs	**(68.6)**	(105.6)	-35.0%
Net charge on impairment losses	**(76.2)**	(57.5)	32.5%
Pre-tax contribution	**39.5**	65.7	-39.9%
Loan Book:			
Net loan balance	**1,978.8**	2,468.7	-19.8%
Gross loan balance[1]	**2,146.2**	2,569.1	-16.5%

1 Before impairment allowance

We maintained a cautious approach to deploying capital and selectively originated new loans during the year. Our focus was on proactively managing the existing loan portfolio and developing our mortgage servicing business.

Gross loan balance as of 31 December 2024 was HK$2,146.2 million (31 December 2023: HK$2,569.1 million), a decrease of 16.5% YoY. First mortgage loans continued to account for over 90%, highlighting our strategic focus on this segment which has a more favourable risk profile. Despite the continued downward pressure on property prices in Hong Kong, loan-to-value ("LTV") ratio was 76.9% at end of 2024.

Revenue was HK$229.3 million, a decrease of 20.1% YoY, primarily reflecting a smaller loan book. Return on loans was 9.7% (2023: 10.1%). Operating expenses decreased by 22.5% YoY to HK$45.0 million, primarily due to the centralisation of operations and a decrease in marketing activities to improve operational efficiency. Cost to income ratio was 19.6%, holding its position at the lower end of our acceptable range.

Finance costs were HK$68.6 million, a decrease of 35.0% YoY, primarily driven by decreases in utilised borrowings and HIBOR following the Fed rate cuts. Net charge on impairment losses was HK$76.2 million, an increase of 32.5% YoY, primarily attributable to larger provisions taken on certain loan defaults associated with the slower-than-expected economic recovery in Greater China. Pre-tax profit contributed by SHK Credit was HK$39.5 million (2023: HK$65.7 million).

During the year, we launched our mortgage servicing business managing a US$100 million institutionally owned residential mortgage portfolio. The mortgage servicing business leverages our established end-to-end retail mortgage platform, systematic process, and extensive expertise. By collaborating closely with the Group's Special Situations and Structured Credit team, SHK Credit is ideally positioned to capitalise on opportunities created by market dislocations, with an increasing number of developers seeking to divest their residential mortgage portfolios and outsource mortgage administration and servicing to reliable third-party service providers.

Private Credit

As previously reported, term loans of Private Credit were regrouped to Special Situations and Structured Credit under Investment Management, and we no longer have exposure to LSS Leasing ("LSS"). For comparison purposes, the Group had a loss of HK$158.9 million from writing off its interest in LSS in 2023 as we continued to reduce our breadth of business and increase focus.

INVESTMENT MANAGEMENT

The Investment Management business leverages the Group's strong expertise and unique access to high-quality investment opportunities to seek attractive risk-adjusted returns.

The segment recorded a total gain of HK$394.4 million (2023: loss of HK$332.0 million), or an annual return of 2.5% on its average assets (2023: -2.0%). Operating costs were HK$107.7 million, a decrease of 43.1% YoY, mainly due to a decrease in intra-segment cost allocation associated with the smaller size of investment assets. After internal cost of capital charges of HK$669.4 million, the business' pre-tax loss for the year narrowed 68.6% YoY to HK$405.9 million.

Financial instruments under Alternatives and Real Estate recorded net realised gains of HK$86.2 million (2023: loss of HK$190.0 million), and unrealised gains of HK$250.0 million (2023: loss of HK$134.4 million), respectively. This marks an encouraging turning point despite ongoing market volatility. Including other gain/(loss) contributors – such as interest income, dividends and net impairment allowance losses – the Alternatives portfolio gained HK$285.0 million, or 2.6% (2023: -2.5%). In this portfolio, ongoing hedge funds gained 10.6%, Private Equity gained 1.1%, and Special Situations and Structured Credit contributed a mild gain of 0.2%. Excluding the loss from revaluation on investment properties in Hong Kong, Real Estate recorded a gain of HK$200.9 million (2023: HK$142.2 million) for 2024.

Including dividend and interest income, Public Markets posted a gain of HK$35.1 million, or 1.7% (2023: loss of 4.6%). We continue to actively manage the portfolio, with certain positions being long-term strategic holdings that could potentially develop synergies with our other businesses.

Despite the volatility, in the five years from 2020 to 2024, cumulative realised gain on financial instruments under Alternatives and Real Estate was HK$5,247.7 million.

Operationally, we focused on strengthening our technological backbone, streamlining business processes, and integrating AI tools to improve operational efficiency. We invested in upgrading the team and strengthening risk management frameworks. The synergies across the Investment Management, Funds Management, and Credit businesses are increasingly having a bigger impact, driving our overall performance and reinforcing our position as a diversified alternatives investor.

Segment Annual Results[1]

(HK$ Million)	**2024**	2023	**Change**
Revenue			
Interest income	**109.7**	124.6	-12.0%
Dividends received	**44.1**	51.4	-14.2%
Rental income	**18.0**	22.5	-20.0%
Fees received	**0.5**	—	N/A
	172.3	198.5	-13.2%
Realised gain/(loss) on Alternatives and Real Estate	**86.2**	(190.0)	N/A
Unrealised gain/(loss) on Alternatives and Real Estate	**250.0**	(134.4)	N/A
Net loss on Public Markets	**(2.9)**	(142.1)	-98.0%
Share of results of associates & joint venture	**54.2**	22.6	139.8%
Loss from revaluation on investment properties	**(126.4)**	(64.9)	94.8%
Net impairment losses	**(33.2)**	(30.1)	10.3%
Net exchange (loss)/gain	**(11.1)**	5.8	N/A
Others	**5.3**	2.6	103.8%
Total gains/(losses)	**394.4**	(332.0)	N/A
Operating costs	**(107.7)**	(189.3)	-43.1%
Finance costs	**(23.2)**	(30.3)	-23.4%
Cost of capital	**(669.4)**	(739.7)	-9.5%
Total costs[2]	**(800.3)**	(959.3)	-16.6%
Pre-tax contribution	**(405.9)**	(1,291.3)	-68.6%

