新鴻基有限公司
SUN HUNG KAI & CO. LIMITED
55th YEAR

Stock Code: 0086

2024
ANNUAL REPORT

CONTENTS

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About Us

Sun Hung Kai & Co. Limited

Sun Hung Kai & Co. Limited (stock code: 86) ("SHK & Co." / the "Company", together with its subsidiaries, the "Group") is a leading Hong Kong-based financial institution recognised for its expertise in alternative investments and wealth management. Since 1969, the Company has built a diversified investment portfolio across public markets, credit and alternatives strategies including real estate and private equity, delivering long-term risk-adjusted returns.

Leveraging its deep-rooted Asian heritage, SHK & Co. supports and nurtures specialist emerging asset managers in the region, empowering them to excel. SHK & Co. also utilises its long-standing investment expertise and resources in providing tailored investment solutions to like-minded partners and ultra-high-net-worth investors through its Family Office Solutions. As of 31 December 2024, the Group held about HK$37.3 billion in total assets.

OUR JOURNEY OF TRANSFORMATION

55+ Years of Excellence

in Financial Markets

HK$37.3 billion total assets*

Committed to generating long-term capital growth for shareholders

*as at 31 December 2024

1969-1995

- SHK & Co. founded in 1969 as a pioneer in the brokerage industry
- Listed in Hong Kong in 1983

1996-2014

- Allied Properties acquired a majority stake in 1996
- Entered Consumer Finance with acquisition of United Asia Finance ("UAF") in 2006
- UAF commenced business in Mainland China in 2007

2015-2020

- 70% of Sun Hung Kai Financial acquired by Everbright Securities in 2015 and the remaining 30% in 2020
- Established Mortgage Loans business operated by Sun Hung Kai Credit ("SHK Credit") in 2015
- Built Investment Management business in 2015
- Extended Investment Management capabilities to Funds Management platform

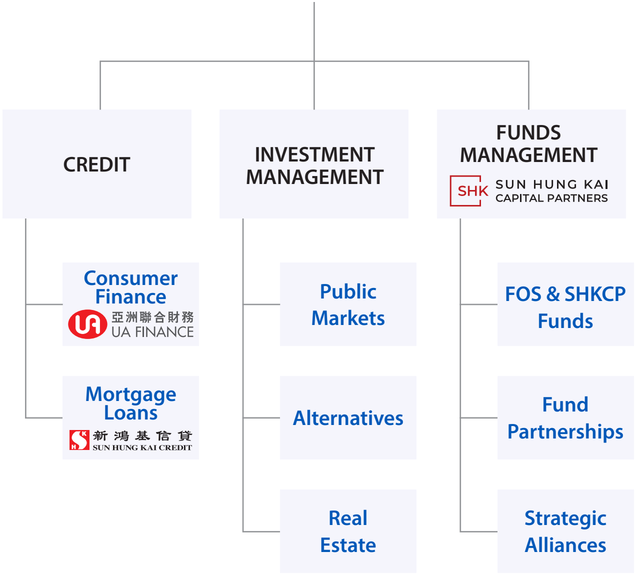
2021 and Beyond

- Launched Funds Management platform, Sun Hung Kai Capital Partners in 2021
- Obtained full Type 1, 4, 9 SFC licenses
- Launched the multi-family office platform, Family Office Solutions in 2022
- UAF launched SIM Credit Card in 2023
- SHK Credit launched the Mortgage Serving Business in 2024
- Celebrating SHK & Co.'s 55th anniversary in 2024
- Driving SHK & Co.'s transformation into a leading alternative investment platform

OUR BUSINESS

Since our foundation 55 years ago, the Group has been a leader in the financial services market of Hong Kong. Over the years, the Group has developed a set of diversified, yet complementary business units with Credit, Investment Management and Funds Management businesses. Our Credit business provides the Group with strong cash flow and stable returns while our Investment Management business brings solid long-term risk-adjusted returns and extends our business through a global reach. Building on the success of Investment Management, the Company further expands our capabilities to manage external capital through building out a Funds Management platform. The Funds Management segment was officially launched in 2021, adding additional revenue streams to the Group and further diversifying our products and strategies.

Diversified and Complimentary Business



Credit Business

This segment consists of a diversified loan portfolio covering Consumer Finance and Mortgage loans. Our Credit business provides us with steady returns that are largely uncorrelated to capital markets, which are highly complementary to our Investment Management and Funds Management businesses. The Credit business also equips us with market leading asset origination and servicing platforms, as we develop alternative investment products in the lending industry.

Consumer Finance

United Asia Finance Limited ("UA Finance" or "UAF")

UAF primarily offers unsecured and secured loans to individuals and small businesses in Hong Kong and Mainland China through a well-established branch network and sophisticated online platforms. It is a market leader in unsecured loans in Hong Kong with its over 30 years' root in the market and launched its new product SIM Credit Card in 2023 serving customers who seek on-demand card with speedy response. In the Mainland it holds an internet loan licence and offline money lending licences in major cities across the nation.

Mortgage Loans

Sun Hung Kai Credit Limited ("Sun Hung Kai Credit" or "SHK Credit")

Building upon the Group's credibility and expertise, SHK Credit provides first mortgage and second mortgage loans to property owners and potential property owners, as well as customised financing solutions to property investors in Hong Kong. Established in 2015, SHK Credit has become a household brand name as a mortgage loan provider in the Hong Kong market. In 2024, SHK Credit launched the Mortgage Servicing Business to manage residential mortgage portfolios owned by third-party investors.

Investment Management

In 2015, the Company established Investment Management division which leverages the Group's expertise and global network to seek investment opportunities with strong risk-adjusted returns. Our investment portfolio covers a wide spectrum including Public Markets, Alternatives and Real Estate. The Investment Management segment has become a key excess return contributor to the Group over the mid-to-long term.

Public Markets

The Company manages a diverse portfolio of Corporate Holdings, which is an internally managed public equity strategy, and a Strategic Holdings portfolio.

Alternatives

The Company has sought to invest on the Group's balance sheet prudently and build an alternatives portfolio to maximise risk-adjusted returns and diversify our exposure by industry and geography. The portfolio is invested through a combination of direct or co-investments, and external managers of both private equity funds and hedge funds who are selected on performance, strategic fit, as well as access to markets and sectors. We are also increasing our focus on Special Situations & Structured Credit (formerly Special Situations) aiming to capture the opportunities arising from market dislocations leveraging on our financial strength to create attractive returns with robust defensive characteristics.

Real Estate

Real Estate is a core strength of the broader group. The Company has focused on opportunities with strong downside protection and the portfolio comprises investments in transparent and developed economies across Asia-Pacific and Europe. Being nimble and flexible, the Company makes investments through equity ownership of real estate, co-investments, and private credit.

Funds Management

("Sun Hung Kai Capital Partners Limited" or "SHK Capital Partners")

Along with the strong cash flows from our Credit business, the expertise, network and capital gains contributed by Investment Management have well positioned the Company to expand to the next phase to manage third-party capital. The Group's Funds Management platform – SHK Capital Partners was officially launched in 2021, which now holds SFC Type 1, 4 and 9 licences. SHK Capital Partners alongside the management of its own strategies, incubates, collaborates, accelerates or invests as a limited partner to fund managers depending on their readiness to go to market. We also launched multi-family office platform, Family Office Solutions in 2022 to provide customised alternative investment solutions that seek to create long-term value for a select group of family offices, ultra-high-net-worth individuals and institutions. Going forward, we expect Funds Management to be a driver for additional revenue streams and for the Group's transformation into a leading alternative investment platform collaborating with the Investment Management division.

CHAIRMAN'S LETTER

Dear Shareholders,

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 SHK & Co. – 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 Update

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

FINANCIAL SUMMARY

Pre-tax profit +1,024.4%

HK$861.3m

Net gearing ratio from 38.6% to

31.2%

Attributable profit turnaround

HK$377.7m

Total assets -8.7%

HK$37,300.1m

Revenue -3.9%

HK$3,762.0m

BVPS stable

HK$10.8

DPS consistent

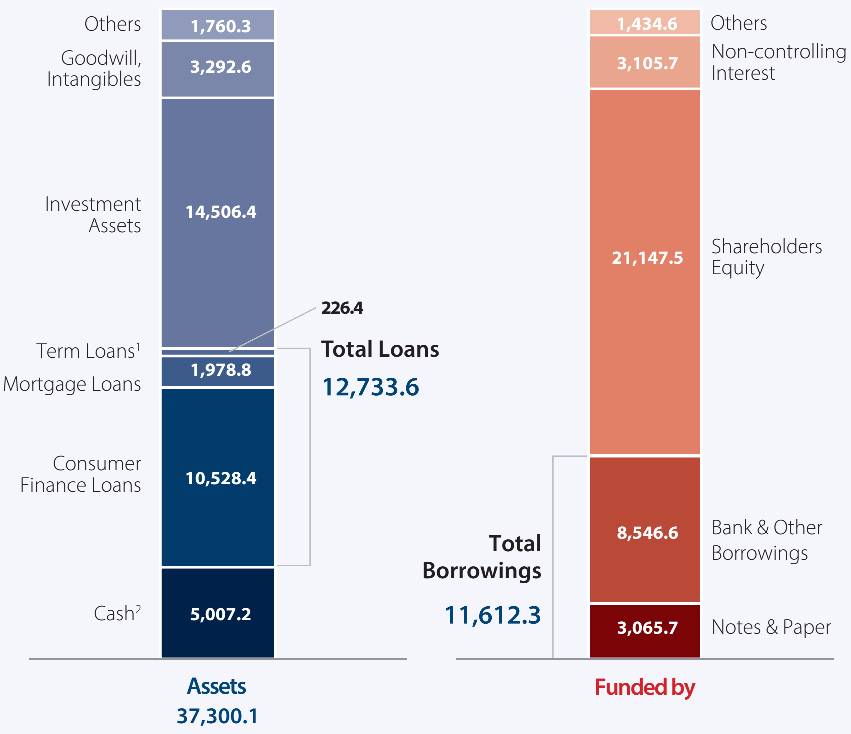
HK26.0c

Total cash -25.2%

HK$5,007.2m

Balance Sheet (HK$ million)

The Group's balance sheet remained strong, with a healthy cash position and low gearing. Long-term loans and investment assets are funded by long-term debt and equity, while short-term assets are well-matched with short-term debt.



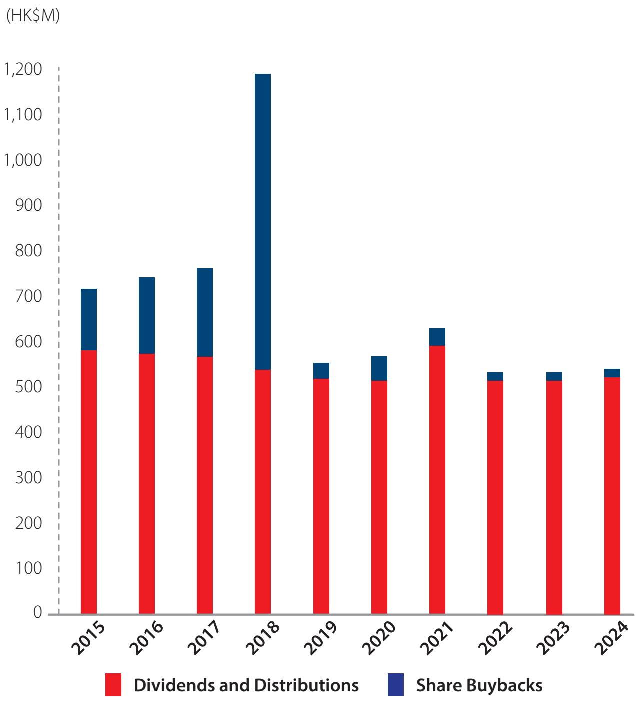
[1] Not all Term Loans are held by Special Sits and Structured Credit

[2] Cash includes bank deposits, cash and cash equivalents

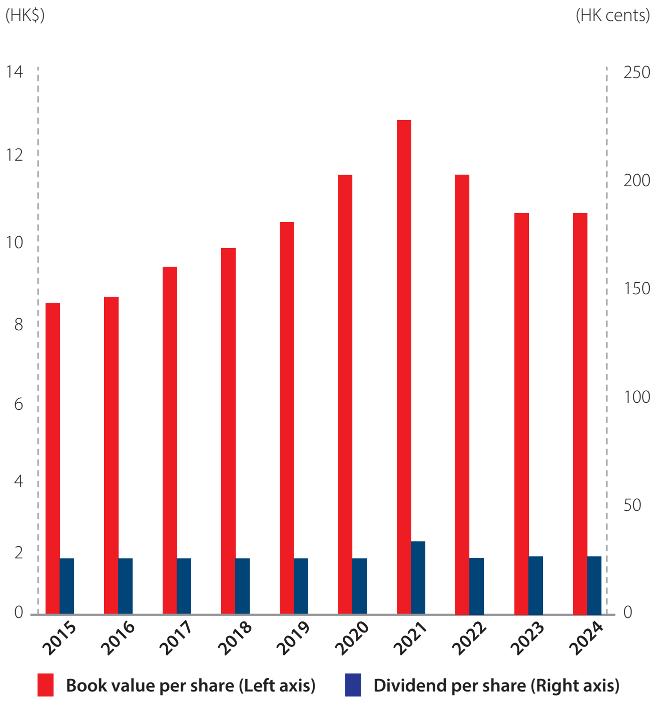
CREATING VALUE FOR SHAREHOLDERS

SHK & Co. has a solid track record of delivering returns to shareholders through dividends and distributions, share repurchases and long-term capital growth. Since 1997, the Group has returned HK$15.4 billion to shareholders through dividends and share buybacks.

Track Record of Capital Return



Value Growth



Five-Year Financial Summary

Results for the year ended 31 Dec (HK$ Million)	2020	2021	2022	2023	**2024**	24/23 % change
Revenue	4,056.6	4,324.0	4,054.1	3,916.6	**3,762.0**	-3.9%
Profit/(loss) attributable to owners of the Company	2,547.7	2,813.7	(1,534.8)	(471.4)	**377.7**	N/A
Balance Sheet data as at 31 Dec (HK$ Million)						
Total assets	44,083.2	48,790.1	42,914.7	40,869.5	**37,300.1**	-8.7%
Total liabilities	18,130.9	20,250.9	17,358.6	16,473.9	**13,046.9**	-20.8%
Shareholders' equity	22,625.2	25,075.2	22,358.1	21,268.0	**21,147.5**	-0.6%
Share Data						
Basic EPS (HK cents)	128.3	142.7	(78.2)	(24.1)	**19.3**	N/A
Diluted EPS (HK cents)	128.0	142.5	(78.1)	(24.0)	**19.3**	N/A
DPS (HK cents)	26.0	30.0	26.0	26.0	**26.0**	–
BVPS (HK$)	11.4	12.7	11.4	10.8	**10.8**	–
Total number of shares at year end (Million)	1,982.3	1,973.3	1,967.4	1,965.2	**1,965.0**	-0.0%

OUR AWARDS AND RECOGNITIONS

渣打企業成就大獎 2024 Standard Chartered Corporate Achievement Awards	2024	**Standard Chartered Corporate Achievement Awards – Sustainable Corporate (Social Responsibility – Outstanding Award)** Standard Chartered
信報財經新聞 上市公司卓越大獎 2024 LISTED COMPANY AWARDS OF EXCELLENCE	2018-2024	**Listed Company Awards of Excellence** Hong Kong Economic Journal
Bloomberg Businessweek 彭博商業周刊/中文版 Listed Enterprises 2024 Listed Enterprises	2018-2024	**Listed Enterprises of the Year** Bloomberg Businessweek/Chinese Edition
Bloomberg Businessweek 彭博商業周刊/中文版 Listed Enterprises 2024 Best Risk Management	2024	**Listed Enterprises – Best Risk Management** Bloomberg Businessweek/Chinese Edition
CorporateGovernanceAsia 14th ASIAN EXCELLENCE AWARD 2024 Asia's Best CEO Investor Relations	2024	**Asian Excellence Awards – Asia's Best CEO** Corporate Governance Asia
CorporateGovernanceAsia 14th ASIAN EXCELLENCE AWARD 2024 Asia's Best CSR	2024	**Asian Excellence Awards – Asia's Best CSR** Corporate Governance Asia
CorporateGovernanceAsia 14th ASIAN EXCELLENCE AWARD 2024 Best Investor Relations Company	2016-2019, 2023-2024	**Asian Excellence Awards – Best Investor Relations Company** Corporate Governance Asia
CorporateGovernanceAsia 14th ASIAN EXCELLENCE AWARD 2024 Best Corporate Communications	2023-2024	**Asian Excellence Awards – Best Corporate Communications** Corporate Governance Asia

	**2024**	**China IR Annual Awards – Best Value Creation Award**	Roadshow China
	2013-2018, 2020, 2022-2024	**Gold Award Winner of The Asset ESG Corporate Awards**	The Asset
	2019, 2021	**Titanium Award Winner of The Asset ESG Corporate Awards**	The Asset
	2021-2024	**Green Office Award & Eco-Healthy Workplace**	World Green Organisation
	**2024**	**Gelonghui Jinge Awards: ESG Disclosure Excellence Enterprise**	Gelonghui
	2016-2024	**Caring Company**	The Hong Kong Council of Social Service
	2021-2024	**Happy Company**	Happy Index Foundation

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	Year Ended		
(HK$ Million)	**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

(HK$ Million)	Year ended 31 December 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.

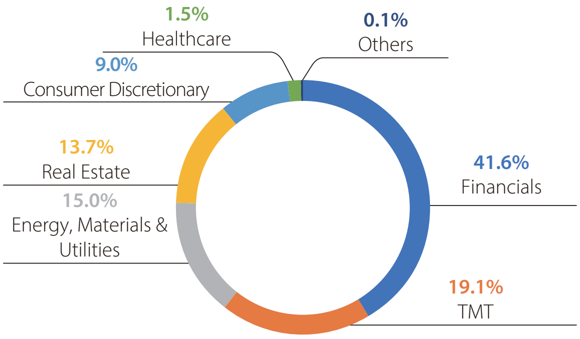
Corporate Holdings

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

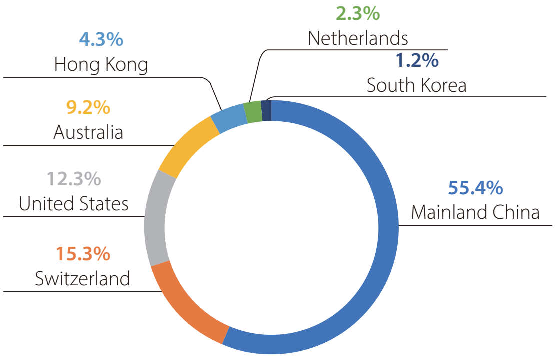
Corporate Holdings recorded a gain of 1.9% for 2024, mainly driven by a strategic position held in a Chinese fintech platform, among other holdings in deeply discounted Chinese internet platform names. At the same time, these gains were partially offset by losses in a Chinese contract development and 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.

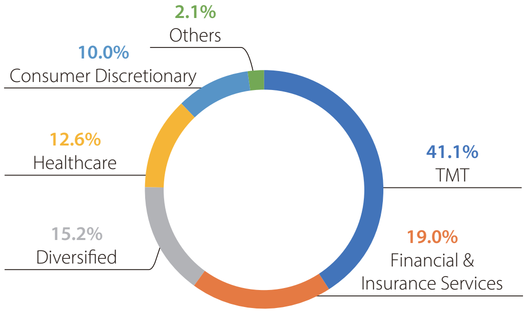
In North America, which represents the largest share of the portfolio, private market activities recovered modestly from 2023, primarily driven by booming AI and tech thematic investments. Additionally, we have seen standout valuations across some funds and companies in Europe, reflecting the region's 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.

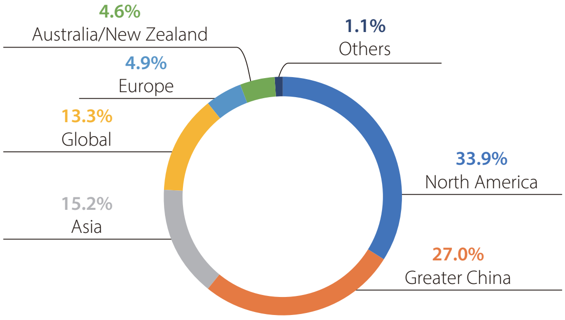
Portfolio management remained a key focus in 2024. We worked closely with portfolio companies to support value creation, helping them navigate a complex operating environment. We continued to receive programmatic distributions from GPs which contributed to the segment's net cash inflow for the year.

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



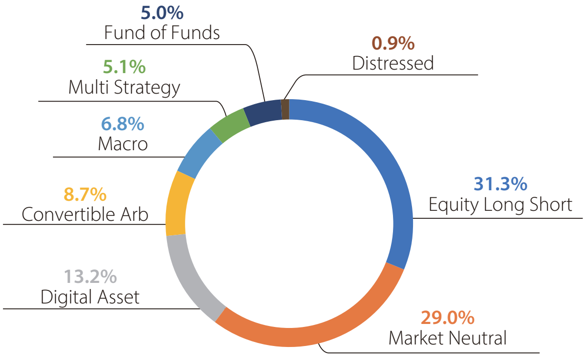
Hedge Funds

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.

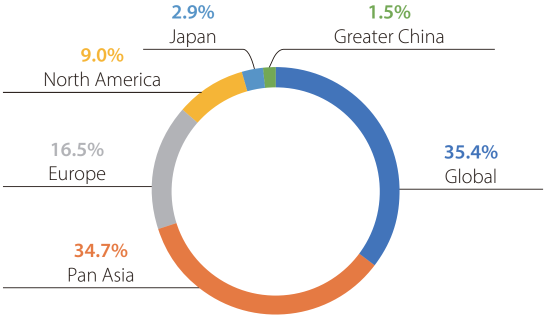
The ongoing portfolio recorded a solid gain of 10.6% in 2024, primarily attributable to broad-based contribution from numerous hedge fund strategies. Returns were also generated in a steady manner with nearly each month throughout the year delivering a positive result.

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

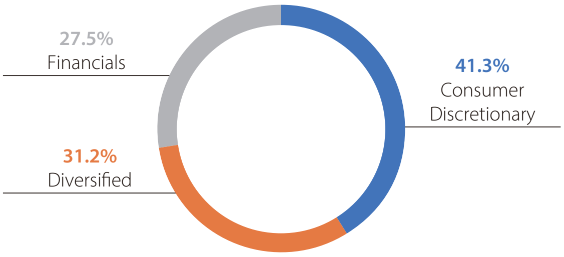


Special Situations and Structured Credit (formerly Special Situations)

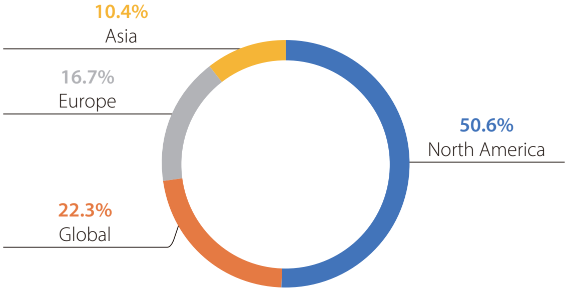
To better reflect the scope of this segment's strategy and fully represent the dedicated focus of the team, we have updated its name to Special Situations and Structured Credit. In 2024, our Special Situations and Structured Credit strategy continued to focus on leveraging unique opportunities arising 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]



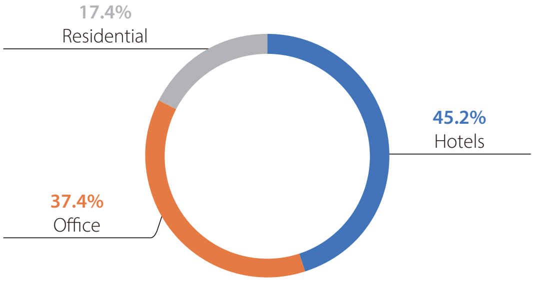
[1] Terms loans regrouped from Private Credit are not included.

Real Estate

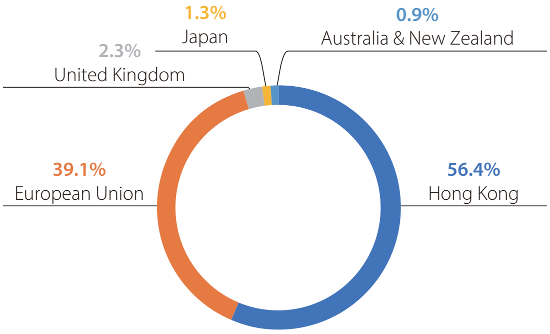
In 2024, our Real Estate portfolio, primarily consisting of Hong Kong commercial properties, private credit investments, and select international hospitality investments, was valued at HK$2,372.1 million as of 31 December 2024, compared with HK$2,413.5 million at the end of the prior year. This decline 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

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[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.

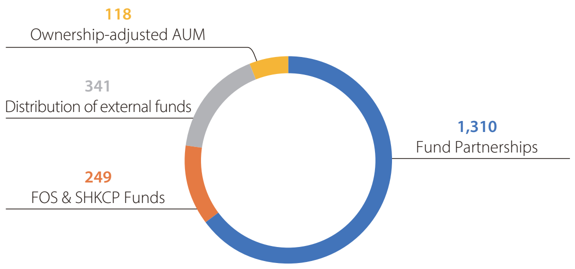
[3] SHK & Co. subscribed for convertible notes which are convertible into a minority equity interest in Wentworth and Balance Sheet Trust. SHK & Co. also agreed to provide strategic services to Wentworth Capital Debt Pty Limited ("WCD") and to commit US$100 million to invest in WCD Funds. In consideration 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.

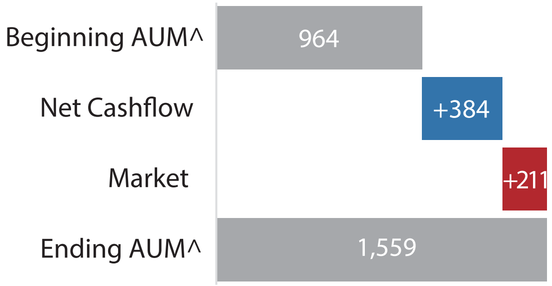
[2] FOS & SHKCP Funds includes assets managed by SHK Latitude Alpha, MCIP and FOS.

[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.

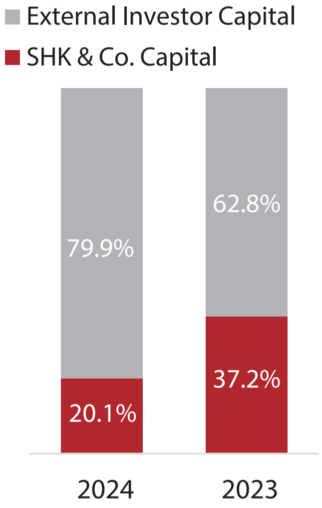
[4] Ownership-adjusted AUM includes assets managed by Wentworth and Point King Capital, adjusted by SHK & Co.'s ownership.

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

Details regarding important events affecting the Group which occurred after the end of the financial year ended 31 December 2024 and up to date of this report are set out in Note 51 of the consolidated financial statements.

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.

Relevant Laws and Regulations

The Group is committed to complying with laws and regulations that govern our businesses. As a Hong Kong incorporated company listed on the Stock Exchange of Hong Kong, we abide by the relevant laws and regulations in Hong Kong including the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Securities and Futures Ordinance.

The Group has built a strong compliance culture over the years. Internal policies and procedures have been put in place to regulate the Group's activities. A variety of trainings on regulations and compliance matters are also provided internally or through professional institutions.

The Funds Management business which holds licences from the Hong Kong Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) in Hong Kong comply with the Securities and Future Ordinance and all applicable SFC rules and regulations. We have also strengthened our compliance and risk monitoring framework to protect the interests of investors. Additional third-party compliance consultants and fund administrators were contracted to conduct extensive compliance work for the funds.

Our consumer finance and mortgage loan businesses in Hong Kong are governed by the Money Lenders Ordinance, Cap. 163 of the Law of Hong Kong. The lending business in the PRC is operated in accordance with the requirements of the national government, based on policy guidelines including "Guiding Opinions of the China Banking Regulatory Commission ("CBRC") and the People's Bank of China ("PBOC") on the Pilot Operation of Small Loan Companies" (CBRC Issuance [2008] No. 23), as well as "Interim Measures for Supervision and Administration of Small Loan Companies" (NFRA regulation [2024] No. 26). It also follows the Special Rectification Documents of their special working group on cash loans, online small loans and P2P loans, including "Notice on Printing and Distributing the Implementation Plan for the Special Rectification of the Risks of Online Small Loan Business Conducted by Small Loan Companies (Online Loan Rectification Letter [2017] No. 56), "Notice on the Special Rectification and Acceptance for the P2P Online Lending Risks (Online Loan Rectification Letter [2017] No. 57)", and "Notice on Regulating and Rectifying the "Cash Loan" Business (Rectification Office Letter [2017] No. 141)".

During the reporting year, the Group was not aware of any material non-compliance with any relevant laws and regulations that have a significant impact on the Group. For further details, please refer to "Legal & Compliance Risk" in Risk Management Report and "Relevant Laws and Regulations" in Environmental, Social and Governance Report.

RISK MANAGEMENT REPORT

Risk Management

Effective risk management is important to achieve our strategic goals. We manage risk across multiple domains, including but not limited to strategic, credit, market, liquidity, operational, legal and compliance, external, and human resources risks. Business operations are managed in line with risk appetite tolerances set by the Board.

We continued to make progress in our transformation into a leading alternative investment management company and develop our funds management platform. Its objectives include producing attractive risk-adjusted returns through Credit, Investment Management and Funds Management businesses; seeking new business opportunities leveraging its extensive networks and robust financial position; building trusted relationships with all stakeholders; and generating strong financial results with a mid-to-long term focus and consistent leadership. Our corporate values are Endure, Adapt, Excel which support reliable, consistent, and transparent communication with investors and stakeholders; robust risk management culture with a regular evaluation of risk factors; a flexible, diverse, inclusive and open culture to attract and retain talent; and investing in its communities and protecting the environment. Our long-term sustainability is dependent on pursuit of strategic goals while simultaneously managing risks, having sufficient capital and liquidity, ensuring continuity of operations, and protecting our reputation.

We aim to maintain sufficient capital and liquidity to meet our regulatory and operational obligations, which require us to have financial resources to cover potential losses and liquidity needs from the volatility of the market. As a business, we need to maintain adequate liquidity for working capital and funding strategic development objectives while ensuring the appropriate balance between risk and shareholder returns. We aim to maintain stakeholder trust by avoiding business practices that could lead to reputational damage or harm to us. Therefore, we seek to operate within all relevant rules and regulations and to avoid disruptions to our business operations that would have a negative impact on stakeholders.

The Risk Management Framework

We adopt a comprehensive approach to risk management. The Risk Management Committee of the Board ("Risk Committee"), a standing committee reporting to the Board, acts to oversee our risk management and monitors internal controls. The Risk Committee considers the principal risks by identifying the nature and extent of significant risks and ensures critical judgments and decisions on risk control are taken. Internal audits are carried out periodically to examine internal controls.

Risk Governance

Our risk governance structure is based on a "Three Lines of Defence" model, with oversight and directions from the Board, the Risk Committee, and our Management through the Group ERM Coordinator.

Risk Management Process

Our Enterprise Risk Management Framework, approved by the Board, mandates a consistent and effective approach applied across the Group to manage the risks associated with its business and operations.

The following illustrates the key processes adopted under the Group Enterprise Risk Management Policy:

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7
Establish Context	**Risk Identification**	**Risk Analysis**	**Risk Evaluation**	**Risk Treatment**	**Risk Mapping and Aggregation**	**Risk Monitoring and Reporting**
Determine the scope and extent of the risk assessment process	Business functions identify the risks that potentially impact the key processes of their operations	Prepare the likelihood estimation and consequence analysis	A Risk Heat Map is prepared based on the risk ratings	Mitigate the risks in particular when the risks are rated as Critical or High, as appropriate	Measure the amount of risk taken by individuals/ businesses and the process of aggregating them	Monitor the risks and the mitigating activities regularly. Regular reporting for the Board/ management oversight

The Risk Committee identifies principal risks by considering an array of aspects such as business strategy, financial position, our operating environment, human resources risk and external risk factors including economic conditions, major regulations and government policies. Our principal risks are reviewed and updated by the Risk Committee annually, with a focus on identifying those risks that could threaten business development, operational and financial performance, our treasury management and credit management. Emerging risks affiliated to principal risks are also monitored regularly to assess any potential impact on us and to determine whether any actions are required.

Summary of work during the year

Key developments in our risk management practices have been made during the year, which include:

1. Improvement of controls: Additional controls have been implemented, and existing controls have been strengthened, leading to a reduction in overall risk levels. These measures enhance our ability to identify, assess and manage risks, thereby safeguarding our operations and assets.

2. Staff awareness on risk and controls: Ongoing efforts have been made to increase staff awareness and understanding of risk management and internal controls. This includes the organisation of risk training sessions and distribution of Enterprise Risk Management quarterly bulletins.

3. Enhancement of electronic risk management system: Continuous enhancement of the electronic risk management system has been carried out along with more efficient collection of information and preparation of reporting.

4. We maintain a vigilant approach in monitoring both emerging risks and existing risks through regular Risk Committee meetings. During these quarterly meetings, in-depth discussions are conducted to address specific risks that we deem of high importance. By proactively assessing and analysing these risks, we ensure a comprehensive understanding of potential challenges and can implement and/or improve risk mitigation strategies.

These initiatives collectively demonstrate our commitment to proactive risk management, an enhanced control environment and the continuous improvement of risk-related policies and practices.

Outlook

Looking ahead to the next financial year, we will continue to monitor the impacts of the relevant risks with a particular focus on the potential impact of emerging risks. We will continue to refine our cyber security and business continuity and resilience risk framework to ensure that we maintain proper procedures and controls that effectively mitigate cyber-related risks and ongoing resilience. Overall, we will keep strengthening the risk and control environment.

Principal Risks

We face a number of principal risks and uncertainties that, if not properly managed, could create an exposure for the Group. Thorough risk assessment and mitigation help ensure these risks are well managed and governed effectively with focus on the following principal risks.

Principal risks	Risk Description	Key controls and mitigation
Strategic risk	• Strategic risk that jeopardises the achievement of corporate objectives and values.	• Analyze industry trends, competitors, climate change and innovations. • Monitor and prepare analysis on changes in regulations affecting the Group.
Credit risk	• Borrower or counterparty fails to meet obligations.	• Implement default management and recovery procedures. • Establish an experienced credit risk management function within the Group.
Market risk	• Market price movements and potential losses due to financial performance. Market risk includes interest rate risk, foreign exchange risk, equity risk, commodity risk and valuation risk.	• Maintain diversified funding sources, review asset pricing. • Hedging of foreign exchange and equity risk where appropriate and in accordance with policy.
Liquidity risk	• The risk that an asset might not be able to be liquidated according to the investment strategy or we are unable to meet any payment obligations.	• Manage a variety of funding sources. • Maintain appropriate levels of liquid assets and committed/uncommitted bank lines. • Use stress tests and liquidity ratios to ensure adequate liquidity.
Operational risk	• Risk from multiple sources, including fraud, failure in processes and procedures, and technology and systems.	• Clearly segregate duties and responsibilities. • Monitor reliability of systems and data regularly. • Provide training sessions to employees to increase awareness of cyber risk. • Ensure proper information security policy and contingency planning in place.

Principal risks	Risk Description	Key controls and mitigation
Legal and compliance risk	• Our failure to comply with applicable laws; failure to license, supervise and ensure high standards of conduct, integrity and management in financing, investment and fund-management businesses.	• Conduct legal review of contracts. • Monitor and review changes to applicable laws and regulations. • Enhance compliance policies. • Educate staff on regulatory changes and internal policies.
External risk	• Activities of major competitors, as well as domestic and international political, economic, societal and environmental conditions.	• Monitor news and comments in traditional and social media. • Collect stakeholders' feedback through an annual survey. • Regularly review products, competitiveness and suitability.
Human resource risk	• Employee-related risks that might impact performance.	• Focus on improving approach and process of managing employees by offering professional development, competitive compensation and benefits, supportive working environment and culture. • Remain aware of competitive labor market, focus on talent and leadership development.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance within a sensible framework, with an emphasis on the principles of integrity, transparency, accountability and independence. The Board of Directors of the Company (the "Board") believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholder's value. The Company has established a long-term business strategy in order to generate long-term risk adjusted returns for the shareholders of the Company ("Shareholders"). Such discussions can be found in the relevant sections of "Chairman's Letter", "Management Discussion and Analysis" and "Environmental, Social and Governance (ESG) Report" of this Annual Report.

Corporate Governance Code

In light of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Board has reviewed the corporate governance practices of the Company with the adoption of the various enhanced procedures which are detailed in this report. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the year ended 31 December 2024, except for certain deviations as specified together with considered reasons for such deviations as explained below. The Board has reviewed the practices at least annually and made appropriate changes if considered necessary.

The Board

During the year 2024 and up to the date of this report, the composition of the Board is set out as follows:

Executive Directors:	Lee Seng Huang *(Group Executive Chairman)* Brendan James McGraw
Non-Executive Directors:	Simon Chow Wing Charn Peter Anthony Curry
Independent Non-Executive Directors:	Evan Au Yang Chi Chun David Craig Bartlett Alan Stephen Jones Vivian Alexa Kao Jacqueline Alee Leung Wayne Robert Porritt

The brief biographical details of the Directors are set out in the section "Profiles of Directors and Senior Management" of the Directors' Report. A list of Directors and their Roles and Functions is also available on the websites of the Stock Exchange and the Company.

Board Process

As at the date of this report, the Non-Executive Directors of the Company ("NEDs") (six of whom were Independent Non-Executive Directors ("INEDs")) provided the Company and its subsidiaries (collectively the "Group") with a wide range of expertise and experience. Their active participation in Board and committee meetings brought independent judgment on issues relating to the Group's strategy, performance and management process, at the same time taking into account the interests of all Shareholders.

Throughout the year and up to the date of this report, at least one of the INEDs has the appropriate professional qualifications or accounting or related financial management expertise specified under Rule 3.10(2) of the Listing Rules. The Board has received from each INED an annual confirmation of his/her independence and considers that all the INEDs are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operations and financial performance of the Group. The Board also meets to review and approve the Group's annual and interim results and other ad hoc matters which need to be dealt with by the Board. Relevant senior executives are invited to attend Board meetings to make presentations and answer the Board's enquiries.

During the year, four Board meetings were held. Directors may participate in meeting in person, via telephone or video-conferencing. The individual attendance records of each Director at the meetings of the Board, Nomination Committee, Remuneration Committee, Audit Committee, Risk Management Committee, Environmental, Social and Governance Committee (also known as ESG Committee) and the annual general meeting of the Company during the year ended 31 December 2024 are set out as follows:

	Number of meetings attended/held						
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Risk Management Committee**	**ESG Committee**	**Annual General Meeting**
Executive Directors:							
Lee Seng Huang	3/4	1/1					0/1
Brendan James McGraw	4/4			3/3	6/6	3/3	1/1
Non-Executive Directors:							
Simon Chow Wing Charn	4/4						1/1
Peter Anthony Curry	4/4			3/3			1/1
Independent Non-Executive Directors:							
Evan Au Yang Chi Chun	4/4	1/1	1/1	3/3	3/6		1/1
David Craig Bartlett	4/4	1/1	1/1	3/3		2/3	0/1
Alan Stephen Jones	4/4	1/1	1/1	3/3			1/1
Vivian Alexa Kao	3/4				5/6	2/3	1/1
Jacqueline Alee Leung	4/4	1/1	1/1	3/3			1/1
Wayne Robert Porritt	4/4				6/6	3/3	1/1

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, approval of Directors' appointment or re-appointment (based on the recommendations made by the Nomination Committee), material contracts and transactions, corporate governance as well as other significant policies and financial matters. The Board has delegated the daily operations and administration responsibilities to the executive management under the instruction/supervision of the Executive Committee which has its specific written terms of reference. The respective functions of the Board and management of the Company have been formalised and set out in writing. The Board reviews these procedures from time to time to ensure that they are consistent with the existing rules and regulations.

The Board is committed to ensuring independent views and input are available for the Board's discussion. The Chairman of the Board meets at least annually with INEDs without other Directors' present. Regular Board meetings of each year are scheduled in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussions in the agenda. The agenda and the accompanying Board papers are normally sent to all Directors at least three days prior to the proposed date of a Board meeting (and so far as practicable for such other Board meetings). In addition, any Director may make request to the Chairman of the Board in writing to request for independent professional advice to assist the relevant Director to discharge his/her duties. During the year, the Board has reviewed the implementation and effectiveness of such mechanism to ensuring the availability of independent view to the Board.

The Company Secretary assists the Chairman in preparing the agenda for meetings, and ensures that all applicable rules and regulations are complied with. Draft minutes of each Board meeting are circulated to all Directors for their comment before being tabled at the following Board meeting for approval. Minutes of meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter cannot be dealt with by a written resolution of the Board but will be dealt with by the Board at a duly convened Board meeting. The articles of association of the Company (the "Articles") also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting on the relevant Board resolution and not be counted in the quorum at meetings of the Board for approving any contract or arrangement in which such Director or any of his/her close associate(s) has a material interest. The Board will also follow relevant rules stipulated in the Listing Rules in this regard.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, a written procedure has been established since June 2005 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

Directors' Continuous Professional Development

For continuous professional development, in addition to Directors' attendance at meetings and review of papers and circulars sent by management, Directors participated in the following activities:

Name of Director	Reading regulatory updates	Attending seminars^
Executive Directors:		
Lee Seng Huang	✓	✓
Brendan James McGraw	✓	✓
Non-Executive Directors:		
Simon Chow Wing Charn	✓	✓
Peter Anthony Curry	✓	✓
Independent Non-Executive Directors:		
Evan Au Yang Chi Chun	✓	✓
David Craig Bartlett	✓	✓
Alan Stephen Jones	✓	✓
Vivian Alexa Kao	✓	✓
Jacqueline Alee Leung	✓	✓
Wayne Robert Porritt	✓	✓

^ Including trainings/briefings/online seminars/conferences relevant to Directors' duties

Roles of Chairman and Chief Executive

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 ("IM") business with support from the management team of the division, as well as its interest in United Asia Finance Limited ("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.

The Group Executive Chairman is responsible for the leadership of the Board, ensuring that all key and significant issues are discussed by the Board in a timely and constructive manner, all Directors are properly briefed on issues arising at Board meetings, and the Directors receive in a timely manner, adequate information which is accurate, clear, complete and reliable.

Appointment and Re-Election of Directors

The terms of reference of the Nomination Committee include a nomination procedure specifying the process and criteria for selection and recommendation of candidates for directorships of the Company.

Every newly appointed Director will receive an induction package from the Company Secretary on the responsibilities and ongoing obligations to be observed by a Director pursuant to the Companies Ordinance, Listing Rules and Securities and Futures Ordinance. The package will also include materials briefly describing the operations and businesses of the Company, the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. Senior management will subsequently conduct such briefings as necessary to provide the new Director with detailed information on the Group's businesses and activities. In addition, a newly appointed Director will also receive legal advice from a firm of solicitors qualified to advise on Hong Kong law by way of a training regarding the functions, duties and obligations required of a director of a company listed on the Stock Exchange and the responsibilities as a Director of the Company, including but not limited to, those set out in the Listing Rules and all other laws and regulations from time to time applicable and in force.

Since 1 January 2023, the NEDs (including the INEDs) of the Company were not appointed for a specific term and shall hold office until terminated by either party by giving to the other not less than one month's prior notice in writing, and are subject to the relevant provisions of the Articles or any other applicable laws/rules whereby the Directors shall vacate or retire from their offices but are eligible for re-election.

According to Article 94 of the Articles, any Director appointed to fill a casual vacancy shall hold office until the Company's next following general meeting and shall be eligible for re-election. Any Director appointed as an addition to the Board shall hold office until the next following annual general meeting ("AGM") of the Company and shall be eligible for re-election at that meeting. Furthermore, pursuant to Article 103 of the Articles, at each AGM of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at least once every three years.

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining an effective Board to enhance the quality of its performance. The Board has adopted the Board Diversity Policy on 1 September 2013 with an aim to promote broad experience and diversity on the Board. Such policy would be reviewed by the Board annually.

The objectives of the Board Diversity Policy include:

(i) the Board should possess a balance of skills and experience appropriate for the requirements of the businesses of the Company. The Directors should have a mix of finance, legal and management qualifications with considerable experience in diversified businesses;
(ii) selection of candidates for directorship will be based on a broad range of perspectives, including but not limited to gender, age, cultural and educational background, knowledge, professional experience or skills; and
(iii) Directors (especially the NEDs) are encouraged to participate in Board meetings to bring an independent judgment, to promote critical review and to bring a wide range of business and financial experience to the Board which contributes to the effective direction of the Company.

Appointments to the Board should be made in the context of complementing and expanding the skills, knowledge and experience of the Board as a whole and candidates will be considered against objectives, taking into account the Company's business and needs.

The Board has reviewed, according to the Terms of Reference of the Board and through the Nomination Committee, the structure, size, composition and diversity of the Board, the implementation and effectiveness of the Board Diversity Policy as well as the nomination and appointment procedure of directors during the year. For the year ended 31 December 2024 and as at the date of this report, the Board consists of eight male Directors and two female Directors, meeting the Rule 13.92 gender requirement. The Board considered that the Board was sufficiently diverse in terms of gender, balance of skills and experience.

The gender ratio in the Company's workforce (including senior management) for the year ended 31 December 2024 is set out in the section entitled "Our People" and the "Performance Data Table" of the Environmental, Social and Governance (ESG) Report of this Annual Report. The Company will continue to take steps to promote gender diversity at all levels of the Group, including but not limited to the Board and the senior management levels.

Corporate Governance Functions

To maintain a high standard of corporate governance within a sensible framework, with an emphasis on the principles of integrity, transparency, accountability and equity, the Company has adopted a Corporate Governance Policy and terms of reference of the Board with effect from 1 April 2012. Such policy and terms of reference would be reviewed by the Board annually.

The major duties of the Board in respect of performing corporate governance functions include:

(i) to develop and review the Company's policies and practices on corporate governance;
(ii) to review and monitor the training and continuous professional development of Directors and senior management;
(iii) to review and monitor the Company's policies and practices for compliance with legal and regulatory requirements;
(iv) to develop, review and monitor the code of conduct and compliance manuals applicable to employees and Directors; and
(v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

In 2024 and up to the date of this report, the Board has performed its corporate governance duties in accordance with its terms of reference.

Board Committees

The Board has established various committees, including the Nomination Committee, Remuneration Committee, Audit Committee, Executive Committee, Risk Management Committee and ESG Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decisions and recommendations where appropriate. The procedures and arrangements for a Board meeting have been adopted for the committee meetings so far as practicable.

Nomination Committee

The Nomination Committee has been established since April 2012 and, as at the date of this report, consists of the Group Executive Chairman and four INEDs, including Messrs. Lee Seng Huang (Chairman), Evan Au Yang Chi Chun, David Craig Bartlett, Alan Stephen Jones and Ms. Jacqueline Alee Leung. The Nomination Committee is provided with sufficient resources to perform its duties, including, where necessary, to seek independent professional advice, at the Company's expense. The duties and authorities of the Nomination Committee are contained in its terms of reference, which fully comply with code provision B.3.1 of the CG Code and are available on the websites of the Stock Exchange and the Company.

The Nomination Committee has formulated and set out its nomination policy ("Nomination Policy") in its terms of reference. The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's businesses. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company, contribution to the diversity of the Board and ability to effectively carry out the Board's responsibilities. Further details of the selection criteria and the procedure are set out in the terms of reference of the Nomination Committee.

The Nomination Committee will meet as and when necessary in accordance with its terms of reference. In 2024, one Nomination Committee meeting was held and the attendance of each member at the meeting is set out in the section headed "Board Process" of this report. The work performed by the Nomination Committee in 2024 is summarised as follows:

(i) reviewed the structure, size, composition, diversity of the Board and the implementation and effectiveness of the Board Diversity Policy;
(ii) assessed the independence of the INEDs;
(iii) reviewed the proposed re-election of Directors at the 2024 AGM with recommendations to the Board for approval; and
(iv) considered the nomination of the potential candidates as independent non-executive directors in the context of succession planning of the Board.

After the end of the reporting period, a Nomination Committee meeting was held in March 2025 to review the structure, size, composition and diversity of the Board, assess the implementation and effectiveness of the Board Diversity Policy, review the Board succession planning, assess the independence of the INEDs, review the proposal for the re-election of Directors at the upcoming 2025 AGM, and made recommendations to the Board for the nomination of an executive director and an independent non-executive director of the Company.

Remuneration Committee

The Remuneration Committee has been established since April 1985 and, as at the date of this report, consists of four INEDs including Messrs. Evan Au Yang Chi Chun (Chairman), David Craig Bartlett, Alan Stephen Jones and Ms. Jacqueline Alee Leung. The Remuneration Committee is provided with sufficient resources to perform its duties, and, where necessary, to seek independent professional advice, at the Company's expense. The duties and authorities of the Remuneration Committee are contained in its terms of reference which are available on the websites of the Stock Exchange and the Company.

The terms of reference of the Remuneration Committee adopted by the Company are in compliance with code provision E.1.2 of the CG Code but with a deviation from the code provision 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 reasons for the above derivations are summarised as below:

(i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior management and that this evaluation process is more effectively carried out by the Executive Directors; and
(ii) the Executive Directors must be in a position to supervise and control senior management and thus should be able to control their compensation.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. One Remuneration Committee meeting was held in 2024 and the attendance of each member at the meeting is set out in the section headed "Board Process" of this report. The committee also dealt with some matters by way of circulation of written resolutions.

The work performed by the Remuneration Committee during 2024 is summarised as follows:

(i) reviewed the existing policy and structure for the remuneration packages of Directors;
(ii) reviewed the remuneration packages of the Executive Directors;
(iii) reviewed the bonuses for the year ended 31 December 2023 for the two Executive Directors with a recommendation to the Board for approval;
(iv) reviewed the remuneration of all Directors with recommendations to the Board for approval; and
(v) considered and recommended for the Board's approval the lease for the provision of an accommodation to the Group Executive Chairman under his employment contract.

Each of the NEDs (including INEDs) is entitled to a director's fee. Remuneration packages of the Directors for their responsibilities and services were determined according to their respective contractual terms under their employment contracts or appointment letters as approved by the Board on the recommendation of the Remuneration Committee.

Directors' remuneration would be determined with reference to his/her duties and responsibilities with the Company, the prevailing market conditions and the terms of the Company's remuneration policy. Details of the Directors' remuneration for the year ended 31 December 2024 are set out in Note 8(a) to the consolidated financial statements. In addition, the five highest paid individuals in the Group and the annual remuneration payable to members of senior management by band are set out in Notes 8(b) and 8(c) to the consolidated financial statements, and the movement of share awards granted to the Directors during the reporting year are set out in the section entitled "Share Award Scheme" of the Directors' Report of this Annual Report. Details of the remuneration policy of the Group are also set out in the "People & Culture" section in the Management Discussion and Analysis of this Annual Report.

After the end of the reporting period, a Remuneration Committee meeting was held in March 2025 to review the summary compensation report which includes the information provided by an independent professional consultant, policy and structure of Directors' remuneration, and remuneration packages of the Directors and the proposed new directors. The Remuneration Committee made the following recommendations to the Board which were subsequently approved (where appropriate) by the Board:

(i) the payment of discretionary bonuses for the year 2024 to the two Executive Directors:
HK$5.0 million cash to Mr. Lee Seng Huang ("Mr. Lee"); and
HK$3.0 million to Mr. Brendan McGraw comprising HK$1.5 million cash and such number of Shares to be awarded under SHK Employee Ownership Scheme equivalent to HK$1.5 million;
(ii) 1.5% and 3.0% increments to the monthly salary of Mr. Lee and Mr. Brendan McGraw respectively, commencing from January 2025; and
(iii) the annual director's fee of the six INEDs and the two NEDs from the year 2025 remain unchanged.

For the purpose of Rule 13.51B(1) of the Listing Rules, the amount for the monthly rental-related expenses which form part of the emoluments of Mr. Lee under his employment contract are varying in nature and has changed during the year. During the year, a new lease was entered into by the Group for the continued provision of residential accommodation to Mr. Lee under his employment contract, details of which were disclosed in the announcement of the Company dated 23 July 2024.

Audit Committee

The Audit Committee has been established since April 1985 and, as at the date of this report, consists of four INEDs and one NED. To retain independence and objectivity, the Audit Committee is chaired by an INED who possesses appropriate professional qualifications or accounting or related financial management expertise. The current members of the Audit Committee are Messrs. Alan Stephen Jones (Chairman), Evan Au Yang Chi Chun, David Craig Bartlett, Ms. Jacqueline Alee Leung and Mr. Peter Anthony Curry. The Audit Committee is provided with sufficient resources to perform its duties and has access to independent professional advice according to the Company's policy, when necessary. The responsibilities and duties of the Audit Committee are contained in its terms of reference which are available on the websites of the Stock Exchange and the Company.

The terms of reference of the Audit Committee of the Company are revised from time to time to comply with the code provision D.3.3 of the CG Code, but with deviations from the code provision regarding the Audit Committee's responsibilities to:

(i) implement policy on the engagement of the external auditor to supply non-audit services;
(ii) ensure that management has performed its duty to have effective risk management and internal control systems;
(iii) ensure co-ordination between the internal and external auditors; and
(iv) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

The Board considers that the Audit Committee of the Company shall recommend (as opposed to implement under the code provision) the policy on engaging the external auditor to supply non-audit services for the following reasons:

(i) it is proper and appropriate for the Board and its committees to develop policy and make appropriate recommendations;
(ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the Executive Directors and management; and
(iii) the INEDs are not in an effective position to implement the policy and follow up implementation of the same on a day-to-day basis.

