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ALLIED GROUP LIMITED

(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR 2022

The board of directors (“Board”) of Allied Group Limited (“Company”) announces that the audited consolidated results of the Company and its subsidiaries (“Group”) for the year ended 31st December, 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Notes	2022 HK\$ Million	2021 HK\$ Million
Revenue	(2)	10,079.4	5,973.2
Other income		259.6	179.4
Total income		10,339.0	6,152.6
Cost of sales and other direct costs		(4,158.4)	(1,058.1)
Brokerage and commission expenses		(160.1)	(124.1)
Selling and marketing expenses		(282.5)	(182.7)
Administrative expenses		(1,757.3)	(1,746.7)
Changes in values of properties	(4)	(330.4)	81.2
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(5)	(1,780.5)	2,498.9
Net exchange loss		(131.0)	(54.6)
Net impairment losses on financial assets	(6)	(842.3)	(684.1)
Other operating expenses		(244.2)	(190.2)
Loss on derecognition of an associate	(7)	–	(9,357.7)
Gain on bargain purchase of a subsidiary	(8)	–	13,521.8
Finance costs	(9)	(845.4)	(568.7)
Share of results of associates		(96.0)	483.6
Share of results of joint ventures		(86.5)	(160.1)
(Loss) profit before taxation	(10)	(375.6)	8,611.1
Taxation	(11)	(755.5)	(633.8)
(Loss) profit for the year		(1,131.1)	7,977.3

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
FOR THE YEAR ENDED 31ST DECEMBER, 2022

	<i>Note</i>	2022 HK\$ Million	2021 HK\$ Million
Attributable to:			
Owners of the Company		(1,220.5)	6,688.9
Non-controlling interests		89.4	1,288.4
		(1,131.1)	7,977.3
		<i>HK\$</i>	<i>HK\$</i>
(Loss) earnings per share	<i>(12)</i>		
Basic		(0.35)	1.90
Diluted		(0.35)	1.90

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31ST DECEMBER, 2022

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
(Loss) profit for the year	<u>(1,131.1)</u>	<u>7,977.3</u>
Other comprehensive (expenses) income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income	(245.7)	7.0
Revaluation gain on property transferred from owner- occupied property to investment property	0.5	–
Deferred tax effect on change in fair value of an equity instrument at fair value through other comprehensive income	–	0.2
Exchange differences arising on translation to presentation currency	(1,542.1)	273.9
Share of other comprehensive (expenses) income of associates	(24.6)	203.1
Share of other comprehensive (expenses) income of joint ventures	(797.8)	60.4
	<u>(2,609.7)</u>	<u>544.6</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Investments in financial assets at fair value through other comprehensive income		
– Net fair value changes during the year	7.8	(11.2)
– Reclassification adjustment for realisation upon disposal/redemption	4.5	(2.5)
	<u>12.3</u>	<u>(13.7)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (Cont'd)**
FOR THE YEAR ENDED 31ST DECEMBER, 2022

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
<i>(Cont'd)</i>		
Reclassification adjustments to profit or loss on derecognition of an associate	–	7.6
Reclassification adjustments to profit or loss on disposal of an associate	–	0.2
Reclassification adjustments to profit or loss on liquidation of subsidiaries	11.6	–
Others	0.4	–
Exchange differences arising on translation of foreign operations	(550.5)	216.6
Share of other comprehensive expenses of associates	(66.7)	(50.6)
Share of other comprehensive (expenses) income of joint ventures	(44.7)	4.4
	<u>(637.6)</u>	<u>164.5</u>
Other comprehensive (expenses) income for the year, net of tax	<u>(3,247.3)</u>	<u>709.1</u>
Total comprehensive (expenses) income for the year	<u>(4,378.4)</u>	<u>8,686.4</u>
Attributable to:		
Owners of the Company	(2,892.8)	7,114.6
Non-controlling interests	(1,485.6)	1,571.8
	<u>(4,378.4)</u>	<u>8,686.4</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2022

	<i>Notes</i>	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Non-current assets			
Investment properties		25,230.2	26,468.7
Property, plant and equipment		2,143.4	1,738.6
Right-of-use assets		643.2	730.1
Net investments in finance lease		0.4	1.9
Properties for development		5,285.3	5,934.6
Other assets – properties interests		53.8	58.9
Goodwill		135.7	132.9
Intangible assets		70.2	71.4
Interests in associates		3,864.7	4,298.3
Interests in joint ventures		12,092.2	12,677.2
Financial assets at fair value through other comprehensive income		459.2	420.8
Amounts due from associates		261.2	285.9
Amounts due from joint ventures		3,373.8	2,505.7
Loans and advances to consumer finance customers	(14)	3,797.3	3,805.9
Mortgage loans	(15)	1,273.0	2,163.7
Deferred tax assets		616.7	687.5
Financial assets at fair value through profit or loss		11,220.3	12,707.8
Term loans	(16)	212.2	676.5
Trade receivables, prepayments and other receivables	(17)	45.0	49.1
		<u>70,777.8</u>	<u>75,415.5</u>
Current assets			
Other inventories		3.4	7.3
Inventories of properties			
– under development		5,055.6	7,394.9
– completed		3,252.4	3,379.1
Financial assets at fair value through profit or loss		4,817.2	7,591.0
Receivable from reverse repurchase agreements		–	169.3
Loans and advances to consumer finance customers	(14)	7,228.6	8,243.8
Mortgage loans	(15)	1,790.9	1,297.6
Term loans	(16)	1,487.0	1,837.9
Trade receivables, prepayments and other receivables	(17)	721.7	901.2
Amounts due from brokers		1,231.1	499.9
Amounts due from associates		82.3	121.3
Amounts due from joint ventures		1,239.3	2,398.0
Amounts due from non-controlling interests		0.2	–
Financial assets at fair value through other comprehensive income		2.3	32.4
Tax recoverable		21.8	58.7
Tax reserve certificates		–	7.1
Short-term pledged bank deposits and bank balances		0.5	50.7
Bank deposits		4,124.8	786.0
Cash and cash equivalents		11,413.1	10,116.2
		<u>42,472.2</u>	<u>44,892.4</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AT 31ST DECEMBER, 2022