1 Rearranged the items to align with the consolidated statement of profit or loss.

2 The costs are presented in a more detailed manner to facilitate better understanding of our business and operation.

Segment Assets Breakdown and Annual Return

	2024				Return track record	
(HK$ Million)	**Year End Value**	**Average Value**	**Gain[1]**	**Annual Return**	**2023**	**2022**
Public Markets	1,478.9	2,059.4	35.1	1.7%	-4.6%	-6.1%
Alternatives	11,063.2	11,003.0	285.0	2.6%	-2.5%	-9.3%
Real Estate	2,372.1	2,495.2	74.3	3.0%	3.3%	-1.5%
Total	**14,914.2**	**15,557.6**	**394.4**	**2.5%**	**-2.0%**	**-7.9%**

1 In addition to net gain/(loss) on financial instruments, Gain also includes interest income, dividends received, fee income, rental income, net impairment allowance recoveries/(losses), share of results of associates & joint venture, gain/(loss) from revaluation on investment properties, net exchange gain/(loss), and others, where applicable.

Public Markets

The Public Markets portfolio consists of an internally managed Equity strategy, Corporate Holdings and Strategic Holdings at fair value through other comprehensive income ("FVTOCI").

Breakdown of Public Markets Portfolio as of 31 December 2024

	2024				2023			
(HK$ Million)	**Year End Value**	**Average Value**	**Gain**	**Annual Return[1]**	Year End Value	Average Value	Loss	Annual Return[1]
Corporate Holdings	**1,232.5**	**1,867.7**	**35.1**	**1.9%**	2,070.2	2,105.9	(105.0)	-5.0%
Strategic Holdings[2]	**246.4**	**191.7**	**—**	**N/A**	166.9	187.8	—	N/A
Total	**1,478.9**	**2,059.4**	**35.1**	**1.7%**	2,237.1	2,293.7	(105.0)	-4.6%

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

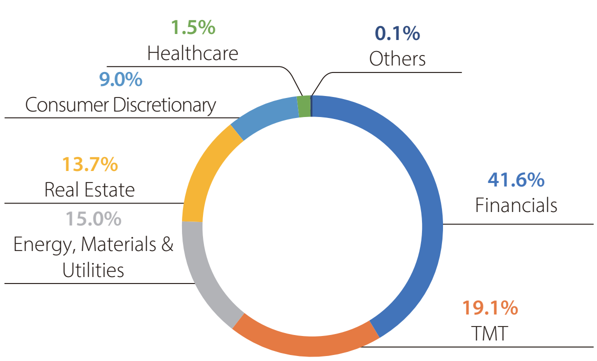
Corporate Holdings

The Corporate Holdings segment mainly manages a mix of long and short-term equity positions. Derivatives and hedging are also used to manage risks.

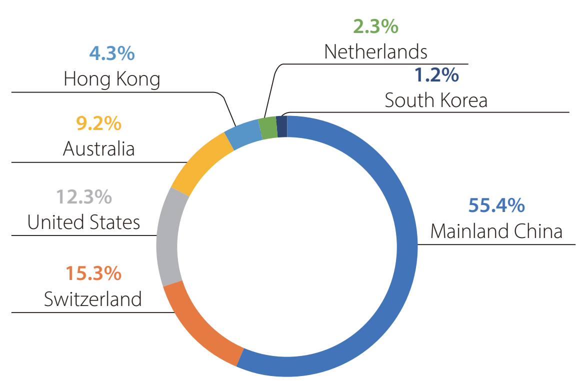
Corporate Holdings recorded a gain of 1.9% for 2024, mainly driven by a strategic position held in a Chinese fintech platform, among other holdings in deeply discounted Chinese internet platform names. At the same time, these gains were partially offset by losses in a Chinese contract development and manufacturing organization which had a weak first half of 2024 on the back of geopolitical issues.

Looking forward, we remain cautiously optimistic that the Chinese market in 2025 will recover from the drag caused by the property sector downturn. In the U.S., whilst valuations remain higher than long-run averages, we see opportunities in select thematics, such as AI infrastructure buildout, but continue to monitor for emerging risks, both with respect to inflation, and any labour market related slowdown.

Corporate Holdings by Sector



Corporate Holdings by Geography



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 ten years, we have leveraged the Group's unique access to off-market opportunities, expertise and capital strength to build a diversified portfolio encompassing Private Equity, Hedge Funds and the recent addition of Special Situations and Structured Credit (formerly Special Situations) as a strategic move to seize opportunities arising from financial dislocations. The portfolio is invested with companies and fund managers that were selected based on performance, strategic fit, and access to key markets and sectors.

Breakdown of Alternatives Portfolio as of 31 December 2024

	2024				2023			
(HK$ Million)	**Year End Value**	**Average Value**	**Gain/ (Loss)**	**Annual Return**	Year End Value	Average Value	Gain/ (Loss)	Annual Return
Private Equity:								
– External funds	**4,454.6**	**4,298.1**	**153.6**	**3.6%**	4,279.2	4,511.1	(266.2)	-5.9%
– Direct/ Co-Investments	**3,889.9**	**3,878.0**	**(62.2)**	**-1.6%**	4,008.6	4,014.7	23.7	0.6%
Sub-total	**8,344.5**	**8,176.1**	**91.4**	**1.1%**	8,287.8	8,525.8	(242.5)	-2.8%
Hedge Funds[1]								
– Ongoing funds	**1,927.8**	**1,937.1**	**205.2**	**10.6%**	1,900.5	1,950.8	(88.5)	-4.5%
– Terminated funds[2]	**—**	**139.3**	**(13.1)**	**-9.4%**	696.4	859.4	(105.3)	-12.3%
Sub-total	**1,927.8**	**2,076.4**	**192.1**	**9.3%**	2,596.9	2,810.2	(193.8)	-6.9%
Special Situations and Structured Credit	**790.9**	**750.5**	**1.5**	**0.2%**	722.1	683.0	132.0	19.3%
Total	**11,063.2**	**11,003.0**	**285.0**	**2.6%**	11,606.8	12,019.0	(304.3)	-2.5%

1 Including Hedge Funds portfolio and other funds managed by Funds Management division.

2 Including the funds managed by GCO Asset Management Limited ("GCO") and East Point. The fund managed by GCO was closed and fully redeemed in April 2023. The rights for receiving a seeded capital fee of the fund managed by East Point was acquired by Regal Partners in February 2023, following which the capital was redeemed in February 2024.