Furthermore, the Board considers that the Audit Committee only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has performed its duty to have an effective risk management and internal control systems. The Audit Committee is not equipped to ensure that the same is in place, as this would involve day-to-day supervision and the employment of permanent experts. The Audit Committee is not in a position to ensure coordination between the internal and external auditors, but it can promote the same. Similarly, the Audit Committee cannot ensure that the internal audit function is adequately resourced and has appropriate standing within the Company but it can check whether it is adequately resourced and has appropriate standing within the Company, and recommend the correction of any identified deficiency.

The Audit Committee shall meet at least three times a year in accordance with its terms of reference. Three Audit Committee meetings were held in 2024 and the attendance of each member at each meeting is set out in the section headed "Board Process" of this report. The Audit Committee also dealt with some matters by way of circulation of written resolutions.

The work performed by the Audit Committee in 2024 and up to the date of this report is summarised as follows:

(i) considered and approved the terms of engagement and fees proposed by the external auditor regarding the interim results review for the six months ended 30 June 2024, the final audit of the Group for the years ended 31 December 2023 and 2024 and annual review of continuing connected transactions of the Group for the years ended 31 December 2023 and 2024;
(ii) considered the audit plan for the year ended 31 December 2024;
(iii) reviewed the reports from the external auditor and management representation letters in relation to the final audit of the financial statements of the Group for the years ended 31 December 2023 and 2024;
(iv) reviewed the report from the external auditor and management representation letter in relation to the interim results review of the financial statements of the Group for the six months ended 30 June 2024;
(v) reviewed the financial reports of the Company for the years ended 31 December 2023 and 2024, and for the six months ended 30 June 2024, and recommended approval by the Board;
(vi) reviewed the management report on key financial matters;
(vii) reviewed the effectiveness of the risk management and internal control system, and the effectiveness of the internal audit function and recommended actions to the Board where appropriate;
(viii) reviewed various internal audit review reports prepared by the internal audit function and the 2024 internal audit plan;
(ix) reviewed the risk management reports; and
(x) reviewed and considered the application to the Stock Exchange for application of alternative size test for certain transactions of the Company.

Executive Committee

The Executive Committee (the "Exco") has been established since November 1983 and, as at the date of this report, consists of two Executive Directors, Messrs. Lee Seng Huang (Chairman) and Brendan McGraw. The Exco is vested with all the general powers of management and control of the activities of the Group as are vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the terms of reference of the Exco.

The Exco is mainly responsible for undertaking and supervising the day-to-day management of the Group, and is empowered, subject to the general policies adopted by the Board:

(i) to formulate and implement policies for the business activities, internal control and administration of the Group; and

(ii) to plan and decide on strategies to be adopted for the business activities of the Group within the overall strategy of the Group as determined by the Board.

Risk Management Committee

The Risk Management Committee (the "RMC") has been established since January 2007 and, as at the date of this report, consists of three INEDS, an Executive Director and other members from the Company's management, being Messrs. Wayne Robert Porritt (Chairman), Evan Au Yang Chi Chun, Ms. Vivian Alexa Kao, Messrs. Brendan McGraw, Antony Edwards, Ms. Phoebe Yuen Oi Ying and Mr. Wong Kin Wing respectively.

The major roles and responsibilities of the RMC are:

(i) to analyse and define risks likely to be encountered by the Group in the various aspects of its operation;

(ii) to ensure through appropriate mechanisms including setting up committee(s) and supervision by division/department heads, adequate review, assessment, and monitoring the risks which may be encountered by the Group and the effectiveness of the Group's systems of risk management and internal controls, including but not limited to, financial, operational and compliance controls and risk management functions; and

(iii) to act as a provider of assurance (in conjunction with the Group's internal audit function and the Group's external auditor) to the Board in its annual review of:

  (a) the changes in the nature and extent of significant risks likely to be encountered by the Group since the last annual review, and the Group's ability to respond to such changes in its business activities and external environment;

  (b) the scope and quality of management's ongoing monitoring of risks and system of internal controls;

  (c) the adequacy of the extent and frequency of the communication of the results of monitoring to the Board enabling it and the Audit Committee to develop a cumulative assessment of the state of control in the Group and the effectiveness with which risk is being managed;

  (d) any major incident that poses substantial risk and/or loss exposure to the Group, whether actual loss is incurred or not; in the event of likely or actual violations of any applicable laws, regulations, regulatory guidelines/codes; significant internal policies, operational or technological failures; and any other significant events that may expose the Group to substantial reputational risk;

  (e) the effectiveness of the Group's processes relating to financial reporting and Listing Rules compliance;

  (f) all other relevant issues appropriate to risk identification and management and internal control issues; and

  (g) to oversee the business continuity planning (BCP) steering committee of the Company including monitoring the development and implementation of the BCP policy, reviewing the testing results and incident log to integrating lessons learned into the risk management framework.

The RMC will normally meet four times per year and additional meetings may be called as directed by the chairman of the RMC. Six RMC meetings were held in 2024 and the attendance of the Directors at each meeting is set out in the section headed "Board Process" of this report.

The work performed by the RMC during the year and up to the date of this report is summarized as follows:

(i) in-depth review of operational risk, liquidity risk, business continuity plan (BCP), credit risk, FX risk, legal and compliance risk and valuation risk of the Group;
(ii) reviewed the risk management reports from the Group's business segments and headquarters functions;
(iii) reviewed the annual risk management reports of the Group;
(iv) reviewed and assessed the completed responsibility statements from the relevant business units and department heads regarding their risk management, compliance and internal control procedures for the financial years ended 31 December 2023 and 2024;
(v) reviewed the Group's operational resilience;
(vi) considered the proposed changes to the risk metrics;
(vii) reviewed UAF's bad debt delinquency analysis;
(viii) reviewed the investment limits of IM business and considered the proposed revisions to the Investment Management Policy with recommendations to the Board for approval;
(ix) considered the Risk Incident Reporting Policy;
(x) reviewed the operational resilience gap analysis of Sun Hung Kai Capital Partners Limited;
(xi) reviewed the quarterly ERM reports and considered the proposed changes to the Group ERM Policy, risk universe and risk appetite statement with recommendations to the Board for approval;
(xii) determined the deep dive topics for 2025; and
(xiii) reviewed the internal audit progress reports relating to risk management.

ESG Committee

The ESG Committee has been established since August 2023 and, as at the date of this report, consists of three INEDs, an Executive Director and other members from the Company's management and team heads, being Ms. Vivian Alexa Kao (Chairperson), Messrs. Wayne Robert Porritt, David Craig Bartlett, Brendan McGraw, Antony Edwards, Ms. Phoebe Yuen Oi Ying, Mr. Gary Chan Ming Tak, Ms. Yeung Mei and Ms. Samantha Che Chi Wing respectively.

The major responsibilities of the ESG Committee are:

(i) to review, establish and endorse ESG objectives, priorities, strategies, policies and frameworks and make recommendations to the Board for approval;
(ii) to monitor and assess existing and/or emerging ESG trends and issues related to the Group's ESG objectives, priorities and strategies;
(iii) to review and oversee the implementation of the Group's ESG policies and practices to ensure that they remain relevant for the purposes and compliant with the applicable legal and regulatory requirements;
(iv) to review performance of the Group against agreed ESG targets and recommend measures for improvements;
(v) to identify, monitor and assess ESG risks (including climate-related risks) that are material to the Group; review the integration of the ESG related risks into the Group's broader risk management and internal control system and report to the Board on any material risks and recommend measures to manage the risks;
(vi) to consider the environmental and social impact of how the Group conducts its business on its stakeholders and the environment; and
(vii) to review the Company's annual ESG Report and other ESG related disclosures, and provide recommendations to the Board for approval.

The ESG Committee will normally meet twice a year or as directed by the chairman of the ESG Committee. Three ESG Committee meetings were held in 2024 and the attendance of the Directors at the meeting is set out in the section headed "Board Process" of this report.

The work performed by the ESG Committee during the year and up to the date of this report is summarised as follows:

(i) received the annual Stakeholder Engagement Survey Report;
(ii) reviewed the ESG targets;
(iii) received the Climate-Related Risk Assessment Report;
(iv) received progress reports on the implementation of the ESG initiatives and the ESG trainings provided;
(v) considered the nomination of a ESG committee member to fill the casual vacancy for approval by the Board;
(vi) reviewed the draft Responsible Investment Policy and made recommendation to the Board for approval;
(vii) approved the establishment of ESG Working Committee and its composition;
(viii) discussed the measures for addressing the gap in the ESG ratings; and
(ix) reviewed the ESG reports for the years ended 31 December 2023 and 2024 with recommendations to the Board for approval.

Risk Management and Internal Control

The Board acknowledges its responsibility for the establishment and maintenance of sound and effective risk management and internal control systems to safeguard the Group's corporate interests.

Since its establishment in 2007, the Group's RMC has been delegated with the responsibility to assist the Board to review, assess and monitor the various risks, including ESG risks (until the establishment of the ESG Committee in August 2023) which may be encountered by the Group and the effectiveness of the Group's risk management system. The functions and compositions of the RMC are set out in the "Board Committees" section in the earlier part of this report and the risk management mechanism is set out in the "Risk Management Report" in this Annual Report.

The Group's risk management culture is critical to the effectiveness of the risk management framework. The principal risks are determined through a consideration of the strategy, external risk factors, the operating environment of the Group including risks identified by our peers, and an analysis of individual processes and procedures.

The review of the Group's principal risks focuses on identifying those risks that could threaten the business model, future performance, capital or liquidity of the business. In identifying these risks, consideration is given to external developments, regulatory expectations and market standards. Our focus includes strategic risk, credit risk, market risk, liquidity risk, operational risk, legal and compliance risk, external risk and human resource risk.

Emerging risks are regularly considered to assess any potential impact on the Group and to determine whether any actions are required. Emerging risks include those related to regulatory/legislative change and macroeconomic and political change.

The Group's risk management and internal control approach is designed to provide reasonable, but not absolute, assurance against material misstatement or loss; to manage prudently but not completely eliminate the risk of system failure. Processes and procedures are put in place to identify, manage and control the risks of different businesses and activities. More detailed discussions of different types of risks are set out in the "Risk Management Report" in this Annual Report and in Note 46 to the consolidated financial statements — Financial Risk Management.

In addition to safeguarding the Group's corporate interests, the internal control framework is to maintain proper accounting records and to comply with relevant laws and regulations. It provides an independent and objective assurance to safeguard the Group's operations. The Group's internal control functions are either carried out by internal audit teams for material subsidiaries or independent internal auditor. Together with the RMC and the Audit Committee, they play an important role in assuring the Board and management that a sound internal control system is being implemented, maintained, and relevant regulatory requirements are complied with.

Internal audit is an independent control function reporting to the Audit Committee. It applies a systematic and disciplined approach to analyse and independently appraise the adequacy and effectiveness of the Group's risk management and internal control systems. The audit plans, having agreed by the Audit Committee, are risk-based to ensure that a methodical coverage of the Group's operations and resources are focused on high risk areas. Ad hoc reviews are conducted on areas of concern where necessary. Internal audit reports are issued to the Audit Committee, relevant senior management and division/department/team heads.

Each year, a Group-wide self-assessment is conducted on the effectiveness of the risk management and internal control framework covering all major areas such as front office, legal and compliance, finance, operations and support functions with the purposes of assessing and documenting key risks to enable control improvement. The assessment is performed by the divisions and co-ordinated by the Group Enterprise Risk Management Coordinator with the assistance of the Group Chief Financial Officer who reports directly to the Group Executive Chairman. Such review results are reflected in the risk register of each team and summarised as a heat map of the Group. Such results, findings and heatmap are reported to the RMC, Audit Committee and the Board which have been considered effective and adequate. Other monitoring and review on risk exposures to formulate risk management policies is also co-ordinated by the Group Enterprise Risk Management Coordinator with the assistance of the Group Chief Financial Officer.

Management reviews are conducted on new processes and systems to ensure that policies and procedures are updated in accordance with the ever changing risk-related environment. The Group also engages external consultants on an ad-hoc basis to perform independent reviews covering significant parts of the Group's operations, when necessary.

The Board, through the Audit Committee and the Risk Management Committee, reviews the adequacy of resources, training programmes, budget, qualifications and experience of the accounting, internal audit and financial reporting staff. The RMC, the Audit Committee and the Board review the effectiveness of the risk management and internal control processes of the Group and fulfill the requirements of the CG Code regarding risk management and internal control processes in general.

Accountability and Audit

Financial Reporting

The Directors acknowledge their responsibility, with the support of the Finance Department, for preparing the consolidated financial statements of the Group. In preparing the consolidated financial statements for the year ended 31 December 2024, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance have been complied with. The Directors believe that they have selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent and reasonable, and have ensured that the consolidated financial statements are prepared on a going concern basis.

The reporting responsibilities of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), are set out in the "Independent Auditor's Report" of this Annual Report.

External Auditor's Remuneration

During the year, the remuneration paid to Deloitte is set out as follows:

Services rendered for the Group	**Fees paid** *(Note)* *(HK$ Million)*
Audit services	7.3
Non-audit services (taxation and other professional services)	2.6
Total	9.9

Note: Fees paid during the year includes amount accrued in 2023.

Disclosure of Inside Information Policy

The Board has adopted the Disclosure of Inside Information Policy (the "Policy") effective on 1 January 2013 with respect to the procedures and internal controls for the handling and dissemination of inside information. The Policy sets out guidelines and procedures to the directors and relevant officers of the Group to ensure inside information of the Group is to be disseminated to the public in an equal and timely manner. Directors and relevant officers in possession of potential inside information and/or inside information are required to take reasonable measures to ensure that proper safeguards are in place to preserve strict confidentiality of inside information and to ensure that its recipients recognise their obligations to maintain the information confidential. The Policy shall be updated and revised as and when necessary in light of changes in circumstances and changes in the Listing Rules, Part XIVA of the Securities and Futures Ordinance and relevant statutory and regulatory requirements from time to time.

Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy

The Board has adopted the Whistleblowing Policy and system for employees and those who deal with the Group to raise concern, in confidence and anonymity, if required and appropriate, with the Audit Committee of the Company about possible improprieties in any matter related to the Group.

The Board has also adopted the Anti-Bribery and Anti-Corruption Policy in November 2022 setting out responsibilities of the Group's employees to identify and prevent bribery and corruption in order to protect the integrity and reputation of the Group.

Company Secretary

Mr. Lee Sze Wai is an employee and the Company Secretary of the Company. All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Group Executive Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with Shareholders and management.

Mr. Lee is a member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. During 2024, Mr. Lee undertook over 15 hours of relevant professional training to update his skills and knowledge.

Codes for Securities Transactions by Directors and Relevant Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specified enquiries of all the Directors, they have confirmed that they have complied with the required standard as set out in the Model Code.

The Company has also adopted the Model Code as the Code for Securities Transactions by Relevant Employees, to regulate dealings in the securities of the Company by relevant employees of the Company or any of its subsidiaries who are considered to be likely to possess inside information in relation to the Company or its securities.

Communication with Shareholders and Shareholders' Communication Policy

The Board recognises the importance of good communication with Shareholders. Information in relation to the Group is disseminated to Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents, together with the latest corporate information and news, are also made available on the Company's website.

The Company's general meetings are valuable forums for the Board to communicate directly with Shareholders. Code provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this their duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The chairman of any independent board committee formed as necessary or pursuant to the Listing Rules should also be available to answer questions at any general meeting of the shareholders to approve a connected transaction or any other transaction that requires independent shareholders' approval. The Group Executive Chairman was unable to attend the AGM held on 28 May 2024 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 Articles.

Code provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

The 2024 AGM was held on 28 May 2024 and eight out of ten Directors attended the meeting. For details of the Directors' attendance at the general meeting, please refer to the attendance record of the Directors set out in the section headed "Board Process" of this report. Separate resolutions are proposed at the AGM for each substantial issue, including the re-election of retiring Directors.

Notice of meetings to Shareholders is to be sent in the case of the AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in case of all other general meetings. An explanation of the detailed procedures of conducting a poll is provided to Shareholders at the commencement of the meeting. The chairman of the meeting answers questions from Shareholders regarding voting by way of a poll. The poll results of the resolutions are thereafter published in the manner prescribed under the requirements of the Listing Rules.

Shareholder(s) representing at least 5% of the total voting rights of all Shareholders having the right to vote at general meetings of the Company can request to convene an extraordinary general meeting according to Article 67 of the Articles and Section 566 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong). The business proposed to be transacted at the meeting must be stated in the related requisition which must be signed and deposited at the registered office of the Company. Besides, Shareholders may make a proposal at a Shareholders' meeting by submitting the proposed resolution in written form to the Board at the registered office of the Company, which shall clearly and concisely set out the proposal for discussion and be relevant to the Company's business scope.

The Board adopted the Shareholders' Communication Policy in March 2012 which sets out the channels of communication with the Shareholders and other stakeholders, including corporate communication which includes documents issued by the Company for the information and action of Shareholders including but not limited to annual/interim report, circulars and announcements, Shareholders' meetings, corporate website and the rights of Shareholders for convening general meeting. Shareholders may also make reasonable enquiries to the Company for information regarding the Company which has been made publicly available. Such enquiries should be directed to the Company Secretary at the Company's registered office. If a Shareholder wishes to make an enquiry to the Board, it must be served at the registered office for the attention of the Company Secretary. In addition, Shareholders can contact Tricor Investor Services Limited, the share registrar of the Company, for any questions about their shareholdings.

The Articles is available on the websites of the Stock Exchange and the Company. There was no change in the Articles during the year.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the year and considered that the policy was able to facilitate an open and ongoing communication with its shareholders on fair disclosure basis.

Dividend Policy

The Board has adopted the Company's Dividend Policy at its meeting in November 2018. The Company's Dividend Policy aims at providing reasonable and sustainable returns to Shareholders whilst maintaining a position of financial stability which allows the Company to take advantage of any investment and expansion opportunities that may arise from time to time.

The Board may declare or propose dividends on an annual basis and/or may declare interim dividends or special dividends. The proposal or declaration of dividends by the Board is subject to consideration of the Company's and the Group's operating results, accumulated and future earnings, gearing, liquidity position, capital commitment requirement and future expansion plan as well as general economic conditions and external factors that may have impact on the financial performance and position of the Company and the Group. In addition, as the Company is a holding company, the Board will also consider the dividends received from its subsidiaries as the ability to pay dividends by the Company is dependent on the dividends received from those subsidiaries.

The Board will regularly review the dividend policy and will amend and/or modify the dividend policy if necessary.

Corporate Governance Enhancement

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code, but about promoting and developing an ethical and healthy corporate culture. We will continue to review, and where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our Shareholders to promote and improve our transparency are also welcome.

On behalf of the Board

Lee Seng Huang
Group Executive Chairman

Hong Kong, 20 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

About This Report

Sun Hung Kai & Co. Limited (stock code: 86), commonly referred to as SHK & Co., along with its subsidiaries (collectively known as the Group), is delighted to present its Environmental, Social, and Governance (ESG) Report for the year 2024. This Report sets out the Group's sustainability approach, policies, initiatives, and performance, focusing on the period from 1 January 2024 to 31 December 2024 (the Reporting Period).

This Report is prepared in accordance with the Environmental, Social, and Governance Reporting Guide ("ESG Guide") and with reference to the latest Environmental, Social, and Governance Reporting Code ("ESG Code"), outlined in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), as well as the Global Reporting Initiative ("GRI") Standards 2021. The report has been independently verified by SGS Hong Kong Limited under the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

SHK & Co.'s credit, investment management, and funds management businesses in Hong Kong and Mainland China are covered by this Report. It does not cover activities with no physical operations nor joint venture companies in which the Group has no operational control. Unless stated otherwise, the Report encompasses the offices and branches of the following units and their subsidiaries in Hong Kong and Mainland China:

- Sun Hung Kai & Co. Limited (SHK & Co.)
- United Asia Finance Limited (UAF)
- Sun Hung Kai Credit Limited (SHK Credit)

This Report has been carefully compiled using information gathered within the Group. The Group has internal control and formal review processes to verify the accuracy and reliability of that information. The Board of Directors (the Board) has reviewed and approved this Report. Throughout its preparation, we have adhered to the reporting principles of "materiality," "quantitative," "balance," and "consistency."

Materiality	This Report is structured based on the results of a comprehensive materiality assessment conducted through active stakeholder engagement. The materiality of issues was reviewed and confirmed by the Board and senior management.
Quantitative	This Report discloses material environmental and social key performance indicators ("KPIs") of the offices and branches from SHK & Co., UAF and SHK Credit.
Balance	This Report presents an overview of the Group's ESG performance with both achievements and areas of improvements disclosed.
Consistency	This Report adopts methodologies for the calculation of KPIs that are materially consistent with those of previous years for fair comparison of ESG data over time. For further details of the quantification methodologies, please refer to the "Our Environment" section.

For further background information, please review our Annual Report and Corporate Governance Report.

Opinion and Feedback

We gather and value feedback on our sustainability performance and targets. Please get in touch to share your views at:

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33 Hysan Avenue
Causeway Bay
Hong Kong
Tel: (852) 3748 2823
Email: investor.relations@shkco.com

ESG Performance Highlights

Overarching

- **Independent Audit and Assurance:**
  Engaged an independent third party to verify and provide additional assurance on this Report.

Our Business and Customers

- **UNSDG-Aligned Investments**
  Our target for UNSDG-aligned investments increased from 30% to 50% in our 2023 ESG report, achieving this goal in 2024.

- **Responsible Investment Policy**
  Launched our Responsible Investment Policy to reinforce the Group's commitment to responsible investing. This policy integrates ESG considerations into our investment decision-making through various screening and alignment procedures.

- **Information Security Management System Enhancement**
  Transitioned UAF's information security management system to newer and more stringent ISO 27001:2022 certification for improved data protection and compliance.
  Achieved Payment Card Industry Data Security Standard ("PCI-DSS") 4.0 compliance for the credit card business of UAF.

- **Financial Inclusion and Protection Disclosure Enhancement**
  Elaborated initiatives and trainings on financial inclusion and protection for UAF customers.
  Enhanced disclosure on consumer financial protection training for UAF employees.

Our People

- **Employee Growth and Development**
  132% increase in average training hours per employee.

Our Environment

- **Progress of Environmental Targets**
  Over 40% reduction in paper consumption compared to 2023 levels.
  Over 30% reduction in water consumption compared to 2023 levels.

- **Climate Risk Assessment Enhancement**
  Expanded our climate risk assessment to include climate scenario analysis.

Awards and Recognitions

Award Name	Awarding Institution
SHK & Co.	
Standard Chartered Corporate Achievement Awards – Sustainable Corporate (Social Responsibility – Outstanding Award) (2024)	Standard Chartered
Listed Company Awards of Excellence (2018- 2024)	Hong Kong Economic Journal
Listed Enterprises of the Year (2018-2024)	Bloomberg Businessweek/Chinese Edition
Listed Enterprises – Best Risk Management (2024)	Bloomberg Businessweek/Chinese Edition
Asian Excellence Awards – Asia's Best CEO (2024)	Corporate Governance Asia
Asian Excellence Awards – Asia's Best CSR (2024)	Corporate Governance Asia
Asian Excellence Awards – Best Investor Relations Company (2016-2019, 2023-2024)	Corporate Governance Asia
Asian Excellence Awards – Best Corporate Communications (2023-2024)	Corporate Governance Asia
China IR Annual Awards – Best Value Creation Award (2024)	Roadshow China
Caring Company (2016-2024)	The Hong Kong Council of Social Service
Happy Company (2021-2024)	Happy Index Foundation
Gold Award Winner of The Asset ESG Corporate Awards (2013-2018, 2020, 2022-2024) **Titanium Award Winner of The Asset ESG Corporate Awards (2019, 2021)**	The Asset
Gelonghui Jinge Awards: ESG Disclosure Excellence Enterprise (2024)	Gelonghui
Green Office Award & Eco-Healthy Workplace (2021-2024)	World Green Organisation
Good MPF Employer (2014-2024)	Mandatory Provident Fund Schemes Authority
The Racial Diversity and Inclusion Charter for Employers (since 2022)	Equal Opportunities Commission

Award Name	**Awarding Institution**
UAF	
Best SME Partner Award (2022 – 2024)	The Hong Kong General Chamber of Small and Medium Business
The MARKies Awards – Best Use of Venue (Silver) (2024)	Marketing – Interactive
The MARKies Awards – Best Use of Out-Of-Home (Silver) (2024)	Marketing – Interactive
Marketing Excellence Awards – Excellence in Omnichannel (Bronze) (2024)	Marketing – Interactive
DigiZ Awards – Best Effective Search Campaign Gold Award (2022-2024)	Marketing – Interactive
Sparks Awards – Best Media Campaign – Out of Home (2024)	Marketing – Interactive
Good MPF Employer (2023-2024)	Mandatory Provident Fund Schemes Authority
ACES Awards – Outstanding Leader in Asia (CEO and Executive Director) (2024)	MORS Group
ABF Retail Banking Awards (2024)	Charlton Media Group
Manpower Developer (2012-2024)	Employees Retraining Board (ERB)
Happy Company Award (2017-2024)	Happy Index Foundation
Caring Company (2005-2024)	The Hong Kong Council of Social Service
Partner Employer Award (2024)	The Hong Kong General Chamber of Small and Medium Business
The Racial Diversity & Inclusion Charter for Employers (Since 2020)	Equal Opportunities Commission
Good Employer Charter (2024)	Labour Department
Joyful@Healthy Workplace Charter (2024)	Occupational Safety & Health Council
Mental Health Workplace Charter (2024)	Occupational Safety & Health Council
Privacy-Friendly Awards (Gold Award) (2023)	Officer of the Privacy Commissioner for Personal Data (PCPD)
2024 CIO100 ASEAN Awards (Chief Information Officer) (2024)	Foundry Co.

Award Name	**Awarding Institution**
SHK Credit	
iChoice Most Popular Mortgage Service Provider (2017-2024)	iChoice Award
Headline No. 1 Awards "No.1 in Loans and Financing Services" (2023-2024)	Sing Tao Limited

Our Sustainability Commitment

At SHK & Co., we recognise sustainability is crucial to long-term success. We support the United Nations Sustainable Development Goals (UNSDGs) and integrate them into business practices. Our Sustainability Policy, unveiled in 2020 and regularly updated, serves as a guiding framework and outlines values we uphold across our business. ESG factors are made part of our decision-making processes. For example, we incorporate UNSDGs into our Private Assets Portfolio Management System, so we can monitor our sustainable investments and progress in an effective and timely manner.

To achieve our objectives, we align our plans with international initiatives. To ensure sustained value creation for our co-workers, partners, communities, and the planet, we have established ESG related targets and assess our progress annually. Through this comprehensive approach, we aim to foster a positive and lasting impact on our stakeholders, society, and the environment.

In order to drive long-term business and financial development of the Group, we strive to operate under the highest standards of integrity through a robust governance structure, while managing social and environmental risks.

8 DECENT WORK AND ECONOMIC GROWTH

Our investors and customers are our utmost priority. We actively work to safeguard against potential risks, whilst nurturing our relationships and fostering continuous improvement in our services.

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

As a leader in financial services, our business has a unique position and influence potential to support and protect the environment through its investment decisions and green practices, with the ultimate goal to support the global transition towards a low-carbon economy.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

As a financial services company, our employees are at the heart of our operations. Hence, we invest in their professionalism and competency to responsibly deliver world-class expertise, and strive to create an open and inclusive corporate culture that contributes to the well-being of all.

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
10 REDUCED INEQUALITIES

We invest in causes and initiatives that foster a strong and sustainable society, while engaging, supporting and nurturing the future leaders of tomorrow.

1 NO POVERTY
4 QUALITY EDUCATION
11 SUSTAINABLE CITIES AND COMMUNITIES

Building on our accomplishments last year, we reassessed and updated our ESG goals. To further reduce our own environmental footprint, we actively seek innovative solutions and integrate environmentally friendly practices in our operations. Sustainability, corporate resilience and growth are interconnected. By leveraging our resources, expertise, and collaborative partnerships, we strive to create a more sustainable future that benefits the Group, society and the environment. To reflect our ongoing commitment to sustainability, this year we have set a new GHG emission target.

Environmental Aspect	**Targets**	**Our Progress as of the End of 2024**
General	• Maintain at least 50% of the Group's investment portfolio with alignment to UNSDGs annually. • Participate in an ESG/sustainability-related activity in financial industry annually. • Organise an environmental initiative that reduces or offsets environmental impact annually.	Achieved Achieved Achieved
Greenhouse Gases	• By 2030, reduce GHG scope 2 emissions by 35%[1], compared to FY20.	In Progress
Waste	• Ensure that 90% of office paper is certified FSC or PEFC paper annually. • By 2025, reduce absolute paper usage by 35%, compared to FY19 baseline. • By 2025, maintain use of paper cheques issued for customer funding to be 10% or below at UAF. • By 2024, reduce individual desk bin by 25% and increase recycling points at SHK & Co. • By 2024, eliminate the use of single-use tableware in office. • By 2024, deliver a 1-hour training session to staff on waste generation and management.	Achieved Achieved Achieved Achieved Achieved Achieved
Electricity	• By 2025, reduce absolute electricity usage by 25% compared to FY19 baseline. • Maintain energy-efficient and smart office facilities installation strategically.	Achieved Achieved
Water	• Minimise the consumption of bottled/barrel water.	Achieved

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[1] Assuming emission factors (EFs) for the following years up till 2030 will remain constant at the 2020 levels.

Stakeholder Engagement

SHK & Co. actively engages with its stakeholders to gather their insights, perspectives and expectations for the Group. This ongoing process is vital for our continuous improvement and development across all operational divisions. By deepening our understanding of our stakeholders' viewpoints, we can identify and verify key ESG topics to prioritise. The following table summarises our major communication channels with both internal and external stakeholders.

Key Stakeholder Groups	Engagement Channels
Shareholders/Investors	• General meetings • Press releases • Annual/interim reports • Sustainability reporting • Circulars and announcements • Investor meetings, roadshows and correspondences • Stakeholder survey
Employees	• Business meetings • Conferences • Goals and performance discussion meetings • Departmental meetings and briefings • Global Townhall • Surveys and comment boxes • Training and orientation programmes • Newsletters • Informal employee events
Customers	• Personal contact • Social media • Satisfaction survey • Meetings and correspondences • Circulars and internal memorandum • Mobile applications
Suppliers	• Site visits • Meetings and correspondences • Stakeholder survey
Community Partners/Non-governmental Organisations	• Charity activities • Volunteering opportunities • Sponsored events and projects • Stakeholder survey
Media	• Interviews • Press releases • Meetings and correspondences • Stakeholder survey
Government Bodies	• Site visits • Meetings and correspondences
Banks/Brokers	• Annual/interim reports • Meetings, emails and correspondences • Compliance reports • Stakeholder survey
Fund/Business Partners	• Annual/interim reports • Meetings, emails and correspondences • Stakeholder survey
Investees/Portfolio Companies	• Annual/interim reports • Meetings, emails and correspondences • Stakeholder survey

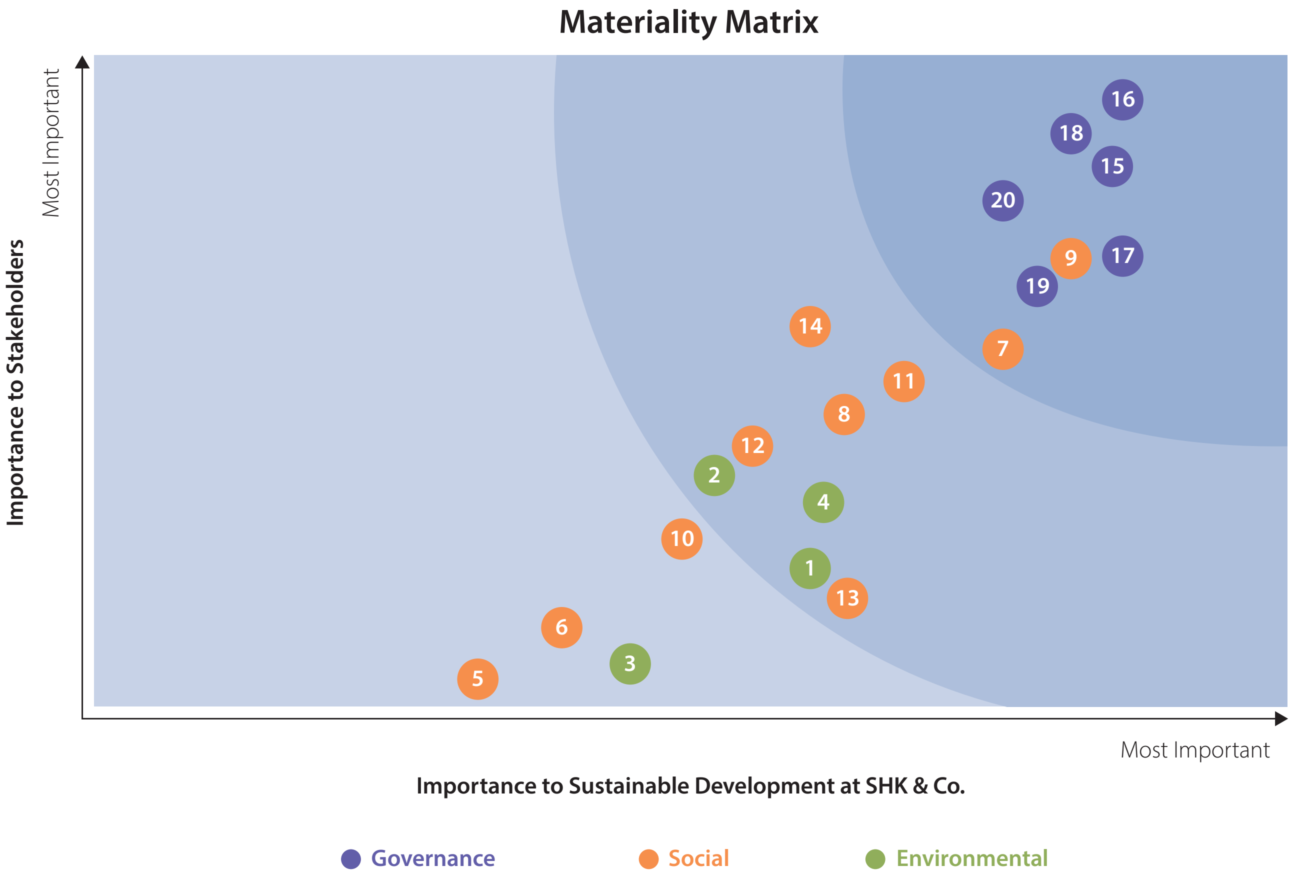
Materiality Assessment

The Group values the views of both its internal and external stakeholders. In 2024, we engaged an independent sustainability consultant to collect feedback from our stakeholders on the Group's ESG performance and to pinpoint the sustainability issues they view as most significant. This valuable information allows us to align our business practices more effectively, optimise our resource use, and refine our strategies to focus on these key priorities. Our key stakeholders include Directors and Management, Employees, Fund and Business Partners, Shareholders and Investors, Financial Counterparts and Suppliers, Investees/Portfolio Companies, Community Partners and Non-governmental Organisations (NGOs) and the Media.

In accordance with the relevant principles defined by the GRI Standards, we adopted a three-step approach to assess the materiality of ESG issues:

1. Identification	Based on last year's materiality assessment, we identified 20 focus points. The set of material issues was determined through peer benchmarking, a discussion with senior management, consideration of the Group's corporate values and reference to GRI Standards.
2. Prioritisation	We collected feedback from material stakeholders via online survey, ranking material ESG issues by their perceived importance. 10 members of the Board and management were invited to rank the importance of material issues for the Group's sustainable development, whilst 635 other stakeholders, including shareholders/investors, employees, fund/business partners, banks/brokers, suppliers, investees/portfolio companies, community partners/NGOs, and the media were surveyed to rank based on their preferences and perceptions.
3. Validation	The list of material topics and materiality assessment results were presented to senior management for input and validation and then considered by the ESG Committee and the Board of SHK & Co.

The following materiality matrix presents the relative importance of the material issues to our stakeholders and to the sustainable development of the Group. The material issues are subsequently grouped under three tiers of importance in the table below.



The 20 material issues identified above, covering aspects of environment, social and governance, are summarised in the table below along with their impact boundary.

Aspect	Issue		Impact Boundary							
			Directors/Management	Employees	Fund/Business Partners	Shareholders/Investors	Banks/Brokers	Suppliers	Community Partners/Non-governmental Organisations	Media
Environment	1	Greenhouse Gases Emissions & Climate Change (e.g. extreme rainfall events)				•	•		•	•
	2	Energy and Resource Use	•		•	•	•		•	•
	3	Investment in Green Finance (e.g. green bonds & loans)				•	•			•
	4	Waste & Paperless Operations	•			•	•		•	•
Social	5	Community Investment (e.g. investment in community projects)			•	•	•		•	•
	6	Community Partnership and Engagement (e.g. sponsorship, donation, volunteering)			•	•	•		•	•
	7	Employee Development and Training				•	•	•	•	•
	8	Diversity and Equal Opportunities			•	•	•		•	•
	9	Employee Health and Well-being		•	•	•	•	•	•	•
	10	Investor/Customer Engagement and Relations			•	•	•		•	•
	11	Product and Service Quality			•	•	•		•	•
	12	Responsible Marketing				•	•		•	•
	13	Supplier Management & Procurement Practices			•	•	•		•	•
	14	Talent Recruitment and Retention		•	•	•	•	•	•	•
Governance	15	Business Integrity and Ethics	•	•	•	•	•	•	•	•
	16	Compliance with Laws and Regulations	•	•	•	•	•	•	•	•
	17	Corporate Governance	•	•	•	•	•	•	•	•
	18	Data Privacy and Cybersecurity	•	•	•	•	•	•	•	•
	19	Financial Performance	•	•	•	•	•	•	•	•
	20	Risk Management	•	•	•	•	•	•	•	•

In 2024, governance-related issues once again took centre stage. There is a clear trend towards greater emphasis on "Risk Management" and "Data Privacy and Cybersecurity" given the reports of increased cyber threats and data breaches globally in 2024, with the corresponding need for heightened awareness and protection of sensitive information.

The 8 most material issues are detailed in this report in accordance with the relevant GRI Standards where applicable.

Most Material Issues (Tier 1)	Moderate Material Issues (Tier 2)	Less Material Issues (Tier 3)
Compliance with Laws and Regulations	Talent Recruitment and Retention	Investor/Customer Engagement and Relations
Data Privacy and Cybersecurity	Product and Service Quality	Investment in Green Finance (e.g. green bonds & loans)
Business Integrity and Ethics	Diversity and Equal Opportunities	Community Partnership and Engagement (e.g. sponsorship, donation, volunteering)
Corporate Governance	Responsible Marketing	Community Investment (e.g. investment in community projects)
Risk Management	Waste & Paperless Operations	
Employee Health and Well-being	Energy and Resource Use	
Financial Performance	Greenhouse Gases Emissions & Climate Change (e.g. extreme rainfall events)	
Employee Development and Training	Supplier Management & Procurement Practices	

Our Business and Governance

The Group has incorporated ESG factors into our core strategy to drive sustainable business operations, supported by robust governance and proactive management. Our governance framework and adherence to business ethics underscore our dedication to create a financial institution rooted in reliability, integrity, and resilience.

Financial Performance

Guided by a desire for long-term returns, we prioritise sustainability and the preservation of future value to promote enduring success and growth. Recognising the risks associated with climate change, we have integrated ESG considerations into our business decisions and strategy. ESG principles are integral to our investment approach. Our target is to maintain at least 50% alignment of the Group's investment portfolio with UNSDGs. This target is subject to annual review. We are proud to have successfully achieved it in 2023 and 2024. We supported the Task Force on Climate-Related Financial Disclosures (TCFD) under the Financial Stability Board from 2022 to 2023, further demonstrating our commitment to enhancing the transparency and reliability of climate-related disclosures for our stakeholders. In 2024, we updated our measurement metrics of climate-related risk and opportunities, and adopted various methods to manage risks.

In particular, the Group has documented its Responsible Investment Policy to underscore its ongoing approach to responsible investing. This policy focuses on incorporating ESG considerations into investment decision-making through a range of investment screening and alignment processes, thereby further reinforcing our long-term sustainable growth strategy.

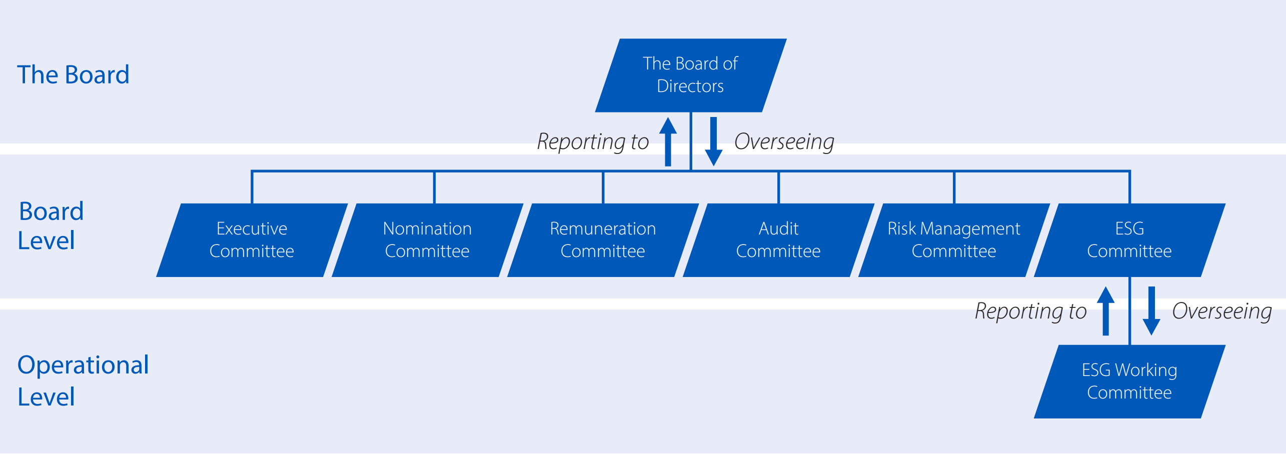
- For further information of our financial performance: see our Financial Statements and Annual Report 2024.

Corporate Governance

Governance Structure

The Group upholds high standards of corporate governance with transparency, integrity, accountability and equity serving as a cornerstone for responsible corporate behaviour. Under our governance framework, the Group is well-positioned to manage risks and seize opportunities, ensuring sustainable growth while safeguarding the long-term interests of its stakeholders. In line with the latest regulatory requirements and good practice, the Board has established six standing Board Committees in discharging its duties. Our Corporate Governance Policy (the "CG Policy") outlines roles and responsibilities of the Board, its interaction and formation or use of Board Committees, Company Secretary, Management and Staff and Risk Management and Internal Control, External Auditors and Communications with our Shareholders.

Three-tier Governance Structure



ESG Governance Structure

The Board serves as the Group's highest management authority and is responsible for overseeing the Group's ESG matters and approving its ESG reports. To elevate our ESG focus, the Board established the Board-level ESG Committee in 2023 and followed up with the ESG Working Committee in 2024, more about which below.

The Board-level ESG Committee, comprises management, executives, and independent directors across all key business units. It reports directly to the Board. This Committee plays a lead role in shaping and reviewing the Group's ESG vision, performance, strategies, and practices. Its responsibilities include overseeing policy implementation, evaluating ESG performance and targets, managing ESG risks, and staying abreast of evolving ESG standards and regulations. The ESG Committee convenes at least twice annually, providing regular updates directly to the Board. Details on its structure, responsibilities, and 2024 work performed can be found in the "Corporate Governance Report" of the Annual Report 2024.

This year, we established the ESG Working Committee, an operational level subcommittee that operates under the ESG Committee, to further enhance our ESG management system. Comprising dedicated members from key business units within SHK & Co. and its subsidiaries, the ESG Working Committee promotes ESG targets and strategies and their effective implementation across the Group. The ESG Working Committee meets at least twice annually, with the flexibility to convene additional ad hoc meetings as needed to address issues that may arise.

Our ESG governance structure is shown in the diagram below:

Board of Directors

- Directs the Group's sustainability governance practices and strategic development
- Oversees and approves overall ESG and climate-related strategies
- Oversees the ESG Committee
- Reviews ESG performance

Reporting to ↑ ↓ Overseeing

ESG Committee

- Develops and reviews the Group's ESG-related and climate-related objectives, practices and policies
- Oversees the implementation and progress of ESG policies, practices and targets
- Organises and evaluates training programmes for the Board and employees
- Identifies and assesses ESG risks and integrates them into broader risk management framework
- Reports and recommends strategies to the Board for addressing significant ESG-related risks

Reporting to ↑ ↓ Overseeing

ESG Working Committee

- Executing and implement the plans in accordance with relevance ESG policies and strategies
- Promote the Group's ESG commitments and vision internally and externally
- Collect and monitor the data for ESG Report

The Group recognises diversity in enhancing board effectiveness and corporate governance. Our Board Diversity Policy sets out objectives for candidate selection, ensuring a well-rounded and complementary Board. The current composition of our Board reflects a diversity in gender, race, and professional backgrounds, with expertise spanning finance, legal, management, and a broad range of industries. As of the end of 2024, 60% of the Board are Independent Non-executive Directors, of whom two are female.

- For further information of our governance structure: see our Corporate Governance Code.

Policy Commitments

The implementation of our ESG policies is overseen by our board-level ESG Committee and the Board. We have a range of engagement channels including email, information sharing platforms, meetings and correspondence, employee orientations, townhalls and contract signings to communicate our policy commitments to our employees, business partners and other stakeholders. The Group's policies are reviewed and updated to reflect changes in regulatory requirements, the business environment, and stakeholder expectations.

Overarching

- Corporate Governance Policy*

Environmental

- Climate Change Policy
- Green Office Guidelines
- Sustainability Policy

Social

- Anti-Discrimination Policy
- Board Diversity Policy
- Group Procurement Policy
    - Supplier Code of Conduct
    - Supplier Due Diligence
    - Sustainable Procurement
- Staff Code of Conduct
- Employee Culture Guide Handbook*
- Shareholders' Communication Policy*

Governance

- Anti-Bribery and Anti-Corruption Policy
- Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CTF") Policy
- Group Enterprise Risk Management Policy
- Group Information Security Policy
    - Cybersecurity
    - Data Loss Prevention
    - Disaster Recovery Plan
- Responsible Investment Policy
- Whistleblowing Policy
- Policy on the Disclosure of Inside Information*

*Internal policy documents

Whistleblowing Policy

The Group's Whistleblowing Policy is established to uphold the highest standard of transparency, integrity, and accountability, providing a secure channel for reporting misconduct or irregularities. This Policy now covers not only our employees, but also contractors, temporary staff, seconded staff, directors, suppliers, customers and other third-parties enabling them to express any relevant grievances through written reports submitted via post or email. This policy specifically focuses on major concerns such as inaccurate financial reporting, violations of the Group's policies or laws, significant misconduct, and other issues that may impact the Group's reputation or operations. There have been no reports under the policy this year. If any were to arise, the Audit Committee would oversee the process so that all legitimate concerns would be thoroughly investigated and appropriately addressed. We are committed to protecting whistleblowers and safeguarding their rights and interests. We have zero tolerance for any form of retaliation against individuals or departments involved in reporting whistleblowing concerns.

Conflict of Interest

Our Group Code of Conduct requires all employees to honour our business ethics when their personal interest may compete with or conflict with those of the Group. This applies to circumstances where an employee's connected person is employed by the Group and/or by a competing company, or when the employee or their connected person has an economic interest in a client, supplier, or competitor of the Group. Before engaging in any situations that may present a potential conflict of interest, employees must obtain prior written authorisation. In addition, an annual non-group interest declaration is required, and employees must inform the management of any potential conflicts for guidance.

Risk Management

The Group's Risk Management is outlined in our Group Enterprise Risk Management Policy, which sets out risk management processes and procedures for identifying, assessing, managing, reporting, and monitoring enterprise risks. This effort is led by our Risk Management Committee, which is responsible for identifying and analysing potential risks to the Group. The Committee reports to the Board on any major incidents that may pose significant risk or loss exposure and meets at least quarterly.

Board of Directors

Risk Management Committee	Audit Committee
• Identifies, assesses and manages significant risks • Reviews and assesses the adequacy and compliance of risk management systems and internal controls	• Oversees and reviews the effectiveness of risk management and internal control systems • Considers major investigation findings in risk management and internal control.

Our risk governance structure is built upon the "Three Lines of Defence" model, which provides clear definitions of roles and responsibilities, and establishes robust oversight mechanisms for risk management and decision-making processes.

First Line of Defence

Business functions and their respective line managers own and manage risks and controls across the processes they operate.

Second Line of Defence

Risk Management and Compliance, supplemented by other overseeing functions, such as Finance.

Third Line of Defence

The Internal Audit function provides independent assurance over the 1st and 2nd lines. The Group may employ external consultants to perform or support the internal audit reviews.

In alignment with the requirements of The Securities and Futures Commission of Hong Kong ("SFC") and the Stock Exchange, our Group Enterprise Risk Management ("ERM") was established with the primary objectives to set goals and strategic objectives, integrate risk assessment, with a focus on environmental risks and financial impacts.

Enterprise Risk Management (ERM)

During the year, the Group's risk management practices have achieved the following:

- **Strengthening of Controls:** Implemented additional controls and enhanced existing ones, resulting in reduced overall risk.
- **Staff Awareness on Risk and Controls:** Conducted risk training sessions and introduced an Enterprise Risk Management quarterly bulletin.
- **Refinement of Risk Appetite:** Reviewed and fine-tuned the risk appetite.
- **Enhancement of the Electronic Risk Management System:** Enhanced the system to cope with the business changes.
- **Proactive Risk Monitoring:** Through regular Risk Committee meetings, the Group proactively monitors both emerging and existing risks. In-depth discussions address high-priority risks.

Disaster Recovery Plan

We have a comprehensive Disaster Recovery Plan ("DRP") for business continuity and resilience during unplanned incidents, such as natural disasters (e.g. fire and flooding), power outages, cyber-attacks, and other disruptions. Our DRP is reviewed and updated annually to provide clear guidelines for response and escalation procedures. Incidents are classified into four levels of failure based on likelihood and severity, with each level having tailored recovery procedures. These include prioritised recovery of business units, recovery time objectives, recovery point objectives, and escalation paths.

In 2024, we completed the following:

1. **Reviewed and updated the DRP**
    - Identified critical systems and operations
    - Evaluated disaster scenarios
    - Updated communication and escalation plans
    - Updated data backup and recovery plans
2. **Conducted the DRP drill test**
    - Prepared resilience site using Virtual Desktop
    - Updated the drill test script to include newly implemented application system
    - Invited members from different teams to participate in the drill test with result and passing rate recorded
    - Prepared drill test report for management review with a "lesson learned" section

Compliance with Laws and Regulations

Compliance is a cornerstone of effective corporate governance. The Group has in place policies and procedures to comply with all applicable laws and regulations across the jurisdictions where it conducts business and operates, to achieve high standards of integrity and accountability.

Anti-Bribery and Anti-Corruption

The Group's Anti-Bribery and Anti-Corruption Policy establishes clear principles and requirements for managing risks related to corruption, bribery and fraud. Implementation of the policy is mandatory across all business units of the Group. All units are required to develop their tailored policy to address specific requirements such as any licensing requirements, extra-territorial legal obligations, and specific business requirements. We comply with anti-corruption laws and regulations, including the Prevention of Bribery Ordinance *(Cap. 201 of the Laws of Hong Kong)*. Any breach, or suspected breach of this Policy will be investigated, disciplinary actions (including termination of employment) may be instigated and appropriate action (which may include reporting to the appropriate authorities) will be taken as necessary. As a long-standing practice, the Group has regularly arranged anti-corruption and anti-bribery training sessions, including for example from the Independent Commission Against Corruption (ICAC), for the Board and employees.

Anti-Money Laundering

The Group is determined to prevent and detect any money laundering and terrorist financing in our activities. Our Anti-Money Laundering ("AML") and Counter- Terrorist Financing ("CTF") Policy applies uniformly across the Group and all its subsidiaries. Suspicious activities, including those associated with the stages of money laundering—placement, layering, and integration—are closely monitored. Robust monitoring protocols are in place for loan applications and subsequent transactions to ensure compliance and mitigate risks. By 2024, mandatory training on AML and CTF was completed by all relevant employees, including permanent full-time staff. In addition, specific compliance training on financial crimes, fraud awareness, and sanctions has also been delivered to the UAF employees.

- More information on the Group's adherence to laws and regulations can be found in the "Relevant Laws and Regulations" section of this Report.

Business Integrity and Ethics

Intellectual Property

The Group's intellectual property rights, as outlined in the Employee Culture Guide and Handbook undergo an annual review to ensure they remain robust and up to date. The unauthorised use of our intellectual property for personal gain or granting assess to third parties is strictly prohibited. Employees must obtain formal permission before using the Group's name, slogan, mark for any product, programme, or service. As for technology support, our Information Technology Department conducts routine inspections on employees' computers for any unauthorised or illegitimate software. As of the end of 2024, the Group held 75 (2023: 74) trademark registrations in Hong Kong and Mainland China, and 55 trademarks overseas, underscoring our commitment to protecting our intellectual property globally.

Human Rights

Human rights are the foundation of our sustainable values. We have zero tolerance on child labour or forced labour in our operations or use by our suppliers or in any businesses in which we invest.

To uphold these principles, we implement rigorous measures, including comprehensive vetting and background checks for all employees. During the hiring process, employees are required to provide valid personal identification documents for verification. During the Reporting Period, no violation of relevant laws or regulations, and no cases in regard of labour or human rights abuses were reported.

Additionally, the Group's Supplier Code of Conduct requires all our suppliers to comply with applicable law and regulations related to ethical, human rights, equality, and employment standards. This ensures alignment with our commitment to fostering a fair, ethical, and inclusive business environment across all levels of our operations.

