新世界發展有限公司
New World Development Company Limited

(incorporated in Hong Kong with limited liability)
(Hong Kong Stock Code: 0017)

Annual Results Announcement 2021/2022

Results Highlights:

- The Group recorded consolidated revenues of HK$68,212.7 million, on a par with FY2021. Underlying profit was HK$7,084.6 million and profit attributable to shareholders of the Company was HK$1,249.2 million, up by 1.8% and 8.5%, respectively
- The Group's attributable contracted sales in Hong Kong amounted to about HK$8.24 billion
- The Group's overall contracted sales in Mainland China amounted to about RMB17.1 billion, with the Southern Region, led by the Greater Bay Area, accounting for around 73%
- Segment results of property development in Mainland China increased 10.9% YOY, segment margin increased from 40% in FY2021 to 57% in FY2022
- Segment results of property investment in Hong Kong grew 6.0% YOY growth in segment results of Hong Kong property investment, benefitting largely from the improvement in operational efficiency and occupancy rate of K11 MUSEA and K11 ATELIER King's Road
- Segment results of property investment in Mainland China increased 11.0% YOY, mainly attributed to improved operational efficiency and higher occupancy rates of K11 projects
- Continuous stringent cost control efforts as evidenced by an approximately 4.7% YOY decrease in recurring administrative and other operating expenses
- Non-core asset disposal amounted to approximately HK$13.9 billion in FY2022, which exceeded target for the year
- Total capital resources amounted to approximately HK$105.0 billion, including cash and bank balances of approximately HK$62.2 billion and undrawn facilities from banks of approximately HK$42.8 billion
- Overall financing cost decreased from 2.8% in FY2021 to 2.5% in FY2022
- All refinancing of borrowings due in FY2023 has been taken care of
- FY2022 final dividend: HK$1.5 per share, or HK$2.06 per share for the whole year, same as compared to FY2021, maintains the prevailing sustainable and progressive dividend policy

Business Review

Hong Kong Property Development

Although Hong Kong saw easing COVID-19 conditions in 2H2021, the fifth wave of pandemic swirled around by Omicron variant in the city since the beginning of 2022 has hit the economy hard. On top of this, one-month HIBOR concerning the property market rose to new high since April 2020, leading to a slide in both transaction volume and price of residential units in Hong Kong in the 1H2022. According to the Land Registry, Hong Kong recorded a year-on-year decrease of 17.3% in the agreements for primary sale and purchase of residential building units and a year-on-year decline of 17.0% in the consideration of such agreements from July 2021 to June 2022.

During FY2022, the Group's revenues and segment results of property development in Hong Kong, including joint development projects, amounted to HK$5,842.8 million and HK$2,384.1 million, respectively. The contributions were mainly attributable to the Grade A office project, NCB Innovation Centre (formerly known as 888 Lai Chi Kok Road, Cheung Sha Wan), the carpark project of ACADEMIC TERRACE, and residential projects including MOUNT PAVILIA and DOUBLE COVE.

During the year under review, the Group's attributable contracted sales in Hong Kong amounted to approximately HK$8.24 billion, which were mainly contributed by the residential projects including DOUBLE COVE, MOUNT PAVILIA and ATRIUM HOUSE and the Grade A office project, NCB Innovation Centre. As at 30 June 2022, the Group had a total of 303 residential units available for sale in Hong Kong, of which 281 residential units were under the lead of the sales team of the Group.

NCB Innovation Centre, the Group's Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan, was completed in May 2022. Comprising a 28-storey building with a total GFA of approximately 520,000 sq ft, it was the first major project launched by the Group following the abolition of the Double Stamp Duty on non-residential property transactions announced by the government. Sales of NCB Innovation Centre commenced in December 2020 and as at 30 June 2022, 73% of the attributable GFA of the project were sold, contributing HK$6.0 billion to the attributable contracted sales.

As at 30 June 2022, among the unrecognised attributable income from contracted sales of properties in Hong Kong, HK$24,948 million would be booked in FY2023 and HK$4,145 million would be booked in FY2024. Key projects expected to be booked in FY2023 include THE PAVILIA FARM I and II. Key projects expected to be booked in FY2024 include MOUNT PAVILIA and FLEUR PAVILIA.

Hong Kong Property Investment and Others

Demand for traditional office building in Hong Kong has remained soft since 2020, as many tenants have relocated away from traditional commercial districts or shrank the leased area to cut costs. In order to increase rental income, apart from competitive rents and aggressive marketing tactics, the Group has also strategically extended presence in non-traditional commercial district, Cheung Sha Wan, in recent years. Currently, total GFA of 2 million sq ft for Grade A office building is under construction in that district.

During the year under review, the Group's revenues and segment results of property investment in Hong Kong amounted to HK$2,795.6 million and HK$2,120.4 million, mainly due to the improvement in operational efficiency and occupancy rate of K11 MUSEA in Tsim Sha Tsui, Kowloon and the Grade A office building K11 ATELIER King's Road in Quarry Bay.

The Group offered local customers differentiated shopping experience by leveraging on the prominent brand characteristic and unique artistic sense of K11. During the year under review, K11 MUSEA's total footfall amounted to 20 million, whilst sales recorded a year-on-year increase of 9%, mainly driven by better performance of tenants from top tier international brands, jewellery and watches as well as personal care and beauty. The Group managed to attract a batch of loyal members through its continuous launch of creative marketing and festival activities.

K11 Art Mall upgraded its tenant portfolio amidst the pandemic by introducing over 40 new brands which mainly targeted at the consumption experience of such young generation, successfully creating an Instagram-worthy spot to gather and check in for the trendy "Gen Z"shoppers. During the year under review, the overall average occupancy rate of K11 Art Mall remained at around 100%, with sales and footfall up by 6% and 11% year on year, respectively. In particular, its footfall reached a historic new high in December 2021, with sales eclipsing its pre-pandemic level.

Hong Kong Landbank

Land supply shortage stands as a long-term problem besetting the Hong Kong society. In The Chief Executive's 2021 Policy Address, the government launched a series of measures to expedite land searching for housing construction, which included the proposal of Northern Metropolis Development Strategy for the long-term development of northern New Territories; reclamation plans for western waters; and easing the sale restrictions on Tso/Tong lands (ancestral lands) in the New Territories. The Group believes that the above measures would be conducive to increasing long-term land supply, but that it would remain difficult for private housing land supply to meet the housing demand of citizens in the short to medium term.

Apart from its engagement in public tenders, the Group also actively worked on old building acquisitions and farmland conversions, allowing the Group to replenish its Hong Kong landbank through diversified channels and provide stable land resource for future development.

During the year under review, through its joint venture, the Group successfully acquired Kai Tak Area 4B Site 4 for residential projects from a Mainland developer and its related persons at a total consideration of HK$7,948 million. The newly acquired land, together with the three residential land parcels acquired by the consortia of the Group in 2018 and 2019, further expanded the landbank of the Group in the prime Kai Tak section.

In April 2022, the Group won the bid for the Tseung Kwan O Pak Shing Kok Ventilation Building project of the MTR together with the consortium formed by the Group and a state-owned enterprise. The land parcel is close to the MTR Hang Hau station, situated in a prime location with comprehensive district facilities. It has great potential for development, with a GFA of approximately 290,000 sq ft. The Group will utilise its vast property development experience to build quality small to medium units so as to meet the strong and rigid market demand.

As at 30 June 2022, the Group had a landbank with a total attributable GFA of approximately 9.32 million sq ft in Hong Kong available for immediate development, of which approximately 4.55 million sq ft was for property development use. Meanwhile, the Group had an agricultural landbank with a total attributable land area of approximately 16.33 million sq ft pending land use conversion in the New Territories, approximately 90% of which was located within the Northern Metropolis.

In line with the government's Northern Metropolis development plan, the Group expedited its farmland conversion to unlock value. During the year under review, the Group applied to the Town Planning Board for developing four plots of agricultural land in Yuen Long, namely Ngau Tam Mei, Wing Kei Tsuen, Lin Barn Tsuen and Lau Fau Shan, into large-scale residential projects. The Group has a total GFA of approximately 5 million sq ft in the four projects, which are expected to provide over 9,000 residential units.

Moreover, in June 2022, the Group submitted the first application under the Land Sharing Pilot Scheme to the government for a plot of land in Wing Ning Tsuen, Long Ping Road, Yuen Long, covering approximately 590,700 sq ft and is expected to provide 4,565 housing units, among which, 70% of units will serve as public housing and Starter Homes units. A total GFA of approximately 689,400 sq ft under the project is designated for private housing, which is expected to provide 1,281 housing units.

Landbank by District As at 30 June 2022	Property Development Total Attributable GFA (sq ft '000)	Property Investment and Others Total Attributable GFA (sq ft '000)	Total Attributable GFA (sq ft '000)
Hong Kong Island	772.7	-	772.7
Kowloon	1,582.2	997.8	2,580.0
New Territories	2,198.6	3,767.4	5,966.0
Total	**4,553.5**	**4,765.2**	**9,318.7**

Agricultural Landbank by District As at 30 June 2022	Total Land Area (sq ft '000)	Total Attributable Land Area (sq ft '000)
Yuen Long District	12,257.2	11,258.4
North District	2,489.0	2,184.2
Sha Tin District and Tai Po District	1,912.2	1,858.0
Sai Kung District	1,198.5	1,026.8
Total	**17,856.9**	**16,327.4**

The Group is dedicated to promoting social innovation to contribute to the long-term development of Hong Kong. To ease the local housing problem, the Group founded a new not-for-profit social housing enterprise, called "New World Build for Good", in September 2021. Through research, advocacy and pilot projects, the Group takes a multipronged approach and seeks short- to medium-term solutions and long-term strategies to address Hong Kong's housing and land supply problems, in an effort to make Hong Kong a more liveable city. "New World Build for Good" has already announced that a plot of land in Yuen Long South was selected for building Hong Kong's first not-for-profit privately subsidised housing development, providing approximately 300 homes. The application for preliminary planning has already begun, and the project is making good progress.

Early in 2019, New World Group also took the lead to announce that it would offer some of its farmland reserves to the government and NGOs for transitional housing projects to alleviate the housing costs for the grassroots, facilitating their upward mobility. To date, four projects are in the preliminary planning phase, which are expected to create approximately 3,000 housing units. The projects are now making good progress, with all project applications having been approved by the Town Planning Board, and construction work will commence soon.

The Group will continue to liaise closely with NGOs and relevant government departments, inject unique and innovative elements into social housing projects, and build better communities for Hong Kong's next generation.

Mainland China Property Development

Faced with the current complex macroenvironment and other challenges, the Group continues to uphold its development pace, maintaining its core strategy of "Steady and Sustainable Growth". The Group continues on the path of high-quality development, fully utilising its advantages, riding the cycle and braving the wind and waves. The Group adheres to its strategic vision of "Improving Integration and Connectivity in the Greater Bay Area, Continually Refining the Yangtze River Delta Region and Proactively Developing Key First-Tier Cities Nationwide", and will continue to replenish its landbank through diverse channels. The Group has joined forces with key Central and State-owned enterprises, as well as other high-quality enterprises to create greater value. In addition, the Group's projects across the country are blossoming, gaining market recognition by providing "stability", "quality" and a"premium brand". At the same time, the Group leverages the advantages of its diverse ecosystem, actively supporting city-industry integration and social innovation, creating iconic landmarks across the country, and cementing its status as a "Pioneer in mixed-use urban complexes".

