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**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The Board of Directors (the “Board” or the “Directors”) of Sun Hung Kai & Co. Limited (the “Company” or “SHK & Co.”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 as set out below:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Notes	Six months ended	
		30/6/2024 Unaudited HK\$ Million	30/6/2023 Unaudited HK\$ Million
Interest income		1,817.7	1,890.0
Other revenue	4	98.1	78.3
Other gains	5	23.4	46.5
Total income		1,939.2	2,014.8
Brokerage and commission expenses		(52.0)	(75.0)
Advertising and promotion expenses		(75.4)	(70.3)
Direct costs and operating expenses		(40.0)	(37.5)
Administrative expenses		(511.6)	(503.7)
Net profit (loss) on financial assets and liabilities at fair value through profit or loss		12.3	(416.5)
Net exchange loss		(13.7)	(36.0)
Net impairment losses on financial assets	6	(427.8)	(310.8)
Finance costs		(492.8)	(486.3)
Other losses		(55.1)	(24.0)
		283.1	54.7
Share of results of associates		(1.5)	(8.0)
Share of results of joint ventures		25.8	(10.2)

		<b>Six months ended</b>	
		<b>30/6/2024</b>	30/6/2023
		<b>Unaudited</b>	Unaudited
	<i>Notes</i>	<b>HK\$ Million</b>	<i>HK\$ Million</i>
Profit before taxation	7	<b>307.4</b>	36.5
Taxation	8	<b>(122.9)</b>	(167.3)
Profit (loss) for the period		<b><u>184.5</u></b>	<u>(130.8)</u>
Profit (loss) attributable to:			
– Owners of the Company		<b>75.4</b>	(287.5)
– Non-controlling interests		<b>109.1</b>	156.7
		<b><u>184.5</u></b>	<u>(130.8)</u>
Earnings (loss) per share	10		
– Basic (HK cents)		<b><u>3.9</u></b>	<u>(14.7)</u>
– Diluted (HK cents)		<b><u>3.9</u></b>	<u>(14.7)</u>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<b>Six months ended</b>	
	<b>30/6/2024</b>	<b>30/6/2023</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b><i>HK\$ Million</i></b>	<b><i>HK\$ Million</i></b>
<b>Profit (loss) for the period</b>	<b><u>184.5</u></b>	<b><u>(130.8)</u></b>
<b>Other comprehensive (expenses) income:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Fair value loss on investments in equity instruments at fair value through other comprehensive income, net of tax	(7.0)	(17.5)
Revaluation gain on properties	<u>2.8</u>	<u>19.1</u>
	(4.2)	1.6
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences arising on translating foreign operations	(30.2)	(177.9)
Share of other comprehensive (expenses) income of associates	(3.9)	4.9
Share of other comprehensive expenses of joint ventures	<u>–</u>	<u>(5.5)</u>
	<b><u>(34.1)</u></b>	<b><u>(178.5)</u></b>
Other comprehensive expenses for the period	<b><u>(38.3)</u></b>	<b><u>(176.9)</u></b>
Total comprehensive income (expenses) for the period	<b><u><u>146.2</u></u></b>	<b><u><u>(307.7)</u></u></b>
Total comprehensive income (expenses) attributable to:		
– Owners of the Company	49.5	(411.0)
– Non-controlling interests	<u>96.7</u>	<u>103.3</u>
	<b><u><u>146.2</u></u></b>	<b><u><u>(307.7)</u></u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30/6/2024	31/12/2023
		Unaudited	Audited
	<i>Notes</i>	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Non-current Assets</b>			
Investment properties		1,233.4	1,197.7
Property and equipment		342.5	402.1
Right-of-use assets		296.4	272.8
Intangible assets		911.1	910.8
Goodwill		2,384.0	2,384.0
Interest in associates		211.0	216.4
Interest in joint ventures		211.4	4.7
Financial assets at fair value through other comprehensive income		201.5	192.3
Financial assets at fair value through profit or loss		8,765.3	9,470.9
Deferred tax assets		293.4	337.6
Amounts due from associates		203.4	64.9
Loans and advances to consumer finance customers	11	3,647.5	3,709.0
Mortgage loans	12	591.2	758.1
Term loans	13	40.7	40.0
Prepayments, deposits and other receivables	14	36.7	29.9
		19,369.5	19,991.2
<b>Current Assets</b>			
Financial assets at fair value through profit or loss		3,993.6	4,363.8
Taxation recoverable		15.7	17.2
Amounts due from associates		17.5	153.2
Loans and advances to consumer finance customers	11	6,698.9	6,918.2
Mortgage loans	12	1,573.7	1,710.6
Term loans	13	160.9	167.9
Prepayments, deposits and other receivables	14	149.2	280.7
Amounts due from brokers		844.8	574.0
Bank deposits		1,253.9	230.6
Cash and cash equivalents		5,428.0	6,462.1
		20,136.2	20,878.3

		<b>30/6/2024</b>	31/12/2023
		<b>Unaudited</b>	Audited
	<i>Note</i>	<b>HK\$ Million</b>	<i>HK\$ Million</i>
<b>Current Liabilities</b>			
Financial liabilities at fair value through profit or loss		<b>293.4</b>	256.0
Bank and other borrowings		<b>6,171.0</b>	5,495.4
Creditors and accruals	15	<b>351.9</b>	467.4
Amounts due to brokers		<b>83.5</b>	77.4
Amount due to a holding company		<b>1.6</b>	1.8
Provisions		<b>59.7</b>	52.0
Taxation payable		<b>142.7</b>	125.4
Other liabilities		<b>33.6</b>	27.0
Lease liabilities		<b>111.3</b>	84.2
Notes payable		<b>2,617.2</b>	2,859.8
		<u><b>9,865.9</b></u>	<u>9,446.4</u>
<b>Net Current Assets</b>		<u><b>10,270.3</b></u>	<u>11,431.9</u>
<b>Total Assets less Current Liabilities</b>		<u><b>29,639.8</b></u>	<u>31,423.1</u>
<b>Capital and Reserves</b>			
Share capital		<b>8,752.3</b>	8,752.3
Reserves		<b>12,289.4</b>	12,515.7
Equity attributable to owners of the Company		<b>21,041.7</b>	21,268.0
Non-controlling interests		<b>3,223.0</b>	3,127.6
Total Equity		<u><b>24,264.7</b></u>	<u>24,395.6</u>
<b>Non-current Liabilities</b>			
Financial liabilities at fair value through profit or loss		<b>109.4</b>	111.6
Deferred tax liabilities		<b>137.9</b>	138.1
Bank and other borrowings		<b>1,922.0</b>	3,546.5
Provisions		<b>1.4</b>	1.4
Other liabilities		<b>40.5</b>	36.9
Lease liabilities		<b>186.8</b>	189.6
Notes payable		<b>2,977.1</b>	3,003.4
		<u><b>5,375.1</b></u>	<u>7,027.5</u>
		<u><b>29,639.8</b></u>	<u>31,423.1</u>

*Notes:*

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

The financial information relating to the financial year ended 31 December 2023 included in this announcement of interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 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. The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

## Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual periods beginning or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements.

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 in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

### **Impacts on application of Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")**

#### ***Transition and summary of impact***

#### ***Borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date***

The Group's right to defer settlement for borrowings of HK\$3,413.1 million, HK\$2,201.4 million, HK\$3,484.4 million and HK\$1,859.9 million as at 1 January 2023, 30 June 2023, 31 December 2023 and 30 June 2024, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

The change in accounting policy does not have impact to the Group's profit or loss or loss/earnings per share for the six months ended 30 June 2023 and 30 June 2024.

### 3. SEGMENT INFORMATION

The following is an analysis of the segment revenue and segment profit or loss:

	Six months ended 30 June 2024						Group Management and Support	Total
	Credit Business							
<i>(HK\$ Million)</i>	Consumer Finance	Private Credit	Mortgage Loans	Investment Management	Funds Management	Group Management and Support	Total	
Segment revenue	1,567.7	-	124.2	115.8	17.7	122.3	1,947.7	
Less: inter-segment revenue	-	-	-	-	-	(31.9)	(31.9)	
Segment revenue from external customers	<u>1,567.7</u>	<u>-</u>	<u>124.2</u>	<u>115.8</u>	<u>17.7</u>	<u>90.4</u>	<u>1,915.8</u>	
Segment profit or loss	400.3	-	25.0	(382.7)	1.3	239.2	283.1	
Share of results of associates	-	-	-	(1.5)	-	-	(1.5)	
Share of results of joint ventures	-	-	-	25.8	-	-	25.8	
Profit (loss) before taxation	<u>400.3</u>	<u>-</u>	<u>25.0</u>	<u>(358.4)</u>	<u>1.3</u>	<u>239.2</u>	<u>307.4</u>	
Included in segment profit or loss:								
Interest income	1,526.0	-	124.2	67.5	0.6	99.4	1,817.7	
Other gains	4.1	-	-	0.3	-	19.0	23.4	
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	1.2	-	-	(12.3)	(0.7)	24.1	12.3	
Net exchange loss	(2.1)	-	-	(6.9)	-	(4.7)	(13.7)	
Net (recognition) reversal of impairment losses on financial assets	(386.3)	-	(33.8)	(8.1)	-	0.4	(427.8)	
Other losses	(16.0)	-	-	(38.7)	-	(0.4)	(55.1)	
Amortisation and depreciation	<u>(56.9)</u>	<u>-</u>	<u>(2.2)</u>	<u>(0.4)</u>	<u>(0.2)</u>	<u>(26.6)</u>	<u>(86.3)</u>	
Finance costs	(262.2)	-	(40.1)	(10.5)	-	(199.2)	(512.0)	
Less: inter-segment finance costs	-	-	11.0	8.2	-	-	19.2	
Finance costs to external suppliers	<u>(262.2)</u>	<u>-</u>	<u>(29.1)</u>	<u>(2.3)</u>	<u>-</u>	<u>(199.2)</u>	<u>(492.8)</u>	
Cost of capital (charges) income *	<u>-</u>	<u>-</u>	<u>-</u>	<u>(348.7)</u>	<u>-</u>	<u>348.7</u>	<u>-</u>	