Private Equity ("PE")

The PE segment consists of our investments in external funds, co-investments alongside such funds, and direct investments. This portfolio provides us with attractive returns over the mid to long-term by taking advantage of our access to high-quality opportunities, domain expertise and global mandate.

In 2024, the valuation of the portfolio demonstrated resilience, stabilising despite persistently elevated interest rates which capped PE asset valuations. This stability was underpinned by the portfolio's diversification across geographies, sector, and strategies.

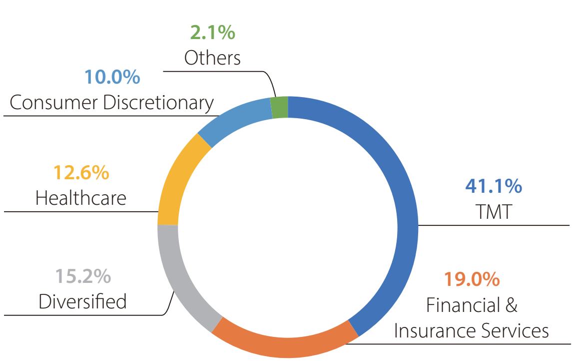
In North America, which represents the largest share of the portfolio, private market activities recovered modestly from 2023, primarily driven by booming AI and tech thematic investments. Additionally, we have seen standout valuations across some funds and companies in Europe, reflecting the region's resilience and growth potential. In Greater China, our investments, primarily focused on buyout and late-stage opportunities with solid fundamentals, continued to generate stable cash flows. However, valuations continued to be impacted by ongoing geopolitical tensions and weakened investor sentiment.

As a principal investor, we maintain a disciplined approach to deploying capital, investing only when compelling opportunities arise, while remaining geography, sector, and strategy agnostic. During the year, we conducted extensive market mapping and benchmarking, identifying top-tier general partners ("GPs") to invest in. We also selectively reupped commitments to several of our best-performing GPs globally.

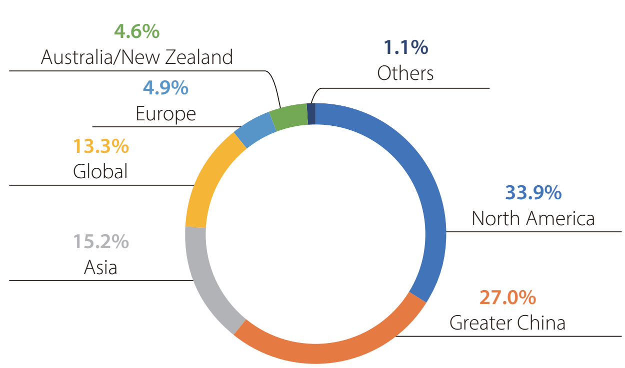
Portfolio management remained a key focus in 2024. We worked closely with portfolio companies to support value creation, helping them navigate a complex operating environment. We continued to receive programmatic distributions from GPs which contributed to the segment's net cash inflow for the year.

Collaboration with SHKCP made encouraging progress in 2024, with several exclusive deals completed that were unavailable to the broader market. This collaboration provides third-party investors with access to select alternative opportunities, enabling them to achieve superior risk-adjusted returns. Investors highly value our unique access, alignment of interest, extensive experience, and intellectual capital.

Private Equity Exposure by Sector



Private Equity Exposure by Geography



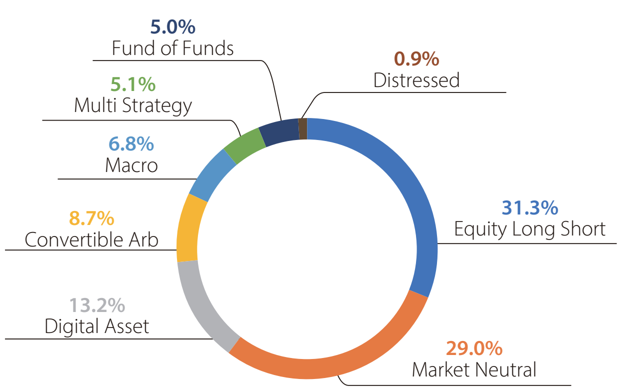
Hedge Funds

The Group's multi-manager hedge fund portfolio consists of a selected group of external hedge funds that are global in scope and diversified in terms of strategy.

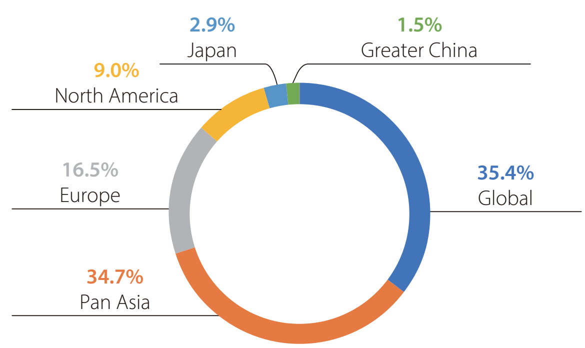
The ongoing portfolio recorded a solid gain of 10.6% in 2024, primarily attributable to broad-based contribution from numerous hedge fund strategies. Returns were also generated in a steady manner with nearly each month throughout the year delivering a positive result.