During the year under review, the Group's revenues and segment results of property development in Mainland China, including joint development projects, amounted to HK$11,526.8 million and HK$6,599.8 million respectively. The contributions were mainly attributable to projects in Shenzhen, Guangzhou and Shenyang.

Although the Mainland real estate sector has been affected by international geopolitics, the macroeconomic environment, regulatory policies, the pandemic and other factors, by leveraging its premium brand and high quality projects, as well as professional and capable local teams, the Group has an in-depth understanding of the market, and is able to successfully capture the best timing for project launches. The Group recorded strong total contracted sales of properties in Mainland China amidst the complex and volatile market conditions. During the year under review, the Group's overall total contracted sales area of properties in Mainland China amounted to approximately 437,000 sq m, with total sales proceeds of RMB17.1 billion. The average price of overall contracted sales exceeded RMB39,000 per sq m. Breaking down the geographical distribution of contracted sales proceeds, the Southern Region, led by the Greater Bay Area, was the largest contributor, accounting for around 73%. Contributions were mainly generated from the projects in the Greater Bay Area, such as Guangzhou Park Paradise • The Glory of Legend, Qianhai CTF Financial Tower, Guangzhou Covent Garden New World Canton Bay and Shenzhen Prince Bay.

Contracted Sales by Region

FY2022 **Region**	**Contracted Sales** **Area** **(sq m'000)**	**Proceeds** **(RMB m)**
Southern Region (i.e., the Greater Bay Area)	243.6	12,473
Eastern Region (i.e., the Yangtze River Delta Region)	44.9	2,163
Central Region	8.2	61
Northern Region	13.3	161
North-eastern Region	127.2	2,243
Total	**437.2**	**17,101**

In June 2022, the Group's major project this year "New World City Arts Centre" in Hangzhou ushered in the first round of sales. Its international community "River Opus" offered 601 residential units and quickly sold out on the first day of its launch. The total subscription amount exceeded RMB7.0 billion, breaking the record for single-day sales in Hangzhou, and received nearly 10,000 groups of customers registrations. As the Group's first project in Hangzhou, the remarkable success at its initial sales launch is a testament to the market's recognition and trust in New World's brand and product quality. At a time when the economy was in a recovery phase, the well-received sales launch also brought greater confidence to the market.

During the year under review, online contract signing was completed for the South Tower of Qianhai CTF Financial Tower, the Group's project in the Shenzhen Qianhai Free Trade Zone. Upon construction completion, the entire building will be sold to a Fortune Global 500 financial institution. The South Tower has a total GFA of over 49,000 sq m, with a sales price of over RMB3.2 billion. Upon completion, the project will improve the commercial amenities in the region, optimise and upgrade the business environment in Qianhai, and support the growth of Qianhai's economy and the development of the financial industry in Shenzhen.

As at 30 June 2022, the Group's unrecognised gross income from contracted sales of properties in Mainland China amounted to approximately RMB8.66 billion, of which RMB7.61 billion and RMB1.05 billion will be booked in FY2023 and FY2024 respectively.

The Group maintained its non-core asset disposal strategy, identifying suitable opportunities, optimising its portfolio, and investing in core businesses that offer high growth and potential. During the year under review, the Group disposed of commercial and office buildings and carparks in Mainland China which generated approximately RMB890 million.

During the year under review, the Group's total GFA of projects completed in Mainland China (excluding carparks) was approximately 586,000 sq m, most of which was in the Greater Bay Area and the North-eastern Region. The total GFA of completion (excluding carparks) is expected to reach approximately 1,023,000 sq m in FY2023.

FY2022 Project Completion in Mainland China — Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Covent Garden Phase 1D	117,307	10,030	127,337	133,425
	Zengcheng Comprehensive Development Project	148,933	-	148,933	148,933
Foshan	Guangzhou Foshan Canton CF35	6,496	-	6,496	6,496
Shenzhen	Prince Bay BAYHOUSE (Prince Bay Project DY02-04)	54,726	24,840	79,566	79,566
Shenyang	Shenyang New World Garden Phase 2C-1	75,298	-	75,298	75,298
	Total	**402,760**	**34,870**	**437,630**	**443,718**

FY2022 Project Completion in Mainland China — Property Investment, Hotel and Others

Region	Project/Total GFA (sq m)	Commercial	Office	Hotel	Exhibition Centre	Total (excluding carpark)	Total (including carpark)
Ningbo	Ningbo Land No. 5	1,285	81,172	42,921	-	125,378	127,523
Beijing	Beijing New View Commercial Centre	-	12,968	-	10,214	23,182	27,613
	Total	**1,285**	**94,140**	**42,921**	**10,214**	**148,560**	**155,136**

FY2023 Project Completion Plan in Mainland China — Property Development

Region	Project/GFA (sq m)	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou	Guangzhou Park Paradise District 3 Batch E	91,664	-	-	91,664	116,775
	Zengcheng Comprehensive Development Project	-	13,787	30,886	44,673	124,650
Shenzhen	Qianhai CTF Financial Tower Project	-	992	48,084	49,076	61,781
Foshan	Guangzhou Foshan Canton First Estate CF03	38,409	-	-	38,409	42,272
	Guangzhou Foshan Canton First Estate CF21	53,786	-	-	53,786	59,574
	Guangzhou Foshan Canton First Estate CF32	83,214	1,093	-	84,307	92,957
Shenyang	Shenyang New World Garden Phase 2C-2	43,868	-	-	43,868	43,868
	Shenyang New World Centre SA1	107,589	-	-	107,589	107,589
	Shenyang New World Centre SA2	104,142	-	-	104,142	104,142
	Shenyang New World Centre SA3	75,354	-	-	75,354	75,354
	Total	**598,026**	**15,872**	**78,970**	**692,868**	**828,962**

FY2023 Project Completion Plan in Mainland China — Property Investment, Hotel and Others

Region	Project/GFA (sq m)	Residential	Commercial	Office	Hotel	Total (excluding carpark)	Total (including carpark)
Guangzhou	Panyu International School Project Phase 1	-	29,229	-	-	29,229	29,229
	Panyu International School Project Phase 2	-	33,268	-	-	33,268	33,268
	Zengcheng Comprehensive Development Project	5,795	-	111,419	23,363	140,577	164,999
Shenzhen	Qianhai CTF Financial Tower Project	-	26,940	99,650	-	126,590	169,316
Shenyang	Shenyang New World Garden Phase 2C-2	-	-	-	-	-	41,687
	Total	**5,795**	**89,437**	**211,069**	**23,363**	**329,664**	**438,499**

Mainland China Property Investment and Others

In FY2022, the COVID-19 pandemic lingered, and major cities in Mainland implemented prevention measures, which affected consumption. The gradual easing of the pandemic and the relaxation of control measures, overall increase in consumption, consumption upgrades and innovative consumption patterns, as well as policies of "dual circulation" and "stimulating domestic demand", will all help consumption recover. The National Bureau of Statistics released data indicating that in June 2022, the growth rate of total retail sales of consumer goods turned positive, increasing by 3.1% YOY, showing improvements and a positive trend in consumption.

During the year under review, the Group's revenues from property investment in Mainland China amounted to HK$2,027.9 million, increasing 9% YOY due to stable occupancy rates of major projects in the investment property portfolio.

During the year under review, leveraging the unique K11 brand, the Group captured the momentum of the consumption recovery in Mainland China. Despite the impact of the pandemic, K11 Art Malls owned or managed by the Group in Mainland China achieved outstanding sales performance.

Guangzhou K11 continued upgrading its brand mix, collaborating with various international brands such as Gucci, Qeelin, CELINE, etc., which helped overall performance and average transaction value per customer surpass the same period last year. Through promoting "KLUB 11", membership sales contributed 54% of total sales, within which sales from black card members achieved double-digit growth. The renovation of the B1 public area was completed in December 2021, and the Beauty Ally was opened in mid-2022, attracting international first-class beauty brands including La Mer, Tom Ford, Estee Lauder, Lancôme, becoming the most comprehensive destination for high-end cosmetic brands in Guangzhou. During the year under review, Guangzhou K11 hosted 3 large-scale exhibitions and more than 30 full-scale events, of which a major highlight was the world's first ever exhibition of "Sorayama Shark", bringing in nearly RMB20 million in exhibition revenue. The event featured series such as "Future Land", "Slow Down and Enjoy" and "Beauty Infinitive", and achieved record high annual passenger traffic and sales despite the pandemic. In particular, during the Golden Week, a series of activities of the "Future Breakout" K-HUB Art Festival were held, various brands such as Xiaohongshu, Porsche, Tesla, and Guangdong Museum and others were invited to launch creative and curated exhibitions and activities, contributing to Guangzhou K11 sales.

Wuhan Hankou K11 recorded a 106% YOY growth in sales, and footfall reached 10 million. During the year under review, 65 events and 4 art exhibitions were held, which went viral and became the hottest trending art topic in the city, breaking the record for the most ticket sales revenue ever for an art exhibition in Wuhan. Wuhan Hankou K11 also hosted the first fashion show in the city, which helped brands and attracted significant attention online. Wuhan Guanggu K11 Select targets and captures the Gen Z population. During the year under review, a total of 15 Gen Z exclusive events were held, driving sales to grow 20% YOY. In June 2022, the total number of members reached 600,000, with member spending accounting for 40% of the total sales, and Gen Z members increased by 1.5 times YOY.

For Shanghai K11, sales in the first half of FY2022 exceeded expectations, but in the second half of the fiscal year, operations had to be suspended from April to May under the impact of the pandemic control measures, which affected sales. Nevertheless, after the pandemic subsided, the massive membership loyalty programme successfully encouraged customer spending. During the year under review, both the average transaction value per customer and the proportion of membership sales to total sales recorded positive growth. Combined with the Group's "KLUB 11" loyalty programme, members stickiness increased through initiatives including 88 Summer Shopping Carnival (88 夏日狂歡購), Halloween, and VIP day activities, effectively increasing member sales to make up more than 60% of total sales. In addition, Shanghai K11 also increased useable area within the mall, and cooperated with Cartier, JLC, and other brands in pop-up events and brand exhibitions to increase revenue.

The grand opening of Tianjin K11 Select in late May 2021 has created a new and flourishing space for "Bincheng", where consumer experience and culture seamlessly come together in a new space, leading the re-shaping and upgrading of the commercial area, and has been widely praised by Tianjin residents. Despite the impact of the pandemic, sales exceeded expectations during the year under review, with the automobile industry performing particularly well, achieving outstanding sales within the region. With the precise targeting of the Gen Z customer base, more than half of footfall translated into sales. With the strong conversion of footfall into members, and high member loyalty, member sales (excluding automobiles) accounted for 40% of total sales.