	<i>Notes</i>	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Current liabilities			
Trade payables, other payables and accruals	(18)	2,897.4	3,028.6
Contract liabilities		7,462.6	2,966.0
Financial liabilities at fair value through profit or loss		407.4	433.9
Amounts due to associates		209.1	227.4
Amounts due to brokers		81.8	–
Amounts due to joint ventures		589.3	816.0
Amounts due to non-controlling interests		0.2	0.2
Tax payable		2,203.9	2,118.1
Bank and other borrowings due within one year		9,455.9	12,721.6
Notes/paper payable		86.0	4,313.3
Lease liabilities		148.6	147.2
Other liabilities		38.7	32.2
Provisions		57.3	43.3
		<u>23,638.2</u>	<u>26,847.8</u>
Net current assets		<u>18,834.0</u>	<u>18,044.6</u>
Total assets less current liabilities		<u>89,611.8</u>	<u>93,460.1</u>
Capital and reserves			
Share capital	(19)	2,221.7	2,221.7
Reserves		40,892.8	43,992.9
Equity attributable to owners of the Company		<u>43,114.5</u>	<u>46,214.6</u>
Shares held for employee ownership scheme		(36.5)	(46.7)
Employee share-based compensation reserve		14.1	16.5
Share of net assets of subsidiaries		25,114.6	27,663.5
Non-controlling interests		<u>25,092.2</u>	<u>27,633.3</u>
Total equity		<u>68,206.7</u>	<u>73,847.9</u>
Non-current liabilities			
Bank and other borrowings due after one year		8,103.1	6,445.4
Notes/paper payable		6,492.1	5,553.0
Lease liabilities		265.7	322.3
Other liabilities		13.2	19.2
Rental deposits from tenants		18.9	28.3
Financial liabilities at fair value through profit or loss		99.6	–
Deferred tax liabilities		6,410.9	7,242.0
Provisions		1.6	2.0
		<u>21,405.1</u>	<u>19,612.2</u>
		<u>89,611.8</u>	<u>93,460.1</u>

Notes:

(1) Basis of preparation

Amendments to Hong Kong Financial Reporting Standards (“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 Group’s annual period beginning on 1st January, 2022 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the amendments to HKFRSs has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1st January, 2022. The amendments update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (“Conceptual Framework”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets (“HKAS 37”) or HK(IFRIC)-Int 21 Levies (“HK(IFRIC)-Int 21”), an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

Disclosure in accordance with section 436 of the Hong Kong Companies Ordinance

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

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

(2) Revenue

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue comprises:		
Contracts with customers		
Sales of completed properties	4,413.3	651.4
Hotel operations	105.5	25.4
Management services	349.2	308.3
Advisory and service income, commission income and others	76.5	152.3
Elderly care services	100.9	108.5
Logistics services	19.2	–
	5,064.6	1,245.9
Interest income on loans and advances to consumer finance customers	3,466.7	3,504.6
Interest income received from term loans and others	733.3	814.3
Property rental	728.3	326.8
Dividend income	82.7	76.0
Distribution from perpetual securities	3.8	5.6
	5,014.8	4,727.3
	10,079.4	5,973.2

Revenue from contracts with customers are included in the segment revenue as follows:

	2022							Total HK\$ Million
	Investment and finance HK\$ Million	Consumer finance HK\$ Million	Property development HK\$ Million	Property investment HK\$ Million	Property management HK\$ Million	Elderly care services HK\$ Million	Corporate and other operations HK\$ Million	
Sales of completed properties	-	-	4,413.3	-	-	-	-	4,413.3
Hotel operations	-	-	-	105.5	-	-	-	105.5
Management services	-	-	-	7.9	338.9	-	2.4	349.2
Advisory and service income, commission income and others	24.0	29.5	-	-	-	-	23.0	76.5
Elderly care services	-	-	-	-	-	100.9	-	100.9
Logistics services	-	-	-	-	-	-	19.2	19.2
Revenue from contracts with customers	<u>24.0</u>	<u>29.5</u>	<u>4,413.3</u>	<u>113.4</u>	<u>338.9</u>	<u>100.9</u>	<u>44.6</u>	<u>5,064.6</u>
	2021							Total HK\$ Million
	Investment and finance HK\$ Million	Consumer finance HK\$ Million	Property development HK\$ Million	Property investment HK\$ Million	Property management HK\$ Million	Elderly care services HK\$ Million	Corporate and other operations HK\$ Million	
Sales of completed properties	-	-	651.4	-	-	-	-	651.4
Hotel operations	-	-	-	25.4	-	-	-	25.4
Management services	-	-	-	7.0	240.6	-	60.7	308.3
Advisory and service income, commission income and others	115.6	18.4	-	-	-	-	18.3	152.3
Elderly care services	-	-	-	-	-	108.5	-	108.5
Revenue from contracts with customers	<u>115.6</u>	<u>18.4</u>	<u>651.4</u>	<u>32.4</u>	<u>240.6</u>	<u>108.5</u>	<u>79.0</u>	<u>1,245.9</u>

(3) Segmental information

The operating business organised and managed in each segment represents a strategic business unit that offers different products and services for the purpose of resource allocation and assessment of segment performance by the Executive Directors of the Company.