Supplier Management and Procurement Practices

The Group integrated ESG considerations into its procurement processes through our Group Procurement Policy which is applicable to all suppliers, data providers, service providers, contractors and subcontractors excluding financial counterparties. As stated in our Supplier Code of Conduct, business representatives are required to complete a Supplier Due Diligence Form before engagement for transactions exceeding HKD5,000,000 annually. Suppliers are categorised as key or non-key based on their criticality to operations, with enhanced due diligence required for key suppliers. Additionally, suppliers must adhere to applicable data protection laws and regulations in their respective jurisdictions, particularly concerning the personal data of employees, customers, and shareholders. Collaboration with a diverse range of suppliers is guided by criteria such as cost, reputation, and value-added services. As of the end of 2024, the Group had 795 suppliers globally, including those based in Hong Kong, Mainland China, Singapore, the UK (United Kingdom) and the US (United States).

Supplier Code of Conduct	
Compliance and Business ethics	**Data Protection and Privacy**
We do not tolerate bribery or corruption in any form. All suppliers must implement anti-bribery and anti-corruption policies and comply with relevant laws and regulations in their respective jurisdictions, as well as SHK & Co.'s Anti-Bribery Policy and Anti-Corruption Policy. Additionally, suppliers are required to avoid conflicts of interest by making every reasonable effort to explicitly notify and resolve any personal or financial interests, or relationships that may affect objectivity and impair proper decision-making. This ensures that the quality of products and services meets our standards.	We require that all suppliers implement their own cybersecurity or information security policy and comply with applicable data protection laws and regulations in their respective jurisdictions, particularly regarding the personal data of employees, customers, and shareholders. Suppliers are required to safeguard and make appropriate use of confidential information, and they must adhere to all contractual obligations related to data protection and information security. This helps protect sensitive information and ensures compliance with our standards.

Supplier Due Diligence Form
We conduct due diligence on suppliers with an expected annual spend of over HKD5,000,000 and monitor them throughout the procurement process. This includes assessments related to business ethics, occupational health and safety, data protection and privacy, business continuity plan, as well as human rights and labour practices.

In alignment with the Authorised Agents Manual, we partner with external debt collection agencies to support our loan business. Authorised agents undergo regular evaluation focusing on factors such as data management, service effectiveness and relevant compliance.

Our People

The Group highly values its employees, recognising them as our most valuable asset and essential to our sustainable growth. We have implemented policies and initiatives to enhance our employee value proposition, focusing on creating a safe, inclusive, and dynamic work environment that fosters equality, diversity, and talent development. We empower our workforce through a range of impactful training programmes, competitive reward schemes, and holistic well-being initiatives. These efforts are aimed at equipping our employees with the skills and opportunities they need to thrive and excel in their careers, ensuring both individual and organisational success.

The Employee Culture Guide and Handbook serves as a central component of our human resources management, providing a structured outline for the key elements that govern our workforce. This document details the conditions of employment, recruitment and promotion, working conditions, benefits and remuneration, code of conduct, as well as training and development. In view of business needs and market conditions, our People & Culture department is dedicated to regularly reviewing and updating the Handbook. These updates are informed by evolving business needs, market trends, and legal requirements, ensuring alignment with the dynamic landscape of our industry and regulatory environment.

Diversity, Equity and Inclusion Opportunities

The Group is dedicated to fostering equal opportunities and maintaining a workplace free from discrimination. Recruitment decisions are made solely based on a candidate's skills, qualifications, and abilities, ensuring a fair and merit-based selection process. We value the diverse backgrounds and perspectives of our employees, recognising the enrichment that mutual learning and collaboration bring to our organisation. We proactively encourage equal opportunity in our workplace and hiring procedures to accomplish this goal.

The Group's Anti-Discrimination Policy underscores our commitment to zero-tolerance for any form of discrimination, including but not limited to discrimination based on gender, age, race, etc. In cases of unlawful discrimination, the Group is prepared to take swift and necessary remedial action. Employees found to have violated this policy may face disciplinary measures, up to and including immediate termination of employment. To encourage and support racial diversity and inclusion in the workplace, we have signed The Equal Opportunities Commission's Racial Diversity and Inclusion Charter for Employers. We also remain steadfast in providing reasonable accommodations for individuals with disabilities and encourage employees to report any instances of illegal harassment, discrimination, victimisation, or defamation. At the leadership level, our Board Diversity Policy champions diversity in board composition, ensuring a broad range of experiences and perspectives at the highest level of management.

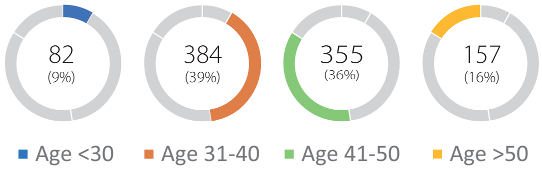
To uphold and promote the concept of diversity, equality and inclusion, we adhere to principles of fairness and equality in our employment practices through the following measures:

Aspect	Measures
Policies	**Anti-Discrimination Policy:** • uphold a work environment free of unlawful discrimination and harassment **Board Diversity Policy:** • cultivate and promote our inclusive culture
Learning	**Work Experience Improvement:** • regularly collect employee feedback through engagement surveys to improve work experience **Employee Training:** • collaborate with third parties to offer Diversity, Equity, and Inclusion (DEI) workshops and training programmes • provide e-learning courses on DEI through UAF's Learning Management System (LMS)
Reporting	**Formal Grievance Escalation:** • encourage employees to report incidents of unlawful discrimination, harassment, or human rights issues confidentially via our robust complaint handling procedures and whistleblowing channels • process overseen by the Head of People and Culture to ensure no retaliation occurs

DEI Workshop

We partnered with Encompass HK to organise a "Beer, Chocolate, and Inclusion Workshop" for all employees from SHK & Co. and SHK Credit, focusing on diversity, equity, inclusion, and allyship. Participants engaged in discussions about non-conscious biases, gender stereotypes linked to flavour preferences, and diversity challenges in Hong Kong, including racial stereotypes and challenges faced by the LGBTQ+ community. It featured interactive activities like tastings and quizzes to foster bonding and sharing, promoting a supportive environment for DEI issues and reinforcing our commitment to a diverse workplace culture.

Diverse Workforce



Recognising and Rewarding Talents

The foundation of excellent performance and productivity lies in the trust between the Group and our employees. In addition to prioritising employees' voices, we also offer flexibility in the workplace, as demonstrated by our Unlimited Paid Leave Policy. By understanding our employees' needs and fostering open communication, we can enhance their overall performance and inspire them to reach their greatest potential.

We value the contributions of our employees and are committed to fostering a supportive and rewarding work environment through a comprehensive benefits system. Our offerings include competitive salaries along with a variety of employee welfare and remuneration packages tailored to different roles within the organisation.

For most employees, compensation consists of a base salary complemented by bonuses or performance-based incentives where applicable. Employees in sales roles receive remuneration packages that include base pay, commissions, bonuses, or performance-based incentives.

In addition to monetary rewards, we also offer a range of competitive fringe benefits designed to enhance employee well-being and satisfaction. These benefits include enhancements to our medical and dental coverage, as well as our innovative Unlimited Annual Leave policy. Our comprehensive benefits schemes encompass insurance and healthcare coverage, parental leave, retirement provisions, and stock options for employees at our SHK & Co. and SHK Credit Hong Kong offices.

Since 2023, UAF has been awarded with the "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority, which demonstrated its outstanding performance in employee retirement benefits and MPF administrative management. Moreover, UAF has been named the "Caring Company" for 18 consecutive years.

Unlimited Paid Annual Leave Policy

SHK & Co. encourages employees to take time off to recharge. We launched the Unlimited Paid Annual Leave Policy in 2018. This policy eliminates the cap on paid annual leave, reflecting our commitment to fostering an innovative and results-driven workplace. Developed through extensive research on global employee engagement practices, this policy allows employees to achieve a better work-life balance in a flexible manner, enabling them to focus on delivering exceptional results.

Employee Ownership Scheme

As a reward for their contributions, a group of employees and directors (known as the "Selected Grantees") are eligible to acquire shares in the company under the Employee Ownership Scheme (EOS). Details of EOS can be found in the Annual Report 2024. This programme links employees' interests with the company's long-term development while also encouraging a sense of ownership. Our dedication to identifying and rewarding talent is demonstrated by this effort, which also makes sure that our employees feel valued and supported in their career journeys.

Diverse Benefits[2]

SHK & Co. and SHK Credit	UAF
Statutory Benefits such as Parental Leave, Retirement Provision and Employer Voluntary MPF Contribution	
Monetary Benefits • Discretionary Bonus • Long Service Awards • Stock Ownership • Rental Reimbursement Programme **Paid Leaves** • Unlimited Paid Annual Leave **Medical and Insurance Coverage** • Health Care • Life Insurance • Accident and Disability Coverage • Preventive Checkup and Vaccination **Educational Subsidies** • Advanced Learning Subsidies	**Monetary Benefits** • Double Pay & Discretionary Bonus • Cash for Marriage, Condolence, and New-Born • Long Service Awards • Long Service Pension and Social Security • Rental Allowance • Meal Allowance **Paid Leaves** • Birthday Leave • Compassionate Leave • Family-Friendly Leave • Marriage Leave • Recreation Leave • Overtime Compensation Leave **Medical and Insurance Coverage** • Health Care • Life Insurance • Preventive Checkup **Educational Subsidies** • Advanced Learning Allowance

Cultivating Talent

We are committed to attracting, retaining, and rewarding talented individuals, regardless of their age and background, by fostering a merit-based environment that prioritises training, development and career advancement. We believe in providing equal access to quality education for promising talents, equipping them with essential skills for their future. For example, our partnership with the Hong Kong Securities and Investment Institute (HKSI) offers valuable job training opportunities in the alternative investment sector, allowing young professionals to gain practical experience and insights. Additionally, UAF has a Talent Development Programme that identifies high-potential colleagues from various departments, including Local Branch, Overseas Worker Loan, and Digital Business. This initiative aims to enrich their skills and core competencies, empowering them to unlock their full potential and advance to the next level of their careers.

Employee Health, Wellness and Safety

We are committed to creating a secure, comfortable, and healthy work environment that fosters employee success. We adhere to all government regulations and guidelines regarding occupational health, and we strive to exceed these standards by cultivating a positive workplace culture that prioritises employee well-being, engagement and personal growth. Our dedication extends to providing our staff with the resources and support they need to thrive both personally and professionally.

Occupational Health and Safety

In line with the Hong Kong Labour Department's guidelines, including "A Guide on Employer Safety Policy" and the "Occupational Safety and Health Ordinance," we have developed a comprehensive framework to guide our evaluation and assessment of occupational health and safety. This framework outlines our approach to measuring and managing Operational Health and Safety (OHS) risks specifically in general office settings.

Our People & Culture Department actively monitors OHS across our offices. Monthly site inspections are conducted by administrative staff to assess office facilities, ensuring safe working conditions and minimising the risk of health and safety issues. Additionally, we also encourage our employees to report any potential OHS risks they identify to the relevant departments.

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[2] Benefits provided varies by geographical location.

Ensuring Workplace Safety

Safety Measures:

- Trained first aiders on standby for medical emergencies
- Guidelines for handling violent threats follow government recommendations
- Managed access and emergency exits meet safety and security standards

Awareness and Training:

- Familiarity of employees with fire alarms, equipment, and escape routes
- Organisation of fire safety online seminars by the Building Management Office
- Fire safety training by the Fire Services Department and office emergency readiness training
- Nomination of team fire marshals

Regular Inspections and Drills:

- Annual inspection of the fire alarm system, fire extinguishers, and emergency exit plans
- Annual fire drills
- Clear signage of escape maps in visible locations

Given the nature of our business, we face relatively low occupational hazards in our daily operations. During the Reporting Period, the Group identified 0 OHS (2023: 1) case in Hong Kong and the Mainland China Division. To enhance our preparedness, we have developed a Disaster Recovery Plan, which includes a decision tree that serves as a guideline for various scenarios. This framework allows employees to determine whether to maintain normal operations in the event of unplanned incidents related to OHS. Our proactive approach ensures that we can deliver our services with minimal business disruptions and respond swiftly to sudden changes. For more information, please refer to the "Our Business and Governance" section of this Report.

SHK & Co. is committed to continuously improving and investing in the well-being of our employees and places a high priority on employee wellness. We actively implement measures to improve their working environment and physical comfort. All workstations have been upgraded to height-adjustable desks, allowing employees to transition effortlessly between sitting and standing. This ergonomic initiative shows our commitment to employee comfort and safety while promoting better health. To enhance indoor air quality and provide our colleagues with a clean and healthy workspace, medical-grade antiviral air purifiers are placed in the office. Aligned with our commitment to sustainability and fostering a healthy indoor environment, we have also increased the presence of greenery within our office. These carefully selected plants not only enhance oxygen levels but also create a refreshing visual appeal, contributing to the overall well-being and productivity of our employees.

Promoting Health and Wellness

The Group regularly organise employee activities to provide support and resources for employees' physical and mental health. During the Reporting Period, SHK & Co. and SHK Credit organised a Mindfulness Health Talk to enhance mental well-being by teaching mindfulness techniques that reduce stress and improve focus. Alongside this, we hosted a Health Day with non-invasive cardiovascular screenings, breathwork sessions, and personalised diet advice from a dietitian. We also encouraged physical activity through a month-long steps challenge and the High-Intensity Interval Training workout session led by a qualified personal trainer, who is also a SHK & Co. staff.

UAF extends support with annual medical check-ups for staff at the manager grade and above, along with wellness workshops covering stress management and physical health. One workshop, "Let's Chill Out!", teaches quick stress-relief techniques and relaxation method. Another class focuses on fascia release using massage balls, explaining muscle trigger points and showing stretching and massage techniques. These activities reflect the Group's commitment to nurturing a culture of health and wellness among their employees.

By prioritising the health, safety, and well-being of our employees, we create a positive work environment that enhances overall satisfaction and efficiency.

Work-Life Balance and Well-being Support

SHK & Co. takes pride in fostering an environment where employees' happiness and well-being are given high priority. We recognise the importance of maintaining a positive work-life balance and believe that a supportive and inclusive workplace is essential to long-term employee satisfaction and performance.

SHK & Co. hosts events to foster employee well-being. These gatherings provide our team with opportunities to support charitable causes, to connect with colleagues, build lasting relationships, and deepen interpersonal bonds while putting an emphasis on physical activity and wellness. Additionally, we also organised team-building activities designed to inspire our employees and reinforce the company's values and behaviours.

Our monthly "Friday at Five" employee gatherings promote a sense of community and engagement within the organisation, creating a space for employees to unwind and bond. This commitment to nurturing our employees' well-being and happiness sets SHK & Co. apart as an employer that truly values its staff and their holistic needs.

Nurturing a Positive Work Culture

SHK & Co. and SHK Credit held a team-building event that highlighted our core company values of inspiration, agility, and teamwork. The event's "Beat the Box", requires teams to complete escape-room type challenges to unlock cases inside a locked metal box within a limited time. During the interactive challenges, employees actively collaborated to solve problems together, which not only sharpened their problem-solving skills and collaborative mindset, strengthening interpersonal connections among colleagues, and creating a more positive, harmonious and cooperative working atmosphere.

SHK & Co.'s Cultural and Team Building Activities in 2024

- Monthly "Friday at Five"
- Charity Event
- Annual Dinner
- Insights Discovery Workshops
- Welcome Lunch and Farewell Gatherings
- Team Building – Company Values and Behaviours
- "Bring Your Kids to Work" Events

UAF's Cultural and Team Building Activities in 2024

- Movie Night
- Annual Dinner
- Latte Art Workshop
- Perfume Workshop
- Sponsored Gathering
- Festive Celebrations

"At SHK & Co., our values of being Inspired, Agile, and Teamwork are at the heart of everything we do. We believe that business growth and development are not just about achieving results, but about how we achieve them. Being Inspired drives us to think creatively and push boundaries, while staying Agile allows us to adapt quickly to challenges and opportunities in a dynamic market. Above all, our commitment to Teamwork ensures that we collaborate effectively, leveraging diverse perspectives to deliver exceptional outcomes. By living these values every day, we not only achieve our goals but also build a culture that fosters innovation, resilience, and shared success. Together, we are shaping a future that reflects both our ambitions and our principles." – ***Ms. Samantha Che, Head of People and Culture*** **at SHK & Co.**

Development and Training

We believe that continuous training and development are key to empowering our employees with new skills and fostering a culture of innovation. As the financial services sector evolves, we stay abreast of market developments and shifting customer needs to improve our workers' resilience and adaptability, ensuring that our workforce remains competitive and equipped to drive the company's success.

Training topics provided across the Group include but are not limited to:

- Valuation Approach
- Financial Markets
- Ethical Standards
- Policy and Ordinance
- Insights Discovery
- Taxation
- Information Security Awareness (Privacy and Data Security)
- ESG Training
- Health and Safety
- Consumer Financial Protection
- Customer Service
- Communication and Presentation
- Fraud Awareness
- Operating Procedures
- Compliance (including Anti-bribery, AML and CTF)

At SHK & Co., the People & Culture team conducts trainings for all new recruits. This programme aims to introduce our core values, business operations, corporate culture, employee welfare and benefits, while also fostering networking among colleagues. Additionally, our Learning and Development Policy that support personal and professional growth encourages employees to pursue relevant licenses, job qualifications, and performance-driven training, empowering them to reach their full potential and contribute to the company's success.

We offer a diverse range of technical and soft skills training for our employees, covering topics such as AI applications, laws and regulations, mandatory compliance, anti-corruption, and essential soft skills such as leadership, communication and high-impact presentation. To promote mutual learning, we initiated "Lunch and Learn" events, allowing employees to exchange knowledge and experiences across functions. In line with our commitment to sustainability, we also held dedicated ESG training sessions to help our employees understand the importance of ESG within the context of our business operations. Specifically, we conducted training for our Board on ESG fundamentals, ratings, and compliance with laws and regulations.

UAF is committed to fostering the development of its employees and offers an advanced learning allowance for all employees, which is renewed yearly. We organise a variety of training workshops. To ensure the continuous enhancement of our programmes, employees are encouraged to provide feedback after each training session.

- More details on our training, performance reviews and other employment aspects can be found in the Performance Data Table in this Report.

Recognising the value of our employees, we conduct regular appraisals to identify areas for growth and provide the necessary resources to support their development. This approach enables us to understand the unique strengths of our employees, boosting job satisfaction, fostering career growth and ultimately contributing to higher staff retention rates and enhanced work productivity. At SHK & Co., we foster a culture of collaboration through continuous dialogue and regular feedback mechanisms that ensure our objectives and goals remain flexible and aligned. We conduct performance reviews twice a year, complemented by annual 360-degree feedback, which includes self-evaluations and input from peers and stakeholders. Additionally, people managers receive feedback from their direct reports. We encourage managers to engage in open discussions about these reviews with their teams to identify the necessary actions for future progress and improvement.

Employee Satisfaction and Engagement

The Group actively monitors employee satisfaction and engagement to ensure a fulfilling work environment. This year, we included employee satisfaction questions in the stakeholder engagement survey, which received 535 responses. Employees rated their overall satisfaction with the Group, covering work environment, culture, compensation, management communication, and growth prospects, at an average of 8.31 out of 10.

Additionally, SHK & Co. and SHK Credit conducted a company-wide 360-degree employee engagement survey through a market-leading employee experience platform, Culture Amp. Based on the survey results, we hold focus group discussions to gain deeper insights and develop action plans to further improve the employee experience. Our new-joiner onboarding programme received excellent feedback in 2024, with a satisfaction rate of 90%. A positive onboarding experience is crucial for integrating new employees into the company culture and setting them up for long-term success.

To develop a more effective training plan and enhance employee satisfaction and engagement, UAF conducted an online survey regarding training, staff engagement, and wellness activities. The results gathered will facilitate the design of more engaging programmes and practical training initiatives, ensuring a healthy work-life balance for employees.

Our Investors and Customers

As a professional financial corporation, we have a proven record of delivering value and maintaining long-term relationships with our investors and customers. We are dedicated to advancing our operational functions, enhancing our engagement strategies, and seeking growth opportunities to deliver greater, and stable value to our stakeholders.

Responsible Investing

In an increasingly sustainability-focused world, the Group recognises the growing importance of our role in advancing responsible investing. This year, we took a significant step forward with the launch of our Responsible Investment Policy (the "RI Policy"), which guides our ESG-integrated investment processes. Through the RI Policy, we aim to align our investments with broader sustainability objectives while meeting the evolving expectations of our stakeholders.

To ensure effective oversight and implementation of the RI Policy, the roles and responsibilities of the ESG Committee, Investment Committee, Investment Teams, Operational Teams, and ESG Working Committee have been clearly defined, with the support of external ESG consultants.

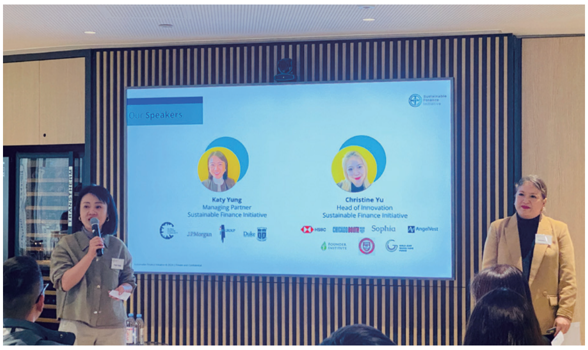
The fundamental principle of the RI Policy is to incorporate ESG considerations into investment decision-making. Good investment returns need not "cost the Earth". To further deliver positive and measurable ESG impacts alongside an attractive financial return, we consider positively potential investments which have particular ESG benefits, including environmental protection, climate change, social equity, and ethical practices.

To further realise the strategy across all investments where we have direct discretion — including listed equities, private equity, private credit and real estate — we have adopted four key approaches covering both pre- and post-investment phases. More information on the approaches can be found in our RI Policy.

In the past few years, SHK & Co. has invested in various next-generation technology projects and emerging markets covering diverse sectors and ESG focus areas including pharmacy, energy management, and digital teaching and learning.

Collaborating with Sustainable Finance Initiative: Spotlight on Promoting Sustainable and Impact Investing Among Asian Family Office Investors

In collaboration with the Sustainable Finance Initiative and the Hong Kong Venture Capital and Private Equity Association, SHK & Co. hosted an impactful crossover family office event focused on impact investing from a family office perspective. The event featured an introduction to impact investing, discussions on key themes, and shared case studies to assist Asian investors in aligning financial investments with pressing global challenges, to create a more sustainable and inclusive future.



Notable Responsible Investments

Energy Efficiency	An energy service provider that provides loft insulation, cavity wall insulation and heating services throughout the UK, including a range of renewable energy solutions, such as heat pumps and solar photovoltaic. It prioritises community engagement and aims to provide affordable heating solutions particularly for low-income, fuel-poor and vulnerable households.
Pharmacy	A clean medicine producer that focuses on developing and delivering safe, organic, and non-genetically modified medicines that prioritise both individual well-being and the environment. The firm conducts extensive research to develop effective formulations and sources high-quality ingredients responsibly from the most sustainable suppliers. Its products meet the highest quality standards, free from harmful chemicals, unnecessary additives and artificial fillers.
Energy Management	A technology solutions provider dedicated to creating sustainable clean energy for all. The firm collaborates with utility companies to advance the decarbonisation agenda. Additionally, it empowers customers to optimise energy consumption, leading to a significant reduction in overall emissions.
Digital Teaching & Learning	A digital teaching and learning platform provider that aims to digitise the education process through intuitive, personalised tools and software that enhance student engagement. Its integrated online platform creates immersive, impactful experiences for both students and teachers, enhancing the overall learning journey.

Customer Focus

We strive to provide exceptional customer services and cultivating excellent relationships by understanding our customers' needs and exceeding their expectations. Internal guidelines and policies, customer service training and dedicated credit committee oversight are in place to ensure the delivery of excellent product and services.

Customer Satisfaction

Given that UAF alone serves approximately 99.8% of the Group's total customer base, UAF places great importance on customers' feedback. We regularly conduct satisfaction surveys, which testifies the exceptional quality of our services. In particular, our Customer Service Department ("CSD") is experienced and well-trained in handling various matters professionally, sensibly, and swiftly. We aim to enhance our customer services and consistently deliver high quality service experiences for all our customers.

UAF Customer Satisfaction Survey

3,018 respondents

97.51% positive response rate

Complaint Handling Mechanism

We have established systematic procedures and remedies, overseen by CSD, to address customer grievances. When receiving customers' feedback, we will carry out thorough and appropriate investigation procedures, tailor response plans according to the severity of the issue and have them managed by handling officers of corresponding seniority, ensuring that each case is resolved effectively and with the utmost care. Upon receiving a complaint, our designated staff promptly starts a thorough investigation and evaluation on the case, followed by a detailed response to the customer and appropriate corrective actions. During the Reporting Period, we received no complaints related to our Mainland China Division, and 12 complaints concerning our Hong Kong operations. All complaints have been satisfactorily resolved by the CSD and Debt Collection Unit.

Financial Protection and Inclusion

Financial protection and inclusion involve expanding access to formal financial systems and empowering individuals financially to foster economic growth. We see our responsibility in refining policies to better protect the stability of the money lending industry. Through UAF, the Group's Consumer Finance business offers a wide range of products and services to improve financial accessibility for customers.

Extending Financial Reach

We recognise our responsibility to drive financial inclusion by enhancing our user-friendly website, mobile applications and the physical accessibility of our strategically placed branches. As of the end of 2024, UAF has successfully established a comprehensive network of 61 branches across Hong Kong and 14 key cities in Mainland China. This extensive coverage, enhanced by online and mobile access, ensures seamless access to our services anytime, anywhere. UAF's "YES UA" and "SIM Credit Card" mobile applications exemplify this by offering traditional loan and credit card services, respectively.

Support for Financial Inclusion of Small Enterprises and Underserved Communities

We provide financial support to a broad customer base by reducing entry barriers and providing diverse loan options. SHK Credit's pioneering Mortgage Payment Holiday is Hong Kong's first payment plan to include a grace period, helping customers manage unforeseen circumstances during their loan period.

UAF became a participant in the Interbank Debt Relief Plan, a framework agreement jointly formulated by Hong Kong Association of Banks ("HKAB"), The Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies ("DTC Association") and HKSAR Licensed Money Lenders Association ("LMLA"), which offers eligible customers the flexibility to adjust their debt repayment plans, providing them with much-needed relief during times of financial hardship. Furthermore, UAF is dedicated to upholding our service motto of "Customer First" by providing affordable and accessible financial services to underprivileged groups and small enterprise, fostering social equity and business sustainability. To alleviate immediate liquidity pressure on small enterprises, its Small Enterprise Loan offers simple, flexible solutions to address cash flow issues to small enterprises and business owners, with quick approval within 24 hours.

Best SME (Small-Medium Enterprise) Partner Award in 3 consecutive years

In 2024, UAF was proudly awarded the "Best SME Partner Award" for the third consecutive year by the Hong Kong General Chamber of Small and Medium Business, a testament to its consistent support for Hong Kong's SMEs. Going forward, UAF will continue to offer comprehensive loan services, solidifying its position as a premier partner for SMEs.

Additionally, UAF supports underserved communities in Hong Kong, including foreign domestic workers and individuals with monthly income not exceeding HK$10,000. These targeted loans offer flexible loan options tailored to meet their specific financial needs. They reflect UAF's commitment to financial inclusivity, ensuring that we meet the diverse needs of our customers.

Consumer Financial Protection

To create a secure and fair financial environment for consumers, UAF provides comprehensive training and measures focused on consumer protection, sales ethics and conduct, and consumer data privacy. UAF provides online and offline training sessions that thoroughly guides employees in ethical selling practices when engaging consumers. The trainings include "Compliance & Risk Training", "Fraud Awareness" and "Legal Training – Money Lenders Ordinance", significantly strengthening employees' ethical standards. UAF also provides data privacy training to safeguard sensitive financial information and ensure compliance with data protection regulations. The training courses are "Personal Data Privacy Ordinance (PDPO)" and "Personal Data Privacy Training". Internal guidelines and operational procedures for handling consumer complaints and debt collections are circulated regularly to ensure that employees are well-informed and equipped to manage these situations appropriately. We consistently review our employee training programmes on various relevant topics and closely monitor our performance to continually enhance our customer services.

Promotion of Financial Literacy

The Group recognises the importance of promoting financial knowledge and enhancing the financial literacy of the customers and the wider community through online platforms. Given the diverse needs and characteristics of different demographic groups, UAF have tailored its financial education initiatives.

UAF's official corporate website and mobile app offer financial education in Hong Kong, covering aspects of the Credit Data Smart, personal credit data, and debt – management loans. UAF's official WeChat account serves as a platform for financial education in the Chinese consumer market. Considering local financial habits, our content covers topics highly relevant to the mainland audience. For example, we simulate scenarios of recent scams in the Chinese market, like mobile payment frauds and bank-statement-manipulation frauds for money laundering. We present these scenarios in the form of comics to simplify complex financial concepts, aiming to boost public awareness of financial fraud and guide the general public to handle financial matters legally and cautiously.

Moreover, we enhance consumer education regarding sustainable debt and proper financial management by providing useful public resources on the LMLA website. By participating in public bodies and working groups, we aim to encourage a more robust corporate culture and a higher level of integrity within the financial community.

Responsible Products and Services

Dedicated personnel at SHK Credit and the UAF Credit Committee are responsible for overseeing the management of products and services. The Credit Committee handles loan approvals per current lending guidance, implements policies in line with business objectives, and regularly reviews and updates the credit guideline. Monthly business meetings are conducted to review the performance of products and services and regularly assesses their impact on customers. The Board of Directors of UAF meets monthly to evaluate the performance of personal lending and credit card services and holds the final decision on any newly identified products and services.

To assure fair debt collection practices and protect customer rights, UAF has developed a comprehensive set of manuals and procedures for staff to follow, including the Debt Collection Department Operational Manual, Debt Collection Department Training Manual, and Credit Control Procedure. These resources are regularly distributed among employees to keep them well-informed and stay thoroughly updated.

UAF's Debt Collection Department contacts customers with overdue loans who have defaulted payment terms via phone calls, SMS, or written communication. We offer a variety of repayment schemes to customers who are facing short term financial hardships, including interest payment deferral and loan restructuring options. If these efforts are unsuccessful and the customer remains unwilling to repay, the account is referred to Credit Control Department, which may involve working with external debt collection agents to resolve the matter.

UAF is dedicated to protecting its customers' financial well-being and promoting inclusivity. As a founding and executive committee member of the LMLA, UAF contributed to the drafting of the Code of Money Lending Practice ("The Code"). The Code is a comprehensive set of market practices and standards for the lending industry, addressing crucial areas such as customer relations, anti-money laundering, credit evaluation, debt collection and recovery, and data privacy. By following the Code, UAF aims to enhance customer confidence and promote a fair corporate culture. In addition, UAF, representing LMLA, together with HKAB and DTC Association, has established the Consumer Credit Forum ("CCF"). This initiative serves as platform for discussing and formulating strategy to address consumer credit-related issues in Hong Kong.

As an active contributor of the money-lending industry, UAF is also a member of various projects managed by the HKAB, including participation in the special task force for the Multiple Credit Reference Agencies User Group, Credit Card Smart ("CDS"). CDS is a new operating model aiming to provide choices for the provision of consumer credit reference service to credit providers.

A representative from UAF served as the chairman to the Hong Kong S.A.R. Licensed Money Lenders Association Limited and actively contributed to the successful development and launch of CDS.

Responsible Marketing

UAF adheres to fair advertising standards to ensure clarity and prevent consumer deception or disruption of fair trade. To this end, UAF has enacted its Fair Advertising Policy, which mandates compliance with relevant laws, ethical standards, and ESG criteria, and has established the comprehensive Fair Advertising Procedures. UAF actively engages stakeholders in the development of its advertising strategies and regularly solicit feedback from employees and stakeholders on potential improvements. All advertising materials are reviewed by department heads for ESG alignment, accuracy, and clarity, avoiding discriminatory or misleading content. UAF's marketing team is also reminded regularly to reinforce the significance of adhering to fair advertising practices.

We believe responsible marketing is vital to the trust between the Group, investors and customers. All our marketing materials fully comply with the Trade Description Ordinance *(Cap. 362 of the Laws of Hong Kong)* and Guidelines on Additional Licensing Conditions of Money Lenders Licence. Our commitment is to provide clear, accurate, and comprehensive information while keeping our stakeholders informed and up to date. We include risk warnings in all promotional materials and ensure that customers have access to a dedicated hotline to report illegal publicity. The Group prohibits false or misleading information that may deceive or mislead customers in the purchasing of financial products. Advisory documents are available on the website for customers' perusal.

Anti-Money Lending Scam Guidance Documents

- Beware of Money Lending Scams leaflet
- Note to Intending Borrowers
- Financial Health leaflet

Data Privacy and Confidentiality

Data Protection

The Group is fully committed to complying with data privacy and confidentiality relevant laws and regulations, including the Personal Data (Privacy) Ordinance *(Cap. 486 of the Laws of Hong Kong)* and the Code of Practice on Consumer Credit Data. We have implemented policies and guidelines to safeguard our customers' data privacy and personal information. Our Privacy Policy clearly outlines the rationale for data collection and retention, detailing how we responsibly collect, manage and store data. We uphold the trusted relationships we have built with our clients by prioritising the confidentiality and privacy of their personal data. To maintain their trust, we rely on advanced encryption technology and obtain their formal consent for data collection and usage. Clients who wish to access or correct their personal data must submit a formal request.

Our Group Information Security Policy outlines the detailed structure of the Group's information system, which includes but not limited to cybersecurity, DRP, and data loss prevention. A comprehensive framework is in place to ensure the effective implementation of the policy in alignment with relevant laws, regulations, and standards. Our cybersecurity approach encompasses prevention, detection, and response. Prevention includes access controls, network security, encryption, patch management, security awareness training, and physical security. Detection relies on network monitoring, intrusion detection systems, security information and event management, dark web monitoring, and vulnerability scanning. Once an incident is detected, prompt response measures would be taken in accordance with our DRP to assess, contain, investigate and take necessary follow-up measures, so as to protect the interests of stakeholders and minimise impact and losses.

Besides the overarching guidelines, SHK & Co. and SHK Credit provide multiple information security and cybersecurity trainings to all employees such as "IT Cybersecurity Awareness", "IT Tech Talk", Webinar "Regulating AI – Examining Global Developments" etc.

UAF is equally committed to ensuring the security and privacy of our customers' personal data. The Information Classification Policy implements access controls based on risk level of the information and user permissions. In addition, the Personal Data Privacy Management Policy establishes the responsibilities of the Data Protection Officer ("DPO") who oversees the personal data management, data breach management, data processor management, and risk assessments. DPO is also responsible for regular assessment and review of the policy to maintain its relevancy and alignment to current laws and regulations.

In November 2024, UAF introduced the New Email Security Control on Data Loss Prevention. This initiative aims to safeguard against unauthorised access and potential data breaches that could compromise the company and its clients. A real-time monitoring mechanism for all outgoing emails has been implemented, featuring a screening process to detect sensitive data, including personal information, financial data, and confidential company information. Once an email containing sensitive data is identified, it will be blocked or flagged for review. The review process involves an escalation mechanism requiring approval from the respective line manager, and then the cybersecurity team prior to its release.

E-learning courses have been provided for all UAF employees to enhance their awareness on data privacy, with topics like information security, Personal Data Privacy Management Policy, Phishing Awareness and Privacy Management programme, Fraud Awareness, cybersecurity, etc. Additionally, UAF also provided a two-day Principles of Secure Coding course on Coursera for Financial Infrastructure Department staff to improve their awareness on software development security. UAF was awarded the Gold Award for privacy protection organised by PCPD at the Privacy-Friendly Awards 2023.

Information Technology ("IT") Resilience

With technological development, cybersecurity and IT risks have become increasingly critical. To address these challenges, the Group has established a robust infrastructure and a secure information system with offsite backup capabilities at managed data centres. We have also reduced our cybersecurity risks via external audits and benchmarking against the industry standard of National Institute of Standards and Technology ("NIST") Cybersecurity Framework. SHK & Co. is planning to obtain the Information Security Management System ("ISO/IEC 27001") certification in the coming year.

Furthermore, UAF has implemented an Information Security Management System alongside an Information Security Policy to safeguard sensitive data. We conduct regular internal audits in accordance with ISO/IEC 27001 and the Information Technology General Control Model to ensure compliance. UAF has retained its ISO/IEC 27001:2013 certification through independent external audits since 2019. In February 2025, UAF completed the transition and passed the external audit to achieve the latest and more stringent ISO/IEC 27001:2022 certification. These certifications cover all systems and operations, including the design, development, operations and maintenance of web applications, mobile applications, and the related IT infrastructure to support the consumer loan services.

The Payment Card Industry Data Security Standard ("PCI DSS") is established by the Payment Card Industry Security Standards Council, comprising five major international card organisations. Recognised as the most authoritative and stringent financial data security standard globally, PCI DSS mandates strict protection of sensitive and private cardholder information. This year, UAF achieved PCI DSS certification across 100% of its operations, demonstrating its comprehensive, standardised, and rigorous transaction procedures to safeguard information security. This certification not only avoid the risk of data breaches and fraudulent activities but also enhances the credibility of online transactions and strengthens customer trust.

PCI DSS
COMPLIANT

bsi
ISO/IEC
27001
Information Security
Management
CERTIFIED

Our Community

The Group acknowledges its responsibility as a member of society. Our Sustainability Policy and Responsible Investment Policy outline our strategies in creating a diverse and fair society and investing in our communities in alignment with the UNSDGs. The charitable arm of SHK & Co., Sun Hung Kai & Co. Foundation (the "Foundation"), was established in 2015 as a platform or the Group, business partners, and collaborators to promote and support caring, inclusive and sustainable communities. This year, the Group along with the Foundation are actively involved in sponsoring initiatives aimed at improving the lives of the underprivileged and the elderly, advancing environmental protection, and fostering youth development.

During the Reporting Period, we:

Supported **22** charitable and community projects

Participated in **897** hours of volunteer services

Gathered **242** volunteers

Community Investment

Charitable Donation

To underscore the Group's support for community welfare, SHK & Co. has made significant strides in philanthropy and community engagement through donations and sponsorships. This year, our contributions encompassed a generous donation to The Community Chest for its annual TV show "Community for the Chest", which funds essential social welfare programmes. We also extended our support to St. James Settlement, aiding in their provision of comprehensive services that cater to children, youth, the elderly, and individuals requiring rehabilitation. Additionally, our sponsorship of the Save The Children Hong Kong Gala Dinner underscored our commitment to bolstering child welfare and education. UAF also made donation to the Conservation International Foundation, which supports forest restoration projects as part of the Priceless Planet Coalition, an initiative organised by Mastercard. These philanthropic efforts reflect our dedication to creating a positive impact on society, supporting vulnerable groups, and contributing to the betterment of our community.

Sponsorships and Donations Exceeding HKD5,000,000 (nearly four-fold increase compared to 2023)

Caring for the Elderly and Underprivileged Families

Supporting Elderly and Underprivileged Families through Food Angel

In March 2024, employee volunteers from SHK & Co., SHK Credit and UAF, collaborated with HandsOn Hong Kong and Food Angel to conduct a meaningful volunteer service aimed at raising awareness about food waste and poverty issues in Hong Kong and providing support to the elderly and underprivileged members of the community. Despite its prosperity, some children and elderly people in Hong Kong face challenges with food insecurity, yet there is also significant daily food waste. Volunteers from Sun Hung Kai & Co. efficiently prepared nearly 6,000 nutritious meals using rescued food at Food Angel's Kwun Tong kitchen, which were immediately delivered to elderly individuals living alone and underprivileged families. This initiative not only provided timely assistance to those in need but also aligned with six UNSDGs, demonstrating the company's commitment to social responsibility. Following the service, Food Angel provided an educational briefing to volunteers, further enhancing their understanding of food waste and poverty, and encouraging actions to reduce waste in their personal lives.

Mid-Autumn Festival – Visit the Elderly and Deliver Care Packages

In the spirit of community and compassion, UAF showed care and support for elderly individuals in need, especially during festive periods. In collaboration with the Hong Kong Family Welfare Society, employee volunteers visited the underprivileged elderly residents in To Kwa Wan during the Mid-Autumn Festival and delivered care packages to bring warmth and comfort. To encourage active participation in community services, UAF granted half-day volunteer leaves to employees. This is not only a token of appreciation but also helps employees balance their professional commitments with their altruistic efforts, spreading blessings and care to elderly individuals in need.

Fostering Community Togetherness and Inclusion

In alignment with the Group's commitment to fostering a diverse and inclusive society, UAF actively participated in a community event organised by the Yaumati Kaifong Welfare Advancement Association and the Yau Tsim Mong District Office. The event celebrated the 27th Anniversary of the Hong Kong Special Administrative Region and the Dragon Boat Festival, bringing together over 300 participants to spread joy and promote a strong sense of community spirit and cultural appreciation. UAF's staff volunteers played a significant role by distributing goodie bags to residents, especially the elderly community in the Yau Tsim Mong district, thereby highlighting the company's dedication to social welfare and enhancing the quality of life for residents. This initiative not only showcased a strong sense of community and support but also reinforced the Group's commitment to community engagement and its positive impact on the environment and society, aligning with the broader ESG objectives.

Animal Welfare

Walk with Pets

As a socially responsible organisation, UAF also extends support to animals by partnering with Society for Abandoned Animals Limited (SAA). UAF organised a volunteer service activity aimed at promoting ethical pet ownership and reducing the demand for animal purchases, which often contributes to the overpopulation of abandoned animals. Through hands-on interactions, including feeding the animals, cleaning their shelters and showing affection, employee volunteers gained a deeper understanding of SAA's daily operations. These interactions were crucial in helping the abandoned cats and dogs build trust with humans, creating an environment conducive to successful adoptions. We believe this activity not only warmed the hearts of the abandoned animals but also planted seeds of compassion and care for animal welfare among our employees.

Youth Development

Nurturing Future Leaders

We believe that education is one of the best ways to nurture future leaders dedicated to improving the world. We are avid supporters of organisations that ensure fair access to quality education and lifelong opportunities. Since 2017, with the backing of the Foundation, Dalton School Hong Kong has been established as a non-profit and multicultural primary school. Our goal is to cultivate learners and thinkers with a global perspective, thereby promoting high-quality educational opportunities for the youth of Hong Kong. This year, the school has transitioned to a new campus, offering a dual-stream programme designed to meet the diverse needs of our future leaders. With contributions from SHK & Co., including the donation of used furniture and sponsorship of the school's activities, the new campus provides a serene sanctuary for learning that balances academic, social, and emotional growth amidst the city's vibrancy.

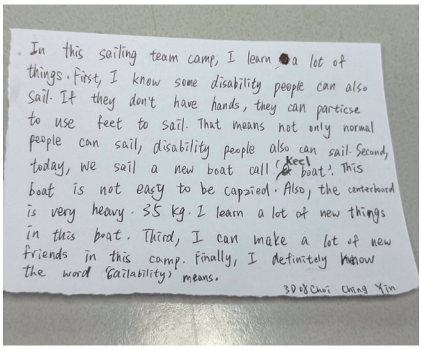
In addition to our commitment to nurturing primary school students, we have extended our support to higher education students. Established since 2018, the Sun Hung Kai & Co. Foundation Fellowship Fund has been actively supporting Harvard Business School's need-blind admission initiative. This impactful initiative aims to create opportunities for outstanding MBA students to achieve their aspirations and advance their careers by broadening access to high-quality education, enabling them to excel and contribute positively to their fields.

Dalton School Hong Kong moved in its new campus in 2024

Supporting Underserved Youth: The Sun Hung Kai (Scallywag) Foundation Programme

Embodying our core values of endurance, adaptability, and excellence, the Foundation established the Sun Hung Kai Scallywag Foundation to create a sailing legacy in Hong Kong and support youth development through the sport. Since 2019, our sponsorship of Sailability has empowered over 2,300 young individuals with physical disabilities, special educational needs, or on the autism spectrum to engage in sailing and water-based activities through sailing, training and regattas. Among the many who have benefitted, Tommy Wong has become a full-time junior sports scholarship athlete in sailing, a Tier A sport category at the Hong Kong Sports Institute. He also volunteers as an assistant coach at Sailability Hong Kong. His story is a testament to the transformative power of sport and the enduring impact of our mission.

"Irrespective of the many life challenges they face, seeing really is believing when you see young people find the confidence and capabilities that equip them with valuable life lessons." – ***Mr. Tony Edwards, Executive Director & Deputy Chief Executive Officer at SHK & Co.***



In this sailing team camp, I learn a lot of things. First, I know some disability people can also Sail. If they don't have hands, they can particse to use feet to sail. That means not only normal people can sail, disability people also can sail. Second, today, we sail a new boat call 'Keel boat'. This boat is not easy to be capzied. Also, the centerboard is very heavy. 35 kg. I learn a lot of new things in this boat. Third, I can make a lot of new friends in this camp. Finally, I definitely know the word (Sailability) means.

3D08 Choi Ching Yin

SHK & Co. is also the main sponsor of the Sun Hung Kai Scallywag race team, Hong Kong's professional offshore sailing team. Marking a significant achievement, the Sun Hung Kai Scallywag race team won the line honours at the Maxi World Championships and the Rolex Middle Sea Race in 2024.

Membership and Associations

Apart from our philanthropic activities, we continue to contribute to various professional associations, chambers and non-profit organisations to raise industry standards and exchange best practices. We hold positions and regularly participated in projects and committees in the following associations:

Position	Institution
SHK & Co.	
Committee Member	The Chamber of Hong Kong Listed Companies
UAF	
Vice Chairman, Yuen Long West District	Scout Association of Hong Kong
Vice Chairman, New Territories Regional Training Committee	Scout Association of Hong Kong
Executive Committee Member and Secretary	The HKSAR Licensed Money Lenders Association

Our Environment

We recognise that the importance to protecting the environment and foster a shift in behaviour towards sustainability. During the Reporting Period, no instances of environmental non-compliance were recorded that would significantly impact the Group.

Our commitment is focused on four key areas: Waste Reduction, Energy Conservation, Water Efficiency, and Carbon Reduction. These priorities reflect our dedication to continuously improving our environmental performance and driving positive momentum toward a more sustainable future. Through transparent reporting and active stakeholder engagement, we aim to showcase our progress, initiatives, and plans in each of these areas, reinforcing our commitment to environmental responsibility. Our Policies dedicated to Upholding Environmental Sustainability:

Our Policies Dedicated to Upholding Environmental Sustainability:

- Sustainability Policy
- Green Office Guidelines
- Group Procurement Policy
    - Supplier Code of Conduct
    - Supplier Due Diligence
    - Sustainable Procurement
- Climate Change Policy

Engaging the Community

We strive to use our influence to promote a culture that supports eco-friendly practices both within our company and across society as a whole.

Advancing Eco-Awareness and Sustainable Agriculture through ECO Rangers

The Group supported the Conservancy Association by taking part in "ECO Rangers 2024 campaign", which aims to promote environmental awareness and conservation efforts and support the eco-rice blessing initiative. Staff volunteers from SHK & Co., UAF and SHK Credit stepped forward to attend an educational workshop, delving deep into the significance of eco-rice and the conservation status of the yellow-breasted bunting, a migratory bird that has a close connection to the paddy ecosystems where the eco-rice is grown. Volunteers eagerly packaged eco-rice for elderly residents in the grassroots community, supporting the paddy fields in Ho Sheung Heung, Long Valley, Hong Kong's largest agricultural freshwater wetland. This activity not only provided a practical benefit to the community and local farm but also served as an opportunity to raise awareness of sustainable agriculture and environmental conservation.

感謝狀
CERTIFICATE OF APPRECIATION

承蒙
This certificate is awarded as a token of appreciation to

新鴻基慈善基金
The Sun Hung Kai & Co. Foundation

對「Eco-Rangers 生態捍衛戰2024」之大力支持及參與，特此致謝
In recognition of its participation and contribution in "Eco-Rangers 2024"

Chung Shan Shan
長春社主席 The Chairperson of The Conservancy Association

27/10/2024
發出日期 Issue Date

Connecting with Nature enhance the facilities of Urban Oasis, a community garden

Volunteers from SHK & Co., UAF and SHK Credit engaged in Serve-a-thon 2024 organised by HandsOn Hong Kong, and worked on maintaining and enhancing the facilities of Urban Oasis, a community garden managed by the Christian Family Service Centre. This garden is dedicated to fostering urban agriculture, green living, and community engagement. These volunteers performed crucial tasks like weeding, harvesting, and improving facilities, which not only maintained the garden's function but also advanced its mission of promoting environmental responsibility and fostering community involvement. This significant volunteer contribution has had a lasting positive impact on both the garden and the broader community, inspiring continued valuable work in the future.

"Participating in the revival of the Urban Oasis was an incredible experience. The community garden has enriched the neighbourhood by promoting sustainable development, fostering a sense of community, and providing access to fresh, locally grown produce. SHK & Co.'s dedication to environmental responsibility is truly commendable, and I'm grateful to be a part of it." – ***Ms. Phoebe Kan, Intern at SHK & Co.***

Powering a Sustainable Future: LED Lighting in Disadvantaged Communities

Volunteers from SHK & Co., UAF and SHK Credit joined forces with CarbonCare InnoLab and the Hong Kong PHAB Association for a meaningful volunteer service to replacing old light bulbs with energy-saving LED ones in the homes of disadvantaged communities in Hong Kong. In Hong Kong, where buildings are major contributors to both electricity consumption and carbon emissions, the initiative of replacing 63 old compact fluorescent lamps with LED lighting in the homes of disabled neighbours offered a practical solution to transition to a low-carbon society. This initiative not only helped lower electricity bills for vulnerable families, reduced annual electricity consumption by an estimated 693 kWh but also cut carbon emissions by 270.27 kg of CO_2 annually (equivalent to 12 trees planted).

Earth Hour 2024

The Group has continuously supported the "Earth Hour" event organised by WWF-Hong Kong. SHK & Co. and SHK Credit switched off the non-essential electric lights for one hour on 23rd March 2024 to promote energy conservation and sustainable living.

We also pledged to inspire our employees, clients and partners to replace some of our previous routines with more eco-friendly practices for our common future.

嘉許狀
Certificate of Appreciation
敬呈
This Certificate is Presented to

Sun Hung Kai & Co. Limited

衷心感謝閣下承諾支持於2024年3月23日舉行的
世界自然基金會「地球一小時2024」。

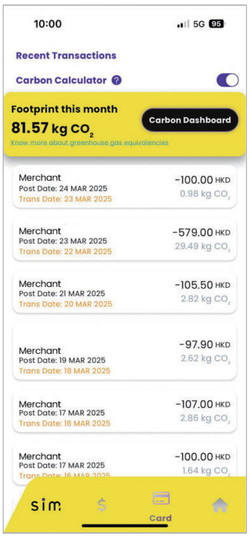
In appreciation of your pledge to support WWF-Hong Kong's
Earth Hour 2024 on 23 March 2024

Nicole Wong
CEO, WWF-Hong Kong

Promoting Green Awareness through ESG Carbon Calculator

Launched in August 2024, the ESG Carbon Calculator is a one-stop carbon footprint tracking feature embedded in our "SIM Credit Card" mobile application, marking itself as a pioneer in Hong Kong in integrating environmental consciousness with financial services. It aims is to boost public awareness by precisely visualising the environmental impact and carbon footprint derived from users' purchase habits. By presenting this data in an intuitive and accessible manner, it encourages users to make small yet meaningful adjustments to their consumption habits in a light-hearted way, thereby reducing their overall environmental impact.

Based on the accumulation of carbon footprint, SIM Credit Card is progressively restoring 15,000 trees through Priceless Planet Coalition programme across the globe as a goal in the initial stage, so to achieve the purpose of moderating greenhouse gas emissions for positive impact globally. We believe that through this innovative combination of financial services and environmental consciousness, we can empower our customers to play an active role in the fight against climate change, making a positive and measurable impact on a global scale. In addition, UAF allocates deposits to a sustainable account at a designated bank which supports green projects that are in line with the UNSDGs.



Footprint this month
81.57 kg CO_2
Know more about greenhouse gas equivalencies

Merchant
Post Date: 24 MAR 2025
Trans Date: 23 MAR 2025
-100.00 HKD
0.98 kg CO_2

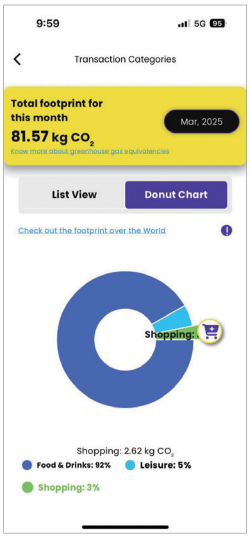
Merchant
Post Date: 23 MAR 2025
Trans Date: 22 MAR 2025
-579.00 HKD
29.49 kg CO_2

Merchant
Post Date: 21 MAR 2025
Trans Date: 20 MAR 2025
-105.50 HKD
2.82 kg CO_2

Merchant
Post Date: 19 MAR 2025
Trans Date: 18 MAR 2025
-97.90 HKD
2.62 kg CO_2

Merchant
Post Date: 17 MAR 2025
Trans Date: 16 MAR 2025
-107.00 HKD
2.86 kg CO_2

Merchant
Post Date: 17 MAR 2025
Trans Date: 16 MAR 2025
-100.00 HKD
1.64 kg CO_2



Total footprint for this month
81.57 kg CO_2
Know more about greenhouse gas equivalencies

Check out the footprint over the World

Shopping: 2.62 kg CO_2
● Food & Drinks: 92%
● Leisure: 5%
● Shopping: 3%

SHK & Co. committed to sustainability and always eager to pioneer more initiatives, has been bestowed with a Certificate of Recognition for its environmental and sustainable initiatives. Since 2021, we have actively participated in the Green Office Awards Labelling Scheme (GOALS) organised by the World Green Organization (WGO), receiving the "Green Office" and "Eco-Healthy Workplace" labels. Additionally, we have been awarded the Gold Award in The Asset ESG Corporate Awards for consecutive years by Asia's renowned financial magazine, The Asset. These recognitions affirm our conscientious efforts in implementing green practices, our commitment to sustainable development, and our significant contribution to raising awareness of global environmental challenges.

