

[FOR IMMEDIATE RELEASE] 22 March 2024, Hong Kong

## Sun Hung Kai & Co. Announces 2023 Annual Results

\*\*\* \*\*

### Significant turnaround amidst continued market volatility

**Sun Hung Kai & Co. Limited** (Stock Code: 86.HK) (“SHK & Co.” or the “Company”, together with its subsidiaries, the “Group”) announces its annual results for the year ended 31 December 2023.

### Financial Summary

	For the year ended 31 Dec		
	2023	2022	Change
Revenue ( <i>HK\$ million</i> )	<b>3,916.6</b>	4,054.1	-3.4%
Pre-tax profit/(loss) ( <i>HK\$ million</i> )	<b>76.6</b>	(892.3)	N/A
(Loss)/profit attributable to owners of the Company ( <i>HK\$ million</i> )	<b>(471.4)</b>	(1,534.8)	-69.3%
Basic (losses)/earnings per share ( <i>HK cents</i> )	<b>(24.1)</b>	(78.2)	-69.2%
Second interim dividend ( <i>HK cents</i> )	<b>14.0</b>	14.0	—
Book value per share ( <i>HK\$</i> )	<b>10.8</b>	11.4	-5.3%

In 2023, the global macro environment continued to pose challenges with interest rates increasing steeply and remaining at elevated levels, driving financial dislocations and increased volatility across various asset classes. In addition, the regional post-COVID economic recovery fell short of expectations, generating further headwinds. In response, the Group adopted a cautious approach, with an emphasis on capital efficiency, streamlining business processes, investing in infrastructure, and maintaining a strong balance sheet with ample liquidity. As a result, the Group’s revenue in 2023 remained relatively stable at HK\$3,916.6 million (2022: HK\$4,054.1 million). The revenue mainly consisted of interest income from the Credit business (previously Financing business) of HK\$3,462.4 million for the year.

A notable turnaround from 2022’s performance, SHK & Co. achieved a pre-tax profit of HK\$76.6 million (2022: loss of HK\$892.3 million) including a one-time write-down of HK\$158.9 million related to its interest in a joint venture which engages in auto leasing business in Mainland China. The year-on year improvement was primarily due to the decrease in unrealised loss on its investment assets as valuations stabilised in overseas markets. After taxation and non-controlling interest, loss attributable to the owners of the Company, including this one-time write-down, was significantly reduced to HK\$471.4 million (2022: HK\$1,534.8 million). Basic loss per share was HK24.1 cents (2022: HK78.2 cents).

The Board of Directors of the Company declared a second interim dividend of HK14 cents per share for the year ended 31 December 2023, the same as the previous year. During the year, the Company repurchased 2.2 million shares for a total net consideration of HK\$5.9 million. In addition, it opportunistically continued to repurchase outstanding Medium-Term Notes (“MTN”) totalling US\$59.5 million. Consequently, net gearing ratio decreased substantially to 38.6% from 43.7% a year ago. As at 31 December 2023, the Group’s book value per share was HK\$10.8 (2022: HK\$11.4).

## Segment Performance

(HK\$ Million)	Pre-tax contribution for the year ended			Segment assets as at	
	2023	2022^	Change	Dec 2023	Dec 2022^
<b>CREDIT BUSINESS</b>					
Consumer Finance	<b>979.5</b>	1,197.1	-18.2%	<b>18,062.9</b>	18,156.9
Mortgage Loans	<b>65.7</b>	122.3	-46.3%	<b>2,647.6</b>	3,283.4
Private Credit	<b>(158.9)</b>	(23.5)	576.2%	--	161.3
Sub-total	<b>886.3</b>	1,295.9	-31.6%	<b>20,737.5</b>	21,601.6
<b>INVESTMENT MANAGEMENT</b>	<b>(1,291.3)</b>	(2,425.0)	-46.8%	<b>16,257.4</b>	17,904.6
<b>FUNDS MANAGEMENT</b>	<b>16.8</b>	(22.9)	N/A	<b>24.9</b>	14.3
<b>GMS</b>	<b>464.8</b>	259.7	79.0%	<b>3,849.7</b>	3,394.2
<b>Total</b>	<b>76.6</b>	<b>(892.3)</b>	N/A	<b>40,869.5</b>	42,914.7

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

The past year was characterised by a marked divergence in market performance, inflation expectations, and interest rate conditions between China and the US. Against this backdrop, SHK & Co. concentrated its efforts on consolidating its market standing within the Hong Kong consumer finance sector, as well as proactively reweighting its diversified investment portfolio, aiming to spur growth and further build out its alternative investment platform.

SHK & Co’s Consumer Finance arm successfully launched its SIM (Simple Instant Money) credit card while the Investment Management division made substantial progress in narrowing its losses as valuations stabilised. On the Funds Management side, despite a challenging fundraising environment, the division’s initiatives demonstrated resilience and closed the year with Assets Under Management in its funds and fund partners (“AUM”) reaching almost USD1 billion. Third-party assets exceeded US\$600 million, with a net inflow of over US\$150 million during the year.

SHK Family Office Solutions (“FOS”), the multi-family office platform, made progress while leveraging the Group’s wider relationships with other family offices and high-net-worth individuals (“HNWIs”) with similar investment approach and horizons, capitalising on the access to SHK & Co’s wide-ranging credit, public and private opportunities that have been built up in its 55-year operating history.

**Mr. Lee Seng Huang, the Group Executive Chairman** said, “As we enter 2024, it is anticipated that interest rates will remain high, leading to ongoing challenges for businesses worldwide as they cope with increased financing costs. The regional economic recovery remains uncertain due to overarching geopolitical tensions and the ongoing rebalancing of the Chinese economy away from the real estate sector. These continued headwinds give us cause to remain cautious.

In our Credit segment, we will remain vigilant, while streamlining our business efficiency by upgrading service platforms and digitising our operations. As for our Investment Management and Funds Management businesses, we will maintain a conservative approach while focusing on capital efficiency. We will continue to invest in enhancing our risk management framework, technology infrastructure, and most importantly our talent pool.

As always, I thank stakeholders for their trust and support as we navigate the evolving investment landscape and position ourselves for sustained long-term success.”

For more details of the 2023 earnings, please refer to the [official announcement](#).

- End -

#### **About Sun Hung Kai & Co**

Sun Hung Kai & Co. Limited (SEHK: 86) (“SHK & Co.”, together with its subsidiaries, the “Group”) is a leader in alternative investing headquartered in Hong Kong. Since its establishment in 1969, the Group has owned and operated market-leading platforms in Financial Services. The Group invests across public markets, alternatives and real estate and has an established track record of generating long-term risk adjusted returns for its shareholders. In recent years, it has extended its strategy to incubate, accelerate and support emerging asset managers in the Asian region. It is also the major shareholder of the leading Consumer Finance firm, United Asia Finance Limited.

For more information about SHK & Co., please visit [www.shkco.com](http://www.shkco.com).

#### **For media enquiries, please contact:**

Hill and Knowlton

Joanne Lam +852 2894 6211

Lynn Zhang +852 2894 6284

Email: SHKCo@hkstrategies.com