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

	2022							Total HK\$ Million
	Investment and finance HK\$ Million	Consumer finance HK\$ Million	Property development HK\$ Million	Property investment HK\$ Million	Property management HK\$ Million	Elderly care services HK\$ Million	Corporate and other operations HK\$ Million	
Segment revenue	830.0	3,499.3	4,413.3	864.3	339.6	100.9	234.5	10,281.9
Less: inter-segment revenue	(15.6)	-	-	(49.1)	(0.7)	-	(137.1)	(202.5)
Segment revenue from external customers	<u>814.4</u>	<u>3,499.3</u>	<u>4,413.3</u>	<u>815.2</u>	<u>338.9</u>	<u>100.9</u>	<u>97.4</u>	<u>10,079.4</u>
Segment results	(1,531.9)	1,197.1	714.6	254.8	17.8	(8.9)	8.8	652.3
Finance costs								(845.4)
Share of results of associates	-	-	(2.4)	13.6	-	-	-	11.2
Share of results of associates (unallocated)								(107.2)
Share of results of joint ventures	(16.8)	-	(523.5)	384.1	20.0	-	49.7	(86.5)
Loss before taxation								(375.6)
Taxation								(755.5)
Loss for the year								<u>(1,131.1)</u>
	2021							Total HK\$ Million
	Investment and finance HK\$ Million	Consumer finance HK\$ Million	Property development HK\$ Million	Property investment HK\$ Million	Property management HK\$ Million	Elderly care services HK\$ Million	Corporate and other operations HK\$ Million	
Segment revenue	1,043.9	3,526.2	651.4	352.4	241.8	108.5	160.6	6,084.8
Less: inter-segment revenue	(6.9)	-	-	(24.1)	(0.6)	-	(80.0)	(111.6)
Segment revenue from external customers	<u>1,037.0</u>	<u>3,526.2</u>	<u>651.4</u>	<u>328.3</u>	<u>241.2</u>	<u>108.5</u>	<u>80.6</u>	<u>5,973.2</u>
Segment results	2,758.5	1,665.4	27.3	252.7	22.2	0.5	(30.2)	4,696.4
Impairment loss on interest in an associate								(4.2)
Loss on derecognition of an associate								(9,357.7)
Gain on bargain purchase of a subsidiary								13,521.8
Finance costs								(568.7)
Share of results of associates	-	-	1.7	(3.3)	-	-	-	(1.6)
Share of results of associates (unallocated)								485.2
Share of results of joint ventures	(61.8)	-	(89.0)	(34.2)	2.5	-	22.4	(160.1)
Profit before taxation								8,611.1
Taxation								(633.8)
Profit for the year								<u>7,977.3</u>

The geographical information of revenue is disclosed as follows:

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue from external customers by location of operations		
Hong Kong	4,036.2	4,212.2
The People's Republic of China ("PRC")	5,995.1	1,741.7
United Kingdom	38.4	17.8
Australia	9.7	1.5
	10,079.4	5,973.2

No revenue arising from transactions with a single external customer amounted to 10% or more of the Group's revenue for the year.

(4) Changes in values of properties

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Changes in values of properties comprise:		
Net (decrease) increase in fair value of investment properties	(250.2)	75.8
Impairment loss reversed for hotel property	6.8	6.8
Impairment loss recognised for leasehold land and buildings	(2.8)	(7.8)
Fair value (loss) gain on transfer of inventories of completed properties to investment properties	(1.9)	6.4
Impairment loss on properties for development	(82.3)	–
	(330.4)	81.2

(5) Net (loss) gain on financial assets and liabilities at fair value through profit or loss

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

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Net realised and unrealised (loss) gain on financial assets and liabilities		
Held for trading	138.0	608.6
At FVTPL	(1,918.5)	1,890.3
	(1,780.5)	2,498.9

(6) **Net impairment losses on financial assets**

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Loans and advances to consumer finance customers		
Net impairment losses	928.0	751.0
Recoveries of amounts previously written off	<u>(224.9)</u>	<u>(243.5)</u>
	<u>703.1</u>	<u>507.5</u>
Mortgage loans		
Net (reversal) recognition of impairment losses	<u>(9.1)</u>	<u>10.0</u>
Term loans		
Net impairment losses	<u>97.8</u>	<u>125.4</u>
Amounts due from associates		
Net (reversal) recognition of impairment losses	<u>(6.9)</u>	<u>10.8</u>
Trade and other receivables		
Net impairment losses	<u>44.1</u>	<u>15.4</u>
Financial assets at fair value through other comprehensive income		
Net impairment losses	<u>13.3</u>	<u>15.0</u>
	<u>842.3</u>	<u>684.1</u>

(7) **Loss on derecognition of an associate**

Tian An China Investments Company Limited (“TACI”) made a series of repurchase of an aggregate of 34,530,000 shares between 13th July, 2021 and 19th October, 2021 (“Share Repurchase”). Upon the cancellation of the repurchased shares by TACI, the deemed shareholding interest in TACI held by the Group increased from approximately 48.86% immediately before the Share Repurchase to approximately 50.01% on 22nd October, 2021 (“Acquisition Date”). Accordingly, TACI was no longer an associate of the Company and instead, became an indirect non wholly-owned subsidiary of the Company.

Immediately before the Acquisition Date, the fair value of the shares in TACI held by the Group was HK\$3,336.4 million and the carrying value of interest in TACI held by the Group as an associate was HK\$12,686.5 million. Accordingly, for the year ended 31st December, 2021, a loss of HK\$9,357.7 million was recognised for the derecognition of TACI as an associate of the Company, which included release of the Group’s share of TACI’s translation reserve and capital and other reserves of net amount of HK\$7.6 million.

(8) Gain on bargain purchase of a subsidiary

As set out in note 7, due to the Share Repurchase, TACI was no longer an associate of the Company and instead, became an indirect non wholly-owned subsidiary of the Company on the Acquisition Date.

TACI is a listed company in Hong Kong and its principal business activity is investment holding. TACI and its subsidiaries are engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

The deemed acquisition of TACI as an indirect non wholly-owned subsidiary of the Company (“Deemed Acquisition”) has been accounted for as acquisition of business, using acquisition accounting. After re-assessment by the management of the Group, the fair value of net identifiable assets exceeded the purchase consideration, resulting in a gain on bargain purchase. The amount of gain on bargain purchase arising as a result of the acquisition of TACI is HK\$13,521.8 million for the year ended 31st December, 2021.

