



we create
we are artisans
we are csv.



New World Development Company Limited
(Stock Code: 0017)

INTERIM REPORT 2021/2022



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The Artisanal Movement is a cultural vision, a celebration of the human values of craftsmanship, heritage and imagination.

Today, as our business evolves in step with the society, we look ahead to bring a new purpose to this vision: create shared value for all stakeholders in communities that we serve, in order to make a positive impact on the world.

It is our belief of using the power of business and innovation to give back to the society. Through three core areas - culture and creativity, sustainability, and social innovation - we will forge new paths that tie our business success to social progress.

Because together we create, we are artisans, we are CSV.

Financial Highlights

	Unaudited	
	For the six months ended	
	31 December	
	2021	2020
	HK\$m	HK\$m
Revenues	35,572.8	35,577.3
Segment results ⁽¹⁾	9,280.3	6,885.4
Underlying profit	3,898.2	3,718.6
Dividend per share (HK\$)	0.56	0.56

	Unaudited	Audited
	As at	As at
	31 December	30 June
	2021	2021
	HK\$m	HK\$m
Total assets	639,684.8	627,077.4
Cash and bank balances (including restricted bank balances)	52,364.4	61,955.1
Undrawn facilities from banks	50,793.6	58,599.4
Consolidated net debt ⁽²⁾	124,287.8	108,194.8
Net gearing ratio (%) ⁽³⁾	41.3	35.6

RESULTS HIGHLIGHTS

- The Group recorded consolidated revenues of HK\$35,572.8 million, basically the same as 1HFY2021. Underlying profit was HK\$3,898.2 million and profit attributable to shareholders of the Company was HK\$1,430.4 million, up by 4.8% and 41.2% respectively
- The Group's attributable contracted sales in Hong Kong amounted to about HK\$3.88 billion
- The Group's overall contracted sales in Mainland China amounted to about RMB9.34 billion
- Tremendous 86.6% growth in segment results of Mainland China property development, with improvement in segment margin from 30% in 1HFY2021 to 66% in 1HFY2022
- Robust 25.8% YOY growth in segment results of property investment following an increasing recurring rental income from K11 MUSEA and the Grade A office building K11 ATELIER King's Road in Quarry Bay, and an improvement in operational efficiency
- Continuous stringent cost control efforts as evidenced by an approximately 5.0% YOY decrease in recurring administrative and other operating expenses
- Non-core asset disposal amounted to approximately HK\$3.81 billion in 1HFY2022
- Total capital resources amounted to approximately HK\$103.2 billion, including cash and bank balances of approximately HK\$52.4 billion and undrawn facilities from banks of approximately HK\$50.8 billion
- Overall financing cost decreased from 2.93% in 1HFY2021 to 2.52% in 1HFY2022
- All refinancing of borrowings due in FY2022 has been taken care of
- FY2022 interim dividend: HK\$0.56 per share, the same as FY2021 interim, maintains the prevailing sustainable and progressive dividend policy

Remarks:

- (1) Include share of results of joint ventures and associated companies, but exclude changes in fair value of investment properties
- (2) The aggregate of bank loans, other loans, fixed rate bonds and other borrowings less cash and bank balances
- (3) Consolidated net debt divided by total equity

Chairman's Statement

TO OUR SHAREHOLDERS

The lingering COVID-19 pandemic has wreaked havoc across the globe. The ongoing crisis has hit the economy hard, and presented severe challenges to supply chains. Major market changes have exerted pressure on many real estate companies and the entire industry.

Built on a solid foundation, New World Group sees opportunities amidst all the uncertainty. As the Central Government encourages quality enterprises to intensify M&A activities and diffuse industry risks, the Group has adhered to its strategy of steady and healthy development and increasing its presence in Mainland China. In the invaluable Greater Bay Area, the Group successfully secured 3 projects. While replenishing its landbank, the Group promotes the healthy development of the industry, furthering city-industry integration, and empowering cities. The Group also values and supports sustainable development, applying innovative technology in project construction, to achieve sustainability in energy use, the environment, and cities to improve the lives of people and promote Common Prosperity.

The New World Group fully believes in the future of the Motherland. As one of the earliest Hong Kong property developers to enter Mainland China, the Group has continued to develop high quality projects over the years. In response to national policies, its own strategies, and market conditions, the Group has used its expertise and advantages in diversified industries to provide stable and progressive investment in Mainland China to support urban development. The Guangdong-Hong Kong-Macau Greater Bay Area sits at the heart of national development priorities. Through its forward thinking and strategic planning, the Group has deeply rooted itself in the Greater Bay Area, and has invested over RMB200 billion in the past few years.

At the same time, the Group has put innovation and social responsibility as top priorities, harnessing the power of business to give back to society and create shared value. With roots in Hong Kong, we empathize with Hong Kong, watching before our eyes as Hong Kong's fifth wave continues to wreak havoc. The Group has come together with all walks of life to fight the pandemic, joining hands with society. Seeing the housing affordability issue in Hong Kong over the years, we established "New World Build for Good", a social housing enterprise to build Hong Kong's first not-for-profit privately subsidised housing project, in an effort to improve resident's living conditions with innovative thinking. We stand with our citizens, working together relentlessly to solve the issues that Hong Kong residents face, and growing with Hong Kong.

In "Tao Te Ching", Lao Tse remarked that "great oaks grow from small saplings; towering platforms are built from piles of soil; a thousand-mile journey begins with a single step." Likewise, the road to success is built upon gradual and steady accumulation. For over five decades, New World Group has progressed steadily from a real estate developer to a conglomerate. "Prioritize stability while pursuing progress" is the tone set by Central Economic Work Conference for China in 2022. Standing at the onset of the 14th Five-Year Plan, we adopt the strategy of "Seeking Success through Stability, Broadening Revenue Streams and Reducing Expenditure" as we embark on the path towards high quality development, and create value for our shareholders and society.

Dr. Cheng Kar-Shun, Henry

Chairman

Hong Kong, 25 February 2022

CEO's Report

SEGMENT PERFORMANCE – BASED ON CURRENT UPDATED SEGMENT RESULTS CLASSIFICATION

Segment performance (HK\$m)	1HFY2022		1HFY2021	
	Revenues	Segment Results*	Revenues	Segment Results*
Property development	9,346.6	6,247.1	12,794.6	4,114.7
Hong Kong & Singapore	767.1	542.2	2,764.5	1,058.3
Mainland China	8,579.5	5,704.9	10,030.1	3,056.4
Property investment	2,518.0	1,677.8	2,314.6	1,333.2
Hong Kong	1,497.4	1,105.7	1,440.0	827.7
Mainland China	1,020.6	572.1	874.6	505.5
Roads	1,481.9	1,187.0	1,646.1	1,427.3
Aviation	—	274.6	—	259.3
Construction	12,342.8	317.8	10,844.9	466.5
Insurance	6,820.6	416.3	4,583.7	433.8
Hotel operations	494.9	(425.3)	429.9	(666.3)
Strategic business**	2,568.0	(415.0)	2,963.5	(483.1)
Total	35,572.8	9,280.3	35,577.3	6,885.4

* Segment results include share of results of joint ventures and associated companies, but exclude changes in fair value of investment properties.

** Strategic business includes department stores, environment, logistics, facilities management, transport and other businesses, etc.

BUSINESS REVIEW

Hong Kong Property Development

Hong Kong saw easing COVID-19 conditions in 2H2021 and an 11-year new low in one-month HIBOR concerning the property market, which kept unleashing local housing demand. According to the public data from the Land Registry, Hong Kong recorded a 5.1% year-on-year rise in the agreements for primary sale and purchase of residential building units and a 16.5% year-on-year uptick in the consideration of such agreements from July 2021 to December 2021.

During the period under review, the Group's revenues and segment results of property development in Hong Kong, including joint development projects, amounted to HK\$767.1 million and HK\$542.2 million, respectively. The contributions were mainly attributable to the carpark project of ACADEMIC TERRACE, and residential projects including ARTRA-REDHILL, DOUBLE COVE, ATRIUM HOUSE, and MOUNT PAVILIA.

During the period under review, the Group's attributable contracted sales in Hong Kong amounted to approximately HK\$3.88 billion, which were mainly contributed by the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan and the residential projects including MOUNT PAVILIA and ATRIUM HOUSE. As at 31 December 2021, the Group had a total of 230 residential units available for sale in Hong Kong, of which 200 residential units were under the lead of the sales team of the Group.

In December 2020, sales commenced at the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan, comprising a 28-storey building with a total GFA of approximately 520,000 sq ft, which was expected to complete in April 2022. 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. As at 31 December 2021, 67% of the attributable GFA of the project were sold, contributing HK\$5.50 billion to the attributable contracted sales.