SHK & Co. has demonstrated outstanding achievements in implementing sustainable workplace practices, highlighting their commitment to a greener and more sustainable future.

Sustainable Sourcing and Consumption

The Group has consistently worked towards sustainable resource consumption while minimising waste production. We prioritise suppliers who meet stringent local and global environmental certifications for sourcing office necessities and furniture. Additionally, we adhere to sourcing paper products certified by Forest Stewardship Council ("FSC") and Programme for the Endorsement of Forest Certification ("PEFC") whenever possible.

As of 2024, 100% of our office paper is certified FSC or PEFC.

While going completely paperless might not be feasible at present, our Group Procurement Policy offers eco-friendly options, including post-consumer recycled paper, FSC- or PEFC-certified paper and bamboo products for office supplies to reduce their upstream and downstream impacts. At SHK & Co., all printers have been optimised for duplex, double-sided printing by default, and the overall printer quantity has been reduced to minimise the urge to print unnecessarily. We advocate electronic access and soft copies rather than bulky paper dispatches to help conserve natural resources and further minimise waste.

We are taking steps to reinforce our sustainability efforts by placing reminders and signage around the office to encourage the conservation of resources such as energy, water, and paper. In alignment with the target set up in 2023, we are fully transitioning to bamboo pulp paper towels, replacing disposable tableware with durable options, and using eco-friendly cleaning detergents. These changes not only reduce our environmental footprint but also set a positive example for sustainable workplace.

Moreover, we conduct regular campaigns to educate employees on the importance of sustainability practices. These campaigns focus on key areas like reducing paper use and recycling, ensuring that every team member understands their role in contributing to a more sustainable future.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Paper Consumption

~42%

*compared to 2023 levels

As part of our commitment to sustainability, the Paper Reduction Campaign 2023/24 at the offices of SHK & Co. and SHK Credit was highly successful. Teams were challenged to decrease paper usage and achieve the highest percentage reduction relative to the previous year. Thanks to the collaborative efforts of employees, we achieved a 23% reduction in office paper usage compared to last year. The Annual Best Team Award was presented to the team with the greatest percentage decrease in paper printing.

In response to the World Green Organisation (WGO)'s call, we have designated this Earth Day as Office Paper Saving Day. We encourage all employees to participate and sign up for the WGO Paper-saving Campaign 2024, reinforcing our commitment to a paperless office and sustainability. Through these small initiatives, we can collectively make a substantial positive impact on the environment.

Waste Management

In line with Hong Kong's "Waste Blueprint for Hong Kong 2035" which aims to promote waste reduction, the Group embraces a two-pronged approach in waste reduction: To control at source, and to adopt digitisation technologies.

Our approach prioritises reducing resource consumption, followed by reusing and recycling before any disposal. Office waste typically includes paper, cardboard, furniture, equipment and domestic waste. To this end, we installed designated recycling bins clearly labelled for the respective recyclables, as well as several designated collection areas to receive waste containing confidential information. During the Reporting Period, with the aim of discouraging employees from casually generating waste and enhancing the accessibility of recycling points, SHK & Co. reduced the number of individual desk bins has been reduced by 28% compared to previous year and simultaneously increased the number of recycling points.

In 2024, we launched the Mooncake Boxes Recycling Programme and the Lai See Packets Recycling Programme. These campaigns not only target the reduction of waste generated during festive seasons but also raise employees' awareness of the importance of recycling and environmental protection. Moreover, we actively engaged our staff in promoting the "Go Green" concept through an interactive quiz to encourage the principles of "Recycle, Reduce, and Reuse" in a casual and enjoyable manner.

Digitised Operations

Digital transformation remains a vital component of the Group's operations, driving efficiency and innovation across all facets of our business. We recognise that embracing digital technologies is essential not only for streamlining our processes but also for enhancing customer experiences and staying competitive in the ever-evolving market.

Major Digitised Initiatives:

- Business Card Digitalisation
- Electronic correspondences and circulation of materials
- Digital employee self-service platform for administrative paperwork
- Digital management process
- Online learning management system
- Marketing through digital channels
- Use of digital media firms
- Digital loan application services

Since 2020, UAF has been digitising its services with the launch of the "YES UA" mobile application, followed by the "SIM Credit Card" mobile application in 2023. These apps enhanced the loan origination process for our customers. This innovative app enables users to complete loan applications seamlessly, facilitating a paper-free experience that enhances convenience and efficiency. By streamlining the identity verification process within the app, we not only improve customer satisfaction but also significantly reduce the carbon footprint associated with traditional paper usage.

Energy Conservation

Electricity Usage at SHK & Co. and SHK Credit

↓ **~21%**

*Compared to 2023 levels

The primary source of our operational carbon emissions is energy usage, particularly from fuel consumed by our company fleet and electricity used to power UAF's offices and branches in both Hong Kong and Mainland China. Therefore, we endeavour to reduce energy consumption by implementing energy-efficient infrastructure and replacing old equipment, while promoting energy conservation practices within our working environment.

The Group has set a goal to reduce absolute electricity usage by 25% by 2025, using FY19 as our baseline. To achieve this, SHK & Co. have adopted energy star-rated appliances such as fridges, air purifiers and copiers and actively promoted the use of energy-saving features on computer screens in our head office, enhancing overall energy efficiency.

In terms of lighting, we have taken significant steps towards energy-efficiency, including centralised control panels for lighting zones and LED lighting paired with motion and advanced lighting sensors. The advanced lighting sensors, Lutron Motion Sensors and Day Light Sensors, automate lighting based on occupancy and natural light levels. To further optimise energy usage within office areas, we have implemented zoning and dimming systems in key areas such as the reception lobby and meeting rooms to reduce energy consumption without compromising comfort.

Beyond these strategies, the head office of SHK & Co. is situated in a Final Platinum certified building under Hong Kong's BEAM Plus Existing Buildings Certification (Commercial Building), showcasing our commitment to exceptional energy performance.

Energy Saving Measures at UAF:

Charter on External Lighting
戶外燈光約章

Lighting:

- Use LED, T5, or compact fluorescent lamps with energy labels (EMSD's Grade 1 and 2 or equivalent).
- Affix on/off switch stickers on lighting control panels.
- Ensure lights are switched off when not in use or after office hours.

Maintenance:

- Regularly maintain electrical appliances (lamps, computers, water dispensers, fridges, fans) for optimal efficiency.

Multifunctional Devices:

- Prioritise devices that combine printing, scanning, photocopying, and faxing.

External Lighting:

- Switch off lighting for decorative, promotional, and advertising billboards and signages after midnight.

Smart Lighting Solutions:

- Implement light control zones.
- Install motion-sensing light bulbs and LED light bulbs.

Water Efficiency

Water Usage

~32%

*Compared to 2023 levels

Access to clean and fresh water is vital for our health and well-being. During the Reporting Period, we did not encounter challenges in sourcing water, as we rely on the municipal water supply for our Hong Kong office.

To encourage water conservation, we have also installed display signs in pantries and washrooms, reminding our employees about the importance of water conservation and providing them with practical water-saving tips.

Carbon Reduction

GHG Emissions (Scope 2)

~12%

*Compared to 2023 levels

Recognising the close link between greenhouse gases (GHG) and climate change, the Group has been recording and monitoring its carbon footprint. Within our operations, our multi-pronged decarbonisation initiatives our efforts in transitioning to low-carbon operations.

Other Major Carbon Reduction Initiatives:

Initiatives	***SDGs Alignment***
1. Leveraging Online Collaboration Platforms to Minimise Business Travels	SDG 13
2. Regular Inspections and Maintenance of Vehicle Fleets	SDG 13
3. Partnerships with Green Organisations to Promote Low-Carbon Lifestyles	SDG 13 SDG 17

Scope 3 Emissions

Since 2022, the Group has been actively tracking its Scope 3 emissions, with a focus on air travel as well as the electricity consumed from upstream freshwater processing and downstream sewage treatment. Building on this initial tracking, this year we explored the feasibility of accounting for relevant Scope 3 categories to the Group. In accordance with the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standards, we conducted collection and measurement trial for the identified categories of emission data. Additionally, we started gathering investment data and calculating financed emissions with reference to the Partnership for Carbon Accounting Financials ("PCAF"). However, given the methodology's evolving nature, uncertainties remain in measuring emissions across different asset classes and integrating these metrics into risk. Moving forward, we will continue to refine and explore the calculation methods for Scope 3 emissions as they mature and improve relevant disclosure in future reports.

Acknowledging the importance of data accuracy and reliability, the Group commissioned an independent and accredited professional third-party to perform an independent verification of the information presented in this Report. This external validation imparts an added dimension of credibility to the disclosed data, thereby ensuring its accuracy. For more detailed information on the validation methodology, please refer to the "Assurance Statement" section of this Report.

Climate-related Management

In light of the escalating frequency and intensity of climate-related events, it has become increasingly clear that climate change poses significant threats to infrastructure, ecosystems, and communities. These events not only disrupt daily life but also have profound economic repercussions. In response, the Group has based this Report on the TCFD's recommendations and structured it around four pillars: governance, strategy, risk management, and metrics and targets.

Governance	**Strategy**	**Risk Management**	**Metrics and Targets**
The governance framework of the Group regarding risks and opportunities related to climate change.	Material information on the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy, and financial planning should be disclosed.	The Group's identification, assessment, and management of climate-related risks.	The metrics and targets used to assess and manage material climate-related risks and opportunities.

Governance

The Group introduced a Climate Change Policy in 2022, underscoring its dedication to reducing and managing climate-related risks. In 2024, we reviewed and updated the policy to better align with market trends and expectations. This continuous improvement of the policy demonstrates the Group's commitment to environmental stewardship and its proactive approach to addressing climate change challenges in ever-evolving markets.

The Group has established a sound sustainability governance framework to effectively manage climate-related risks and ensure climate change implications are fully considered in all business units' operations. Climate risks are managed within the broader ESG risk management system, following our ESG governance structure and oversight process. The Board holds overall responsibility, while dedicated committees ensure effective strategy execution, risk management, and reporting across the Group.

For more on the Group's Sustainability Governance, please refer to the "Corporate Governance Report" in the 2024 Annual Report and the "Our Sustainability Commitment" and "Our Business and Governance" sections in this Report.

Strategy

Our Board is aware of the climate-related physical and transition risks and the potential hazards and opportunities that poses to the Group. This process is crucial to helping us design future strategies for mitigating and building resilience against climate change impacts.

Our Climate Change Policy outlines the actions and plans we have in place for corporate sustainability, climate-resilient investments, stakeholder engagement, and transparent disclosure. All members of the Group should follow these guidelines. Additionally, SHK & Co. has made significant investments in numerous initiatives that utilise cutting-edge technologies in recent years. These initiatives are further detailed in the "Our Investors and Customers" section of this Report.

To strengthen the Board's understanding of ESG issues, we engaged an external consultant to provide trainings on climate scenario analysis and ESG disclosure regulations. These sessions focused mainly on climate change, its far-reaching impacts, and related disclosure requirements, equipping the Group to better identify potential risks and opportunities in the context of a changing risk management landscape.

Climate-related Risks and Opportunities Analysis

We recognise that both the physical impacts of climate change and the transition to a net zero economy pose considerable financial risks for companies, investors and the broader financial system. Since 2022, the Group has engaged an ESG consultant to conduct in-depth climate risk assessments. Our structured approach aims to effectively identify, analyse and manage the material climate risks that could potentially impact our operations, reputation, and financial performance. Climate risk identification and prioritisation are carried out through extensive discussions, meticulous evaluation, and in-depth analysis, with a focus on business relevance.

This year, our climate analysis has been enhanced to incorporate climate scenario analysis for both physical and transition risks. Physical risk scenario analysis, on the one hand, helps us to anticipate the direct impacts of climate change on our physical assets, such as building damages from floods or disruptions to supply chains due to extreme heat. Transition risk scenario analysis, on the other hand, enables us to prepare for the consequences of the transition to a low-carbon economy, including regulatory changes, technological disruptions, and shifts in market demand. After identifying the most significant climate risks to the Group, we assess these risks using scenarios over three time periods: short-term (2030), medium-term (2050), and long-term (2080). This comprehensive approach allows us to proactively manage climate-related risks while leveraging opportunities that arise in an evolving sustainable business landscape.

Identify risks	Identify transition and physical risks caused by climate change
Evaluate risks	Analyse climate change scenarios Evaluate transition and physical risks' financial impact
Respond to risks	Establish and implement climate risk response strategies
Monitor and report risks	Monitor and report climate risks

Climate Risks	
Physical Risks	**Transition Risks**
Chronic Heat Stress	Policy Technology
Acute Coastal Flood Typhoon	Market Reputation

Physical Risks

To identify physical risks over time and manage the uncertainties associated with future climate conditions, we have conducted a scenario analysis using the Shared Socio-economic Pathways (SSPs) published in the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6).

SSP2-RCP4.5 **"Middle-of-the-road"** **Temperature Projection: 1.5-3°C**	**SSP3-RCP7.0** **"Regional rivalry"** **Temperature Projection: >3°C**
• Stabilised GHG emissions around mid-century • GHG emissions begin to decline after mid-century • Emissions do not reach net zero by 2100 • Moderate progress in economic growth and technological advancements • Moderate implementation of climate policies and measures	• Limited progress in addressing climate change • GHG emissions continue to rise throughout the century • Higher population and inequality • Slower and more uneven economic development across regions • Weak and inconsistent implementation of climate policies and measures

Risk Levels of Climate Hazards Under Different Scenarios

Overall, at the group level, under both SSP2-RCP4.5 and SSP3-RCP7.0 scenarios, two acute risks—coastal floods and typhoons—are projected to present very low or low risk in the short term (2030) and medium term (2050). In the long term (2080), risk of typhoon is expected to escalate to medium risk, while risk of coastal flood continues to maintain a low risk level. For chronic risks, risk of heat stress demonstrates an increasing risk level over time and under more severe climate scenarios. In the long term, under the SSP3-RCP7.0 scenario, heat stress is projected to reach a high risk level. This increasing risk underscores the urgent need for proactive measures to mitigate the impacts of heat stress and enhance resilience across our portfolio.

🟦 Very Low Risk 🟩 Low Risk 🟨 Medium Risk 🟧 High Risk 🟫 Very High Risk

Category	**Risk Type**	**Risk Levels**					
		SSP2-RCP4.5			**SSP3-RCP7.0**		
		2030	**2050**	**2080**	**2030**	**2050**	**2080**
Acute Risks	**Coastal Flood**	🟦	🟦	🟩	🟦	🟦	🟩
	Typhoon	🟨	🟨	🟧	🟨	🟨	🟧
Chronic Risks	**Heat Stress**	🟩	🟨	🟨	🟩	🟨	🟧

Transition Risks and Opportunities

In assessing transition risks and opportunities, we referenced the Network for Greening the Financial System (NGFS) Scenarios. They are a set of pre-defined scenarios developed by a global network of central banks and financial supervisors, to help businesses understand the potential financial and economic impacts of climate change under different pathways. These scenarios provide a structured framework for evaluating how various climate trajectories could affect our operations, costs, asset values, and market positioning. We specifically selected the Current Policies Scenario and the Delayed Transition Scenario, with their key assumptions outlined in the table below.

"Delayed Transition" **Temperature Projection: 1.5-3°C**	**"Current Policies"** **Temperature Projection: >3°C**
• Global annual emissions do not decrease until 2030 • Policy post-2030 focused on sustainable development • Limited reliance on negative emissions technologies	• Global temperature rises over 3 degrees by 2100 • Policy focused on free markets • High economic growth • High consumption • Effective international cooperation

Our transition risk assessment focused primarily on policy, technological, market, and reputational risks. At the same time, we evaluated potential financial opportunities arising from the shift to a low-carbon economy.

To facilitate a clear understanding of the financial implications, the magnitude of both risks and opportunities is presented through a colour-coded system. This system enables the clear visualisation of financial impact hotspots across different time horizons and transition scenarios.

░ Low Risk
▒ Moderate Risk
▓ High Risk
▫ Low Opportunity
◽ Moderate Opportunity
◼ High Opportunity
▭ Not Applicable

Category	**Specific Description**	**Potential Risks or Opportunities to the Financial Industry**	**Current Policies Scenario**			**Delayed Transition Scenario**		
			2030	**2050**	**2080**	**2030**	**2050**	**2080**
Policy	Tightening local (e.g. governments, regulators and stock exchanges) and global laws and regulations – e.g. carbon pricing or emission reduction policies	– Increased expenses (e.g. consultancy fees, assurance and legal costs, insurance premiums and carbon taxes)	░	░	░	░	░	▒
		– The Group is at risk of being investigated or fined if deemed non-compliant to relevant laws and regulations	░	░	░	░	░	▒
		– Decreased in return on investments due to investees' depreciation as a result of climate non-compliances and stranding of investments	░	░	▒	░	▒	▓
	Mandatory GHG emissions disclosure from all company types – easier access to sustainability-related data	– Improved exposure to potential investors by improving ESG ratings/ reputation through enhanced ESG disclosures.	▫	▫	▫	▫	▫	▫

Category	Specific Description	Potential Risks or Opportunities to the Financial Industry	Current Policies Scenario			Delayed Transition Scenario		
			2030	2050	2080	2030	2050	2080
Technology	Transition to low-carbon technologies	– Increased technological upgrade expenditures, such as adoption of low-carbon equipment and appliance and electric vehicles	🟥░	🟥░	🟥▒	🟥░	🟥▒	🟥▒
		– Decreased in financed emissions due to investees adoption of low-carbon technology to cut GHG emissions	🟩░	🟩░	🟩░	🟩░	🟩░	🟩░
	Adopting Advanced Technologies to Enhance Data-Driven Decision Making	– Increased investment resilience due to better informed investment decision with adoption of AI, machine learning, and big data analysis techniques for advanced climate risk evaluation and modelling to simulate climate-related risks	🟩░	🟩░	🟩▒	🟩▒	🟩▒	🟩▓
Market	Changes in stakeholder preferences to greener investments	– Reduced market demand for non-compliant assets may lead to lower liquidity, making it more difficult to sell certain investments without incurring losses.	🟥░	🟥░	🟥▒	🟥░	🟥▒	🟥▓
		– Increased operational costs on adopting a more holistic data collection platform/ system for climate-related analyses	🟥░	🟥░	🟥░	🟥░	🟥░	🟥▒
		– Incurred additional transaction time and costs due to portfolio restructuring, including divestments and reallocation from stranded investments to greener investment portfolio	🟥░	🟥░	🟥▒	🟥░	🟥▒	🟥▓
	Entering green finance markets	– Expanded revenue streams from entering new markets due to increased need for green products/services and eco-friendly asset portfolios	🟩▓	🟩▒	🟩░	🟩▓	🟩▓	🟩▒

Category	Specific Description	Potential Risks or Opportunities to the Financial Industry	Current Policies Scenario			Delayed Transition Scenario		
			2030	2050	2080	2030	2050	2080
Reputation	Investor concerns in ESG performance	– Deteriorated reputation due to failure to meet investor's expectations in disclosing ESG and climate-related information	🟥	🟥	🟥	🟥	🟥	🟥
		– With sound ESG leadership and transparent sustainability practices, this will enhance reputation, ESG ratings and investors' confidence	🟩	🟩	🟩	🟩	🟩	🟩

Integrating climate scenario analysis into our risk management infrastructure is a strategic imperative. By doing so, we aim to enhance the Group's resilience to climate-related uncertainties, fine-tune our investment strategies to align with emerging trends, and contribute to global sustainability initiatives. This forward-looking approach not only safeguards our financial stability by minimising risks but also positions us to capture value-creating opportunities. These opportunities can drive long-term growth, ultimately delivering enhanced returns and value for all our stakeholders. The findings from this risk assessment will support the development of adaptive strategies, ensuring business continuity and the long-term climate resilience of our operations, and by leveraging these scenarios, we aim to develop robust strategies to mitigate risks, seize opportunities, and ensure long-term resilience in a transitioning economy.

Risk Management

In conducting a comprehensive assessment, we have successfully identified a spectrum of significant physical and transition risks that are highly relevant to our business activities. The potential financial impacts of these risks have been meticulously evaluated, and we have developed a set of robust mitigation strategies to address them effectively. The responsibility for the identification, assessment, and management of ESG-related risks rests with our ESG Committee. In response to the aforementioned climate risks, we established and adopted the following strategies.

Strategy to Manage Climate-related Risks

Aspect	Description
Electricity Consumption	• **Target Setting:** Establish goals to decrease electricity usage and conduct regular reviews to track progress.
	• **Equipment Upgrade:** Systematically replace outdated, less efficient equipment with energy-efficient alternatives, including Energy Star-rated appliances and smart office facilities.
Investment Strategies	• **Investment Management Enhancement:** Integrating ESG Considerations into investment decision-making and management practices across the company.
	• **Sustainability Support:** Encourage technological innovations that enhance the sustainability of investments.
Legal and Reporting Compliance	• **Regulatory Adherence:** Maintain compliance with all relevant legal and regulatory frameworks.
	• **International Standards:** Utilise guidelines from international publications like the Global Reporting Initiative (GRI) in reporting procedures.
Employee Training and Awareness	• **Compliance Training:** Provide ongoing training and updates to employees on compliance matters.
	• **ESG Training:** Offer specialised ESG-related training to investment teams.
Transparency and Public Reporting	• **Carbon Footprint Disclosure:** Annually disclose information about the company's carbon footprint and carbon reduction initiatives.
	• **Investment Transparency:** Publicly report the status of these initiatives on a regular basis.
Reputation and Collaborations	• **Associations and Initiatives:** Join and participate in associations or global initiatives.
	• **Partnerships:** Collaborate with green organisations such as the World Green Organisation (WGO) to support climate change initiatives like tree planting.

Metrics and Targets

We have established various environmental targets focusing on GHG emission reduction, waste management, and electricity and water conservation. An annual review and update is carried out to monitor our environmental performance and progress and ensure that our monitoring efforts remain aligned with our development goals and emerging best practices in the industry. For more details, please refer to "Our Sustainability Commitment" section of this Report.

To make informed investment decisions, we will increasingly integrate the analysis and assessment of climate-related risks into our processes. We will use our Climate Change Policy, Responsible Investment Policy, and Group Enterprise Risk Management Policy to guide us in analysing these risks.

Additional information about our environmental impact and emissions statistics is available in the "Our Environment" and "Performance Data Table" sections of this Report.

Relevant Laws and Regulations

The Group is committed to complying with laws and regulations that govern our businesses.

As a Hong Kong incorporated company listed on the Stock Exchange of Hong Kong, we abide by the relevant laws and regulations in Hong Kong including the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Securities and Futures Ordinance. In particular, our funds management business, Sun Hung Kai Capital Partners Limited, which holds licences from the Hong Kong Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong has put in place policies and procedures designed to comply with the Securities and Future Ordinance and the applicable SFC rules and regulations.

Our consumer finance and mortgage loan businesses in Hong Kong are governed by the Money Lenders Ordinance. The lending business in the PRC is operated in accordance with the requirements of the national government, based on policy guidelines such as "Guiding Opinions of the China Banking Regulatory Commission ('CBRC') and the People's Bank of China ('PBOC') on the Pilot Operation of Small Loan Companies" (CBRC Issuance [2008] No. 23), as well as "Interim Measures for Supervision and Administration of Small Loan Companies" (NFRA regulation [2024] No. 26). It also follows the Special Rectification Documents of their special working group on cash loans, online small loans and P2P loans.

In this heightened regulatory environment, the Group upholds high ethical standards and have implemented policies to prevent financial crime, corruption and unethical practices. Relevant laws in this area are the Prevention of Bribery Ordinance, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Ordinance 2022. Please also refer to the sections titled "Anti-Money Laundering" and "Anti-Bribery and Anti-Corruption" under "Compliance with Laws and Regulations" in this Report.

We are committed to our people and environment. Our business in Hong Kong strives to ensure that the relevant laws and regulations relating to employment, workplace safety, emission of greenhouse gas and generation of hazardous and non-hazardous waste have been complied with, which includes Employment Ordinance, Employees' Compensation Ordinance, Occupational Retirement Schemes Ordinance, Family Status Discrimination Ordinance, Race Discrimination Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Mandatory Provident Fund Schemes Ordinance, Occupational Safety and Health Ordinance. Our businesses in the PRC seeks to comply with the Labour Contract Law of the PRC and the relevant labour laws and regulations.

Performance Data Table[3]

Key Performance Indicators	**Unit**	**2024**			
Environmental		**SHK & Co.**	**UAF**	**SHK Credit**	**Total**
		Air[4] and GHG Emissions			
Nitrogen Oxide Emissions	kg	6.34	10.77	0.00	**17.11**
Sulphur Oxide Emissions	kg	0.23	0.19	0.00	**0.43**
Particulate Matter Emissions	kg	0.41	0.79	0.00	**1.20**
GHG Emissions — Scope 1[5]	tCO_2-e	43.20	381.38	0	**424.58**
GHG Emissions — Scope 2[6]	tCO_2-e	57.92	1,301.46	27.13	**1,386.51**
GHG Emissions — Scope 3[7]	tCO_2-e	272.10	15.89	0.004	**287.98**
Total GHG Emissions (Scope 1 – 3)	tCO_2-e	373.22	1,698.72	27.14	**2,099.08**
Total GHG Emission Intensity by Revenue	tCO_2-e/ HK$ Million	0.96	0.54	0.12	**0.56**
		Energy Use			
Petroleum Usage	Litre	15,953.86	13,213.52	N/A	**29,167.38**
Electricity Usage	kWh	87,759.20	2,562,638.24	41109	**2,691,506.44**
Total Energy Usage	MJ	861,555.12	9,677,400.05	147,992.40	**10,686,947.57**
Energy Usage Intensity by Revenue	MJ/HK$' Million	2,220.50	3,077.25	645.69	**2,840.75**
Energy Usage Intensity by Workforce	MJ/person	12,134.58	10,934.92	6,726.93	**10,927.35**
		Water Use			
Water Usage[8]	m^3	0.04	2,000.21	6.56	**2,006.81**
Water Usage Intensity by Revenue	m^3/HK$' Million	0.0001	0.64	0.03	**0.53**
Water Usage Intensity by Workforce	m^3/person	0.0006	2.26	0.30	**2.05**
		Paper Consumption			
Paper Consumed[9]	kg	552.81	29,436.44	293.38	**30,282.63**
Paper Consumed[9]	pages	110,562.88	5,887,288.00	58,675.20	**6,056,526.08**
Paper Recycled	kg	980.00	14,095.81	140.00	**15,215.81**
Paper Intensity per Employee	pages/ employee	1,557.22	6,652.30	2,667.05	**6,192.77**
Paper Intensity per Customer	pages/ customer	N/A[10]	25.40	105.72	**26.07**
		Hazardous Waste[11]			
Toner cartridge	pieces	0	366	0	**366**
Fluorescent tubes, light bulbs	pieces	0	32	13	**45**
Battery	kg	0	0	0	**0**
Computer	pieces	0	97	0	**97**
Monitor/screen	pieces	0	77	0	**77**
Printers, scanners, fax machines, shredders	pieces	0	39	0	**39**

[3] Any discrepancies between the total and the sum of the listed amounts are due to rounding.

[4] Calculation of air emissions is based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs published by the Stock Exchange".

[5] Includes fugitive emissions from consumption/disposal of fire extinguishers and refrigerant leakages, and direct combustion of vehicular fuels. GHG EFs are adopted from "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose)" in Hong Kong issued by the EPD and EMSD in 2010, and IPCC Sixth Assessment Report ("AR6") Global Warming Potential Values.

[6] GHG EFs for electricity consumption in Hong Kong are adopted from the Hongkong Electric's Sustainability Report 2023, CLP's Sustainability Report 2023. For China, EF in the "2022 Electricity Carbon Dioxide Emission Factors" issued by the Ministry of Ecology and Environment and the National Bureau of Statistics in 2024 is used.

[7] Includes indirect emissions from air travel by employees and electricity used for freshwater processing and sewage treatment. GHG emissions from air travel are calculated by International Civil Aviation Organization Carbon Emissions Calculator. GHG EFs for freshwater processing and sewage treatment are obtained from WSD's Annual Report 2022/23 and DSD's Sustainability Report 2022/23 respectively.

[8] Includes water usage as recorded from the bottled water, barreled water consumption and water bills (except SHK & Co. and SHK Credit as their water supply is managed by the building/property management).

[9] Limited to usage from office and branch's daily operations.

[10] Due to the non-retail nature of SHK & Co.'s operations, no individual customers are served.

[11] Excludes waste handled/recycled by building/property management or suppliers.

Key Performance Indicators	Unit	2024			
Social		SHK & Co.	UAF	SHK Credit	Total
		Employees[12]			
Total Number of Employees	person	71	885	22	**978**
		Employees by Gender			
Male	person	36	423	12	**471**
Female	person	35	462	10	**507**
		Employees by Age			
≤30 Years Old	person	2	80	0	**82**
31-40 Years Old	person	27	349	8	**384**
41-50 Years Old	person	21	326	8	**355**
>50 Years Old	person	21	130	6	**157**
		Employees by Employment Category			
Senior Management	person	4	5	0	**9**
Senior Executives	person	16	12	1	**29**
Middle Management	person	15	223	6	**244**
General Staff	person	36	645	15	**696**
		Employees by Geographical Location			
Hong Kong	person	68	645	22	**735**
Mainland China	person	0	240	0	**240**
Overseas	person	3	0	0	**3**
		Permanent Employees by Gender			
Male	person	36	412	12	**460**
Female	person	35	445	10	**490**
		Temporary Employees by Gender			
Male	person	0	11	0	**11**
Female	person	0	17	0	**17**
		Non-guaranteed Hours Employees by Gender			
Male	person	0	0	0	**0**
Female	person	0	0	0	**0**
		Full-time Employees by Gender[13]			
Male	person	36	423	12	**471**
Female	person	35	462	10	**507**
		Workers who are not Employees[14]			
Contractor	person	10	20	0	**30**
Self-employed	person	0	0	0	**0**
Intern	person	0	0	0	**0**

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[12] Employee data are reported in headcount at the end of the Reporting Period.

[13] We did not hire any part-time employees during the Reporting Period.

[14] Contractual relationships for workers who are not employees are direct contracts and third-party contract for workers who perform clerical work, IT support and pantry assistance.

Key Performance Indicators	**Unit**	**2024**			
Social		**SHK & Co.**	**UAF**	**SHK Credit**	**Total**
Total Number of New Employee Hires					
Total Number of New Employee Hires	person	14	109	1	**124**
Rate of New Employee Hires by Gender					
Male	%	11.11%	10.87%	0.00%	**10.62%**
Female	%	28.57%	13.64%	10.00%	**14.60%**
Rate of New Employee Hires by Age					
≤30 Years Old	%	150.00%[15]	36.25%	N/A	**39.02%**
31-40 Years Old	%	29.63%	16.05%	0.00%	**16.67%**
41-50 Years Old	%	9.52%	6.44%	12.50%	**6.76%**
>50 Years Old	%	4.76%	2.31%	0.00%	**2.55%**
Rate of New Employee Hires by Geographical Region					
Hong Kong	%	19.12%	15.19%	4.55%	**15.24%**
Mainland China	%	N/A	4.58%	N/A	**4.58%**
Overseas	%	33.33%	N/A	N/A	**33.33%**
Total Number of Employee turnover					
Total Number of Employee Turnover	person	18	204	10	**232**
Turnover Rate[16]					
Total Turnover Rate	%	25.35%	23.05%	45.45%	**23.72%**
Turnover Rate by Gender					
Male	%	25.00%	20.57%	41.67%	**21.44%**
Female	%	25.71%	25.32%	50.00%	**25.84%**
Turnover Rate by Age					
≤30 Years Old	%	150.00%[17]	43.75%	N/A	**46.34%**
31-40 Years Old	%	18.52%	32.38%	37.50%	**31.51%**
41-50 Years Old	%	23.81%	10.12%	50.00%	**11.83%**
>50 Years Old	%	23.81%	17.69%	50.00%	**19.75%**
Turnover Rate by Geographical Region					
Hong Kong	%	20.59%	19.07%	45.45%	**20.00%**
Mainland China	%	N/A	33.75%	N/A	**33.75%**
Overseas	%	133.33%[17]	N/A	N/A	**133.33%[17]**

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[15] The rate of new employee hires is above 100% as the number of new employee hires at ≤30 years old during the year exceeded the total number of employees at ≤30 years old employed at the end of the Reporting Period.

[16] Number of permanent employees who left during the year divided by the total number of employees employed by the Group at the end of the Reporting Period.

[17] The turnover rate is above 100% as the number of employees at a specific category who left during the year exceeded the total number of employees at that age employed at the end of the Reporting Period.

Key Performance Indicators	Unit	2024				
Social		SHK & Co.	UAF	SHK Credit		Total
Parental Leave						
Total Number of Employees that were Entitled to Parental Leave	Male	36	423	12		**471**
	Female	35	462	10		**507**
Total Number of Employees that Took Parental Leave	Male	1	13	0		**14**
	Female	0	21	0		**21**
Total Number of Employees that Returned to Work in the Reporting Period after Parental Leave Ended	Male	1	16	0		**17**
	Female	0	20	0		**20**
Total Number of Employees that Returned to Work in 2023 after Parental Leave Ended	Male	1	29	1		**31**
	Female	2	34	0		**36**
Total Number of Employees that Returned to Work after Parental Leave ended that were still Employed 12 months after their Return to Work	Male	1	16	1		**18**
	Female	2	20	0		**22**
Return to Work Rate[18]	Male (%)	100.00%	59.26%	N/A		**60.71%**
	Female (%)	N/A	55.56%	N/A		**55.56%**
Retention Rate[19]	Male (%)	100.00%	55.17%	100.00%		**58.06%**
	Female (%)	100.00%	58.82%	N/A		**61.11%**
Percentage of Employees Trained						
Total Percentage of Employees Trained	%	100.00%	100.00%	100.00%		**100.00%**
Percentage of Employees Trained by Gender[20]						
Male	%	50.70%	47.80%	54.55%	**48.16%**	**100%**
Female	%	49.30%	52.20%	45.45%	**51.84%**	
Percentage of Employees Trained by Employment Category[20]						
Senior Management	%	5.63%	0.56%	N/A	**0.92%**	**100%**
Senior Executives	%	21.13%	1.36%	4.55%	**2.97%**	
Middle Management	%	21.13%	25.20%	27.27%	**24.94%**	
General Staff	%	47.89%	72.88%	68.18%	**71.17%**	
Average Training Hours						
Total Average Training Hours	hrs/person	19.58	10.34	13.64		**11.08**
Average Training Hours by Gender						
Male	hrs/person	19.46	9.13	13.58		**10.03**
Female	hrs/person	19.70	11.45	13.70		**12.06**

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[18] Total number of employees who returned to work after parental leave divided by the total number of employees due to return to work after taking parental leave x 100%.

[19] Total number of employees retained 12 months after returning to work following a period of parental leave divided by the total number of employees returning from parental leave in the prior reporting period x 100%.

[20] The methodology used for calculating percentages of employees trained by gender and by employment category aligns with HKEX guidelines. It is calculated by the number of persons trained in the specific category divided by the total number of employees trained.

Key Performance Indicators	Unit	2024			
Social		SHK & Co.	UAF	SHK Credit	Total
Average Training Hours by Employment Category					
Senior Management	hrs/person	18.25	4.32	N/A	**10.51**
Senior Executives	hrs/person	22.59	2.67	19.00	**14.22**
Middle Management	hrs/person	20.73	12.41	14.00	**12.96**
General Staff	hrs/person	17.90	9.81	13.13	**10.30**
Training by Topic					
Orientation[21]	hrs	13.00	438.00	1.00	**452.00**
Compliance	hrs	69.00	2,754.00	22.00	**2,845.00**
Anti-Corruption	hrs	63.00	280.00	22.00	**365.00**
	%[22]	100.00%	99.66%	100.00%	**99.69%**
Percentage of employee receiving regular performance review					
Review Rate	%	100.00%	100.00%	100.00%	**100.00%**
Percentage of employee receiving regular performance review by Gender					
Male	%	100.00%	100.00%	100.00%	**100.00%**
Female	%	100.00%	100.00%	100.00%	
Percentage of employee receiving regular performance review by Employment Category					
Senior Management	%	100.00%	100.00%	N/A	**100.00%**
Senior Executives	%	100.00%	100.00%	100.00%	
Middle Management	%	100.00%	100.00%	100.00%	
General Staff	%	100.00%	100.00%	100.00%	
Work-Related Injuries[23]					
Number of Injuries	number	0	0	0	**0**
Work-Related Injury Rate[24]	per 1,000 employees	0	0	0	**0**
Number of High-consequence Injuries (excluding fatalities)	number	0	0	0	**0**
High-consequence injury rate	per 1,000 employees	0	0	0	**0**
Lost Days Due to Work-Related Injury	number of days	0	0	0	**0**
Number of Fatalities	number	0	0	0	**0**
Fatality Rate	per 1,000 employees	0	0	0	**0**

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[21] Applicable to new joiners during the Reporting Period only.

[22] Exclude employees with negligible exposure to corruption.

[23] There were no cases of work-related ill health that the Group is aware of during the Reporting Period.

[24] Injury rates are not calculated based on working hours as required by GRI as working hours are standardised in most cases for financial services without shifts.

Key Performance Indicators	Unit	2024			
Social		SHK & Co.	UAF	SHK Credit	Total
Suppliers by Geographical Region					
Hong Kong	number	239	161	37	**437**
Mainland China	number	4	291	0	**295**
Overseas	number	48	0	0	**48**
Annual Total Compensation Ratio					
Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)		5:1	16.02:1	3.33:1	**N/A**
Complaints					
Products and service complaints	number	0	9	0	**9**
Data privacy complaints	number	0	3	0	**3**

GRI Content Index

SHK & Co.'s ESG Report 2024 is prepared in accordance with the latest GRI Standards. The following table provides with either cross-references of the relevant chapters or explanation.

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
GRI 2: General Disclosures 2021			
GRI 2: General Disclosures 2021	2-1 Organisational details	About This Report	P.53
		Annual Report 2024 – About Us	P.1
		Annual Report 2024 – Our Business	P.2-3
	2-2 Entities included in the organisation's sustainability reporting	About this Report	P.53
		Annual Report 2024 – Notes to the Consolidated Financial Statements	P.154-230
	2-3 Reporting Period, frequency and contact point	About this Report	P.53
	2-4 Restatements of information	There were no restatements of information in this Report.	N/A
	2-5 External assurance	About this Report	P.53
		Annual Report 2024 – Corporate Governance Report (Audit Committee)	P.44-45
		Annual Report 2024 – Corporate Governance Report (Accountability and Audit)	P.49
		Annual Report 2024 – Independent Auditor's Report	P.145-149
		Assurance Statement	P.123-124
	2-6 Activities, value chain and other business relationships	Our Business and Governance	P.64-69
		Our Investors and Customers	P.77-83
		Our Community	P.84-89
		Annual Report 2024 – Our Business	P.2-3
	2-7 Employees	Our People	P.69-77
		Performance Data Table	P.105-110
		We did not hire any part-time employees during the Reporting Period.	
	2-8 Workers who are not employees	Our People	P.69-77
		Performance Data Table	P.105-110
	2-9 Governance structure and composition	Our Business and Governance	P.64-69
		Performance Data Table	P.105-110
		Annual Report 2024 – Corporate Governance Report (The Board, Board Process)	P.37-39
		Company website: Our Leadership	

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
	2-10 Nomination and selection of the highest governance body	Annual Report 2024 – Corporate Governance Report (Board Process, Appointment of Re-Election of Directors, Board Diversity)	P.35-37, 41-42
	2-11 Chair of the highest governance body	Annual Report 2024 – Corporate Governance Report (Roles of Chairman and Chief Executive)	P.40
	2-12 Role of the highest governance body in overseeing the management of impacts	About This Report Our Business and Governance Annual Report 2024 – Corporate Governance Report (Roles of Chairman and Chief Executive, Corporate Governance Functions, Risk Management and Internal Control)	P.53 P.64-69 P.40, 42, 48-49
	2-13 Delegation of responsibility for managing impacts	About This Report Our Sustainability Commitment Our Business and Governance Annual Report 2024 – Corporate Governance Report (Risk Management and Internal Control)	P.53 P.57-63 P.64-69 P.48-49
	2-14 Role of the highest governance body in sustainability reporting	Our Sustainability Commitment Our Business and Governance	P.57-63 P.64-69
	2-15 Conflicts of interest	Annual Report 2024 – Corporate Governance Report (Board Process) Our Business and Governance	P.35-37 P.64-69
	2-16 Communication of critical concerns	Our Business and Governance Annual Report 2024 – Corporate Governance Report (Communication with Shareholders) There were no incidences of critical concerns during the Reporting Period.	P.64-69 P.50-51
	2-17 Collective knowledge of the highest governance body	Our People Annual Report 2024 – Corporate Governance Report (Directors' Continuous Professional Development)	P.69-77 P.40
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2024 – Corporate Governance Report (Remuneration Committee)	P.43-44
	2-19 Remuneration policies	Annual Report 2024 – Corporate Governance Report (Remuneration Committee)	P.43-44
	2-20 Process to determine remuneration	Annual Report 2024 – Corporate Governance Report (Remuneration Committee)	P.43-44

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
	2-21 Annual total compensation ratio	Performance Data Table	P.105-110
	2-22 Statement on sustainable development strategy	Our Sustainability Commitment	P.57-63
	2-23 Policy commitments	Our Sustainability Commitment Our Business and Governance Annual Report 2024 – Corporate Governance Report (Risk Management and Internal Control)	P.57-63 P.64-69 P.48-49
	2-24 Embedding policy commitments	Our Business and Governance Annual Report 2024 – Corporate Governance Report (Corporate Governance Functions, Risk Management and Internal Control	P.64-69 P.42, 48-49
	2-25 Processes to remediate negative impacts	Our Business and Governance Annual Report 2024 – Corporate Governance Report (Risk Management and Internal Control) Annual Report 2024 – Risk Management Report	P.64-69 P.48-49 P.32-36
	2-26 Mechanisms for seeking advice and raising concerns	Our Business and Governance	P.64-69
	2-27 Compliance with laws and regulations	Our Business and Governance Laws and Regulations There were no significant instances of non-compliance with laws and regulations during the Reporting Period, thus there were no fines nor non-monetary sanctions incurred during the Reporting Period.	P.64-69 P.104
	2-28 Membership associations	Membership and Associations	P.89
	2-29 Approach to stakeholder engagement	Our Sustainability Commitment	P.57-63
	2-30 Collective bargaining agreements	No current employees are covered by collective bargaining agreements.	N/A
GRI 3: Material Topics 2021			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment	P.60-63
	3-2 List of material topics	Materiality Assessment	P.60-63
GRI 201: Economic Performance 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance Annual Report 2024 – Notes to the Consolidated Financial Statements	P.53 P.57-63 P.64-69 P.154-230

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
GRI 201: Economic Performance 2016			
	201-1 Direct economic value generated and distributed	Our Business and Governance Performance Data Table Annual Report 2024 – Consolidated Statements and Notes to the Consolidated Financial Statements	P.64-69 P.105-110 P.150-230
	201-2 Financial implications and other risks and opportunities due to climate change	Our Business and Governance Our Investors and Customers Our Environment	P.64-69 P.77-83 P.90-103
	201-3 Defined benefit plan obligations and other retirement plans	Our People Annual Report 2024 – Consolidated Statements and Notes to the Consolidated Financial Statements In accordance with the requirements of the MPF System, employees and employers are both required to make mandatory contributions of 5% of the employee's relevant income into the employee's MPF account, subject to the minimum and maximum relevant income levels. Employees in the People's Republic of China are covered by their local Social Insurance System. The percentage contributions cannot be reported due to confidentiality reasons. Due to confidentiality, we are unable to provide the estimated value of the liabilities of defined benefit plans.	P.69-77 P.150-230
	201-4 Financial assistance received from government	Annual Report 2024 – Consolidated Statements and Notes to the Consolidated Financial Statements	P.150-230
GRI 205: Anti-corruption 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance	P.53 P.57-63 P.64-69
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Our Business and Governance	P.64-69

<table>
<tr><th>GRI Standard</th><th>Disclosure</th><th>Relevant Chapter or Explanation</th><th>Page no.</th></tr>
<tr><td></td><td>205-2 Communication and training about anti-corruption policies and procedures</td><td>Our Business and Governance
Our People
During the Reporting Period, anti-corruption policies and procedures have been communicated to all employees, the Board and business partners.

The percentage of individuals* received anti-corruption training:

<table>
<tr><th></th><th>Employees of the Group</th><th>The Board</th></tr>
<tr><td>Hong Kong</td><td>99.59%</td><td>100%</td></tr>
<tr><td>Mainland China</td><td>100.00%</td><td>N/A</td></tr>
<tr><td>Overseas</td><td>100.00%</td><td>N/A</td></tr>
</table>
* Exclude employees with negligible exposure to corruption.</td><td>P.64-69
P.69-77</td></tr>
<tr><td></td><td>205-3 Confirmed incidents of corruption and actions taken</td><td>There were no incidents of corruption during the Reporting Period.</td><td>N/A</td></tr>
<tr><td colspan="4">GRI 403: Occupational Health and Safety 2018</td></tr>
<tr><td>GRI 3: Material Topics 2021</td><td>3-3 Management of material topics</td><td>About This Report
Our Sustainability Commitment
Our People</td><td>P.53
P.57-63
P.69-77</td></tr>
<tr><td>GRI 403: Occupational Health and Safety 2018</td><td>403-1 Occupational health and safety management system</td><td>Our People</td><td>P.69-77</td></tr>
<tr><td></td><td>403-2 Hazard identification, risk assessment, and incident investigation</td><td>Our People</td><td>P.69-77</td></tr>
<tr><td></td><td>403-3 Occupational health services</td><td>Our People</td><td>P.69-77</td></tr>
<tr><td></td><td>403-4 Worker participation, consultation, and communication on occupational health and safety</td><td>Our People</td><td>P.69-77</td></tr>
<tr><td></td><td>403-5 Worker training on occupational health and safety</td><td>Our People
Due to our business nature and office setting, our exposure to work-related hazards is low, hence no dedicated training is arranged.</td><td>P.69-77</td></tr>
<tr><td></td><td>403-6 Promotion of worker health</td><td>Our People
Workers who are not employees are facilitated by their employers for access to the relevant health services, hence no duplication is made by the Group.</td><td>P.69-77</td></tr>
</table>

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our People	P.69-77
	403-8 Workers covered by an occupational health and safety management system	Our People All employees and external workers are covered by the OHS management system in circumstances where such system is present.	P.69-77
	403-9 Work-related injuries	Performance Data Table	P.105-110
	403-10 Work-related ill health	Performance Data Table	P.105-110
GRI 404: Training and Education 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our People	P.53 P.57-63 P.69-77
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Our People Performance Data Table	P.69-77 P.105-110
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Our People Performance Data Table	P.69-77 P.105-110
GRI 408: Child Labour 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance	P.53 P.57-63 P.64-69
GRI 408: Child Labour 2016	GRI 408-1 Operations and suppliers at significant risk for incidents of child labour	Our Business and Governance None of our operations nor suppliers are at significant risk for incidents of child labour.	P.64-69
GRI 409: Forced or Compulsory Labour 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance	P.53 P.57-63 P.64-69
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our Business and Governance None of our operations nor suppliers are at significant risk for incidents of forced or compulsory labour.	P.64-69
GRI 418: Customer Privacy 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance Our Investors and Customers	P.53 P.57-63 P.64-69 P.77-83
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our Investors and Customers Performance Data Table	P.77-83 P.105-110

HKEX ESG Reporting Guide Content Index

Our ESG Report 2024 is also prepared in accordance with the ESG Reporting Guide under Appendix C2 and to the Rules Governing the Listing of Securities on HKEX. The following table provides cross-references of the relevant chapters or explanation.

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Mandatory Disclosure Requirements		
	Governance Structure	
	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Our Sustainability Commitment
	Reporting Principles	
	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality, Quantitative, Balance and Consistency.	About This Report
	Reporting Boundary	
	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
A. Environmental		
	Aspect A1: Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Environment Laws and Regulations There are no laws and regulations that have a significant impact to the group relating to GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
KPI A1.1	The types of emissions and respective emissions data.	Our Environment Performance Data Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Table General waste is not reported as such waste is handled by building/property management and such data could not be provided to the Group for record.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Our Sustainability Commitment Our Environment
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Our Sustainability Commitment Our Environment
	Aspect A2: Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Our Environment Performance Data Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Our Sustainability Commitment Our Environment

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Our Environment
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material is not applicable to the nature of our operations as a financial service company.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Environment
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Environment
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Our People Laws and Regulations
KPI B1.1	Total workforce by gender, employment type (for example, full– or part-time), age group and geographical region.	Our People Performance Data Table Annual Report 2024 – Corporate Governance Report
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Table

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
	Aspect B2: Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our People Laws and Regulations
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	There were no incidents of work-related fatalities in the past three years including the reporting year.
KPI B2.2	Lost days due to work injury	Our People Performance Data Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Our People
	Aspect B3: Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Table
	Aspect B4: Labour Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on issuer relating to preventing child and forced labour.	Our Business and Governance Laws and Regulations
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Business and Governance
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Business and Governance

Aspects, General Disclosures and KPIs	**Description**	**Relevant Chapter or Explanation**
	Aspect B5: Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Business and Governance
KPI B5.1	Number of suppliers by geographical region.	Performance Data Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Our Business and Governance
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Our Business and Governance
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Our Environment
	Aspect B6: Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Investors and Customers Laws and Regulations Due to the nature of our operations as a financial service company, there are no laws and regulations that have a significant impact on the Group relating to health and safety. There were no reported incidents of non-compliance concerning privacy matters and advertising during the Reporting Period.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the nature of our operations as a financial service company, we do not sell products that are recalled for safety and health reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Our Investors and Customers Performance Data Table
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our Business and Governance
KPI B6.4	Description of quality assurance process and recall procedures.	Our Investors and Customers
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Investors and Customers

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
	Aspect B7: Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Our Business and Governance Laws and Regulations
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	There were no concluded legal cases regarding corrupt practices during the Reporting Period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Business and Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Our Business and Governance
	Aspect B8: Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community

ASSURANCE STATEMENT

SGS HONG KONG'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ESG REPORT 2024 OF SUN HUNG KAI & CO., LIMITED

Nature of the Assurance

SGS Hong Kong Limited (hereinafter referred to as "SGS") was commissioned by the Sun Hung Kai & Co. Limited (hereinafter referred to as "SHK & Co.") to conduct an independent assurance of the contents of the *ESG Report 2024* (hereinafter referred to as the "Report").

Intended Users of this Assurance Statement

This Assurance Statement is provided with the intention of informing all Sun Hung Kai & Co.'s stakeholders.

Responsibilities

The information in the Report and its presentation are the responsibility of SHK & Co. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all SHK & Co.'s stakeholders.

Assurance Standards, Type and Level of Assurance

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards. The assurance of this report has been conducted according to limited assurance of the ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Scope of Assurance and Reporting Criteria

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance data and information included the text and data in accompanying tables contained in the Report. Data and information were included in this assurance process during the period from 1 January 2024 to 31 December 2024. The Report was prepared in accordance with Stock Exchange of Hong Kong Limited, Environmental, Social and Governance Reporting Guide ("HKEx ESG Reporting Guide") and Global Reporting Initiative ("GRI") Sustainability Reporting Standards 2021.

Assurance Methodology

The assurance comprised a combination of pre-assurance research, data sampling, documentation and record review, calculating and reporting the specified performance data and information. Raw data and supporting evidence of the specified performance data and information were examined during the verification process. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Limitations and Mitigation

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process. Note here any other specific limitations for the assurance engagement and actions taken to mitigate those limitations.

Statement of Independence and Competence

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from SHK & Co., being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with IRCA EMS Principal Auditor, ISO 26000, nominated tutor of GRI Standards and experience on the SRA assurance service provisions.

Assurance Opinion

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance data and information included in the scope of assurance is not fairly stated and prepared, in all material respects, in accordance with the above mentioned reporting criteria.

We believe that SHK & Co., has chosen an appropriate level of assurance for this stage in their reporting.

Signed:
For and on behalf of SGS Hong Kong Limited

Miranda Kwan
Director
Business Assurance
20 March 2025

WWW.SGS.COM

DIRECTORS' REPORT

The board of directors of the Company (the "Board") are pleased to present the 2024 annual report ("Annual Report") and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

Principal Activities and Business Review

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries, associates and joint ventures are set out in Notes 24 to 26 to the consolidated financial statements respectively. Details and analysis of the main business segments of the Group during the year are set out in Note 6 to the consolidated financial statements.

The business review of the Group for the year ended 31 December 2024 and further discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the section of "Financial Summary", the relevant sections of "Management Discussion and Analysis", the sections of "Risk Management Report" and "Environmental, Social and Governance (ESG) Report" of this Annual Report.

Results and Dividends

The results of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss.

An interim dividend of HK12 cents per share was paid to the shareholders of the Company on 20 September 2024. The Directors 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 the shareholders 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 per share. Dividend warrants of the second interim dividend are expected to be despatched on 23 May 2025.

Investment Properties

Movements in investment properties during the year are detailed in Note 18 to the consolidated financial statements.

Property and Equipment

Movements in property and equipment during the year are detailed in Note 19 to the consolidated financial statements.

Charitable Donations

The total donations made by the Group for charitable purposes during the year amounted to approximately HK$5,586,000.

Share Capital and Shares Issued

Details of the movements in share capital of the Company during the year are set out in Note 42 to the consolidated financial statements.

Debentures

The Group had the following debentures in issue as at 31 December 2024:

- US$450,000,000 5.00% Guaranteed Notes due September 2026 (the "2026 Notes") issued by Sun Hung Kai & Co. (BVI) Limited ("SHK BVI", a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company) under the US$3,000,000,000 Guaranteed Medium Term Note Programme (the "MTN Programme"). The 2026 Notes were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 2021 as to US$375,000,000 and in March 2022 as to US$75,000,000 (stock code: 40831). As at 31 December 2024, US$376,238,000 in the principal amount of the 2026 Notes were outstanding.