## Six months ended 30 June 2023

(HK\$ Million)	Credit Business						Group Management and Support	Total
	Consumer Finance	Private Credit**	Mortgage Loans	Investment Management**	Funds Management			
Segment revenue	1,628.6	–	146.2	94.3	14.0	131.0	2,014.1	
Less: inter-segment revenue	–	–	–	–	–	(45.8)	(45.8)	
Segment revenue from external customers	<u>1,628.6</u>	<u>–</u>	<u>146.2</u>	<u>94.3</u>	<u>14.0</u>	<u>85.2</u>	<u>1,968.3</u>	
Segment profit or loss	553.8	–	71.6	(853.4)	16.3	266.4	54.7	
Share of results of associates	–	–	–	(8.0)	–	–	(8.0)	
Share of results of joint ventures	–	(10.2)	–	–	–	–	(10.2)	
Profit (loss) before taxation	<u>553.8</u>	<u>(10.2)</u>	<u>71.6</u>	<u>(861.4)</u>	<u>16.3</u>	<u>266.4</u>	<u>36.5</u>	
Included in segment profit or loss:								
Interest income	1,605.6	–	146.2	45.6	0.2	92.4	1,890.0	
Other gains	5.3	–	–	2.8	15.7	22.7	46.5	
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	–	–	–	(420.7)	(0.8)	5.0	(416.5)	
Net exchange (loss) gain	(12.3)	–	–	3.0	(0.1)	(26.6)	(36.0)	
Net (recognition) reversal of impairment losses on financial assets	(293.6)	–	7.7	(24.8)	–	(0.1)	(310.8)	
Other losses	(1.5)	–	–	(22.5)	–	–	(24.0)	
Amortisation and depreciation	<u>(69.9)</u>	<u>–</u>	<u>(2.9)</u>	<u>(0.1)</u>	<u>(0.2)</u>	<u>(26.5)</u>	<u>(99.6)</u>	
Finance costs	(238.2)	–	(51.8)	(14.9)	–	(212.3)	(517.2)	
Less: inter-segment finance costs	–	–	18.4	12.5	–	–	30.9	
Finance costs to external suppliers	<u>(238.2)</u>	<u>–</u>	<u>(33.4)</u>	<u>(2.4)</u>	<u>–</u>	<u>(212.3)</u>	<u>(486.3)</u>	
Cost of capital (charges) income *	<u>–</u>	<u>–</u>	<u>–</u>	<u>(367.5)</u>	<u>–</u>	<u>367.5</u>	<u>–</u>	

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

\*\* The comparative figures for Private Credit and Investment Management segments were re-presented to align with the changes to segment reporting adopted in 2023 annual report.

The geographical information of revenue is disclosed as follows:

	<b>Six months ended</b>	
	<b>30/6/2024</b>	<b>30/6/2023</b>
	<b><i>HK\$ Million</i></b>	<b><i>HK\$ Million</i></b>
Revenue from external customers by location of operations		
– Hong Kong	<b>1,726.2</b>	1,682.4
– People’s Republic of China (“PRC”)	<b>189.6</b>	285.9
	<b><u>1,915.8</u></b>	<u>1,968.3</u>

#### 4. OTHER REVENUE

	<b>Six months ended</b>	
	<b>30/6/2024</b>	<b>30/6/2023</b>
	<b><i>HK\$ Million</i></b>	<b><i>HK\$ Million</i></b>
Service and commission income	<b>40.2</b>	20.1
Dividends from listed investments	<b>30.1</b>	30.8
Dividends from unlisted investments	<b>8.2</b>	8.7
Gross rental income from investment properties	<b>11.0</b>	12.1
Management fee income	<b>2.4</b>	3.1
Revenue sharing from funds	<b>6.2</b>	3.5
	<b><u>98.1</u></b>	<u>78.3</u>

#### 5. OTHER GAINS

	<b>Six months ended</b>	
	<b>30/6/2024</b>	<b>30/6/2023</b>
	<b><i>HK\$ Million</i></b>	<b><i>HK\$ Million</i></b>
Gain on repurchase of notes	<b>3.2</b>	21.2
Income from assignment of revenue sharing rights	–	15.7
Gain on disposal of property and equipment	–	2.0
Miscellaneous income	<b>20.2</b>	7.6
	<b><u>23.4</u></b>	<u>46.5</u>

## 6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	<b>Six months ended</b>	
	<b>30/6/2024</b>	30/6/2023
	<b>HK\$ Million</b>	<i>HK\$ Million</i>
Loans and advances to consumer finance customers		
– Net impairment losses	<b>(489.5)</b>	(417.5)
– Recoveries of amounts previously written off	<b>103.9</b>	123.3
	<b>(385.6)</b>	(294.2)
Mortgage loans		
– Net (recognition) reversal of impairment losses	<b>(33.8)</b>	7.7
	<b>(33.8)</b>	7.7
Term loans		
– Net impairment losses	<b>(5.6)</b>	(24.4)
	<b>(5.6)</b>	(24.4)
Amounts due from associates		
– Net impairment losses	<b>(2.1)</b>	(0.5)
	<b>(2.1)</b>	(0.5)
Deposits and other receivables		
– Net (recognition) reversal of impairment losses	<b>(0.7)</b>	0.6
	<b>(0.7)</b>	0.6
	<b>(427.8)</b>	(310.8)

## 7. PROFIT BEFORE TAXATION

	Six months ended	
	30/6/2024	30/6/2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Profit before taxation has been arrived at after charging:		
Depreciation of property and equipment	(20.8)	(29.1)
Depreciation of right-of-use assets	(62.8)	(68.0)
Amortisation of intangible assets		
– Computer software (included in administrative expenses)	(2.7)	(2.5)
Payments for short-term leases and leases of low-value assets	(0.9)	(0.7)
Interest on bank borrowings, notes payable and financial assets sold under repurchase agreements	(484.6)	(479.6)
Decrease in fair value of investment properties	(48.1)	(23.4)
Interest on lease liabilities	(8.2)	(6.7)
	<u>(628.1)</u>	<u>(610.0)</u>

## 8. TAXATION

	Six months ended	
	30/6/2024	30/6/2023
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Current tax		
– Hong Kong	78.9	97.2
– PRC	2.2	1.8
	<u>81.1</u>	<u>99.0</u>
Deferred tax	41.8	68.3
	<u>122.9</u>	<u>167.3</u>

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong for the current and prior periods. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2023: 25%).

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

## 9. DIVIDENDS

	<b>Six months ended</b>	
	<b>30/6/2024</b>	<b>30/6/2023</b>
	<b><i>HK\$ Million</i></b>	<b><i>HK\$ Million</i></b>
Dividends recognised as distribution during the period		
– 2023 second interim dividend of HK14 cents per share (2023: 2022 second interim dividend of HK14 cents per share)	<u>275.1</u>	<u>275.4</u>
	<u><b>275.1</b></u>	<u><b>275.4</b></u>

Subsequent to the end of the interim reporting period, the Board has declared an interim dividend of HK12 cents per share amounting to HK\$235.8 million (2023: interim dividend of HK12 cents per share amounting to HK\$236.0 million).