	2021 <i>HK\$ Million</i>
Gain on bargain purchase arising from Deemed Acquisition of a subsidiary:	
Net assets acquired	35,055.2
Less: fair value of previously held interests in an associate	(3,336.4)
Less: non-controlling interests	<u>(18,197.0)</u>
Gain on bargain purchase of a subsidiary	<u>13,521.8</u>

(9) Finance costs

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Total finance costs included in:		
Cost of sales and other direct costs	326.2	205.5
Finance costs	<u>845.4</u>	<u>568.7</u>
	<u>1,171.6</u>	<u>774.2</u>

(10) (Loss) profit before taxation

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
(Loss) profit before taxation has been arrived at after charging:		
Amortisation of intangible assets – computer software	3.1	3.2
Amortisation of properties for development	18.3	2.9
Cost of inventories recognised as expenses	2,591.4	256.6
Depreciation of other assets – properties interests	0.5	0.1
Depreciation of property, plant and equipment	110.4	73.1
Less: amount capitalised in properties under development	(1.5)	(0.2)
	108.9	72.9
Depreciation of right-of-use assets	179.9	150.9
Less: amount capitalised in properties under development	(0.2)	–
	179.7	150.9
Write down of inventories of completed properties (included in cost of sales)	16.6	–

(11) Taxation

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
The income tax charged comprises:		
Current tax		
Hong Kong	228.2	244.2
PRC	373.3	96.1
Other jurisdictions	1.6	–
Land Appreciation Tax	388.3	113.7
	991.4	454.0
Under provision in prior years	47.6	14.6
	1,039.0	468.6
Deferred tax	(283.5)	165.2
	755.5	633.8

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

(12) (Loss) earnings per share

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

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<u>(Loss) earnings</u>		
(Loss) earnings for the purpose of basic (loss) earnings per share		
(loss) profit attributable to owners of the Company	(1,220.5)	6,688.9
Adjustments to profit in respect of adjustments under the employee ownership scheme of a subsidiary (<i>Note</i>)	—	(3.4)
	<u> </u>	<u> </u>
(Loss) earnings for the purpose of diluted (loss) earnings per share	(1,220.5)	6,685.5
	<u> </u>	<u> </u>
	<i>Million shares</i>	<i>Million shares</i>
<u>Number of shares</u>		
Weighted average number of shares in issue for the purpose of basic and diluted (loss) earnings per share	3,514.1	3,515.1
	<u> </u>	<u> </u>

Note: During the year ended 31st December, 2022, the loss for the purpose of calculating diluted loss per share has not adjusted for the effect under the employee ownership scheme of a subsidiary as it is anti-dilutive.

(13) Dividend

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Dividend paid and declared		
Interim dividend paid of HK0.75 cents (2021: HK0.75 cents) per share	26.4	26.4
Second interim dividend (in lieu of a final dividend) of HK11.75 cents per share declared subsequent to the end of the reporting period (2021: second interim dividend (in lieu of a final dividend) of HK12.50 cents per share)	412.9	439.4
	<u> </u>	<u> </u>
	439.3	465.8
	<u> </u>	<u> </u>
Dividend recognised as distribution during the year		
2021 second interim dividend (in lieu of a final dividend) of HK12.50 cents (2021: 2020 second interim dividend (in lieu of a final dividend) of HK11.75 cents) per share	439.2	413.0
2022 interim dividend of HK0.75 cents (2021: HK0.75 cents) per share	26.4	26.4
	<u> </u>	<u> </u>
	465.6	439.4
	<u> </u>	<u> </u>

Subsequent to the end of the reporting period, the second interim dividend (in lieu of a final dividend) of HK11.75 cents (2021: HK12.50 cents) per share in respect of the financial year ended 31st December, 2022 has been declared by the Board.

(14) Loans and advances to consumer finance customers

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

The following is an aging analysis for the loans and advances to consumer finance customers (net of impairment allowance) that are past due at the reporting date:

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Less than 31 days past due	705.0	828.4
31 to 60 days	127.5	102.6
61 to 90 days	66.0	28.5
91 to 180 days	2.7	1.6
Over 180 days	<u>67.6</u>	<u>70.6</u>
	<u>968.8</u>	<u>1,031.7</u>

(15) Mortgage loans

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

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

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Less than 31 days past due	207.8	238.0
31 to 60 days	22.6	21.3
61 to 90 days	–	4.8
91 to 180 days	0.1	2.9
Over 180 days	313.4	321.5
	<u>543.9</u>	<u>588.5</u>

(16) Term loans

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Secured term loans	2,133.4	2,883.4
Unsecured term loans	401.0	455.3
	<u>2,534.4</u>	<u>3,338.7</u>
Less: impairment allowance	(835.2)	(824.3)
	<u>1,699.2</u>	<u>2,514.4</u>
Analysed for reporting purposes as:		
Non-current assets	212.2	676.5
Current assets	1,487.0	1,837.9
	<u>1,699.2</u>	<u>2,514.4</u>

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

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

(17) Trade receivables, prepayments and other receivables

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

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Less than 31 days	195.1	321.0
31 to 60 days	25.4	17.5
61 to 90 days	18.8	12.5
91 to 180 days	32.2	4.6
Over 180 days	93.4	87.7
	364.9	443.3
Trade and other receivables without aging	338.3	374.0
Less: impairment allowances	(60.5)	(19.9)
	642.7	797.4
Trade and other receivables at amortised cost	124.0	152.9
Prepayments	766.7	950.3
	766.7	950.3
Analysed for reporting purposes as:		
Non-current assets	45.0	49.1
Current assets	721.7	901.2
	766.7	950.3

(18) Trade payables, other payables and accruals

The following is an aging analysis of the trade payables, other payables and accruals based on the date of invoice/contract note at the reporting date:

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Less than 31 days/repayable on demand	585.7	1,157.1
31 to 60 days	177.3	48.1
61 to 90 days	18.7	7.4
91 to 180 days	209.3	173.0
Over 180 days	556.7	425.3
	1,349.7	1,810.9
Accrued staff costs, other accrued expenses and other payables	1,349.7	1,217.7
without aging	2,897.4	3,028.6
	2,897.4	3,028.6

(19) Share capital

	Number of shares	Amount HK\$ Million
Issued and fully paid:		
At 1st January, 2021, 31st December, 2021 and 1st January, 2022	3,515,082,360	2,221.7
Shares repurchased and cancelled	<u>(1,398,000)</u>	<u>–</u>
At 31st December, 2022	<u>3,513,684,360</u>	<u>2,221.7</u>

During the year, the Company repurchased 1,398,000 shares of the Company through purchases on The Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately HK\$3.9 million. All the shares were cancelled after the repurchases.