As at 31 December 2021, among the unrecognised attributable income from contracted sales of properties in Hong Kong, HK\$6,013 million would be booked in 2HFY2022 and HK\$24,809 million would be booked in FY2023. Key projects expected to be booked in 2HFY2022 include the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan. Key projects expected to be booked in FY2023 include THE PAVILIA FARM I and II.

Hong Kong Property Investment and Others

Affected by the pandemic, challenges abounded across the office building market in Hong Kong over the previous year, as many tenants relocated from traditional commercial districts to cut their costs. On the other hand, as market sentiment improved in 2H2021, the Group was pleased to witness medical beauty centres, clinics and fitness centres actively relocate to Grade A office buildings for upgrade and expand their service floors, becoming an emerging force in the market.

In light of the above trend, aside from addressing regular office demand, the Group has strategically introduced reputable service providers such as medical beauty centres and clinics to set up their business in the Group's office buildings. Meanwhile, the Group has also developed new office hubs in non-traditional core commercial districts such as Island East and Tsim Sha Tsui, to accommodate tenants exiting traditional commercial districts. During the period under review, occupancy rate climbed further for the Grade A office building K11 ATELIER King's Road in Quarry Bay, and remained at a relatively high level of roughly 80% for K11 ATELIER in Victoria Dockside, Tsim Sha Tsui.

CEO's Report

During the period under review, the Group's revenues and segment results of property investment in Hong Kong amounted to HK\$1,497.4 million and HK\$1,105.7 million, up 4.0% and 33.6% respectively, mainly due to the increasing recurring rental income from K11 MUSEA and the Grade A office building K11 ATELIER King's Road in Quarry Bay, and an improvement in operational efficiency.

With visitors barred from entering Hong Kong under the pandemic, the Group took the initiative to offer local customers differentiated shopping experience by leveraging on the prominent brand characteristic and unique artistic sense of K11. During the period under review, the Group managed to attract a batch of loyal members through its continuous launch of creative marketing and festival activities. In particular, the flagship mall K11 MUSEA recorded a year-on-year increase of 21% in sales during the period under review, whilst its total footfall amounted to around 12 million with a year-on-year increase of 21%.

K11 Art Mall upgraded its tenant portfolio amidst the pandemic, adding over 30 new brands which mainly targeted "Gen Z" consumption experience and introducing pop-up stores of several well-received animations which set foot in Hong Kong for the first time, so as to fulfil the demand for freshness by "Gen Z". The mall also held a range of arts and cultural events to popularise art and increase footfall. During the period under review, the overall average occupancy rate of K11 Art Mall remained at around 100%, with sales and footfall up by 28% and 33% year on year respectively. In December 2021, its footfall reached a historic new high, with the sales eclipsing the pre-pandemic level.

Hong Kong Landbank

Land supply shortage stands as a long-term problem besetting the Hong Kong society. In the 2021 Policy Address, the government launched a series of measures to expedite land searching for housing construction, which included proposing the 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 believed 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, to replenish its Hong Kong landbank through diversified channels and provide stable land resource for future development.

During the period 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 consortia of the Group in 2018 and 2019, further expanded the landbank of the Group in the prime Kai Tak section.

As at 31 December 2021, the Group had a landbank with a total attributable GFA of approximately 9.77 million sq ft in Hong Kong available for immediate development, of which approximately 4.88 million sq ft was for property development use. Meanwhile, the Group had an agricultural landbank with a total attributable land area of approximately 16.27 million sq ft pending land use conversion in New Territories, approximately 90% of which was located within the "Northern Metropolis".

CEO's Report

In line with the government's Northern Metropolis development plan, the Group expedited farmland conversions to unlock their value. During the period under review, the Group applied to the Town Planning Board for developing three plots of agricultural land in Yuen Long, namely Ngau Tam Mei, Wing Kei Tsuen and Lin Barn Tsuen, into large-scale residential projects. The Group has a total attributable GFA of approximately 3.56 million sq ft in the three projects, which are expected to provide nearly 8,000 residential units.

In January 2022, the Town Planning Board approved the rezoning application for the Sai Kung Sha Ha project held by the Group's consortium. With the project to be used to develop strata residential units, the Group has a total attributable GFA of approximately 720,000 sq ft that provides 966 units. The Group will submit application for deed amendment as soon as possible.

Landbank by District

	Property Development Total Attributable GFA (sq ft'000)	Property Investment and Others Total Attributable GFA (sq ft'000)	Total Attributable GFA (sq ft'000)
As at 31 December 2021			
Hong Kong Island	772.7	–	772.7
Kowloon	2,060.0	1,118.1	3,178.1
New Territories	2,050.3	3,767.4	5,817.7
Total	4,883.0	4,885.5	9,768.5

Agricultural Landbank by District

	Total Land Area (sq ft'000)	Total Attributable Land Area (sq ft'000)
As at 31 December 2021		
Yuen Long District	12,199.3	11,200.5
North District	2,487.0	2,183.2
Sha Tin District and Tai Po District	1,912.1	1,858.0
Sai Kung District	1,195.9	1,024.3
Total	17,794.3	16,266.0

To alleviate the local housing problems, in September last year, the Group founded the social housing enterprise New World Build for Good, which proposed Hong Kong's first Subsidised Private Housing Model, with new homes that will be sold at 50% to 60% of the market rate. It is also pioneering the ground-breaking Progressive Payment Mortgage Model that will allow young families to purchase quality and sizeable new flats with an affordable down payment, and draw down a mortgage of just 50% of the purchase price. As part of the proposed model, the Group will be donating a plot of land in New Territories West as its pilot site. New World Build for Good is now in discussion with the relevant government departments, banks and regulators with regard to the proposal, and will announce its details in due course.

In addition, New World Development also announced in 2019 that it would offer its farmland reserves to non-profit organisations and/or the Hong Kong SAR government for social housing projects such as transitional homes, with an aim to improve the living conditions of the underprivileged. Since then, a total of four projects have reached their pre-planning stage that will provide an estimate of over 2,000 units. Among these, projects in Fan Kam Road and Ngau Tam Mei have received the approval from the Town Planning Board, and have begun their ensuing construction work.

Mainland China Property Development

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". By actively tapping into its experience and expertise, the Group continues to promote city-industry integration and social innovation. As a result, many of its quality projects yielded outstanding results, with steady development of the ecosystem and frequent successes in project acquisitions. Meanwhile, the Group works to mobilise its own and related industries, talents, technology and capital to concentrate these resources in different Mainland cities, optimise its presence in the Yangtze River Delta, and actively develop a diversified layout of businesses and investments across key first-tier cities nationwide. The Group achieved milestone progress in many projects in Wuhan, Shanghai and Hangzhou, played a pioneering role in improving society and assisted in the high-quality development of its cities.

The Central Government has maintained its target of stabilising land prices, housing prices as well as expectations, proactively minimizing the risk of a real estate bubble, and continuing the steady and sound development of the real estate market. The data released by the National Bureau of Statistics indicated that the sales area of residential properties in Mainland China amounted to 1.79 billion sq m in 2021, a YOY increase of 1.9%, and sales proceeds of residential properties amounted to RMB18.2 trillion, with a YOY growth of 4.8%.

During the period under review, the Group's revenues and segment results of property development in Mainland China, including joint development projects, amounted to HK\$8,579.5 million and HK\$5,704.9 million respectively. The contributions were mainly attributable to residential projects including Guangzhou, Shenyang and Ningbo.

CEO's Report

The Mainland real estate sector has been subject to tightening regulatory policies and a tightening credit environment. Under these challenging market conditions, leveraging its premium brand and high quality projects, the Group's achieved its objectives for the first half of the year, with strong total contracted sales of properties in Mainland China during the period under review. The Group's total contracted sales area of properties in Mainland China amounted to approximately 245,000 sq m for the period under review, with total sales proceeds of RMB9.34 billion. The average price of overall contracted sales exceeded RMB38,000 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 over 87%, followed by the North-eastern Region, which accounted for 11%. Contributions were mainly generated from the projects in the Greater Bay Area, such as Qianhai CTF Financial Tower, Guangzhou Covent Garden New World Canton Bay, Shenzhen Prince Bay BAYHOUSE and Guangzhou Foshan Canton First Estate.

Contracted Sales by Region

As at 31 December 2021	Area	Proceeds
Region	(sq m'000)	(RMB m)
Southern Region (i.e., the Greater Bay Area)	163	8,131
Eastern Region (i.e., the Yangtze River Delta Region)	5	90
Central Region	6	74
North-eastern Region	71	1,040
Total	245	9,335

In addition, the Central Government encourages quality enterprises to intensify their merger and acquisition of real estate projects in the market-oriented fashion, creating opportunities for well-established real estate developers with strong financial positions. During the period under review, by virtue of its strategy of steady development and deep-rooted presence in the Greater Bay Area, the Group managed to acquire 3 projects in the Greater Bay Area. It was also active in exploring the "Quick Win" strategy to achieve swift land acquisition, construction and bookings, faster capital return and higher operational efficiency.