## 10. 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:

	<b>Six months ended</b>	
	<b>30/6/2024</b>	<b>30/6/2023</b>
	<b><i>HK\$ Million</i></b>	<b><i>HK\$ Million</i></b>
Profit (loss) for the purposes of basic and diluted earnings (loss) per share	<u>75.4</u>	<u>(287.5)</u>
<b>Number of shares (in million)</b>		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	1,957.2	1,958.3
Effect of dilutive potential ordinary shares:		
– Adjustments on SHK Employee Ownership Scheme	<u>0.6</u>	<u>1.5</u>
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	<u><b>1,957.8</b></u>	<u><b>1,959.8</b></u>

## 11. LOANS AND ADVANCES TO CONSUMER FINANCE CUSTOMERS

	<b>30/6/2024</b> <i>HK\$ Million</i>	31/12/2023 <i>HK\$ Million</i>
Loans and advances to consumer finance customers		
– Hong Kong	<b>8,991.9</b>	9,123.7
– PRC	<b>1,928.5</b>	2,073.3
	<b>10,920.4</b>	11,197.0
Less: impairment allowance	<b>(574.0)</b>	(569.8)
	<b>10,346.4</b>	10,627.2
Analysed for reporting purposes as:		
– Non-current assets	<b>3,647.5</b>	3,709.0
– Current assets	<b>6,698.9</b>	6,918.2
	<b>10,346.4</b>	10,627.2

The following is an ageing analysis for the loans and advances to consumer finance customers that are past due at the reporting date:

	<b>30/6/2024</b> <i>HK\$ Million</i>	31/12/2023 <i>HK\$ Million</i>
Less than 31 days past due	<b>590.1</b>	707.9
31 – 60 days	<b>214.1</b>	159.1
61 – 90 days	<b>50.4</b>	22.2
91 – 180 days	<b>14.7</b>	58.6
Over 180 days	<b>70.5</b>	61.6
	<b>939.8</b>	1,009.4

## 12. MORTGAGE LOANS

	<b>30/6/2024</b> <i>HK\$ Million</i>	31/12/2023 <i>HK\$ Million</i>
Mortgage loans		
– Hong Kong	<b>2,299.3</b>	2,569.1
Less: impairment allowance	<u>(134.4)</u>	<u>(100.4)</u>
	<b><u>2,164.9</u></b>	<b><u>2,468.7</u></b>
Analysed for reporting purposes as:		
– Non-current assets	<b>591.2</b>	758.1
– Current assets	<u>1,573.7</u>	<u>1,710.6</u>
	<b><u>2,164.9</u></b>	<b><u>2,468.7</u></b>

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

	<b>30/6/2024</b> <i>HK\$ Million</i>	31/12/2023 <i>HK\$ Million</i>
Less than 31 days past due	<b>102.9</b>	101.1
31 – 60 days	<b>119.5</b>	8.9
61 – 90 days	<b>140.6</b>	7.0
91 – 180 days	<b>146.3</b>	381.4
Over 180 days	<u>370.9</u>	<u>114.6</u>
	<b><u>880.2</u></b>	<b><u>613.0</u></b>

As of 30 June 2024, HK\$482.5 million (2023: HK\$732.0 million) of mortgage loan receivables were pledged for a securitization financing transaction.

### 13. TERM LOANS

	<b>30/6/2024</b> <b>HK\$ Million</b>	31/12/2023 <i>HK\$ Million</i>
Secured term loans	<b>609.3</b>	671.4
Unsecured term loans	<b>73.1</b>	60.1
	<b>682.4</b>	731.5
Less: impairment allowance	<b>(480.8)</b>	(523.6)
	<b>201.6</b>	207.9
Analysed for reporting purposes as:		
– Non-current assets	<b>40.7</b>	40.0
– Current assets	<b>160.9</b>	167.9
	<b>201.6</b>	207.9

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



## 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30/6/2024</b> <i>HK\$ Million</i>	31/12/2023 <i>HK\$ Million</i>
Deposits	<b>58.9</b>	62.7
Other receivables	<b>79.6</b>	118.7
Less: impairment allowance	<b>(1.0)</b>	(0.3)
	<hr/>	<hr/>
Deposits and other receivables at amortised cost	<b>137.5</b>	181.1
Prepayments	<b>48.4</b>	129.5
	<hr/>	<hr/>
	<b>185.9</b>	310.6
	<hr/> <hr/>	<hr/> <hr/>
Analysed for reporting purposes as:		
– Non-current assets	<b>36.7</b>	29.9
– Current assets	<b>149.2</b>	280.7
	<hr/>	<hr/>
	<b>185.9</b>	310.6
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>30/6/2024</b> <i>HK\$ Million</i>	31/12/2023 <i>HK\$ Million</i>
Less than 31 days	<b>78.6</b>	40.2
Deposits and other receivables without ageing	<b>58.9</b>	140.9
	<hr/>	<hr/>
Deposits and other receivables at amortised cost	<b>137.5</b>	181.1
	<hr/> <hr/>	<hr/> <hr/>

## 15. 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:

	<b>30/6/2024</b> <i>HK\$ Million</i>	31/12/2023 <i>HK\$ Million</i>
Less than 31 days/repayable on demand	<b>164.8</b>	145.5
31 – 60 days	<b>4.4</b>	5.1
61 – 90 days	<b>6.2</b>	4.9
181 – 365 days	<u>–</u>	<u>0.4</u>
	<b>175.4</b>	155.9
Accrued staff costs, other accrued expenses and creditors without ageing	<u><b>176.5</b></u>	<u>311.5</u>
	<u><b>351.9</b></u>	<u>467.4</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

<i>(HK\$ Million)</i>	Six months ended		Change	Year ended
	Jun 2024	Jun 2023		Dec 2023
Revenue	<b>1,915.8</b>	1,968.3	-2.7%	3,916.6
Pre-tax profit	<b>307.4</b>	36.5	742.2%	76.6
Profit/(loss) attributable to owners of the Company	<b>75.4</b>	(287.5)	N/A	(471.4)
Basic earnings/(losses) per share <i>(HK cents)</i>	<b>3.9</b>	(14.7)	N/A	(24.1)
Interim dividend <i>(HK cents)</i>	<b>12.0</b>	12.0	–	14.0 <sup>^</sup>
Book value per share <i>(HK\$)</i>	<b>10.7</b>	11.0	-2.7%	10.8

<sup>^</sup> Second interim dividend

In the first half of 2024, persistent inflation in major developed economies, particularly the US continued to drive market volatility. The prolonged restrictive monetary policy as a result continued to constrain global economic growth and create financial dislocations. Regionally, the weaker-than-expected economic recovery post COVID in Greater China created headwinds for our Credit business. Amidst the volatile and uncertain business environment, we have maintained a conservative position throughout the period, and focused on managing our investment portfolio proactively. We continued to maintain a strong balance sheet with ample liquidity, which allowed us to capitalise on opportunities arising from market dislocations. The buildout of our Funds Management platform continued to progress well, assisting the Group's transformation into a leading alternative investment platform.

Profit attributable to the owners of the Company was HK\$75.4 million, a turnaround from a loss of HK\$287.5 million for the same period last year. Basic earnings per share was HK3.9 cents (first half of 2023: loss of HK14.7 cents), mainly attributed to the stabilisation of our investment asset values as we have been actively reweighting our portfolio and managing market exposure since 2022.

The Board has declared an interim dividend of HK12 cents per share for the six months ended 30 June 2024, which remains unchanged from the first half of 2023. During the period, the Company repurchased 10,000 shares (first half of 2023: 770,000 shares) for a total net consideration of HK\$23,550 (first half of 2023: HK\$2.3 million). In addition, the Company repurchased medium-term notes (“MTN”) totalling US\$27.8 million during the period (first half of 2023: US\$28.1 million), making the total MTN repurchase since 2022 amount to US\$147.1 million, reflecting our focus on capital efficiency.

As of 30 June 2024, the Group’s book value per share was HK\$10.7, a decrease of 0.9% from the end of 2023 (HK\$10.8) and 2.7% from 30 June 2023 (HK\$11.0).

## **RESULTS ANALYSIS**

The Group’s revenue in the first half of 2024 was HK\$1,915.8 million (first half of 2023: HK\$1,968.3 million), which mainly consisted of interest income of HK\$1,650.2 million from the Credit business.

The Credit business contributed a pre-tax profit of HK\$425.3 million for the period (first half of 2023: HK\$615.2 million, re-presented as residual term loans from Private Credit were regrouped to Special Situations under Investment Management). The decrease mainly reflected the deterioration of the local economy which dampened loan demand and undermined customers’ credit profiles. The year-on-year increase in the Hong Kong Interbank Offered Rate (“HIBOR”) also eroded profitability due to higher funding costs.

Investment Management significantly narrowed its pre-tax loss to HK\$358.4 million (first half of 2023: HK\$861.4 million, re-presented as residual term loans from Private Credit were regrouped to Special Situations under Investment Management) after allocating an internal cost of capital charge of HK\$348.7 million. The improvement was predominantly driven by the performance across Private Equity, Hedge Funds and Corporate Holdings. Special Situations and Real Estate continued to record solid gains during the period.

Funds Management maintained its trend of profitability and delivered a pre-tax profit of HK\$1.3 million (first half of 2023: HK\$16.3 million). Excluding the one-off impact from the sale of revenue share rights in East Point in the first half of 2023, pre-tax contribution from Funds Management grew 116.7% year-on-year. Notably, the initiative recorded robust growth in the collective Asset Under Management (“AUM”) of its funds and that of its fund partners, to US\$1.2 billion, a new record since the launch of this platform in 2021. The growth in AUM was driven by a net cash inflow of over US\$130 million and market gains of about US\$100 million during the period, with good contributions from almost all strategies.

Pre-tax profit from Group Management Support (“GMS”) was HK\$239.2 million (first half of 2023: HK\$266.4 million). The year-on-year decrease was primarily attributed to the increased performance-related expenses in conjunction with the improved performance of the Group.

Operating costs decreased by 1.1% to HK\$679.0 million (first half of 2023: HK\$686.5 million), mainly reflecting our efforts in improving operational efficiency in Mainland China of the Consumer Finance segment associated with its strategic shift to secured loans.

