ALLIED GROUP LIMITED
（聯合集團有限公司）

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2023 AND RESUMPTION OF TRADING

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, 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Notes	2023 HK$ Million	2022 HK$ Million
Revenue	(2)	**7,618.6**	10,079.4
Other income		**212.8**	259.6
Total income		**7,831.4**	10,339.0
Cost of sales and other direct costs		**(2,755.4)**	(4,158.4)
Brokerage and commission expenses		**(126.8)**	(160.1)
Selling and marketing expenses		**(264.3)**	(282.5)
Administrative expenses		**(1,853.4)**	(1,757.3)
Changes in values of properties	(4)	**70.9**	(330.4)
Net loss on financial assets and liabilities at fair value through profit or loss	(5)	**(470.4)**	(1,780.5)
Net exchange gain (loss)		**12.8**	(131.0)
Net impairment losses on financial assets	(6)	**(1,035.6)**	(842.3)
Other operating expenses		**(238.8)**	(244.2)
Gain on bargain purchase of a subsidiary	(7(a))	**495.1**	–
Finance costs	(8)	**(822.8)**	(845.4)
Share of results of associates		**172.0**	(96.0)
Share of results of joint ventures		**(379.8)**	(86.5)
Profit (loss) before taxation	(9)	**634.9**	(375.6)
Taxation	(10)	**(378.9)**	(755.5)
Profit (loss) for the year		**256.0**	(1,131.1)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Note	**2023** **HK$ Million**	2022 *HK$ Million*
Attributable to:			
Owners of the Company		**(125.4)**	(1,220.5)
Non-controlling interests		**381.4**	89.4
		256.0	(1,131.1)
		HK$	*HK$*
Loss per share	*(11)*		
Basic		**(0.04)**	(0.35)
Diluted		**(0.04)**	(0.35)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2023

	2023	2022
	HK$ Million	*HK$ Million*
Profit (loss) for the year	**256.0**	(1,131.1)
Other comprehensive (expenses) income:		
Items that will not be reclassified to profit or loss:		
Fair value loss on investments in equity instruments at fair value through other comprehensive income	**(79.1)**	(245.7)
Revaluation gain on properties transferred from owner-occupied properties to investment properties	**20.1**	0.5
Gain on revaluation of hospital and other buildings included in property, plant and equipment	**5.5**	–
Exchange differences arising on translation to presentation currency	**(398.9)**	(1,542.1)
Share of other comprehensive expenses of associates	**(6.4)**	(24.6)
Share of other comprehensive expenses of joint ventures	**(208.2)**	(797.8)
	(667.0)	(2,609.7)
Items that may be reclassified subsequently to profit or loss:		
Investments in financial assets at fair value through other comprehensive income		
– Net fair value changes during the year	**(3.5)**	7.8
– Reclassification adjustment for realisation upon disposal/redemption	**(0.1)**	4.5
	(3.6)	12.3

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

FOR THE YEAR ENDED 31ST DECEMBER, 2023

	2023	2022
	HK$ Million	*HK$ Million*
Items that may be reclassified subsequently to profit or loss: (Cont'd)		
Reclassification adjustments to profit or loss on liquidation of subsidiaries	**–**	11.6
Others	**0.2**	0.4
Exchange differences arising on translation of foreign operations	**(43.8)**	(550.5)
Share of other comprehensive income (expenses) of associates	**20.0**	(66.7)
Share of other comprehensive expenses of joint ventures	**(2.8)**	(44.7)
	(30.0)	(637.6)
Other comprehensive expenses for the year, net of tax	**(697.0)**	(3,247.3)
Total comprehensive expenses for the year	**(441.0)**	(4,378.4)
Attributable to:		
Owners of the Company	**(527.7)**	(2,892.8)
Non-controlling interests	**86.7**	(1,485.6)
	(441.0)	(4,378.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2023