For further details of the abovementioned issued Guaranteed Notes, please refer to Note 41 to the consolidated financial statements. The Group has not issued any debentures during the year.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2024 pursuant to the Hong Kong Companies Ordinance and details of the movements in reserves during the year are set out in the Consolidated Statement of Changes in Equity and Note 50 to the consolidated financial statements.

Directors

The directors of the Company (the "Directors") during the year and up to the date of this report comprises:

Executive Directors

Lee Seng Huang *(Group Executive Chairman)*
Brendan James McGraw

Non-Executive Directors

Simon Chow Wing Charn
Peter Anthony Curry

Independent Non-Executive Directors ("INEDs")

Evan Au Yang Chi Chun
David Craig Bartlett
Alan Stephen Jones
Vivian Alexa Kao
Jacqueline Alee Leung
Wayne Robert Porritt

In accordance with Article 103 of the Company's Articles of Association (the "Articles"), one-third of the Directors for the time being shall be subject to retirement by rotation, and eligible for re-election, at each Annual General Meeting of the Company ("AGM"). Accordingly, pursuant to Article 103 of the Articles, Messrs. Peter Anthony Curry, Evan Au Yang Chi Chun, David Craig Bartlett and Alan Stephen Jones, the Directors being the longest in office since their last election, will retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election at the AGM.

A list of names of all the directors who have served on the boards of directors of the Company's subsidiaries during the year and up to the date of this report is available on the website of the Company under the "Corporate Citizenship\Environmental, Social and Governance (ESG)\Corporate Governance Documentation" section.

Profiles of Directors and Senior Management

Executive Directors

Lee Seng Huang, aged 50, was appointed as an Executive Director and has been the Group Executive Chairman of the Company since 1 January 2007. Mr. Lee was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region. He is the executive chairman of Mulpha International Berhad (a Malaysian listed conglomerate with operations in Malaysia, Australia, New Zealand, the United Kingdom and Singapore) as well as the chairman of Mulpha Australia Limited. Mr. Lee is a trustee of Lee and Lee Trust, a discretionary trust owning a controlling interest in Allied Group Limited ("AGL"), which is listed on the Stock Exchange and the ultimate holding company of the Company. Mr. Lee also holds directorships in certain subsidiaries of the Company.

Brendan James McGraw, aged 52, was appointed as an Executive Director of the Company on 1 July 2023. He joined the Company as Group Chief Financial Officer in July 2021. He has more than 20 years of international finance and corporate treasury experience spanning across Asia and Europe and has worked extensively on finance transformation and treasury fundraising in his previous roles. Prior to joining the Company, Mr. McGraw was the Chief Financial Officer at Amret Microfinance Institution in Cambodia, where he oversaw the Finance Division, including the treasury and strategic planning functions and IFRS 9 loan loss controllership. Before that, Mr. McGraw was the Group Treasurer at CLSA and then Head of Treasury at CITIC Securities International, before becoming the Group Chief Financial Officer for CITIC CLSA in Hong Kong, where he led group reporting, budgeting and planning, product control, tax and treasury. Mr. McGraw spent his early career in treasury and finance roles within manufacturing and services sectors across Europe. He graduated from The London School of Economics and Political Science with a Bachelor of Science degree in Economics and Economic History and is a Chartered Management Accountant (CIMA) and a qualified Treasurer (ACT). He also holds directorships in various subsidiaries of the Company and was a director of Skandia Holding de Colombia S.A., a company incorporated in Colombia from July 2023 to October 2024.

Non-Executive Directors

Simon Chow Wing Charn, aged 70, was appointed as an Executive Director of the Company on 3 June 2015 and was redesignated as a Non-Executive Director on 1 July 2023. He joined the Company as the Group Deputy Chief Executive Officer in December 2014 until his retirement on 1 July 2023. Mr. Chow has more than 30 years' experience in the banking and financial services industry. Prior to joining the Group, he has been with Citibank for 18 years and his last position was the country manager for China consumer bank of Citibank. Before that, he held senior roles with UBS, Lehman Brothers, British Columbia Hydro and Power Authority and PricewaterhouseCoopers. He is a member of the Institute of the Chartered Accountants of Canada. Mr. Chow holds a Bachelor of Science Degree and a Licentiate in Accounting Degree from the University of British Columbia.

Peter Anthony Curry, aged 72, was appointed as an Executive Director of the Company on 1 January 2011 and was redesignated as a Non-Executive Director on 1 September 2018. He joined the Company as the Group Chief Financial Officer in November 2010 until his retirement in September 2018. Mr. Curry has over 50 years of business experience. He joined Peat Marwick Mitchell (now known as KPMG) in Australia in 1974 upon graduation and worked as Tax Partner in 1983. Since that time he has worked in different listed and unlisted companies in Australia as executive director/managing director specialising in natural resources, corporate finance, mergers and acquisitions etc. He has been involved in a range of public and private capital raisings, initial public offering related services and providing corporate and financial advisory services in relation to a range of business transactions including a wide range of mining projects. Mr. Curry holds a Bachelor of Commerce Degree and a Bachelor of Laws Degree from the University of New South Wales. He became a Chartered Accountant and a barrister (non-practising) in Australia in 1978. Mr. Curry is also the non-executive chairman of Tian An Australia Limited, an indirect subsidiary of AGL listed on the Australian Securities Exchange, and a non-executive director of Air Change International Limited, a company listed on the National Stock Exchange of Australia Limited.

Independent Non-Executive Directors

Evan Au Yang Chi Chun, aged 53, was appointed as an Independent Non-Executive Director of the Company on 22 March 2018. Mr. Au Yang is the Group President of Animoca Brands, a Hong Kong-based multinational blockchain technology and investment company focused on developing the digital property rights ecosystem, including play-to-earn games, non-fungible tokens (NFTs), decentralised finance (DeFi), blockchain marketplaces, infrastructure and more. Mr. Au Yang is also the Chairman of the Board of Civic Exchange, a non-partisan public policy think tank. He is also an independent non-executive director of Asia Financial Holdings Limited, a company listed on the Stock Exchange. He is an advisor of Our Hong Kong Foundation, a member of the Fintech Advisory Group of the Securities and Futures Commission, and also serves on the Innovation and Technology Advisory Committee of the Hong Kong Trade Development Council, the Transport Policy Committee of the Chartered Institute of Logistics & Transport, the Development Fund Committee of the Hong Kong Council of Social Service, the Advisory Council for Institute at Brown for Environment & Society for Brown University, as well as the Board of Advisors of Hong Kong 2050 is Now. Mr. Au Yang is also a lecturer at the Hong Kong Academy of Politics and Public Policy. He previously served on the Board of Urban Renewal Authority as a non-executive director.

Prior to joining Animoca Brands, Mr. Au Yang was the managing director and head of GLG International (Gerson Lehrman Group) ("GLG"), a technology-enabled expert insight platform where he ran and grew its business spanning Europe, Middle East, Africa and Asia-Pacific across 15 locations. Prior to GLG, Mr. Au Yang was the deputy managing director of The Kowloon Motor Bus Company (1933) Limited ("KMB") and an executive director of Transport International Holdings Limited ("Transport International"), the parent company of KMB and is listed on the Stock Exchange. Prior to joining Transport International and KMB, he was an associate partner at McKinsey & Company. Before that, Mr. Au Yang worked at Citigroup's Derivatives Structuring and Marketing unit. He obtained his undergraduate degree in Economics and Political Science from Brown University, and his MBA degree from the Kellogg School of Management at Northwestern University.

David Craig Bartlett, aged 59, was appointed as an Independent Non-Executive Director of the Company on 26 November 1999. Mr. Bartlett graduated with honours in law from Exeter University in the United Kingdom in 1988 and subsequently qualified as a solicitor in England & Wales, the Republic of Ireland and the Hong Kong Special Administrative Region. A former partner of the international law firm Clyde & Co., he regularly acted for and advised the Company and its subsidiaries before leaving private practice for a career in industry. He held senior legal roles with General Electric and Apollo Global Management. Now based primarily in England, Mr. Bartlett is also an independent non-executive director of AGL.

Alan Stephen Jones, aged 81, was appointed as an Independent Non-Executive Director of the Company on 3 January 2006. Mr. Jones, a Chartered Accountant, has extensive experience in management, administration, accounting, property development, carpark management, finance and trading, and has been involved in successful mergers and acquisitions of a number of public companies in Australia and internationally. He is an independent non-executive director of AGL. Mr. Jones is also an independent non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange and the non-executive chairman of Air Change International Limited, a company listed on the National Stock Exchange of Australia Limited, as well as a non-executive director of Mulpha Australia Limited.

Vivian Alexa Kao, aged 43, was appointed as an Independent Non-Executive Director of the Company on 26 May 2021. Ms. Kao has held a number of senior roles at technology startups. Ms. Kao was Chief Growth Officer of WeLab, where she played a key role in the strategic vision and growth of the company and helped to secure financing from investors for the company's business. Prior to that, she was General Manager of Chope, an online restaurant booking platform based in Singapore with operations across Asia. Currently, she is Chief Executive Officer of Tamarind Global, a family office where she manages a diverse portfolio of assets. She commenced her career at Goldman, Sachs & Co. Ms. Kao holds a Bachelor of Arts Degree with Honors in Economics and Chinese Studies from Wellesley College. She also received a Master's Degree in Business Administration from Harvard Business School.

Jacqueline Alee Leung, JP., aged 64, was appointed as an Independent Non-Executive Director of the Company on 1 November 2014. Ms. Leung is the president and managing director of Leighton Investments Limited and Leighton Textiles Company Limited. She was with Deloitte Touche Tohmatsu from February 2001 to August 2014. Prior to that, she worked at the mergers and acquisitions department of Oppenheimer & Co. Inc. in New York City. Over the years, she held various positions in charitable organisations in Hong Kong, such as the fundraising chairman for the Hong Kong Cancer Fund and a director at Po Leung Kuk.

Ms. Leung is an active civic volunteer in Hong Kong society. She has served as a member of Committee on Self-financing Post-secondary Education (CSPE) since 2010. She is also a member of the Investment Committee of the HKSAR Government Scholarship Fund (GSF) and the Self-financing Post-secondary Education Fund Investment Committee (SPEF) respectively since November 2023, a co-opted member of the Advisory Committee on Donation and Development Matters (ACDDM) of the Hospital Authority since April 2024, and a member of The Council of Lingnan University since 2020. From 1 January 2025, Ms. Leung was appointed as a member of the Immigration Department Users' Committee. She has also served as a member of The Financial Infrastructure and Market Development Sub-Committee (FIMC) of The Exchange Fund Advisory Committee (EFAC) of the Hong Kong Monetary Authority from 2016 to 2021 and was a co-opted member of the Hospital Governing Committee (HGC) of Prince of Wales Hospital (PWH) from 2017 to 2023.

Ms. Leung holds a Bachelor of Arts Degree in Economics and a Bachelor of Science Degree with honors in Mechanical Engineering from Brown University in the United States.

Wayne Robert Porritt, aged 57, was appointed as an Independent Non-Executive Director of the Company on 26 May 2021. Mr. Porritt is an accomplished global risk professional having extensive experience in banking and finance industry specialising in risk, corporate credit, global financial restructuring, and insolvency engagements for corporate and financial institutions. He has held senior positions with Standard Chartered Bank and Bank of America and has extensive exposure across Asia, United States, United Kingdom, Middle East and Africa. He previously worked for Standard Chartered Bank holding the position of regional chief risk officer for the Greater China & North Asia Region, and a non-executive director on the boards of the Bank's South Korea and Taiwan subsidiaries. Mr. Porritt started his career at the State Bank of New South Wales and then Ernst & Young and Société Générale Australia. Mr. Porritt is a graduate member of the Australian Institute of Company Directors.

Mr. Porritt holds various director and advisory roles in both corporate and not-for-profit organisations. He is an independent non-executive chairman of Global Invacom Group Limited, a company listed on the Mainboard of the Singapore Exchange Limited ("SGX") Mr. Porritt is also a director of each of August Gold Limited, CMIG International Holding Pte. Ltd, Lily Bermuda Holding Limited and Green Heaven Investments Limited. In March 2025, Mr. Porritt was appointed as a director of certain companies of Bruny Island Cheese Co., an Australian group involved in cheese and dairy production based in Tasmania. Mr. Porritt was previously appointed in December 2023 at the direction of certain creditors (the "Creditors") of the Charged Companies (as defined below) and the holding companies of the Charged Companies as director of each of Iconic Hero Limited, Fivestar Bloom Limited, Modern Success Global Limited, Jovial Harbour Holdings Limited, Best Global Investments Limited, Chance Boom Global Limited, Brilliant Coast Limited and Honour Treasure Limited, being a group of companies (the "Charged Companies") principally engaged in investment holding, to assist with interim management of the Charged Companies. In January 2024, administrative receivers/receivers were appointed over certain assets of each of the Charged Companies by such Creditors as chargee pursuant to the relevant security agreements. Mr. Porritt subsequently stepped down as a director of each of the Charged Companies effective 5 September 2024. Mr. Porritt was also previously an independent non-executive director of Floatel International Limited, a company headquartered in Norway which owns and operates a fleet of offshore accommodation vessels, and a non-executive director of Skylight Financial Solutions Pty Limited, an Australian company engaging in the business of provision of financial solutions services.

Mr. Porritt is also a director of Asia Society Australia, which is a business and policy think-tank and membership organization dedicated to Asia, and a director of Dalton School Hong Kong Foundation. He is also a council member and Vice Chair of Fundraising & Communications Committee of Oxfam Hong Kong. In October 2024, Mr. Porritt was appointed as a member of the New South Wales Executive Committee of Australia China Business Council. In January 2025, Mr. Porritt was appointed as the Chairperson of the Council of Oxfam Hong Kong. Mr. Porritt was previously a member of Finance, Risk & Audit Committee of Oxfam Hong Kong, an advisory board member of Hong Kong Children in Need Foundation, a director and company secretary of The Aurora Group – A Ruby Foundation Limited, an Australian registered charity supporting LGBTIQ+ community and a director of Aurora Newco Limited.

Senior Management

Antony James Edwards

Deputy Chief Executive Officer

Mr. Edwards, aged 57, joined the Company as Deputy Chief Executive Officer in December 2023. He started his career in the 1990's, in Asian investment banking, and from 2000 onwards, he developed a track record of growing, managing and realigning investment management businesses, whilst at AllianceBernstein, Neuberger Berman, Robeco and Arisaig Partners. He was the Chief Operating Officer of Arisaig Partners and the Chief Executive Officer of Robeco Asia-Pacific. He has delivered high-performance outcomes across operational, distribution, investment and governance functions, in both large institutional, start-up and boutique investment managers. He is experienced at designing and managing change management to enable technology development, operational processes, sales and marketing engagement, and enhanced risk management, typically through the alignment of organisational priorities and culture. In business development he has worked with many global and local investment advisors and consultants, Asian and Middle Eastern sovereigns, central banks, Australian and Asian Institutional capital allocators, high-net-worth and retail client channels, always with a strong personal belief in a colligate approach to accessing growth and investment success.

In addition to building businesses, Mr. Edwards is experienced in traditional and alternative portfolio management, in both a global and local settings, public and private. He has also managed businesses within various license settings, including but not limited to the U.S. Securities and Exchange Commission (SEC), The Securities and Futures Commission of Hong Kong (SFC), The Australian Prudential Regulation Authority (APRA) and Monetary Authority of Singapore (MAS). Mr. Edwards holds a Bachelor of Science Degree in Business Information Technology from Central University of Lancashire and is a Chartered Director and Fellow of the Institute of Directors. He is also a director of certain subsidiaries of the Company.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests

As at 31 December 2024, the interests of Directors in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO (the "Section 352 Register") were as follows:

(a) Interests in the shares of the Company (the "Shares")

Name of Director	Capacity	Number of Shares	Approximate % of the total number of issued Shares
Lee Seng Huang	Interests of controlled corporation *(Note 1)*	1,444,479,575 *(Note 2)*	73.51%
Brendan James McGraw ("Mr. McGraw")	Beneficial owner Beneficiary of trust	388,000 1,076,000 *(Note 3)*	0.07%
Simon Chow Wing Charn	Beneficial owner	1,681,000	0.08%
Peter Anthony Curry	Beneficial owner	1,241,141	0.06%

Notes:

1. Mr. Lee Seng Huang, a Director, together with Mr. Lee Seng Hui and Ms. Lee Su Hwei are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have interests in the Shares in which AGL was interested.
2. This referred to the deemed interests in 1,444,479,575 Shares held by AP Emerald Limited ("AP Emerald"), a wholly-owned subsidiary of AP Jade Limited ("AP Jade") which in turn was a wholly-owned subsidiary of Allied Properties (H.K.) Limited ("APL"). AGL directly and indirectly (through Capscore Limited, Citiwealth Investment Limited and Sunhill Investments Limited, all being direct wholly-owned subsidiaries of AGL) owned 100% of the total number of issued shares of APL. AGL was therefore deemed to have interests in the Shares in which AP Emerald was interested.
3. These included the deemed interests in:
    a. 109,000 unvested Shares out of the total of 327,000 Shares granted to Mr. McGraw on 20 April 2022 under the SHK Employee Ownership Scheme ("Share Award Scheme") of the Company and were subsequently accepted by Mr. McGraw. Such awarded Shares are subject to a vesting scale in tranches whereby one-third thereof (i.e. 109,000 Shares) vested and became unrestricted from 20 April 2023; another one-third thereof vested and became unrestricted from 20 April 2024; and the remaining one-third thereof will vest and become unrestricted from 20 April 2025;
    b. 340,000 unvested Shares out of the total of 510,000 Shares granted to Mr. McGraw on 20 April 2023 under the Share Award Scheme and were subsequently accepted by Mr. McGraw. Such awarded Shares are subject to a vesting scale in tranches whereby one-third thereof (i.e. 170,000 Shares) vested and became unrestricted from 20 April 2024, another one-third thereof will vest and become unrestricted from 20 April 2025; and the remaining one-third thereof will vest and become unrestricted from 20 April 2026; and
    c. 627,000 unvested Shares granted to Mr. McGraw on 20 April 2024 under the Share Award Scheme and were subsequently accepted by Mr. McGraw. Such awarded Shares are subject to a vesting scale in tranches whereby one-third thereof (i.e. 209,000 Shares) will vest and become unrestricted from 20 April 2025, another one-third thereof will vest and become unrestricted from 20 April 2026; and the remaining one-third thereof will vest and become unrestricted from 20 April 2027.

(b) Interests in the shares and debentures of associated corporations

Name of Director	Associated corporation	Capacity	Number of shares/amount of debentures	Approximate % of the total number of issued shares in class
Lee Seng Huang ("Mr. Lee") *(Note 1)*	AGL	Trustee *(Note 2)*	2,634,646,760	74.98%
	Tian An China Investments Company Limited ("TACI")	Interests of controlled corporation *(Note 3)*	834,809,096	56.94%
	Tian An Australia Limited ("TIA")	Interests of controlled corporation *(Note 4)*	67,300,196	77.70%
	Asiasec Properties Limited ("Asiasec")	Interests of controlled corporation *(Note 5)*	930,376,898	74.98%
	Tian An Medicare Limited ("TAMC", formerly known as China Medical & HealthCare Group Limited)	Interests of controlled corporation *(Note 6)*	556,097,010	51.20%
	MCIP CI I Limited ("MCIP CI") *(Note 7)*	Beneficial owner	5 *(Note 8)*	33.33%
	SHK BVI *(Note 9)*	Beneficial owner	US$200,000 *(Note 10)*	N/A
Brendan James McGraw	SHK Latitude Alpha Feeder Fund *(Note 11)*	Beneficial owner	100 *(Note 12)*	0.05%
Vivian Alexa Kao	SHK Latitude Alpha Feeder Fund *(Note 11)*	Interests of controlled corporation *(Note 13)*	950 *(Note 12)*	0.27%

Notes:

1. Mr. Lee, by virtue of his interests in AGL, was deemed to be interested in the shares of the subsidiaries of AGL, which are associated corporations of the Company as defined under the SFO.
   A waiver application was submitted to the Stock Exchange for exemption from disclosure in this report Mr. Lee's deemed interests in the shares of such associated corporations of the Company as recorded in the Section 352 Register, and the waiver was granted by the Stock Exchange on 4 February 2025.
2. Mr. Lee is one of the trustees of Lee and Lee Trust, being a discretionary trust which indirectly controlled 2,634,646,760 shares of AGL.
3. This referred to the same interest held indirectly by AGL in TACI.
4. This referred to the same interest held indirectly by AGL in TIA through TACI.
5. This referred to the same interest held indirectly by AGL in Asiasec through TACI.
6. This referred to the same interest held indirectly by AGL in TAMC through TACI.
7. MCIP CI was a non wholly-owned subsidiary of the Company and therefore was an associated corporation of the Company as defined under the SFO.
8. This referred to non-voting participating class C shares in the issued share capital of MCIP CI.
9. SHK BVI was a wholly-owned subsidiary of the Company and therefore was an associated corporation of the Company as defined under the SFO.
10. These represented the interests held by Mr. Lee in the 5.00% Guaranteed Notes due September 2026 issued by SHK BVI.
11. SHK Latitude Alpha Feeder Fund was a non wholly-owned subsidiary of the Company and therefore was an associated corporation of the Company as defined under the SFO.
12. This referred to redeemable, non-voting participating class A shares in the issued share capital of SHK Latitude Alpha Feeder Fund.
13. The interests were held by Tamarind Limited, which in turn was wholly-owned by Shou Zi Chew 2019 Trust. Ms. Vivian Alexa Kao together with Mr. Shou Zi Chew are the co-trustees of Shou Zi Chew 2019 Trust and was therefore deemed to have interest in the shares held by Tamarind Limited.

All interests stated above represented long positions. As at 31 December 2024, none of the Directors held any short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

Save as disclosed above, as at 31 December 2024, neither the Directors nor the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the Section 352 Register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Share Award Scheme

Summary of the terms of the Share Award Scheme

By a resolution of the Board on 18 December 2007 (the "Adoption Date"), the Company has approved the establishment of the SHK Employee Ownership Scheme, being a share award scheme (the "Share Award Scheme").

Upon the adoption of the Share Award Scheme, the Company appointed an independent third-party trustee (the "Trustee") for the administration of the Share Award Scheme pursuant to the Rules Relating to the SHK Employee Ownership Scheme.

Pursuant to the Share Award Scheme, the shares of the Company to be awarded under the Share Award Scheme (the "Awarded Shares") will be satisfied by existing shares to be acquired by the Trustee on or off the market.

Purpose

The purpose of the Share Award Scheme is to (a) recognise the contributions by the Selected Grantees (as described below) and to provide the Selected Grantees with incentives in order to retain them for the continual operation and development of the Group; and (b) attract suitable personnel for further development of the Group.

Who may join the Share Award Scheme

The Share Award Scheme Committee of the Board (the "Scheme Committee") may from time to time, at its absolute discretion, select (subject to the acceptance of the terms and conditions of the Share Award Scheme) any full-time employees or directors of the Group for participation in the Share Award Scheme (each a "Selected Grantee"), provided that any such employee or director who is resident in a place where the award and/or vesting and transfer of the shares of the Company pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations thereof, or, in the view of the Board, the Scheme Committee or the Trustee (as the case may be), is not in compliance with applicable laws and regulations in such place making it necessary or expedient to exclude such employee or director shall be excluded from participation in the Share Award Scheme (each an "Excluded Person").

In determining the basis of offering the Awarded Shares to a Selected Grantee, the Scheme Committee shall take into account including, without limitations, the general financial condition of the Group, the rank, years of service and overall performance of such Selected Grantee, and/or such factors as the Scheme Committee may at its discretion consider appropriate.

Maximum number of shares that may be awarded

The total number of Awarded Shares shall not exceed 83,989,452 shares, being 5% and 4.27% of the entire issued share capital of the Company as at the Adoption Date and as at the date hereof respectively.

Maximum entitlement of each Selected Grantee

The maximum number of Awarded Shares that may be awarded to each Selected Grantee under the Share Award Scheme shall not exceed 1% of the entire issued share capital of the Company as at the Adoption Date.

Period within which a Selected Grantee may accept offer of Awarded Shares

The offer of the grant of Awarded Shares shall remain open for acceptance by a Selected Grantee until the expiry of 15 business days (unless such a longer period is otherwise specified by the Scheme Committee) following the date of the offer. An offer cannot be accepted by a person who ceases to be an employee or director of any member of the Group or who becomes an Excluded Person before acceptance of the Awarded Shares is received by the Scheme Committee.

To the extent that such offer is not accepted within the time limit, the relevant Awarded Shares shall be deemed to have been irrevocably declined and lapse automatically.

Vesting period of the Awarded Shares

The Awarded Shares shall vest in each Selected Grantee on a date as determined by the Scheme Committee or on a date on which the relevant vesting conditions as imposed by the Scheme Committee are fulfilled (the "Vesting Date").

In respect of a Selected Grantee who dies or retires by agreement (i.e. where the Selected Grantee has reached the age of retirement from time to time determined by the Group) with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares to which the Selected Grantee is entitled shall be deemed to be vested on the day immediately prior to his death (in which event, such Awarded Shares shall vest in the person(s) designated in writing to the Scheme Committee by the deceased Selected Grantee before his death or, in the absence of such designation, to such person(s) as the Scheme Committee may in its discretion determine) or the day of his retirement with the relevant member of the Group.

If there occurs an event of change in control (as specified in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date (or the date upon which the Trustee received written notification from the Company in relation to such change of control) shall be deemed to be the Vesting Date.

Upon termination of the Share Award Scheme, all the Awarded Shares shall be vested and such termination date shall be deemed to be the Vesting Date for all purposes.

Amount payable on acceptance of the Awarded Shares and basis for determination thereof

Pursuant to the Share Award Scheme, the Scheme Committee shall cause to be paid the Reference Amount (as defined below) from the Company's resources into a trust account or to the Trustee to be held on trust for the relevant Selected Grantee for the acquisition of the Awarded Shares as soon as practicable after the date of final approval by the Scheme Committee of the total number of Awarded Shares to be awarded to the relevant Selected Grantee on a single occasion pursuant to the Share Award Scheme (the "Reference Date").

In respect of each Selected Grantee, the Reference Amount is the sum of (i) the closing price of the shares of the Company as quoted on the Stock Exchange as at the Reference Date multiplied by the number of Awarded Shares to be awarded to the Selected Grantee and (ii) the related purchase expenses (including for the time being, the brokerage fee, stamp duty, transaction levy imposed by the Securities and Futures Commission, Stock Exchange trading fee) and such other necessary expenses required for the completion of the acquisition of the Awarded Shares.

The Trustee shall, within 20 business days of receiving the Reference Amount, apply the Reference Amount towards the acquisition of the Awarded Shares at such price within the specified range on the Stock Exchange at the direction of the Scheme Committee.

In the event that the Scheme Committee decides that all the Awarded Shares shall be purchased on the market at such price within the specified range as determined by the Scheme Committee and where the Reference Amount paid or caused to be paid to the Trustee is not sufficient to purchase all the Awarded Shares at such price, the Trustee shall acquire the maximum number of board lots of shares of the Company that can be acquired with that Reference Amount and seek further funds from the Scheme Committee until all the Awarded Shares are purchased in similar manner.

Any residual cash provided for a Selected Grantee which has not been applied in the acquisition in his Awarded Shares shall be applied in settlement of all reasonable fees, costs and expenses incurred by the Trustee in the administration of the Share Award Scheme trust or returned to the Company forthwith after completion of the acquisition of all the relevant Awarded Shares at the direction of the Scheme Committee.

Life of the Share Award Scheme and termination

The Scheme shall terminate on the earlier of (a) the eightieth anniversary date of the Adoption Date and (b) such date of early termination as determined by the Board provided that such early termination shall not affect any subsisting rights of any Selected Grantee under the Share Award Scheme. Assuming that there will not be an early termination, the remaining life of the Share Award Scheme is around 63 years as at 31 December 2024, being the date on which the latest financial year of the Company ended.

Neither the Selected Grantees nor the Trustee may exercise any of the voting rights in respect of any Awarded Shares that have not yet been vested.

Details of the movement of the Awarded Shares during the financial years ended 31 December 2023 and 2024 are set out in the table as follows:

	Granted during the financial year					Changed during the financial year				
Selected Grantees	Date of Grant	Closing price of the Awarded Shares immediately before the date of grant *(HK$)*	Fair value of the Awarded Shares at the date of grant *(HK$)*	Vesting Period	No. of Awarded Shares grant during the financial year	No. of Awarded Shares outstanding or unvested as at 31 Dec 2023	No. of Awarded Shares vested during the financial year	Weighted average closing price of the Awarded Shares immediately before the date the Awarded Shares were vested *(HK$)*	No. of Awarded Shares cancelled or lapsed during the financial year	No. of Awarded Shares outstanding or unvested as at 31 Dec 2024
Directors										
Brendan James McGraw	20/4/2024	2.28	1,429,560	20/4/2025-20/4/2027	627,000	728,000	279,000	2.28	0	1,076,000
Other Employees (in aggregate)	20/4/2024	2.28	1,026,000	20/4/2025-20/4/2027	450,000	4,208,000	963,000	2.28	2,412,000	1,283,000
Total			**2,455,560**		**1,077,000**	**4,936,000**	**1,242,000**		**2,412,000**	**2,359,000**

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year.

Arrangement for the Acquisition of Shares or Debentures

Other than the Share Award Scheme, at no time during the year was the Company, its holding company or any of their subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Interests of Substantial Shareholders and Other Persons

As at 31 December 2024, the following shareholders had interests in the Shares as recorded in the register required to be kept under Section 336 of the SFO (the "SFO Register"):

Name of Shareholder	Capacity	Number of Shares	Approximate % of the total number of issued Shares
AGL	Interests of controlled corporation *(Note 1)*	1,444,479,575	73.51%
Lee and Lee Trust	Interests of controlled corporation *(Note 2)*	1,444,479,575	73.51%
Lee Su Hwei	Interests of controlled corporation and interests of spouse *(Note 3)*	1,464,539,575	74.53%

Notes:

1. The interests were held by AP Emerald, a wholly-owned subsidiary of AP Jade which in turn was a wholly-owned subsidiary of APL. AGL directly and indirectly (through Capscore Limited, Citiwealth Investment Limited and Sunhill Investments Limited, all being direct wholly-owned subsidiaries of AGL) owned 100% of the total number of issued shares of APL. AGL was therefore deemed to have interests in the Shares in which AP Emerald was interested.
2. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang (a Director) are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have an interest in the Shares in which AGL was interested through AP Emerald.
3. This represented interests in (i) same parcel of Shares in which the Lee and Lee Trust was deemed to have an interest; and (ii) 20,060,000 Shares held by Mr. Chen Yue Jia James, the spouse of Ms. Lee Su Hwei.

All interests stated above represented long positions. As at 31 December 2024, no short positions were recorded in the SFO Register of the Company.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons who have interests or short positions in the Shares or underlying Shares which would require to be disclosed to the Company pursuant to Part XV of the SFO.

Indemnity of Directors

Pursuant to Article 181 of the Articles and subject to the provisions permitted by the Companies Ordinance, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. A Directors' and Officers' liability insurance policy for the benefit of the Directors and other officers of the Company was in force during the year and up to the date of this report.

Connected Transaction

Lease

As disclosed in the announcement of the Company dated 23 July 2024, SHK Investment Services Limited ("SHKIS", an indirect wholly-owned subsidiary of the Company) did not exercise the option to renew the previous lease (the "Previous Lease") made between SHKIS as the tenant and Hillcrest Development Limited ("Hillcrest", an indirect wholly-owned subsidiary of AGL) as the landlord in relation to the leasing of a house located at No. 60 Plantation Road, The Peak, Hong Kong (the "Premises") for a term of four years expiring on 23 July 2024. On 23 July 2024, SHKIS as tenant accepted an offer letter (the "Offer Letter") issued by Hillcrest as landlord and entered into a tenancy agreement (the "Tenancy Agreement") with Hillcrest in relation to the leasing (the "Lease") of the Premises for a term of three years commencing from 24 July 2024 and expiring on 23 July 2027 (both days inclusive). Pursuant to the Offer Letter and the Tenancy Agreement, (i) the monthly rent for the Premises is HK$800,000 inclusive of government rent but exclusive of rates and management fees; and (ii) a security deposit of HK$1,600,000 was payable by SHKIS by transferring an equal sum out of and from the security deposit held by Hillcrest under the Previous Lease upon the commencement of the term for the Lease. The aggregate amount payable by SHKIS under the Lease shall be approximately HK$30,400,000. In accordance with HKFRS 16 "Leases", the Company will recognize a right-of-use asset on its consolidated statement of financial position in respect of the Lease. Accordingly, the entering into of the Lease will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

The purpose of entering into the Lease was to facilitate a suitable residential accommodation for Mr. Lee Seng Huang ("Mr. Lee", the Group Executive Chairman and an Executive Director of the Company) under his employment contract. Given that AGL is a substantial shareholder (as defined in the Listing Rules) of the Company, Hillcrest, the landlord under the Lease, being an indirectly wholly-owned subsidiary of AGL, is regarded as a connected person of the Company under the Listing Rules and therefore the entering into of the Lease constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rules 14A.49 and 14A.71 of the Listing Rules, details of the aforesaid transaction are included in this Annual Report.

Continuing Connected Transactions

The following transactions between certain connected persons (as defined in the Listing Rules) and the Company have been entered into and are ongoing for which relevant announcements have been made by the Company in accordance with Chapter 14A of the Listing Rules.

(1) Sharing of Management Services Agreement

As disclosed in the announcement of the Company dated 23 December 2022 and in the annual reports for 2022 and 2023 of the Company, an agreement in respect of the renewal of a then expiring sharing of management services agreement was entered into between the Company and AGL on 23 December 2022 (the "2023 Sharing of Management Services Agreement"), pursuant to which the Company agreed to reimburse AGL the actual costs incurred in respect of the provision of management, consultancy, business development, business introduction, strategic and all other general business advice services provided by the senior management and selected staff of AGL to the Group for a further term of three years commencing from 1 January 2023 to 31 December 2025 and the relevant annual caps for each of the three financial years ending 31 December 2023, 2024 and 2025 were set at HK$33.9 million, HK$37.3 million and HK$41.0 million respectively.

The entering into the 2023 Sharing of Management Services Agreement will benefit the Group as it can enjoy the economies of scale brought by the sharing of the services provided thereunder which would maximise cost efficiency and management effectiveness.

The total amount paid to AGL under the 2023 Sharing of Management Services Agreement for the year ended 31 December 2024 was HK$13.0 million, which was within the annual cap of HK$37.3 million as set for such financial year.

(2) Lease arrangements with AGL and its associates

2.1 2021 Master Lease Agreement

As disclosed in the announcement of the Company dated 1 December 2020 and the annual reports for 2020, 2021, 2022 and 2023 of the Company, the Company as lessee entered into a master lease agreement (the "2021 Master Lease Agreement") with Art View Properties Limited ("Art View"), a joint venture indirectly owned as to 50% by AGL, as lessor on 1 December 2020 to renew the master lease agreement dated 29 November 2017 for a term of three years from 1 January 2021 to 31 December 2023 and provide the relevant annual caps for each of the financial years during the term of the 2021 Master Lease Agreement. Pursuant to the 2021 Master Lease Agreement, any member of the Group may continue, amend or renew the existing leases or enter into new leases, sub-leases and licenses in relation to Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong with Art View from time to time as are necessary for the future business needs of the Group during the term of the 2021 Master Lease Agreement in accordance with the terms thereof.

In accordance with HKFRS 16 "Leases", rental payments under the 2021 Master Lease Agreement will be recognised as right-of-use assets on the consolidated statement of financial position of the Group, and management fees will continue to be recognised as expenses in the consolidated statement of profit or loss of the Group.

As disclosed in the announcement of the Company dated 31 March 2022 and the annual reports for 2022 and 2023 of the Company, on 31 March 2022, a supplemental agreement in respect of the 2021 Master Lease Agreement (the "2021 Supplemental Master Lease Agreement") was entered into between the Company as lessee and Art View as lessor to amend the terms of the 2021 Master Lease Agreement to increase the annual caps for the years ending 31 December 2022 and 2023 thereunder.

As disclosed in the announcement of the Company dated 30 January 2023 and the annual reports for 2022 and 2023 of the Company, on 30 January 2023, the Company as lessee and Art View as lessor entered into a 2nd supplemental agreement in respect of the 2021 Master Lease Agreement (the "2021 2nd Supplemental Master Lease Agreement") to extend the term of the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement to cover the period of two years from 1 January 2024 to 31 December 2025 and provide the relevant annual caps for each of the financial years during the term. Pursuant to the 2021 2nd Supplemental Master Lease Agreement, the annual caps for rental payment for each of the two years ending 31 December 2024 and 2025 were set at approximately HK$105.43 million and HK$5.94 million respectively, and the annual caps for management fees for each of the two years ending 31 December 2024 and 2025 were set at approximately HK$8.63 million and HK$10.01 million respectively. The purpose of entering into each of the 2021 Master Lease Agreement, the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement is for the continuing business needs of the Group.

At the time of entering into the 2021 2nd Supplemental Master Lease Agreement, the transactions contemplated under the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement have been aggregated with the transactions contemplated under the 2023 Master Lease Agreement (as disclosed in section 2.2 below) for the Listing Rules purposes. The aggregated annual caps with respect to the transactions contemplated under the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement and the 2023 Master Lease Agreement are set out in section 2.2 below. Details of, among other matters, the 2021 2nd Supplemental Master Lease Agreement and the revision of the annual caps with respect to the relevant transactions were disclosed in the announcement of the Company dated 30 January 2023.

The total value of right-of-use assets and short term rental expenses and the total amount of the management fees paid to Art View under the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement for the year ended 31 December 2024 were HK$54.37 million and HK$5.16 million respectively, which were within the annual caps of HK$105.43 million in respect of rental payments and HK$8.63 million in respect of management fees as set for such financial year.

2.2 *2023 Master Lease Agreement*

As disclosed in the announcement of the Company dated 30 January 2023 and the annual reports for 2022 and 2023 of the Company, on 30 January 2023, the Company entered into a master lease agreement (the "2023 Master Lease Agreement") with AGL which sets out a framework of the terms on which any member of the Group may renew the Sub-tenancy Agreement (as defined hereafter and elaborated below) and the 2022 License Agreement (as defined hereafter and elaborated below) or enter into new leases, subleases and licenses with AGL and any of its subsidiaries from time to time in respect of the properties owned by them except those properties owned by the Group or Tian An China Investments Company Limited (being an indirect non wholly-owned subsidiary of AGL) or its subsidiaries from time to time as may be necessary for the future business needs of the Group during the period from 1 February 2023 to 31 December 2025 and provides the annual caps for each of the financial years during the term of the 2023 Master Lease Agreement. The purpose of entering into the 2023 Master Lease Agreement is for the continuing business needs of the Group.

In accordance with HKFRS 16 "Leases", rental payments under the 2023 Master Lease Agreement will be recognised as right-of-use assets on the consolidated statement of financial position of the Group, and management fees payable under the 2023 Master Lease Agreement will continue to be recognised as expenses in the consolidated statement of profit or loss of the Group. Pursuant to the 2023 Master Lease Agreement, the annual caps for rental payments for each of the three years ending 31 December 2023, 2024 and 2025 were set at approximately HK$22.52 million, HK$8.46 million and HK$9.89 million respectively, and the annual caps for management fees for each of the three years ending 31 December 2023, 2024 and 2025 were set at approximately HK$2.59 million, HK$3.59 million and HK$3.83 million respectively. The annual caps with respect to the Sub-tenancy Agreement and the 2022 License Agreement have been incorporated to form part of the said annual caps of the 2023 Master Lease Agreement.

At the time of entering into the 2023 Master Lease Agreement, the transactions contemplated under the 2023 Master Lease Agreement (including the transactions contemplated under the Sub-tenancy Agreement and the 2022 License Agreement) have been aggregated with the transactions contemplated under 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement for the Listing Rules purposes. The aggregated annual caps with respect to the transactions contemplated under the 2023 Master Lease Agreement and the 2021 Master Lease Agreement as amended by the 2021 Supplemental Master Lease Agreement and the 2021 2nd Supplemental Master Lease Agreement for each of the three years ending 31 December 2023, 2024 and 2025 were then revised to HK$40.11 million, HK$126.10 million and HK$29.66 million respectively. Details of, among other matters, the 2023 Master Lease Agreement and the revision of the annual caps with respect to the relevant transactions were disclosed in the Company's announcement dated 30 January 2023.

The total amount of rental payment and management fees paid to AGL under the 2023 Master Lease Agreement for the year ended 31 December 2024 were HK$nil and HK$1.53 million respectively, which was within the annual caps of HK$8.46 million in respect of the rental payment and HK$3.59 million in respect of management fees as set for such financial year.

For information purposes only, as disclosed in the announcement of the Company dated 1 April 2021 and the annual reports for 2021, 2022 and 2023 of the Company, United Asia Finance Limited ("UAF", an indirect non wholly-owned subsidiary of the Company) and AGL entered into a sub-tenancy agreement on 1 April 2021 ("Sub-tenancy Agreement") for a term of two years from 1 April 2021 to 31 March 2023 pursuant to which AGL sub-leased to UAF a portion of 24/F and the rights of usage of the ancillary facilities of 23/F of Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

In relation to the 2022 License Agreement, as disclosed in the announcement of the Company dated 31 March 2022 and the annual reports for 2022 and 2023 of the Company, UAF and Jaffe Development Limited ("Jaffe", an indirect wholly-owned subsidiary of AGL) entered into a license agreement (the "2022 License Agreement") on 31 March 2022 to renew the then expiring license agreement for a term of three years commencing on 1 April 2022 and expiring on 31 March 2025, pursuant to which Jaffe granted a license over the roof top signage space facing the north and the south sides of United Asia Finance Centre (formerly known as China Online Centre), No. 333 Lockhart Road, Wanchai, Hong Kong to UAF for the purpose of LED display. The license fee payable by UAF to Jaffe thereunder shall be HK$7.0 million per annum, and the management fees payable by UAF to Jaffe thereunder shall be HK$3,000 per month (subject to revisions). The purpose of entering into the 2022 License Agreement is for the continuing marketing and promotional needs of UAF.

In accordance with HKFRS 16 "Leases", the license fee under the 2022 License Agreement will be recognised as right-of-use assets on the consolidated statement of financial position of the Group, where such acquisition of right-of-use assets constituted a one-off connected transaction for the Company under Chapter 14A of the Listing Rules; and the management fees, electricity charges and other utilities expenses payable under the 2022 License Agreement will continue to be recognised as expenses in the consolidated statement of profit or loss of the Group, where payment of such expenses are regarded as a continuing connected transaction for the Company. At the time of entering into the 2022 License Agreement, the annual caps for the management fees, electricity charges and other utilities expenses payable under the 2022 License Agreement for each of the four years ending 31 December 2022, 2023, 2024 and 2025 were set at HK$939,000, HK$1,254,000, HK$1,257,000 and HK$314,000 respectively, and such annual caps were subsequently aggregated and included in the annual caps of the 2023 Master Lease Agreement as detailed above.

(3) Discretionary Investment Management Agreement

As disclosed in the announcement of the Company dated 19 October 2022 and the annual reports for 2022 and 2023 of the Company, Mr. Lee and Sun Hung Kai Capital Partners Limited ("SHKCP", an indirect wholly-owned subsidiary of the Company) entered into a discretionary investment management agreement (the "Discretionary Investment Management Agreement") on 19 October 2022, whereby Mr. Lee agreed to appoint SHKCP as the manager to provide discretionary investment management services in respect of a portfolio of assets of Mr. Lee held in a segregated account maintained with SHKCP (the "Portfolio") for a term of three years commencing from the date of the Discretionary Investment Management Agreement, and SHKCP is entitled to receive a prescribed management fee at a rate according to the prevailing market rates for different asset classes, up to a maximum of 2% per annum over the net asset value of the Portfolio calculated and payable on a monthly basis; and a performance fee of up to 20% over the higher-water-mark calculated and payable at the end of each 12-month calculation period (the "Fees") payable by Mr. Lee. By providing discretionary investment management service to Mr. Lee, SHKCP, which was set up to be the Group's asset management platform, will not only receive management fees and performance fees for services rendered, but can also increase its asset under management, build scale and promote the development of its asset management business.

The annual caps for the daily balance of the Portfolio under the Discretionary Investment Management Agreement for the period from 19 October 2022 to 31 December 2022, each of the financial years ending 31 December 2023 and 31 December 2024 and the period from 1 January 2025 to 18 October 2025 were set at approximately HK$215.88 million, being the maximum daily balance of the amount invested by Mr. Lee (including any accrued investment returns and cash holdings) in the Portfolio. The annual caps for the Fees to be received by SHKCP under the Discretionary Investment Management Agreement for each of the financial years ending 31 December 2022, 2023, 2024 and 2025 were set at HK$5 million, HK$20 million, HK$20 million and HK$15 million respectively.

The maximum amount of daily balance of the Portfolio invested by Mr. Lee which may constitute connected transactions under the Discretionary Investment Management Agreement for the financial year ended 31 December 2024 was HK$nil and the Fees received by SHKCP for the financial year ended 31 December 2024 was HK$0.6 million, which were within the annual caps of HK$215.88 million and HK$20 million as set for such financial year.

(4) Service Agreement

As disclosed in the announcements of the Company dated 31 December 2024 and 13 January 2025, the Company and Caldisc Pty Limited ("Caldisc", an indirect wholly-owned subsidiary of Mulpha International Berhad ("MIB"), a Malaysian listed company) entered into a service agreement (the "Service Agreement") on 31 December 2024 in relation to provision of staff and administrative services to the Group for the term of three years from 1 January 2025 to 31 December 2027 to support its businesses and the operations of its Australian subsidiary. The Company agreed to pay service fees in the amount of the sum of direct costs and indirect costs ("Total Service Costs") incurred by Caldisc in connection with providing the services plus local tax and applicable markup percentage on the Total Service Costs together with other applicable fees as agreed between the Company and Caldisc, which will be payable by the Company on a quarterly basis. The Group can enjoy economies of scale brought by the sharing of the services as abovementioned which will maximize cost efficiency by minimizing setup, overheads and fixed maintenance cost.

The annual caps for each of the three financial years ending 31 December 2025, 2026 and 2027 were set at Australia dollar A$1.29 million (equivalent to HK$6.53 million at the time), A$1.44 million (equivalent to HK$7.27 million at the time) and A$1.70 million (equivalent to HK$8.57 million at the time) respectively.

Given that AGL is the ultimate holding company of the Company; and Art View and Jaffe are all associates of AGL under the definition of the Listing Rules, each of AGL, Art View and Jaffe is regarded as a connected person of the Company under the Listing Rules.

As Mr. Lee is an executive director of the Company, and also one of the trustees of the Lee and Lee Trust, being a discretionary trust which, together with Mr. Lee Seng Hui's personal interests, controlled approximately 74.99% interest in the total number of shares in issue of AGL, which was then indirectly interested in an aggregate of approximately 73.24% of the total number of shares in issue of the Company, Mr. Lee is regarded as a connected person of the Company under the Listing Rules. In addition, Mr. Lee together with his associates were directly and indirectly interested in approximately 71.66% of the total issued share capital of MIB, and none of such interests is indirectly held through the Company. Therefore, Caldisc, being an indirect wholly-owned subsidiary of MIB, is a connected person of the Company. As such, the entering into of the 2023 Sharing of Management Services Agreement, the 2021 Master Lease Agreement, the 2021 Supplemental Master Lease Agreement, the 2021 2nd Supplemental Master Lease Agreement, the 2022 License Agreement, the 2023 Master Lease Agreement, the Discretionary Investment Management Agreement and the Service Agreement constituted continuing connected transactions for the Company (collectively, the "Continuing Connected Transactions") under Chapter 14A of the Listing Rules. In accordance with the requirements of Rules 14A.49 and 14A.71 of the Listing Rules, details of the said Continuing Connected Transactions are included in this Annual Report.

The Company confirmed that it has followed its pricing policies when determining the price and terms of the Continuing Connected Transactions conducted during the financial year.

The Company's auditor was engaged to report on the Group's Continuing Connected Transactions for the year ended 31 December 2024 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules, confirming that nothing has come to its attention that causes it to bring to the attention of the Board pursuant to Rule 14A.56 of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs as at the date of this report, being Messrs. Evan Au Yang Chi Chun, David Craig Bartlett, Alan Stephen Jones, Ms. Vivian Alexa Kao, Ms. Jacqueline Alee Leung and Mr. Wayne Robert Porritt, have reviewed the Continuing Connected Transactions for the year ended 31 December 2024, save for the 2023 Sharing of Management Services Agreement was not considered to be conducted in the ordinary and usual course of business of the Group, they confirmed that such transactions were entered into:

(i) in the ordinary and usual course of business of the Group;
(ii) on normal commercial terms or better; and
(iii) according to the respective agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

In the opinion of the Board, the Continuing Connected Transactions for the year ended 31 December 2024 were entered into in the manners stated above.

Details of the particulars of the related party transactions or continuing related party transactions (as the case may be), including specification of any connected transactions or continuing connected transactions and the compliance with the disclosure requirements in accordance with Chapter 14A of the Listing Rules are disclosed in Note 37 to the consolidated financial statements under the heading of "Related Party Transactions".

Bank Loans and Other Borrowings

Particulars of bank and other borrowings of the Group are set out in Note 35 to the consolidated financial statements.

Subsidiaries

Particulars regarding the principal subsidiaries are set out in Note 24 to the consolidated financial statements.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices. The information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" in this Annual Report.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed under sections headed "Directors' Interests", "Connected Transaction" and "Continuing Connected Transactions" of this report, there were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which the Directors or an entity connected with the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

Save for the 2023 Sharing of Management Services Agreement and the Service Agreement as detailed above under section headed "Continuing Connected Transactions", no contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

Contract of Significance with Controlling Shareholders

Save as disclosed under sections headed "Connected Transaction" and "Continuing Connected Transactions" of this report, there were no contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year.

Terms of Office for the Non-Executive Directors

All Non-Executive Directors' (including the INEDs) term of appointment shall continue until terminated by either party by giving to the other not less than one month's prior notice in writing, and subject to the relevant provisions of the Articles or any applicable laws/rules whereby the Directors shall vacate or retire from their office.

Directors' Interests in Competing Businesses

During the year and up to the date of this report, save as disclosed below, none of the Directors (not being the INEDs) are considered to have interests in the businesses listed below which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules:

Mr. Lee Seng Huang is one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, APAC Resources Limited ("APAC"), TACI, Asiasec and TAMC which, through their subsidiaries and close associate, are partly engaged in the businesses as follows:

- AGL, through certain of its subsidiaries and a close associate, is partly engaged in the businesses of money lending, property investment, trading and investment in securities in the resources and related industries and financial instruments;
- APAC, through certain of its subsidiaries, is partly engaged in the businesses of money lending, investment and/or trading in listed securities in the resources and related industries;
- TACI, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment;
- Asiasec, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment; and
- TAMC, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and trading and investment in listed securities.

Although the abovementioned Director is considered to have competing interests in other companies by virtue of his shareholding, he will fulfill his fiduciary duties in order to ensure that he will act in the best interests of the shareholders and the Company as a whole at all times. Hence the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total turnover for the year. Also, the aggregate purchases attributable to the Group's five largest suppliers taken together were less than 30% of the Group's total purchases for the year.

None of the Directors, their close associates or any shareholders, which to the knowledge of the Directors own more than 5% of the Company's total number of issued shares, had a beneficial interest in any of the Group's five largest suppliers and customers.

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. The Directors believe that the repurchases of shares would lead to an enhancement of the net assets value per Share and/or earnings per Share of the Company.

Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share Highest *(HK$)*	 Lowest *(HK$)*	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) Repurchase and Redemption of Notes of a subsidiary, 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 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 2026 Notes. All the repurchased 2026 Notes were cancelled.

For more details of the issued capital of the subsidiaries and its repurchase, please refer to Note 24 to the consolidated financial statements. 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.