During the period 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 of the project has a total GFA of over 49,000 sq m, with a total sales price of more than RMB3.2 billion. Upon completion, the project is set to upgrade the commercial amenities in the region, optimise and upgrade the business environment of Qianhai, and support the growth of Qianhai's economy and the development of the financial industry in Shenzhen.

As of 31 December 2021, the Group's unrecognised gross income from contracted sales of properties in Mainland China amounted to approximately RMB8.77 billion, of which RMB3.43 billion and RMB5.34 billion will be booked in FY2022 and FY2023 respectively.

The Group maintained its non-core asset disposal strategy, continually working to identify suitable opportunities, optimise its business portfolio, and investing in its core businesses that offer high growth and potential. During the period under review, the Group disposed of commercial and office buildings and carparks in Mainland China which generated approximately RMB180 million.

CEO's Report

During the period under review, the Group's total GFA of projects completed in Mainland China (excluding carparks) was approximately 310,000 sq m, a large portion of which is located in the Greater Bay Area and the North-eastern Region. The total GFA of completion (excluding carparks) is expected to reach approximately 1,103,000 sq m in FY2022.

1HFY2022 Project Completion in Mainland China – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Total (excluding carparks)	Total (including carparks)
Shenyang	Shenyang New World Garden Phase 2C-1	75,298	–	75,298	75,298
Foshan	Guangzhou Foshan Canton First Estate CF-35	6,496	–	6,496	6,496
Shenzhen	Prince Bay BAYHOUSE (Prince Bay Project DY02-04)	54,726	24,840	79,566	79,566
Total		136,520	24,840	161,360	161,360

1HFY2022 Project Completion in Mainland China – Property Investment, Hotel and Others

Region	Project/Total GFA (sq m)	Commercial	Office	Hotel	Exhibition Centre	Total (excluding carparks)	Total (including carparks)
Ningbo	Ningbo Land No. 5	1,285	81,172	42,921	–	125,378	127,523
Beijing	Beijing New View Commercial Centre	–	9,817	–	13,937	23,754	34,380
Total		1,285	90,989	42,921	13,937	149,132	161,903

2HFY2022 Project Completion Plan in Mainland China – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Shenyang	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
Guangzhou	Guangzhou Covent Garden Phase 1D	96,459	–	–	96,459	96,459
	Zengcheng Comprehensive Development Project	99,077	13,787	30,886	143,750	223,727
Foshan	Guangzhou Foshan Canton CF-32	82,149	1,093	–	83,242	105,769
	Guangzhou Foshan Canton CF-03	37,192	–	–	37,192	48,762
Total		601,962	14,880	30,886	647,728	761,802

2HFY2022 Project Completion Plan in Mainland China – Property Investment, Hotel and Others

Region	Project/Total GFA (sq m)	Residential	Commercial	Office	Hotel	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Covent Garden Phase 1D	–	10,030	–	–	10,030	32,692
	Zengcheng Comprehensive Development Project	5,795	–	105,439	23,363	134,597	164,999
	Total	5,795	10,030	105,439	23,363	144,627	197,691

Mainland China Property Investment and Others

Despite COVID-19 reemergences with sporadic cases appearing in various provinces and cities, Mainland China saw domestic circulation sustain continued growth, with further expansion of domestic demand, faster uptick in residents' income and consumption, continuous optimisation of the ecosystem for innovation and entrepreneurship, as well as swift growth in new industries and operating models. The data released by the National Bureau of Statistics indicated that total retail sales of consumer goods amounted to RMB44,082.3 billion in 2021, registering a 12.5% increase from the same period last year.

During the period under review, the Group's revenues of property investment in Mainland China amounted to HK\$1,020.6 million, representing a 16.7% YOY increase due to stable occupancy rates of major projects in its investment property portfolio.

Benefitting from strong sales growth in Mainland China, the Group leveraged its unique brand positioning of K11 to deliver stellar sales performance for its K11 Art Malls owned or managed by the Group in Mainland China.

Hosted at the Guangzhou K11, the global premiere of Hajime Sorayama "Future Land" attracted a record-breaking 31,000-plus visitors and generated an exhibition revenue of nearly RMB15 million in 3 months, as well as over RMB22 million of related consumption by visitors, demonstrating cultural retail as a robust growth engine. Our festive "K-HUB Market" brought together trendy local brands that attracted holiday customers, to create a young and festive consumer culture in Guangzhou. During the National Holiday in 2021, such events contributed to a 17% YOY rise in customer traffic and a 24.4% YOY increase in sales. Furthermore, Guangzhou K11 hosted multiple activities such as Brand Day, Fashion Pass and cross-store gift points which, together with the Group's points programmes, increased members loyalty and stickiness, promoted cross-store consumption and frequency, and effectively boosted sales with exclusive VIP activities.

Wuhan K11 Art Mall I commenced operation last year, representing full operation of the Wuhan Hankou K11 project. With artistic elements as the key driver, it serves as an engine urban fashion trends. Wuhan K11 Art Mall works to create the largest art co-creation project in Wuhan, powered by fashion trends to garner a mix of high-profile brands. So far, Wuhan K11 Art Mall has cooperated with over 60 brands which opened their first store opening there. Positioned to attract Gen Z customers, Wuhan K11 Select, which locates at Guanggu, houses more than 20 first-store/exclusive/internet viral Gen Z brands, and has hosted over 20 exclusive Gen Z events, which led to an 18% YOY increase in sales. In December 2021, Wuhan K11 Select recorded a record-breaking high of RMB59 million in sales and total member count of 580,000.

Sales of Shanghai K11 were 1% above expectations. In August 2021, it launched "88 Summer Shopping Carnival" (88 夏日狂歡購) in conjunction with the online platform "KLUB 11", bolstering sales through an array of activities such as exhibitions, VIP parties and Colourful Members (繽紛多彩會員). In July 2021, construction commenced formally for the second Shanghai K11 project at the land parcel of Huaihai Middle Road. With its prime location in the Huaihai Middle Road, the core business district, the project has recruited creative talents from top design teams worldwide. They will uphold the core philosophy of "Art • People • Nature" of K11 and combine it with the unique charm of the century-old Huaihai Road. These efforts will integrate art and business and embody the essence of K11 "Cultural Retail" to construct a new cultural landmark that deepens Shanghai's cultural exchange with international arts, and promotes the cultural soft power of Shanghai.

Driven by various content and member activities, Shenyang K11 delivered a 10.8% YOY rise in sales, with record single-day sales on Christmas Day. During the period under review, it launched a series of events such as "Sculpture Park" and "Air Fashion Show" as well as other events, turning Shenyang K11 into a popular and internet viral check-in spot from Shenyang and neighbouring cities.

Since its dazzling opening in late May 2021, Tianjin K11 Select has received extensive attention across the Binhai area of Tianjin for its high-end and artistic shopping experience and novel concepts. This, together with a precise positioning catered to Gen Z customers, has managed to lift sales, with the consumption by gold and general card members surpassing expectations.

Many of the Group's key projects will commence operation in major cities in the Greater Bay Area and the Yangtze River Delta. With the unique positioning of the K11 brand and a diversified business strategy, the Group will further consolidate its diversified businesses in the Greater Bay Area and the Yangtze River Delta, while continuing to increase its recurring rental income.

Mainland China Landbank

As of 31 December 2021, the Group had a landbank (excluding carparks) with a total GFA of approximately 5,516,000 sq m available for immediate development in Mainland China, of which approximately 3,126,000 sq m was zoned for residential use. Of the total GFA of the Group's landbank (excluding carparks), approximately 4.82 million sq m (excluding carparks), are core property development projects located in Guangzhou, Shenzhen, Foshan, Wuhan, Shanghai, Ningbo, Hangzhou, Beijing and Shenyang as well as other cities. 54% of the core project landbank (excluding carparks) is located in the Greater Bay Area and approximately 1,723,000 sq m is zoned for residential use.

Landbank by Region

As at 31 December 2021	Total GFA (excluding carpark) (sq m'000)	Residential Total GFA (sq m'000)
Southern Region (i.e., the Greater Bay Area)	2,616.0	1,723.0
Eastern Region (i.e., the Yangtze River Delta Region)	684.7	151.3
Central Region	647.9	288.3
Northern Region	588.9	254.5
North-eastern Region	978.9	708.9
Total	5,516.4	3,126.0
Of which, Core Projects	4,823.3	2,564.8

Leveraging its solid development and strategy of strengthening its presence in the Mainland, the Group has expanded its landbank through tender auctions, co-development, and merger and acquisitions as well as other channels to provide adequate resources for the sustainable development of New World Group.