During Christmas time in 2021, Shenyang K11 organised a tour exhibition of an inspirational art set "Golden Wonderland" created by Hong Kong MUSEA and a New York designer, which has become a new check-in place for KOLs in Shenyang and neighbouring satellite cities. During the year under review, the number of visitors reached 9.7 million through various events such as light shows, debut of Douyin live broadcasts, and trendy art exhibitions.

With the successive completion and opening of several projects of the Group in major cities in the Greater Bay Area and the Yangtze River Delta, coupled with the unique value of the K11 brand, the Group has further consolidated its diversified business investment layout in these regions, which will contribute to increased recurring rental income.

Mainland China Landbank

As at 30 June 2022, the Group had a landbank (excluding carparks) with a total GFA of approximately 5,206,000 sq m available for immediate development in Mainland China, of which approximately 2,850,000 sq m was zoned for residential use. Of the total GFA of the Group's landbank (excluding carparks), approximately 4,488,000 sq m were core property development projects located in Guangzhou, Shenzhen, Foshan, Wuhan, Shanghai, Ningbo, Hangzhou, Beijing and Shenyang, of which 65.5% were located in the Greater Bay Area and the Yangtze River Delta, of which approximately 1,582,000 million sq m is zoned for residential use.

Landbank by Region **As at 30 June 2022**	**Total GFA (excluding carpark) (sq m '000)**	**Residential Total GFA (sq m '000)**
Southern Region (i.e. the Greater Bay Area)	2,315.7	1,432.9
Eastern Region (i.e. the Yangtze River Delta Region)	680.4	149.5
Central Region	687.6	351.6
Northern Region	588.9	254.5
North-eastern Region	933.2	661.0
Total	**5,205.8**	**2,849.5**
Of which, Core Projects	**4,488.3**	**2,272.8**

Leveraging its solid development and strategy of strengthening its presence in Mainland China, the Group continues to be forward-thinking and has strategically positioned itself in the Guangdong-Hong Kong-Macao Greater Bay Area and first and second-tier core cities, replenishing its landbank through diversified land acquisition strategies such as tender auctions, joint development, urban renewal, and merger and acquisitions as well as other channels to provide adequate resources for the sustainable development of the Group.

During the year under review, the Group successfully acquired 3 projects in the Greater Bay Area, all of which are located in core areas of Shenzhen and Guangzhou. The Group was also active in exploring its "Quick Win" strategy to achieve swift land acquisition, construction and bookings, achieving faster capital return and higher operational efficiency.

The Group continued to strengthen cooperation with high-quality enterprises, especially with large Central and State-owned enterprises. In particular, the Group has established strong cooperation with Central-owned enterprise China Merchants Shekou. Both parties are working together to develop the comprehensive development project Shenzhen Shekou Prince Bay, and have also jointly won the bid for the property development project Tseung Kwan O Pak Shing Kok Ventilation Building. In addition, the Group partnered with China Merchants Shekou and Poly Development in August 2022 and secured the bid for a land parcel in Putuo District, Shanghai. Looking ahead, New World remains committed to optimising its cooperation model, becoming the model for collaboration between Central-owned enterprises and Hong Kong enterprises, furthering the high quality development of the industry.

Hotel Operations
During the year under review, there was a resurgence of COVID-19. Under social distancing restrictions and policies, as well as low traffic of inbound travellers, local staycation packages, long-stays and specialty F&B offerings remained the key drivers for the Hong Kong hotel industry. During the year under review, the majority of the Group's hotels in Hong Kong recorded double-digit growth in occupancy rates. In view of the high demand for quarantine hotels after eased entry restrictions for non-Hong Kong residents, aside from the Group's pentahotel Hong Kong, Kowloon, Renaissance Harbour View Hotel Hong Kong has also been designated as a quarantine hotel by the government, which ensured a stable occupancy rate, as well as room and catering income.

In Mainland China, the thriving demand for domestic tours drove the recovery in occupancy rates and F&B income at the end of 2021 to the pre-pandemic level. However, due to another pandemic wave early 2022 and the subsequent corresponding control measures, occupancy rates dropped again and slowed the recovery of the hotel industry in Mainland China.

As at 30 June 2022, the Group owned a total of 15 hotel properties in Hong Kong, Mainland China and Southeast Asia, totalling 5,958 rooms.

Four Core Businesses under NWS Holdings Limited ("NWSH")

NWSH's core businesses are Roads, Aviation, Construction and Insurance. It managed to close FY2022 with a solid set of results despite all the challenges encountered during the year.

Roads
Despite a relatively stable first half of FY2022, the outbreak of COVID-19 variants in the Mainland in the second half of FY2022 took a toll on the performance of the Roads segment as the containment measures rolled out by the Mainland Government to stem the transmission of COVID-19 led to a reduction in the overall traffic flow and toll revenue of our roads. Compounded by the negative impact from power crunch in various cities in the Mainland and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road, which was ended by the end of June 2022, NWSH's overall traffic flow and toll revenue in FY2022 fell by 5% and 8% year-on-year, respectively. AOP of the Roads segment declined slightly by 5%.

NWSH's major expressways in FY2022, including Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road, Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and the three expressways in Central region (namely Suiyuenan Expressway, Sui-Yue Expressway and Changliu Expressway), have altogether contributed close to 90% of the Roads segment's AOP, with overall traffic flow recording a 6% decline year-on-year due to the abovementioned negative impact.

In view of the optimistic long-term prospect of the Roads segment fostered by the growth of economy and logistics sector in the Mainland, NWSH announced the acquisition of 40% interest in Guiwu Expressway（貴梧高速）for a total consideration of approximately RMB1,902.4 million (equivalent to approximately HK$2,334.2 million) in late-April 2022 and September 2022. This 198 km long dual 2-lane expressway is located in the transportation hub in Southwestern region of the Mainland, connecting Guangxi, Guangdong, Yunnan and ASEAN market which is set to benefit from the national economic policies on ASEAN Economic Ring, The Belt and Road Initiative, The Beibu Bay Economic Zone and the Greater Bay Area ("GBA"). Meanwhile, NWSH is entitled to acquire at least 25% stake in Laogu Expressway（老谷高速公路）in Hubei (a dual 2-lane expressway of 39.3 km) (which includes the acquisition of 1% equity in March 2022 and the provision of an interest-bearing convertible shareholder' s loan that enables NWSH to increase its stake to increase at later stage). The acquisition of the two expressways will not only inject fresh AOP and cash flow to NWSH, their long remaining concession periods of 23 and 28 years, respectively, have also extended the overall average remaining concession period of the road portfolio to around 11 years, which would further drive the sustainable income and cash flow of the Roads segment to NWSH in the years to come.

Aviation
NWSH's Aviation segment engages in commercial aircraft leasing business through its full service leasing platform Goshawk Aviation Limited ("GAL").

While continued recovery in domestic flights and border reopening around the world have contributed to the stabilization of the overall aviation industry, uncertainties associated with consecutive waves of COVID-19 outbreak, accelerating interest rates hike and geopolitical tension are heightening the friction on the road to recovery of the aircraft leasing industry and weakening the outlook for lease revenue and profit. With the aim of lowering the risk of its business portfolio and redeploying resources to other businesses with better growth prospect, NWSH announced GAL's disposal of all its commercial aircraft leasing business, except for six aircraft associated with Russian lessees, via the sale of Goshawk Management Limited ("GML") in May 2022 for a total consideration (including base consideration and ticking fee) of US$1,575 million or approximately HK$12,285 million (NWSH's attributable portion: US$787.5 million or approximately HK$6,142.5 million) with an enterprise value of about US$6.7 billion.

Included in the non-operating items of FY2022, remeasurement, impairments and provisions totalled HK$1,897.1 million was shared by NWSH. This was primarily due to GAL's remeasurement loss in relation to GAL's reclassification of GML as an asset held for sale and a full provision of impairment charge in respect of the six aircraft with Russian lessees totalling HK$1,745.3 million. Such remeasurement, impairments and provisions will not have impact on the consideration receivable by GAL from the disposal. Should the six aircraft be recovered or repossessed or the value of which be recovered in the future, there will be a potential write-back of the impairment charge in part or in full.

Construction

Construction segment encompasses NWSH's wholly-owned interest in NWS Construction Limited and its subsidiaries (collectively, "Hip Hing Group"), as well as NWSH's approximately 11.5% interest in Wai Kee Holdings Limited ("Wai Kee"). The latter was reclassified from an asset held for sale to an associated company during FY2022. In FY2022, while Hip Hing Group delivered solid performance, the decline in AOP contribution from Wai Kee following the partial disposal of the shares held by NWSH during FY2021 resulted in the 6% year-on-year decrease in Construction segment's AOP.

Performance of Hip Hing Group remained resilient amid a raft of challenges in the market including COVID-19 outbreak, raw materials and labour costs inflation, supply chain disruption and rising competition. AOP increased 4% year-on-year, mainly attributable to the increase in profit recognition of government projects with price fluctuation clauses. Major projects in FY2022 included commercial developments at Kai Tak (AIRSIDE and SOGO), Two Taikoo Place at Quarry Bay, Inland Revenue Centre at Kai Tak, Immigration Headquarters at Tseung Kwan O and proposed office development at 2 Murray Road, Central.

Number of new tenders offering in the market, especially projects from Hong Kong Government and institutions, continued to rise. In FY2022, Hip Hing Group's gross value of contracts on hand grew by 26% year-on-year to approximately HK$62.2 billion, while remaining works to be completed grew by 31% to approximately HK$37.1 billion. Approximately 69% of the remaining works to be completed were from private sector which included both commercial and residential, and the remaining around 31% were from government and institutional related projects. In FY2022, tenders awarded to Hip Hing Group surged by 239% year-on-year to about HK$23.8 billion. Key projects secured included, but not limited to, the commercial/residential development projects at Kai Tak, the design and construction of District Court Building at Caroline Hill Road, Causeway Bay, piling works for integrated basement and underground road at The West Kowloon Cultural District, foundation works for development at New Central Harboutfront, and development of a Micro-Electronics Centre at Yuen Long.

Insurance

COVID-19 variants outbreak, compounded by the weak equity market, have negatively impacted the performance of FTLife Insurance Company Limited ("FTLife Insurance") in FY2022. Yet, with its efforts in enhancing product mix and controlling expenses, AOP maintained a sturdy growth of 11%.

Embracing the vision of "Think Beyond Insurance", FTLife Insurance endeavours to provide the most comprehensive products and services to the public. Leveraging technology and innovation to continue to improve customer experience, FTLife Insurance co-developed a training tool, "AI Drill", with a local tech start-up during FY2022, utilizing artificial intelligence and big data into its coaching programme to upskill the communication techniques, competency and professionalism of our agents.

Meanwhile, FTLife Insurance has continued to fortify its insurance product offerings with improved health protection, profitability and social elements to cater to the needs of people in Hong Kong market and prepare to meet the demand from Mainland visitors once the border reopens. In FY2022, FTLife Insurance launched the enhanced version of “Fortune Saver”, “ComboPro”, “Regent 3 - Prestige Version”, as well as “FlexiCare” which provides globally applicable benefits with double aggregate limit offered for common major illnesses.