## BUSINESS REVIEW

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

<i>(HK\$ Million)</i>	Pre-tax Contribution for the six-months ended			Segment Assets as at	
	Jun 2024	Jun 2023 <sup>^</sup>	Change	Jun 2024	Dec 2023
<b>CREDIT BUSINESS</b>					
Consumer Finance	400.3	553.8	-27.7%	17,598.0	18,062.9
Mortgage Loans	25.0	71.6	-65.1%	2,311.3	2,674.6
Private Credit	—	(10.2)	N/A	—	—
<b>Sub-total</b>	<b>425.3</b>	<b>615.2</b>	<b>-30.9%</b>	<b>19,909.3</b>	<b>20,737.5</b>
<b>INVESTMENT MANAGEMENT</b>	<b>(358.4)</b>	<b>(861.4)</b>	<b>-58.4%</b>	<b>15,528.3</b>	<b>16,257.4</b>
<b>FUNDS MANAGEMENT</b>	<b>1.3</b>	<b>16.3</b>	<b>-92.0%</b>	<b>21.6</b>	<b>24.9</b>
<b>GMS</b>	<b>239.2</b>	<b>266.4</b>	<b>-10.2%</b>	<b>4,046.5</b>	<b>3,849.7</b>
<b>Total</b>	<b>307.4</b>	<b>36.5</b>	<b>742.2%</b>	<b>39,505.7</b>	<b>40,869.5</b>

<sup>^</sup> Re-presented as term loans of Private Credit were regrouped to Special Situations under Investment Management

## CREDIT BUSINESS

The Group’s Credit business principally operates in the Greater China region, where it is subject to the impacts of local economic conditions, financing costs, and regulations.

## CONSUMER FINANCE

The Group's Consumer Finance business is conducted via its majority-owned subsidiary, United Asia Finance Limited ("UAF"), which operates under money lender licences 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 maintained its place as the top-ranking unsecured loan provider among non-bank lenders and a top-five ranking among all lenders, in terms of outstanding balance of unsecured lending in Hong Kong.

### Segment Half Year Results

<i>(HK\$ Million)</i>	For the period				
	1H 2024	1H 2023	2H 2023	YoY Change	HoH Change
<b>Revenue</b>	<b>1,567.7</b>	1,628.6	1,603.2	-3.7%	-2.2%
<i>Return on loan (% average gross loan balance)<sup>1</sup></i>	<b>28.3%</b>	28.5%	28.6%		
Operating costs	<b>(500.2)</b>	(532.9)	(543.1)	-6.1%	-7.9%
<i>Cost to income (% revenue)</i>	<b>31.9%</b>	32.7%	33.9%		
Finance costs	<b>(262.2)</b>	(238.2)	(266.5)	10.1%	-1.6%
Net impairment losses	<b>(386.3)</b>	(293.6)	(382.1)	31.6%	1.1%
Other gains	<b>5.3</b>	6.0	12.2	-11.7%	-56.6%
Other losses	<b>(21.9)</b>	(3.8)	(1.8)	476.3%	1,116.7%
Exchange loss	<b>(2.1)</b>	(12.3)	3.8	-82.9%	N/A
<b>Pre-tax contribution</b>	<b>400.3</b>	553.8	425.7	-27.7%	-6.0%
<b>Loan Book:</b>					
Net loan balance	<b>10,346.4</b>	10,635.0	10,627.2	-2.7%	-2.6%
Gross loan balance <sup>2</sup>	<b>10,920.4</b>	11,176.4	11,197.0	-2.3%	-2.5%

<sup>1</sup> Interest and fee income/average gross loan balances

<sup>2</sup> Before impairment allowance

Against the challenging economic backdrop in Hong Kong and Mainland China particularly since the second half of 2023, we have adopted a cautious stance tightening our loan origination criteria and focusing on improving operational efficiency. Total loan balance at the end of the period, on a net (after impairment allowance) and gross basis, stood at HK\$10,346.4 million and HK\$10,920.4 million, a decrease of 2.7% and 2.3% year-on-year, respectively. As a result, UAF recorded a revenue of HK\$1,567.7 million, decreasing 3.7% year-on-year. Operating costs decreased 6.1% year-on-year to HK\$500.2 million, due to the continued cost rationalisation measures in conjunction with our strategic shift from unsecured to secured lending in Mainland China.

Our finance costs, predominantly benchmarking against HIBOR, were HK\$262.2 million for the period, increasing 10.1% year-on-year but decreasing 1.6% compared to the second half of 2023 with HIBOR receding marginally. To mitigate liquidity risk, UAF has secured sufficient banking facilities in advance to finance future loan growth and refinance outstanding facilities. Net impairment losses were HK\$386.3 million, increasing 31.6% year-over-year and 1.1% sequentially, primarily due to the ongoing deterioration of economic conditions which eroded our customers' credit profiles and the prudent provisions we made in light of such business environment. Also included in other losses of HK\$21.9 million were predominantly losses from revaluation of office rental premises held in Mainland China.

Despite the challenges, UAF's pre-tax profit was HK\$400.3 million for the period.

## Net Impairment Losses on Financial Instruments

<i>(HK\$ Million)</i>	<b>1H 2024</b>	1H 2023	2H 2023
Amounts written off <sup>1</sup>	<b>(484.8)</b>	(478.1)	(466.5)
Recoveries <sup>2</sup>	<b>103.9</b>	123.3	111.9
Charge off	<b>(380.9)</b>	(354.8)	(354.6)
<i>as an annualised % of average gross loan balance</i>	<b>6.9%</b>	6.2%	6.3%
(Charge)/written back of impairment allowance <sup>3</sup>	<b>(5.4)</b>	61.2	(27.5)
<b>Net impairment losses</b>	<b>(386.3)</b>	(293.6)	(382.1)
<i>as an annualised % of average gross loan balance</i>	<b>7.0%</b>	5.1%	6.8%
Impairment allowance at period/year end <i>as a % of gross loan balance at period/ year end</i>	<b>5.3%</b>	4.8%	5.1%

<sup>1</sup> 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 is in bankruptcy proceedings

<sup>2</sup> Reflect recovery/repayment of loans which have previously been impaired and derecognised

<sup>3</sup> 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:	30 Jun 2024	Note	31 Dec 2023	Note
Less than 31	<b>590.1</b>	<b>5.7%</b>	707.9	6.7%
31-60	<b>214.1</b>	<b>2.1%</b>	159.1	1.5%
61-90	<b>50.4</b>	<b>0.5%</b>	22.2	0.2%
91-180	<b>14.7</b>	<b>0.1%</b>	58.6	0.5%
Over 180	<b>70.5</b>	<b>0.7%</b>	61.6	0.6%
<b>Total</b>	<b>939.8</b>	<b>9.1%</b>	1,009.4	9.5%

Note: amount as a percentage of net loan balance.



## Hong Kong Business

Key Operating Data	1H2024	1H2023	Full Year 2023
Number of branches ( <i>end of period/year</i> )	47	48	48
<b>Loan data:</b>			
Gross loan balance ( <i>HK\$ Million</i> ) ( <i>end of period/year</i> )	8,991.9	9,079.8	9,123.7
Loan originated for the period/year ( <i>HK\$ Million</i> )	6,673.8	5,981.5 <sup>1</sup>	12,345.3
Number of loans originated	132,407	113,326 <sup>1</sup>	202,244
Average gross balance per loan ( <i>HK\$</i> )	43,322	51,463	48,196
<b>Annualised Ratios:</b>			
Total return on loans <sup>2</sup>	30.4%	30.1%	30.4%
Charge-off ratio <sup>3</sup>	8.0%	5.2%	6.0%
Net impairment losses ratio <sup>4</sup>	8.6%	5.3%	6.5%
Impairment allowance ratio <sup>5</sup>	5.7%	4.9%	5.3%

<sup>1</sup> Credit card information is included for comparison purpose

<sup>2</sup> Interest and fee income/average gross loan balance

<sup>3</sup> Charge-off/average gross loan balance

<sup>4</sup> Net impairment losses/average gross loan balance

<sup>5</sup> Impairment allowance/gross loan balance at period/year end

During the period, demand for consumer finance and customers' affordability to meet repayment obligations were adversely affected by the weakened economy in Hong Kong, where changing consumption patterns posed challenges and bankruptcy applications hit a 2-year monthly high in May 2024. To mitigate credit risks, we have tightened our loan underwriting criteria and lowered loan approval rates. Our credit scoring system is continuously upgraded with the latest information technology tools and utilises the most recent databases to ensure efficiency and effectiveness.

Despite the challenges, the unemployment rate in Hong Kong has remained low, hovering steadily at 3.0% throughout the first half of 2024. Consequently, loan defaults due to unemployment remain under control. We have been managing loan charge-offs and associated impairment losses in light of the prevailing market conditions, aiming to strike a balance between business growth and risk.

Our new product, SIM credit card, which was commercially launched in November 2023, recorded an accumulative transaction volume of HK\$1.0 billion by the end of June 2024, with the outstanding loan balance increasing month by month. The product operates around the clock and generates business volume uninterruptedly, and has been well received by the market, particularly the younger cohorts. The SIM credit card plays a key role in rejuvenating our customer demographics and enhancing cross-selling potential for other personal loan products. New features are continuously added to the product, with several slated to roll out across the second half of 2024.

In addition to profit-driven innovations, UAF is also committed to ESG efforts. One of our key initiatives is the launch of an ESG Carbon Calculator on the SIM credit card app. This tool aims to promote customer awareness of environmental protection and encourage sustainable practices.