Overall, the book is composed of "core" and "scout" managers. Core managers tend to be conservatively managed, with the aim of avoiding losses and downside deviation. Scout managers tend to run with higher volatility, aiming for higher returns. Overall, core managers generated returns of +13.5% to +32.0%, exceeding expectations. Larger allocations were given to core managers and were key drivers of the portfolio's risk and return profile in 2024. In addition, scout managers delivered performance ranging from -4.5% and +49.0% for the year, with a positive distribution of returns.

Hedge Funds Exposure by Strategy



Hedge Funds Exposure by Geography

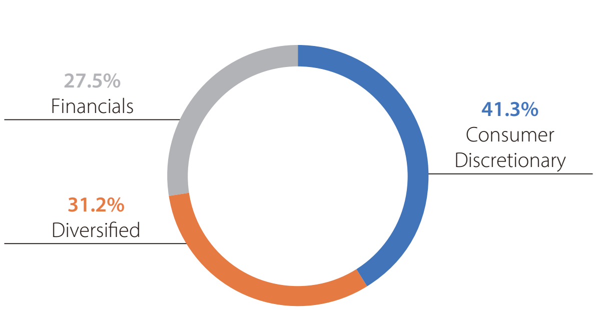


Special Situations and Structured Credit (formerly Special Situations)

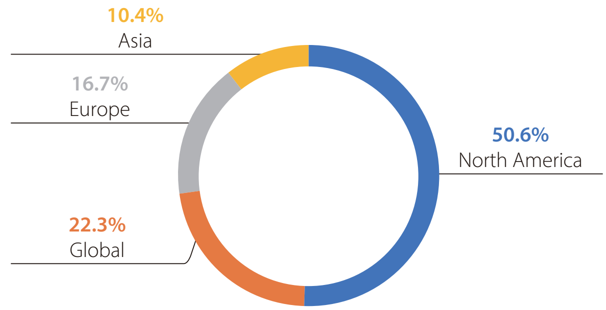
To better reflect the scope of this segment's strategy and fully represent the dedicated focus of the team, we have updated its name to Special Situations and Structured Credit. In 2024, our Special Situations and Structured Credit strategy continued to focus on leveraging unique opportunities arising from market dislocations and specific events. The portfolio further expanded its geographical reach across Western Europe, North America, and Asia, while also integrating the residual term loans from Private Credit.

There were no major revaluations in the portfolio during 2024, as many investments are working through their repositioning phase. We remain committed to our disciplined approach, which is designed to deliver favourable returns with robust defensive characteristics.

Special Situations and Structured Credit Exposure by Sector[1]



Special Situations and Structured Credit by Geography[1]



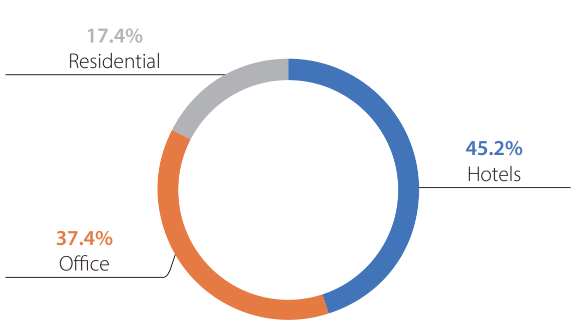
1 Terms loans regrouped from Private Credit are not included.

Real Estate

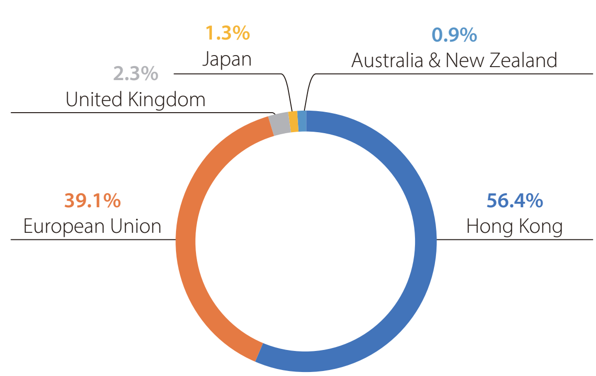
In 2024, our Real Estate portfolio, primarily consisting of Hong Kong commercial properties, private credit investments, and select international hospitality investments, was valued at HK$2,372.1 million as of 31 December 2024, compared with HK$2,413.5 million at the end of the prior year. This decline reflects a combination of factors, including a downward revaluation of certain Hong Kong holdings and the strategic divestment of equity assets, notably a commercial asset in the UK and the repayment of certain private credit exposures in Australia. Excluding loss from the aforementioned revaluation, Real Estate recorded a gain of HK$200.9 million (2023: HK$142.2 million), primarily driven by our investments in the hospitality sector in the EU which recorded strong performance. Such hospitality portfolio comprises a mix of established investments from the 2010s and newly added credit and credit-like investments, which contribute steady interest income and profit.

Our focus remains on rebalancing the portfolio away from stabilised, lower-yielding equity investments toward more opportunistic opportunities that deliver credit-like downside protection with equity-like, risk-adjusted returns. We expect to continue this strategic realignment in the coming year.

Real Estate Exposure by Asset Class



Real Estate Exposure by Geography



FUNDS MANAGEMENT

SHKCP is the regulated entity within the Group that conducts the Funds Management business. Regulated by the Securities and Futures Commission ("SFC"), SHKCP holds Type 1, 4 and 9 licences.

SHKCP's growth strategy is based on the alignment of the Group's investment capabilities and capital with external investors and third-party allocators. The mission of SHKCP is to seek solid long-term, diversified, and risk adjusted returns. It relies on being rewarded for providing transparency in an overly complex, opaque, but increasingly sought after investment universe.

The buildout of SHKCP as an alternative investment management platform began in 2021. Over the past four years, we have continued to develop the business and expand its partnership network globally, making it an unparalleled platform in the region. It effectively connects our capital partners with curated alternative managers and investment solutions.