At the same time, leveraging on the ecosystem within New World Development Company Limited (“NWD”) and its subsidiaries (collectively, “New World Group”), FTLife Insurance launched “FTLife 360° Power Up”, providing customers with comprehensive health protection, rewards and offers, and life experiences through a wide range of products and services in New World Group’s ecosystem.

All the above initiatives, together with FTLife Insurance’s efforts in exploring new distribution channel to penetrate domestic customers, have helped mitigate the impact from COVID-19 variants during FY2022. The overall Annual Premium Equivalent (“APE”) dropped 10% to HK$1,752.2 million, ranking 12th among Hong Kong life insurance companies by APE as at 30 June 2022. Gross written premium rose by 30% to HK$13,316.8 million, with gross new business premium increasing by 77% to HK$5,851.7 million. Value of New Business (“VONB”) grew by 8% to HK$524.8 million, and VONB margin, representing VONB as a percentage of APE, increased to 30% (FY2021: 25%) on enhanced product mix and product re-pricing. Overall investment return of FTLife Insurance’s investment portfolio was 5.2% in FY2022 (FY2021: 4.3%).

FTLife Insurance maintained healthy financial position during FY2022. As at 30 June 2022, FTLife Insurance’s solvency ratio was 342%, well above minimum industry regulatory requirement of 150%. Embedded value decreased by 17% year-on-year to HK$17.7 billion due to credit spread widening and unfavourable equity performance. Moody’s has continued to maintain the insurance financial strength rating of FTLife Insurance at A3/Stable, while Fitch Ratings has affirmed FTLife Insurance’s A- insurer financial strength rating with stable rating outlook.

The solvency regime will be changed from Hong Kong Insurance Ordinance (“HKIO”) basis to Hong Kong Risk Based Capital (“HKRBC”) basis in 2024 in which both the assets and liabilities will be on mark-to-market basis. Based on FTLife internal assessment, the HKRBC solvency ratios has been stable from Jun 2021 to Jun 2022, and well above the minimum regulatory requirement under HKRBC regime. The Embedded value would also be improved when HKRBC regime is effective as there will be release of additional resilience margins from the current basis.

Outlook

The Central Economic Work Conference outlined prioritising stability as the way forward, and the key focus for the economy in 2022. Following the implementation of a package of policies in stabilising economic growth, the nation is focused on stabilizing supply, stimulating demand and stabilising expectations, striving to steer economic development back on track. As a reputable Hong Kong enterprise with over five decades of history, New World Group has always held firmly to its love for the Nation and Hong Kong, actively investing in Mainland China and giving back to society. Against the backdrop of constantly changing economic situation at home and abroad, New World remains optimistic about the future economic prospects of Mainland China and Hong Kong. The Group has actively increased its investments in the first- and second-tier key cities in Mainland China, and as a creator of landmarks, it makes every effort in building meaningful iconic mixed-use complexes. The Group has also brought different industries together through its vast ecosystem, actively promoting urban development and modernisation.

The economy in Hong Kong improved in overall terms during the first half of 2022, but the extent of improvement was weaker than expected and the external macroeconomic environment deteriorated significantly. As the government launched the second phase of consumption vouchers to stimulate consumer demand, economic activities should further resume as long as local pandemic situation remains under control.

Regarding Hong Kong property development, as at 30 June 2022, the primary market is expected to supply approximately 98,000 private residential units for the next three to four years, achieving the relative peak level. Nevertheless, with the increase in the vaccination rate for the whole population and the government's efforts to resume the cross-border flow of people so as to boost the economic recovery, the purchasing power in the property market is expected to be substantially released.

The Group will successively launch a number of major residential projects in phases, including the four projects developed by its consortium at Kai Tak area in East Kowloon, the Phase V development project of “THE SOUTHSIDE” atop Wong Chuk Hang MTR Station and the project of the original State Theatre in North Point. The Group will also continuously solicit sales for its remaining units in the Grade A office project, NCB Innovation Centre together with the Grade A office project at Wing Hong Street and King Lam Street, Cheung Sha Wan.

Regarding Hong Kong property investment, with the trend of “flexible office” and the increase in the supply of newly completed office buildings, stiff competition is expected to stay across the market for the coming two years. However, the vacancy rate is expected to improve in the third quarter of 2022, benefiting from the accumulated demand during the fifth wave of the pandemic and the recovery of the local economy. In addition, the Group's strategic penetration in non-traditional business districts in recent years is getting close to the harvest time. Among them, Cheung Sha Wan, the district with convenient infrastructures in support of its closer connection with the Greater Bay Area, as well as its new regional positioning, will become a new hot-spot for young generation for social gathering. In the coming few years, office rents in the district will continue to rise as the district continues to be upgraded.

On the retail front, the second phase of consumption coupons to be disbursed will help support consumer demand. It is believed that all sectors of the community will work together with the government to keep the local pandemic under control. The Group will also continue to offer its tenants flexible lease terms and capitalise on its massive ecosystem to negotiate leases in advance to secure premium tenants.

Regarding K11 MUSEA, the Group targets to increase its market shares through premarketing to mainland consumers before the reopen of the border, and capitalise on the synergy effects with Avenue of Stars and the dock area of Victoria Harbour to attract more visitors. Regarding K11 Art Mall, the Group will work with partners from various sectors to introduce cultural trend that grabs the attention from "Gen Z" so as to attract visitors and the registration of new members.

In the long run, the Group is convinced that Hong Kong will benefit from substantial shopping demand under the concept of One-hour Living Circle in the Greater Bay Area. Situated in Hong Kong International Airport, “11 SKIES” project is furnished with a one-stop commercial zone for retail, dining and entertainment as well as three Grade A office towers, which are scheduled for completion in phases from 2022 to 2025. Covering a total GFA of 3.8 million sq ft, the project will serve as a new landmark in the Greater Bay Area, featuring seamless connection to the expanded Terminal 2.

In particular, the office towers are opening for occupation in the first half of FY2023, with targeted tenants from wealth management and wellness services sectors or enterprises which plan to expand their business into the Greater Bay Area. The “11 SKIES” features the largest indoor entertainment area in Hong Kong with a GFA of 570,000 sq ft, including eight world-class entertainment facilities, four of which will open between late 2023 and early 2024 sucessively. These include KidZania, a park offering fun and interactive experience, South Korea’s largest immersive media art exhibition ARTE MUSEUM, being the first of its kind in Greater China Area, and Timeless Flight Hong, the city’s first motion flying theatre.

Working together with Guangzhou Metro, the comprehensive development project New Metropolis, which sits right on top of a metro station will be released to the market in the second half of 2022. New Metropolis is located at the interchange of Metro Lines 3 and 7 and an intercity light rail transit station. It is also centrally located in the Chimelong-Wanbo world-class business district. The project will greatly enhance the overall landscape of the business district, and upgrade the surrounding area. The project gathers the commercial property brands operated by the K11 team, namely DISCOVERY PARK, grade A office building New World Development Centre (新世界發展中心) and a refined and luxurious residence New Metropolis Mansion, a brand new urban landmark of extraordinary specification and standard.

K11 is the world's first brand that combines "Art • People • Nature", and reflects the Group's relentless pursuit of innovation, creativity and culture. K11 in Guangzhou and Shanghai will continue to undergo transformation and brand upgrading, introducing more international first-tier brands, as well as affordable high-end fashion brands, striving to become landmarks for high-end consumption in Guangzhou and Shanghai.

The Group will also commence the asset enhancement for Wuhan Hankou K11 to maintain its status as a landmark featuring art, culture and fashion of Wuhan. In addition, located in Shenzhen, the first K11 flagship project in Mainland China, K11 ECOAST, is expected to open by the end of 2024. The project includes a K11 Art Mall, K11 HACC multi-purpose art space, K11 ATELIER office building and Promenade. It will become a new cultural and retail waterfront landmark and a pioneer in circular economy in the Greater Bay Area, promoting new cultural and retail development in the area. By FY2026, K11 is expected to attain a footprint of 38 projects with a total GFA of 2,800,000 sq m in ten major cities across Greater China. With gradual completions and openings of K11 projects across the country in the pipeline, as well as the completed transformation and upgrades of projects, the Group's recurring rental income will continue to grow, and serve as a key growth driver.

Meanwhile, K11 will continue its expansion into the asset-light market in Mainland China. In March 2022, the first K11 property management service project was officially launched in Shanghai, and a second asset-light project was launched in Xiamen in May this year. By the end of 2023, the number of asset-light projects is expected to increase to 10.

Through disposal of the Group's non-core asset and business, the Group continues to focus on developing its core business, optimising its business portfolio and return on investment, improving corporate efficiency and creating more value for shareholders. The Group disposed of its non-core assets with the value of approximately HK$13.9 billion in FY2022, and is holding the assets with the value of approximately HK$10 billion for sale in FY2023, which will bring additional cash inflow for the development of our core business.

The Group has maintained a sound financial position, with total capital resources of HK$105.0 billion as at 30 June 2022, including approximately HK$62.2 billion of cash and bank deposits and approximately HK$42.8 billion of undrawn facilities from banks. The Group manages cash flow in an active and prudent manner, and strives to improve cost efficiency, diversify financing channels, balance risks and lower operating costs. As a result, its recurring administrative and other operating expenses declined by approximately 4.7% during the year under review. All refinancing of borrowings due in FY2023 has been taken care of. In the foreseeable future, equity fund raising is not necessary for the Company.

New World Development has leveraged on the power of business to give back to and produce win-win outcomes with society. In March 2022, the most severe time of the pandemic, the Group launched the city's first large-scale donation matching platform known as "Share for Good" in a bid to accurately and efficiently deliver supplies to those in need. Since the outbreak of COVID-19, the Group has successively launched a number of measures to support anti-pandemic efforts in the community, including the arrangement of emergency delivery of 200 large heaters during the bitterly cold winter in Hong Kong in early 2022, giving warmth to people of this city against the bone piercing cold wind. The Group also lent a land site of 3.5 hectare to the government at nil consideration in Fanling for the construction of a mobile cabin hospital and designated its pentahotel Hong Kong, Kowloon as one of the city's compulsory quarantine hotels.

In addition, in March 2022, the Group announced that it had spared a space with total area of over 500,000 sq ft in the second phase of the Hong Kong Convention and Exhibition Centre at nil consideration as the government's warehouse and logistics center for anti-pandemic activities and offered nearly 100 rooms in its Hyatt Regency Hong Kong, Sha Tin for medical staff for their free stay.

Going forward, the Group will keep enhancing the ties with stakeholders, further incorporate ESG factors into the business operations and dedicate itself to support the partners so as to create shared value to all the stakeholders.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	As at 30 June 2022 HK$m	As at 30 June 2021 HK$m
Consolidated net debt	**124,349.3**	108,194.8
NWS Holdings Limited ("NWSH") (stock code: 0659)	**9,856.4**	13,619.0
New World Department Store China Limited ("NWDS") – net cash and bank balances (stock code: 0825)	**(302.9)**	(870.1)
Net debt (exclude listed subsidiaries)	**114,795.8**	95,445.9

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group's debts were primarily denominated in Hong Kong Dollar, United States Dollar and Renminbi. In respect of the Group's operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging. The Renminbi currency exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in Mainland China with functional currency of Renminbi and the Renminbi deposits held for future development costs to Hong Kong Dollar. As at 30 June 2022, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a loss of HK$4,231.1 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were arranged on both floating rate and fixed rate basis. The Group used interest rate swaps and cross currency swaps to hedge part of the Group's underlying interest rate and foreign exchange exposure. The Group's Insurance segment enters into cross currency swaps and forward starting swaps to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. As at 30 June 2022, the Group had outstanding cross currency swaps in the amounts of approximately HK$9,176.8 million, and had outstanding interest rate swaps in the amounts of HK$17,000.0 million and US$100.0 million (equivalent to approximately HK$780.0 million).