Auditor

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lee Seng Huang
Group Executive Chairman

Hong Kong, 20 March 2025

Deloitte. 德勤

TO THE MEMBERS OF SUN HUNG KAI & CO. LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Sun Hung Kai & Co. Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 150 to 230, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**How our audit addressed the key audit matter**
Valuation of certain financial assets classified as level 3 under fair value hierarchy	
We identified the valuation of certain financial assets classified as level 3 under the fair value hierarchy ("Level 3 financial assets") as a key audit matter due to the subjectivity of the judgements and estimates made by management, in particular, judgements arising from the involvement of significant unobservable inputs in their valuations given the lack of availability of observable market-based data. At 31 December 2024, HK$1,719.2 million of the Group's total financial assets carried at fair value classified as level 3 under fair value hierarchy (including financial assets at fair value through other comprehensive income of HK$8.5 million and financial assets at fair value through profit or loss of HK$1,710.7 million), out of a total of HK$9,137.4 million, were estimated at fair values derived from valuation techniques other than net assets value approach that include unobservable inputs with significant management judgements and estimation uncertainty. These financial assets include loans receivable, unlisted preferred and ordinary shares issued by unlisted companies, unlisted convertible bonds issued by unlisted companies, unlisted overseas equity securities with a put right, unlisted equity securities outside Hong Kong and unlisted overseas investment funds at fair value with carrying amounts at 31 December 2024 of HK$321.5 million, HK$539.3 million, HK$8.3 million, HK$404.6 million, HK$369.8 million and HK$67.2 million, respectively.	Our procedures in relation to the valuation of these Level 3 financial assets included: – Obtaining an understanding of the approach taken by management to determine the fair value of these Level 3 financial assets; – Assessing the design and implementation of key controls in place in relation to the valuation of these Level 3 financial assets; – Discussing with management and the external specialist engaged by the Group, if any, on valuation of these investments, on a sample basis, with the assistance of our internal valuation specialists where appropriate, and: • Evaluating the appropriateness of the valuation methodologies and techniques used by management and external specialist; • Assessing the reasonableness and relevance of key assumptions and inputs used by independently checking to relevant external data, or by evaluating the rationale of management's judgements involved based on our industry knowledge, or by performing sensitivity analysis with reference to available market information, as appropriate; and • Checking the mathematical accuracy of the fair value measurements; – Assessing the competence, capabilities and objectivity of the external specialist engaged by the Group; and – Assessing the adequacy of the Group's fair value disclosures including the valuation techniques, fair value hierarchy and other related disclosures in note 27 to the consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Impairment of loans and advances to consumer finance customers and term loans (loss allowance for expected credit losses ("ECL"))	
We identified the ECL of loans and advances to consumer finance customers and term loans as a key audit matter due to the subjectivity of the management judgements and estimation uncertainty. As disclosed in notes 30, 32 and 46 to the consolidated financial statements, the Group has loans and advances to consumer finance customers of HK$10,528.4 million, after recognising an impairment allowance of HK$613.3 million and term loans of HK$226.4 million, after recognising an impairment allowance of HK$506.7 million, as at 31 December 2024. At each reporting date, management assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. Management considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking information. Where there has been a significant increase in credit risk since initial recognition, lifetime ECL is recognised. In assessing the lifetime ECL on credit-impaired financial assets classified as stage 3, the Group performs an assessment based on the Group's historical credit loss experience, adjusted for factors specific to the borrowers, general economic conditions, the current conditions at the reporting date and forward-looking information. The Group also reviews the amounts and timing of future cash flows arising from collateral and credit enhancement such as guarantees. The methodology and assumptions used for estimating the impairment amount are reviewed regularly to reduce any differences between loss estimates and actual loss experience.	Our procedures in relation to the impairment of loans and advances to consumer finance customers and term loans included: – Obtaining an understanding of the approach applied by management in the determination of ECL, and assessing against the requirements of Hong Kong Financial Reporting Standard ("HKFRS") 9, including model set up and selection and application of assumptions and key inputs into the ECL model; – Assessing the design and implementation of key controls in place over the estimation of ECL; – Evaluating the appropriateness of inputs and assumptions applied and testing the mathematical accuracy of the calculation of ECL, on a sample basis; and – Evaluating the disclosures regarding the impairment of loans and advances to consumer finance customers and term loans in notes 30, 32 and 46 to the consolidated financial statements. For loans to consumer finance customers which are collectively assessed, with the assistance of our internal credit risk specialists where appropriate: – Understanding the ECL model used by management; – Testing the integrity of information used by management in the ECL model on a sample basis, by comparing individual items in the analysis with the relevant loan agreements and other supporting documents; and – Assessing and challenging key inputs and assumptions applied in the ECL model including the appropriateness of grouping of loans and advances to consumer finance customers into different categories based on shared characteristics, probabilities of default, loss given default and forward-looking information, as well as validating the calculation and report logics of system-generated reports.

Key audit matter	**How our audit addressed the key audit matter**
	For term loans and loans to consumer finance customers which are individually assessed, with the assistance of our internal credit risk specialists where appropriate: – Assessing the reasonableness and appropriateness of management's judgements on classification into one of the three stages required by HKFRS 9 by challenging the occurrence of indicators for significant increase in credit risk (stage 2) or credit-impaired (stage 3) by examining repayment records and other latest developments of the borrower on a sample basis to evaluate if there has been timely identification and consideration of changes in credit risk; – Evaluating the appropriateness of inputs and assumptions applied in the determination of ECL, including staging classification, loss given default, exposure at default and forward-looking factors; – Assessing the independence, competence and objectivity of the external specialist engaged by management to assist in determination of ECL; and – In respect of these loans where fair value estimates of collateral and credit enhancement is a significant input to the determination of ECL, performing procedures to assess the existence and legal rights to such collateral or credit enhancement and challenge assumptions made by management and the external specialist engaged by the Group in relation to the estimation of the amount and timing of future cash flows from the relevant collateral or credit enhancement, together with the discount rates and periods used to support the computation of impairment allowances.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ha, Hong Yiu Vico.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

20 March 2025

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	5	**189.0**	152.2
Other gains	7	**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	11	**(1,097.9)**	(1,116.1)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	12	**419.8**	(478.4)
Net exchange losses		**(35.6)**	(2.8)
Net impairment losses on financial assets	13	**(903.0)**	(763.1)
Finance costs	14	**(918.7)**	(999.2)
Other losses	11	**(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	11	**861.3**	76.6
Taxation	15	**(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	24	**213.6**	270.1
		591.3	(201.3)
Earnings (loss) per share	17		
– 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	18	**1,134.9**	1,197.7
Property and equipment	19	**332.5**	402.1
Right-of-use assets	20	**227.2**	272.8
Intangible assets	21	**908.6**	910.8
Goodwill	22	**2,384.0**	2,384.0
Interest in associates	25	**111.0**	216.4
Interest in joint ventures	26	**415.9**	4.7
Financial assets at fair value through other comprehensive income	27	**287.9**	192.3
Financial assets at fair value through profit or loss	27	**9,049.0**	9,470.9
Deferred tax assets	28	**230.9**	337.6
Amounts due from associates	29	**195.3**	64.9
Loans and advances to consumer finance customers	30	**3,712.7**	3,709.0
Mortgage loans	31	**539.2**	758.1
Term loans	32	**41.9**	40.0
Prepayments, deposits and other receivables	33	**25.9**	29.9
		19,596.9	19,991.2
Current Assets			
Financial assets at fair value through profit or loss	27	**3,507.7**	4,363.8
Taxation recoverable		**2.7**	17.2
Amounts due from associates	29	**8.5**	153.2
Loans and advances to consumer finance customers	30	**6,815.7**	6,918.2
Mortgage loans	31	**1,439.6**	1,710.6
Term loans	32	**184.5**	167.9
Prepayments, deposits and other receivables	33	**318.6**	280.7
Amounts due from brokers		**418.7**	574.0
Bank deposits	34	**679.8**	230.6
Cash and cash equivalents	34	**4,327.4**	6,462.1
		17,703.2	20,878.3

(HK$ Million)	Notes	31/12/2024	31/12/2023
Current Liabilities			
Financial liabilities at fair value through profit or loss	27	**159.0**	256.0
Bank and other borrowings	35	**6,718.1**	5,495.4
Creditors and accruals	36	**450.7**	467.4
Amounts due to brokers		**88.5**	77.4
Amount due to a holding company	37	**1.7**	1.8
Provisions	38	**53.2**	52.0
Taxation payable		**96.4**	125.4
Other liabilities	39	**55.0**	27.0
Lease liabilities	40	**107.5**	84.2
Notes payable	41	**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	42	**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	24	**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	27	**139.2**	111.6
Deferred tax liabilities	28	**135.2**	138.1
Bank and other borrowings	35	**1,828.5**	3,546.5
Provisions	38	**1.0**	1.4
Other liabilities	39	**29.9**	36.9
Lease liabilities	40	**117.3**	189.6
Notes payable	41	**2,909.3**	3,003.4
		5,160.4	7,027.5
		29,413.6	31,423.1

The consolidated financial statements on pages 150 to 230 were approved and authorised for issue by the Board of Directors on 20 March 2025 and are signed on its behalf by:

Lee Seng Huang
Director

Brendan James McGraw
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									
(HK$ Million)	Share capital	Shares held for Employee Ownership Scheme	Employee share-based compensation reserve	Exchange reserve	Revaluation reserve	Capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2024	**8,752.3**	**(30.2)**	**9.3**	**(383.6)**	**(20.3)**	**109.4**	**12,831.1**	**21,268.0**	**3,127.6**	**24,395.6**
Profit for the year	–	–	–	–	–	–	377.7	377.7	213.6	591.3
Other comprehensive (expenses) income for the year (Note 43)	–	–	–	(61.5)	74.3	–	–	12.8	(20.9)	(8.1)
Total comprehensive (expenses) income for the year	–	–	–	(61.5)	74.3	–	377.7	390.5	192.7	583.2
Recognition of equity-settled share-based payments	–	–	0.4	–	–	–	–	0.4	–	0.4
Vesting of shares of the SHK Employee Ownership Scheme	–	4.6	(4.6)	–	–	–	–	–	–	–
Interim dividends paid (Note 16)	–	–	–	–	–	–	(510.9)	(510.9)	–	(510.9)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(214.6)	(214.6)
Shares repurchased and cancelled	–	–	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Transfer retained earnings to capital reserve	–	–	–	–	–	4.1	(4.1)	–	–	–
At 31 December 2024	**8,752.3**	**(25.6)**	**5.1**	**(445.1)**	**54.0**	**113.5**	**12,693.3**	**21,147.5**	**3,105.7**	**24,253.2**

	Attributable to owners of the Company									
(HK$ Million)	Share capital	Shares held for Employee Ownership Scheme	Employee share-based compensation reserve	Exchange reserve	Revaluation reserve	Capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2023	8,752.3	(36.5)	14.1	(327.0)	29.9	104.2	13,821.1	22,358.1	3,198.0	25,556.1
(Loss) profit for the year	–	–	–	–	–	–	(471.4)	(471.4)	270.1	(201.3)
Other comprehensive expenses for the year (Note 43)	–	–	–	(56.6)	(41.0)	–	–	(97.6)	(19.4)	(117.0)
Total comprehensive (expenses) income for the year	–	–	–	(56.6)	(41.0)	–	(471.4)	(569.0)	250.7	(318.3)
Recognition of equity-settled share-based payments	–	–	5.5	–	–	–	–	5.5	–	5.5
Purchase of shares for the SHK Employee Ownership Scheme	–	(4.0)	–	–	–	–	–	(4.0)	–	(4.0)
Vesting of shares of the SHK Employee Ownership Scheme	–	10.3	(10.3)	–	–	–	–	–	–	–
Disposal of investment properties	–	–	–	–	(11.4)	–	11.4	–	–	–
Interim dividends paid (Note 16)	–	–	–	–	–	–	(511.4)	(511.4)	–	(511.4)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(321.1)	(321.1)
Shares repurchased and cancelled	–	–	–	–	–	–	(5.9)	(5.9)	–	(5.9)
Disposal of investments in equity investments at fair value through other comprehensive income	–	–	–	–	2.2	–	(2.2)	–	–	–
Transfer retained earnings to capital reserve	–	–	–	–	–	5.2	(5.2)	–	–	–
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	(5.3)	(5.3)	–	(5.3)
At 31 December 2023	8,752.3	(30.2)	9.3	(383.6)	(20.3)	109.4	12,831.1	21,268.0	3,127.6	24,395.6

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(HK$ Million)	2024	2023
Operating activities		
Profit (loss) for the year	**591.3**	(201.3)
Adjustments for:		
– Share of results of associates	**(1.0)**	(28.3)
– Share of results of joint ventures	**(53.2)**	141.4
– Taxation	**270.0**	277.9
– Dividend income	**(46.0)**	(53.5)
– Interest income	**(3,573.0)**	(3,764.4)
– Decrease in fair value of investment properties	**144.2**	68.2
– Expenses recognised for the SHK Employee Ownership Scheme	**0.4**	5.5
– Amortisation of intangible assets	**5.7**	5.2
– Depreciation of property and equipment	**40.0**	59.7
– Depreciation of right-of-use assets	**125.4**	135.8
– Net loss on disposal/write-off of equipment	**3.2**	4.5
– Net (gain) loss on disposal of intangible assets	**(18.3)**	0.3
– Net impairment losses on financial assets	**1,120.9**	998.2
– Impairment losses on an associate	**0.4**	–
– Impairment losses on a joint venture	**–**	23.2
– Interest expenses	**873.9**	959.5
– Interest of lease liabilities	**15.2**	13.8
– Changes in net assets attributable to other holders of consolidated structured entities	**8.7**	1.1
– Net (gain) loss on financial assets and liabilities at fair value through profit or loss	**(419.8)**	478.4
– Gain on repurchase of notes	**(5.0)**	(38.9)
– Exchange differences	**23.4**	(6.8)
Operating cash flows before movements in working capital	**(893.6)**	(920.5)
Change in financial assets at fair value through profit or loss	**720.7**	(662.7)
Change in amounts due from associates	**3.9**	29.5
Change in loans and advances to consumer finance customers	**(933.4)**	(531.8)
Change in mortgage loans	**473.9**	536.3
Change in term loans	**(51.8)**	99.3
Change in prepayments, deposits and other receivables	**(21.3)**	(66.6)
Change in amounts due from brokers	**155.3**	551.7
Change in financial liabilities at fair value through profit or loss	**(69.4)**	(139.4)
Change in creditors and accruals	**(15.5)**	2.7
Change in amounts due to brokers	**11.1**	(2.2)
Change in provisions	**(0.8)**	0.2
Cash used in operations	**(620.9)**	(1,103.5)
Dividends received from equity investments	**46.0**	53.5
Interest received	**3,494.6**	3,749.8
Interest paid	**(858.7)**	(914.5)
Taxation paid	**(184.5)**	(137.4)
Net cash from operating activities	**1,876.5**	1,647.9

(HK$ Million)	2024	2023
Investing activities		
Purchase of property and equipment	**(10.8)**	(47.6)
Proceeds of disposal of equipment	**0.2**	3.1
Purchase of investment properties	**(31.3)**	–
Proceeds of disposal of investment properties	**–**	44.8
Deposit paid for purchase of property and equipment	**(3.9)**	(6.9)
Refund (prepaid) rental for right-of-use assets	**0.7**	(6.3)
Purchase of intangible assets	**(2.6)**	(3.7)
Proceeds of disposal of intangible assets	**20.7**	1.2
Dividends received from associates	**99.2**	0.2
Dividends received from a joint venture	**41.8**	182.9
Capital contribution to joint ventures	**(419.4)**	–
Capital contribution to an associate	**–**	(5.0)
Purchase of long-term financial assets at fair value through profit or loss	**(703.2)**	(797.7)
Proceeds on disposal of long-term financial assets at fair value through profit or loss	**1,680.1**	1,582.5
Placement of fixed deposits with banks	**(1,406.1)**	(210.1)
Withdrawal of fixed deposits with banks	**944.2**	133.7
Net cash from investing activities	**209.6**	871.1
Financing activities		
Bank and other borrowings repaid	**(3,821.4)**	(17,469.4)
Bank and other borrowings raised	**3,295.4**	17,492.3
Payment of loan arrangement fee	**(69.4)**	(48.7)
Repurchase of notes	**(294.7)**	(425.9)
Repayment of notes	**(2,448.5)**	(340.0)
Purchase of shares for the SHK Employee Ownership Scheme	**–**	(4.0)
Lease payments	**(117.9)**	(122.3)
Shares repurchased and cancelled	**(0.5)**	(5.9)
Dividends paid	**(510.9)**	(511.4)
Dividends to non-controlling interests	**(214.6)**	(321.1)
Contribution from third-party interests in consolidated structured entities	**34.6**	36.3
Distribution to third-party interests in consolidated structured entities	**(21.7)**	(22.2)
Acquisition of additional interests in a subsidiary	**–**	(5.3)
Net cash used in financing activities	**(4,169.6)**	(1,747.6)
Net change in cash and cash equivalents	**(2,083.5)**	771.4
Cash and cash equivalents at 1 January	**6,462.1**	5,727.4
Effect of foreign exchange rate changes	**(51.2)**	(36.7)
Cash and cash equivalents at the end of the year (Note 34)	**4,327.4**	6,462.1

1. General

Sun Hung Kai & Co. Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. Its parent is AP Emerald Limited. Its ultimate holding company is Allied Group Limited, a public limited company which is listed and incorporated in Hong Kong. The ultimate controlling party of the Company is the trustees of Lee and Lee Trust. The address of the principal place of business of the trustees of Lee and Lee Trust is c/o 24/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong. The address of the registered office of the Company is disclosed in the Corporate Information section of the Annual Report. The principal place of business of the Company is in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

The principal activity of the Company is to act as an investment holding company and the principal activities of its major subsidiaries are disclosed in Note 24.

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 for the preparation of the 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 year 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 these 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.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will not have a material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 Financial Instruments ("HKFRS 9") clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

The disclosure requirements in HKFRS 7 Financial Instruments: Disclosures ("HKFRS 7") in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The Group is in the process of assessing the impact of the amendments.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements ("HKFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance (Cap. 622).

(b) Basis of preparation and consolidation

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and where a valuation technique that utilises unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(b) Basis of preparation and consolidation *(Continued)*

Non-controlling interest in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(c) Business combinations

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

(e) Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date in which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(e) Interests in associates and joint ventures *(Continued)*

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(f) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(g) Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated at cost in the consolidated statement of financial position, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated using the straight-line method to write off the cost of each asset less its residual value over its estimated useful life as follows:

Property	–	shorter of the estimated useful life and the remaining lease term of land
Furniture and equipment	–	10% to 33% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposals or retirement is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(h) Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of its office properties, outlets and signboards that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(h) Leases *(Continued)*

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Rental income which are derived from the Group's ordinary course of business are presented as other revenue.

(i) Intangible assets

(i) Club memberships

Represents the right to use the facilities of various clubs, with management considering that the club membership does not have a finite useful life.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Such intangible assets are measured at their fair value at the acquisition date (which is regarded as their cost).

(iv) Crypto assets

Crypto assets (sometimes referred to as 'digital currencies') such as Bitcoin, Ethereum and Litecoin have the following common characteristics:

- they are recorded on a distributive ledger that uses cryptography. Some may have limits on the maximum possible number of "coins" that can exist;
- they are decentralised, with no single party (government or otherwise) regulating their use. Although values for a crypto asset may sometimes be quoted in a particular currency, a "coin" in one country is indistinguishable from a "coin" in another; and
- there is no contract between the holder of a coin and another party and their value is supported only by the laws of supply and demand.

Crypto assets can be obtained by "mining" (use of computing power to solve the relevant algorithm) or by purchase on a peer-to-peer basis and can, if both parties agree, be exchanged for goods or services.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed on an annual basis, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite lives are carried at cost less any subsequent accumulated impairment losses and are tested for impairment annually by comparing their recoverable amount with their carrying amount.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(j) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(j) Financial instruments *(Continued)*

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest and dividend income which are derived from the Group's ordinary course of business are presented as interest income and other revenue, respectively.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling the financial assets and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset, net of expected credit loss provision from the next reporting period.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(j) Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other revenue" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "net gain (loss) on financial assets and liabilities at fair value through profit or loss" line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under an expected credit loss ("ECL") model on financial assets and other items (loan commitments) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group applies the general approach and measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in (1) the regulatory, economic or technological environments; (2) business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group applies the rebuttable presumption that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group has rebutted this presumption for term loans as it has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(j) Financial instruments *(Continued)*

(i) Significant increase in credit risk (Continued)

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group presumes that default has occurred when a financial asset is more than 90 days past due, except for term loans, where the Group has rebutted this presumption as it has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative indicators are taken into account in determining the risk of a default occurring:

- probable bankruptcy entered by the debtors; and
- death of the debtors; and
- disappearance of active market of the collateral or repossessed properties.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
(d) probable bankruptcy or other financial reorganisation entered by the borrower; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off the gross carrying amount of a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss with such amounts shown under "Net impairment losses on financial assets".

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition for financial assets.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(j) Financial instruments *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

ECL for certain loans and advances to consumer finance customers are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status; and
- nature and size of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Except for loan commitments, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount. For loan commitments, the loss allowances are recognised as provisions.

(vi) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the "Net exchange losses" line item as part of the net foreign exchange losses;
- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the "Net gain (loss) on financial assets and liabilities at fair value through profit or loss" line item as part of the gain/(loss) from changes in fair value of financial assets;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the revaluation reserve.

(vii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(j) Financial instruments *(Continued)*

(viii) Modification of financial assets

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If a qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

(ix) Fair value measurement principles

Fair values of quoted investments are based on quoted prices. For unlisted securities or financial assets without an active market, the Group establishes the fair value by using appropriate valuation techniques including the use of recent arm's length transactions, reference to other investments that are substantially the same, discounted cash flow analysis and option pricing models.

(k) Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include: (a) cash, which comprises cash on hand, bank balances and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and (b) cash equivalents, which comprises of short-term time deposits (generally with original maturity of three months or less) that are readily convertible to a known amount of cash and which are subject to an insignificant risk changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are assessed for expected credit losses in accordance with Note 3(j)(v).

(l) Financial liabilities

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(l) Financial liabilities *(Continued)*

Classification as debt or equity *(Continued)*

(i) Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income.

(ii) Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, creditors, amounts due to brokers, amounts due to a holding company and notes payable are subsequently measured at amortised cost, using the effective interest method.

(iii) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Net exchange losses" line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities.

(iv) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Dividend distribution to the Company's owners is recognised as a liability in the period in which the dividends are approved by the Directors or shareholders as appropriate.

Where the shares of the Company ("Awarded Shares") are purchased under the SHK Employee Ownership Scheme, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Employee Ownership Scheme" and deducted from equity. When the Awarded Shares are transferred to the awardees upon vesting, the related costs of the Awarded Shares are eliminated against the employee share-based compensation reserve.

(n) Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(n) Derivative financial instruments *(Continued)*

Embedded derivatives *(Continued)*

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

(o) Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(p) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required to settle the obligation or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision in the consolidated financial statements in the reporting period in which the change in probability occurs.

(q) Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

(r) Taxation

Income tax expenses represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(r) Taxation *(Continued)*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(s) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period.

(t) Employee benefits

The Group operates defined contribution retirement schemes, the assets of which are held in independently administrated funds. The Group's contributions to the defined contribution retirement schemes are expensed as the employees have rendered their services entitling them to the contributions and are reduced by contributions forfeited, if applicable, by those employees who leave the schemes prior to vesting fully in the contributions.

For Long Service Payment ("LSP") obligation, the Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

The Group recognises a liability and an expense for bonuses and profit-sharing, where appropriate, based on approved formulas that take into consideration the profit attributable to the Group after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

For the Awarded Shares granted under the SHK Employee Ownership Scheme, the fair value of the employee services received is determined by reference to the fair value of Awarded Shares granted at the grant date and is expensed on a straight-line basis over the vesting period based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (employee share-based compensation reserve). At the end of each reporting period, the Group revises its estimates of the number of Awarded Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the employee share-based compensation reserve.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

(u) Revenue

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group's revenue and other income recognition policies are as follows:

(i) Interest income from financial assets is recognised on a time apportionment basis, taking into account the principal amounts outstanding and the effective interest applicable, which is the rate that discounts the estimated future cash flows through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend income from investments is recognised when the owners' right to receive payment has been established.

(iii) Rental income arising on investment properties is accounted for on a straight-line basis over the lease term regardless of when the cash rental payment is received.

(iv) Revenue sharing income arising from the Group's seeded capital investments is recognised when the Group's right to receive payment is established.

(v) Management fee income is recognised as the management services on investment funds and client accounts are performed over time.

(vi) Service and commission income is recognised over the time or at a point in time when the services are rendered in accordance with contract terms.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the directors of the Company have made certain judgements and accounting-related estimates. The accounting related estimates are based on assumptions about current and, for some estimates, future economic and market conditions and in particular has assumed that the current market conditions as a result of the recent interest rate hike and geopolitical uncertainty are not a long-term norm. Although our estimates and assumptions contemplate current and, as applicable, expected future conditions that the Group considers are relevant and reasonable, including but not limited to the potential impacts to our operations arising from the recent interest rate hike, geopolitical uncertainty and different monetary, fiscal and government policy responses aimed at reviving the economies, it is reasonably possible that actual conditions could differ from our expectations. As a result, our accounting estimates and assumptions may change over time in response to the way in which market conditions develop. In addition, actual results could differ significantly from those estimates and assumptions.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

(Continued)

Determination of consolidation of funds invested in through the Funds Management business

The Group operates the funds management business and makes direct investments in funds in the form of seed capital and standard investment and may provide other services such as acting as the fund manager, providing financing of working capital or other administrative services. The Group has decision-making authority and power over the relevant activities of the fund because the Group, acting as the fund manager, can decide which investments the fund should acquire or dispose of. All facts and circumstances are taken into consideration in the assessment of whether the Group, as an investor, controls the investment funds. The principle of control sets out the following three elements of control: (a) power over the investment funds; (b) exposure, or rights, to variable returns from involvement with the investment funds; and (c) the ability to use power over the investment funds to affect the amount of the investor's returns. The Group's initial assessment of control including its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent. For these investment funds, the Group assesses whether (i) there are any other holders in these investment funds which have practical ability to remove the Group, and prevent the Group to direct the relevant activities of the investment funds; and (ii) the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the investment funds.

As at 31 December 2024, the directors of the Company concluded that the Group had control over two (2023: two) of the investments funds and acted as agent for the remaining investment funds.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Fair value of derivatives and financial instruments

As at 31 December 2024, a significant amount of the Group's financial assets, including unlisted preferred and ordinary shares issued by unlisted companies, unlisted overseas equity securities with a put right and unlisted overseas investment funds with carrying amounts at 31 December 2024 of HK$603.0 million, HK$404.6 million and HK$7,225.8 million, respectively are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Whilst the Group considers these valuations are the best estimates, the ongoing uncertainties in the macroeconomic environment has resulted in greater market volatility and may cause further disruptions to the investees'/issuers' businesses, which have led to higher degree of uncertainties in respect of the valuations. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 27 to the consolidated financial statements for further disclosures.

(b) Impairment allowances on term loans and mortgage loans

The ECL for term loans is assessed individually and mortgage loans is assessed collectively. In determining impairment allowances on term loans and mortgage loans, the measurement of ECL requires estimation of the amounts and timing of future cash flows and the assessment of whether there have been a significant increase in credit risk.

The estimations and assumptions include:

- the selection of inputs which the Group used in the ECL model including loss given default and probability of default;
- the selection of forward-looking factors and the relative weightings of forward-looking scenarios; and
- the amounts and timing of future cash flows, guarantees and value of the collaterals received from the customers.

The provision of ECL is sensitive to changes in estimates. The estimates would include the amounts and timing of future cash flows, guarantees and collateral values when determining impairment allowances. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. Details of expected credit loss are set out in Note 46(b) to the consolidated financial statements. The information about the ECL in relation to the Group's mortgage loans and term loans are disclosed in Notes 31 and 32 to the consolidated financial statements.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

(Continued)

Key sources of estimation uncertainty *(Continued)*

(c) Impairment allowances on loans and advances to consumer finance customers

The ECL for loans and advances to consumer finance customers is assessed individually, or collectively for the balances which were individually insignificant. The groupings are based on ageing of different consumer finance loan products that have similar loss patterns. In determining the impairment allowances on loans and advances to consumer finance customers, the estimates would include:

- the Company's internal credit risk categories, which assigns probabilities of default to the individual categories;
- the grouping of debtors;
- the selection of forward-looking factors and the relative weightings of forward-looking scenarios; and
- the amounts and timing of future cash flows including from guarantees and collateral values when determining impairment allowances.

The provision of ECL is sensitive to changes in estimates and these estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. Details of expected credit loss are set out in Note 46(b) to the consolidated financial statements. The information about the ECL and the Group's loans and advances to consumer finance customers are disclosed in Note 30 to the consolidated financial statements.

5. 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

6. 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 presented in these consolidated financial statements 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.

6. Segment Information *(Continued)*

	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	–

* 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.

6. Segment Information *(Continued)*

	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

7. Other Gains

(HK$ Million)	**2024**	2023
Gain on repurchase of notes payable (note 41)	**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

8. Emoluments of Directors and Senior Employees

(a) Directors

(HK$ Million)	2024 Director's fees	2024 Salaries, housing and other allowances and benefits in kind	2024 Discretionary bonuses	2024 Contributions to retirement benefit scheme	2024 Total
Executive Directors					
Lee Seng Huang (Group Executive Chairman)	–	**14.99**	**5.00**	**0.40**	**20.39**
Brendan James McGraw[1,2]	–	**3.10**	**1.50**	**0.15**	**4.75**
Non-Executive Directors					
Peter Anthony Curry	**0.31**	–	–	–	**0.31**
Simon Chow Wing Charn	**0.31**	–	–	–	**0.31**
Independent Non-Executive Directors					
Evan Au Yang Chi Chun	**0.31**	–	–	–	**0.31**
David Craig Bartlett	**0.31**	–	–	–	**0.31**
Alan Stephen Jones	**0.40**	–	–	–	**0.40**
Vivian Alexa Kao	**0.31**	–	–	–	**0.31**
Jacqueline Alee Leung	**0.31**	–	–	–	**0.31**
Wayne Robert Porritt	**0.31**	–	–	–	**0.31**
	2.57	**18.09**	**6.50**	**0.55**	**27.71**

[1] 279,000 shares vested during 2024.

[2] In March 2025, Awarded Shares with fair value at grant date of HK$1.5 million under the SHK Employee Ownership Scheme is approved to be granted to the director in relation to his performance in 2024.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Bonuses, which are recommended by the remuneration committee and subsequently approved by the Board of Directors, are discretionary and are determined by reference to the Group's and the individuals' performance.

8. Emoluments of Directors and Senior Employees *(Continued)*

(a) Directors *(Continued)*

	2023				
(HK$ Million)	Director's fees	Salaries, housing and other allowances and benefits in kind	Discretionary bonuses	Contributions to retirement benefit scheme	Total
Executive Directors					
Lee Seng Huang (Group Executive Chairman)	–	15.24	–	0.39	15.63
Brendan James McGraw[1,3,4,5]	–	1.50	0.72	0.07	2.29
Non-Executive Directors					
Peter Anthony Curry	0.31	–	–	–	0.31
Simon Chow Wing Charn[2]	0.16	1.61	–	–	1.77
Independent Non-Executive Directors					
Evan Au Yang Chi Chun	0.31	–	–	–	0.31
David Craig Bartlett	0.31	–	–	–	0.31
Alan Stephen Jones	0.39	–	–	–	0.39
Vivian Alexa Kao	0.31	–	–	–	0.31
Jacqueline Alee Leung	0.31	–	–	–	0.31
Wayne Robert Porritt	0.31	–	–	–	0.31
	2.41	18.35	0.72	0.46	21.94

[1] Mr. Brendan James McGraw was appointed as Executive Director of the Company on 1 July 2023.

[2] Mr. Simon Chow Wing Charn was re-designated as Non-Executive Director of the Company on 1 July 2023.

[3] The amount represents a prorated actual cash bonus of HK$0.72 million for the year 2023.

[4] For the year 2023, total cash remuneration to the director was HK$4.59 million, a portion of the emolument is allocated as remuneration for key management personnel.

[5] In March 2024, Awarded Shares with fair value at grant date of HK$1.43 million under the SHK Employee Ownership Scheme is approved to be granted to the director in relation to his performance in 2023.

(b) Highest paid individuals

The five highest paid individuals of the Group include two (2023: two) directors of the Company. The emoluments of the remaining three (2023: three) highest paid individuals are analysed below:

(HK$ Million)	**2024**	2023
Salaries, housing and other allowances, and benefits in kind	**13.8**	12.5
Bonuses	**5.6**	6.2
Contributions to retirement benefit scheme	**1.3**	1.1
	20.7	19.8

The above emoluments of the highest paid individuals were within the following bands:

	Number of employees	
Emoluments band (HK$)	**2024**	2023
$4,000,001 – $4,500,000	**–**	1
$5,000,001 – $5,500,000	**1**	–
$7,000,001 – $7,500,000	**1**	1
$8,000,001 – $8,500,000	**1**	1

8. Emoluments of Directors and Senior Employees *(Continued)*

(c) Senior Management

The emoluments of senior management (as described in Profiles of Directors and Senior Management section) were within the following bands:

	Number of employees	
Emoluments band (HK$)	**2024**	2023
$1 – $500,000	**–**	1
$1,000,001 – $1,500,000	**1**	–
$2,000,001 – $2,500,000	**–**	1
$3,500,001 – $4,000,000	**–**	1
$5,000,001 – $5,500,000	**1**	–

No shares were vested (2023: 591,000 shares) and granted (2023: 903,000 shares) for our senior management during year 2024. No dividend were paid to senior management during the year (2023: HK$0.3 million).

9. Information about Material Interests of Directors in Transactions, Arrangements or Contracts

Except for the transaction as disclosed in the relevant sections in the directors' report and in the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which the Directors or an entity connected with the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

10. Employee Benefits

(a) Retirement Benefit Scheme

The principal retirement benefit schemes operated by the Group related to defined contribution schemes for the Hong Kong and overseas offices' qualifying employees.

The employees of the Company's subsidiaries established in the People's Republic of China (the "PRC") are members of state-managed retirement benefit schemes operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

Expenses recognised in profit or loss for the contributions to retirement benefit schemes for the current year amounted to HK$36.5 million (2023: HK$46.4 million). The amount of forfeited contributions utilised in the course of the year ended 31 December 2024 was HK$1.01 million (2023: HK$0.28 million).

(b) SHK Employee Ownership Scheme ("EOS")

Under the EOS, which was formally adopted on 18 December 2007, selected employees or directors of the Group (the "Selected Grantees") were awarded shares in the Company. Following management's recommendation, shares were granted to the Selected Grantees subject to various terms including, amongst other things, the vesting scale whereby awarded shares will vest and become unrestricted in various vesting periods.

During the year, 1.1 million shares (2023: 2.9 million shares) of the Company were awarded to Selected Grantees under the EOS. The fair value of the services rendered (by reference to the market value of awarded shares at grant dates) as consideration of the shares awarded during the year was HK$2.5 million (2023: HK$7.8 million) which will be amortised to profit or loss during the vesting period. The amount expensed during the year in respect of shares awarded under the EOS was HK$0.4 million (2023: HK$5.5 million).

11. Profit Before Taxation

(HK$ Million)	2024	2023
Profit before taxation for the year has been arrived at after charging:		
Administrative expenses (Note a)	**(1,097.9)**	(1,116.1)
Outgoings in respect of rental-generating investment properties	**(0.4)**	–
Other losses (Note b)	**(156.5)**	(97.4)
(a) Analysis of administrative expenses:		
Staff costs (including Directors' emoluments)	**(556.3)**	(573.9)
Contributions to retirement benefit schemes	**(36.5)**	(46.4)
Expenses recognised for the SHK Employee Ownership Scheme	**(0.4)**	(5.5)
Total staff costs	**(593.2)**	(625.8)
Auditors' remuneration*		
Current year	**(6.0)**	(7.1)
Over-provision in prior years	**0.4**	–
Depreciation of property and equipment	**(40.0)**	(59.7)
Depreciation of right-of-use assets	**(125.4)**	(135.8)
Amortisation of intangible assets – computer software	**(5.7)**	(5.2)
Payments for short-term leases and leases of low-value assets	**(1.5)**	(1.7)
Other administrative expenses	**(326.5)**	(280.8)
	(1,097.9)	(1,116.1)
(b) Analysis of other losses:		
Net loss on disposal/write-off of equipment	**(3.2)**	(4.5)
Net loss on disposal/write-off of intangible assets	**–**	(0.3)
Net loss on disposal/write-off of a subsidiary	**–**	(0.1)
Change in net assets attributable to other holders of consolidated structured entities	**(8.7)**	(1.1)
Impairment loss on an associate	**(0.4)**	–
Impairment loss on a joint venture	**–**	(23.2)
Decrease in fair value of investment properties	**(144.2)**	(68.2)
	(156.5)	(97.4)

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* The auditors' remuneration includes HK$5.1 million (2023: HK$6.3 million) to Deloitte and HK$0.5 million (2023: HK$0.8 million) to other professional firms. The amount paid to Deloitte in 2024 is disclosed in the Corporate Governance Report.

12. 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)

13. 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)

14. Finance Costs

(HK$ Million)	2024	2023
Interest on the following liabilities		
– Bank loans	**(598.2)**	(606.2)
– Notes payable	**(275.7)**	(353.3)
	(873.9)	(959.5)
Other borrowing costs	**(29.6)**	(25.9)
Interest on lease liabilities	**(15.2)**	(13.8)
	(918.7)	(999.2)

All finance costs were derived from financial liabilities not at fair value through profit or loss for both years.

15. 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 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2023: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

On 11 July 2023, the government of United Kingdom, where one of the group entities is incorporated, enacted the Pillar Two income taxes legislation. Under the legislation, the Company will be required to pay, in UK, top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent with effect from accounting periods beginning on or after 31 December 2023. The actual impact that the Pillar Two income taxes legislation enacted in UK had on the Group's results for the year ended 31 December 2024 is immaterial. The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

(HK$ Million)	2024	2023
Profit before taxation	**861.3**	76.6
Less: Share of results of associates	**(1.0)**	(28.3)
Share of results of joint ventures	**(53.2)**	141.4
	807.1	189.7
Tax at the Hong Kong profits tax rate of 16.5% (2023: 16.5%)	**(133.2)**	(31.3)
Over provision in prior years	**0.4**	12.8
Tax effect of non-taxable income	**117.4**	57.0
Tax effect of non-deductible expenses	**(110.4)**	(120.3)
Tax effect of unrecognised deductible temporary difference and tax losses	**(42.6)**	(86.4)
Reversal of estimated tax losses and deductible temporary difference previously recognised (Note)	**(89.1)**	(96.9)
Countries subject to different tax rates	**(12.5)**	(12.8)
	(270.0)	(277.9)

Note: Amount mainly represented the write-off of deductible temporary differences after taking into account the availability of its taxable profits projected over the next five years against which the deductible temporary differences can be utilised, and write-off of tax losses previously recognised by subsidiaries to the extent that it is no longer probable that sufficient taxable profits will be available.

Deferred tax recognised in other comprehensive income during the year was immaterial (2023: immaterial).

16. 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 HK 14 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

17. 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

18. Investment Properties

(HK$ Million)	Hong Kong	PRC	Japan	Total
At 1 January 2023	1,176.1	41.0	–	1,217.1
Exchange adjustments	–	(2.1)	–	(2.1)
Transfer from property and equipment	–	95.7	–	95.7
Change in fair value recognised in profit or loss	(64.9)	(3.3)	–	(68.2)
Disposal	(44.8)	–	–	(44.8)
At 31 December 2023	**1,066.4**	**131.3**	**–**	**1,197.7**
Exchange adjustments	**–**	**(3.4)**	**0.1**	**(3.3)**
Addition	**–**	**–**	**31.3**	**31.3**
Transfer from property and equipment	**–**	**56.1**	**–**	**56.1**
Transfer to property and equipment	**–**	**(2.7)**	**–**	**(2.7)**
Change in fair value recognised in profit or loss	**(126.6)**	**(17.8)**	**0.2**	**(144.2)**
At 31 December 2024	**939.8**	**163.5**	**31.6**	**1,134.9**
Unrealised gains (losses) for the year included in profit or loss				
– For 2024	**(126.6)**	**(17.8)**	**0.2**	**(144.2)**
– For 2023	(64.9)	(3.3)	–	(68.2)

The Group leases out investment property under operating leases with rentals payable monthly or quarterly. The lease typically run for an initial period of 1 to 4 years (2023: 2 to 6 years), with the option to renew the lease after that date at which time all terms are renegotiated. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. None of the leases includes variable lease payments and minimum annual lease payments are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

18. Investment Properties *(Continued)*

In determining the fair value of the investment properties, the management of the Group has formed a valuation working group to determine the appropriate valuation techniques and inputs for fair value measurements with the assistance of an independent qualified professional valuer.

The valuation working group works closely with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs to the valuation model, and analyses changes in fair value measurements from period to period.

The fair value of the Group's investment properties at the reporting date has been arrived on the basis of a valuation carried out by Norton Appraisals Holdings Limited, an independent qualified professional valuer, not connected with the Group. The fair value was grouped under Level 3. The Group considers that the current use of the properties is to be the highest and best use. The following table provides further information regarding the valuation.

			Input values	
	Valuation technique	**Unobservable inputs**	**31/12/2024**	31/12/2023
Hong Kong	Investment approach	Term yield	**2.0% to 2.15% p.a.**	1.9% to 2.0% p.a.
		Reversionary yield	**2.25% to 2.4% p.a.**	2.0% to 2.25% p.a.
		Monthly market unit rent per gross floor area (sq. ft.)	**HK$24 to HK$46**	HK$32 to HK$46
PRC	Investment approach	Term yield	**4.25% to 6.0% p.a.**	4.25% to 5.5% p.a.
		Reversionary yield	**4.75% to 6.5% p.a.**	4.75% to 6.0% p.a.
		Monthly market unit rent per gross floor area (sq. m.)	**RMB29 to RMB106**	RMB29 to RMB112
Japan	Income approach	Market unit sales rate (per sq.m.)	**JPY1,770,000**	N/A
		Discount rate	**1.63%**	N/A

An increase in market unit rent and sales rate would result in an increase in fair value of the investment properties while an increase in term yield and reversionary yield would result in a decrease in fair value of the investment properties. The Group believes that reasonably possible changes in the input values would not cause significant change in fair value of the investment properties. There was no change in the valuation technique during the year.

Particulars of the investment properties at 31 December 2024 were as follows:

Location	**Classification**	**Term of lease**
20-1, 20-2, 20-3, 20-4, 19-1, 19-2,19-3 & 19-4 in Block 2 of No. 101 building, Cuibai Road, Chunhuilu Street, Dadukou District, Chongqing, the PRC	Industrial	2061
Units 1001-1010 in Block 2-2 of Phase II of Tianjin Tian An Cyberpark, Zhangjiawo, Xiqing District, Tianjin, the PRC	Industrial	2060
No. 801, 807, Block 1 of YaoPeng MingZhu, Yunling Road, Creative Industrial Park, DaLi City, Yunnan, the PRC	Commercial	2046
Units 2104 – 2113, 21/F., Block A, SFC Sincere Centre, No.99 Wuyi Road, Yuzhong District, Chongqing, the PRC	Commercial	2050
Eastern Block 2001, 2002, 2003, 2005, 20/F., Phase II, Shenzhen Tian An Cyberpark, Futian District, Shenzhen, the PRC	Industrial	2052
Unit 1001, 10/F., Tower B, The Shuncheng Office, Wuhua District, Kunming, the PRC	Commercial	2046
Units 301, 401A, 401B, Block 6, Times Centre, No. 160 Zhengyang Road, Chengyang District, Qingdao, the PRC	Commercial	2046
Units 06-14, 11/F., Tower B, Optics Valley International Plaza, No. 889, Luoyu Road, East Lake High-Tech Development Zone, Wuhan, the PRC	Commercial	2043
Rooms 1801-1810, 18/F., Tower A, Huaqiang Plaza, No.157 Shanda Road, Lixia District, Jinan, the PRC	Commercial	2050
2201, 2201A and 2202, 22/F, Tower I, Admiralty Centre, 18 Harcourt Road, Hong Kong	Commercial	2053
4/F, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong	Commercial	2053
8/F, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong	Commercial	2053
11/F, Tower II, Admiralty Centre, 18 Harcourt Road, Hong Kong	Commercial	2053
Duplex B on 38/F and 39/F and residential parking space no 613, 615, 616 and 626 on 6/F, The Westminster Terrace, 2A Yau Lai Road, Tsuen Wan, New Territories	Residential	2056
Lot Nos. 193-30 and 195-12, Niseko Hirafu 1 jo 4 chome, Kutchan-cho, Abuta-gun, Hokkaido Prefecture, Japan	Residential	Freehold

At the end of the reporting period, investment properties with a total carrying value of HK$741.0 million (31/12/2023: HK$846.0 million) were pledged as security for the Group's banking facilities.

19. Property and Equipment

(HK$ Million)	Property	Furniture and equipment	Total
Cost			
At 1 January 2023	318.1	600.4	918.5
Exchange adjustments	(3.2)	(2.6)	(5.8)
Transfer to investment properties	(94.5)	–	(94.5)
Additions	–	71.0	71.0
Disposals/write-off	–	(38.2)	(38.2)
At 31 December 2023	**220.4**	**630.6**	**851.0**
Exchange adjustments	**(3.6)**	**(3.5)**	**(7.1)**
Transfer from investment properties	**2.7**	**–**	**2.7**
Transfer to investment properties	**(73.8)**	**–**	**(73.8)**
Additions	**–**	**26.2**	**26.2**
Disposals/write-off	**–**	**(22.6)**	**(22.6)**
At 31 December 2024	**145.7**	**630.7**	**776.4**
Accumulated depreciation and impairment			
At 1 January 2023	82.2	365.1	447.3
Exchange adjustments	(0.8)	(2.4)	(3.2)
Transfer to investment properties	(24.3)	–	(24.3)
Depreciation provided for the year	7.1	52.6	59.7
Eliminated on disposals/write-off	–	(30.6)	(30.6)
At 31 December 2023	**64.2**	**384.7**	**448.9**
Exchange adjustments	**(1.1)**	**(3.2)**	**(4.3)**
Transfer to investment properties	**(21.5)**	**–**	**(21.5)**
Depreciation provided for the year	**5.1**	**34.9**	**40.0**
Eliminated on disposals/write-off	**–**	**(19.2)**	**(19.2)**
At 31 December 2024	**46.7**	**397.2**	**443.9**
Carrying amount			
At 31 December 2024	**99.0**	**233.5**	**332.5**
At 31 December 2023	156.2	245.9	402.1

The useful lives of the properties are same as the remaining term of the leases that are ranging from 19 to 28 years (2023: 20 to 29 years). The useful lives of the furniture and equipment are ranging from 3 to 10 years (2023: 3 to 10 years).

20. Right-of-Use Assets

(HK$ Million)	Total
At 1 January 2023	323.1
Additions	156.6
Depreciation provided for the year	(135.8)
Lease modification	(70.9)
Exchange adjustments	(0.2)
At 31 December 2023	**272.8**
Additions	**102.2**
Depreciation provided for the year	**(125.4)**
Lease modification	**(22.1)**
Exchange adjustments	**(0.3)**
At 31 December 2024	**227.2**
Carrying amount at 31 December 2024	**227.2**
Carrying amount at 31 December 2023	272.8

The Group leases several assets including leasehold land, office and retail shops and equipment. The average lease term of right-of-use assets is as follows:

	31/12/2024	31/12/2023
Leasehold land	**44.5 years**	44.5 years
Office and retail shops	**4.9 years**	6.4 years
Equipment	**4.5 years**	4.4 years

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

(HK$ Million)	31/12/2024	31/12/2023
Net carrying amount		
– Leasehold land	**3.2**	3.4
– Office and retail shops	**223.7**	268.7
– Equipment	**0.3**	0.7
	227.2	272.8

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

(HK$ Million)	2024	2023
Amount recognised in profit or loss		
– Depreciation expenses of right-of-use assets		
– Leasehold land	**0.1**	0.1
– Office and retail shops	**124.8**	135.1
– Equipment	**0.5**	0.6
– Interest expense of lease liabilities	**15.2**	13.8
– Expense relating to short-term leases and leases of low-value assets	**1.5**	1.7

During the year, additions to right-of-use assets were HK$102.2 million (2023: HK$156.6 million) and the total cash outflow for leases amounted to HK$134.6 million (2023: HK$137.8 million).

The Group has extension options in a number of leases for leasehold land (2023: leasehold land), which are exercisable only by the Group and not by the respective lessors. The recognition of right-of-use assets and lease liabilities has included these extension options as the Group is reasonably certain to exercise them.

Restrictions or covenants on lease

In addition, lease liabilities of HK$224.8 million (2023: HK$273.8 million) are recognised with related right-of-use assets of HK$227.2 million (2023: HK$272.8 million) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

21. Intangible Assets

(HK$ Million)	Club memberships	Computer software	Trade mark	Customer relationship	Web domain	Crypto assets	Total
Cost							
At 1 January 2023	19.5	32.4	875.0	1,154.0	78.0	9.0	2,167.9
Exchange adjustments	–	(0.4)	–	–	–	–	(0.4)
Additions	–	6.1	–	–	–	–	6.1
Disposals/write-off	–	–	–	–	–	(1.5)	(1.5)
At 31 December 2023	**19.5**	**38.1**	**875.0**	**1,154.0**	**78.0**	**7.5**	**2,172.1**
Exchange adjustments	**–**	**(0.6)**	**–**	**–**	**–**	**–**	**(0.6)**
Additions	**0.4**	**5.7**	**–**	**–**	**–**	**–**	**6.1**
Disposals/write-off	**–**	**–**	**–**	**–**	**–**	**(2.4)**	**(2.4)**
At 31 December 2024	**19.9**	**43.2**	**875.0**	**1,154.0**	**78.0**	**5.1**	**2,175.2**
Accumulated amortisation and impairment							
At 1 January 2023	1.0	16.3	7.0	1,154.0	78.0	–	1,256.3
Exchange adjustments	–	(0.2)	–	–	–	–	(0.2)
Amortisation charged for the year	–	5.2	–	–	–	–	5.2
At 31 December 2023	**1.0**	**21.3**	**7.0**	**1,154.0**	**78.0**	**–**	**1,261.3**
Exchange adjustments	**–**	**(0.4)**	**–**	**–**	**–**	**–**	**(0.4)**
Amortisation charged for the year	**–**	**5.7**	**–**	**–**	**–**	**–**	**5.7**
At 31 December 2024	**1.0**	**26.6**	**7.0**	**1,154.0**	**78.0**	**–**	**1,266.6**
Carrying amount							
At 31 December 2024	**18.9**	**16.6**	**868.0**	**–**	**–**	**5.1**	**908.6**
At 31 December 2023	18.5	16.8	868.0	–	–	7.5	910.8

The directors of the Company consider the economic lives of the trademark held by United Asia Finance Limited ("UAF") and club memberships are indefinite:

- those can be renewed without the consent of a third party and is renewable at the Group's sole discretion;
- the conditions necessary to obtain renewal will be satisfied;
- the cost to the Group of renewal is not significant when compared with the future economic benefits expect to flow to the Group from renewal. Management intend to renew infinitely and market indicators support cash inflows for an indefinite period.

The directors of the Company consider the economic lives of crypto assets are indefinite as they lack physical form and there is no limit to their useful life.

Other than the trade mark, club membership and crypto assets, which have indefinite useful lives, the intangible assets are amortised on a straight-line basis over the following periods:

Acquired computer software	3 – 5 years
Customer relationships	5.4 years
Web domain	10 years

22. Goodwill

(HK$ Million)	31/12/2024	31/12/2023
Cost		
At 1 January and 31 December	**2,384.0**	2,384.0

23. Impairment Testing on Goodwill and Intangible Assets with Indefinite Useful Lives

For impairment testing, goodwill and intangible assets with indefinite useful lives at 31 December 2024 were allocated as follows:

	Goodwill		Trade Mark	
(HK$ Million)	**31/12/2024**	31/12/2023	**31/12/2024**	31/12/2023
UAF in "Consumer Finance" segment	**2,384.0**	2,384.0	**868.0**	868.0

The recoverable amount of UAF, a cash-generating unit, represents the value in use at 31 December 2024 based on a business valuation report on the UAF group prepared by an independent qualified professional valuer, Norton Appraisals Holdings Limited. The valuation used the discounted cash flow approach and is based on a five-year performance projection and certain key assumptions (updated with latest market data as at year end date) including an average growth rate of 13.5% on the profit before tax from 2025 to 2029 (2023: 11.9% from 2024 to 2028), a sustainable growth rate of 2.4% beyond 2029 (2023: 2.4% beyond 2028), and a pre-tax discount rate of 16.2% (2023: 18.9%). The recoverable amount of UAF was determined to be in excess of its net carrying amount.

The management believes that any reasonably possible changes in any of the above assumptions would not result in impairment.

24. Interests in Subsidiaries

The consolidated profit or loss allocated to non-controlling interests during the year and the accumulated non-controlling interests in the consolidated statement of financial position as at 31 December 2024 are as follows:

	Profit or loss allocated to non-controlling interests		Accumulated non-controlling interests	
(HK$ Million)	**2024**	2023	**31/12/2024**	31/12/2023
UAF and its subsidiaries	**211.1**	265.9	**3,059.1**	3,082.2
Other subsidiaries having non-controlling interests	**2.5**	4.2	**46.6**	45.4
	213.6	270.1	**3,105.7**	3,127.6

The following tables provide summarised financial information of material subsidiaries that have non-controlling interests. The information is before inter-company eliminations.