Despite a persistently challenging fundraising environment in 2024, SHKCP has achieved strong growth in the total AUM^, reaching US$2.0 billion as we recorded net capital inflows and the solid market performance across nearly all strategies. Notably, the equity market neutral strategy that we seed, ActusRayPartners, hit a significant milestone with asset under management reaching US$1.1 billion. The launch of ActusRayPartners Japan Alpha Fund, building on the success of its European and Asian counterparts, also created new opportunities for growth. In the digital asset sector, our Fund Partnership, Kernel, which manages a market neutral strategy and a quantitative/directional strategy, effectively capitalised on the recovery of the market. Additionally, SHK Latitude Alpha Fund, the global Fund of Hedge Funds ("FoHF") strategy managed by our inhouse team, began the year with a conservative risk exposure and delivered a strong performance despite market volatility, further validating its strategic approach to mitigating downside impact.

FOS, the multi-family office platform, made significant progress in expanding its client base and AUM during the year. Leveraging the Group's extensive networks and expertise, FOS offers unique access to alternative investments to family offices and UHNWIs with our mutual alignment of interest. By partnering with us as an extension of their investment team, clients gain the opportunity to diversify their portfolios and pursue attractive risk-adjusted returns, with the understanding that we typically invest alongside each other.

The strategic alliance with GAM established during the year has been successful as we continued to grow the GAM fund assets in Greater China. We also expanded our collaboration in the wealth management sector, allowing us to cross-sell alternatives and wealth services, between SHKCP and GAM clients, respectively. Additionally, we are actively deepening our partnership by identifying mutually beneficial areas to collaborate on and jointly develop. Alongside the distribution arrangements we entered into with other high-quality external funds, the strategic alliance with GAM will further diversify our product offerings and revenue streams.

To continue expanding our partner network globally, the SHK & Co. group has formed a strategic partnership with Wentworth, a leading Australian-focused real estate private equity firm, during the year. This collaboration aims to capitalise on the burgeoning opportunities in Australia's rapidly growing real estate private credit space, offering competitive risk-adjusted returns in an environment with increasing demand for capital and less competition from traditional banks. This partnership allows us to collaborate with a disciplined, institutional-grade platform to connect high-quality opportunities in the real estate sector with like-minded partners to sustainably drive growth.

As the vibrant Funds Management business continues to evolve, we reorganised the presentation of our business lines to better reflect our current structure and strategic focus. This adjustment was made to provide greater clarity and transparency to our investor community and clients, ensuring a more cohesive understanding of our services.

Funds Management Business Lines

FOS and SHKCP Funds[1]

SHK FAMILY OFFICE SOLUTIONS

- An alternatives investment platform for UHNW individuals and family offices with differentiated alternative investments solutions

SHK LATITUDE ALPHA

- Global Fund of Hedge Fund

MCIP MULTIPLE CAPITAL INVESTMENT PARTNERS

- APAC Real Estate Loan Strategy

Fund Partnerships

ACTUSRAY PARTNERS

- European, Asian, and Japan Discretionary Probabilistic Investing Equity Market Neutral Strategy

Kernel.

- Market Neutral Crypto Strategy

SCALAR

- Quantitative/Directional Crypto Strategy

E15VC

- Deep Technology Venture Strategy

POINT KING CAPITAL

- Consumer Early Stage/ Growth Strategy[2]

Strategic Alliances

GAM Investments

- High conviction equity, specialist fixed income, multi-asset, and alternatives

WENTWORTH[3] CAPITAL

- Real estate private equity and private credit in Australia

Distribution of External Funds

1 We integrated the SHKCP Private Access Fund strategy into FOS to provide clients with comprehensive and seamless services.

2 SHK & Co. owns a minority equity stake in Point King GP.

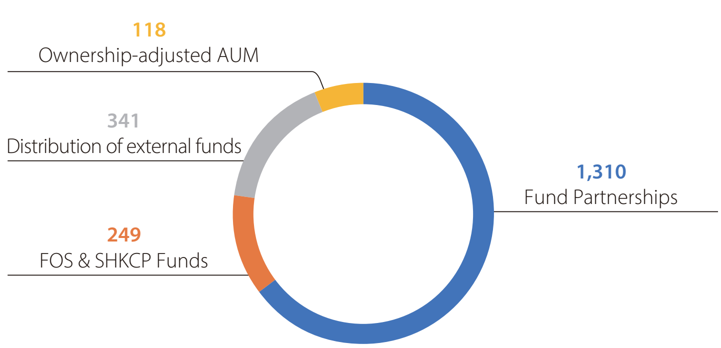
3 SHK & Co. subscribed for convertible notes which are convertible into a minority equity interest in Wentworth and Balance Sheet Trust. SHK & Co. also agreed to provide strategic services to Wentworth Capital Debt Pty Limited ("WCD") and to commit US$100 million to invest in WCD Funds.In consideration of the services, we will be entitled to a share of total revenue generated by all WCD Funds.

On the operational front, notable advances were made during the year to further build out the administrative depth and resilience of the platform. A key milestone was the implementation of a scalable and efficient Customer Relationship Management ("CRM") system to enhance communication with clients and prospects while streamlining relationship management. Additionally, we implemented a new strategic sales and marketing plan, supported by a roadmap designed to foster a coordinated approach to building thought leadership, solidifying client relationships, adding some key new hires and driving revenue growth. We also continued to develop and roll out policies and processes, further enhancing governance and client trust, while ensuring operational excellence.

AUM^ and Segment Full Year Results

In line with the continuous evolution of the business, we introduced two additional categories for calculating AUM (as defined): distribution of external funds and ownership-adjusted AUM. The distribution of external funds category includes assets under distribution by SHKCP for third-party managers, where we provide ongoing advice and services. This reflects our expanding role as a distributor and advisor in the broader asset and wealth management ecosystem. Ownership-adjusted AUM includes assets managed by our partners in which SHK & Co. holds or effectively holds equity stakes and adjusted by the level of ownership, highlighting our collaborative approach to growth and value creation. A detailed breakdown of AUM^ across these categories is provided to ensure a transparent and comprehensive view of our diversified asset base and the strategic initiatives driving the business forward.