	Notes	2023 HK$ Million	2022 HK$ Million
Non-current assets			
Investment properties		**26,704.0**	25,230.2
Property, plant and equipment		**3,788.7**	2,143.4
Right-of-use assets		**777.7**	643.2
Net investments in finance lease		**2.4**	0.4
Properties for development		**5,419.4**	5,285.3
Other assets – properties interests		**151.0**	53.8
Goodwill		**135.7**	135.7
Intangible assets		**71.5**	70.2
Interests in associates		**3,907.8**	3,864.7
Interests in joint ventures		**11,178.5**	12,092.2
Financial assets at fair value through other comprehensive income		**333.7**	459.2
Amounts due from associates		**87.1**	261.2
Amounts due from joint ventures		**3,451.8**	3,373.8
Loans and advances to consumer finance customers	*(13)*	**3,709.0**	3,797.3
Mortgage loans	*(14)*	**758.1**	1,273.0
Deferred tax assets		**504.6**	616.7
Financial assets at fair value through profit or loss		**10,584.4**	11,220.3
Term loans	*(15)*	**180.0**	212.2
Trade receivables, prepayments and other receivables	*(16)*	**53.3**	45.0
		71,798.7	70,777.8
Current assets			
Other inventories		**68.0**	3.4
Inventories of properties			
– under development		**5,300.4**	5,055.6
– completed		**3,164.8**	3,252.4
Financial assets at fair value through profit or loss		**5,220.2**	4,817.2
Loans and advances to consumer finance customers	*(13)*	**6,918.2**	7,228.6
Mortgage loans	*(14)*	**1,710.6**	1,790.9
Term loans	*(15)*	**446.8**	1,487.0
Trade receivables, prepayments and other receivables	*(16)*	**879.0**	721.7
Amounts due from brokers		**590.9**	1,231.1
Amounts due from associates		**210.9**	82.3
Amounts due from joint ventures		**1,192.8**	1,239.3
Amounts due from non-controlling interests		**–**	0.2
Financial assets at fair value through other comprehensive income		**29.3**	2.3
Tax recoverable		**336.0**	21.8
Pledged bank deposits		**33.4**	0.5
Bank deposits		**1,214.8**	4,124.8
Cash and cash equivalents		**14,702.0**	11,413.1
		42,018.1	42,472.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

AT 31ST DECEMBER, 2023

	Notes	2023 HK$ Million	2022 HK$ Million
Current liabilities			
Trade payables, other payables and accruals	(17)	**3,099.5**	2,897.4
Contract liabilities		**7,177.6**	7,462.6
Financial liabilities at fair value through profit or loss		**256.0**	407.4
Amounts due to associates		**187.9**	209.1
Amounts due to brokers		**77.4**	81.8
Amounts due to joint ventures		**1,934.5**	589.3
Amounts due to non-controlling interests		**0.2**	0.2
Tax payable		**2,285.5**	2,203.9
Bank and other borrowings due within one year		**9,766.6**	9,455.9
Notes payable		**2,780.8**	86.0
Lease liabilities		**124.4**	148.6
Other liabilities		**27.0**	38.7
Provisions		**60.6**	57.3
		27,778.0	23,638.2
Net current assets		**14,240.1**	18,834.0
Total assets less current liabilities		**86,038.8**	89,611.8
Capital and reserves			
Share capital	(18)	**2,221.7**	2,221.7
Reserves		**41,320.9**	40,892.8
Equity attributable to owners of the Company		**43,542.6**	43,114.5
Shares held for employee ownership scheme		**(30.2)**	(36.5)
Employee share-based compensation reserve		**9.3**	14.1
Share of net assets of subsidiaries		**23,878.4**	25,114.6
Non-controlling interests		**23,857.5**	25,092.2
Total equity		**67,400.1**	68,206.7
Non-current liabilities			
Bank and other borrowings due after one year		**8,845.7**	8,103.1
Notes payable		**2,987.8**	6,492.1
Lease liabilities		**258.6**	265.7
Other liabilities		**36.9**	13.2
Contract liabilities		**8.1**	–
Rental deposits from tenants		**17.8**	18.9
Financial liabilities at fair value through profit or loss		**111.6**	99.6
Deferred tax liabilities		**6,368.0**	6,410.9
Provisions		**4.2**	1.6
		18,638.7	21,405.1
		86,038.8	89,611.8

Notes:

(1) Basis of preparation

New and 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 new and 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, 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the new and 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 Hong Kong Accounting Standard ("HKAS") 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 Income Taxes is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1st January, 2023.

The Group has in respect of an entity incorporated in the United Kingdom ("UK") applied the exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted. The Pillar Two income taxes legislation was enacted in the UK in July 2023 but not yet in effect in current year and the impact that it would have had on the Group's results if it had been in effect for current year is considered to be immaterial. The Group is yet to apply the temporary exception for other entities during the current year because they are operating in jurisdictions other than the UK in which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of consolidated financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1st May, 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 Employee Benefits ("HKAS 19") to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

This change in accounting policy 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.

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

The financial information relating to the financial years ended 31st December, 2023 and 2022 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, 2022 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, 2023 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

	2023	2022
	HK$ Million	*HK$ Million*
Contracts with customers		
Sales of completed properties	**1,530.1**	4,413.3
Sales of building materials	**100.3**	–
Hotel operations	**56.0**	105.5
Management services	**370.0**	349.2
Advisory and service income, commission income and others	**74.2**	76.5
Elderly care services	**135.8**	100.9
Logistics services	**38.2**	19.2
Hospital fees and charges	**394.2**	–
	2,698.8	5,064.6
Interest income on loans and advances to consumer finance customers	**3,176.0**	3,466.7
Interest income received from mortgage loans, term loans and others	**868.0**	733.3
Property rental	**783.0**	728.3
Dividend income	**83.6**	82.7
Distribution from perpetual securities	**9.2**	3.8
	4,919.8	5,014.8
	7,618.6	10,079.4