## Mainland China Business

<b>Key Operating Data</b>	<b>1H2024</b>	1H2023	Full Year 2023
Number of branches <i>(end of period/year)</i>	<b>16</b>	16	16
<b>Loan data:</b>			
Gross loan balance <i>(HK\$ Million)</i> <i>(end of period/year)</i>	<b>1,928.5</b>	2,096.6	2,073.3
Loan originated for the period/year <i>(HK\$ Million)</i>	<b>1,660.7</b>	1,136.5	2,702.2
Number of loans originated	<b>3,181</b>	10,182	15,365
Average gross balance per loan <i>(RMB)</i>	<b>185,247</b>	68,343	107,045
<b>Annualised Ratios:</b>			
Total return on loans <sup>1</sup>	<b>18.8%</b>	22.9%	20.7%
Charge-off ratio <sup>2</sup>	<b>1.8%</b>	9.9%	7.1%
Net impairment losses ratio <sup>3</sup>	<b>-0.4%</b>	4.5%	3.7%
Impairment allowance ratio <sup>4</sup>	<b>3.1%</b>	4.6%	4.0%

<sup>1</sup> Interest and fee income/average gross loan balance

<sup>2</sup> Charge-off/average gross loan balance

<sup>3</sup> Net impairment losses/average gross loan balance

<sup>4</sup> Impairment allowance/gross loan balance at period/year end

UAF continues to adopt a conservative approach in Mainland China, reducing our exposure to the market until there are clearer signs of improvement in the economic and business conditions. Currently, our primary focus is on secured loans with strong credit profiles, which well justify the lower returns and are crucial during uncertain times. Additionally, we continued to streamline costs to enhance operational efficiency and position UAF to generate positive contributions in the years to come. By maintaining a cautious stance and focusing on low-risk loan business, UAF aims to navigate the challenging economic landscape while ensuring financial stability and sustained growth.

## MORTGAGE LOANS

The Group's Mortgage Loans business is operated by its majority-owned subsidiary, Sun Hung Kai Credit Limited ("SHK Credit").

### Segment Half Year Results

<i>(HK\$ Million)</i>	Six months ended 30 June		Change
	2024	2023	
Revenue	<b>124.2</b>	146.2	-15.0%
<i>Return on loans<sup>1</sup></i>	<b>10.2%</b>	10.1%	
Operating costs	<b>(25.3)</b>	(30.5)	-17.0%
<i>Cost to income (% Revenue)</i>	<b>20.4%</b>	20.9%	
Finance costs	<b>(40.1)</b>	(51.8)	-22.6%
Net (charge)/reversal on impairment losses	<b>(33.8)</b>	7.7	N/A
<b>Pre-tax contribution</b>	<b>25.0</b>	71.6	-65.1%
<b>Loan Book:</b>			
Net loan balance	<b>2,164.9</b>	2,669.9	-18.9%
Gross loan balance <sup>2</sup>	<b>2,299.3</b>	2,705.7	-15.0%

<sup>1</sup> Annualised interest and fee income/average gross loan balance

<sup>2</sup> Before impairment allowance

As of 30 June 2024, gross loan balance was HK\$2,299.3 million (31 December 2023: HK\$2,569.1 million; 30 June 2023: HK\$2,705.7 million). First mortgage loans accounted for over 90% of the portfolio. The loan-to-value ratio was 74.4% despite the downward pressure on Hong Kong property prices. Revenue for the period was HK\$124.2 million, a decrease of 15.0% year-over-year as a result of the smaller loan balance. Return on loans continued to increase in the past two years to 10.2%, reflecting elevated interest rates. Operating costs

decreased 17.0% year-over-year to HK\$25.3 million, mainly driven by the decrease in marketing expenses as we continued to optimise marketing dollar efficiency. Cost-to-income ratio improved by 50 basis points to 20.4% from the same period of last year.

Finance costs decreased 22.6% to HK\$40.1 million, as we utilised less bank facilities during the period. Net charge on impairment losses was HK\$33.8 million, primarily due to the larger provisions we took as we have been actively managing through a small number of loan defaults. As a result, pre-tax contribution for the period was HK\$25.0 million (first half of 2023: HK\$71.6 million).

As we remain cautious and focus on operating efficiency in this challenging phase of the cyclical market, we are also exploring innovative products and opportunities arising from market dislocations to ensure sustainable growth.

## **PRIVATE CREDIT**

As we strategically reallocated capital to MCIP, the residual term loans of Private Credit were regrouped to the Special Situations under Investment Management business at the end of 2023, for which more information can be found on page 17 of our 2023 Annual Report.

We no longer have exposure to LSS Leasing (“LSS”). For a comparison purpose, the Group shared a loss of HK\$10.2 million from LSS for the first half of 2023.

## **INVESTMENT MANAGEMENT**

The Investment Management division leverages the Group’s expertise and global networks to seek attractive risk-adjusted returns.

Including the internal cost of capital charges of HK\$348.7 million, the division’s pre-tax loss for the period was HK\$358.4 million, narrowing 58.4% year-on-year. Alternatives and Real Estate recorded an unrealised gain of HK\$172.2 million (first half of 2023: loss of HK\$99.5 million), as our Hedge Funds portfolio generated robust returns after being actively adjusted towards a more conservative exposure. The valuation of our Private Equity portfolio also stabilised compared to the same period of last year.

## Analysis of Pre-tax Profit by Nature

<i>(HK\$ Million)</i>	For the six months ended		Change
	Jun 2024	Jun 2023 <sup>1</sup>	
Realised loss on Alternatives and Real Estate	(149.8)	(135.2)	10.8%
Unrealised gain/(loss) on Alternatives and Real Estate	172.2	(99.5)	N/A
Net loss on Public Markets	(55.0)	(196.8)	-72.1%
Interest income	67.5	45.6	48.0%
Dividends received	38.4	37.4	2.7%
Rental income	9.6	11.3	-15.0%
Fee received/receivable	0.3	–	N/A
Net impairment allowance losses on financial assets	(8.1)	(24.8)	-67.3%
Net exchange (loss)/gain	(6.9)	3.0	N/A
Share of results of associates & JV	24.3	(8.0)	N/A
Loss from revaluation on investment properties	(35.3)	(22.0)	60.5%
Others	0.2	2.8	-92.9%
<b>Total gains/(losses)</b>	<b>57.4</b>	<b>(386.2)</b>	<b>N/A</b>
Operating costs	(56.6)	(92.7)	-38.9%
Finance costs	(10.5)	(14.9)	-29.5%
Cost of capital	(348.7)	(367.6)	-5.1%
<b>Total costs<sup>2</sup></b>	<b>(415.8)</b>	<b>(475.2)</b>	<b>-12.5%</b>
<b>Pre-tax contribution</b>	<b>(358.4)</b>	<b>(861.4)</b>	<b>-58.4%</b>

<sup>1.</sup> Re-presented

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

The overall return of Investment Management continued to improve over the past two years and recorded a positive gain of 0.4% for the period. Real Estate and Alternatives gained 2.6% and 0.1% respectively, while Public Markets lost 1.0%.

Operationally, we continued to invest in upgrading our technological infrastructure, streamlining business processes, augmenting our team and strengthening our risk management framework. The synergies among our Investment Management, Funds Management and Credit businesses have become increasingly evident, collectively driving the Group’s transformation into a leading alternative investment platform.

## Segment Assets Breakdown and Return

<i>(HK\$ Million)</i>	First Half 2024				Return track record <sup>1</sup>	
	Period End Value	Average Value for the Period	Gain/ (Loss)	Six-month Return <sup>1</sup>	2023 <sup>2</sup>	2022 <sup>2</sup>
Public Markets	2,184.1	2,284.9	(22.2)	-1.0%	-4.6%	-6.1%
Alternatives	10,841.8	11,052.1	16.3	0.1%	-2.5%	-9.3%
Real Estate	2,502.4	2,452.2	63.3	2.6%	3.3%	-1.5%
<b>Total</b>	<b>15,528.3</b>	<b>15,789.2</b>	<b>57.4</b>	<b>0.4%</b>	<b>-2.0%</b>	<b>-7.9%</b>

<sup>1</sup> Gain (Loss) including interest/dividends/rental/fee income before cost of capital/average value for the period/year

<sup>2</sup> Annual return

## Public Markets

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

## Breakdown of Public Markets Portfolio as at 30 June 2024

<i>(HK\$ Million)</i>	Period End Value	Loss	Six-month Return <sup>1</sup>
Corporate Holdings	2,017.7	(22.2)	-1.0%
Strategic Holdings <sup>2</sup>	166.4	–	N/A
<b>Total</b>	<b>2,184.1</b>	<b>(22.2)</b>	<b>-1.0%</b>

<sup>1</sup> Gain (Loss) including interest/dividends income before cost of capital/average fair market value for the period

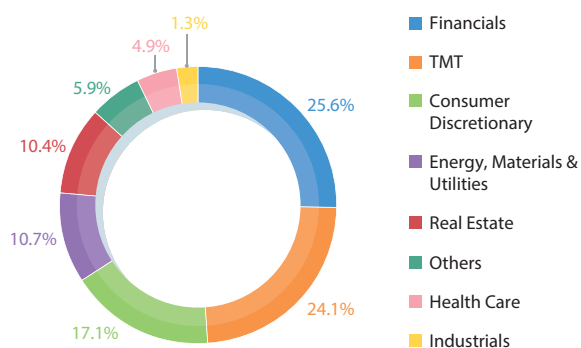
<sup>2</sup> At FVTOCI

## Corporate Holdings

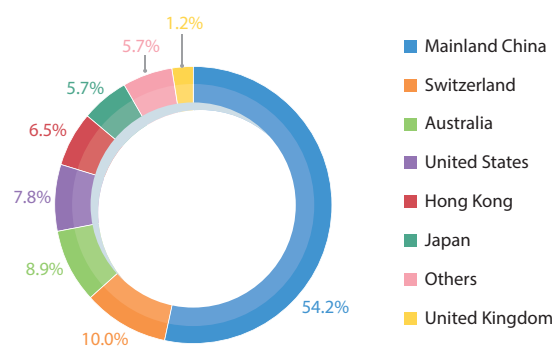
The Corporate Holdings segment mainly manages a mix of long-term and shorter-term equity positions. Derivatives and hedging are used both to manage risks and enhance returns. During the first half of 2024, we further strengthened our investment and portfolio management capabilities, striving to achieve sustainable risk-adjusted returns over the mid to long term.