	UAF and its subsidiaries	
(HK$ Million)	**31/12/2024**	31/12/2023
Current assets	**10,143.9***	10,306.0*
Non-current assets	**4,367.4#**	4,506.7#
Current liabilities	**(5,294.5)**	(3,804.3)
Non-current liabilities	**(1,794.6)**	(3,526.5)

(HK$ Million)	**2024**	2023
Dividends paid to non-controlling interests	**213.3**	321.1
Revenue	**3,144.8**	3,231.8
Profit for the year	**567.8**	715.1
Total comprehensive income for the year	**513.0**	664.0
Net change in cash and cash equivalents during the year	**(329.2)**	190.3

* Including loans and advances to consumer finance customers of HK$6,815.7 million (31/12/2023: HK$6,918.2 million)

\# Including loans and advances to consumer finance customers of HK$3,712.7 million (31/12/2023: HK$3,709.0 million)

24. Interests in Subsidiaries *(Continued)*

Particulars of the Company's principal subsidiaries at 31 December 2024 were as follows:

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2024	2023	
Shares held directly:					
Boneast Assets Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Shipshape Investments Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Sun Hung Kai (ECP) Limited	British Virgin Islands (place of operation: Hong Kong)	US$1	**100%**	100%	Financing
Sun Hung Kai & Co. (RE I) Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Sun Hung Kai & Co. (BVI) Limited	British Virgin Islands (place of operation: Hong Kong)	US$1	**100%**	100%	Financing
Sun Hung Kai Capital Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Sun Hung Kai & Co. (Treasury) Limited	Hong Kong	HK$1	**100%**	100%	Provision of intra-group financing service
Swan Islands Limited	British Virgin Islands	US$503,000,001	**100%**	100%	Investment holding
Wah Cheong Development Company, Limited	Hong Kong	HK$25,100,000	**100%**	100%	Investment holding
Ranbridge Finance Limited	Hong Kong	HK$20,000,000	**100%**	100%	Asset holding
Razorway Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Upper Selection Investments Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Shek O WSC Limited	Hong Kong	HK$40,000,000	**100%**	100%	Dormant
Shek O Marina Limited	Hong Kong	HK$1	**100%**	100%	Dormant
Isle Sun Global Limited	British Virgin Islands	US$1	**100%**	100%	Inactive
Shares held indirectly:					
Abbey Dale Ventures Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Abundant Bay Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Abuta Prime Limited	Hong Kong	HK$1	**100%**	–	Property investment
Admiralty Eight Limited	Hong Kong	HK$1	**100%**	100%	Property investment
Admiralty Eleven Limited	Hong Kong	HK$1	**100%**	100%	Property investment
SHK Strategic Digital Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Bronwood Holdings Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Champstar Investments Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Dagenham Investments Limited (e)	British Virgin Islands	US$1	**–**	100%	Investment holding
Easy Capital Investments Limited	British Virgin Islands	US$1	**63%**	63%	Investment holding
Earnest Finance Limited	British Virgin Islands	HK$100	**63%**	63%	Investment holding
First Asian Holdings Limited	Hong Kong	HK$2	**63%**	63%	Investment holding
Itso Limited	Hong Kong	HK$2	**100%**	100%	Investment holding
Kennedy (Nominees) Limited	Hong Kong	HK$10,000	**100%**	100%	Provision of nominee services
Market Oasis Limited	British Virgin Islands	US$1	**100%**	100%	Inactive
MCIP CI I Limited	Cayman Islands				Investment holding
– Ordinary		US$1	**–**	–	
– Non-voting Participating Class A Shares		US$185	**100%**	30%	
– Voting Participating Class B Shares		US$1	**100%**	100%	
– Non-voting Participating Class C Shares		US$15	**–**	–	

24. Interests in Subsidiaries *(Continued)*

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2024	2023	
MCIP GP I Limited	Cayman Islands				General partner of investment fund
– Ordinary		US$1	–	–	
– Non-voting Participating Class A Shares		US$10	86%	60%	
– Non-voting Participating Class B Shares		US$30	100%	90%	
– Voting Non-Participating Class C Shares		US$1	100%	100%	
MCIP Octavius Limited	Cayman Islands	US$1	93%	93%	Investment holding
MCIP Quadratic Limited	Cayman Islands	US$1	93%	93%	Investment holding
MCIP Quintus Limited	Cayman Islands	US$1	93%	93%	Investment holding
MCIP Secundus Limited	Cayman Islands	US$2	93%	93%	Investment holding
MCIP Septimus Limited (e)	Cayman Islands	US$1	–	93%	Investment holding
MCIP Sixtus Limited	Cayman Islands	US$1	93%	93%	Investment holding
MCIP Nonus Limited (e)	Cayman Islands	US$1	–	93%	Inactive
MCIP Decimus Limited (e)	Cayman Islands	US$1	–	93%	Inactive
Multiple Capital Investment Partners (Australia) Pty Ltd.	Australia	A$10	100%	100%	Fund management
Multiple Capital Investment Partners (Singapore) Pte. Ltd. (f)	Singapore	S$1,348,618	–	100%	Fund management
Multiple Capital Real Estate Debt Holdco Limited	Cayman Islands	US$1	93%	93%	Investment holding
Multiple Capital Real Estate Debt I, L.P.	Cayman Islands	US$1	93%	93%	Investment fund
Oakfame Investment Limited	Hong Kong	HK$2	100%	100%	Investment holding
Paignton Holdings Limited	British Virgin Islands	US$1	100%	100%	Investment holding
Plentiwind Limited	Hong Kong	HK$15,000,002	100%	100%	Investment holding
Rich Century International Investments Limited	Hong Kong	HK$1	100%	100%	Property investment
Rossworth Global Limited (e)	British Virgin Islands	US$1	–	100%	Investment holding
Rodril Investments Limited	Hong Kong	HK$1	100%	100%	Investment holding
Scienter Investments Limited	Hong Kong	HK$20	100%	100%	Investment holding and provision of loan finance
SHK Bullion Company Limited	Hong Kong	HK$10,000	100%	100%	Investment holding
SHK Asian Opportunities Holdings Limited	Cayman Islands	US$10,000	95%	95%	Investment holding
SHK Asset Management Holding Limited (e)	British Virgin Islands	US$3,400,001	–	100%	Investment holding
SHK Investment Company One Limited	British Virgin Islands	US$1	100%	100%	Asset management
SHK Investments (HK) Limited	Hong Kong	HK$10,000	100%	100%	Investment portfolio
SHK Finance Limited	Hong Kong	HK$150,000,000	63%	63%	Money lending
SHK International Limited	Hong Kong	HK$10,000	100%	100%	Investment holding
SHK Investment Services Limited	Hong Kong	HK$1,000,000	100%	100%	Asset holding
SHK Latitude Alpha Feeder Fund	Cayman Islands				Investment fund
– Founder Shares		US$100	100%	100%	
– Participating Shares		US$152,448,858.47 (2023: US$169,544,737.46)	94%	97%	
SHK Latitude Alpha Master Fund	Cayman Islands				Investment fund
– Founder Shares		US$100	100%	100%	
– Participating Shares		US$152,176,207.72 (2023: US$169,309,153.67)	94%	97%	

24. Interests in Subsidiaries *(Continued)*

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2024	2023	
SHK Pearl River Delta Investment Company Limited	Hong Kong	Issued share capital: HK$100,000,000 Paid up share capital: HK$75,000,000.5	**100%**	100%	Provision of loan finance
SHK Securities Limited	Hong Kong	HK$20	**100%**	100%	Asset holding
SHKSC Alpha (Cayman) Limited	Cayman Islands	US$1	**100%**	–	Inactive
Silver International Development Limited (e)	British Virgin Islands	US$1	**–**	100%	Investment holding
sim Limited	Hong Kong	HK$1	**63%**	63%	Management consultancy
Star Flourish Investments Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Sun Hung Kai (Tianjin) Enterprise Management Company Limited	People's Republic of China	RMB50,000,000	**100%**	100%	Enterprise management, consultancy and marketing planning
Sun Hung Kai Capital (UK) Limited	United Kingdom	GBP1	**100%**	100%	Investment holding
Sun Hung Kai Capital Partners Limited	Hong Kong	HK$9,600,000	**100%**	100%	Fund management
Sun Hung Kai Capital Partners (BVI) Limited	British Virgin Islands	US$1	**100%**	100%	Inactive
Sun Hung Kai Credit Limited	Hong Kong	HK$800,000,000	**92%**	92%	Mortgage financing
Sun Hung Kai Fintech Capital Limited	Hong Kong	HK$3,000,000	**100%**	100%	Investment holding
Sun Hung Kai Securities (Overseas) Limited	Hong Kong	HK$60,000	**100%**	100%	Investment holding
Sun Hung Kai Securities (Trustee) Limited	Hong Kong	HK$3,000,000	**100%**	100%	Inactive
Sun Hung Kai Strategic Capital Limited	Hong Kong	HK$2	**100%**	100%	Investment holding, securities trading and financial services
Sun Hung Kai Structured Finance Limited	Hong Kong	HK$137,500,000	**100%**	100%	Investment holding and provision of loan finance
Sun Hung Kai Venture Capital Limited	Hong Kong	HK$2	**100%**	100%	Investment holding
Swanwick Global Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Shine Growth Limited (formerly known as Top Asia Finance Limited)	Hong Kong	HK$1	**92%**	92%	Inactive
Top Progress Investments Limited	British Virgin Islands	US$50,000	**63%**	63%	Investment holding
Texgulf Limited	Hong Kong	HK$20	**100%**	100%	Property investment
Treasure Rider Limited	Cayman Islands	US$19,800	**92%**	92%	Investment holding
Tung Wo Investment Company, Limited	Hong Kong	HK$10,000	**100%**	100%	Investment holding
United Asia Finance Limited	Hong Kong	HK$1,502,218,417.8	**63%**	63%	Consumer financing
UA Finance Limited	Hong Kong	HK$1	**63%**	63%	Inactive
UA Finance (BVI) Limited	British Virgin Islands	US$1	**63%**	63%	Financing
UA Finance (China) Limited	Hong Kong	HK$1	**63%**	63%	Inactive
UAF Holdings Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Wineur Secretaries Limited	Hong Kong	HK$2	**100%**	100%	Provision of secretarial services
Yee Li Ko Investment Limited	Hong Kong	HK$58,330,000	**100%**	100%	Property investment
Zeal Goal International Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Innobiz Holdings Limited	British Virgin Islands	US$1	**100%**	100%	Inactive
Quick Art Limited	Hong Kong	HK$3,540,000	**100%**	100%	Dormant
Astute Global Group Limited	British Virgin Islands	US$1	**100%**	100%	Inactive
Coleman Global Group Limited	British Virgin Islands	US$1	**100%**	100%	Inactive

24. Interests in Subsidiaries *(Continued)*

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest		Principal activities
			2024	2023	
新鴻基控股(澳門)有限公司	Macau	MOP25,000	**100%**	100%	Inactive
上海浦東新區亞聯財小額貸款有限公司 United Asia Finance (ShanghaiPudong) Limited (b)	People's Republic of China	RMB200,000,000	**63%**	63%	Money lending
大連中山亞聯財小額貸款有限公司 United Asia Finance (Zhongshan District, Dalian) Limited (formerly known as 大連保税區亞聯財小額貸款有限公司 United Asia Finance (DaLian F.T.Z)) Limited) (b)	People's Republic of China	US$32,000,000	**63%**	63%	Money lending
天津亞聯財小額貸款有限公司 United Asia Finance (Tianjin) Limited (b)	People's Republic of China	HK$130,000,000	**63%**	63%	Money lending
北京亞聯財小額貸款有限公司 United Asia Finance (Beijing) Limited #(a)	People's Republic of China	RMB200,000,000	**50%**	50%	Money lending
成都亞聯財小額貸款有限公司 United Asia Finance (Chengdu) Limited (b)	People's Republic of China	HK$180,000,000	**63%**	63%	Money lending
成都亞聯財經濟信息諮詢有限公司 UA Financial Consultancy (Chengdu) Limited (c)	People's Republic of China	RMB1,000,000	**63%**	63%	Financial consultancy
亞聯財信息諮詢(上海)有限公司 UA Financial Consultancy (Shanghai) Limited (c)	People's Republic of China	RMB1,000,000	**63%**	63%	Financial consultancy
亞聯財信息諮詢(深圳)有限公司 UA Financial Consultancy (Shenzhen) Limited (b)	People's Republic of China	RMB25,000,000	**63%**	63%	Financial consultancy
武漢亞聯財小額貸款有限公司 United Asia Finance (Wuhan) Limited (b)	People's Republic of China	RMB200,000,000	**63%**	63%	Money lending
青島市城陽區亞聯財小額貸款有限公司 United Asia Finance (QingdaoChengyang) Limited (b)	People's Republic of China	RMB200,000,000	**63%**	63%	Money lending
南寧市亞聯財小額貸款有限公司 United Asia Finance (Nanning) Limited (b)	People's Republic of China	RMB100,000,000	**63%**	63%	Money lending
哈爾濱市亞聯財小額貸款有限公司 United Asia Finance(Harbin)Limited (b)	People's Republic of China	RMB150,000,000	**63%**	63%	Money lending
重慶亞聯財小額貸款有限公司 United Asia Finance (Chongqing) Limited (b)	People's Republic of China	US$20,000,000	**63%**	63%	Money lending
重慶亞聯財信息諮詢有限公司 UA Financial Consultancy (Chongqing) Limited (d)	People's Republic of China	RMB1,000,000	**–**	63%	Financial consultancy
深圳亞聯財小額貸款有限公司 United Asia Finance (Shenzhen) Limited (a)	People's Republic of China	RMB1,000,000,000	**63%**	63%	Money lending
雲南省亞聯財小額貸款有限公司 United Asia Finance (Yunnan) Limited (b)	People's Republic of China	HK$350,000,000	**63%**	63%	Money lending
新鴻基(天津)企業營銷策劃有限公司 Sun Hung Kai (Tianjin) Enterprise Marketing Planning Co., Limited (b)	People's Republic of China	RMB50,000,000	**100%**	100%	Enterprise management, consultancy and marketing planning

24. Interests in Subsidiaries *(Continued)*

Principal subsidiaries	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest 2024	2023	Principal activities
福州市晉安區亞聯財小額貸款有限公司 United Asia Finance (FuzhouJinan) Limited (b)	People's Republic of China	RMB200,000,000	**63%**	63%	Money lending
濟南市歷下區亞聯財小額貸款有限公司 United Asia Finance (JiNanLixia) Limited (b) (g)	People's Republic of China	RMB200,000,000	**63%**	63%	Money lending
瀋陽金融商貿開發區亞聯財小額貸款有限公司 United Asia Finance (Shenhe District Shenyang) Limited (b)	People's Republic of China	RMB300,000,000	**63%**	63%	Money lending
壹融站信息技術(深圳)有限公司 Yirongzhan Fintech (Shenzhen) Limited (c)	People's Republic of China	Issued and paid up share capital: RMB20,000,000 Registered capital: RMB100,000,000	**63%**	63%	Financial consultancy

[#] The company is non-wholly owned subsidiary of a non-wholly owned subsidiary.

(a) These companies are sino-foreign equity joint ventures.

(b) These companies are wholly-foreign owned enterprises.

(c) These companies are wholly-domestic owned enterprises.

(d) These companies are deregistered during the year.

(e) These companies are struck off during the year.

(f) The company is dissolved by Member's Voluntary Winding Up during the year.

(g) The company is liquidated during the year and subsequently deregistered on 9 January 2025.

The names of People's Republic of China incorporated companies above are English translations.

The above tables list the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Save as disclosed in Note 41 to the consolidated financial statements, none of the other subsidiaries had issued any debt securities at the end of the year.

25. Interest in Associates

(HK$ Million)	**31/12/2024**	31/12/2023
Carrying amount of unlisted associates	**112.2**	217.2
Less: impairment	**(1.2)**	(0.8)
	111.0	216.4

Particulars of the Group's material associates at 31 December 2024 were as follows:

		Proportion of ownership interest		**Proportion of voting rights held**		
Name	**Place of incorporation/ operation**	**2024**	2023	**2024**	2023	**Principal activities**
Fifteen Wattle S.A.R.L. ("Fifteen Wattle")	Luxembourg/France	**50%**	50%	**50%***	50%*	Hotel management
Eastern Frontier Investments Limited ("Eastern Frontier")	British Virgin Islands/ United Kingdom	**20%**	20%	**20%**	20%	Property investment

* The Group has 50% ownership interest and voting rights in Fifteen Wattle. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of Fifteen Wattle unilaterally, the directors of the Company conclude that the Group only has significant influence over Fifteen Wattle and therefore it is classified as an associate of the Group.

All associates are accounted for using the equity method.

The following table provides aggregate information for the share of the total comprehensive (expenses) income of associates that are not individually material.

(HK$ Million)	**2024**	2023
Share of profit	**1.0**	28.3
Share of other comprehensive (expenses) income	**(7.2)**	6.7
Share of total comprehensive (expenses) income	**(6.2)**	35.0

26. Interest in Joint Ventures

(HK$ Million)	**31/12/2024**	31/12/2023
Carrying amount of unlisted joint ventures	**439.1**	27.9
Less: impairment	**(23.2)**	(23.2)
	415.9	4.7

The joint ventures are accounted for using the equity method in these consolidated financial statements. As at 31 December 2024 and 2023, the Group had interests in the following material joint ventures.

		Proportion of ownership interest		Proportion of voting rights held		
Name	**Place of incorporation/ operation**	**2024**	2023	**2024**	2023	**Principal activities**
Colony SHK Gen Par Sàrl	Luxembourg	**50.0%**	–	**50.0%**	–	Fund management
Colony Sun Hung Kai Capital Solutions SCSp ("Colony SHK Partnership")	Luxembourg	**99.0%**	–	**99.0%***	–	Investment fund
LSS Financial Leasing (Shanghai) Limited ("LSS")	People's Republic of China	**40.0%**	40.0%	**40.0%**	40.0%	Auto leasing
Isabella Properties Holdings Limited ("Isabella")	England	**47.5%**	47.5%	**50.0%**	50.0%	Investment holding

* The Group has 99% ownership interest and voting rights in Colony SHK Partnership. By considering that unanimous consent from both shareholders are required to direct the relevant activities of Colony SHK Partnership, the directors of the Company conclude that the Group only has joint control over the net assets of Colony SHK Partnership and therefore it is classified as a joint venture of the Group.

All joint ventures are accounted for using the equity method.

The summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents the amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs.

	Colony SHK Partnership	
(HK$ Million)	**31/12/2024**	31/12/2023
Total assets	**423.2**	–
Total liabilities	**(0.2)**	–

(HK$ Million)	**2024**	2023
Income	**67.9**	–
Profit	**58.4**	–
Total comprehensive income	**58.4**	–

Reconciliation of the above summarised financial information to the carrying amounts of the interests in the joint ventures recognised in these consolidated financial statements:

	Colony SHK Partnership	
(HK$ Million)	**31/12/2024**	31/12/2023
Net assets of the joint venture	**423.0**	–
Carrying amount of the Group's interest in the joint venture	**415.0**	–

27. Financial Assets and Liabilities

The following table provides analyses of financial assets and liabilities of the Group that are at fair value, except for other liabilities as disclosed in Note 39.

	At 31 December 2024			
	Fair value			
(HK$ Million)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
– Listed equity securities in Hong Kong*	33.0	–	–	33.0
– Listed equity securities outside Hong Kong*	246.4	–	–	246.4
– Unlisted overseas equity securities*	–	–	8.5	8.5
	279.4	–	8.5	287.9
Financial assets at fair value through profit or loss				
– Listed equity securities in Hong Kong	133.6	–	–	133.6
– Listed equity securities outside Hong Kong	654.8	–	–	654.8
– Unlisted equity securities in Hong Kong	–	1.0	–	1.0
– Unlisted equity securities outside Hong Kong	–	–	369.8	369.8
– Over the counter derivatives	–	43.3	–	43.3
– Quoted options and futures	25.9	4.0	–	29.9
– Listed warrants	0.4	–	–	0.4
– Bonds and notes	–	50.1	195.9	246.0
– Loans receivable	–	–	321.5	321.5
– Unlisted preferred and ordinary shares issued by unlisted companies	–	172.6	603.0	775.6
– Unlisted convertible bonds issued by unlisted companies	–	20.1	8.3	28.4
– Unlisted overseas equity securities with a put right	–	–	404.6	404.6
– Unlisted overseas investment funds	–	2,322.0	7,225.8	9,547.8
	814.7	2,613.1	9,128.9	12,556.7
Analysed for reporting purposes as:				
– Non-current assets				9,049.0
– Current assets				3,507.7
				12,556.7
Financial liabilities at fair value through profit or loss				
Held for trading				
– Quoted futures and options	37.2	3.8	–	41.0
– Foreign currency contracts	–	0.1	–	0.1
– Over the counter derivatives	–	46.3	–	46.3
– Short position in listed equity securities	17.8	–	–	17.8
– Listed equity securities outside Hong Kong under total return swap	0.1	–	–	0.1
– Unlisted equity securities outside Hong Kong under total return swap	–	–	34.4	34.4
Designated at fair value through profit or loss				
– Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	–	–	115.6	115.6
– Unlisted overseas investment funds under total return swap	–	–	42.9	42.9
	55.1	50.2	192.9	298.2
Analysed for reporting purposes as:				
– Non-current liabilities				139.2
– Current liabilities				159.0
				298.2

27. Financial Assets and Liabilities *(Continued)*

	At 31 December 2023			
	Fair value			
(HK$ Million)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
– Listed equity securities in Hong Kong*	25.4	–	–	25.4
– Listed equity securities outside Hong Kong*	158.4	–	–	158.4
– Unlisted overseas equity securities*	–	–	8.5	8.5
	183.8	–	8.5	192.3
Financial assets at fair value through profit or loss				
– Listed equity securities in Hong Kong	444.5	–	–	444.5
– Listed equity securities outside Hong Kong	766.7	–	–	766.7
– Unlisted equity securities in Hong Kong	–	1.0	–	1.0
– Unlisted equity securities outside Hong Kong	–	479.8	–	479.8
– Over the counter derivatives	–	181.2	–	181.2
– Quoted options and futures	51.9	24.9	–	76.8
– Listed warrants	0.9	–	–	0.9
– Bonds and notes	–	34.1	192.5	226.6
– Loans receivable	–	–	723.0	723.0
– Unlisted preferred and ordinary shares issued by unlisted companies	–	22.5	794.0	816.5
– Unlisted convertible bonds issued by unlisted companies	–	–	8.0	8.0
– Unlisted overseas equity securities with a put right	–	–	398.3	398.3
– Unlisted overseas investment funds	–	2,512.8	7,198.6	9,711.4
	1,264.0	3,256.3	9,314.4	13,834.7
Analysed for reporting purposes as:				
– Non-current assets				9,470.9
– Current assets				4,363.8
				13,834.7
Financial liabilities at fair value through profit or loss				
Held for trading				
– Quoted futures and options	86.6	13.7	–	100.3
– Foreign currency contracts	–	31.6	–	31.6
– Over the counter derivatives	–	27.8	–	27.8
– Short position in listed equity securities	31.1	–	–	31.1
– Listed equity securities outside Hong Kong under total return swap	0.1	–	–	0.1
– Unlisted equity securities outside Hong Kong under total return swap	–	44.6	–	44.6
Designated at fair value through profit or loss				
– Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	–	–	115.8	115.8
– Unlisted overseas investment funds under total return swap	–	–	16.3	16.3
	117.8	117.7	132.1	367.6
Analysed for reporting purposes as:				
– Non-current liabilities				111.6
– Current liabilities				256.0
				367.6

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* The above listed equity securities represent ordinary shares of entities listed in Hong Kong or overseas. The above unlisted equity securities represent the Group's equity interest in private entities established overseas. These investments are not held for trading, instead, they are held for long-term strategic purposes. The management has elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

27. Financial Assets and Liabilities *(Continued)*

Fair values are grouped from Level 1 to 3 based on the degree to which the fair values are observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from input other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include input for the assets or liabilities that are not based on observable market data.

The fair values of bonds and notes and OTC derivative contracts under Level 2 at the reporting date were derived from quoted prices from pricing services. Other Level 2 financial assets were derived from observable market inputs with insignificant adjustments. Where Level 1 and Level 2 inputs are not available, the Group engages external valuers to perform the valuation for certain complex or material financial assets and liabilities.

The fair values of Level 3 financial assets and liabilities are mainly derived from valuation technique using an unobservable range of data. In estimating the fair value of a financial asset or a financial liability under Level 3, the Group engages external valuers or establishes appropriate valuation techniques internally to perform the valuations which are reviewed by management.

The following tables provide further information regarding the valuation of material financial assets under Level 3.

	At 31 December 2024				
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK$ Million	Sensitivity analysis
Financial assets at fair value through profit or loss					
Unlisted equity securities outside Hong Kong	Market approach	Recent transaction prices	N/A	369.8	N/A
		Discount for lack of marketability ("DLOM")	15%		An increase in DLOM would result in a decrease in the fair value.
Loans receivable	Discounted cash flow	Discount rate	7.98% – 10.32%	321.5	An increase in discount rate would result in a decrease in the fair value.
Unlisted preferred and ordinary shares issued by unlisted companies	Discounted cash flow	Discount rate	6.29%	51.5	An increase in discount rate would result in a decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	71.33%	46.0	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Enterprise value to sales ratio	13.3		An increase in enterprise value to sales ratio would result in an increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	69.89%	193.4	An increase in expected volatility would result in a decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	35.31%	72.2	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Price to book ratio	1.5		An increase in price to book ratio would result in an increase in the fair value.
Unlisted preferred shares issued by an unlisted company	Equity allocation method	Expected volatility	90.57%	1.9	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Price to sales ratio	2.7		

27. Financial Assets and Liabilities *(Continued)*

	At 31 December 2024				
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK$ Million	Sensitivity analysis
Financial assets at fair value through profit or loss					
Unlisted preferred shares issued by an unlisted company	Equity allocation method	Expected volatility	78.71%	65.5	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Price to sales ratio	5.2		An increase in price to sales ratio would result in an increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	38.54%	0.8	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Enterprise value to sales ratio	2.8		An increase in enterprise value to sales ratio would result in increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	69.75%	3.3	An increase in expected volatility would result in a decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	38.72%	8.0	An increase in expected volatility would result in a decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	59.07%	88.8	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Enterprise value to sales ratio	2.4-3.3		An increase in enterprise value to sales ratio would result in increase in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	70.48%	7.9	An increase in expected volatility would result in a decrease in the fair value.
Unlisted convertible bonds issued by an unlisted company	Binomial model	Expected volatility	27.85%	8.3	An increase in expected volatility would result in a decrease in the fair value.
		Discount rate	3.89%		An increase in discount rate would result in a decrease in the fair value.
Unlisted overseas equity securities with a put right	Market approach	Price to book ratio	1.6	404.6	An increase in price to book ratio would result in an increase in the fair value.
		Price to tangible book ratio	2.3		An increase in price to tangible book ratio would result in an increase in the fair value.
		Price to sales ratio	0.7		An increase in price to sales ratio would result in an increase in the fair value.
Unlisted overseas investment funds	Net asset value	Note 1	Note 1	7,158.6	Note 1
Unlisted overseas investment funds	Market approach	Enterprise value to sales ratio	11.3	21.1	An increase in enterprise value to sales ratio would result in increase in the fair value.

27. Financial Assets and Liabilities *(Continued)*

	At 31 December 2024				
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK$ Million	Sensitivity analysis
Financial assets at fair value through profit or loss					
Unlisted overseas investment funds	Market approach	Price to sales ratio	4.7-5.6	41.3	An increase in price to sales ratio would result in an increase in the fair value.
Unlisted overseas investment funds	Market approach	Price to sales ratio	6.2	4.8	An increase in price to sales ratio would result in an increase in the fair value.
Financial liabilities at fair value through profit or loss					
Unlisted equity securities outside Hong Kong under total return swap	Market approach	Recent transaction prices	N/A	34.4	N/A
		DLOM	15%		An increase in DLOM would result in a decrease in the fair value.
Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	Equity allocation method	Expected volatility	69.89%	96.3	An increase in expected volatility would result in a decrease in the fair value.
Unlisted overseas investment funds under total return swap	Net asset value	Note 1	Note 1	42.9	Note 1

27. Financial Assets and Liabilities *(Continued)*

	At 31 December 2023				
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK$ Million	Sensitivity analysis
Financial assets at fair value through profit or loss					
Loans receivable	Discounted cash flow	Discount rate	10.73%-19.52%	723.0	An increase in discount rate would result in a decrease in the fair value.
Unlisted preferred and ordinary shares issued by unlisted companies	Discounted cash flow	Discount rate	6.77%	52.8	An increase in discount rate would result in a decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	67.96%	29.1	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Enterprise value to sales ratio	7.0		An increase in enterprise value to sales ratio would result in an increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	80.67%	171.8	An increase in expected volatility would result in a decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	99.87%	191.1	An increase in expected volatility would result in a decrease in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	45.25%	81.2	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Price to book ratio	1.7		An increase in price to book ratio would result in an increase in the fair value.
Unlisted preferred shares issued by an unlisted company	Equity allocation method	Expected volatility	98.10%	2.0	An increase in expected volatility would result in a decrease in the fair value.
Unlisted preferred shares issued by an unlisted company	Equity allocation method	Expected volatility	78.71%	67.9	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Price to sales ratio	5.2		An increase in price to sales ratio would result in an increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	38.12%	1.3	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Enterprise value to sales ratio	3.7		An increase in enterprise value to sales ratio would result in increase in the fair value.
Unlisted preferred shares issued by unlisted companies	Equity allocation method	Expected volatility	45.13%	8.0	An increase in expected volatility would result in a decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	72.14%	15.0	An increase in expected volatility would result in a decrease in the fair value.
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	67.25%	27.4	An increase in expected volatility would result in a decrease in the fair value.
	Market approach	Enterprise value to sales ratio	2.0		An increase in enterprise value to sales ratio would result in increase in the fair value.

27. Financial Assets and Liabilities *(Continued)*

	At 31 December 2023				
	Valuation technique	Significant unobservable inputs (Note 2)	Input values	Fair value HK$ Million	Sensitivity analysis
Financial assets at fair value through profit or loss					
Unlisted ordinary shares issued by unlisted companies	Equity allocation method	Expected volatility	42.57%	79.7	An increase in expected volatility would result in a decrease in the fair value.
Unlisted convertible bonds issued by an unlisted company	Binomial model	Expected volatility	38.31%	8.0	An increase in expected volatility would result in a decrease in the fair value.
		Discount rate	3.94%		An increase in discount rate would result in decrease in the fair value.
Unlisted overseas equity securities with a put right	Market approach	Price to book ratio	1.4	398.3	An increase in price to book ratio would result in an increase in the fair value.
		Price to tangible book ratio	2.0		An increase in price to tangible book ratio would result in an increase in the fair value.
		Price to sales ratio	1.0		An increase in price to sales ratio would result in an increase in the fair value.
Unlisted overseas investment funds	Net asset value	Note 1	Note 1	7,129.0	Note 1
Unlisted overseas investment funds	Market approach	Enterprise value to sales ratio	11.6	0.1	An increase in enterprise value to sales ratio would result in increase in the fair value.
Unlisted overseas investment funds	Market approach	Enterprise value to sales ratio	11.6	22.6	An increase in enterprise value to sales ratio would result in increase in the fair value.
Unlisted overseas investment funds	Market approach	Price to sales ratio	6.4	42.9	An increase in price to sales ratio would result in an increase in the fair value.
Unlisted overseas investment funds	Market approach	Recent transaction prices	N/A	4.0	N/A
Financial liabilities at fair value through profit or loss					
Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	Equity allocation method	Expected volatility	99.87%	95.2	An increase in expected volatility would result in a decrease in the fair value.
Unlisted overseas investment funds under total return swap	Net asset value	Note 1	Note 1	16.3	Note 1

Note 1: The significant unobservable inputs of the investments of the Group are the net asset value of the underlying investments made by the funds/companies. The higher the net asset value of the underlying investments, the higher the fair value of the financial assets at fair value through profit or loss will be. The Group has determined that the reported net asset values represent the fair values of the investments provided by the external counterparties.

Note 2: There is no indication that any changes in the unobservable inputs to reflect reasonably possible alternative assumptions for the investments would result in significantly higher or lower fair value measurements.

Note 3: An investment held by a wholly owned subsidiary of the Group remains to be in level 3 during the period ended 31 December 2024 due to unobservability of valuation inputs. Significant assumptions involved in this valuation of fair value of the investment (which is an unlisted overseas equity security) include the success probability of legal proceedings in relation to the underlying agreements and share registration, the selection of market multiple and comparable companies, and the estimation of discount for lack of marketability.

27. Financial Assets and Liabilities *(Continued)*

The reconciliation of financial assets and liabilities under Level 3 fair value measurements is as follows:

	2024							
			Recognised gains or losses					
(HK$ Million)	Balance at 1/1/2024	Transfer ^	Profit or loss	Other comprehensive income	Purchase	Disposal	Balance at 31/12/2024	Unrealised gain or loss for the year
Financial assets at fair value through other comprehensive income								
Unlisted overseas equity securities	8.5	–	–	–	–	–	8.5	–
Financial assets at fair value through profit or loss								
Unlisted equity securities outside Hong Kong	–	369.8	–	–	–	–	369.8	–
Bonds and notes	192.5	–	3.4	–	–	–	195.9	3.4
Loans receivable	723.0	–	(23.3)	–	85.7	(463.9)	321.5	(23.3)
Unlisted preferred and ordinary shares issued by unlisted companies	794.0	(162.9)	(30.4)	–	2.5	(0.2)	603.0	(30.6)
Unlisted convertible bonds issued by companies	8.0	–	0.3	–	–	–	8.3	0.3
Unlisted overseas equity securities with a put right	398.3	–	6.3	–	–	–	404.6	6.3
Unlisted overseas investment funds	7,198.6	(0.6)	298.9	–	519.1	(790.2)	7,225.8	54.3
	9,314.4	206.3	255.2	–	607.3	(1,254.3)	9,128.9	10.4
Financial liabilities at fair value through profit or loss								
Unlisted equity securities outside Hong Kong under total return swap	–	(34.4)	–	–	–	–	(34.4)	–
Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	(115.8)	–	0.2	–	–	–	(115.6)	0.2
Unlisted overseas investment funds under total return swap	(16.3)	–	(0.7)	–	(25.9)	–	(42.9)	(0.7)
	(132.1)	(34.4)	(0.5)	–	(25.9)	–	(192.9)	(0.5)

^ The investments were transferred between Level 2 and Level 3 categories and the transfers are primarily attributable to changes in observability of valuation inputs (e.g. availability of recent transaction price) in valuing these investments. Transfers between levels of the fair value hierarchy are deemed to occur at the end of each reporting period.

27. Financial Assets and Liabilities *(Continued)*

			2023					
			Recognised gains or losses					
(HK$ Million)	Balance at 1/1/20023	Transfer ^	Profit or loss	Other comprehensive income	Purchase	Disposal	Balance at 31/12/2023	Unrealised gain or loss for the year
Financial assets at fair value through other comprehensive income								
Unlisted overseas equity securities	8.5	–	–	–	–	–	8.5	–
Financial assets at fair value through profit or loss								
Bonds and notes	177.8	–	14.7	–	–	–	192.5	14.7
Loans receivable	434.3	–	57.1	–	326.5	(94.9)	723.0	57.1
Unlisted call option for club memberships	5.2	–	0.4	–	–	(5.6)	–	–
Unlisted preferred and ordinary shares issued by unlisted companies	566.3	207.3	23.7	–	–	(3.3)	794.0	23.0
Unlisted convertible bonds issued by companies	24.0	8.0	4.3	–	–	(28.3)	8.0	–
Unlisted overseas equity securities with a put right	398.3	–	–	–	–	–	398.3	–
Unlisted overseas investment funds	7,666.4	(175.9)	54.2	–	376.6	(722.7)	7,198.6	(222.7)
	9,272.3	39.4	154.4	–	703.1	(854.8)	9,314.4	(127.9)
Financial liabilities at fair value through profit or loss								
Unlisted preferred and ordinary shares issued by unlisted companies under total return swap	(106.4)	–	(9.4)	–	–	–	(115.8)	(9.4)
Unlisted overseas investment funds under total return swap	(15.5)	–	(0.8)	–	–	–	(16.3)	(0.8)
	(121.9)	–	(10.2)	–	–	–	(132.1)	(10.2)

^ The investments were transferred between Level 2 and Level 3 categories and the transfers are primarily attributable to changes in observability of valuation inputs (e.g. availability of recent transaction price) in valuing these investments. Transfers between levels of the fair value hierarchy are deemed to occur at the end of each reporting period.

The net gains recognised in profit or loss for the year included an unrealised gains of HK$10.4 million relating to level 3 financial assets at FVTPL as at 31 December 2024 (31 December 2023: unrealised losses of HK$127.9 million) and an unrealised losses of HK$0.5 million relating to level 3 financial liabilities at FVTPL as at 31 December 2024 (31 December 2023: HK$10.2 million). Fair value gains or losses on financial assets and liabilities measured at FVTPL are included in "net gain (loss) on financial assets and liabilities at fair value through profit or loss".

27. Financial Assets and Liabilities *(Continued)*

The carrying amounts of the Group's financial assets at the end of the reporting period were as follows:

(HK$ Million)	**31/12/2024**	31/12/2023
Financial assets at fair value through other comprehensive income	**287.9**	192.3
	287.9	192.3
Financial assets at fair value through profit or loss	**12,556.7**	13,834.7
	12,556.7	13,834.7
Financial assets measured at amortised cost		
– Amounts due from associates (Note 29)	**203.8**	218.1
– Loans and advances to consumer finance customers (Note 30)	**10,528.4**	10,627.2
– Mortgage loans (Note 31)	**1,978.8**	2,468.7
– Term loans (Note 32)	**226.4**	207.9
– Deposits and other receivables (Note 33)	**214.4**	181.1
– Amounts due from brokers	**418.7**	574.0
– Fixed deposits with banks (Note 34)	**679.8**	230.6
– Cash and cash equivalents (Note 34)	**4,327.4**	6,462.1
	18,577.7	20,969.7
	31,422.3	34,996.7

The carrying amounts of Group's financial liabilities at the end of the reporting period were as follows:

(HK$ Million)	**31/12/2024**	31/12/2023
Financial liabilities at fair value through profit or loss		
– Held for trading	**139.7**	235.5
– Designated at fair value through profit or loss	**158.5**	132.1
– Other liabilities (Note 39)	**84.9**	63.9
	383.1	431.5
Financial liabilities measured at amortised cost		
– Bank and other borrowings (Note 35)	**8,546.6**	9,041.9
– Creditors (Note 36)	**253.0**	203.4
– Amounts due to brokers	**88.5**	77.4
– Amount due to a holding company (Note 37)	**1.7**	1.8
– Notes payable (Note 41)	**3,065.7**	5,863.2
	11,955.5	15,187.7
	12,338.6	15,619.2

Save as disclosed elsewhere, the directors of the Company consider that the carrying amounts of financial assets and liabilities measured at amortised cost recognised in the consolidated financial statements approximate their fair values.

Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

27. Financial Assets and Liabilities *(Continued)*

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	At 31 December 2024					
				Related amounts not set off in the consolidated statement of financial position		
(HK$ Million)	**Gross amounts of recognised financial assets and liabilities**	**Gross amounts set off in the consolidated statement of financial position**	**Net amounts presented in consolidated statement of financial position**	**Financial instruments**	**Cash collateral received/pledged**	**Net amount**
Type of financial assets						
Financial assets at fair value through profit or loss	**811.0**	**–**	**811.0**	**(79.9)**	**–**	**731.1**
Type of financial liabilities						
Financial liabilities at fair value through profit or loss	**79.9**	**–**	**79.9**	**(79.9)**	**–**	**–**

	At 31 December 2023					
				Related amounts not set off in the consolidated statement of financial position		
(HK$ Million)	Gross amounts of recognised financial assets and liabilities	Gross amounts set off in the consolidated statement of financial position	Net amounts presented in consolidated statement of financial position	Financial instruments	Cash collateral received/pledged	Net amount
Type of financial assets						
Financial assets at fair value through profit or loss	957.7	–	957.7	(143.8)	–	813.9
Type of financial liabilities						
Financial liabilities at fair value through profit or loss	143.8	–	143.8	(143.8)	–	–

28. Deferred Taxation

The following are the major deferred tax assets and liabilities of the Group recognised and movements thereon during the current and prior years:

(HK$ Million)	**Accelerated tax depreciation**	**Provisions and impairment**	**Revaluation of assets**	**Unrealised gain**	**Tax losses**	**Others**	**Total**
At 1 January 2023	(10.0)	407.8	(149.2)	(14.8)	84.8	0.2	318.8
Exchange adjustments	(0.1)	(3.4)	0.2	0.4	(1.2)	–	(4.1)
Charged to other comprehensive income	–	–	(6.4)	–	–	–	(6.4)
Recognised in profit or loss	1.6	(182.1)	1.0	16.4	54.4	(0.1)	(108.8)
At 31 December 2023	**(8.5)**	**222.3**	**(154.4)**	**2.0**	**138.0**	**0.1**	**199.5**
Exchange adjustments	**(0.2)**	**(1.9)**	**0.3**	**0.3**	**(1.3)**	**–**	**(2.8)**
Charged to other comprehensive income	**–**	**–**	**(1.0)**	**–**	**–**	**–**	**(1.0)**
Recognised in profit or loss	**0.8**	**(35.4)**	**2.4**	**2.5**	**(70.2)**	**(0.1)**	**(100.0)**
At 31 December 2024	**(7.9)**	**185.0**	**(152.7)**	**4.8**	**66.5**	**–**	**95.7**

28. Deferred Taxation *(Continued)*

For reporting purposes, certain deferred tax assets and liabilities have been offset in the underlying subsidiaries. The following is the analysis of the deferred tax balances of the Group for financial reporting purposes:

(HK$ Million)	31/12/2024	31/12/2023
Deferred tax assets	**230.9**	337.6
Deferred tax liabilities	**(135.2)**	(138.1)
	95.7	199.5

At the end of the reporting period, the Group had unrecognised tax losses of HK$2,867.5 million (31/12/2023: HK$2,302.6 million) and unrecognised deductible temporary differences of HK$588.7 million (31/12/2023: HK$542.2 million) available to offset against future profits. These tax losses and deductible temporary differences have not been recognised as it is uncertain that there will be sufficient future taxable profits available for the utilisation of these temporary differences. The unrecognised tax losses included a sum of HK$483.1 million that will expire during 2025 to 2029 (31/12/2023: HK$181.5 million will expire during 2024 to 2028). Other losses may be carried forward indefinitely but are subject to approval of Hong Kong Inland Revenue Department.

Under the Law of PRC on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$1,393.0 million at the end of the reporting period (31/12/2023: HK$1,336.7 million). The taxable temporary differences have not been recognised as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. Amounts Due from Associates

(HK$ Million)	31/12/2024	31/12/2023
Amounts due from associates	**227.5**	240.7
Less: impairment allowance	**(23.7)**	(22.6)
	203.8	218.1
Analysed for reporting purposes as:		
– Non-current assets	**195.3**	64.9
– Current assets	**8.5**	153.2
	203.8	218.1

The amounts due from associates include HK$138.8 million (2023: HK$152.7 million) which is unsecured, interest bearing at 5.2219% (2023: 1.8619%) per annum and maturing in June 2026, remaining balance is unsecured, non-interest bearing and repayable on demand.

Further details of amounts due from associates are disclosed in Note 37 and Note 46.

30. 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 loans and advances to consumer finance customers bear interest rate are as follows:

(Per annum)	31/12/2024	31/12/2023
Fixed rate loans receivable	**6.0% to 48.0%**	6.0% to 48.0%
Variable rate loans receivable	**P+4.0%**	P+4.0%

"P" refers to Hong Kong dollars prime rate offered by The Hongkong and Shanghai Banking Corporation Limited from time to time to its prime customers, which is 5.25% per annum at 31 December 2024 (2023: 5.875% per annum).

Movement of impairment allowance during the year of 2024 and 2023 are disclosed in Note 46(b).

The Consumer Finance Division calculates the impairment allowances for loans and advances to consumer finance customers using a collective assessment except for loans and advances to consumer finance customers with significant balances. The provision rates are based on ageing of different consumer financing loan products as groupings of various debtors that have similar loss patterns and different factors, taking into account of historical default rates and collectability, adjusted by forward-looking information that is available without undue cost or effort. In addition, loans and advances to consumer finance customers with significant balances are assessed for impairment individually based on historical credit information, adjusted by forward-looking information that is available without undue cost or effort.

30. Loans and Advances to Consumer Finance Customers *(Continued)*

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

As at 31 December 2024, loans and advances to consumer finance customers with aggregate carrying amount of HK$954.1 million (31/12/2023: HK$1,009.4 million) are past due. Out of the past due balances, HK$77.1 million (31/12/2023: HK$62.9 million) has been past due 91 days or more and is considered to be credit-impaired. The impairment provision has taken into account the credit quality of the underlying assets, the financial strength of the borrowers as well as collateral and other credit enhancements.

The loans and advances to consumer finance customers categorised as unsecured and secured, are as follows:

At the reporting date, loans and advances to consumer finance customers consisted of HK$9,449.4 million unsecured (31/12/2023: HK$9,678.5 million) and HK$1,079.0 million secured (31/12/2023: HK$948.7 million). The Group has not recognised a loss allowance for loans amounting to HK$712.7 million (2023: HK$493.0 million) which are secured by collateral.

The amount and type of collateral required depend on an assessment of the credit risk of the customer or counterparty.

The Group is entitled to sell or repledge collateral when there is default by the borrowers. There has not been any significant change in the quality of collateral held for loans and advances to consumer finance customers.

The main types of collateral and credit enhancement obtained are as follows:

- for personal lending, charges over residential properties/commercial properties; and
- for commercial lending, corporate guarantees, charges on real estate properties, pledge of shares or debentures over the borrower's assets.

In general, secured loans and advances are made to consumer finance customers with sufficient amount of collateral provided by them. Management requests additional collateral as appropriate in accordance with the underlying agreements, and monitors the market value of collateral during its review of the adequacy of the impairment allowance.

Estimates of the fair value of collateral are based on the valuation techniques commonly used for the corresponding assets at the time of borrowing.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding loan balances. In general, the Group does not retain repossessed properties for business purposes. As at 31 December 2024, net realisable value of repossessed properties held by the Group amounted to HK$3.0 million (2023: HK$2.7 million).

In respect of the secured loans and advances to customers with the carrying amount of HK$785.8 million (2023: HK$557.8 million), the fair value of collateral of such loans and advances can be objectively ascertained to cover the outstanding amount of loan balances based on quoted prices of collateral.

31. 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 mortgage loans bear interest rate are as follows:

(Per annum)	**31/12/2024**	31/12/2023
Fixed rate loans receivable	**8.0% to 21.0%**	8.0% to 20.5%
Variable rate loans receivable	**P+0.5% to P+11.875%**	P+0.5% to P+10.125%

Movement of impairment allowance during the year of 2024 and 2023 are disclosed in Note 46(b) to the consolidated financial statements.

31. Mortgage Loans *(Continued)*

The mortgage loans have been reviewed by the mortgage loans division to assess impairment allowances which are based on an evaluation of collectability, ageing analysis of accounts, fair value of collateral and on management's judgement, including the current creditworthiness and the past collection statistics of individual accounts and are adjusted for forward-looking information that is available without undue cost or effort.

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

At the reporting date, mortgage loans with aggregate carrying amount of HK$928.7 million (31/12/2023: HK$613.0 million) are past due. Out of the past due balances, HK$713.4 million (31/12/2023: HK$496.0 million) which are secured by collateral has been past due 90 days or more and is considered to be credit-impaired. The impairment provision has taken into account the credit quality of the underlying assets, the financial strength of the borrowers as well as collateral and other credit enhancements.

The mortgage loans categorised as unsecured and secured, are as follows:

At the reporting date, mortgage loans consisted of HK$112.3 million unsecured (31/12/2023: HK$153.4 million) and HK$1,866.5 million secured (31/12/2023: HK$2,315.3 million). The Group has not recognised a loss allowance for loans amounting to HK$1,157.6 million (2023: HK$1,677.6 million) which are secured by collateral.

The amount and type of collateral required depends on an assessment of the credit risk of the customer. The main types of collateral and credit enhancement obtained are mortgages over residential properties/commercial properties.

The Group is entitled to sell or repledge collateral when there is a default by the borrowers. During the year 2024, we observed an increase in the Loan-to-Value ratio of the collateral held for mortgage loans. Given the recent property market conditions in Hong Kong, we need to reassess the implications of these trends on our collateral quality and provide sufficient impairment if necessary.

In general, mortgage loans are granted on a secured basis with sufficient amount of collateral provided by the borrower. Management requests additional collateral as appropriate in accordance with the underlying agreements, and monitors the market value of collateral during its review of the adequacy of the impairment allowance.

Estimates of the fair value of collateral are based on valuation techniques commonly used for the corresponding assets at the time of borrowing.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding loan balances. In general, the Group does not retain repossessed properties for business purposes. At the end of the reporting period, the net realisable value of the repossessed properties held by the Group is HK$474.1 million (2023: HK$72.0 million).

In respect of secured mortgage loans to mortgage loan customers with the carrying amount of HK$1,866.5 million (2023: HK$2,315.3 million), the fair value of collateral of such mortgage loans can be objectively ascertained to cover a substantial portion of the outstanding loan amounts based on valuations conducted by an independent property valuer.

The unsecured mortgage loans include second mortgage loans in respect of which the Group are not entitled to the first charge of relevant mortgage properties. Management considers that the second mortgage loans are classified as unsecured loans due to the impediment in repossession of the mortgage properties and the practical difficulties to ascertain the residual collateral value after claim by first mortgagee.

32. 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

32. Term Loans *(Continued)*

The term loans bear interest rate are as follows:

(Per annum)	**31/12/2024**	31/12/2023
Fixed rate loans receivable	**8.2% to 19.8%**	8.2% to 19.8%
Variable rate loans receivable	**P+1.0%**	P+1.0%

Movement of impairment allowance during the year of 2024 and 2023 are disclosed in Note 46(b).

It is the Group's policy to dispose of repossessed collateral in an orderly fashion.

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. As at 31 December 2024, the gross carrying amount of secured term loans amounts to HK$655.4 million (31 December 2023: HK$671.4 million). The Group has not recognised a loss allowance of nil (2023: HK$1.2 million) for the loans which are secured by collateral. The Group is entitled to sell or repledge collateral when there is default by the borrowers. There have not been any significant changes in the quality of the collateral held for secured term loans.

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.

Further details on financial risk management of term loans are disclosed in Note 46.

33. 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

Further details on financial risk management of deposits and other receivables are disclosed in Note 46.

34. Bank Deposits, Cash and Cash Equivalents

(HK$ Million)	**31/12/2024**	31/12/2023
Bank balances and cash	**2,584.8**	3,172.1
Fixed deposits with banks with an original maturity within 3 months	**1,742.6**	3,290.0
Cash and cash equivalents	**4,327.4**	6,462.1
Fixed deposits with banks with an original maturity between 4 to 12 months	**679.8**	230.6
	5,007.2	6,692.7

Further details on financial risk management of bank deposits, cash and cash equivalents are disclosed in Note 46.

35. Bank and Other Borrowings

(HK$ Million)	**31/12/2024**	31/12/2023
Bank loans		
– Unsecured term loans	**8,484.5**	8,628.7
– Secured loans	**–**	351.1
Total bank borrowings	**8,484.5**	8,979.8
Other borrowings	**62.1**	62.1
	8,546.6	9,041.9
Analysed for reporting purposes as:		
– Current liabilities	**6,718.1**	5,495.4
– Non-current liabilities	**1,828.5**	3,546.5
	8,546.6	9,041.9

35. Bank and Other Borrowings *(Continued)*

At 31 December 2024, bank and other borrowings were repayable as follows:

(HK$ Million)	**31/12/2024**	31/12/2023
Bank borrowings		
– Within one year	**6,664.0**	5,295.4
– In the second year	**1,283.2**	1,779.9
– Over two years and within five years	**483.2**	1,704.5
Bank borrowings with a repayment on demand clause		
– Within one year	**54.1**	200.0
	8,484.5	8,979.8
Other borrowings		
– Over five years	**62.1**	62.1
	8,546.6	9,041.9

As at 31 December 2024, all the bank loans and other borrowings are in Hong Kong dollars except for equivalent amount of HK$1,063.3 million and HK$270.7 million (31/12/2023: HK$635.3 million and HK$nil) which was denominated in US dollar and Renminbi ("RMB") respectively. Further details related to financial risk management of such balances are disclosed in Note 46.

36. Creditors and Accruals

(HK$ Million)	**31/12/2024**	31/12/2023
Creditors	**253.0**	203.4
Accrued staff costs and other accrued expenses	**197.7**	264.0
	450.7	467.4

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

37. Related Party Transactions

During the year, the Group entered into the following material transactions with related parties:

(HK$ Million)	**2024**	2023
Associates and joint ventures of ultimate holding company		
Executive international business travel charge received/receivable from an associate of ultimate holding company **	**2.0**	–
Building management fees to a joint venture of ultimate holding company *	**(5.2)**	(5.3)
Interest expense to a joint venture of ultimate holding company on lease liabilities ** [@]	**(2.6)**	(0.4)
Holding company and its subsidiaries		
Executive international business travel charge received/receivable from fellow subsidiaries **	**2.0**	–
Interest income from a fellow subsidiary	**–**	0.2
Finance costs to fellow subsidiaries **	**(5.3)**	(5.7)
Licence fee paid/payable to a fellow subsidiary *	**(2.0)**	(2.2)
Interest expenses to a fellow subsidiary on lease liabilities **	**(0.4)**	(0.7)
Management fees paid/payable to a holding company *	**(13.0)**	(14.6)
Building management fees to a holding company *	**–**	(0.1)
Rental and building management fees to fellow subsidiaries **	**(0.6)**	(1.0)
Interest expenses to a holding company on lease liabilities **[#]	**(2.1)**	(2.9)
Other related parties		
Executive international business travel charge received/receivable from related companies **	**4.0**	–
Staff and administrative service fee paid/payable to a related company **	**(1.4)**	(1.2)
Management fee received/receivable from Group Executive Chairman under the Discretionary Investment Management Agreement *	**0.6**	0.5
Advisory service fee paid/payable to Vice Chairman and Non-Executive Director of a holding company **	**(3.0)**	(3.0)

37. Related Party Transactions *(Continued)*

* The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Connected Transaction and Continuing Connected Transactions of the Directors' Report.

** The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those transactions are exempt from all disclosure requirements in Chapter 14A of the Listing Rules.

@ As at 31 December 2024, the Group has lease liabilities of HK$27.6 million (2023: HK$nil) to the joint venture of ultimate holding company. During the year ended 31 December 2024, the Group has recognised additions to right-of-use assets of HK$54.4 million* (2023: HK$nil*) and additions to lease liabilities of HK$53.4 million (2023: HK$nil) for properties with joint venture of holding company.

As at 31 December 2024, the Group has lease liabilities of HK$29.3 million (2023: HK$75.2 million) to a holding company. During the year ended 31 December 2024, the Group has recognised additions to right-of-use assets of HK$nil* (2023: HK$12.9 million*) and additions to lease liabilities of HK$nil (2023: HK$12.1 million) for properties with a holding company.

Compensation of Key Management Personnel

The remuneration of Directors and other members of key management during the year were as follows:

(HK$ Million)	**2024**	2023
Short-term benefits ***	**33.5**	27.1
Post-employment benefits ***	**1.2**	1.1
	34.7	28.2

*** During the year, 627,000 shares were granted under the SHK EOS to key management personnel. In addition, 279,000 shares with a total amount of HK$0.6 million were vested for key management personnel during the year. The total dividend payments paid to the key management personnel during the year were HK$0.1 million (2023: HK$0.3 million). Further information of the EOS is disclosed in the "Management Discussion and Analysis" Section and Directors' Report of this Annual Report.