During the period under review, the Group managed to acquire three Greater Bay Area projects, including the Shenzhen Longgang District project, the Guangqiao Food Factory project in Guangming District of Shenzhen, and the Guangdong No.2 People's Hospital Redevelopment Project in Haizhu District of Guangzhou. Whilst continuing to replenish its landbank, the Group is actively engaged in upgrading industries and urban development across the Greater Bay Area.

Hotel Operations

As the COVID-19 pandemic gradually stabilised in 2H2021, occupancy rates during the period under review far surpassed their levels in the previous year. The Group's Hong Kong hotel business remained heavily reliant on local staycation packages. The Group employed different promotions and activities to attract local consumers, such as featured catering, themed activities, and discounts on long-term stays. During the period under review, all the Group's hotels in Hong Kong recorded double-digit growth in occupancy rates. In addition, loosened social distancing restrictions lifted revenue from banquet catering. The Group's pentahotel Hong Kong, Kowloon has entered the sixth cycle since its designation as a quarantine hotel by the government in December 2020, which ensured a stable occupancy rate as well as room and catering income.

In Mainland China, although strict compulsory quarantine measures continued to be imposed on overseas visitors, the thriving demand for domestic tours drove the recovery in occupancy rates.

As at 31 December 2021, the Group owned a total of 16 hotel properties in Hong Kong, Mainland China and Southeast Asia, totaling 6,591 rooms.

Starting in early 2022, Hong Kong has been battling the Omicron variant, which has led to the re-tightening of social distancing measures and affected the hotel industry. The Group will ramp up its promotion of long-term stays, featured local staycation packages and lunchtime catering, in a bid to prevail over such adversities.

FOUR CORE BUSINESSES UNDER NWS HOLDINGS LIMITED ("NWSH")

NWSH's core businesses are Roads, Aviation, Construction and Insurance. In 1HFY2022, NWSH delivered a strong result with its recurring businesses remaining solid.

Roads

Overall Roads segment's performance remained largely stable amid all the negative external impacts and NWSH's efforts in enriching its roads portfolio have been bearing fruits. During the period under review, contribution from the three expressways in Central region of the Mainland that NWSH acquired in the past few years, including Suiyuanan Expressway, Sui-Yue Expressway and Changliu Expressway, continued to grow. Excluding the financial incentives associated with the investments in Changliu Expressway and Sui-Yue Expressway, Attributable operating profit ("AOP") contribution from these three roads grew 3% year-on-year and accounted for over 11% of the Roads segment's AOP. Meanwhile, negative impact from resurgence of COVID-19 in various provinces, power crunch and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road have prompted a slight drop of 2% in overall traffic volume and a drop of 7% in toll revenue of our road portfolio.

During the period under review, NWSH's major expressways, namely 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, have collectively contributed over 80% of the Roads segment's AOP. Excluding Hangzhou Ring Road, overall traffic volume of the remaining major expressways continued to see steady growth of 1% year-on-year. Including Hangzhou Ring Road, overall traffic flow recorded a 3% year-on-year decline due to the aforesaid challenge faced by Hangzhou Ring Road.

The overall average remaining concession period of NWSH's roads portfolio as at 31 December 2021 was around 10 years. With such long remaining concession period, NWSH expects its Roads segment will continue to generate sustainable income and cash flow in the forthcoming years.

Aviation

Aviation segment engages in commercial aircraft leasing business through NWSH's full service leasing platform Goshawk. Thanks to the growth in domestic flights and continued border reopening around the world, overall aviation industry has been stabilising. Against the background of industry stabilisation, Goshawk's AOP during the period under review was steady, despite negative impact from certain lease restructurings and airline reorganizations.

During the period under review, Goshawk has maintained a young and in-demand fleet with long leases with a relatively lower risk profile, encompassing a broad customer base spanning across 60 airlines in 34 countries as at 31 December 2021. Taking into account the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers, the number of aircraft owned, managed and committed totalled 219 (31 December 2020: 224), and the overall appraised value amounted to approximately US\$9.6 billion as at 31 December 2021. The 162 aircraft on book as at 31 December 2021 (31 December 2020: 162) had an average age of 5.9 years and an average remaining lease term of 5.2 years, with 78% of the aircraft on book being narrowbody. Goshawk's owned aircraft was almost fully utilized at a rate of 99% during the period under review. Supported by strong improvement in collection of deferred rental payment and reduction of trade receivables due to the completion of airline restructuring, collection rate continued to improve to 127% in the fourth quarter of 2021 from 92% in the second quarter of 2021. Despite the improvement, a few of our lessees are still undergoing restructuring and uncertainties still abound due to the outbreak of COVID-19 variants.

CEO's Report

Financial position of Goshawk continued to be strong during the period under review. As at 31 December 2021, besides a well-balanced debt maturities profile, Goshawk had cash and undrawn liquidity of US\$1.5 billion.

Construction

Construction segment comprises mainly NWSH's wholly-owned interest in Hip Hing Group. During the period under review, performance of Hip Hing Group remained resilient with AOP maintaining steady, notwithstanding challenges from keen competition and rising material costs. Driven by the absence of share of profit from Wai Kee following the reclassification from an associated company to an asset held-for-sale in December 2020 and only dividend income was recognized afterwards, overall Construction segment's AOP saw a 23% drop. Major projects during the period under review included construction management services for Kai Tak Sports Park, foundation works for New Acute Hospital at Kai Tak (Site A & B), commercial development for AIRSIDE at Kai Tak, Two Taikoo Place at Quarry Bay and Inland Revenue Centre at Kai Tak.

Number of new tender offering in the market has been picking up. Hip Hing Group's gross value of contracts on hand improved by 21% year-on-year to approximately HK\$54.4 billion, while remaining works to be completed decreased by 5% year-on-year to around HK\$28.3 billion during the period under review. Approximately 67% of the remaining works to be completed were from private sector which entailed both commercial and residential, while the remaining about 33% were from government and institutional related projects. During the period under review, Hip Hing Group was awarded approximately HK\$8.6 billion of new projects, including but not limited to, the residential development at Kai Tak, development of Micro-Electronics Centre for Hong Kong Science and Technology Parks Corporation, composite development at Shing Kai Road, Kai Tak and piling works for integrated basement and underground road at The West Kowloon Cultural District.

Insurance

While continued border closure due to COVID-19 outbreak has prevented Mainland visitors from coming to Hong Kong and affected the performance of the whole insurance industry, FTLife Insurance has outperformed the market with a steady growing trend and recorded a growth of 6% in AOP.

During the period under review, FTLife Insurance further enhanced the attractiveness of its product offerings to boost the business from Hong Kong domestic market despite business from Mainland visitors still hammered by border closure. In addition to the enhanced version of Fortune Saver that has been well-received by the market, FTLife Insurance has also launched ComboPro Insurance Plan in October 2021, a new insurance plan that provides an all-round package of critical illness, medical, accident and life protection, aiming to safeguard customers with comprehensive protection and provide them with support to confront challenges in life. Spurred by FTLife Insurance's captivating product offerings and strengthened distribution capability, its overall Annual Premium Equivalent ("APE") rose by 13% to HK\$1,050.5 million during the period under review. Gross written premium increased by 46% to HK\$7,229.1 million. Value of New Business ("VONB") grew by 53% to HK\$362.3 million, and VONB margin, representing VONB as a percentage of APE, improved to 34% (Last Period: 25%), thanks to enhanced product mix and product re-pricing. Overall investment return of FTLife Insurance's investment portfolio was 5.3% during the period under review (Last Period: 3.6%).

CEO's Report

The above-market performance was a testament to FTLife Insurance's capability in launching appealing insurance products as well as its efforts in strengthening tied-agency force with enhanced productivity, with the number of agent qualifying for Million Dollar Round Table ("MDRT") increasing by 21% in 2021. As at 30 September 2021, FTLife Insurance's ranking among Hong Kong life insurance companies by APE has further advanced to 11th from 12th as at 30 June 2021 with an overall APE growth of 1% continuing to outperform the 5% decline in the industry, while the 3% decline in APE of our Hong Kong domestic business was also better than the 6% drop in the industry in the third quarter of 2021.

The financial footing of FTLife Insurance remained resilient. As at 31 December 2021, FTLife Insurance's solvency ratio of 443% was well above minimum industry regulatory requirement of 150%. Embedded value increased by 6% year-on-year to HK\$21.3 billion. Moody's has continued to maintain the insurance financial strength rating of FTLife Insurance at A3/Stable, while Fitch Rating has affirmed FTLife Insurance's A – insurer financial strength rating with stable rating outlook.