Corporate Holdings recorded a loss of 1.0% for the reporting period. Gains were driven primarily by holdings in AI data-center beneficiaries in the US and Taiwan. Some of our holdings in Chinese equities showed gains in the first half after reaching extremely low valuations in the first quarter of this year. Additionally, hedge positions in gold equities made gains on the back of a strong gold price, as real rates in the US showed signs of peaking. Losses were driven primarily by our strategic healthcare holdings that the Group has held since their IPO, which overall have recorded gains over the long term considering the total positions held by the Group.

### 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 several years, we have leveraged the Group's expertise and capital strength to construct a diversified portfolio encompassing Private Equity, Hedge Funds and the recent addition of Special Situations in 2023 as a strategic move to seize opportunities arising from financial dislocations. The portfolio is constructed by investing in companies and fund managers carefully selected based on parameters including performance, strategic fit, as well as access to markets and sectors.

## Breakdown of Alternatives Portfolio as at 30 June 2024

<i>(HK\$ Million)</i>	Period End Value	Gain/(loss)	Six-month Return <sup>1</sup>
Private Equity:			
– External Funds	4,299.6	17.6	0.4%
– Direct/Co-investments	<u>3,797.3</u>	<u>(116.9)</u>	-3.0%
<b>Sub-total</b>	<b>8,096.9</b>	<b>(99.3)</b>	<b>-1.2%</b>
Hedge Funds <sup>2</sup>			
– Ongoing funds	2,000.3	112.1	5.8%
– Terminated funds <sup>3</sup>	<u>–</u>	<u>(13.1)</u>	-5.6%
<b>Sub-total</b>	<b>2,000.3</b>	<b>99.0</b>	<b>4.6%</b>
<b>Special Situations</b>	<u><b>744.6</b></u>	<u><b>16.6</b></u>	<b>2.3%</b>
<b>Total</b>	<u><u><b>10,841.8</b></u></u>	<u><u><b>16.3</b></u></u>	<b>0.1%</b>

<sup>1</sup> Gain (loss) including interest/dividends/rental/fee income before cost of capital/average value for the period

<sup>2</sup> Including Hedge Funds portfolio and other funds managed by Funds Management division

<sup>3</sup> Including the fund managed by East Point. The rights for receiving seeded capital fee of the fund managed by East Point were acquired by Regal Partners in February 2023, following which the capital was redeemed in February 2024

### Private Equity

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

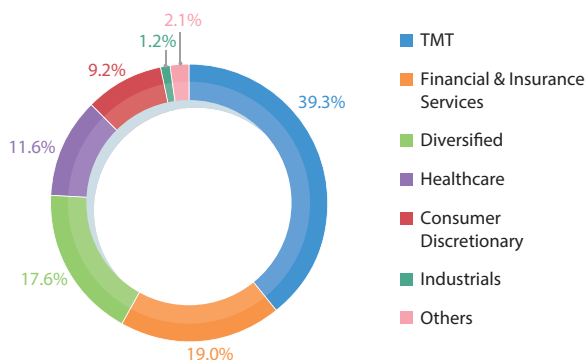
In the first half of 2024, we have actively managed our portfolio amid a challenging fundraising environment and we have seen encouraging progress in the improvement of operating metrics at our portfolio companies.



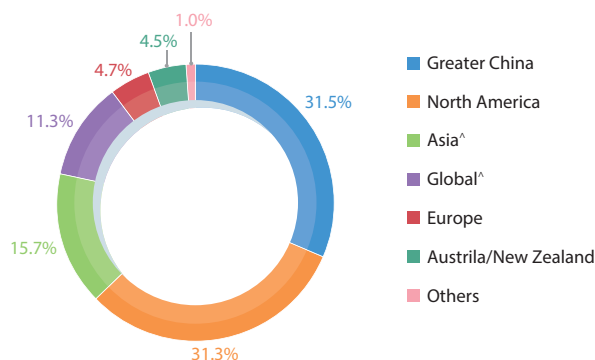
The diversification of our portfolio has been a strength for us. In the US, our portfolio’s valuation generally stabilised and we started to see an uptick in liquidity events and distributions, particularly in the healthcare, technology, and fintech sectors with the Fed’s rate-hiking cycle coming to its end. This allowed us to realise returns and record net capital inflow during the period. As our portfolio with exposure to Mainland China mainly consists of buyout and late-stage investments generating stable cashflow, solid fundamentals provide the foundation for future realisations despite the impact on their valuations by continued geopolitical tensions and weak market sentiment.

While assessing new investments, we mainly focus on arbitrage and secondaries on a global scale, capitalising on opportunities arising from market dislocations. We will continue to collaborate with the Group’s Funds Management arm and offer selected investment opportunities to like-minded third-party investors, which will enable us to forge mutually beneficial partnerships.

### Private Equity Exposure by Sector



### Private Equity Exposure by Geography



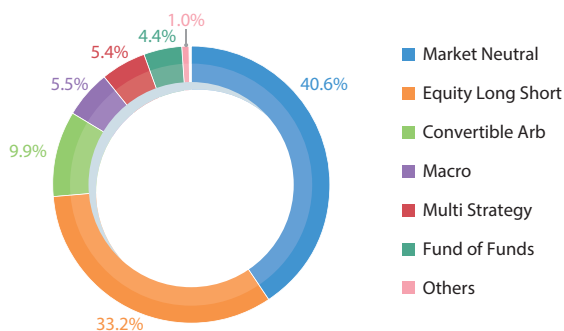
^ Based on general partners’ geographic mandate

## Hedge Funds

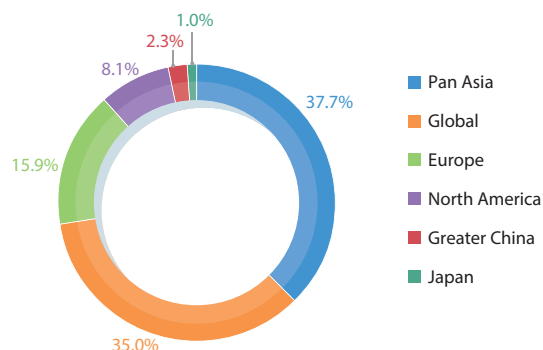
The Group's multi-manager hedge fund portfolio consists of a selected group of external hedge funds that are global in scope and diversified in terms of strategy.

The gain in the first half of 2024 was attributed to a broad-based gain across numerous strategies. All underlying strategies contributed positively including equity long/short, arbitrage, macro, and equity market neutral. The portfolio of holdings entered the year with a conservative risk profile, aimed at generating returns with minimal market risk exposure. As a result, performance in 2024 has been positive so far in each month, both in rising and falling equity markets. The portfolio has benefited from solid contributions from top performing managers that have been held for numerous years, as well as from several managers which have been added in the past 12 months.

**External Hedge Funds Exposure by Strategy**



**External Hedge Funds Exposure by Geography**

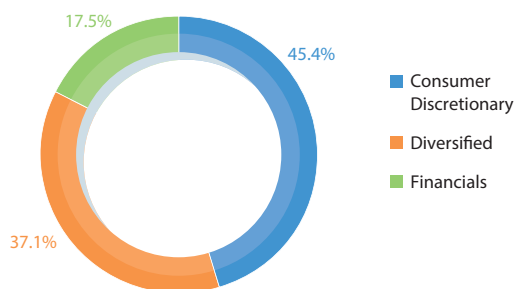


## Special Situations

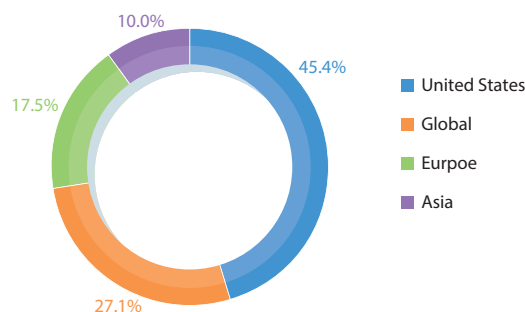
The Special Situations strategy focuses on leveraging unique opportunities emerging from market dislocations or specific events. Our portfolio predominantly includes investments in distressed assets and has further expanded our footprints in Western Europe, North America and Asia, adding geographical diversification to the Group. Additionally, the residual term loan portfolio from Private Credit has been integrated into this segment. Our approach to targeting distressed or complex opportunities is designed to yield favourable returns with robust defensive characteristics.