Loans and credit facilities to key management personnel

During the year, the Group provided credit facilities and loans to key management personnel and their close family member of the Group. The credit facilities and loans were provided in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of a similar standing or, where applicable, with other employees.

(HK$ Million)	**2024**	2023
Aggregate amount of relevant loans made by the Group outstanding at 31 December **	**–**	–
Maximum aggregate amount of relevant loans made by the Group outstanding during the year **	**0.1**	–
Credit facilities to key management personnel and their close family member of the Group **	**1.3**	1.0

At the end of the reporting period, the Group had the following material balances with related parties:

(HK$ Million)	**31/12/2024**	31/12/2023
Associates		
Amounts due from associates ^	**203.8**	218.1
Holding company and fellow subsidiaries		
Amount due to a holding company (including management fees payable) *	**(1.7)**	(1.8)
Notes payable held by fellow subsidiaries **	**(15.5)**	(93.7)

* The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Directors' Report.

** The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However those transactions are exempt from all disclosure requirements in Chapter 14A of the Listing Rules.

^ The transactions did not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

The amount due to a holding company is unsecured, non-interest bearing and repayable on demand.

38. Provisions

(HK$ Million)	Employee benefits	Loan commitments	Others	Total
At 1 January 2023	0.9	30.4	18.0	49.3
Additional provisions for the year	0.8	0.2	3.1	4.1
At 31 December 2023	**1.7**	**30.6**	**21.1**	**53.4**
Additional provisions for the year	**–**	**–**	**3.0**	**3.0**
Amount written back	**(0.7)**	**(1.5)**	**–**	**(2.2)**
At 31 December 2024	**1.0**	**29.1**	**24.1**	**54.2**

(HK$ Million)	31/12/2024	31/12/2023
Analysed for reporting purposes as:		
– Current liabilities	**53.2**	52.0
– Non-current liabilities	**1.0**	1.4
	54.2	53.4

The provisions for loan commitments are ECL loss allowances recognised under HKFRS 9.

39. Other Liabilities

(HK$ Million)	31/12/2024	31/12/2023
Non-current		
– Third-party interests in consolidated structured entities	**29.9**	36.9
Current		
– Third-party interests in consolidated structured entities	**55.0**	27.0
	84.9	63.9

Third-party interests in consolidated structured entities consist of third-party unit holders' interests in these consolidated structured entities which are reflected as liabilities since there is a contractual obligation for the Group to repurchase or redeem the unit for cash. The third-party interests in consolidated structured entities are categorised at level 2 under fair value hierarchy.

The realisation of third-party interests in consolidated funds cannot be predicted with accuracy since these interests represent the interests of third-party unit holders in consolidated funds held to back investment contract liabilities and are subject to market risk and the actions of third-party investors.

40. Lease Liabilities

(HK$ Million)	31/12/2024	31/12/2023
Current liabilities	**107.5**	84.2
Non-current liabilities	**117.3**	189.6
	224.8	273.8

(HK$ Million)	31/12/2024	31/12/2023
Maturity analysis		
Not later than 1 year	**107.5**	84.2
Later than 1 year and not later than 5 years	**81.1**	130.0
Later than 5 years	**36.2**	59.6
	224.8	273.8

41. Notes Payable

(HK$ Million)	31/12/2024	31/12/2023
US dollar denominated notes (the "US$ Notes")		
– 5.75% US$ Notes maturing in November 2024 (the "2024 Notes")	**–**	2,401.3
– 5.00% US$ Notes maturing in September 2026 (the "2026 Notes")	**2,965.4**	3,060.7
HK dollar denominated notes (the "HK$ Notes")		
– Asset backed notes maturing in June 2025	**100.3**	401.2
	3,065.7	5,863.2
Analysed for reporting purposes as:		
– Current liabilities	**156.4**	2,859.8
– Non-current liabilities	**2,909.3**	3,003.4
	3,065.7	5,863.2

The US$ Notes were issued by a subsidiary of the Group, Sun Hung Kai & Co. (BVI) Limited, under a US$3 billion guaranteed medium term note programme.

41. Notes Payable *(Continued)*

The 2026 Notes are listed on The Stock Exchange of Hong Kong Limited. The nominal value of the 2026 Notes was US$376.2 million or equivalent to HK$2,921.1 million (31/12/2023: US$386.2 million or equivalent to HK$3,015.6 million) at the end of the reporting period. The fair value of the 2026 Notes based on the price quoted from pricing service at the end of the reporting period was HK$2,864.5 million (31/12/2023: HK$2,634.3 million) which was categorised as Level 2.

During the year ended 31 December 2024, the Group has repurchased an aggregate principal amount of US$28.0 million or equivalent to approximately HK$218.7 million of the 2024 Notes (2023: US$24.6 million or equivalent to approximately HK$193.2 million) and an aggregate principal amount of US$9.9 million or equivalent to approximately HK$77.3 million of the 2026 Notes (2023: US$34.9 million or equivalent to approximately HK$273.5 million). All notes were cancelled during the year. Gain on repurchase of notes amounted to HK$5.0 million for the year (2023: HK$38.9 million) as disclosed in Note 7. The 2024 Notes matured in November 2024 and the outstanding balance was fully repaid during the year ended 31 December 2024.

In 2021, the Group entered into a HK$1,066.7 million securitisation financing transaction (the "Transaction"). Pursuant to the Transaction, the Group transferred mortgage loans receivable to a special purpose vehicle ("the SPV") operated in Hong Kong. The Transaction consists of two classes – Class A and Class B. In 2024, the Group renewed the Transaction into a HK$1,611.4 million securitisation financing transaction. Class B notes of HK$411.4 million was subscribed by a subsidiary of the Group.

The Group holds undivided interest in the mortgage loans receivable transferred. In accordance with HKFRS 10 "Consolidated Financial Statements", the SPV is controlled by the Group and the results thereof are consolidated by the Group in its consolidated financial statements. According to HKFRS 9, assets transferred under the Transaction have not been derecognised and remained in the Group's consolidated financial statements. The debt issued is backed by the mortgage loans receivable transferred and is recognised in the Group's consolidated financial statements with the carrying amount denominated in HKD.

	Asset backed notes HK$ Million
As at 31 December 2024	
Carrying amount of transferred assets	**156.3**
Carrying amount of associated liabilities	**100.3**
Net position	**56.0**
As at 31 December 2023	
Carrying amount of transferred assets	732.0
Carrying amount of associated liabilities	401.2
Net position	330.8

42. Share Capital

	Number of shares		**Share capital**	
	31/12/2024 Million Shares	31/12/2023 Million Shares	**31/12/2024 HK$ Million**	31/12/2023 HK$ Million
Issued and fully paid				
Balance brought forward	**1,965.2**	1,967.4	**8,752.3**	8,752.3
Shares cancelled after repurchase	**(0.2)**	(2.2)	**–**	–
Balance carried forward	**1,965.0**	1,965.2	**8,752.3**	8,752.3

During the year, the trustee of the EOS did not acquire any shares of the Company through purchases on The Stock Exchange of Hong Kong Limited for the awarded shares of the EOS.

During the year ended 31 December 2023, the trustee of the EOS acquired 1.5 million shares of the Company through purchases on The Stock Exchange of Hong Kong Limited for the awarded shares of the EOS. The total amount paid to acquire the shares during the period was HK$4.0 million, which has been deducted from the owners' equity. Further information is disclosed in the relevant section of "Management Discussion and Analysis" section of this Annual Report.

During the year, the Company repurchased a total of 0.2 million shares (2023: 2.2 million shares) through purchases on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK$0.5 million (2023: HK$5.9 million). Further information is disclosed in the relevant section of the Directors' Report.

43. Analysis of Other Comprehensive (Expenses) Income

(HK$ Million)	Attributable to owners of the Company Exchange reserve	 Revaluation reserve	Non- controlling interests	Total
For the year ended 31 December 2024				
Fair value gain on investment in equity instrument at fair value through other comprehensive income	**–**	**72.5**	**2.9**	**75.4**
Revaluation gain on investment properties transferred from owned properties	**–**	**1.8**	**1.0**	**2.8**
Exchange differences arising on translating foreign operations	**(63.6)**	**–**	**(42.0)**	**(105.6)**
Reclassification adjustment to profit or loss on liquidation of subsidiaries	**28.9**	**–**	**17.2**	**46.1**
Share of other comprehensive expense of associates	**(7.2)**	**–**	**–**	**(7.2)**
Share of other comprehensive expenses of joint ventures	**(19.6)**	**–**	**–**	**(19.6)**
	(61.5)	**74.3**	**(20.9)**	**(8.1)**
For the year ended 31 December 2023				
Fair value loss on investment in equity instrument at fair value through other comprehensive income	–	(53.0)	(0.2)	(53.2)
Revaluation gain on investment properties transferred from owned properties	–	12.0	7.1	19.1
Exchange differences arising on translating foreign operations	(60.0)	–	(26.3)	(86.3)
Share of other comprehensive income of associates	6.7	–	–	6.7
Share of other comprehensive expenses of joint ventures	(3.3)	–	–	(3.3)
	(56.6)	(41.0)	(19.4)	(117.0)

44. Commitments

(a) Lease commitments

The Group as lessee:

At 31 December 2024, the Group is committed to HK$0.4 million (2023: HK$0.8 million) for short-term leases.

The maturity profile of the lease liabilities is disclosed in Note 40.

The Group as lessor:

At 31 December 2024, all of the properties held for rental purpose have committed operating leases for the next 4 years (2023: 3 years) respectively. Undiscounted lease payments receivables on leases are as follows:

(HK$ Million)	31/12/2024	31/12/2023
Within one year	**16.3**	16.1
In the second year	**14.7**	3.9
In the third year	**9.8**	0.4
In the fourth year	**1.4**	–
	42.2	20.4

(b) Loan commitments

At the end of reporting period, the Group had undrawn loan commitments to consumer finance customers and mortgage customers granted by the Group under revolving credit facility arrangement which fall due as follows:

(HK$ Million)	31/12/2024	31/12/2023
Within one year	**2,699.7**	2,126.6
	2,699.7	2,126.6

(c) Other commitments

(HK$ Million)	31/12/2024	31/12/2023
Capital commitments for investments	**1,507.3**	1,438.4
Other capital commitments	**6.0**	8.9
	1,513.3	1,447.3

45. Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support the Group's growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2024 and 31 December 2023.

Certain subsidiaries of the Group are subject to regulatory imposed capital and liquid capital requirements. These subsidiaries have complied with those requirements at all time during both the current and prior financial years.

For subsidiaries with regulated capital and liquidity requirements, the Group closely monitors their liquidity positions. To ensure strict compliance, the Group maintains adequate cash reserves to prepare for immediate fund injection if required. If there is a medium to long-term operational need, management would also consider adjusting those subsidiaries' capital structure. Subsidiaries with external equity stakeholders are generally responsible for their own liquidity management.

The Group monitors capital using a net gearing ratio, which is net debts divided by the equity. Net debts represent the total of bank and other borrowings and notes payable less bank deposits, cash and cash equivalents. The equity comprises all components of equity attributable to the owners of the Company. The net gearing ratio at the reporting date was as follows:

(HK$ Million)	**31/12/2024**	31/12/2023
Bank and other borrowings	**8,546.6**	9,041.9
Notes payable	**3,065.7**	5,863.2
	11,612.3	14,905.1
Less: bank deposits, cash and cash equivalents	**(5,007.2)**	(6,692.7)
Net debts	**6,605.1**	8,212.4
Equity attributable to owners of the Company	**21,147.5**	21,268.0
Net gearing ratio	**31.2%**	38.6%

46. Financial Risk Management

Risk is inherent in the financial service business and sound risk management is a cornerstone of prudent and successful financial practice. That said, the Group acknowledges that a balance must be achieved between risks control and business growth. The principal financial risks inherent in the Group's business are market risk (includes equity risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's risk management objective is to enhance shareholders' value while retaining exposure within acceptable thresholds.

The Group's risk management governance structure is designed to cover all business activities and to ensure all relevant risk classes are properly managed and controlled. The Group has adopted a sound risk management and organisational structure equipped with policies and procedures which are reviewed regularly and enhanced when necessary in response to changes in markets, the Group's operating environment and business strategies. The Group's independent control functions including Internal Audit, play an important role in the provision of assurance to the Board and senior management that a sound internal risk management mechanism is implemented, maintained and adhered to.

(a) Market Risk

(i) Equity Risk

There are many asset classes available for investment in the marketplace. One of the Group's key business undertakings is investing in equity. Market risk arising from any equity investments is driven by the daily fluctuations in market prices or fair values. The ability to mitigate such risk depends on the availability of any hedging instruments and the diversification level of the investment portfolios undertaken by the Group. More importantly, the knowledge and experience of the trading staff managing the risk are also vital to ensure exposure is being properly hedged and rebalanced in the most timely manner. Proprietary trading across the Group is subject to limits approved by senior management. Valuation of these instruments is measured on a "mark-to-market" and "mark-to-fair-value" basis depending on whether they are listed or unlisted.

The Group's market-making and proprietary trading positions and their financial performance are reported daily to senior management for review.

The table below summarises the overall financial impact on the Group arising from market movements in global equity indices. The analysis is based on the assumption that equity indices move ±20% with all other variables being held constant and all equity instruments undertaken by the Group moving simultaneously. Declines in the indices are expressed as negatives.

46. Financial Risk Management *(Continued)*

(a) Market Risk *(Continued)*

(i) Equity Risk *(Continued)*

	At 31 December 2024				At 31 December 2023			
	Potential impact on profit or loss for the year		Potential impact on other components of equity		Potential impact on profit or loss for the year		Potential impact on other components of equity	
(HK$ Million)	20%	-20%	20%	-20%	20%	-20%	20%	-20%
Local Index	**29.6**	**(37.3)**	**6.6**	**(6.6)**	127.8	(143.2)	5.0	(5.0)
Overseas Index	**2,370.0**	**(2,444.0)**	**51.0**	**(51.0)**	2,432.2	(2,463.0)	33.4	(33.4)

Futures, options and knock-out options are hedged by other derivatives in view of the volatile markets and wide trading ranges.

(ii) Interest Rate Risk

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from private credit, mortgage loans as well as loans and advances to consumer finance customers. Interest spreads are managed with the objective of maximising spreads to ensure consistency with liquidity and funding obligations.

At 31 December 2024, regarding the cash flow interest rate risk, assuming that market interest rates moved by ±50 basis points (31/12/2023: ±50 basis points), the profit before tax for the year for the Group would have been HK$36.2 million lower or HK$36.2 million higher respectively (2023: HK$34.6 million lower or HK$35.0 million higher respectively).

The exposures of the Group's financial assets (liabilities) bearing variable interest rate to cash flow interest rate risks and the earlier of their contractual repricing dates and contractual maturity dates are as follows:

(HK$ Million)	On demand or less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2024					
Loans and advances to consumer finance customers	**53.0**	**–**	**–**	**–**	**53.0**
Mortgage loans	**642.4**	**–**	**–**	**–**	**642.4**
Term loans	**–**	**–**	**42.2**	**–**	**42.2**
Amounts due from associates	**–**	**–**	**138.8**	**–**	**138.8**
Bank deposits, cash and cash equivalents	**1,827.1**	**–**	**–**	**–**	**1,827.1**
Loans receivable included in financial assets at fair value through profit or loss	**138.7**	**–**	**–**	**–**	**138.7**
Bank and other borrowings	**(8,230.8)**	**–**	**–**	**–**	**(8,230.8)**
Notes payable	**(100.3)**	**–**	**–**	**–**	**(100.3)**
At 31 December 2023					
Loans and advances to consumer finance customers	49.0	–	–	–	49.0
Mortgage loans	44.6	702.0	–	–	746.6
Term loans	–	–	40.3	–	40.3
Amounts due from associates	–	–	153.2	–	153.2
Bank deposits, cash and cash equivalents	2,486.9	30.0	–	–	2,516.9
Loans receivable included in financial assets at fair value through profit or loss	–	111.8	396.9	–	508.7
Bank and other borrowings	(8,835.5)	–	–	–	(8,835.5)
Notes payable	(401.2)	–	–	–	(401.2)

46. Financial Risk Management *(Continued)*

(a) Market Risk *(Continued)*

(ii) Interest Rate Risk *(Continued)*

The exposures of the Group's financial assets (liabilities) bearing fixed interest rate to fair value interest rate risks and the earlier of their contractual repricing dates and contractual maturity dates are as follows:

(HK$ Million)	On demand or less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
At 31 December 2024						
Loans and advances to consumer finance customers	**2,518.3**	**4,244.4**	**3,579.5**	**133.2**	**–**	**10,475.4**
Mortgage loans	**930.5**	**405.9**	**–**	**–**	**–**	**1,336.4**
Bonds and notes included in financial assets at fair value through profit or loss	**1.1**	**–**	**–**	**–**	**244.9**	**246.0**
Term loans	**109.4**	**74.8**	**–**	**–**	**–**	**184.2**
Amounts due from associates	**–**	**–**	**–**	**–**	**65.0**	**65.0**
Bank deposits, cash and cash equivalents	**2,099.1**	**679.8**	**–**	**–**	**401.2**	**3,180.1**
Loans receivable included in financial assets at fair value through profit or loss	**–**	**182.8**	**–**	**–**	**–**	**182.8**
Bank and other borrowings	**(291.7)**	**–**	**–**	**–**	**(24.1)**	**(315.8)**
Lease liabilities	**(29.4)**	**(78.1)**	**(81.1)**	**(36.2)**	**–**	**(224.8)**
Notes payable	**–**	**(56.1)**	**(2,909.3)**	**–**	**–**	**(2,965.4)**
At 31 December 2023						
Loans and advances to consumer finance customers	2,438.0	4,443.1	3,545.0	152.1	–	10,578.2
Mortgage loans	719.7	997.9	4.5	–	–	1,722.1
Bonds and notes included in financial assets at fair value through profit or loss	34.1	–	–	–	192.5	226.6
Term loans	121.8	45.8	–	–	–	167.6
Amounts due from associates	–	–	–	–	64.9	64.9
Bank deposits, cash and cash equivalents	3,557.8	230.6	–	–	387.4	4,175.8
Loans receivable included in financial assets at fair value through profit or loss	–	113.8	100.5	–	–	214.3
Bank and other borrowings	(67.1)	(135.5)	–	–	(3.8)	(206.4)
Lease liabilities	(22.9)	(61.3)	(130.0)	(59.6)	–	(273.8)
Notes payable	–	(2,458.6)	(3,003.4)	–	–	(5,462.0)

(iii) Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from movements in foreign exchange rates.

The Group's foreign exchange risk primarily arises from currency exposures originating from proprietary trading positions, private equity investments, loans and advances and bank and other borrowings denominated in foreign currencies, mainly in Australian dollars, British pounds, Euro and RMB. Foreign exchange risk is managed and monitored by senior management. The risk arises from open currency positions are subject to ratios that are monitored and reported weekly.

At 31 December 2024, assuming that the foreign exchange rates moved ±5% (31/12/2023: ±5%) with all other variables held constant, the profit before tax for the year for the Group would be HK$96.8 million (2023: HK$104.6 million) higher/lower.

46. Financial Risk Management *(Continued)*

(b) Credit Risk

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2024, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum exposure to credit risk (which for financial assets is represented by their carrying amounts) and the related impairment assessment are summarised in the tables below. In addition, the Group is also exposed to credit risk arising from loan commitments for which the maximum exposure to credit risk is as disclosed in Note 44(b) to the consolidated financial statements. The maximum exposure to credit risk of the investment securities at FVTPL which are exposed to credit risk is their carrying amount, which amounts to HK$1,549.3 million at 31 December 2024 (2023: HK$1,473.4 million), and is monitored by management according to their geographical locations and industries. Generally, the Group considers that the credit risks associated with loans and advances to consumer finance customers, mortgage loans and term loans are mitigated for those secured over properties and other securities. For those remaining items that do not have any collateral or other credit enhancements to cover its credit risks associated with its financial assets and loan commitments, are exposed to credit risk.

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Group evaluates the credit risk for each loan application on the basis of the repayment abilities of the customers having regard to their financial position, employment status, past due record and credit reference checking result (if applicable).

The Group takes into consideration forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables, which is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting, along with a representative range of other possible forecast scenarios. The process involves developing two or more additional economic scenarios which represent more optimistic and more pessimistic outcomes, and considering the relative probabilities of each forecast scenarios. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the International Monetary Fund (IMF), and selected private-sector and academic forecasters. The economic scenarios included the forecast of key macroeconomic indicators variables such as Hong Kong Gross Domestic Product (GDP) growth rate and Hong Kong unemployment rate, which are expected to be at 2.98% (2023: 2.93%) and 2.74% (2023: 3.08%) in the next 12 months in the base case scenario in 2024. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not changed the estimation techniques or significant assumptions during the reporting period.

Credit limits are granted according to the hierarchy of approval authorities within the Group, including the front-line approval officers, central credit officers, the Credit Committee and the Boards of Directors of the respective companies within the Group (if applicable).

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions and interviews with customers to update the credit risk of customers. Credit review checking and approval processes are properly segregated to ensure effective internal control over credit risk and monitoring in the respective companies within the Group. Dedicated teams of operations staff independent from the credit approval authorities are assigned for recovery of overdue debts. The credit quality review process enables the Group to assess the potential loss as a result of the risk to which it is exposed and take appropriate corrective actions.

The Group adopts a prudent approach to credit risk management framework. Its credit policy is timely revised to align with the prevailing credit environment which is continuously affected by changes in business, economy, regulatory requirements, money market, and social conditions.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Credit risk and impairment assessment *(Continued)*

Internal Audit Department and Risk Management Department of respective companies within the Group periodically conducts internal control reviews and compliance checking over all aspects of credit processes to ensure that the established credit policies and procedures are complied with and sufficient controls are in place to mitigate credit risk.

The credit risks on bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

Other than the concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Loans and advances to consumer finance customers, mortgage loans and term loans consist of a large number of customers who are spread across diverse industries.

Concentration risk of loans and advances to consumer finance customers is managed by reference to individual customers. The aggregate credit exposure in relation to the ten largest outstanding consumer finance customers, including corporate entities and individuals, after taking into account any collateral held or other credit enhancements, net of ECL, at 31 December 2024 was HK$587.4 million (2023: HK$637.4 million) of which 57.4% (2023: 53.8%) was secured by collateral.

Concentration risk of mortgage loans is managed by reference to individual mortgage finance customers. The aggregate credit exposure in relation to the ten largest outstanding mortgage finance customers, including corporate entities and individuals, after taking into account any collateral held or other credit enhancements, net of ECL, at 31 December 2024 was HK$778.6 million (2023: HK$998.2 million) of which 100% (2023: 100%) was secured by collateral.

Concentration risk of term loans is managed by reference to individual term loan customers. The aggregate credit exposure in relation to the ten largest outstanding term loan customers, including corporate entities and individuals, after taking into account any collateral held or other credit enhancements, net of ECL, at 31 December 2024 was HK$210.1 million (2023: HK$207.9 million) of which 92.8% (2023: 100%) was secured by collateral.

The Group's internal credit risk assessment for loans and advances to consumer finance customers and mortgage loans comprises the following categories:

Internal credit risk categories	**Description**	**Loans and receivables at amortised costs**	**Loan commitments**
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL	12-month ECL
Watch list	Debtor usually settles overdue balances after due date	12-month ECL	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition based on information from internal or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of debts	Amount is written off against the allowance account	N/A

The Group takes into consideration forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information includes economic data and forecasts published by governmental bodies and monetary authorities.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not changed in the estimation techniques or significant assumptions during the reporting period.

The tables below detail the credit risk exposures of the Group's financial assets (including loans and advances to consumer finance customers, mortgage loans, term loans, amounts due from associates, amounts due from brokers, short-term pledged bank deposits and bank balances, bank deposits, cash and cash equivalents and other receivables) and loan commitments, which are subject to ECL assessment:

	Notes	Internal credit risk categories	12-month or lifetime ECL	Gross carrying amount	
				31/12/2024 HK$ Million	31/12/2023 HK$ Million
Loans and receivables at amortised costs and maximum exposure to credit risk without taking into account of any collaterals and other credit enhancements					
Loans and advances to consumer finance customers	30	Low risk/watch list	12-month ECL	**10,574.0**	10,691.0
		Doubtful	Lifetime ECL (not credit impaired)	**487.6**	428.0
		Loss	Lifetime ECL (credit-impaired)	**80.1**	78.0
				11,141.7*	11,197.0*
Mortgage loans	31	Low risk/watch list	12-month ECL	**1,051.8**	1,867.0
		Doubtful	Lifetime ECL (not credit impaired)	**218.0**	117.0
		Loss	Lifetime ECL (credit-impaired)	**876.4**	585.1
				2,146.2*	2,569.1*
Term loans	32	Note 2	12-month ECL	**111.2**	43.9
		Note 2	Lifetime ECL (not credit impaired)	**–**	89.4
		Loss	Lifetime ECL (credit-impaired)	**621.9**	598.2
				733.1*	731.5*
Amounts due from associates	29	Low risk/watch list	12-month ECL	**210.8**	223.6
		Loss	Lifetime ECL (credit-impaired)	**16.7**	17.1
				227.5	240.7
Amounts due from brokers		Low risk/watch list	12-month ECL	**418.7**	574.0
Fixed deposits with banks with an original maturity between 4 to 12 months	34	Low risk/watch list	12-month ECL	**679.8**	230.6
Bank balances and deposits	34	Low risk/watch list	12-month ECL	**4,327.4**	6,462.1
Deposits and other receivables	33	Low risk/watch list	12-month ECL	**210.3**	181.4
		Loss	Lifetime ECL (credit-impaired)	**8.1**	–
				218.4	181.4
Other items					
Loan commitments (Note 1)	44	Low risk/watch list	12-month ECL	**2,694.5**	2,117.1
		Doubtful	Lifetime ECL (not credit impaired)	**5.2**	9.5
				2,699.7	2,126.6

* The gross carrying amounts disclosed above include the relevant interest receivables.

Notes:

1. Loan commitments represent undrawn loan commitments to consumer finance customers and mortgage customers granted by the Group under revolving loan facility arrangement.

2. The ECL is assessed by reference to the probability of default and loss given default for the relevant credit rating grades published by external credit rating agencies, and adjusted for forward-looking factors that are available.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Impairment assessment

To assess the impairment loss on loans and advances to consumer finance customers, the Group groups together all outstanding loan balances, not subject to individual assessment, with common risk characteristics which are ascertained by categories of loan products and are further categorised then into different past due days brackets. ECL is calculated using methodology prescribed under HKFRS 9 (details refer to Note 3 Financial assets – impairment of financial assets) and the resultant impairment loss rate for loans balances which are assessed are shown below:

Gross carrying amount being assessed based on collective assessment:

Loans and advances to consumer finance customers	**Average loss rate**	**31/12/2024 HK$ Million**	Average loss rate	31/12/2023 HK$ Million
Current (not past due)	**4.0%**	**8,379.7**	3.6%	8,278.4
1 to 30 days past due	**18.9%**	**560.1**	15.4%	614.5
31 to 60 days past due	**59.4%**	**91.4**	51.7%	109.8
61 to 90 days past due	**74.6%**	**67.1**	73.6%	70.9
		9,098.3		9,073.6

Debtors with significant outstanding balances or credit-impaired debts with gross carrying amounts of HK$1,950.5 million and HK$92.9 million respectively (2023: HK$2,045.4 million and HK$78.0 million respectively) on 31 December 2024 were assessed individually for impairment loss allowances.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

The following tables show reconciliation of loss allowances that have been recognised for loans and advances to consumer finance customers, mortgage loans, term loans, amounts due from associates, loan commitments and deposits and other receivables.

Loans and advances to consumer finance customers

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at 1 January 2023	406.1	179.1	19.2	604.4
Changes due to financial instruments recognised as at 1 January 2023:				
– Transfer from 12-month ECL to lifetime ECL	(30.4)	30.4	–	–
– Transfer from lifetime ECL to 12-month ECL	9.2	(9.2)	–	–
– Transfer from 12-month ECL to credit-impaired	(10.9)	–	10.9	–
– Transfer from lifetime ECL to credit-impaired	–	(287.0)	287.0	–
– Net remeasurement of ECL	(26.3)	332.5	645.2	951.4
– Repayment and derecognition	(512.9)	(68.3)	(2.5)	(583.7)
New financial assets originated	544.0	–	–	544.0
	(27.3)	(1.6)	940.6	911.7
Movement without impact on profit or loss:				
Written off (Note)	–	–	(944.6)	(944.6)
Exchange adjustments	(1.1)	(0.6)	–	(1.7)
	(1.1)	(0.6)	(944.6)	(946.3)
As at 31 December 2023	**377.7**	**176.9**	**15.2**	**569.8**
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	**(44.9)**	**44.9**	**–**	**–**
– Transfer from lifetime ECL to 12-month ECL	**4.3**	**(4.3)**	**–**	**–**
– Transfer from 12-month ECL to credit-impaired	**(15.3)**	**–**	**15.3**	**–**
– Transfer from lifetime ECL to credit-impaired	**–**	**(337.9)**	**337.9**	**–**
– Net remeasurement of ECL	**35.9**	**386.6**	**610.8**	**1,033.3**
– Repayment and derecognition	**(568.0)**	**(70.5)**	**(7.0)**	**(645.5)**
New financial assets originated	**619.8**	**–**	**–**	**619.8**
	31.8	**18.8**	**957.0**	**1,007.6**
Movement without impact on profit or loss:				
Written off (Note)	**–**	**–**	**(962.8)**	**(962.8)**
Exchange adjustments	**(0.9)**	**(0.4)**	**–**	**(1.3)**
	(0.9)	**(0.4)**	**(962.8)**	**(964.1)**
As at 31 December 2024	**408.6**	**195.3**	**9.4**	**613.3**

Note: Amount of HK$962.8 million (2023: HK$944.6 million) that were written off during the year are still subject to enforcement activities.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Mortgage loans

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at 1 January 2023	–	–	43.6	43.6
Changes due to financial instruments recognised as at 1 January 2023:				
– Net remeasurement of ECL	–	–	81.3	81.3
– Repayment and derecognition	–	–	(23.8)	(23.8)
	–	–	57.5	57.5
Movement without impact on profit or loss:				
Written off (Note)	–	–	(0.7)	(0.7)
	–	–	(0.7)	(0.7)
As at 31 December 2023	**–**	**–**	**100.4**	**100.4**
Changes due to financial instruments recognised as at 1 January 2024:				
– Net remeasurement of ECL	**1.8**	**2.7**	**71.8**	**76.3**
	1.8	**2.7**	**71.8**	**76.3**
Movement without impact on profit or loss:				
Written off (Note)	**–**	**–**	**(9.3)**	**(9.3)**
	–	**–**	**(9.3)**	**(9.3)**
As at 31 December 2024	**1.8**	**2.7**	**162.9**	**167.4**

Note: Amount of HK$9.3 million (2023: HK$0.7 million) that were written off during the year are still subject to enforcement activities.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Term loans

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at 1 January 2023	9.5	–	773.2	782.7
Changes due to financial instruments recognised as at 1 January 2023:				
– Transfer from 12-month ECL to Lifetime ECL	(6.6)	6.6	–	–
– Transfer from 12-month ECL to credit-impaired	(0.4)	–	0.4	–
– Net remeasurement of ECL	0.2	26.1	4.0	30.3
	(6.8)	32.7	4.4	30.3
Movement without impact on profit or loss:				
Written off (Note)	–	–	(295.8)	(295.8)
Exchange adjustment	–	–	6.4	6.4
	–	–	(289.4)	(289.4)
As at 31 December 2023	**2.7**	**32.7**	**488.2**	**523.6**
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from Lifetime ECL to credit-impaired	**–**	**(30.0)**	**30.0**	**–**
– Net remeasurement of ECL	**2.2**	**(2.7)**	**32.2**	**31.7**
	2.2	**(32.7)**	**62.2**	**31.7**
Movement without impact on profit or loss:				
Written off (Note)	**–**	**–**	**(48.6)**	**(48.6)**
	–	**–**	**(48.6)**	**(48.6)**
As at 31 December 2024	**4.9**	**–**	**501.8**	**506.7**

Note: Amount of HK$48.6 million (2023: HK$295.8 million) that were written off during the year are still subject to enforcement activities.

Amounts due from associates

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at 1 January 2023	5.6	–	17.4	23.0
Changes due to financial instruments recognised as at 1 January 2023:				
– Net remeasurement of ECL	(0.1)	–	(0.3)	(0.4)
	(0.1)	–	(0.3)	(0.4)
As at 31 December 2023	**5.5**	**–**	**17.1**	**22.6**
Changes due to financial instruments recognised as at 1 January 2024:				
– Net remeasurement of ECL	**1.5**	**–**	**(0.4)**	**1.1**
	1.5	**–**	**(0.4)**	**1.1**
As at 31 December 2024	**7.0**	**–**	**16.7**	**23.7**

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Loan commitments

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at 1 January 2023	24.7	5.7	–	30.4
Changes due to financial instruments recognised as at 1 January 2023:				
– Transfer from 12-month ECL to lifetime ECL	(0.4)	0.4	–	–
– Net remeasurement of ECL	(1.1)	4.3	–	3.2
– Expiry and derecognition	(24.2)	(5.2)	–	(29.4)
New loan commitments originated	26.4	–	–	26.4
As at 31 December 2023	**25.4**	**5.2**	**–**	**30.6**
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	**(0.2)**	**0.2**	**–**	**–**
– Net remeasurement of ECL	**(0.5)**	**3.5**	**–**	**3.0**
– Expiry and derecognition	**(27.0)**	**(6.0)**	**–**	**(33.0)**
New loan commitments originated	**28.5**	**–**	**–**	**28.5**
As at 31 December 2024	**26.2**	**2.9**	**–**	**29.1**

Deposits and other receivables

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at 1 January 2023	1.2	–	–	1.2
Changes due to financial instruments recognised as at 1 January 2023:				
– Repayment and derecognition	(0.9)	–	–	(0.9)
	(0.9)	–	–	(0.9)
As at 31 December 2023	**0.3**	**–**	**–**	**0.3**
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	**(4.0)**	**4.0**	**–**	**–**
– Transfer from lifetime ECL to credit-impaired	**–**	**(4.0)**	**4.0**	**–**
– Net remeasurement of ECL	**3.7**	**–**	**0.5**	**4.2**
	(0.3)	**–**	**4.5**	**4.2**
Movement without impact on profit or loss:				
Written off (Note)	**–**	**–**	**(0.5)**	**(0.5)**
	–	**–**	**(0.5)**	**(0.5)**
As at 31 December 2024	**–**	**–**	**4.0**	**4.0**

Note: Amount of HK$0.5 million (2023: Nil) that were written off during the year are still subject to enforcement activities.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Changes in the loss allowance for loans and advances to consumer finance customers, mortgage loans, term loans, amounts due from associates, loan commitments and deposits and other receivables are mainly due to changes in expected credit loss rate at each stage and changes in gross carrying amounts of respective loans and receivables are as follows:

Loans and advances to consumer finance customers

(HK$ Million)	**12-month ECL**	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
Gross carrying amount as at 1 January 2023	11,052.7	487.9	89.7	11,630.3
Changes due to financial instruments recognised as at 1 January 2023:				
– Transfer from 12-month ECL to lifetime ECL	(887.8)	887.8	–	–
– Transfer from lifetime ECL to 12-month ECL	29.0	(29.0)	–	–
– Transfer from 12-month ECL to credit-impaired	(302.7)	–	302.7	–
– Transfer from lifetime ECL to credit-impaired	–	(644.9)	644.9	–
– Repayment and derecognition	(14,564.1)	(271.5)	(14.5)	(14,850.1)
New financial assets originated	15,397.0	–	–	15,397.0
Written off	–	–	(944.6)	(944.6)
Exchange adjustments	(33.1)	(2.3)	(0.2)	(35.6)
Gross carrying amount as at 31 December 2023	**10,691.0**	**428.0**	**78.0**	**11,197.0**
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	**(900.7)**	**900.7**	**–**	**–**
– Transfer from lifetime ECL to 12-month ECL	**32.0**	**(32.0)**	**–**	**–**
– Transfer from 12-month ECL to credit-impaired	**(383.4)**	**–**	**383.4**	**–**
– Transfer from lifetime ECL to credit-impaired	**–**	**(591.5)**	**591.5**	**–**
– Repayment and derecognition	**(15,620.8)**	**(214.6)**	**(10.0)**	**(15,845.4)**
New financial assets originated	**16,795.7**	**–**	**–**	**16,795.7**
Written off	**–**	**–**	**(962.8)**	**(962.8)**
Exchange adjustments	**(39.8)**	**(3.0)**	**–**	**(42.8)**
Gross carrying amount as at 31 December 2024	**10,574.0**	**487.6**	**80.1**	**11,141.7**

As at 31 December 2024, loans and advances to consumer finance customers with a gross carrying amount of HK$79.1 million (with an impairment allowance of HK$8.7 million recognised) (2023: HK$75.1 million (with an impairment allowance of HK$13.5 million recognised)) classified as lifetime ECL (credit-impaired) is covered by collateral and other credit enhancement measures.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Mortgage loans

(HK$ Million)	**12-month ECL**	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
Gross carrying amount as at 1 January 2023	2,471.3	235.0	401.2	3,107.5
Changes due to financial instruments recognised as at 1 January 2023:				
– Transfer from 12-month ECL to lifetime ECL	(116.3)	116.3	–	–
– Transfer from 12-month ECL to credit-impaired	(449.2)	–	449.2	–
– Transfer from lifetime ECL to 12-month ECL	44.6	(44.6)	–	–
– Transfer from lifetime ECL to credit-impaired	–	(15.0)	15.0	–
– Transfer from credit-impaired to 12-month ECL	0.5	–	(0.5)	–
– Repayment and derecognition	(893.5)	(174.7)	(279.1)	(1,347.3)
New financial assets originated	809.6	–	–	809.6
Written off	–	–	(0.7)	(0.7)
Gross carrying amount as at 31 December 2023	**1,867.0**	**117.0**	**585.1**	**2,569.1**
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	**(203.9)**	**203.9**	**–**	**–**
– Transfer from 12-month ECL to credit-impaired	**(504.8)**	**–**	**504.8**	**–**
– Transfer from lifetime ECL to 12-month ECL	**0.4**	**(0.4)**	**–**	**–**
– Transfer from lifetime ECL to credit-impaired	**–**	**(10.9)**	**10.9**	**–**
– Repayment and derecognition	**(1,324.0)**	**(91.6)**	**(215.1)**	**(1,630.7)**
New financial assets originated	**1,217.2**	**–**	**–**	**1,217.2**
Written off	**–**	**–**	**(9.3)**	**(9.3)**
Exchange adjustments	**(0.1)**	**–**	**–**	**(0.1)**
Gross carrying amount as at 31 December 2024	**1,051.8**	**218.0**	**876.4**	**2,146.2**

As at 31 December 2024, mortgage loans with a gross carrying amount of HK$876.4 million (2023: HK$585.1 million) classified as lifetime ECL (credit-impaired) is covered by collateral.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Term loans

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Gross carrying amount as at 1 January 2023	178.9	–	941.3	1,120.2
Changes due to financial instruments recognised as at 1 January 2023:				
– Transfer from 12-month ECL to lifetime ECL	(89.4)	89.4	–	–
– Transfer from 12-month ECL to credit-impaired	(17.3)	–	17.3	–
– Repayment and derecognition	(75.4)	–	(64.6)	(140.0)
New financial assets originated	47.2	–	–	47.2
Written off	–	–	(295.8)	(295.8)
Exchange adjustments	(0.1)	–	–	(0.1)
Gross carrying amount as at 31 December 2023	**43.9**	**89.4**	**598.2**	**731.5**
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	**(0.9)**	**0.9**	**–**	**–**
– Transfer from 12-month ECL to credit-impaired	**(16.0)**	**–**	**16.0**	**–**
– Transfer from lifetime ECL to credit-impaired	**–**	**(75.8)**	**75.8**	**–**
– Repayment and derecognition	**–**	**(14.5)**	**(19.5)**	**(34.0)**
New financial assets originated	**84.7**	**–**	**–**	**84.7**
Written off	**–**	**–**	**(48.6)**	**(48.6)**
Exchange adjustments	**(0.5)**	**–**	**–**	**(0.5)**
Gross carrying amount as at 31 December 2024	**111.2**	**–**	**621.9**	**733.1**

As at 31 December 2024, term loans with a gross carrying amount of HK$561.9 million (with an impairment allowance of HK$441.8 million recognised) (2023: HK$591.5 million (with an impairment allowance of HK$485.9 million recognised)) classified as lifetime ECL (credit-impaired) is covered by collateral and other credit enhancement measures.

46. Financial Risk Management *(Continued)*

(b) Credit Risk *(Continued)*

Amounts due from associates

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Gross carrying amount as at 1 January 2023	247.2	–	17.5	264.7
Changes due to financial instruments recognised as at 1 January 2023:				
– Repayment and derecognition	(34.5)	–	(0.4)	(34.9)
New financial assets originated	3.4	–	–	3.4
Exchange adjustments	7.5	–	–	7.5
Gross carrying amount as at 31 December 2023	**223.6**	**–**	**17.1**	**240.7**
Changes due to financial instruments recognised as at 1 January 2024:				
– Repayment and derecognition	**(12.8)**	**–**	**(0.4)**	**(13.2)**
Gross carrying amount as at 31 December 2024	**210.8**	**–**	**16.7**	**227.5**

Deposits and other receivables

(HK$ Million)	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Gross carrying amount as at 1 January 2023	202.4	–	–	202.4
Changes due to financial instruments recognised as at 1 January 2023:				
– Repayment and derecognition	(25.2)	–	–	(25.2)
New financial assets originated	4.6	–	–	4.6
Exchange adjustments	(0.4)	–	–	(0.4)
Gross carrying amount as at 31 December 2023	**181.4**	**–**	**–**	**181.4**
Changes due to financial instruments recognised as at 1 January 2024:				
– Transfer from 12-month ECL to lifetime ECL	**(8.1)**	**8.1**	**–**	**–**
– Transfer from 12-month ECL to credit-impaired	**(0.5)**	**–**	**0.5**	**–**
– Transfer from lifetime ECL to credit-impaired	**–**	**(8.1)**	**8.1**	**–**
– Repayment and derecognition	**(8.4)**	**–**	**–**	**(8.4)**
New financial assets originated	**45.9**	**–**	**–**	**45.9**
Written off	**–**	**–**	**(0.5)**	**(0.5)**
Gross carrying amount as at 31 December 2024	**210.3**	**–**	**8.1**	**218.4**

46. Financial Risk Management *(Continued)*

(c) Liquidity Risk

The goal of liquidity management is to mitigate risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or make the required profit. Another goal is to enable the Group, even under adverse market conditions, to actively manage and match funds inflow against all maturing repayment obligations to achieve maximum harmony on cash flow management.

The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group involving Executive Directors (including the Group CFO).

The exposure of the Group's contractual undiscounted cash flows for financial liabilities and lease liabilities and their contractual maturity dates are as follows:

(HK$ Million)	On demand or less than 90 days	91 days to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2024					
Bank and other borrowings [+]	**6,570.0**	**311.6**	**1,819.6**	**62.1**	**8,763.3**
Creditors	**252.6**	**0.2**	**0.2**	**–**	**253.0**
Amounts due to brokers	**88.5**	**–**	**–**	**–**	**88.5**
Amount due to a holding company	**1.7**	**–**	**–**	**–**	**1.7**
Lease liabilities	**31.3**	**83.6**	**93.8**	**51.2**	**259.9**
Notes payable	**74.9**	**174.6**	**3,067.1**	**–**	**3,316.6**
Loan commitments [#]	**2,699.7**	**–**	**–**	**–**	**2,699.7**
Other liabilities	**55.0**	**–**	**–**	**29.9**	**84.9**
Total	**9,773.7**	**570.0**	**4,980.7**	**143.2**	**15,467.6**
At 31 December 2023					
Bank and other borrowings [+]	5,252.7	574.1	3,806.9	62.1	9,695.8
Creditors	203.4	–	–	–	203.4
Amounts due to brokers	77.4	–	–	–	77.4
Amount due to a holding company	1.8	–	–	–	1.8
Lease liabilities	26.2	69.7	151.2	66.3	313.4
Notes payable	84.3	2,999.3	3,317.1	–	6,400.7
Loan commitments [#]	2,126.6	–	–	–	2,126.6
Other liabilities	27.0	–	–	36.9	63.9
Total	7,799.4	3,643.1	7,275.2	165.3	18,883.0

[+] Bank and other borrowings with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

[#] The amount represents the maximum undrawn loan commitments under the loan facilities arrangement and the Group could be required to provide loan disbursements upon demand from the consumer finance customers. Based on the expectation at the end of the reporting period, the Group considers that it is remote for such whole loan commitments to be fully drawn down in any significant respect.

47. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

(HK$ Million)	**Bank and other borrowings (Note 35)**	**Other liabilities (Note 39)**	**Lease liabilities (Note 40)**	**Notes payable (Note 41)**	**Total**
At 1 January 2024	**9,041.9**	**63.9**	**273.8**	**5,863.2**	**15,242.8**
Financing cash flows:					
Bank and other borrowings repaid	**(3,821.4)**	**–**	**–**	**–**	**(3,821.4)**
Bank and other borrowings raised	**3,295.4**	**–**	**–**	**–**	**3,295.4**
Repayment of notes	**–**	**–**	**–**	**(2,448.5)**	**(2,448.5)**
Repurchase of notes	**–**	**–**	**–**	**(294.7)**	**(294.7)**
Accrued interest	**598.2**	**–**	**15.2**	**275.7**	**889.1**
Interest paid	**(544.1)**	**–**	**(15.2)**	**(299.4)**	**(858.7)**
Lease payments	**–**	**–**	**(117.9)**	**–**	**(117.9)**
New lease entered/lease modified	**–**	**–**	**69.2**	**–**	**69.2**
Contribution from third-party interests	**–**	**34.6**	**–**	**–**	**34.6**
Distribution to third-party interests	**–**	**(21.7)**	**–**	**–**	**(21.7)**
Changes in net assets attributable to other holders of consolidated structured entities	**–**	**8.7**	**–**	**–**	**8.7**
Payments of loan arrangement fee	**(69.4)**	**–**	**–**	**–**	**(69.4)**
Unamortised arrangement fee classified as prepayment	**63.1**	**–**	**–**	**–**	**63.1**
Unamortised arrangement fee reclassified from prepayment	**(24.3)**	**–**	**–**	**–**	**(24.3)**
Gain on repurchase of notes	**–**	**–**	**–**	**(5.0)**	**(5.0)**
Effect on foreign exchange rate changes	**7.2**	**(0.6)**	**(0.3)**	**(25.6)**	**(19.3)**
At 31 December 2024	**8,546.6**	**84.9**	**224.8**	**3,065.7**	**11,922.0**

47. Reconciliation of Liabilities Arising from Financing Activities *(Continued)*

(HK$ Million)	**Bank and other borrowings (Note 35)**	**Other liabilities (Note 39)**	**Lease liabilities (Note 40)**	**Notes payable (Note 41)**	**Total**
At 1 January 2023	8,985.2	51.9	326.2	6,664.8	16,028.1
Financing cash flows:					
Bank and other borrowings repaid	(17,469.4)	–	–	–	(17,469.4)
Bank and other borrowings raised	17,492.3	–	–	–	17,492.3
Repayment of notes	–	–	–	(340.0)	(340.0)
Repurchase of notes	–	–	–	(425.9)	(425.9)
Accrued interest	606.2	–	13.8	353.3	973.3
Interest paid	(549.3)	–	(13.8)	(351.4)	(914.5)
Lease payments	–	–	(122.3)	–	(122.3)
New lease entered/lease modified	–	–	69.9	–	69.9
Contribution from third-party interests	–	36.3	–	–	36.3
Distribution to third-party interests	–	(22.2)	–	–	(22.2)
Changes in net assets attributable to other holders of consolidated structured entities	–	1.1	–	–	1.1
Payments of loan arrangement fee	(48.7)	–	–	–	(48.7)
Unamortised arrangement fee classified as prepayment	24.3	–	–	–	24.3
Gain on repurchase of notes	–	–	–	(38.9)	(38.9)
Effect on foreign exchange rate changes	1.3	(3.2)	–	1.3	(0.6)
At 31 December 2023	9,041.9	63.9	273.8	5,863.2	15,242.8

48. Interests in Unconsolidated Structured Entities

Interests in unconsolidated structured entities held by the Group include investment funds. The nature and purpose of these unconsolidated structured entities is to hold interest in investment funds managed by third parties, and they are financed through issue of units to investors. The interests held by the Group in these unconsolidated structured entities mainly involve the investments held by the Group or revenue shared from third parties.

As at 31 December 2024, the carrying amounts of interests held by the Group from unconsolidated structured entities managed by third parties were HK$9,547.8 million (2023: HK$9,711.4 million). The amounts were classified as financial assets at fair value through profit or loss. The carrying amounts approximate to the maximum loss exposure.

During the year ended 31 December 2024, revenue shared from investment funds managed by third parties was HK$28.8 million (2023: HK$11.1 million).

49. Statement of Financial Position of the Company

(HK$ Million)	31/12/2024	31/12/2023
Non-current Assets		
Property and equipment	**17.6**	22.1
Intangible assets	**9.0**	8.4
Right-of-use assets	**100.3**	124.7
Interests in subsidiaries	**4,051.2**	4,051.6
Other receivable	**8.9**	8.9
Amounts due from subsidiaries	**3,822.0**	4,024.9
Amounts due from associates	**59.9**	59.9
	8,068.9	8,300.5
Current Assets		
Amounts due from subsidiaries	**4,912.5**	4,970.8
Other receivables	**10.8**	7.8
Taxation recoverable	**–**	14.3
Cash and cash equivalents	**978.5**	532.7
	5,901.8	5,525.6
Current Liabilities		
Amounts due to subsidiaries	**1,368.6**	760.6
Amount due to holding company	**1.8**	1.8
Creditors and accruals	**82.1**	62.3
Lease liabilities	**23.9**	22.8
	1,476.4	847.5
Net Current Assets	**4,425.4**	4,678.1
Total Assets less Current Liabilities	**12,494.3**	12,978.6
Capital and Reserves		
Share capital	**8,731.0**	8,731.0
Reserves	**3,683.5**	4,143.9
Equity attributable to owners of the Company	**12,414.5**	12,874.9
Non-current Liabilities		
Lease liabilities	**79.6**	103.5
Provisions	**0.2**	0.2
	79.8	103.7
	12,494.3	12,978.6

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 20 March 2025 and are signed on its behalf by:

Lee Seng Huang	**Brendan James McGraw**
Director	*Director*

50. Reserves of the Company

(HK$ Million)	2024	2023
Retained earnings		
Balance at 1 January	**4,143.9**	4,645.7
Profit and total comprehensive income for the year	**51.0**	15.5
Dividends paid	**(510.9)**	(511.4)
Shares repurchased and cancelled	**(0.5)**	(5.9)
Balance at 31 December	**3,683.5**	4,143.9

The distributable reserves of the Company at 31 December 2024 amounted to HK$3,683.5 million (31/12/2023: HK$4,143.9 million), being its net realised profits calculated under Section 291 of the Hong Kong Companies Ordinance.

51. Events after the Reporting Period

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

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 (as well as terms and expression used herein) are set out in the Company's announcement dated 21 January 2025.

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.

52. Comparative Figures

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lee Seng Huang *(Group Executive Chairman)*
Brendan James McGraw

Non-Executive Directors

Simon Chow Wing Charn
Peter Anthony Curry

Independent Non-Executive Directors

Evan Au Yang Chi Chun
David Craig Bartlett
Alan Stephen Jones
Vivian Alexa Kao
Jacqueline Alee Leung
Wayne Robert Porritt

EXECUTIVE COMMITTEE

Lee Seng Huang *(Chairman)*
Brendan James McGraw

NOMINATION COMMITTEE

Lee Seng Huang *(Chairman)*
Evan Au Yang Chi Chun
David Craig Bartlett
Alan Stephen Jones
Jacqueline Alee Leung

REMUNERATION COMMITTEE

Evan Au Yang Chi Chun *(Chairman)*
David Craig Bartlett
Alan Stephen Jones
Jacqueline Alee Leung

AUDIT COMMITTEE

Alan Stephen Jones *(Chairman)*
Evan Au Yang Chi Chun
David Craig Bartlett
Peter Anthony Curry
Jacqueline Alee Leung

RISK MANAGEMENT COMMITTEE

Wayne Robert Porritt *(Chairman)*
Evan Au Yang Chi Chun
Vivian Alexa Kao
Brendan James McGraw
Antony James Edwards *(appointed on 19 January 2024)*
Wong Kin Wing
Phoebe Yuen Oi Ying

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Vivian Alexa Kao *(Chairperson)*
David Craig Bartlett
Brendan James McGraw
Wayne Robert Porritt
Gary Chan Ming Tak
Samantha Che Chi Wing
Antony James Edwards *(appointed on 21 March 2024)*
Yeung Mei
Phoebe Yuen Oi Ying

COMPANY SECRETARY

Lee Sze Wai

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Mizuho Bank, Ltd., Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
China CITIC Bank International Limited
OCBC Bank (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
Dah Sing Bank, Limited
Fubon Bank (Hong Kong) Limited
Public Bank (Hong Kong) Limited
Taipei Fubon Commercial Bank Co., Ltd.
CMB Wing Lung Bank Limited
Taishin International Bank Co., Ltd.
Cathay United Bank Company, Limited, Hong Kong Branch
China Minsheng Banking Corp. Ltd., Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd.
  Hong Kong Branch
Chiyu Banking Corporation Limited
Tai Fung Bank Limited
Mega International Commercial Bank Co., Ltd.,
  Offshore Banking Branch
UBS AG, London Branch
Ping An Bank Co., Ltd., Hong Kong Branch
Bank SinoPac
China Everbright Bank Co., Ltd, Hong Kong Branch
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