In September 2021, a US$150.0 million (equivalent to approximately HK$1,170.0 million) 5.25% guaranteed senior perpetual capital securities were issued by a wholly-owned subsidiary of the Group and listed on the Stock Exchange at a price of 106.060% of the principal amount with net proceeds (excluding accrued interest) of US$158.7 million (equivalent to approximately HK$1,237.9 million). The proceeds were for general working capital purpose including the acquisition and development of property projects in Hong Kong and the Mainland China.

In October 2021, a wholly-owned subsidiary of the Group redeemed the US$818.7 million (equivalent to approximately HK$6,385.9 million) 5.75% guaranteed senior perpetual capital securities (stock code: 4561) at principal amount. Together with the US$381.3 million (equivalent to approximately HK$2,974.1 million) guaranteed senior perpetual capital securities redeemed in June 2021, the 5.75% guaranteed senior perpetual capital securities of US$1,200 million (equivalent to approximately HK$9,360 million) were fully redeemed.

In May 2022, a wholly-owned subsidiary of NWSH redeemed the US$300.0 million (equivalent to approximately HK$2,340.0 million) 4.25% guaranteed notes (stock code: 5594) at a price of 94.000% of the principal amount. Notes of approximately US$336.0 million (equivalent to approximately HK$2,620.4 million) in aggregate principal amount remain outstanding.

In June 2022, a US$200.0 million (equivalent to approximately HK$1,560.0 million) 5.875% guaranteed notes due 2027 were issued by a wholly-owned subsidiary of the Group and listed on the Stock Exchange at a price of 99.808% of the principal amount with net proceeds of US$198.4 million (equivalent to approximately HK$1,547.5 million).

In June 2022, a US$500.0 million (equivalent to approximately HK$3,900.0 million) 6.15% guaranteed senior perpetual capital securities were issued by a wholly-owned subsidiary of the Group and listed on the Stock Exchange at a price of 100.000% of the principal amount with net proceeds of US$497.0 million (equivalent to approximately HK$3,876.6 million).

In June 2022, a wholly-owned subsidiary of the Group redeemed approximately US$129.4 million (equivalent to approximately HK$1,009.0 million) 4.375% guaranteed notes (stock code: 5582) at a price of 100.500% of the principal amount. Notes of approximately US$820.6 million (equivalent to approximately HK$6,400.7 million) in aggregate principal amount remain outstanding.

The proceeds from the issuance of the bonds were for general working capital purpose including the acquisition and development of property projects in Hong Kong and the Mainland China.

As at 30 June 2022, the Group's cash and bank balances (including restricted bank balances) stood at HK$62,210.1 million (2021: HK$61,955.1 million) and the consolidated net debt amounted to HK$124,349.3 million (2021: HK$108,194.8 million). The net debt to equity ratio was 43.2%; an increase of 7.6 percentage points as compared to 30 June 2021.

As at 30 June 2022, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$173,342.2 million (2021: HK$146,059.4 million). Short-term bank loans and other loans as at 30 June 2022 were HK$13,217.2 million (2021: HK$24,090.5 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 30 June 2022 and 30 June 2021 was as follows:

	As at 30 June 2022 HK$m	As at 30 June 2021 HK$m
Within first year	**45,749.0**	36,659.5
In the second year	**36,163.6**	30,715.6
In the third to fifth year	**78,573.9**	67,062.2
After the fifth year	**26,072.9**	35,712.6
	186,559.4	170,149.9

Equity of the Group as at 30 June 2022 was HK$288,098.8 million against HK$304,192.4 million as at 30 June 2021.

It is expected that equity fund raising is not necessary for the Company in the foreseeable future.

MAJOR ACQUISITIONS AND DISPOSALS

1. In January 2021, the NWSH Group entered into a conditional sale and purchase agreement with SUEZ (Asia) Limited for the disposal of its entire 42.0% interest in SUEZ NWS Limited, an associated company of the NWSH Group, at the cash consideration of HK$4,173.0 million. Completion of the disposal took place in November 2021.

2. In August 2021, the NWSH Group entered into a conditional sale and purchase agreement with Xiamen International Port Co., Ltd. for the disposal of its entire 20.0% interest in Xiamen Container Terminal Group Co., Ltd., an associated company of the NWSH Group, at the cash consideration of RMB1,568.0 million (equivalent to approximately HK$1,877.8 million). Completion of the disposal took place in October 2021.

3. In September 2021, K11 Shanghai Properties Company Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with Chow Tai Fook Nominee Limited (the "Vendor", a direct subsidiary of Chow Tai Fook (Holding) Limited), whereby the Vendor agreed to sell, and the Purchaser agreed to acquire 50.0% of the entire equity interest of Shanghai New World Huai Hai Property Development Co., Ltd. ("Shanghai New World Huai Hai"), for a total consideration of RMB3,375.0 million (equivalent to approximately HK$4,041.9 million) (the "Acquisition"). Shanghai New World Huai Hai is principally engaged in the business of development, management and operation of Shanghai Hong Kong New World Tower located at 300 Huaihaizhong Road, Huangpu District, Shanghai, the PRC. The Acquisition was completed in September 2021.

4. In April 2022, the NWSH Group entered into a conditional sale and purchase agreement, with Logan Transport Group Co., Ltd and its subsidiary, which was superseded by a new conditional sale and purchase agreement on 5 September 2022, pursuant to which the NWSH Group agreed to acquire 40.0% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd (which wholly owns the concession right to operate Guigang-Wuzhou Expressway ("Guiwu Expressway")) and related creditor's right and dividend receivable at the total consideration of RMB1,902.4 million (equivalent to approximately HK$2,238.1 million). The acquisition is yet to complete up to the date of this announcement. Upon completion, the NWSH Group's 40.0% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd will be accounted for as a joint venture.

5. In May 2022, the NWSH Group entered into share purchase agreements with Goodman Developments Asia, Goodman China Logistics Holding Limited and GCLP Core HoldCo (as the case may be) pursuant to which the NWSH Group agreed to acquire the entire equity interests in and shareholders' loan owed by certain target companies, which own the entire interest in a portfolio of six premium logistics real estate properties in Chengdu and Wuhan, at the aggregate consideration of RMB2,290.0 million (equivalent to approximately HK$2,663.0 million), subject to adjustments. Completion of the acquisitions of five operating logistics properties took place in June 2022. The remaining one is yet to complete as of the date of the announcement and is estimated to be completed by the end of 2022.

6. In May 2022, Goshawk Aviation Limited ("Goshawk"), a joint venture whose equity interest is held as to 50.0% by the NWSH Group, entered into a main transaction agreement with SMBC Aviation Capital Limited ("SMBC") pursuant to which Goshawk agreed to dispose of its substantially all of the commercial aircraft leasing platform to SMBC via the sale of entire equity interest in Goshawk Management Limited ("GML") (the main wholly-owned operating subsidiary of Goshawk) together with all assets, liabilities and contracts held by Goshawk which relate to the commercial aircraft leasing business operated by entities held or controlled by GML, except for entities which own six aircraft associated with Russian lessees, at an estimated total consideration of US$1,575.0 million (equivalent to approximately HK$12,285.0 million) (the NWSH Group's attributable portion: US$787.5 million (equivalent to approximately HK$6,142.5 million)) (subject to adjustments). The disposal is yet to complete up to the date of this announcement and is estimated to be completed by the end of 2022.

RESULTS

The board of directors (the "Board") of New World Development Company Limited (新世界發展有限公司) (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2022 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2022