This segment reported a gain of 2.3% for the period, mainly attributed to an Asia-focused fund invested in diverse sectors recording both realisations and fair value gains.

**Special Situations Exposure by Sector<sup>^</sup>**



**Special Situations Exposure by Geography<sup>^</sup>**



<sup>^</sup> Term loans regrouped from Private Credit are not included

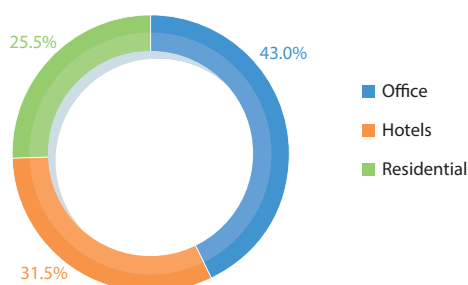
## Real Estate

The Real Estate portfolio, which consists of the Group's interests in Hong Kong commercial real estate as well as hospitality and commercial investments abroad, was valued at HK\$2,502.4 million as of 30 June 2024 (31 December 2023: HK\$2,413.5 million; 30 June 2023: HK\$2,313.3 million).

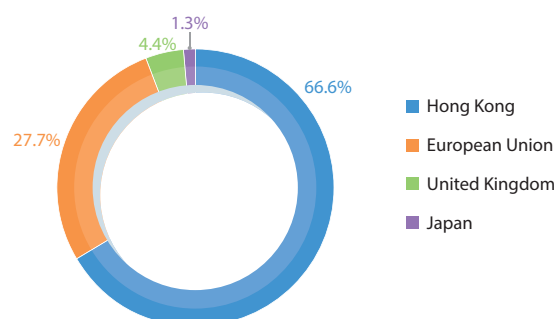
The segment recorded a 2.6% gain for the period, primarily driven by the sustained robust recovery of our hospitality investments in the EU and the strong performance of an APAC real estate loan strategy, which offset weakness in Hong Kong.

In the high interest rate environment, we remain cautious with new investments but focus on those where we see opportunities to generate equity-like returns with credit-like downside protection. As announced on 15 July 2024, the Group recently invested in the preferred equity shares of a large European hotel platform. This investment reflects the Group's ongoing pursuit of superior risk-adjusted returns, while recalibrating our real estate exposure to emphasise more downside-protected, credit and credit-like opportunities.

**Real Estate Exposure by Asset Class**



**Real Estate Exposure by Geography**



## FUNDS MANAGEMENT





Sun Hung Kai Capital Partners Limited (“SHKCP”) holds Securities and Futures Commission (“SFC”) licences to conduct Types 1, 4 and 9 regulated activities, and serves as the Group’s regulated entity by the SFC to conduct our Funds Management business.

The buildout of the alternative funds management platform, SHKCP, commenced in 2021, a strong startup year. As of 30 June 2024, we continued to build out the platform with seven Partnerships/SHKCP Funds.

In the first half of 2024, challenging market conditions, shifting investment styles and changing client risk appetites continued to weigh on fundraising. Despite the challenges, we are pleased to report robust growth in the collective AUM of our funds and that of our fund partners, reaching US\$1.2 billion as we recorded net inflows of capital and solid market performance across nearly all strategies. This was particularly evident in the market neutral strategy of ActusRayPartners, which continued to deliver strong performance in the first half of the year, and in Kernel, whose market neutral and quantitative/directional crypto strategies effectively captured the recovery of the crypto market. Our diversified global Fund of Hedge Funds (“FoHF”) strategy generated solid return outperforming benchmarks and demonstrated strong downside protection during periods of market drawdowns.

We remained cautious with capital deployment in light of the prevailing market uncertainties. No new funds were seeded or launched in the first half of 2024.

### Fund Partnerships

 ACTUSRAYPARTNERS DISCRETIONARY PROBABILISTIC INVESTING	 Kernel.	 E15VC	 POINT KING CAPITAL
<p><b>DESCRIPTION</b></p> <ul style="list-style-type: none"><li>Established March 2021: European Discretionary Probabilistic Investing Equity Market Neutral Strategy</li><li>Established September 2023: Asian Discretionary Probabilistic Investing Equity Market Neutral Strategy</li></ul>	<p><b>DESCRIPTION</b></p> <ul style="list-style-type: none"><li>Established July 2019</li><li>Market Neutral Crypto Strategy</li><li>Quantitative/ Directional Crypto Strategy</li></ul>	<p><b>DESCRIPTION</b></p> <ul style="list-style-type: none"><li>Established January 2021</li><li>Deep Technology Venture Strategy</li></ul>	<p><b>DESCRIPTION</b></p> <ul style="list-style-type: none"><li>Established September 2018<sup>*</sup></li><li>Consumer Early Stage/Growth Strategy</li></ul>

<sup>^</sup> SHK & Co. owns a minority equity stake in Point King GP

## SHKCP Funds

 <p><b>SHK LATITUDE ALPHA</b></p> <p><u>DESCRIPTION</u></p> <ul style="list-style-type: none"><li>• Established July 2021</li><li>• Global FoHF</li></ul>	 <p><b>MCIP   MULTIPLE CAPITAL INVESTMENT PARTNERS</b></p> <p><u>DESCRIPTION</u></p> <ul style="list-style-type: none"><li>• Established March 2021</li><li>• APAC Real Estate Loan Strategy</li></ul>	 <p><b>SHK PRIVATE ACCESS</b></p> <p><u>DESCRIPTION</u></p> <ul style="list-style-type: none"><li>• Established March 2022</li><li>• Specific alternative investment opportunities</li></ul>
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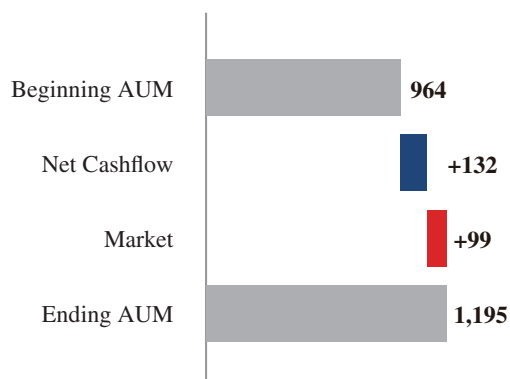
We continued to expand our partner network and develop our distribution footprint. We established a strategic alliance with GAM Investments (“GAM”) for the distribution and servicing of GAM’s funds across Greater China (Hong Kong, Mainland China, Taiwan and Macau), aiming to drive growth and enhance client coverage and capabilities across the region. Combining the two companies’ complementary strengths and resources, the alliance will also enable GAM and the wider SHK & Co. group to co-develop innovative, alternative, and portfolio-diversifying product solutions for clients both locally and internationally. Alongside the distribution arrangements we entered into with other high-quality external funds, the strategic alliance with GAM will drive revenue growth and enhance our product diversification.

The build-out of our multi-family office platform, Family Office Solutions (“FOS”), following its launch in Q4 2022, continued to make strides, expanding our client base by leveraging our access to global private investment opportunities. This unit provides customised alternative investment solutions for family offices and high-net-worth individuals with similar investment approaches and horizons, generating returns based on the alignment of interests. In particular, it offers bespoke and discretionary portfolios of alternative investments by leveraging the Group’s broader relationship networks and capabilities.

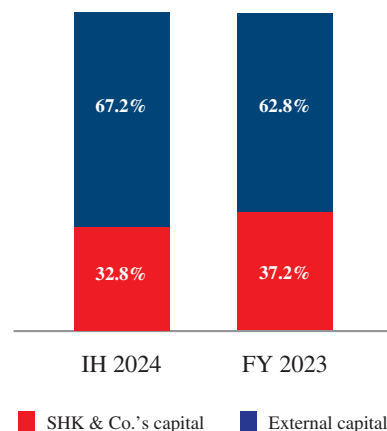
### **AUM<sup>^</sup> and Segment Half Year Results**

AUM as of 30 June 2024 was US\$1,195 million (31 Dec 2023: US\$964 million), a new record since we launched the Funds Management platform in 2021. The growth in AUM was driven by a net cash inflow of US\$132 million and market gains of US\$99 million with contributions from almost all our strategies. Of the total AUM, external capital accounted for 67.2%, increasing by 4.4 percentage points from the end of 2023.

## AUM Movement in 1H 2024 (US\$ million)



## AUM Breakdown



^ “AUM” refers to assets under management by SHKCP and SHKCP’s seeding partners

## Segment Half Year Results

The business produced solid results for the first half of the year, benefiting from the notable growth in fee income. Excluding the one-off impact from the sale of revenue share rights of East Point to Regal Partners in the same period last year, total income increased 26.4% year-on-year. Operating expenses were HK\$15.7 million, increasing 25.6% year-on-year, mainly due to the expansion of our team as we continued to build out the platform.