OUTLOOK

The Hong Kong economy has started to regain its stability since the second quarter of 2021. With more citizens vaccinated and electronic consumption vouchers distributed since August, local consumption sentiment was bolstered further. In general, the fundamentals remain solid, despite the rapidly changing pandemic situation due to the Omicron variant in early January 2022 which may exert pressure on business sentiment. As long as it actively integrates into the national development landscape, the Hong Kong economy is bound to embrace more growth drivers and room of development.

Regarding Hong Kong property development, as at the end of December 2021, the government expects the primary market to supply approximately 98,000 private residential units for the next three to four years, representing the increase of short and medium-term supply to a new high in 4.5 years. However, there has been a long-term imbalance between supply and demand in the local private residential market. With the increasingly upbeat progress in border opening between Hong Kong and Mainland China, the property market will benefit from such positive effect and is expected to experience steady and positive development in 2022.

The Group will successively solicit sales for its remaining units in the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan and the residential project MOUNT PAVILIA. A number of major projects are also scheduled for launch in phases, including the office project with a total GFA of roughly 360,000 sq ft in Wing Hong Street, West Kowloon (a non-traditional commercial district), the residential project at Kai Tak Runway Area 4B Site 4 in East Kowloon with a total GFA of around 575,000 sq ft, and The Southside Package V atop Wong Chuk Hang MTR Station with a total GFA of 636,000 sq ft.

With respect to Hong Kong property investment, despite higher market trading volume in 2H2021, the overall market rents for office buildings are expected to remain pressured in 1H2022 due to successive relocation of tenants from traditional commercial districts. Following the “de-Central” trend, the Group will successively complete its property investment projects in Cheung Sha Wan and Hong Kong International Airport.

On the retail front, considering the drastic changes of the pandemic situation in early January 2022, the Group is actively monitoring market trends with prompt response. We will cooperate with new stores and pop-up stores to entice the “Gen Z” customer group. In FY2022, nearly 50 new stores and pop-up stores will commence operation at K11 Art Mall in various periods.

In addition, we will enhance K11 MUSEA as the first destination for talent cultivation and culture dissemination, by introducing pop-up stores to increase footfall and further optimise our brand portfolio. The Group is also conducting preliminary marketing for Mainland China consumer groups with a view to expanding its market share after the re-opening of the Hong Kong border with Mainland China.

Situated in Hong Kong International Airport, the "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. In particular, the three Grade A office towers of K11 ATELIER will take the lead in commencing operation in July 2022 and have entered the pre-leasing stage; the Group strives to draw such Greater Bay firms that focus on wealth management and healthcare services, with the objective of reaching a 65% occupancy rate by mid-2022.

At the onset of the 14th Five-Year Plan, the Central Economic Work Conference raised the "exploration of a new development model" for the real estate market in early 2022, and stressed the importance of "promoting the virtuous cycle and sound development of the real estate industry". As one of the earliest Hong Kong property developers to enter the Mainland China market, the Group will take into account industrial upgrade and transformation to explore a completely new development model.

To achieve high quality development while furthering Common Prosperity is an objective for all Chinese people. In 2022, the Group will continue to solidify its status as a high-quality enterprise, and do better, achieve excellence, maintain authenticity, and grow stronger. The Group will continue to display its distinct advantages in industry diversification and international operational edge as a Hong Kong enterprise. The Group will also respond to national policies by assisting in the development of cities in Mainland China, supporting city-industry integration and social innovation, improving people's livelihood, facilitating industrial upgrade and helping to achieve Common Prosperity. At the same time, the Group will take the role of "City Operator" and integrate concepts of "High-quality and Professional" products into the city building process. It will put its full effort into preserving local natural ecology and cultural heritage, employ innovative technology to achieve sustainability in energy, the environment and cities. The Group will harness the power of business to give back to society and create shared value.

In Mainland China, the Group is about to launch its key project, Wangjiang New Town in Shangcheng District of Hangzhou. Situated in downtown Hangzhou and serving as the centre for economic and cultural activities for the city, Wangjiang New Town is the core new development of Shangcheng District. Boasting renowned landscape and scenery, regional advantages and a high potential development area, the project is set to promote the comprehensive development of Hangzhou, from society and economy to business opportunities. As the first project to commenced construction after the pandemic, the project reflects the Group's superb execution capability and high efficiency.

K11 is the world's first brand that combines "Art • People • Nature", and reflects the Group's relentless pursuit of creativity, culture and innovation. K11 Shanghai and K11 Guangzhou will undergo transformation and brand revamp during the year, striving to become new landmarks for high-end consumption in Shanghai and Guangzhou. With respect to the Gen Z population, a number of our K11 projects in Mainland China and Hong Kong have a precise position and cater to this young demographic, and will develop into ideal destinations for Gen Z youth customers to get together and create lasting memories and experiences. By FY2026, K11 is expected to attain a footprint of 38 projects with a total GFA of 2,794,000 sq m in ten major cities across Greater China. With gradual completions and openings of K11 projects across Greater China in the pipeline, as well as the completed transformation and upgrades of projects, the Group's recurring rental income will continue to grow, and will serve as an essential growth driver for the Group.

CEO's Report

By means of active disposal of non-core assets and businesses, the Group concentrates on developing its core businesses, continuously optimising its asset portfolio and returns, enhancing corporate efficiency and creating more value for shareholders. The Group completed the disposal of non-core assets worth about HK\$3.81 billion in 1HFY2022, and held approximately HK\$4.0 billion to HK\$6.0 billion of assets available for sale in 2HFY2022, which will bring additional cash flow for developing its core businesses.

The Group has maintained a sound financial position, with total capital resources of HK\$103.2 billion as at 31 December 2021, including approximately HK\$52.4 billion of cash and bank deposits and approximately HK\$50.8 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 5.0% during the period under review. All refinancing of borrowings due in FY2022 has been taken care of. In the foreseeable future, equity raising is not necessary for the Company.

2021 was a year of test and trial, where the lingering pandemic overshadowed every industry and even personal life with uncertainties. In spite of unceasing challenges, the Group remains upbeat in turning numerous challenges into infinite opportunities and yielding abundant achievements.

We have founded “New World Build for Good”, a social housing enterprise that advocates the building of Hong Kong's first not-for-profit privately subsidised housing project. In promoting preservation and city-industry integration, we endeavour to develop the State Theatre in Hong Kong and a number of urban renewal projects in Mainland China into landmarks in the Greater Bay Area. We address climate change with green building design and sustainable finance. Going forward, we will continue to strengthen our contact with stakeholders and meet our commitment to creating shared value through concrete action.

Dr. Cheng Chi-Kong, Adrian

Executive Vice-Chairman and Chief Executive Officer

Hong Kong, 25 February 2022

Condensed Consolidated Income Statement – Unaudited

For the six months ended 31 December 2021

	Note	2021 HK\$m	2020 HK\$m
Revenues	3	35,572.8	35,577.3
Cost of sales		(25,511.5)	(26,262.4)
Gross profit		10,061.3	9,314.9
Other income		353.5	90.5
Other (losses)/gains, net		(324.0)	664.8
Selling and marketing expenses		(1,212.7)	(1,198.6)
Expenses of department store's operation		(660.7)	(644.4)
Administrative and other operating expenses		(3,364.9)	(3,209.7)
Overlay approach adjustments on financial assets		1,175.8	(895.1)
Changes in fair value of investment properties		(24.6)	92.0
Operating profit	4	6,003.7	4,214.4
Financing income		1,382.7	1,419.3
Financing costs		(1,259.3)	(1,547.7)
		6,127.1	4,086.0
Share of results of			
Joint ventures		270.6	411.2
Associated companies		997.8	341.4
Profit before taxation		7,395.5	4,838.6
Taxation	5	(3,927.7)	(2,320.2)
Profit for the period		3,467.8	2,518.4
Attributable to:			
Shareholders of the Company		1,430.4	1,013.0
Holders of perpetual capital securities		1,232.9	1,070.7
Non-controlling interests		804.5	434.7
		3,467.8	2,518.4
Earnings per share	6		
Basic		HK\$0.57	HK\$0.40
Diluted		HK\$0.57	HK\$0.40