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

	2023								
	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*	**Healthcare services** *HK$ Million*	**Corporate and other operations** *HK$ Million*	**Total** *HK$ Million*
Sales of completed properties	**–**	**–**	**1,530.1**	**–**	**–**	**–**	**–**	**–**	**1,530.1**
Sales of building materials	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100.3**	**100.3**
Hotel operations	**–**	**–**	**–**	**56.0**	**–**	**–**	**–**	**–**	**56.0**
Management services	**–**	**–**	**–**	**9.4**	**357.4**	**–**	**–**	**3.2**	**370.0**
Advisory and service income, commission income and others	**22.5**	**51.7**	**–**	**–**	**–**	**–**	**–**	**–**	**74.2**
Elderly care services	**–**	**–**	**–**	**–**	**–**	**135.8**	**–**	**–**	**135.8**
Logistics services	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**38.2**	**38.2**
Hospital fees and charges	**–**	**–**	**–**	**–**	**–**	**–**	**394.2**	**–**	**394.2**
Revenue from contracts with customers	**22.5**	**51.7**	**1,530.1**	**65.4**	**357.4**	**135.8**	**394.2**	**141.7**	**2,698.8**

	2022								
	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*	Healthcare services *HK$ Million*	Corporate and other operations *HK$ Million*	Total *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	24.0	29.5	4,413.3	113.4	338.9	100.9	–	44.6	5,064.6

(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. During the year, a new segment of healthcare services was added as the Group acquired a company listed in Hong Kong and one of the business operations of this newly acquired company is healthcare services. Therefore, the Group has the new segment of healthcare services.

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

	2023								
	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*	**Healthcare services** *HK$ Million*	**Corporate and other operations** *HK$ Million*	**Total** *HK$ Million*
Segment revenue	**907.8**	**3,231.8**	**1,530.1**	**897.9**	**359.0**	**136.5**	**394.2**	**379.8**	**7,837.1**
Less: inter-segment revenue	**(22.6)**	**–**	**–**	**(73.7)**	**(1.1)**	**–**	**–**	**(121.1)**	**(218.5)**
Segment revenue from external customers	**885.2**	**3,231.8**	**1,530.1**	**824.2**	**357.9**	**136.5**	**394.2**	**258.7**	**7,618.6**
Segment results	**(361.2)**	**979.5**	**(262.8)**	**712.6**	**1.8**	**(17.0)**	**10.5**	**107.0**	**1,170.4**
Gain on bargain purchase of a subsidiary									**495.1**
Finance costs									**(822.8)**
Share of results of associates	**–**	**–**	**8.0**	**(4.3)**	**–**	**–**	**–**	**–**	**3.7**
Share of results of associates (unallocated)									**168.3**
Share of results of joint ventures	**(141.4)**	**–**	**(340.9)**	**64.6**	**22.7**	**–**	**–**	**15.2**	**(379.8)**
Profit before taxation									**634.9**
Taxation									**(378.9)**
Profit for the year									**256.0**

	2022								
	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*	Healthcare services *HK$ Million*	Corporate and other operations *HK$ Million*	Total *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	814.4	3,499.3	4,413.3	815.2	338.9	100.9	–	97.4	10,079.4
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									(1,131.1)

The geographical information of revenue is disclosed as follows:

	2023	2022
	HK$ Million	*HK$ Million*
Revenue from external customers by location of operations		
Hong Kong	**4,396.9**	4,036.2
The People's Republic of China ("PRC")	**3,136.0**	5,995.1
UK	**54.1**	38.4
Australia	**31.6**	9.7
	7,618.6	10,079.4

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

	2023	2022
	HK$ Million	*HK$ Million*
Changes in values of properties comprise:		
Net decrease in fair value of investment properties	**(27.7)**	(250.2)
Impairment loss reversed for hotel property	**2.2**	6.8
Impairment loss reversed (recognised) for leasehold land and buildings	**0.2**	(2.8)
Fair value gain (loss) on transfer of inventories of completed properties to investment properties	**29.6**	(1.9)
Impairment loss recognised on properties for development	**–**	(82.3)
Impairment loss reversed on properties under development	**66.6**	–
	70.9	(330.4)

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

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

	2023	2022
	HK$ Million	*HK$ Million*
Net realised and unrealised (loss) gain on financial assets and liabilities		
Held for trading	**(393.4)**	138.0
At FVTPL	**(77.0)**	(1,918.5)
	(470.4)	(1,780.5)