(20) Events after the reporting period

On 27th February, 2023, an indirect wholly-owned subsidiary of Asiasec Properties Limited (“ASL”) (“Purchaser”) which is a listed subsidiary of TACI, entered into a sale and purchase agreement with third parties to acquire a property in Hong Kong through (i) the acquisition of the entire issued share capital of an investment holding company (“Target Company”); and (ii) the assignment of loan indebted by the Target Company to its shareholder, at the consideration of HK\$3. It was further agreed that at completion, the Purchaser shall enter into a loan agreement to provide to the Target Company a loan in the amount of HK\$1,000,000,000. The total payment for the acquisition shall be HK\$1,000,000,003.

On the even date, ASL group entered into two sale and purchase agreements to dispose its non-core properties. A sale and purchase agreement was entered into between a direct wholly-owned subsidiary of TACI and a direct wholly-owned subsidiary of ASL to acquire certain non-core properties of ASL group in the PRC through the acquisition of the entire issued share capital of an investment holding company and the assignment of shareholder’s loan at the consideration of HK\$80,000,000. Another sale and purchase agreement was entered into between an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of ASL to acquire certain non-core properties of ASL group in Hong Kong through the acquisition of the entire issued share capital of two investment holding companies and the assignment of the respective shareholder’s loans at the aggregate consideration of HK\$250,000,000.

The above transactions are subject to the approval of the shareholders or independent shareholders (as the case may be) of ASL at an extraordinary general meeting and fulfilment of other conditions precedent. The acquisitions and disposal have not completed as at the date of this announcement. Details of the abovementioned transactions were disclosed in the joint announcement of the Company, TACI and ASL dated 27th February, 2023.

DIVIDEND

The Board has declared a second interim dividend of HK11.75 cents per share (in lieu of a final dividend) for the year ended 31st December, 2022 (2021 second interim dividend (in lieu of a final dividend): HK12.50 cents per share) payable on or around Monday, 22nd May, 2023 to the shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on Wednesday, 10th May, 2023, making a total dividend for the year 2022 of HK12.50 cents per share (2021: HK13.25 cents per share).

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to the second interim dividend

- Latest time to lodge transfer documents for registration with the Company’s share registrar At 4:30 p.m.
on Friday, 5th May, 2023
- Closure of the register of members of the Company Monday, 8th May, 2023 to
Wednesday, 10th May, 2023
(both days inclusive)

(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company scheduled to be held on 2nd June, 2023 (“2023 AGM”)

- Latest time to lodge transfer documents for registration with the Company’s share registrar At 4:30 p.m.
on Monday, 29th May, 2023
- Closure of the register of members of the Company Tuesday, 30th May, 2023 to
Friday, 2nd June, 2023
(both days inclusive)

During the above closure periods, no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the second interim dividend (in lieu of a final dividend) and be eligible to attend and vote at the 2023 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than the aforementioned latest time.

FINANCIAL HIGHLIGHTS

	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Revenue	10,079.4	5,973.2
(Loss) profit for the year attributable to owners of the Company	(1,220.5)	6,688.9
Equity attributable to owners of the Company	43,114.5	46,214.6
Return on equity attributable to owners of the Company	(2.8)%	14.5%
(Loss) earnings per share		
– Basic	HK\$(0.35)	HK\$1.90
– Diluted	HK\$(0.35)	HK\$1.90
	At 31st December, 2022	At 31st December, 2021
Net asset value per share attributable to owners of the Company	HK\$12.27	HK\$13.15
Gearing ratio	19.9%	39.1%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the year was HK\$10,079.4 million (2021: HK\$5,973.2 million). The increase is mainly due to inclusion of the revenue of Tian An China Investments Company Limited (“TACI”) since it became an indirect non wholly-owned subsidiary of the Company in October 2021.

The loss attributable to owners of the Company for the year was HK\$1,220.5 million, as compared to a profit of HK\$6,688.9 million for the year 2021.

The decline in financial performance for the year was primarily due to:

- the loss attributable to Sun Hung Kai & Co. Limited (“SHK”);
- the absence of last year’s non-recurring gain of approximately HK\$4,164.1 million from the consolidation of TACI; and
- reduced contributions from TACI as a result of an adjusted higher cost base of assets from the required fair value assessment on consolidation of TACI in 2021.

(Loss) earnings per share

Basic loss per share amounted to HK\$0.35 for the year, as compared to the basic earnings per share of HK\$1.90 for the year 2021.

Capital Management and Treasury Policy

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts (which include bank and other borrowings and notes/paper payable) and equity attributable to owners of the Company comprising issued share capital and reserves. The Group's management reviews the capital structure on an ongoing basis using gearing ratio, which is the net debt comprising the Group's bank and other borrowings and notes/paper payable less bank deposits and cash and cash equivalents divided by equity attributable to owners of the Company.

In addition, the Group's treasury policy is to ensure that funding requirements for capital commitments, investments and operations of the Group can be fulfilled and liquidity can be managed to ensure that fund inflows are matched against all maturing repayment obligations to achieve maximum harmony on cash flow management. The credit facilities of the Group are reviewed from time to time and new credit facilities will be obtained or renewed. 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 the management of the relevant group companies.

Financial Resources, Liquidity and Capital Structure

The 5.75% US dollar denominated notes maturing in November 2024 ("2024 Notes") are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The nominal value of the 2024 Notes after eliminating the intra-group holdings was US\$319.6 million or equivalent to HK\$2,495.7 million (2021: US\$340.0 million or equivalent to HK\$2,651.0 million) at the end of reporting period.