	Note	**2022 HK$m**	2021 HK$m (restated)
Revenues	2	**68,212.7**	68,233.2
Cost of sales		**(49,967.0)**	(49,082.0)
Gross profit		**18,245.7**	19,151.2
Other income		**482.3**	240.8
Other losses, net		**(1,692.6)**	(381.0)
Selling and marketing expenses		**(2,430.4)**	(2,413.6)
Expenses of department store's operation		**(1,318.4)**	(1,335.4)
Administrative and other operating expenses		**(6,872.5)**	(6,676.5)
Overlay approach adjustments on financial assets		**1,845.9**	(1,270.6)
Changes in fair value of investment properties		**(127.0)**	1,135.6
Operating profit	3	**8,133.0**	8,450.5
Financing income		**2,868.3**	3,148.0
Financing costs		**(2,609.3)**	(3,094.7)
		8,392.0	8,503.8
Share of results of			
Joint ventures		**(619.4)**	1,318.0
Associated companies		**1,441.9**	510.7
Profit before taxation		**9,214.5**	10,332.5
Taxation	4	**(4,912.7)**	(5,661.6)
Profit for the year		**4,301.8**	4,670.9
Attributable to:			
Shareholders of the Company		**1,249.2**	1,151.5
Holders of perpetual capital securities		**2,377.2**	2,282.6
Non-controlling interests		**675.4**	1,236.8
		4,301.8	4,670.9
Dividend	5	**5,184.3**	5,196.8
Earnings per share	6		
			(restated)
Basic		**HK$0.50**	HK$0.45
Diluted		**HK$0.50**	HK$0.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	2022	2021
	HK$m	HK$m
		(restated)
Profit for the year	**4,301.8**	4,670.9
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	**(87.6)**	8.4
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets	**484.0**	1,591.9
- deferred tax arising from revaluation thereof	**(65.1)**	(26.7)
Share of other comprehensive income arising from revaluation of investment properties from property, plant and equipment related to a joint venture, net of taxation	**6,312.1**	-
Remeasurement of post-employment benefit obligation	**(6.2)**	25.2
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	**(6,296.2)**	(1,754.3)
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income	**(137.6)**	(40.7)
Release of reserves upon disposal of subsidiaries	**(126.9)**	14.5
Release of reserves upon disposal of interests in associated companies	**1.3**	(53.7)
Release of reserves upon disposal of interest in a joint venture	**-**	(93.8)
Release of reserves upon deregistration of a joint venture	**(12.3)**	-
Release of reserves upon deconsolidation of a subsidiary	**-**	(10.3)
Release of reserves upon disposal of non-current assets classified as assets held for sale	**(81.9)**	-
Share of other comprehensive income of joint ventures and associated companies	**179.7**	2,520.7
Cash flow/fair value hedges	**(40.4)**	156.3
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	**(1,845.9)**	1,270.6
Translation differences	**(3,851.5)**	13,395.4
Other comprehensive (loss)/income for the year	**(5,574.5)**	17,003.5
Total comprehensive (loss)/income for the year	**(1,272.7)**	21,674.4
Attributable to:		
Shareholders of the Company	**(2,859.5)**	16,117.7
Holders of perpetual capital securities	**2,377.2**	2,282.6
Non-controlling interests	**(790.4)**	3,274.1
	(1,272.7)	21,674.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	**2022** **HK$m**	2021 HK$m (restated)
ASSETS			
Non-current assets			
Investment properties		**211,220.7**	195,883.5
Property, plant and equipment		**19,684.3**	22,300.0
Right-of-use assets		**6,298.2**	8,117.9
Intangible concession rights		**13,011.4**	14,281.0
Intangible assets		**8,395.2**	8,245.9
Value of business acquired		**5,239.8**	5,395.1
Deferred acquisition costs		**2,335.0**	1,711.5
Interests in joint ventures		**48,745.2**	47,361.6
Interests in associated companies		**16,193.1**	14,256.7
Financial assets at fair value through profit or loss		**18,684.0**	18,370.9
Financial assets at fair value through other comprehensive income		**39,133.8**	42,888.9
Derivative financial instruments		**781.6**	659.4
Properties for development		**23,310.6**	23,070.9
Deferred tax assets		**2,015.0**	1,742.3
Other non-current assets		**27,668.2**	15,106.3
		442,716.1	419,391.9
Current assets			
Properties under development		**62,066.2**	68,255.8
Properties held for sale		**21,770.6**	21,052.2
Inventories		**504.9**	597.9
Debtors, prepayments, premium receivables and contract assets	7	**32,235.2**	34,683.3
Investments related to unit-linked contracts		**8,649.2**	10,770.2
Financial assets at fair value through profit or loss		**2,529.9**	1,584.5
Financial assets at fair value through other comprehensive income		**3,154.2**	1,898.1
Derivative financial instruments		**27.4**	897.6
Restricted bank balances		**4,494.5**	340.1
Cash and bank balances		**57,715.6**	61,615.0
		193,147.7	201,694.7
Non-current assets classified as assets held for sale	8	**20.1**	5,990.8
		193,167.8	207,685.5
Total assets		**635,883.9**	627,077.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	**2022** **HK$m**	2021 HK$m (restated)
EQUITY			
Share capital		**78,382.1**	78,373.3
Reserves		**134,978.0**	144,955.5
Shareholders' funds		**213,360.1**	223,328.8
Perpetual capital securities		**47,614.2**	48,938.2
Non-controlling interests		**27,124.5**	31,925.4
Total equity		**288,098.8**	304,192.4
LIABILITIES			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities		**143,038.9**	137,828.7
Lease liabilities		**4,517.3**	5,204.4
Insurance and investment contract liabilities		**16,470.0**	18,143.5
Liabilities related to unit-linked contracts		**190.8**	180.8
Deferred tax liabilities		**10,318.2**	11,128.5
Derivative financial instruments		**221.6**	670.8
Other non-current liabilities		**215.5**	167.0
		174,972.3	173,323.7
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	9	**70,233.5**	63,977.8
Current portion of long-term borrowings and other interest-bearing liabilities		**36,175.1**	12,569.0
Short-term borrowings		**14,094.5**	25,619.2
Lease liabilities		**1,285.2**	1,639.2
Insurance and investment contract liabilities		**31,734.4**	24,359.3
Liabilities related to unit-linked contracts		**8,645.1**	10,770.2
Derivative financial instruments		**0.4**	0.3
Current tax payable		**10,614.1**	10,626.3
		172,782.3	149,561.3
Liabilities directly associated with non-current assets classified as assets held for sale	8	**30.5**	-
		172,812.8	149,561.3
Total liabilities		**347,785.1**	322,885.0
Total equity and liabilities		**635,883.9**	627,077.4

Notes:

1. Basis of preparation

The consolidated financial statements for the year ended 30 June 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, certain financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Adoption of amendments to standards

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2022:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of the amendments to standards does not have significant effect on the results and financial position of the Group.

(b) New standard, amendments to standards and interpretations which are not yet effective

The following new standard, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 July 2022 or later periods but which the Group has not early adopted:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
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 from a Single Transaction
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 HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRSs Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HKFRS 17 "Insurance Contracts" ("HKFRS 17") and Amendments to HKFRS 17

HKFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard and will replace the current HKFRS 4 "Insurance Contracts". HKFRS 17 includes some fundamental differences to current accounting treatment in both insurance contracts measurement and profit recognition. Besides, HKFRS 17 requires more granular information as well as extensive disclosures.

Under HKFRS 17, a comprehensive model (general model) is introduced to measure insurance contracts liabilities based on a discounted cash flow model with a risk adjustment and deferral of unearned profits.

The major impacts from the adoption of HKFRS 17 are highlighted as follows:

(i) Insurance segment revenue presented in consolidated income statement under HKFRS 17 excludes any investment component, an amount that the policyholder will be repaid in all circumstances as required by the insurance contract, regardless of whether an insured event occurs.

1. **Basis of preparation (Continued)**

(b) New standard, amendments to standards and interpretations which are not yet effective (Continued)

HKFRS 17 "Insurance Contracts" ("HKFRS 17") and Amendments to HKFRS 17 (Continued)

(ii) In accordance with HKFRS 17, the estimated unearned future profits from in-force insurance contracts will be included in the measurement of insurance contract liabilities in the consolidated statement of financial position as the contractual service margin ("CSM") and will be gradually recognised in insurance segment revenue in the consolidated income statement based on the services provided over the coverage period of the insurance contract.

In October 2020, HKFRS 17 (Amendments) was issued to address concerns and implementation challenges that were identified after HKFRS 17 was published and to defer the effective date of HKFRS 17 (incorporating the amendments) to accounting period beginning on or after 1 January 2023. The implementation of this standard involves significant enhancements to the information technology, actuarial and finance systems and the Group is undertaking active assessments with the assistance of external consultants and taking steps to get ready for adoption of HKFRS 17 in accordance with the required timeline. The assessment of the impacts on the Group's consolidated financial statements is still in progress. Although the work is well advanced as of the date of the publication of this announcement, it is not yet practicable to reliably quantify them.

Except for HKFRS 17 above, the Group has commenced the assessment on the impact of adoption of all other amendments to standards and interpretations, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

(c) Restatements of comparative figures

In December 2020, the Group reclassified its entire shareholding interest in Wai Kee Holdings Limited ("Wai Kee") from an associated company to an asset held for sale. In April 2021, the Group disposed of half of its shareholding interest in Wai Kee and the remaining interest continued to be an asset held for sale.

During the second half year ended 30 June 2022, the Group ceased to classify its interest held in Wai Kee as held for sale since the criteria in HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("HKFRS 5") were no longer met. As such, the Group retrospectively as from the date of its classification as held for sale accounted for the remaining interest held in Wai Kee as an associated company using equity method in accordance with HKAS 28 "Investment in Associates and Joint Ventures".

The comparative figures in the consolidated income statement, the consolidated statement of comprehensive income and consolidated statement of financial position have been restated accordingly to present the remaining interest held in Wai Kee as if it was an associated company since December 2020.

1. **Basis of preparation (Continued)**

(c) Restatements of comparative figures (Continued)

The following table shows the adjustments recognised for each individual financial statement line item. Financial statement line items that were not affected by the changes have not been included.

For the year ended 30 June 2021

	As previously stated HK$m	Prior year adjustments HK$m	As restated HK$m
Consolidated income statement (extract)			
Other income	262.7	(21.9)	240.8
Other losses, net	(324.5)	(56.5)	(381.0)
Share of results of associated companies	465.3	45.4	510.7
Profit for the year attributable to:			
Shareholders of the Company	1,171.6	(20.1)	1,151.5
Non-controlling interests	1,249.7	(12.9)	1,236.8
Consolidated statement of comprehensive income (extract)			
Other comprehensive income			
Currency translation differences	13,362.4	33.0	13,395.4

As at 30 June 2021

	As previously stated HK$m	Prior year adjustments HK$m	As restated HK$m
Consolidated statement of financial position (extract)			
Assets			
Interests in associated companies	13,877.5	379.2	14,256.7
Non-current assets classified as assets held for sale	6,370.0	(379.2)	5,990.8
Equity			
Reserves			
Exchange reserves	8,681.8	20.1	8,701.9
Retained profits	125,032.8	(20.1)	125,012.7

2. Revenues and segment information

Revenues recognised during the year are as follows:

	2022 **HK$m**	2021 HK$m
Revenues		
Property sales	**17,369.6**	22,581.6
Property investment	**4,823.5**	4,700.7
Roads	**2,717.5**	3,033.2
Construction	**25,759.1**	22,074.0
Insurance	**12,371.6**	9,639.3
Hotel operations	**823.5**	807.6
Others	**4,347.9**	5,396.8
Total	**68,212.7**	68,233.2

The Executive Committee of the Company, being the chief operating decision-maker, determines and reviews the Group's internal reporting in order to assess performance and allocate resources. The operating segments are determined based on the afore-mentioned internal reporting and are reviewed regularly.

The Executive Committee considers the business from products and services perspectives, which comprises property development, property investment, roads, aviation, construction, insurance, hotel operations and others (including facilities management, environment, logistic, department store, media and technology and other strategic businesses) segments.

The Executive Committee assesses the performance of the operating segments based on each segment's operating profit. The measurement of segment operating profit excludes the effect of unallocated items (including corporate expenses, corporate financing income and corporate financing costs). In addition, taxation is not allocated to segments.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

2. Revenues and segment information (Continued)

	Property development HK$m	Property investment HK$m	Roads HK$m	Aviation HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2022									
Total revenues	18,726.4	5,030.4	2,717.5	-	33,899.2	12,373.6	823.5	4,528.6	78,099.2
Inter-segment	(1,356.8)	(206.9)	-	-	(8,140.1)	(2.0)	-	(180.7)	(9,886.5)
Revenues-external	17,369.6	4,823.5	2,717.5	-	25,759.1	12,371.6	823.5	4,347.9	68,212.7
Revenues from contracts with customers:									
- Recognised at a point in time	15,699.2	-	2,717.5	-	-	-	364.1	3,854.6	22,635.4
- Recognised over time	1,670.4	-	-	-	25,759.1	724.2	459.4	493.3	29,106.4
	17,369.6	-	2,717.5	-	25,759.1	724.2	823.5	4,347.9	51,741.8
Revenues from other source:									
- Rental income	-	4,823.5	-	-	-	-	-	-	4,823.5
- Insurance revenue	-	-	-	-	-	11,647.4	-	-	11,647.4
	-	4,823.5	-	-	-	11,647.4	-	-	16,470.9
	17,369.6	4,823.5	2,717.5	-	25,759.1	12,371.6	823.5	4,347.9	68,212.7
Segment results (Note a)	7,671.6	3,042.6	1,351.6	(0.6)	820.4	418.5	(461.1)	(1,989.5)	10,853.5
Other (losses)/gains, net (Note b)	(371.7)	(9.5)	-	-	(311.3)	(1,377.4)	47.3	330.0	(1,692.6)
Changes in fair value of investment properties	-	(127.0)	-	-	-	-	-	-	(127.0)
Overlay approach adjustments on financial assets	-	-	-	-	-	1,845.9	-	-	1,845.9
Unallocated items									
Corporate expenses									(1,202.4)
Financing income (Note a)									1,229.3
Financing costs (Note a)									(2,514.7)
									8,392.0
Share of results of									
Joint ventures (Note c)	264.4	(129.7)	630.2	(1,384.9)	-	-	(494.2)	494.8	(619.4)
Associated companies	1,047.9	46.9	181.5	-	114.0	-	-	51.6	1,441.9
Profit before taxation									9,214.5
Taxation									(4,912.7)
Profit for the year									4,301.8
Segment assets	130,901.1	213,128.3	14,636.5	6,166.6	21,748.5	61,785.4	10,913.5	37,982.4	497,262.3
Interests in joint ventures	18,802.0	7,982.6	3,822.9	301.0	-	-	3,825.1	14,011.6	48,745.2
Interests in associated companies	7,941.1	1,366.7	2,855.3	-	393.4	-	-	3,636.6	16,193.1
Unallocated assets									73,683.3
Total assets									635,883.9
Segment liabilities	48,126.2	3,153.9	528.4	-	9,629.1	51,218.0	584.4	11,246.4	124,486.4
Unallocated liabilities									223,298.7
Total liabilities									347,785.1
Additions to non-current assets (Note e)	2,946.0	5,196.4	171.0	-	4,105.4	72.6	613.3	909.5	14,014.2
Depreciation and amortisation	62.6	45.7	1,013.1	-	108.8	368.8	436.8	1,330.5	3,366.3
Impairment charge and provision	586.5	-	-	-	312.2	180.9	-	813.8	1,893.4