(6) Net impairment losses on financial assets

	2023	2022
	HK$ Million	*HK$ Million*
Loans and advances to consumer finance customers		
Net impairment losses	**911.7**	928.0
Recoveries of amounts previously written off	**(235.1)**	(224.9)
	676.6	703.1
Mortgage loans		
Net recognition (reversal) of impairment losses	**57.5**	(9.1)
Term loans		
Net impairment losses	**299.8**	97.8
Amounts due from associates		
Net reversal of impairment losses	**(0.4)**	(6.9)
Trade and other receivables		
Net impairment losses	**2.1**	44.1
Financial assets at fair value through other comprehensive income		
Net impairment losses	**–**	13.3
	1,035.6	842.3

(7) Acquisitions of subsidiaries

During the year ended 31st December, 2023, the Group acquired certain subsidiaries, detailed information is illustrated below:

(a) Acquisition of China Medical & HealthCare Group Limited (“CMH”)

On 16th June, 2023, immediately following completion of the rights issue of CMH, a listed company in Hong Kong, a wholly-owned subsidiary of Tian An China Investments Company Limited (“TACI”) which is a listed subsidiary of the Company, was interested in approximately 33.03% of the issued share capital of CMH. Accordingly, the TACI group was required to make a mandatory conditional cash offer to independent shareholders of CMH for 672,708,957 shares at the price of HK$0.89 per share (“CMH Offer”). On 5th October, 2023, after the close of the CMH Offer, the TACI group received valid acceptances of a total 196,860,010 shares under the CMH Offer (representing approximately 18.12% of the total issued share capital of CMH) and acquired the shares for a total consideration of approximately HK$175.2 million. As a result, the TACI group owned approximately 51.15% interest in CMH as at 5th October, 2023.

The principal businesses of CMH and its subsidiaries are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

The acquisition of CMH as an indirect non wholly-owned subsidiary of TACI ("Acquisition") has been accounted for as acquisition of business, using acquisition accounting. After re-assessment by the management of the TACI 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 is approximately HK$495.1 million.

The fair values of the net assets acquired in the Acquisition are as follows:

	HK$ Million
Net assets acquired:	
Investment properties	**544.1**
Property, plant and equipment	**1,463.4**
Right-of-use assets	**216.6**
Intangible assets	**2.2**
Inventories of properties under development	**194.6**
Inventories of completed properties	**126.7**
Other inventories	**35.9**
Financial assets at FVTPL	**6.8**
Trade receivables, prepayments and other receivables	**164.8**
Pledged bank deposits	**22.3**
Cash and cash equivalents	**766.3**
Trade payables, other payables and accruals	**(567.0)**
Contract liabilities	**(34.2)**
Amount due to an associate	**(6.0)**
Amount due to a subsidiary of TACI	**(77.4)**
Bank and other borrowings	**(608.7)**
Lease liabilities	**(41.1)**
Tax payable	**(112.8)**
Deferred tax liabilities	**(124.3)**
	1,972.2
Gain on bargain purchase arising from the Acquisition:	
Net assets acquired	**1,972.2**
Less: Fair value of interests in CMH previously held as financial assets at fair value through other comprehensive income	**(312.1)**
Less: Consideration paid in cash	**(175.2)**
Less: Non-controlling interests	**(989.8)**
Gain on bargain purchase of a subsidiary	**495.1**

(b) Acquisition of an investment holding company ("Target Company")

On 27th February, 2023, an indirect wholly-owned subsidiary ("Purchaser") of Asiasec Properties Limited ("ASL") which is a listed subsidiary of TACI, entered into a sale and purchase agreement with third parties to acquire a property, which including certain commercial units and car parking spaces, in Hong Kong through (i) the acquisition of the entire issued share capital of Target Company and (ii) the assignment of loan indebted by Target Company to its shareholder, at the consideration of HK$3. It was further agreed that at completion, the Purchaser entered 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 was HK$1,000,000,003. The transaction was completed on 5th July, 2023.

The ASL group elected to apply the optional concentration test in accordance with HKFRS 3 Business Combinations and concluded that:

(a) The land and building components of each commercial units and car-parking spaces are considered a single identifiable asset; and

(b) The group of commercial units and car-parking spaces is a group of similar identifiable assets because the assets are similar in nature and risks associated with managing and creating outputs are not significantly different.

Consequently, the ASL group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

The assets and liabilities recognised at the date of acquisition were as follows:

	HK$ Million
Investment property	**1,003.1**
Other receivables and deposits	**0.6**
Tenants deposits	**(0.3)**
Total consideration on acquisition, including transaction costs	**1,003.4**

The ASL group has subsequently measured the investment property at date of acquisition as follow:

	HK$ Million
Investment property, at cost	**1,003.1**
Increase in fair value recognised in profit or loss	**266.9**
Investment property, at fair value	**1,270.0**

(8) Finance costs

	2023	2022
	HK$ Million	*HK$ Million*
Total finance costs included in:		
Cost of sales and other direct costs	**480.4**	326.2
Finance costs	**822.8**	845.4
	1,303.2	1,171.6