Condensed Consolidated Statement of Comprehensive Income – Unaudited

For the six months ended 31 December 2021

	2021 HK\$m	2020 HK\$m
Profit for the period	3,467.8	2,518.4
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	452.0	(36.1)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	0.7	1,784.2
Remeasurement of post-employment benefit obligation	—	3.1
Share of gain arising from revaluation of a logistics property held by a joint venture upon reclassification to investment property, net of taxation	6,312.1	—
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Share of other comprehensive income of joint ventures and associated companies	(27.2)	1,878.1
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	925.7	332.8
Release of reserves upon disposal of non-current assets classified as assets held for sale	(81.9)	—
Cash flow/fair value hedges	(447.3)	(221.5)
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	(1,175.8)	895.1
Release of reserves upon disposal of subsidiaries	—	99.1
Release of reserves upon disposal of interests in joint ventures	—	(22.5)
Release of reserves upon disposal/partial disposal of interests in associated companies	—	9.1
Release of reserves upon deconsolidation of a subsidiary	—	(10.3)
Translation differences	2,635.3	12,258.0
Other comprehensive income for the period	8,593.6	16,969.1
Total comprehensive income for the period	12,061.4	19,487.5
Attributable to:		
Shareholders of the Company	7,656.5	16,456.2
Holders of perpetual capital securities	1,232.9	1,070.7
Non-controlling interests	3,172.0	1,960.6
	12,061.4	19,487.5

Condensed Consolidated Statement of Financial Position – Unaudited

As at 31 December 2021

	Note	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
ASSETS			
Non-current assets			
Investment properties		209,337.0	195,883.5
Property, plant and equipment		20,402.6	22,300.0
Right-of-use assets		7,041.5	8,117.9
Intangible concession rights	8	13,957.5	14,281.0
Intangible assets	9	8,239.7	8,245.9
Value of business acquired	10	5,300.4	5,395.1
Deferred acquisition costs		2,149.8	1,711.5
Interests in joint ventures		52,716.4	47,361.6
Interests in associated companies		15,485.7	13,877.5
Financial assets at fair value through profit or loss		17,095.6	18,370.9
Financial assets at fair value through other comprehensive income		46,007.0	42,888.9
Derivative financial instruments		270.2	659.4
Properties for development		23,014.6	23,070.9
Deferred tax assets		2,238.3	1,742.3
Other non-current assets		22,521.4	15,106.3
		445,777.7	419,012.7
Current assets			
Properties under development		67,972.8	68,255.8
Properties held for sale		18,605.8	21,052.2
Inventories		622.4	597.9
Debtors, prepayments, premium receivables and contract assets	11	36,894.8	34,683.3
Investments related to unit-linked contracts		10,205.3	10,770.2
Financial assets at fair value through profit or loss		2,329.8	1,584.5
Financial assets at fair value through other comprehensive income		4,262.6	1,898.1
Derivative financial instruments		158.4	897.6
Restricted bank balances		1,837.2	340.1
Cash and bank balances		50,527.2	61,615.0
		193,416.3	201,694.7
Non-current assets classified as assets held for sale	12	490.8	6,370.0
		193,907.1	208,064.7
Total assets		639,684.8	627,077.4

Condensed Consolidated Statement of Financial Position — Unaudited

As at 31 December 2021

	Note	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
EQUITY			
Share capital	13	78,382.1	78,373.3
Reserves		146,970.0	144,955.5
Shareholders' funds		225,352.1	223,328.8
Perpetual capital securities		43,758.4	48,938.2
Non-controlling interests		31,540.3	31,925.4
Total equity		300,650.8	304,192.4
LIABILITIES			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	14	127,805.2	137,828.7
Lease liabilities		5,807.0	5,204.4
Insurance and investment contract liabilities		18,411.2	18,143.5
Liabilities related to unit-linked contracts		188.0	180.8
Deferred tax liabilities		11,071.9	11,128.5
Derivative financial instruments		457.4	670.8
Other non-current liabilities		160.0	167.0
		163,900.7	173,323.7
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	15	67,147.4	63,977.8
Current portion of long-term borrowings and other interest-bearing liabilities	14	24,959.5	12,569.0
Short-term borrowings and other interest-bearing liabilities	14	30,688.1	25,619.2
Lease liabilities		442.1	1,639.2
Insurance and investment contract liabilities		28,571.5	24,359.3
Liabilities related to unit-linked contracts		10,202.7	10,770.2
Derivative financial instruments		0.2	0.3
Current tax payable		13,008.8	10,626.3
		175,020.3	149,561.3
Liabilities directly associated with non-current assets classified as assets held for sale	12	113.0	—
		175,133.3	149,561.3
Total liabilities		339,034.0	322,885.0
Total equity and liabilities		639,684.8	627,077.4

Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 31 December 2021

	Share capital HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Perpetual capital securities HK\$m	Non- controlling interests HK\$m	Total HK\$m
At 1 July 2021	78,373.3	125,032.8	19,922.7	223,328.8	48,938.2	31,925.4	304,192.4
Comprehensive income							
Profit for the period	–	1,430.4	–	1,430.4	1,232.9	804.5	3,467.8
Other comprehensive income							
Fair value changes of equity instruments as financial assets at fair value through other comprehensive income	–	–	253.2	253.2	–	198.8	452.0
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	–	–	651.0	651.0	–	274.7	925.7
Release of reserves upon disposal of non-current assets classified as assets held for sale	–	0.6	(50.4)	(49.8)	–	(32.1)	(81.9)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	–	–	0.5	0.5	–	0.2	0.7
Share of gain arising from revaluation of a logistics property held by a joint venture upon reclassification to investment property, net of taxation	–	–	3,841.5	3,841.5	–	2,470.6	6,312.1
Release of reserves upon disposal of equity instruments as financial assets through other comprehensive income	–	395.9	(395.9)	–	–	–	–
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	–	–	(715.6)	(715.6)	–	(460.2)	(1,175.8)
Share of other comprehensive income of joint ventures and associated companies	–	–	(71.7)	(71.7)	–	44.5	(27.2)
Cash flow hedges	–	(181.8)	(4.3)	(186.1)	–	(261.2)	(447.3)
Translation differences	–	–	2,503.1	2,503.1	–	132.2	2,635.3
Other comprehensive income for the period	–	214.7	6,011.4	6,226.1	–	2,367.5	8,593.6
Total comprehensive income for the period	–	1,645.1	6,011.4	7,656.5	1,232.9	3,172.0	12,061.4

Condensed Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 31 December 2021

	Share capital HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Perpetual capital securities HK\$m	Non- controlling interests HK\$m	Total HK\$m
Transaction with owners							
Contributions by/(distributions to) owners							
Dividends	—	(3,774.9)	—	(3,774.9)	—	(468.9)	(4,243.8)
Contributions from non-controlling interests	—	—	—	—	—	58.0	58.0
Issue of new shares upon exercise of share options	8.8	—	—	8.8	—	—	8.8
Employees' share-based payments	—	—	(6.1)	(6.1)	—	—	(6.1)
Share options lapsed	—	45.5	(45.5)	—	—	—	—
Issuance of perpetual capital securities	—	—	—	—	1,240.9	—	1,240.9
Redemption of perpetual capital securities	—	—	—	—	(6,420.7)	—	(6,420.7)
Distribution to perpetual capital security holders	—	—	—	—	(1,232.9)	—	(1,232.9)
Transaction costs in relation to the issuance of perpetual capital securities	—	(53.7)	—	(53.7)	—	—	(53.7)
Transfer of reserves	—	(5.6)	5.6	—	—	—	—
Buyback of shares	—	(966.8)	—	(966.8)	—	—	(966.8)
	8.8	(4,755.5)	(46.0)	(4,792.7)	(6,412.7)	(410.9)	(11,616.3)

Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	—	—	—	—	—	(15.2)	(15.2)
Acquisition of additional interests in subsidiaries	—	—	(840.5)	(840.5)	—	(3,129.1)	(3,969.6)
Disposal of subsidiaries	—	—	—	—	—	7.7	7.7
Deconsolidation of a subsidiary	—	—	—	—	—	(9.6)	(9.6)
	—	—	(840.5)	(840.5)	—	(3,146.2)	(3,986.7)

Total transactions with owners	8.8	(4,755.5)	(886.5)	(5,633.2)	(6,412.7)	(3,557.1)	(15,603.0)

At 31 December 2021	78,382.1	121,922.4	25,047.6	225,352.1	43,758.4	31,540.3	300,650.8