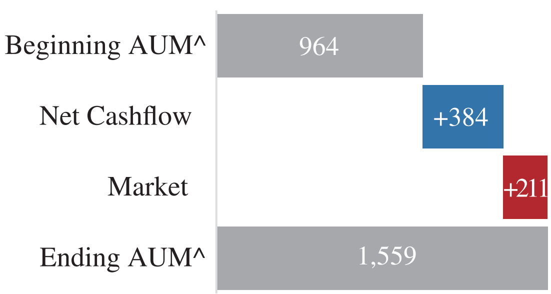
SHK & Co. Group's initiatives on asset management and wealth management activities – AUM^ Breakdown
(US$ million)



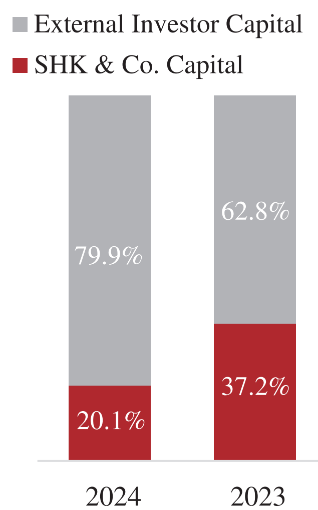
1. Fund Partnerships includes assets managed by ActusRayPartners, E15VC, Kernel and Scalar.
2. FOS & SHKCP Funds includes assets managed by SHK Latitude Alpha, MCIP and FOS.
3. Distribution of external funds includes assets under distribution and service by SHKCP, such as GAM and other external funds with whom SHKCP entered into distribution agreements.
4. Ownership-adjusted AUM includes assets managed by Wentworth and Point King Capital, adjusted by SHK & Co.'s ownership.

Total AUM (as defined) by the end of 2024 was US$2,018 million (2023: US$964 million). Excluding US$459 million in contributions from the newly added AUM categories, collective assets managed by our Fund Partnerships as well as FOS & SHKCP Funds, reached US$1,559 million (2023: US$964 million). This organic growth was driven by robust net cash inflows and favourable market performances across nearly all strategies. To ensure a clear and comparable understanding, the analysis of AUM^ movement and AUM^ composition for 2024 focuses solely on our Fund Partnerships and FOS & SHKCP Funds, providing a consistent basis for evaluation.

AUM^ Movement in 2024 – Fund Partnerships and FOS & SHKCP Funds (US$ million)



AUM^ Composition: SHK & Co. Capital vs. External Investor Capital – Fund Partnerships and FOS & SHKCP Funds



The composition of AUM (as defined) from Funds Partnerships and FOS & SHKCP Funds continued to shift during the year, as our balance sheet capital decreased to 20.1% in 2024 from 37.2% in 2023, while external investor capital increased to 79.9% in 2024 from 62.8% in 2023. This change reflects the market's recognition of our strategy and ability to build a robust, Hong Kong-based, alternative investment management platform, leveraging the Group's capital, expertise, and unique access to investment opportunities.

Segment Full Year Results

Fee income increased 55.6% YoY, driven by the notable expansion of AUM (as defined). Operating expenses increased 9.6% YoY, reflecting the continued investment in scaling our funds management platform. Other income of HK$23.6 million was mainly recognised from the partial repurchase of our seeding capital revenue share by ActusRayPartners. These factors collectively contributed to the pre-tax contribution of HK$49.0 million.

	Year ended 31 December		
(HK$ Million)	**2024**	2023	**Change**
Fee income	**56.5**	36.3	55.6%
Interest income	**1.0**	0.9	11.1%
Other income	**23.6**	15.7	50.3%
Total income	**81.1**	52.9	53.3%
Operating expenses	**(31.9)**	(29.1)	9.6%
Net gain/(loss) on financial assets[1]	**0.2**	(6.9)	N/A
Net exchange loss	**(0.4)**	(0.1)	300.0%
Pre-tax contribution	**49.0**	16.8	191.7%

1 Primarily mark-to-market changes in the carried interest distributions in kind received.

^ "AUM" refers to the total value of assets managed, advised, distributed or otherwise serviced, including:

1. Assets under management by SHKCP's Fund Partnerships, which are mainly established with early-stage alternative managers in flexible collaboration models depending on their go-to-market readiness;
2. Assets under management by SHKCP, including funds managed by SHKCP and Family Office Solutions, and assets under advisory and/or dealing arrangement by SHKCP;
3. Ownership-adjusted Assets under management by our strategic alliances, in which SHK & Co. has equity stakes; and
4. Assets under distribution by SHKCP for third party managers.

Our methodology for determining AUM reflects our different business lines and is based on our economic interests in the assets and/or the significance of our control. This differs from the methodology for calculating our AUM for regulatory filings.

OUTLOOK

As we enter 2025, the global economic landscape remains uncertain as expectations of further rate cuts fade and fears of reflation mount with the new U.S. administration. Persistently high interest rates are expected to weigh on asset values and exacerbate market volatility as we have seen over the past few years. Regionally, the headwinds facing Mainland China's economy are unlikely to ease in the near term, and will be further complicated by intensified geopolitical tensions. This slowdown is anticipated to spill over to Hong Kong despite an increasingly accommodative interest rate environment. Facing these uncertainties, we will remain vigilant and cautious with a clear focus on capital efficiency and prudent risk management, as we complete our strategic business transformation.

With deteriorating customer financial well-being, compressed net interest margins and intense competition, our Consumer Finance business will remain focused on expanding its service and product offerings to capture untapped opportunities and fortify its market-leading position. By continuing to invest in digitalisation, we will improve operational efficiency and enhance credit risk evaluations, ensuring the business is well positioned for sustainable growth in an evolving landscape.