(9) Profit (loss) before taxation

	2023	2022
	HK$ Million	*HK$ Million*
Profit (loss) before taxation has been arrived at after charging:		
Amortisation of intangible assets – computer software	**5.2**	3.1
Amortisation of properties for development	**19.0**	18.3
Cost of inventories recognised as expenses	**1,347.9**	2,591.4
Depreciation of other assets – properties interests	**0.5**	0.5
Depreciation of property, plant and equipment	**171.2**	110.4
Less: amount capitalised in properties under development	**(1.0)**	(1.5)
	170.2	108.9
Depreciation of right-of-use assets	**182.4**	179.9
Less: amount capitalised in properties under development	**(0.2)**	(0.2)
	182.2	179.7
Write down of inventories of completed properties (included in cost of sales)	**3.1**	16.6

(10) Taxation

	2023	2022
	HK$ Million	*HK$ Million*
The income tax charged comprises:		
Current tax		
Hong Kong	**198.5**	228.2
PRC	**151.8**	373.3
Other jurisdictions	**2.4**	1.6
Land Appreciation Tax	**86.4**	388.3
	439.1	991.4
(Over) under provision in prior years	**(116.8)**	47.6
	322.3	1,039.0
Deferred tax	**56.6**	(283.5)
	378.9	755.5

(11) Loss per share

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

	2023	2022
	HK$ Million	*HK$ Million*
Loss		
Loss for the purpose of basic loss per share (loss attributable to owners of the Company)	**(125.4)**	(1,220.5)
Adjustments to profit in respect of adjustments under the employee ownership scheme of a subsidiary *(Note)*	**–**	–
Loss for the purpose of diluted loss per share	**(125.4)**	(1,220.5)
	Million shares	*Million shares*
Number of shares		
Weighted average number of shares in issue for the purpose of basic and diluted loss per share	**3,513.7**	3,514.1

Note: During the year ended 31st December, 2023 and 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.

(12) Dividend

	2023	2022
	HK$ Million	*HK$ Million*
Dividend recognised as distribution during the year		
2022 second interim dividend (in lieu of a final dividend) of HK11.75 cents (2022: 2021 second interim dividend (in lieu of a final dividend) of HK12.50 cents) per share	**412.9**	439.2
2023 interim dividend of nil (2022: HK0.75 cents) per share	**–**	26.4
	412.9	465.6

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2023 (2022 second interim dividend (in lieu of a final dividend): HK11.75 cents per share).

No dividend was declared for the year ended 31st December, 2023 (2022: HK12.50 cents per share amounting to HK$439.3 million declared for year ended 31st December, 2022 of which HK$26.4 million was paid during the year ended 31st December, 2022).

(13) Loans and advances to consumer finance customers

	2023	2022
	HK$ Million	*HK$ Million*
Loans and advances to consumer finance customers		
Hong Kong	**9,123.7**	8,743.1
PRC	**2,073.3**	2,887.2
	11,197.0	11,630.3
Less: impairment allowance	**(569.8)**	(604.4)
	10,627.2	11,025.9
Analysed for reporting purposes as:		
Non-current assets	**3,709.0**	3,797.3
Current assets	**6,918.2**	7,228.6
	10,627.2	11,025.9

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 end of the reporting date:

	2023	2022
	HK$ Million	*HK$ Million*
Less than 31 days past due	**707.9**	705.0
31 to 60 days	**159.1**	127.5
61 to 90 days	**22.2**	66.0
91 to 180 days	**58.6**	2.7
Over 180 days	**61.6**	67.6
	1,009.4	968.8

(14) Mortgage loans

	2023	2022
	HK$ Million	*HK$ Million*
Mortgage loans		
Hong Kong	**2,569.1**	3,107.5
Less: impairment allowance	**(100.4)**	(43.6)
	2,468.7	3,063.9
Analysed for reporting purposes as:		
Non-current assets	**758.1**	1,273.0
Current assets	**1,710.6**	1,790.9
	2,468.7	3,063.9

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

	2023	2022
	HK$ Million	*HK$ Million*
Less than 31 days past due	**101.1**	207.8
31 to 60 days	**8.9**	22.6
61 to 90 days	**7.0**	–
91 to 180 days	**381.4**	0.1
Over 180 days	**114.6**	313.4
	613.0	543.9

(15) Term loans

	2023	2022
	HK$ Million	*HK$ Million*
Secured term loans	**1,380.7**	2,133.4
Unsecured term loans	**91.5**	401.0
	1,472.2	2,534.4
Less: impairment allowance	**(845.4)**	(835.2)
	626.8	1,699.2
Analysed for reporting purposes as:		
Non-current assets	**180.0**	212.2
Current assets	**446.8**	1,487.0
	626.8	1,699.2

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

No 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.