<i>(HK\$ Million)</i>	Six months ended 30 June		Change
	2024	2023	
Fee income	17.1	13.8	23.9%
Interest income	0.6	0.2	200.0%
Other income	–	15.7	N/A
<b>Total income</b>	<b>17.7</b>	<b>29.7</b>	<b>-40.4%</b>
Operating expenses	(15.7)	(12.5)	25.6%
Net loss on financial assets <sup>1</sup>	(0.7)	(0.8)	-12.5%
Net exchange loss	–	(0.1)	N/A
<b>Pre-tax contribution</b>	<b>1.3</b>	<b>16.3</b>	<b>-92.0%</b>

<sup>1</sup> Mainly mark-to-market of carried interest distribution in kind received

We will continue to source partnership opportunities to create a broader and more diversified platform, providing clients with differentiated investment solutions. In the meantime, we remain cautious with significant capital deployment in this challenging investment cycle.

## **OUTLOOK**

As we enter the second half of 2024, interest rates are expected to remain at elevated levels for an extended period, despite recent policy pivots by some central banks. The high cost of capital will continue to weigh on business activities, borrowers' repayment abilities, and investment assets' valuation across the board. Regionally, economic recovery in Mainland China remains under pressure due to the structural reforms it is undergoing. In addition, heightened geopolitical tensions will be further complicated by the upcoming US election.

In the face of these headwinds, we remain cautiously optimistic but will continue to reduce overall market exposures. Our Credit segment will continue to develop innovative products to navigate the challenging local economic landscape and elevated HIBOR environment. Our new investments in the Investment Management segment will remain opportunistic, balancing downside protection to achieve attractive risk-adjusted returns. We will continue to build out the Funds Management platform, diversify our investment solutions, and execute on the buildup of our investment and distribution capabilities.

## FINANCIAL REVIEW

### Financial Resources, Liquidity, Capital Structure and Key Performance Indicators

<i>(HK\$ Million)</i>	30 Jun 2024	31 Dec 2023	Change
<b>Capital Structure</b>			
Equity attributable to owners of the Company	<b>21,041.7</b>	21,268.0	-1.1%
Total cash	<b>6,681.9</b>	6,692.7	-0.2%
Total borrowings <sup>1</sup>	<b>13,687.3</b>	14,905.1	-8.2%
Net debt <sup>2</sup>	<b>7,005.4</b>	8,212.4	-14.7%
Net debt to equity ratio	<b>33.3%</b>	38.6%	
<b>Liquidity</b>			
Interest cover <sup>3</sup>	<b>1.62</b>	1.08	50.0%
<b>Return Ratios</b>			
Return on assets <sup>4</sup>	<b>0.9%</b>	-0.5%	
Return on equity <sup>5</sup>	<b>0.7%</b>	-2.2%	
<b>Key Performance Indicator</b>			
Book value per share <i>(HK\$)</i>	<b>10.7</b>	10.8	-0.9%
Dividend per share <i>(HK cents)</i>	<b>12</b>	26	N/A

<sup>1</sup> Bank and other borrowings and notes payable

<sup>2</sup> Total borrowing minus total cash

<sup>3</sup> Earnings before interest and tax/interest expense

<sup>4</sup> Annualised profit including non-controlling interests/average assets

<sup>5</sup> Annualised profit attributable to owners of the Company/average equity attributable to owners of the Company



The Group's net gearing ratio continued to decrease to 33.3% at the end of the period while interest cover for the period improved to 1.62, compared with 1.08 for the year ended 2023, mainly due to the improved profitability and active liability reductions.

As at 30 June 2024, total borrowings of the Group amounted to HK\$13,687.3 million (31 December 2023: HK\$14,905.1 million). Of this amount, 64.2% was repayable within one year (31 December 2023: 56.1%). The Group maintained a balanced mix of funding sources. Bank and other borrowings accounted for 59.1% 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 to 0.9% as at 30 June 2024 (31 December 2023: -0.5%). Return on equity improved to 0.7% as at 30 June 2024 (31 December 2023: -2.2%), mainly due to the turnaround from a loss position. The Group's total cash as at 30 June 2024 remained largely unchanged to HK\$6,681.9 million compared to HK\$6,692.7 million as at 31 December 2023. The strong cash position has provided us with comfortable liquidity amid the volatile market conditions. The Company is well equipped to take advantage of available opportunities to optimise our capital efficiency in the longer term.

<b>Note</b>	<b>Maturity Date</b>	<b>HK\$ Equivalent (In Million)</b>	<b>% Total</b>
5.75% US\$ notes <sup>^</sup>	11/2024	2,209.5	39.5%
5.00% US\$ notes <sup>^</sup>	9/2026	3,034.0	54.2%
Asset backed notes	6/2025	350.8	6.3%
<b>Total</b>		<u>5,594.3</u>	<u>100.0%</u>

<sup>^</sup> Listed on The Stock Exchange of Hong Kong Limited

During the first half of 2024, the Group has repurchased an aggregate principal amount of US\$24.4 million of 5.75% Notes matured in November 2024 and US\$3.4 million of 5.00% Notes matured in September 2026 respectively. The repurchased Notes were cancelled respectively.

The Group continues to maintain a stable capital structure and actively utilises 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 30 June 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 99% 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 30 June 2024, the Group committed and injected approximately EUR21.5 million into the Partnership. Subsequent to the end of the financial period, the Group further committed EUR54.2 million into the Partnership, of which EUR28.1 million of this amount was injected into it up to the date of this announcement. 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**

There are no important events affecting the Group which have occurred after the end of the financial period ended 30 June 2024 and up to the date of this announcement.

## **Charges on Group Assets**

Properties of the Group with a total book value of HK\$814.0 million were pledged by subsidiaries to banks for facilities granted to them as at 30 June 2024. HK\$100 million of secured loans was drawn down as at 30 June 2024.

As at 30 June 2024, HK\$482.5 million (2023: HK\$732.0 million) of mortgage loans receivable were pledged for a securitization financing transaction.

## **Contingent liabilities**

- a) The Group did not have any financial guarantees as at 30 June 2024 and 31 December 2023.
- b) One subsidiary of the Group is the named defendant in a legal action filed in the United States. The legal action relates to a disagreement regarding an incorrect transfer of a number of shares to the said subsidiary by a third party in 2017. The plaintiffs are claiming unspecified damages of US\$10 million and management considers that it is less than probable that there is a material outflow of resources embodying economic benefits will be required to settle the obligation. Therefore, no provision for the contingent liabilities in respect of this legal action is necessary.

## PEOPLE & CULTURE

As of 30 June 2024, the Group's total staff numbered 1,009 (31 December 2023: 1,087). Out of this, 75 staff (31 December 2023: 77) were corporate and Investment Management staff and the remainder were 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\$277.2 million (first half of 2023: HK\$284.7 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 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 the 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 period subject to various terms. A total of 1,242,000 shares were vested in the first half of 2024. As of 30 June 2024, the outstanding shares awarded under the EOS amounted to 2,365,000 shares.

The Group values its people as our greatest asset. We believe that a competent and motivated workforce, able to work in safe conditions, is integral to the sustainable growth of our business. In line with our business strategies and continued development and retention of a high-performance team, the Group 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 talent and sponsoring them for specialised development courses (expected to launch in the second half of 2024).

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.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK12 cents per share for the six months ended 30 June 2024 (2023: HK12 cents per share) payable to the shareholders whose names appear on the register of members of the Company on 11 September 2024. Dividend warrants for the interim dividend are expected to be dispatched on 20 September 2024.

## CLOSURE OF REGISTER OF MEMBERS

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

<u>Event</u>	<u>Book close period</u>
For entitlement to the interim dividend:	9 September 2024 to 11 September 2024 (both days inclusive) (Ex-dividend date being 5 September 2024) (Record date being 11 September 2024)

In order to qualify for entitlement to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 6 September 2024.

## CORPORATE GOVERNANCE CODE

During the six months ended 30 June 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 of Hong Kong Limited (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 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.

**PURCHASE, SALE OR REDEMPTION OF SECURITIES**

(1) **Repurchase of Shares**

During the six months ended 30 June 2024, the Company repurchased a total of 10,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$23,550. All the repurchased shares were subsequently cancelled.

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share		Aggregate consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	—	—	—	—
February	—	—	—	—
March	10,000	2.36	2.35	23,550
April	—	—	—	—
May	—	—	—	—
June	—	—	—	—
<b>Total</b>	<b>10,000</b>			<b>23,550</b>



**(2) Repurchase of Notes of a subsidiary, Sun Hung Kai & Co. (BVI) Limited (“SHK BVI”)**

During the six months ended 30 June 2024, the Group has repurchased (i) an aggregate principal amount of US\$24,434,000 of the US\$350,000,000 5.75% guaranteed notes due November 2024 (the “2024 Notes”) issued by SHK BVI under the US\$3,000,000,000 Guaranteed Medium Term Note Programme (the “MTN Programme”) and listed on the Stock Exchange (stock code: 40065); and (ii) an aggregate principal amount of US\$3,386,000 of the US\$450,000,000 5.00% guaranteed notes due September 2026 (the “2026 Notes”) issued by SHK BVI under the MTN Programme and listed on the Stock Exchange (stock code: 40831). The repurchased 2024 Notes and 2026 Notes were cancelled thereafter respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s or its subsidiaries’ listed securities during the six months ended 30 June 2024.

**AUDIT COMMITTEE REVIEW**

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited condensed consolidated financial report for the six months ended 30 June 2024. In carrying out this review, the Audit Committee has relied on a review conducted by the Group’s external auditors in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants as well as reports obtained from management.

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

Hong Kong, 21 August 2024



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