While we do not anticipate an imminent turnaround in the Hong Kong property market, we will continue to actively manage our existing mortgage portfolio and maintain a conservative approach to originating new loans, prioritising healthy LTV ratios to mitigate risks. At the same time, we will develop our new mortgage servicing business to address the growing demand for loan servicing solutions, aiming to capture opportunities in this evolving segment while maintaining a prudent and risk-aware approach.

Our Investment Management business will continue to focus on prudent portfolio management. While the challenging macroeconomic backdrop presents headwinds, it is also creating numerous opportunities. We will continue pursuing opportunistic and selective investments globally, each structured to offer robust downside protection and deliver asymmetric risk-adjusted returns. Additionally, the Investment Management business will deepen its collaboration with the Funds Management team, creating access to exclusive investment opportunities and enabling clients to achieve attractive returns with strong alignment of interests.

We will continue to build out our Funds Management platform through new partnerships, increased investment in sales and marketing, and the expansion of our distribution network. We remain committed to providing support for our Fund Partnerships, equipping them with the foundation to reach their next phase of growth. By collaborating with strategic partners, including GAM, Wentworth, and others under consideration, we aim to further diversify our products and extend our global reach. Additionally, we will advance FOS, catering to a select group of third-party investors who align with our investment philosophy and horizon.

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 Credit, Investment Management and Funds Management businesses and while position the Group as a diversified alternatives investor

- 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

Core Principles

- 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 2024**	31 Dec 2023	**Change**
Capital Structure			
Equity attributable to owners of the Company	**21,147.5**	21,268.0	-0.6%
Total cash	**5,007.2**	6,692.7	-25.2%
Total borrowings[1]	**11,612.3**	14,905.1	-22.1%
Net debt[2]	**6,605.1**	8,212.4	-19.6%
Net debt to equity ratio	**31.2%**	38.6%	
Liquidity			
Interest cover[3]	**1.94**	1.08	79.6%
Return Ratios			
Return on assets[4]	**1.5%**	-0.5%	
Return on equity[5]	**1.8%**	-2.2%	
Key Performance Indicator			
Book value per share *(HK$)*	**10.8**	10.8	—
Dividend per share *(HK cents)*	**26**	26	—

1 Bank and other borrowings and notes payable
2 Total borrowing minus total cash
3 Earnings before interest and tax/interest expense
4 Profit/(loss) including non-controlling interests/average assets
5 Profit/(loss) attributable to owners of the Company/average equity attributable to owners of the Company

The Group's net gearing ratio decreased to 31.2% at the end of the year and has remained healthy. Interest cover for the year increased to 1.94, compared with 1.08 for 2023, mainly due to improved profitability.

As at 31 December 2024, total borrowings of the Group amounted to HK$11,612.3 million (31 December 2023: HK$14,905.1 million). Of this amount, 59.2% was repayable within one year (31 December 2023: 56.1%). The Group maintained a balanced mix of funding from various sources. Bank and other borrowings accounted for 73.6% of total debt (31 December 2023: 60.7%) 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 improved by 2.0 percentage points to 1.5% as at 31 December 2024 (31 December 2023: -0.5%). Return on equity improved by 4.0 percentage points to 1.8% as at 31 December 2024 (31 December 2023: -2.2%), mainly due to the turnaround from a loss position. The Group's total cash as at 31 December 2024 decreased to HK$5,007.2 million compared to HK$6,692.7 million as at 31 December 2023, mainly due to the net cash outflow from financing activities. The 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 of 31 December 2024, the following notes were outstanding:

Note	**Maturity Date**	**HK$ Equivalent** *(In Million)*	**% Total**
5.00% US$ notes[1]	9/2026	2,965.4	96.7%
Asset backed notes	6/2025	100.3	3.3%
Total		3,065.7	100.0%

1 Listed on The Stock Exchange of Hong Kong Limited

During 2024, the Group repurchased an aggregate principal amount of US$28.0 million of 5.75% Notes matured in November 2024 and US$9.9 million of 5.00% Notes maturing in September 2026. The repurchased Notes were cancelled respectively. On 15 November 2024, the Group fully redeemed the outstanding 5.75% Notes due in November 2024 upon their maturity at their principal amount of US$277.0 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. Part of the non-US or non-HK dollar investment assets 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 2024.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

In February 2024, Colony SHK Gen Par S.à r.l. (the "General Partner") was established in Luxembourg as a joint venture between a subsidiary of the Group and Colony Investment Management SAS and was owned as to 50% and 50% by each of them respectively. Furthermore, a partnership (the "Partnership") was also established as a joint venture between the subsidiary of the Group, Colony Invest Platform I SCSP and the General Partner, of which an almost total stake was owned by the subsidiary of the Group. The Partnership is managed by the General Partner to carry on the business of holding, monitoring and realising qualifying investments. As at 31 December 2024, the Group committed EUR75.7 million and injected approximately EUR49.6 million into the Partnership. The Partnership has executed a commitment to subscribe for preferred equity shares in a vehicle which in turn invests in preferred equity shares in one of Europe's largest hotel owners.

Important Events After the End of the Financial Period

Subsequent to 31 December 2024, the Company has entered into below transactions:

1. On 21 January 2025, the Company entered into binding Heads of Agreement, pursuant to which the Company agreed to commit US$100 million of capital to invest in WCD Funds and AU$25 million to the Wentworth GP Trust as an anchor investment, which will be invested across the investment strategies of Wentworth, provision of strategic services and working capital loan facility for an amount of up to AU$6 million to WCD. Further details of this transaction are set out in the Company's announcement dated 21 January 2025.

2. On 20 February 2025, the Company entered into a binding term sheet pursuant to which the Company agreed to subscribe US$30 million of senior convertible bonds to be issued by Pantheon Resources plc due March 2028. Further details of this transaction are set out in the Company's announcement dated 20 February 2025.

Charges on Group Assets

Properties of the Group with a total book value of HK$741.0 million were pledged by subsidiaries to banks for facilities granted to them as at 31 December 2024. No secured loans was drawn down as at 31 December 2024.