(16) 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 end of the reporting date:

	2023	2022
	HK$ Million	*HK$ Million*
Less than 31 days	**190.4**	195.1
31 to 60 days	**32.5**	25.4
61 to 90 days	**26.8**	18.8
91 to 180 days	**23.7**	32.2
Over 180 days	**89.2**	93.4
	362.6	364.9
Trade and other receivables without aging	**423.8**	338.3
Less: impairment allowances	**(62.6)**	(60.5)
Trade and other receivables at amortised cost	**723.8**	642.7
Prepayments	**208.5**	124.0
	932.3	766.7
Analysed for reporting purposes as:		
Non-current assets	**53.3**	45.0
Current assets	**879.0**	721.7
	932.3	766.7

(17) 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 end of the reporting date:

	2023	2022
	HK$ Million	*HK$ Million*
Less than 31 days/repayable on demand	**734.3**	585.7
31 to 60 days	**159.1**	177.3
61 to 90 days	**102.7**	18.7
91 to 180 days	**91.8**	209.3
Over 180 days	**606.8**	556.7
	1,694.7	1,547.7
Accrued staff costs, other accrued expenses and other payables without aging	**1,404.8**	1,349.7
	3,099.5	2,897.4

(18) Share capital

	Number of shares	**Amount**
		HK$ Million
Issued and fully paid:		
At 1st January, 2022	3,515,082,360	2,221.7
Shares repurchased and cancelled	(1,398,000)	–
At 31st December, 2022, 1st January, 2023 and 31st December, 2023	3,513,684,360	2,221.7

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2023 (2022 second interim dividend (in lieu of a final dividend): HK11.75 cent per share).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company scheduled to be held on 30th May, 2024 ("2024 AGM")

– Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on Friday, 24th May, 2024
– Closure of the register of members of the Company	Monday, 27th May, 2024 to Thursday, 30th May, 2024 (both days inclusive)

During the above closure period, no transfer of shares of the Company will be registered. In order for a shareholder of the Company ("Shareholder") to be eligible to attend and vote at the 2024 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

	2023	2022
	HK$ Million	*HK$ Million*
Revenue	**7,618.6**	10,079.4
Loss for the year attributable to owners of the Company	**(125.4)**	(1,220.5)
Equity attributable to owners of the Company	**43,542.6**	43,114.5
Return on equity attributable to owners of the Company	**(0.3)%**	(2.8)%
Loss per share		
– Basic	**HK$(0.04)**	HK$(0.35)
– Diluted	**HK$(0.04)**	HK$(0.35)

	At 31st December, 2023	At 31st December, 2022
Net asset value per share attributable to owners of the Company	**HK$12.39**	HK$12.27
Gearing ratio	**19.4%**	19.9%

FINANCIAL REVIEW

Financial Results

The revenue of the Group for the year was HK$7,618.6 million (2022: HK$10,079.4 million). This drop is largely attributed to Tian An China Investments Company Limited ("TACI"). TACI's decrease in revenue was mainly due to lower revenue recognition as there was no new major development projects completed and handed over to customers as of last year as well as lower sales of properties due to the downturn in the Mainland China property market.

The loss attributable to owners of the Company for the year was HK$125.4 million, as compared to a loss of HK$1,220.5 million for the year 2022.

The reduction in loss for the year was primarily due to:

– the decrease in loss attributable to Sun Hung Kai & Co. Limited ("SHK"); and

– a non-recurring gain on bargain purchase as a result of the acquisition of China Medical & HealthCare Group Limited ("CMH"), a company listed in Hong Kong, which became an indirect non wholly-owned subsidiary of TACI, after the completion of a mandatory conditional cash offer by a wholly-owned subsidiary of TACI to the independent shareholders of CMH in October 2023.

Loss per share

Basic loss per share amounted to HK$0.04 for the year, as compared to the basic loss per share of HK$0.35 for the year 2022.

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 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 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

At the end of the reporting period, the equity attributable to owners of the Company amounted to HK$43,542.6 million, representing an increase of HK$428.1 million from 2022. The Group maintained a strong cash and bank balance position and had cash and bank balances of approximately HK$15,950.2 million as at 31st December, 2023 (2022: HK$15,538.4 million).

The Group's bank and other borrowings and notes payable totaling HK$24,380.9 million (2022: HK$24,137.1 million) of which the portion due on demand or within one year was HK$12,547.4 million (2022: HK$9,541.9 million) and the remaining long-term portion was HK$11,833.5 million (2022: HK$14,595.2 million). The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 1.51 times (2022: 1.80 times). The Group's gearing ratio (net bank and other borrowings and notes payable/equity attributable to the owners of the Company) was 19.4% (2022: 19.9%).