2. Revenues and segment information (Continued)

	Property development HK$m	Property investment HK$m	Roads HK$m	Aviation HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2021 (restated)									
Total revenues	22,582.2	4,894.6	3,033.2	-	30,115.8	9,640.6	807.6	5,732.7	76,806.7
Inter-segment	(0.6)	(193.9)	-	-	(8,041.8)	(1.3)	-	(335.9)	(8,573.5)
Revenues-external	22,581.6	4,700.7	3,033.2	-	22,074.0	9,639.3	807.6	5,396.8	68,233.2
Revenues from contracts with customers:									
- Recognised at a point in time	20,762.5	-	3,033.2	-	-	-	300.6	5,119.7	29,216.0
- Recognised over time	1,819.1	-	-	-	22,074.0	734.3	507.0	277.1	25,411.5
	22,581.6	-	3,033.2	-	22,074.0	734.3	807.6	5,396.8	54,627.5
Revenues from other source:									
- Rental income	-	4,700.7	-	-	-	-	-	-	4,700.7
- Insurance revenue	-	-	-	-	-	8,905.0	-	-	8,905.0
	-	4,700.7	-	-	-	8,905.0	-	-	13,605.7
	22,581.6	4,700.7	3,033.2	-	22,074.0	9,639.3	807.6	5,396.8	68,233.2
Segment results (Note a)	8,622.9	2,762.7	1,599.3	0.7	755.7	723.5	(705.8)	(2,261.5)	11,497.5
Other (losses)/gains, net (Notes b ,d)	(555.9)	103.4	4.2	-	(160.7)	1,654.3	(244.0)	(1,182.3)	(381.0)
Changes in fair value of investment properties	-	1,135.6	-	-	-	-	-	-	1,135.6
Overlay approach adjustments on financial assets	-	-	-	-	-	(1,270.6)	-	-	(1,270.6)
Unallocated items									
Corporate expenses									(1,201.7)
Financing income (Note a)									1,719.7
Financing costs (Note a)									(2,995.7)
									8,503.8
Share of results of									
Joint ventures (Note c)	673.9	(113.9)	647.7	(49.3)	0.3	-	(501.8)	661.1	1,318.0
Associated companies (Note d)	54.6	(8.8)	201.9	-	191.5	-	-	71.5	510.7
Profit before taxation									10,332.5
Taxation									(5,661.6)
Profit for the year									4,670.9
Segment assets	132,622.5	200,463.0	15,131.1	6,168.0	16,516.7	65,291.4	13,783.3	39,458.5	489,434.5
Interests in joint ventures	18,997.5	10,915.6	4,312.4	1,198.7	-	-	4,076.2	7,861.2	47,361.6
Interests in associated companies	6,394.6	1,371.5	2,808.1	-	449.0	-	-	3,233.5	14,256.7
Unallocated assets									76,024.6
Total assets									627,077.4
Segment liabilities	41,939.7	2,728.0	472.4	-	9,551.4	46,324.6	648.5	11,826.6	113,491.2
Unallocated liabilities									209,393.8
Total liabilities									322,885.0
Additions to non-current assets (Note e)	2,193.2	12,045.6	121.5	-	3,819.6	114.2	1,081.7	1,199.8	20,575.6
Depreciation and amortisation	58.0	90.0	1,099.8	-	110.3	455.6	509.5	1,526.8	3,850.0
Impairment charge and provision	680.3	31.3	-	-	214.7	29.2	244.8	918.2	2,118.5

2. **Revenues and segment information (Continued)**

	Hong Kong HK$m	Mainland China HK$m	Others HK$m	Total HK$m
For the year ended 30 June 2022				
Revenues				
Property development	**5,842.8**	**11,526.8**	**-**	**17,369.6**
Property investment	**2,795.6**	**2,027.9**	**-**	**4,823.5**
Roads	**-**	**2,717.5**	**-**	**2,717.5**
Construction	**25,081.1**	**678.0**	**-**	**25,759.1**
Insurance	**12,371.6**	**-**	**-**	**12,371.6**
Hotel operations	**262.1**	**396.7**	**164.7**	**823.5**
Others	**1,658.2**	**2,689.7**	**-**	**4,347.9**
	48,011.4	**20,036.6**	**164.7**	**68,212.7**
As at 30 June 2022				
Non-current assets (Note e)	**172,484.3**	**120,097.5**	**1,181.8**	**293,763.6**

	Hong Kong HK$m	Mainland China HK$m	Others HK$m	Total HK$m
For the year ended 30 June 2021				
Revenues				
Property development	7,761.6	14,820.0	-	22,581.6
Property investment	2,839.1	1,861.6	-	4,700.7
Roads	-	3,033.2	-	3,033.2
Construction	21,882.4	189.9	1.7	22,074.0
Insurance	9,639.3	-	-	9,639.3
Hotel operations	343.0	423.9	40.7	807.6
Others	1,652.1	3,744.7	-	5,396.8
	44,117.5	24,073.3	42.4	68,233.2
As at 30 June 2021				
Non-current assets (Note e)	163,091.7	115,325.0	1,282.1	279,698.8

Notes :

(a) For the year ended 30 June 2022, segment results of insurance segment included insurance related financing income of HK$1,639.0 million (2021: HK$1,428.3 million) and financing costs of HK$94.6 million (2021: HK$99.0 million).

(b) For the year ended 30 June 2022, others segment included impairment/remeasurement loss of HK$109.9 million (2021: HK$1,430.3 million (restated)) for the investment in Wai Kee, and offset by reversal of provision for onerous contract of HK$230.0 million (2021: Nil) in relation to duty free business and gain on derecognition of lease liabilities and right-of-use assets of HK$201.4 million (2021: Nil) in relation to department store business.

(c) For the year ended 30 June 2022, the share of results of joint ventures within aviation segment included the Group's share of impairment loss/loss allowance of HK$1,897.1 million (2021: HK$553.3 million) in relation to Goshawk Aviation Limited's assets remeasurement/impairment loss, expected credit loss provision on receivables and aircraft repossession/recovery costs.

(d) For the year ended 30 June 2021, others segment included impairment losses related to associated companies of HK$248.0 million.

(e) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets, value of business acquired, deferred acquisition costs and long-term loans and receivables, long-term prepayments and deposits and policy loans within other non-current assets.

3. Operating profit

Operating profit of the Group is arrived at after crediting/(charging) the following:

	2022 **HK$m**	2021 HK$m (restated)
Insurance agency commission and allowances, net of change in deferred acquisition costs (Note a)	**(1,171.4)**	(856.3)
Net losses on remeasuring on assets classified as held for sale and financial assets at fair value through profit or loss	**-**	(1,589.7)
Net (loss)/gain associated with investments related to unit-linked contracts	**(2,201.6)**	2,174.1
Credits/(charges) related to unit-linked contracts	**2,198.8**	(2,171.0)
Net (loss)/gain on fair value of financial assets at fair value through profit or loss (Note b)	**(1,855.8)**	2,036.0
Gain on redemption of fixed rate bonds	**117.0**	-
Net gain/(loss) on fair value of derivative financial instruments	**88.1**	(257.4)
Write back the loss allowance on		
Properties held for sale	**94.2**	-
Loans and other receivables	**9.1**	168.0
Reversal of provision on		
Onerous contract	**230.0**	-
Other payables	**69.9**	-
Reversal of construction cost accruals	**-**	119.9
Net gain/(loss) on disposal of		
Financial assets at fair value through other comprehensive income	**161.1**	38.9
Financial assets at fair value through profit or loss	**89.8**	164.1
Investment properties, property, plant and equipment, right-of-use assets and intangible assets	**(70.8)**	146.1
Assets held for sale	**213.1**	-
Subsidiaries	**694.3**	201.5
Joint ventures	**56.2**	104.7
Associated companies	**118.6**	76.4
Impairment loss/loss allowance on		
Financial assets at fair value through other comprehensive income	**(333.1)**	(37.1)
Goodwill	**(247.4)**	(329.4)
Interests in associated companies	**(110.2)**	(128.0)
Inventories	**(16.2)**	(7.7)
Loans, debtors, premium receivables and other receivables	**(723.9)**	(730.6)
Properties held for sale	**(148.9)**	(435.1)
Properties under development	**(221.1)**	(29.3)
Property, plant and equipment	**(12.9)**	(280.0)
Right-of-use assets	**(79.7)**	(141.3)
Rent concession, government grants and subsidies	**111.3**	255.8
Loss allowance, loss on derecognition and lease modification of lease receivables	**(53.7)**	-
Cost of inventories sold	**(8,913.1)**	(13,942.1)
Cost of services rendered	**(27,884.3)**	(24,588.7)
Claims and benefits, net of reinsurance	**(11,436.7)**	(8,331.3)
Depreciation and amortisation	**(3,366.3)**	(3,850.0)
Gain on bargain purchase	**-**	8.0
Net exchange gains	**131.2**	262.1

3. **Operating profit (Continued)**

Notes:

(a) The amount includes amortisation of deferred acquisition costs of HK$524.2 million arising from insurance business (2021: HK$367.0 million).

(b) The Group elected to apply the "overlay approach" in accordance with Amendments to HKFRS 4 "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts" which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those designated eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 "Financial Instruments: Recognition and Measurement" but currently classified as financial assets at fair value through profit or loss ("FVPL") under HKFRS 9 "Financial Instruments". The designated financial assets applying the overlay approach are equity instruments and investment funds that are managed as underlying assets backing the insurance contracts issued.