As at 31 December 2024, HK$156.3 million (2023: HK$732.0 million) of mortgage loans receivable were pledged for a securitisation financing transaction.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2024.

PEOPLE & CULTURE

As at 31 December 2024, the Group's total staff numbered 978 (31 December 2023: 1,087). Out of this, 71 (31 December 2023: 77) are corporate and investment staff and the remainder are within the main subsidiaries UAF and SHK Credit. The net decrease in staff numbers was mainly a result of the scaling down of UAF's unsecured loan business in Mainland China while focusing on secured lending in the market. Total staff costs amounted to HK$593.2 million (2023: HK$625.8 million), reflecting a decrease in salary expenses as a result of the reduced number of staff.

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 our pioneering 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 1,077,000 shares were granted to the Selected Grantees during the year subject to various terms. A total of 1,242,000 shares were vested in 2024. As at 31 December 2024, the outstanding award shares under the EOS (excluding shares awarded but subsequently forfeited) amounted to 2,359,000 shares.

The Group values its people as our greatest asset. We believe that a competent and motivated workforce, able to work in comfortable 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 has implemented several key initiatives to strengthen our employee value proposition:

Employee Wellbeing and Work-Life Balance:

- Comprehensive health, wellness, and insurance benefits to support the physical and mental wellbeing of our employees

- Flexible work arrangements, including remote and hybrid work options, to promote work-life harmony

Competitive Compensation and Career Growth:

- Offering market-competitive salaries, bonuses, and equity opportunities to attract and retain top talent

- Providing career development paths and training programs to empower employees to grow within the organisation

Inclusive and Engaging Work Culture:

- Fostering a collaborative, diverse, and inclusive work environment that celebrates employee differences and promotes a strong sense of belonging

- Regularly seeking employee feedback through engagement surveys and acting on insights to continuously improve the work experience

Learning and Development:

- Investing in in-person training and online learning platforms to upskill employees and support their professional development

- Identifying key talents and sponsoring them for specialised development courses.

Through these comprehensive initiatives, the Group aims to position ourselves as an employer of choice, where talented individuals can thrive, grow, and contribute to the sustainable success of our business.

SECOND INTERIM DIVIDEND

The Board has declared a second interim dividend of HK14 cents (2023: second interim dividend of HK14 cents) per share for the year ended 31 December 2024 to shareholders of the Company whose names appear on the register of members of the Company on 9 May 2025, making a total dividend for the year 2024 of HK26 cents (2023: HK26 cents) per share. Dividend warrants for the second interim dividend are expected to be despatched on 23 May 2025.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "2025 AGM") is scheduled to be held on Tuesday, 27 May 2025. The Notice of the 2025 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 2025.

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:	7 May 2025-9 May 2025 (both days inclusive) (Ex-dividend date being 2 May 2025) (Record date being 9 May 2025)
For attendance to 2025 AGM:	22 May 2025-27 May 2025 (both days inclusive) (Record date being 27 May 2025)

In order to qualify for entitlement to the second interim dividend and/or attendance to the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services 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:	6 May 2025
For attendance to 2025 AGM:	21 May 2025

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2024, 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 C1 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 Deputy Chief Executive Officer, Mr. Antony James Edwards ("Mr. Antony Edwards") and the Group Chief Financial Officer, Mr. Brendan James McGraw ("Mr. Brendan McGraw"). 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 Chief Executive Officer. Mr. Antony Edwards assists the Group Executive Chairman on the strategic development of the Group and providing management oversight support to Funds Management business, whilst Mr. Brendan McGraw assists the Group Executive Chairman to oversee the Group's financial, treasury and risk management functions.

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 2023. 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 28 May 2024 (the "AGM") due to other important business engagement. However, Mr. Alan Stephen Jones, an Independent Non-Executive Director, 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 2024 annual report which will be issued before end of April 2025.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

(1) Repurchase of Shares

During the year ended 31 December 2024, the Company repurchased a total of 210,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$530,800. All the repurchased shares were subsequently cancelled.

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price per Share Highest (HK$)	Purchase price per Share Lowest (HK$)	Aggregate consideration (before expenses) (HK$)
January	—	—	—	—
February	—	—	—	—
March	10,000	2.36	2.35	23,550
April	—	—	—	—
May	—	—	—	—
June	—	—	—	—
July	100,000	2.49	2.48	248,880
August	—	—	—	—
September	55,000	2.45	2.43	134,240
October	45,000	2.80	2.71	124,130
November	—	—	—	—
December	—	—	—	—
	210,000			530,800

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

2024 Notes

During the year ended 31 December 2024, the Group has repurchased an aggregate principal amount of US$27,951,000 of the US$350,000,000 5.75% Guaranteed Notes due November 2024 ("2024 Notes") issued by SHK BVI under the US$3,000,000,000 Guaranteed Medium Term Note Programme ("MTN Programme") and were listed on the Stock Exchange (stock code: 40065). The repurchased 2024 Notes were cancelled respectively. On 15 November 2024, the Group has fully redeemed the outstanding 2024 Notes (of which US$276,964,000 were outstanding) upon its maturity at its principal amount together with interests. The redeemed 2024 Notes were cancelled subsequently and the 2024 Notes were delisted from the Stock Exchange on 15 November 2024.

2026 Notes

During the year ended 31 December 2024, the Group has repurchased an aggregate principal amount of US$9,926,000 of the US$450,000,000 5.00% Guaranteed Notes due September 2026 (the "2026 Notes") issued under the MTN Programme and listed on the Stock Exchange (stock code: 40831). All the repurchased 2026 Notes were cancelled.

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 2024.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management of the Company the Group's financial statements for the year ended 31 December 2024, 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 financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 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 audited consolidated financial statements of the Group for the year as approved by the Board on 20 March 2025. The work performed by Deloitte in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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, 20 March 2025

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

Executive Directors:
Messrs. Lee Seng Huang *(Group Executive Chairman)* and Brendan James McGraw

Non-Executive Directors:
Messrs. Simon Chow Wing Charn and 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