Condensed Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 31 December 2021

	Share capital HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Perpetual capital securities HK\$m	Non-controlling interests HK\$m	Total HK\$m
At 1 July 2020	78,225.7	129,519.8	5,277.8	213,023.3	37,092.0	29,629.8	279,745.1
Profit for the period	—	1,013.0	—	1,013.0	1,070.7	434.7	2,518.4
Other comprehensive income							
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	—	—	(37.6)	(37.6)	—	1.5	(36.1)
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	—	—	202.6	202.6	—	130.2	332.8
Release of reserve upon deconsolidation of a subsidiary	—	—	(6.3)	(6.3)	—	(4.0)	(10.3)
Release of reserves upon disposal of subsidiaries	—	260.6	(200.3)	60.3	—	38.8	99.1
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets	—	—	1,784.2	1,784.2	—	—	1,784.2
Release of reserves upon disposal of interests in associated companies	—	—	8.9	8.9	—	0.2	9.1
Release of reserves upon disposal of interests in joint ventures	—	—	(13.7)	(13.7)	—	(8.8)	(22.5)
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	—	—	544.8	544.8	—	350.3	895.1
Share of other comprehensive income of joint ventures and associated companies	—	—	1,328.6	1,328.6	—	549.5	1,878.1
Remeasurement of post employment benefit obligation	—	1.9	—	1.9	—	1.2	3.1
Cash flow/fair value hedges	—	—	(183.7)	(183.7)	—	(37.8)	(221.5)
Translation differences	—	—	11,753.2	11,753.2	—	504.8	12,258.0
Other comprehensive income for the period	—	262.5	15,180.7	15,443.2	—	1,525.9	16,969.1
Total comprehensive income for the period	—	1,275.5	15,180.7	16,456.2	1,070.7	1,960.6	19,487.5

Condensed Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 31 December 2021

	Share capital HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Perpetual capital securities HK\$m	Non- controlling interests HK\$m	Total HK\$m
Transaction with owners							
Contributions by/(distributions to) owners							
Dividends	—	(3,772.7)	—	(3,772.7)	—	(471.1)	(4,243.8)
Deconsolidation of a subsidiary	—	—	—	—	—	(556.2)	(556.2)
Issue of new shares upon exercise of share options	1.3	—	—	1.3	—	—	1.3
Employees' share-based payments	—	—	(5.8)	(5.8)	—	—	(5.8)
Issuance of perpetual capital securities	—	—	—	—	5,460.0	—	5,460.0
Distribution to perpetual capital security holders	—	—	—	—	(1,070.7)	—	(1,070.7)
Transaction costs in relation to the issuance of perpetual capital securities	—	(44.0)	—	(44.0)	—	—	(44.0)
Transfer of reserves	—	(35.2)	35.2	—	—	—	—
Buyback of shares	—	(139.3)	—	(139.3)	—	—	(139.3)
	1.3	(3,991.2)	29.4	(3,960.5)	4,389.3	(1,027.3)	(598.5)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	—	—	0.1	0.1	—	—	0.1
	—	—	0.1	0.1	—	—	0.1
Total transactions with owners	1.3	(3,991.2)	29.5	(3,960.4)	4,389.3	(1,027.3)	(598.4)
At 31 December 2020	78,227.0	126,804.1	20,488.0	225,519.1	42,552.0	30,563.1	298,634.2

Condensed Consolidated Statement of Cash Flows — Unaudited

For the six months ended 31 December 2021

	2021 HK\$m	2020 HK\$m
Cash flows from operating activities		
Net cash from operating activities before net purchases of financial assets in relation to insurance business	2,041.8	6,224.8
Purchases of financial assets in relation to insurance business	(11,700.2)	(7,146.1)
Disposal of financial assets in relation to insurance business	9,128.8	1,332.1
Net purchase of financial assets in relation to insurance business	(2,571.4)	(5,814.0)
Net cash (used in)/generated from operating activities	(529.6)	410.8
Cash flows from investing activities		
Additions of investment properties, property, plant and equipment and intangible assets	(9,633.8)	(6,448.6)
Decrease/(increase) in investments in and advances to joint ventures	2,193.2	(159.2)
(Increase)/decrease in investments in and advances to associated companies	(759.3)	775.8
Proceeds received from disposal/partial disposal of		
Associated companies and joint ventures	6,006.1	527.6
Subsidiaries (net of cash and cash equivalents)	49.6	2,723.4
Deconsolidation of a subsidiary	—	(1,104.5)
Purchase of financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI")	(2,915.2)	(1,790.2)
Others	4,478.1	5,398.2
Net cash used in investing activities	(581.3)	(77.5)
Cash flow from financing activities		
Net increase/(decrease) in borrowings	7,435.9	(8,605.3)
Proceeds from issuance of perpetual capital securities, net of transaction costs	1,187.2	5,416.0
Dividends paid to shareholders of the Company	(3,774.9)	(3,772.7)
Dividend paid to non-controlling shareholders	(468.9)	(471.1)
Buyback of shares	(966.8)	(139.3)
Distribution to holders of perpetual capital securities	(1,232.9)	(1,070.7)
Redemption of perpetual capital securities	(6,420.7)	—
Interest paid	(2,225.4)	(2,728.9)
Payments to acquire additional interests in subsidiary companies	(2,030.6)	—
Others	(1,843.2)	(1,539.4)
Net cash used in financing activities	(10,340.3)	(12,911.4)
Net decrease in cash and cash equivalents	(11,451.2)	(12,578.1)
Cash and cash equivalents at beginning of the period	60,535.7	63,317.3
Translation differences	491.5	2,263.3
Cash and cash equivalents at end of the period	49,576.0	53,002.5
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	50,527.2	54,622.2
Cash and bank balances attributable to investments related to unit-linked contracts	38.5	32.2
Cash and bank balances of subsidiaries reclassified as non-current assets classified as assets held for sale	128.1	56.5
Bank deposits — unrestricted and maturing after more than three months	(1,117.8)	(1,708.4)
	49,576.0	53,002.5

Notes to Condensed Accounts

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) for the six months ended 31 December 2021 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) (the “Listing Rules”). The Interim Financial Statements should be read in conjunction with the 30 June 2021 annual financial statements.

The accounting policies used in the preparation of these Interim Financial Statements are consistent with those set out in the annual report for the year ended 30 June 2021.

(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 ending 30 June 2022:

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

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

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

The following new standard, amendments to standards and interpretation 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
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

HKFRS 17, “Insurance Contracts” (“HKFRS 17”) and Amendments to HKFRS 17

HKFRS 17 will replace the current HKFRS 4, “Insurance Contracts”. HKFRS 17 includes some fundamental differences to current accounting in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, HKFRS 17 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures. 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 Group is undertaking assessments and taking steps to get ready for adoption of HKFRS 17 in accordance with the required timeline.

The Group has already commenced an assessment of the impact of other amendments to standards and interpretation, 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.

2 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk.

The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's June 2021 annual financial statements.

There has been no significant change in the Group's financial risk management policies since the last year end.

(b) Fair value estimation

The Group's financial instruments that are measured at fair value are disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the financial instruments of the Group are as follows:

Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. They are included in level 1.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of long-term financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying values of bank balances, receivables, payables and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.

The carrying amounts of mortgage loans receivables, which carry interest rates with reference to bank's lending rates, approximate their fair values.

2 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Fair value estimation (continued)

The following table presents the Group's financial assets at FVOCI, financial assets at FVPL, derivative financial instruments, investments related to unit-linked contracts, investment contract liabilities and liabilities related to unit-linked contracts that are measured at fair value:

As at 31 December 2021	Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m	Total HK\$m
Financial assets at FVOCI	37,153.8	11,008.5	2,107.3	50,269.6
Financial assets at FVPL	8,626.6	588.6	10,210.2	19,425.4
Investments related to unit-linked contracts				
Investment funds	10,166.8	—	—	10,166.8
Derivative financial instruments				
Derivative financial assets	—	428.6	—	428.6
	55,947.2	12,025.7	12,317.5	80,290.4
Investment contract liabilities	—	(5.3)	—	(5.3)
Liabilities related to unit-linked contracts				
Investment contract liabilities	—	(9,619.3)	—	(9,619.3)
Derivative financial instruments				
Derivative financial liabilities	—	(457.6)	—	(457.6)
	—	(10,082.2)	—	(10,082.2)
As at 30 June 2021	Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m	Total HK\$m
Financial assets at FVOCI	29,758.5	13,052.0	1,976.5	44,787.0
Financial assets at FVPL	10,928.9	633.7	8,392.8	19,955.4
Investments related to unit-linked contracts				
Investment funds	10,717.1	—	—	10,717.1
Derivative financial instruments				
Derivative financial assets	—	755.2	801.8	1,557.0
	51,404.5	14,440.9	11,171.1	77,016.5
Investment contract liabilities	—	(5.3)	—	(5.3)
Liabilities related to unit-linked contracts				
Investment contract liabilities	—	(10,142.5)	—	(10,142.5)
Derivative financial instruments				
Derivative financial liabilities	—	(671.1)	—	(671.1)
	—	(10,818.9)	—	(10,818.9)

During the six months ended 31 December 2021, there were transfer of financial assets at FVOCI relating to the Group's insurance business with fair value of HK\$460.8 million (2020: HK\$3,222.2 million) from level 2 to level 1 fair value hierarchy and HK\$61.3 million (2020: Nil) from level 1 to level 2 fair value hierarchy. Assets are transferred into or out of level 1 based on whether they are transacted with sufficient frequency and volume in an active market.