The net loss on fair value of financial assets at FVPL of HK$1,855.8 million (2021: net gain of HK$2,036.0 million) includes (i) a net fair value loss of HK$1,845.9 million (2021: net gain of HK$1,270.6 million) arising from those designated financial assets held by insurance business applying the overlay approach; and (ii) the remaining net fair value loss of HK$9.9 million (2021: net gain of HK$765.4 million) arising from other financial assets held by insurance business which are not eligible for the overlay approach or financial assets not related to insurance business. The net fair value loss of HK$1,845.9 million (2021: net gain of HK$1,270.6 million) was then reclassified from consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

4. **Taxation**

	2022 **HK$m**	2021 HK$m
Current taxation		
Hong Kong profits tax	**772.8**	979.2
Mainland China and overseas taxation	**1,874.0**	2,486.8
Mainland China land appreciation tax	**3,161.9**	3,553.1
Deferred taxation	**(896.0)**	(1,357.5)
	4,912.7	5,661.6

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year.

The assessable profits of the Group's insurance business are computed in accordance with the special provisions of the Hong Kong Inland Revenue Ordinance ("IRO"). Profits tax for the long-term insurance business, as defined by IRO, is computed at a rate of 16.5% of 5% of net premiums (gross premiums received less reinsurance premiums ceded) of the life insurance business in accordance with Section 23(1)(a) of IRO.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 12% to 28% (2021: 12% to 28%).

Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2021: 5% or 10%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2021: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$231.7 million and HK$1,378.0 million (2021: HK$593.7 million and HK$246.6 million) respectively.

5. Dividend

	2022 HK$m	2021 HK$m
Interim dividend of HK$0.56 per share (2021: HK$0.56 per share)	**1,409.4**	1,421.9
Final dividend proposed of HK$1.50 per share (2021: HK$1.50 per share)	**3,774.9**	3,774.9
	5,184.3	5,196.8

At a meeting held on 30 September 2022, the Directors recommended a final dividend of HK$1.50 per share. This proposed dividend was not reflected as dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained profits for the financial year ending 30 June 2023.

6. Earnings per share

The calculation of basic and diluted earnings per share for the year is based on the following:

	2022 HK$m	2021 HK$m (restated)
Profit attributable to shareholders of the Company for calculating basic and diluted earnings per share	**1,249.2**	1,151.5

	Number of shares (million)	
	2022	2021
Weighted average number of shares for calculating basic and diluted earnings per share	**2,519.1**	2,545.3

The share options granted by the Company have potential dilutive effect on the earnings per share.

The share options have a dilutive effect only when the average market price of ordinary shares during the year exceeds the exercise price of the share options.

For the years ended 30 June 2022 and 30 June 2021, the exercise price is above the average market price of the ordinary shares of the Company. Accordingly, the share options of the Company had an anti-dilutive effect on the basic earnings per share and therefore were not included in the calculation of diluted earnings per share.

7. Trade debtors

Aging analysis of trade debtors based on invoice date is as follows:

	2022	2021
	HK$m	HK$m
Less than 30 days	**2,231.5**	2,056.3
31 to 60 days	**300.4**	349.4
Over 60 days	**657.5**	427.5
	3,189.4	2,833.2

The Group has different credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate.

8. Non-current assets classified as assets held for sale/ liabilities directly associated with non-current assets classified as assets held for sale

Non-current assets classified as assets held for sale

	2022	2021
	HK$m	HK$m
		(restated)
Interests in associated companies (Note)	-	5,945.7
Investment properties	-	45.1
Interests in joint ventures	**20.1**	-
	20.1	5,990.8

Liabilities directly associated with non-current assets classified as assets held for sale

	2022	2021
	HK$m	HK$m
Liabilities classified as held for sale	**30.5**	-

Note:

As at 30 June 2021, the Group's entire interest in SUEZ NWS Limited ("SUEZ NWS") was classified as an asset held for sale with carrying amount of HK$4,054.5 million. Completion of the disposal of interest in SUEZ NWS took place in November 2021. During the year ended 30 June 2022, the Group recognised an aggregate net gain of HK$269.1 million before taxation charge of HK$87.8 million in "Other losses, net" with regard to the disposal of SUEZ NWS and Chongqing Derun Environment Co., Ltd..

In June 2021, the Group entered into a framework agreement for the proposed disposal of its entire 20% interest in Xiamen Container Terminal Group Co., Ltd ("XCTG") (an associated company of the Group) at a cash consideration of RMB1,568.0 million (equivalent to approximately HK$1,877.8 million). Accordingly, the Group's interest in XCTG was reclassified as an asset held for sale as at 30 June 2021 and was measured at the lower of carrying amount and fair value less costs to sell. A conditional sale and purchase agreement for this disposal was subsequently entered into in August 2021 and the disposal of interest in XCTG was completed in October 2021 with a disposal loss of HK$56.0 million recognised as "Other losses, net" in the consolidated income statement for the year ended 30 June 2022.

9. Trade creditors

Aging analysis of trade creditors based on invoice date is as follows:

	2022	2021
	HK$m	HK$m
Less than 30 days	**6,248.0**	6,065.2
31 to 60 days	**117.2**	289.1
Over 60 days	**4,596.8**	6,164.8
	10,962.0	12,519.1

10. Pledge of assets

As at 30 June 2022, assets with an aggregate amount of HK$80,167.9 million (2021: HK$65,076.7 million) were pledged as securities for certain banking facilities of the Group.

11. Contingent liabilities

The Group's financial guarantee contracts as at 30 June 2022 amounted to HK$15,342.8 million (2021: HK$11,013.7 million).

DIVIDENDS

The Directors have resolved to recommend a final cash dividend for the year ended 30 June 2022 of HK$1.50 per share (2021: HK$1.50 per share) to shareholders whose names appear on the register of members of the Company on 25 November 2022. Together with the interim dividend of HK$0.56 per share (2021: HK$0.56 per share), the total dividend for the financial year ended 30 June 2022 is HK$2.06 per share (2021: HK$2.06 per share).

Subject to the passing of the relevant resolutions at the annual general meeting of the Company to be held on 22 November 2022, it is expected that the proposed final dividend will be distributed to shareholders on or about 21 December 2022.

BOOK CLOSE DATES FOR 2022 AGM

Book close dates (both days inclusive)	:	15 November 2022 to 22 November 2022
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Monday, 14 November 2022
Address of Share Registrar	:	Tricor Tengis Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

Record date and latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Friday, 25 November 2022
Address of Share Registrar	:	Tricor Tengis Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company bought back a total of 26,016,000 shares of the Company on the Hong Kong Stock Exchange at an aggregate consideration of HK$963,307,750.00 (before expenses). All such bought back shares were subsequently cancelled during the year. As at 30 June 2022, the total number of shares of the Company in issue was 2,516,633,171.

Details of the shares bought back during the year are as follows:

Month	**Number of shares bought back**	**Price paid per share**		**Aggregate consideration (before expenses)**
		Highest	**Lowest**	
		HK$	**HK$**	**HK$**
July 2021	11,955,000	37.65	36.25	442,658,150
August 2021	14,061,000	37.30	36.65	520,649,600
	26,016,000			963,307,750

The above share buy-backs were made with a view to enhancing the earnings per share of the Company and thus benefit the shareholders as a whole.

On 5 October 2021, NWD Finance (BVI) Limited redeemed in whole its US$1,200,000,000 (equivalent to HK$9,360,000,000) 5.750% guaranteed senior perpetual capital securities (stock code: 4561) (the “Securities”) at their outstanding principal amount together with distribution accrued to such date, if any, in accordance with the terms and conditions of the Securities. Listing of the Securities on the Hong Kong Stock Exchange was withdrawn with effect upon the close of business on 13 October 2021.

NWSH and Celestial Dynasty Limited (a wholly-owned subsidiary of NWSH) together as the offerors (the "Offerors") launched a tender offer ("CDL Tender Offer") to purchase for cash the US$650,000,000 (equivalent to approximately HK$5,070,000,000) 4.250% guaranteed senior notes due 2029 issued by Celestial Dynasty Limited and unconditionally and irrevocably guaranteed by NWSH (stock code: 5594) (the "CDL Notes") at a price of 94.000% of the principal amount on 19 May 2022. Upon settlement of the CDL Tender Offer, US$300,000,000 (equivalent to approximately HK$2,340,000,000) in aggregate principal amount of the CDL Notes were purchased and redeemed by the Offerors on 1 June 2022 and cancelled pursuant to the terms and conditions of the CDL Notes. US$335,950,000 (equivalent to approximately HK$2,620,410,000) in aggregate principal amount of the CDL Notes remains outstanding as at 30 June 2022.

The Company as the offeror launched a tender offer (the "Offer") to purchase for cash the US$950,000,000 (equivalent to approximately HK$7,410,000,000) 4.375% guaranteed notes due 2022 issued by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Company (stock code: 5582) (the "Notes") at a price of 100.500% of the principal amount on 8 June 2022. Upon settlement of the Offer, US$129,353,000 (equivalent to approximately HK$1,008,953,400) in aggregate principal amount of the Notes were purchased and redeemed by the Company on 21 June 2022 and cancelled pursuant to the terms and conditions of the Notes. US$820,647,000 (equivalent to approximately HK$6,401,046,600) in aggregate principal amount of the Notes remains outstanding as at 30 June 2022.

During the year, the Company has not redeemed any of its listed securities. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2022, around 28,000 staff were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Certain non-listed subsidiaries have share award schemes under which certain employees may be awarded shares of the respective subsidiaries. Under the share options schemes of the Company and a listed subsidiary of the Group, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or the listed subsidiary.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management (including but not limited to business, operation as well as environmental, social and governance related risks) and internal control systems. The Audit Committee has reviewed the framework and policy of risk management, the system of internal control and the financial statements for the year ended 30 June 2022.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2022 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor on this results announcement.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2022, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of code provision C.1.3.

Code provision C.1.3 is in relation to guidelines for securities dealings by relevant employees. Under code provision C.1.3, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules for its relevant employees in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary because of the huge size of employees of the Group which is around 28,000 and the Group's diversified businesses. For these reasons, to follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees who deal in the securities of the Company, which can be avoided under the Company's own guidelines.

REQUIREMENT IN CONNECTION WITH PUBLICATION OF "NON-STATUTORY ACCOUNTS" UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE CAP. 622

The financial information relating to the years ended 30 June 2022 and 30 June 2021 included in this preliminary announcement of annual results of 2021/2022 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 30 June 2021 to the Registrar of Companies as required by 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 30 June 2022 in due course.

The Company's auditor had reported on the financial statements of the Group 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 407(3) of the Hong Kong Companies Ordinance.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 30 September 2022

As at the date of this announcement, the Board of the Company comprises (a) eight executive directors, namely Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia, Mr. Sitt Nam-Hoi, Ms. Huang Shaomei, Echo, Ms. Chiu Wai-Han, Jenny and Mr. Ma Siu-Cheung; (b) two non-executive directors, namely, Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter; and (c) six independent non-executive directors, namely Mr. Yeung Ping-Leung, Howard, Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John, Mr. Liang Cheung-Biu, Thomas, Mr. Ip Yuk-Keung, Albert and Mr. Chan Johnson Ow.