The 5.00% US dollar denominated notes maturing in September 2026 ("2026 Notes") are listed on the Stock Exchange. The nominal value of the 2026 Notes after eliminating the intra-group holdings was US\$420.1 million or equivalent to HK\$3,280.6 million (2021: US\$375.0 million or equivalent to HK\$2,923.9 million) at the end of reporting period.

At the end of the reporting period, the equity attributable to owners of the Company amounted to HK\$43,114.5 million, representing a decrease of HK\$3,100.1 million from 2021. The Group maintained a strong cash and bank balance position and had cash and bank balances of approximately HK\$15,538.4 million as at 31st December, 2022 (2021: HK\$10,952.9 million). The Group's bank and other borrowings and notes/paper payable totalling HK\$24,137.1 million (2021: HK\$29,033.3 million) of which the portion due on demand or within one year was HK\$9,541.9 million (2021: HK\$17,034.9 million) and the remaining long-term portion was HK\$14,595.2 million (2021: HK\$11,998.4 million). The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 1.80 times (2021: 1.67 times). The Group's gearing ratio (net bank and other borrowings and notes/paper payable/equity attributable to the owners of the Company) was 19.9% (2021: 39.1%).

	2022	2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Bank loans are repayable as follows:		
On demand or within one year	5,787.4	7,218.5
More than one year but not exceeding two years	1,796.2	1,877.7
More than two years but not exceeding five years	4,770.3	3,120.2
More than five years	1,474.5	1,385.4
Bank loans with a repayment on demand clause are repayable as follows:		
Within one year	3,233.5	4,251.0
More than one year but not exceeding two years	435.0	171.8
More than two years but not exceeding five years	–	435.0
	17,496.9	18,459.6
Other borrowings are repayable as follows:		
On demand or within one year	–	645.3
Over five years	62.1	62.1
	62.1	707.4
US dollar denominated notes are repayable as follows:		
Within one year	84.1	3,582.4
More than one year but not exceeding five years	5,752.1	5,553.0
HK dollar denominated notes/paper are repayable as follows:		
Within one year	1.9	730.9
More than one year but not exceeding five years	740.0	–
	6,578.1	9,866.3
	24,137.1	29,033.3

Other than the US dollar denominated notes and HK dollar denominated notes/paper, most of the bank and other borrowings of the Group are charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profile.

At the end of the reporting period, the Group had HK\$17,559.0 million (2021: HK\$19,167.0 million) in bank and other borrowings, which were denominated in HK dollars, British pounds, Australian dollars, Renminbi and US dollars. The Group had HK\$15,538.4 million (2021: HK\$10,952.9 million) in bank deposits, bank balances and cash, which were mainly denominated in HK dollars, Australian dollars, British pounds, Euro, Renminbi and US dollars.

The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31st December, 2022.

Segment Information

Detailed segmental information in respect of the revenue and profit or loss is shown in note 3 to the audited consolidated financial information.

Risk of Foreign Exchange Fluctuation

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

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, Japanese yen, Malaysian ringgit, New Taiwan dollars, Renminbi and Thai baht. Foreign exchange risk is managed and monitored by senior management of the relevant group companies. The risk arises from open currency positions is subject to ratios that are monitored and reported weekly. Should the Group consider that its exposure to foreign currency risk justifies hedging, the Group may use forward or hedging contracts to reduce the risks.

Contingent Liabilities

- (a) Property for development that is held by a joint venture of the Group with carrying value of approximately HK\$948.0 million is under idle land investigation by the local authority. The development progress cannot fully fulfill building covenants under the land grant contracts. The whole pieces of land of the joint venture were held under several land use right certificates. They are under phased construction stage and certain portions of them are under development, except for the portions which are retained for the remaining development of the whole project.

Property for development that is held by another joint venture of the Group with carrying value of approximately HK\$262.5 million had been identified as idle land by the local authority. The development of more than half of the piece of land was either completed or under development, except for the portions which are retained for the remaining development of the whole project. In particulars, the construction works for Phase 1 and Phase 2 Part 1 of the development have been completed. The construction works for Phase 2 Part 2 has completed in current year and Phase 3 Part 1 is in progress and will be completed within one year.

The Group is currently working diligently with joint venture partners to prevent the possible classification as idle land for those under idle land investigation and taking remedy action to prevent from prosecution for those had been identified as idle land, including negotiating the feasibility of development plans with local authorities. Based on legal advices, the Group has assessed the issue and in the opinion of the management of the Group, the economic outflows caused by above cases are not probable.

- (b) As at 31st December, 2022, guarantees given to banks in respect of mortgage loans granted to property purchasers and loan facilities granted to or utilised by the joint ventures and financial assets at fair value through profit or loss amounted to approximately HK\$2,822.3 million. All the guarantees provided by the Group were requested by banks and under normal commercial terms. A legal action was taken against a joint venture of the Group resulting in possible contingent liabilities of approximately HK\$241.5 million to the joint venture. The management of the Group has assessed the claim and obtained legal advice, and considers that the outcomes of the claim would not have material effect on the consolidated financial statements.
- (c) One subsidiary of the Group is the named defendant in legal action filed in the United States. The legal action relates to a disagreement regarding an incorrect transfer of a number of shares to the said subsidiary by a third party in 2017. The plaintiffs are claiming unspecified damages of US\$10 million and management considers that it is less than probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Therefore no provision for the contingent liabilities in respect of this legal action is necessary.

Pledge of Assets

At 31st December, 2022, the following assets were pledged:

- (a) Certain of the Group's property, plant and equipment, properties for development, properties under development, inventories of completed properties and investment properties with an aggregate carrying value of HK\$28,518.7 million (2021: HK\$30,238.4 million), bank deposits and bank balances of nil (2021: HK\$50.0 million) together with certain securities in respect of a listed subsidiary with investment cost of HK\$266.4 million (2021: HK\$266.4 million) were pledged to secure loans and general banking facilities to the extent of HK\$9,835.0 million (2021: HK\$10,839.6 million) granted to the Group. Facilities amounting to HK\$8,258.8 million (2021: HK\$9,611.1 million) were utilised at the end of the reporting period.
- (b) HK\$1,025.0 million (2021: HK\$977.0 million) of mortgage loan receivables were pledged for a securitisation financing transaction.
- (c) Bank deposits with carrying value of HK\$0.1 million were pledged against mortgage loans granted to property purchasers as at 31st December, 2021.
- (d) Bank deposits with carrying value of HK\$0.5 million (2021: HK\$0.6 million) were pledged for guarantees in respect of utility supplies and government authorities for the development works.