Further details of bank and other borrowings and notes payable are set out below:

	2023	2022
	HK$ Million	*HK$ Million*
Bank and other borrowings		
Bank loans	**17,950.2**	17,496.9
Other borrowings	**662.1**	62.1
	18,612.3	17,559.0
Amount repayable within one year shown under current liabilities	**9,766.6**	9,455.9
Amount due after one year	**8,845.7**	8,103.1
	18,612.3	17,559.0
Notes payable		
5.75% US dollar notes ^	**2,322.6**	2,511.6
5.00% US dollar notes ^	**3,044.8**	3,324.6
Asset backed notes	**401.2**	741.9
	5,768.6	6,578.1
Analysed for reporting purposes		
– Current liabilities	**2,780.8**	86.0
– Non-current liabilities	**2,987.8**	6,492.1
	5,768.6	6,578.1
Total borrowings	**24,380.9**	24,137.1

^ Listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange")

At the end of the reporting period, total borrowings accounted for around 24% were at fixed rates. There are no known seasonal factors in the Group's borrowing profile.

At the end of the reporting period, the Group had HK$18,612.3 million (2022: HK$17,559.0 million) in bank and other borrowings, which were denominated in HK dollars, British pounds, Australian dollars, Renminbi and US dollars. The Group had HK$15,950.2 million (2022: HK$15,538.4 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

The details of acquisition of CMH, a listed company in Hong Kong, as a subsidiary of TACI are set out in note 7(a) to the consolidated financial information.

The details of acquisition of a property in Hong Kong by an indirect wholly-owned subsidiary of Asiasec Properties Limited ("ASL") are set out in note 7(b) to the consolidated financial information.

During the year ended 31st December, 2023, the Group acquired additional shares in TACI through on-market transactions conducted on the Stock Exchange for a consideration of HK$ 305.1 million and the shareholding in TACI increased from approximately 51.74% as at 31st December, 2022 to approximately 56.94% as at 31st December, 2023.

Save as disclosed above, there were no material acquisitions or disposal of subsidiaries, associates and joint ventures for the year ended 31st December, 2023 and up to the date of this announcement.

Segment Information

Detailed segmental information in respect of the revenue and profit or loss is shown in note 3 to the 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 total carrying value of approximately HK$888.3 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$242.3 million had been identified as idle land by the local authority. The development of more than half of the piece of land was completed, except for the portions which are retained for the remaining development of the whole project. In particular, the construction work for Phase 3 Part 1 has been completed in current 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 the above cases are not probable.

(b) As at 31st December, 2023, guarantees given to banks in respect of mortgage loans granted to property purchasers, loan facilities granted to or utilised by the joint ventures and investee companies classified as financial assets at fair value through profit or loss amounted to approximately HK$2,904.4 million. All the guarantees provided by the Group were requested by banks under normal commercial terms. A legal action was taken against a joint venture of the Group resulting in possible contingent liabilities of approximately HK$236.2 million. The claim is being contested and the management of the Group, with reference to legal advice obtained, considered that in the event that the appeal court rules against the joint venture, it will not have material effect on the consolidated financial statements of the Group.

(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, 2023, 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$28,695.3 million (2022: HK$28,518.7 million), financial assets at fair value through profit or loss ("FVTPL") of HK$148.5 million (2022: nil), financial assets at fair value through other comprehensive income of HK$42.9 million (2022: nil), notes receivables of HK$1.0 million (2022: nil), bank deposits of HK$33.4 million (2022: nil) together with certain securities in respect of a listed subsidiary with investment cost of HK$266.4 million (2022: HK$266.4 million) were pledged to secure loans and general banking facilities granted to the Group.

(b) HK$732.0 million (2022: HK$1,025.0 million) of mortgage loans receivable were pledged for a securitisation financing transaction.

(c) The Group's interest in a subsidiary with net asset value HK$2.8 million (2022: nil) and equity securities at FVTPL with carrying values of HK$5.7 million (2022: nil) were pledged to securities brokers houses for margin loan facilities granted to the Group.

(d) At 31st December, 2022, bank deposits with carrying value of HK$0.5 million were pledged for guarantees in respect of utility supplies and government authorities for the development works.

Events after the reporting period

There are no important events affecting the Group which have occurred after the end of the financial year ended 31st December, 2023 and up to the date of this announcement.

OPERATIONAL REVIEW

Financial Services

Investment and Finance

- The loss attributable to owners of SHK for the year was HK$471.4 million, as compared to a loss of HK$1,534.8 million for the year 2022.

- SHK's investment management business reported a pre-tax loss of HK$1,291.3 million (2022: pre-tax loss of HK$2,425.0 million). This loss included SHK allocating a cost of capital charge of HK$739.7 million.

- SHK's funds management business reported a pre-tax profit of HK$16.8 million (2022: pre-tax loss of HK$22.9 million).

- Sun Hung Kai Credit Limited reported a pre-tax profit of HK$65.7 million (2022: HK$122.3 million). Its gross loan balance was HK$2.6 billion at the end of 2023 (at 31st December, 2022: HK$3.1 billion).