Events after the reporting period

Details regarding events after the reporting period are set out in note 20 to the consolidated financial information.

OPERATIONAL REVIEW

Financial Services

Investment and Finance

- The loss attributable to owners of SHK for the year was HK\$1,534.8 million, as compared to a profit of HK\$2,813.7 million for the year 2021.
- SHK's investment management division reported a pre-tax loss of HK\$2,403.8 million (2021: pre-tax profit of HK\$1,917.8 million). The loss suffered was mainly due to mark-to-market losses.
- SHK's funds management business reported a pre-tax loss of HK\$22.9 million (2021: pre-tax profit of HK\$16.6 million). Although this business segment recorded encouraging AUM and revenue growth, a loss was incurred due to a reduction in performance fees.
- SHK's private credit business, which provides tailored funding solutions to corporates, investment funds and high net worth individuals, reported a pre-tax loss of HK\$44.7 million (2021: pre-tax profit of HK\$5.1 million).
- Sun Hung Kai Credit Limited reported a pre-tax profit of HK\$122.3 million (2021: HK\$120.0 million). Its gross loan balance was HK\$3.1 billion at the end of 2022 (at 31st December, 2021: HK\$3.5 billion).

Consumer Finance

- Profit attributable to owners of United Asia Finance Limited ("UAF") for the year amounted to HK\$946.6 million (2021: HK\$1,272.6 million).
- UAF's business in Mainland China was affected by the economic slowdown, citywide lockdowns and travel curbs. Impairment charges and loan origination were adversely impacted. During the year, UAF continued to reduce operating costs and focused on growing its secured loan business.
- The outbreak of the fifth wave of COVID-19 had a negative impact on UAF's business in Hong Kong. However, after the HKSAR government relaxed social distancing measures in the second quarter of 2022, UAF has seen an improvement in performance with lower delinquencies and higher loan origination volume for its Hong Kong business. A series of advertising and promotion campaigns were launched to further strengthen and grow its customer base.
- As at the end of 2022, the consolidated consumer finance gross loan balance amounted to HK\$11.6 billion (at 31st December, 2021: HK\$12.7 billion). There were 17 branches in Mainland China and 49 branches in Hong Kong.

Properties

Hong Kong

- Rental income from the Group's Hong Kong property portfolio was maintained at a steady level as compared to 2021.
- There was a net decrease in the value of the property portfolio of the Group for the year while there was a net increase in value in 2021.
- Ibis Hong Kong North Point joined the Community Isolation Facility Hotel Scheme and was profitable during the year.
- Allied Kajima Limited, holding various properties including Allied Kajima Building, Novotel Century Hong Kong hotel, Sofitel Philippine Plaza hotel and AKI Hong Kong MGallery hotel, reported a lower loss for the year as compared with the loss in 2021. The improved performance was due to better operating margins and a lower fair value provision for its property portfolio.

Mainland PRC

- The profit attributable to owners of TACI for the year reported by TACI itself was HK\$1,528.6 million (2021: HK\$1,430.3 million). However, the financial results of TACI for the year from the Company's perspective was a profit of HK\$308.4 million. As TACI became an indirect non wholly-owned subsidiary of the Company in October 2021, the Company had performed a fair value assessment in accordance with relevant accounting standards which increased the value of the net assets of TACI in the books of the Company. This led to different cost bases for TACI and the Company.
- TACI's total rental income slightly increased by 0.4% as compared with 2021.
- TACI has a total of 20 Tian An Cyberparks developed or under development in over 13 cities. TACI concentrates on developing new cyberparks in regions where TACI has ample manpower and marketing resources.
- The entire Phase 2 of TACI's urban renewal project, Tian An Cloud Park, in Bantian residential district, Longgang, Shenzhen comprising a gross floor area ("GFA") of approximately 599,400 m² is now completed and ready for sale or lease. Guangming Tian An Cloud Park in Guangming District of Shenzhen with a GFA of approximately 382,800 m² and part of Deqing Tian An Cloud Park in Deqing, Zhejiang with a GFA of approximately 308,000 m² were also completed in 2022. The remaining part of Deqing Tian An Cloud Park with a GFA of approximately 151,800 m² is under development.
- The pre-sales of residential projects in Jiangsu, Zhejiang and Liaoning Provinces as well as in Shanghai which were acquired in previous years by TACI have been successful. Three residential projects in Jiangsu and Zhejiang have been completed and were handed over to customers in 2022 contributing to a significant profit recognition this year. TACI expects these newly acquired projects to provide a good return in the coming years.

- The pre-sales of first phase of the One Tian An Place (formerly known as Tian An Place Phase II), a residential project in Shanghai, has been a success and will provide steady contributions in the course of its phased development.
- For the year ended 31st December, 2022, Asiasec Properties Limited, the listed subsidiary of TACI, reported a loss of HK\$43.7 million (2021: HK\$1,563.1 million) attributable to its shareholders.

Services

- Allied Services Hong Kong Limited which engages in the businesses of property management, elderly care services and the newly acquired logistics services reported a profit of HK\$8.7 million for the year (2021: HK\$9.4 million).

Investment

Resource Investments

- At the end of 2022, the Group held approximately 43.1% interest in APAC Resources Limited (“APAC”). The Group recorded a share of loss from APAC amounting to HK\$98.0 million (2021: HK\$39.1 million).

Employees

The total number of headcount of the Group as at 31st December, 2022 was 3,930 (2021: 4,177). The net decrease in staff numbers was a result of the ongoing branch consolidation in the consumer finance segment in PRC, as the business migrated further online and outsource of certain manual work under property management business in PRC, and made continuous efforts in driving cost efficiency. Total staff cost, including Directors’ emoluments, amounted to HK\$1,224.3 million (2021: HK\$1,298.7 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme. The Group recognises the importance of continuing professional education and development, and appropriate courses are arranged on a periodical basis as well as subsidies are granted to employees who take job-related courses.

COVID-19 Pandemic Response

COVID-19 continued to spread around the world during 2022. The Group carried on providing preventative protocols to protect the health and safety of our workforce, their families, local suppliers and neighbouring communities, while ensuring a safe environment for operations to continue as usual:

- measures to maximise social distancing and staff protection within the offices;
- meetings held off-site or by conference calls or video conference as far as possible;
- cancellation of all non-essential travel;

- flexible working plans for employees;
- restrictions on office access and temperature screening;
- self-isolation following travel, development of symptoms, or interaction with a confirmed case of COVID-19 and requirement to undergo a coronavirus test as and when necessary at the Company's cost; and
- maintain inventory of face masks, hand sanitiser and hygiene supplies and focus on cleaning and sanitation.

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

LONG TERM CORPORATE STRATEGIES

The Group is engaged in its businesses of investment, structured finance, consumer finance, property and related businesses, elderly care services and other investments. The Group's policy has been to adopt the following long term strategies:

1. To maintain the organic growth of its core businesses;
2. To maintain a balance between the demands of short term returns and long term capital appreciation; and
3. To seek investment opportunities that assist in strengthening and broadening its earnings base.

BUSINESS OUTLOOK

With all measures taken to contain the COVID-19 pandemic lifted, Mainland China and Hong Kong are looking at improved economic growth this year. However, global banking fragility caused by the increase in interest rates to combat inflation in the United States and Europe, geopolitical tensions and the war in Ukraine have led to uncertainty and poor market sentiment.

Against the backdrop of this difficult macroeconomic environment, SHK will continue to improve liquidity across its business segments and position itself to capitalise on emerging growth opportunities. SHK is committed to become Asia's leading alternative investment platform.

UAF believes its strategy of diversifying product mix to enlarge its customer base, including the launch of a new credit card business, will generate additional revenue streams and drive profit growth in the medium to long term.

Rising interest rates and the residual impact of the COVID-19 pandemic will continue to add downward pressure on the local property market. The Group will continue to focus on boosting the occupancy and leasing potential of its property portfolio.

The funding problems of many China property developers continue. TACI is comforted by China's Central Bank cut in the one-year loan prime rate ("LPR") by 15 basis points from 3.8% to 3.65% and five-year LPR by 35 basis points from 4.65% to 4.30% helping to reduce the financial burdens of the property sector. In addition, local governments have introduced measures to stabilise the property market.

There is no doubt that 2023 will remain challenging. However, with the Group's solid financial position and diversified income streams, the Board will continue to adopt a prudent approach in implementing the Group's stated strategies for the benefit of the Group and all its shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2022, the Company has applied the principles of, and complied with, the applicable code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("CG Code") under in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviation which is summarised below:

Code Provision D.3.3

Code provision D.3.3 of the CG Code stipulates that the terms of reference of the Audit Committee ("Audit Committee") should include, as a minimum, those specific duties as set out in the code provision.

During the year ended 31st December, 2022, the Board has reviewed and updated the terms of reference of the Audit Committee according to the revised CG Code effective on 1st January, 2022. The updated terms of reference of the Audit Committee adopted by the Company are in compliance with the code provision D.3.3 of the CG Code except that the Audit Committee (i) shall recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has performed its duty to have effective risk management and internal control systems; and (iii) can promote (as opposed to ensure under the code provision) the co-ordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The reason for the above deviation is set out in the Corporate Governance Report to be contained in the Company's Annual Report for the financial year ended 31st December, 2022 ("2022 Annual Report"). The Board has reviewed the terms during the year under review and considers that the Audit Committee should continue to operate according to the relevant updated terms of reference, and will continue to review the terms at least annually and make appropriate changes if considered necessary.

Further information on the Company's corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company's 2022 Annual Report which will be sent to the Shareholders by the end of April 2023.

AUDIT COMMITTEE REVIEW

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save for the Company's purchase of its own shares on The Stock Exchange of Hong Kong Limited which were subsequently cancelled as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2022.

Month	Number of shares repurchased	Purchase price per share		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
April	1,398,000	2.80	2.77	3,903,640
	<u>1,398,000</u>			<u>3,903,640</u>

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

In order to reflect the current applicable requirements of the Listing Rules, the Board proposes to adopt a new set of articles of association in substitution for, and to the exclusion of, the existing articles of association of the Company, which is subject to the approval of the Shareholders by way of a special resolution ("Special Resolution") at the 2023 AGM. The full text of the Special Resolution will be contained in the notice of the 2023 AGM. A circular containing, inter alia, an explanation of the effect of the proposed amendments and the full terms of the proposed amendments, together with the notice of the 2023 AGM, will be despatched to the Shareholders in due course.

FORFEITURE OF UNCLAIMED DIVIDENDS

According to Article 160(A) of the articles of association of the Company, all dividends unclaimed for 6 years after having been declared may be forfeited by the Board and shall revert to the Company. The Board wishes to inform the Shareholders that any of the following dividends declared remaining unclaimed on 28th April, 2023 will be forfeited and revert to the Company.

Financial Year End	Types of Dividends
2013	Interim Dividend and Final Dividend
2014	Interim Dividend and Final Dividend

Shareholders who are entitled to but yet to receive the dividends payments in respect of the aforesaid dividends are advised to contact the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but no later than 4:30 p.m. on 28th April, 2023.

APPRECIATION

The Board would like to thank all the staff for their effort and contribution in 2022, and would like to express appreciation to the Shareholders for their continued support.

On behalf of the Board
Allied Group Limited
Arthur George Dew
Chairman

Hong Kong, 28th March, 2023

As at the date of this announcement, the Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors; Mr. Arthur George Dew (Chairman), Mr. Akihiro Nagahara (Vice Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Lisa Yang Lai Sum and Mr. Kelvin Chau Kwok Wing being the Independent Non-Executive Directors.