Consumer Finance

- Profit attributable to owners of United Asia Finance Limited ("UAF") for the year amounted to HK$715.8 million (2022: HK$946.6 million).

- In view of the challenging operating conditions in Mainland China, UAF continued to reduce operating costs and focused on its shift from unsecured to secured lending.

- UAF enjoyed a better-than-expected profit contribution from its Hong Kong business. UAF launched a credit card branded as "SIM" card (Simple Instant Money) in December 2022. The results of the SIM card's launch in successive phases in 2023 has been satisfactory.

- As at the end of 2023, the consolidated consumer finance gross loan balance amounted to HK$11.2 billion (at 31st December, 2022: HK$11.6 billion). There were 16 branches in Mainland China and 48 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 2022.

- 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 higher loss for the year as compared with the loss in 2022. Operating margins were better but there was higher fair value loss from its investment properties.

Mainland PRC

- The profit attributable to owners of TACI for the year reported by TACI itself was HK$1,217.4 million (2022: HK$1,528.6 million). However, the financial results of TACI for the year from the Company's perspective was a profit of HK$363.7 million (2022: HK$308.4 million). When TACI became an indirect non wholly-owned subsidiary of the Company in October 2021, the Company 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 increased by 13.5% as compared with 2022.

- TACI has a total of 20 Tian An Cyberparks developed or under development in over 13 cities with stable business strategies.

- The pre-sales and 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. 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, 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, 2023, ASL, the listed subsidiary of TACI, reported a profit of HK$265.0 million (2022: loss of HK$43.7 million) attributable to its shareholders.

- TACI has acquired CMH in 2023 which is engaged principally in operation of healthcare, hospital and eldercare business in Mainland China. CMH reported a profit attributable to shareholders for the year ended 31st December, 2023 versus a loss for the last year.

Services

- Allied Services Hong Kong Limited which engages in the businesses of property management, elderly care services and logistics services in Hong Kong reported a profit of HK$9.1 million for the year (2022: HK$8.7 million).

Investment

Resource Investments

- At the end of 2023, the Group held approximately 43.5% interest in APAC Resources Limited ("APAC"). The Group recorded a share of profit from APAC amounting to HK$138.4 million (2022: share of loss of HK$98.0 million).

Employees

The total number of headcount of the Group as at 31st December, 2023 was 5,713 (2022: 3,930). The net increase in headcount is mainly a result of newly added CMH and its subsidiaries, which have become TACI's subsidiaries since October, 2023. Total staff cost, including Directors' emoluments, amounted to HK$1,390.8 million (2022: HK$1,224.3 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.

LONG TERM CORPORATE STRATEGIES

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 to contain the COVID-19 pandemic lifted, the economic recovery of Mainland China and Hong Kong proved to be weaker-than-expected this year. The financial problems of many sizeable China property developers, high dollar interest rates, geopolitical tensions, the war in Ukraine and the conflict in the Middle East have led to uncertainty and poor market sentiment. The policy of derisking by the United States and the European Union towards China will continue to have a negative impact on the economy of China.

SHK remains vigilant about the various risks and challenges facing the market and will continue to mitigate the volatility in its business and investment portfolio.

UAF aims to maintain its market leader position in Hong Kong by improving its advertising strategy so as to better reach its target customers. As for the Mainland China business, UAF will focus on secured lending while implementing cost cutting measures to generate better returns.

Elevated interest rates 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.

TACI is comforted by China's Central Bank cut in the one-year loan prime rate ("LPR") by 20 basis points from 3.65% to 3.45% and five-year LPR by 10 basis points from 4.30% to 4.20% during 2023 and further cut in five-year LPR by 25 basis point from 4.20% to 3.95% in February 2024, helping to reduce the financial burdens of the property sector. The China's Central Bank also cut the reserve requirement ratio by 0.50% in February 2024. This will increase the liquidity of the market and stimulate the economy of Mainland China. Local governments have also introduced measures to stabilise the property market.

There is no doubt that 2024 will remain challenging. 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, 2023, 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 Appendix 14 (which has been restructured as Appendix C1 since 31st December, 2023) 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.

The terms of reference of the Audit Committee adopted by the Company are in compliance with the code provision D.3.3 of the CG Code except that the Audit Committee (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, 2023 ("2023 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 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 2023 Annual Report which will be sent to the Shareholders by the end of April 2024.

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, 2023.

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, 2023 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 audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 15th April, 2024. 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

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, 2023.

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 14th May, 2024 will be forfeited and revert to the Company.

Financial Year End	Types of Dividends
2015	Interim Dividend and Second Interim Dividend
2016	Interim Dividend and Second Interim 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 14th May, 2024.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 2nd April, 2024 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 16th April, 2024.

APPRECIATION

The Board would like to thank all the staff for their effort and contribution in 2023, 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, 15th April, 2024

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.