2 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Fair value estimation (continued)

The following table presents the changes in financial assets at FVOCI, financial assets at FVPL and derivative financial instruments in level 3 financial instruments for the six months ended 31 December 2021:

	Financial assets at FVOCI HK\$m	Financial assets at FVPL HK\$m	Derivative financial assets HK\$m
As at 1 July 2021	1,976.5	8,392.8	801.8
Additions	141.0	1,670.1	—
Net (loss)/gain recognised in the condensed consolidated statement of comprehensive income/income statement	(10.2)	2,103.9	(801.8)
Disposals	—	(1,956.6)	—
As at 31 December 2021	2,107.3	10,210.2	—

In determining the fair values of financial assets at FVOCI and financial assets at FVPL included in level 3 as at 31 December 2021:

- The fair value of financial assets relating to property investment industry of HK\$897.5 million (30 June 2021: HK\$890.5 million) will be determined with reference to the reported net asset value at the end of the reporting period;
- Majority of other level 3 financial instruments comprise investment funds and unlisted debt and equity instruments. Fair values of the investment funds are mainly determined based on the net asset value, representing the fair value of the funds reported by respective fund managers and relevant factors if deemed necessary. Fair value of unlisted debt and equity instruments is determined primarily based on the purchase price paid by the Group and taking into account of the analysis of the investees' financial position and results, risk profile, prospects, industry trend and other factors. Recent transaction prices, if any, are referenced or independent external valuer is involved, where appropriate, to determine the fair value.

3 REVENUES AND SEGMENT INFORMATION

Revenues recognised during the period are as follows:

	For the six months ended	
	31 December 2021	2020
	HK\$m	HK\$m
Revenues		
Property development	9,346.6	12,794.6
Property investment	2,518.0	2,314.6
Roads	1,481.9	1,646.1
Construction	12,342.8	10,844.9
Insurance (Note)	6,820.6	4,583.7
Hotel operations	494.9	429.9
Others	2,568.0	2,963.5
Total	35,572.8	35,577.3

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 occasionally.

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 effects 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.

Note:

Revenue from insurance business is further analysed as follows:

	For the six months ended	
	31 December 2021	2020
	HK\$m	HK\$m
Gross premiums on insurance contracts	6,613.1	4,459.1
Less: premiums ceded to reinsurers	(194.1)	(186.2)
Premiums, net of reinsurance	6,419.0	4,272.9
Fee income on insurance and investment contracts	335.7	326.8
Reinsurance commission income and refund	60.4	(22.7)
Fee on referral business and commission income for general insurance and Mandatory Provident Fund	5.5	6.7
Fee and commission income	401.6	310.8
	6,820.6	4,583.7

3 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
For the six months ended									
31 December 2021									
Total revenues	9,346.6	2,592.6	1,481.9	—	16,314.9	6,820.6	494.9	2,578.6	39,630.1
Inter-segment	—	(74.6)	—	—	(3,972.1)	—	—	(10.6)	(4,057.3)
Revenues-external	9,346.6	2,518.0	1,481.9	—	12,342.8	6,820.6	494.9	2,568.0	35,572.8
Revenues from contracts with customers:									
— Recognised at a point in time	8,624.2	—	1,481.9	—	—	—	207.9	2,248.6	12,562.6
— Recognised over time	722.4	—	—	—	12,342.8	401.6	287.0	319.4	14,073.2
	9,346.6	—	1,481.9	—	12,342.8	401.6	494.9	2,568.0	26,635.8
Revenues from other source:									
— Rental income	—	2,518.0	—	—	—	—	—	—	2,518.0
— Insurance revenue	—	—	—	—	—	6,419.0	—	—	6,419.0
	—	2,518.0	—	—	—	6,419.0	—	—	8,937.0
	9,346.6	2,518.0	1,481.9	—	12,342.8	6,820.6	494.9	2,568.0	35,572.8
Segment results (Note b)	5,155.7	1,562.9	698.1	(0.6)	303.0	(353.7)	(237.3)	(659.2)	6,468.9
Other gains/(losses), net (Note c)	(600.3)	2.3	62.7	—	2.4	(277.0)	(0.3)	486.2	(324.0)
Changes in fair value of investment properties	—	(24.6)	—	—	—	—	—	—	(24.6)
Overlay approach adjustments on financial assets	—	—	—	—	—	1,175.8	—	—	1,175.8
Operating profit before unallocated corporate expenses	4,555.4	1,540.6	760.8	(0.6)	305.4	545.1	(237.6)	(173.0)	7,296.1
Unallocated corporate expenses	—	—	—	—	—	—	—	—	(554.0)
Operating profit									6,742.1
Financing income	—	—	—	—	—	—	—	—	597.1
Financing costs	—	—	—	—	—	—	—	—	(1,212.1)
									6,127.1
Share of results of									
Joint ventures (Note d)	204.5	(122.6)	388.2	1.2	—	—	(188.1)	(12.6)	270.6
Associated companies	886.9	13.3	100.7	—	14.8	—	0.1	(18.0)	997.8
Profit before taxation									7,395.5
Taxation	—	—	—	—	—	—	—	—	(3,927.7)
Profit for the period									3,467.8
As at 31 December 2021									
Segment assets	132,593.7	213,517.8	14,771.0	6,167.7	20,262.9	69,715.0	12,824.2	36,393.8	506,246.1
Interests in joint ventures	18,067.4	10,931.6	4,676.2	1,359.8	—	—	3,946.4	13,735.0	52,716.4
Interests in associated companies	6,857.9	2,086.3	2,956.5	—	69.0	—	—	3,516.0	15,485.7
Unallocated assets	—	—	—	—	—	—	—	—	65,236.6
Total assets									639,684.8
Segment liabilities	43,144.3	3,590.9	587.8	3.0	8,866.1	50,284.1	534.8	13,641.1	120,652.1
Unallocated liabilities	—	—	—	—	—	—	—	—	218,381.9
Total liabilities									339,034.0
For the six months ended									
31 December 2021									
Additions to non-current assets (Note a)	2,547.1	1,496.5	165.2	—	1,510.4	49.4	567.6	370.4	6,706.6
Depreciation and amortisation	—	4.7	607.3	—	37.5	141.6	263.8	685.7	1,740.6
Impairment loss and loss allowance	146.1	207.6	—	—	1.5	75.2	—	343.1	773.5

3 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
For the six months ended									
31 December 2020									
Total revenues	12,795.4	2,397.0	1,646.1	—	13,514.4	4,583.7	429.9	3,065.1	38,431.6
Inter-segment	(0.8)	(82.4)	—	—	(2,669.5)	—	—	(101.6)	(2,854.3)
Revenues-external	12,794.6	2,314.6	1,646.1	—	10,844.9	4,583.7	429.9	2,963.5	35,577.3
Revenues from contracts with customers:									
— Recognised at a point in time	12,730.4	—	1,646.1	—	—	—	166.5	2,354.3	16,897.3
— Recognised over time	64.2	—	—	—	10,844.9	310.8	263.4	609.2	12,092.5
	12,794.6	—	1,646.1	—	10,844.9	310.8	429.9	2,963.5	28,989.8
Revenues from other source:									
— Rental income	—	2,314.6	—	—	—	—	—	—	2,314.6
— Insurance revenue	—	—	—	—	—	4,272.9	—	—	4,272.9
	—	2,314.6	—	—	—	4,272.9	—	—	6,587.5
	12,794.6	2,314.6	1,646.1	—	10,844.9	4,583.7	429.9	2,963.5	35,577.3
Segment results (Note b)	4,004.1	1,270.4	942.7	(12.0)	335.3	433.8	(420.3)	(990.3)	5,563.7
Other gains/(losses), net (Note c)	66.6	15.5	4.2	—	23.5	911.1	29.6	(385.7)	664.8
Changes in fair value of investment properties	—	106.3	—	—	—	—	—	(14.3)	92.0
Overlay approach adjustments on financial assets	—	—	—	—	—	(895.1)	—	—	(895.1)
Operating profit before unallocated corporate expenses	4,070.7	1,392.2	946.9	(12.0)	358.8	449.8	(390.7)	(1,390.3)	5,425.4
Unallocated corporate expenses									(568.1)
Operating profit									4,857.3
Financing income									726.4
Financing costs									(1,497.7)
									4,086.0
Share of results of									
Joint ventures (Note d)	119.5	(55.2)	372.7	(144.2)	—	—	(246.0)	364.4	411.2
Associated companies	(8.9)	(35.3)	111.5	—	131.2	—	—	142.9	341.4
Profit before taxation									4,838.6
Taxation									(2,320.2)
Profit for the period									2,518.4
As at 30 June 2021									
Segment assets	132,622.5	200,463.0	15,131.1	6,168.0	16,895.9	65,291.4	13,783.3	39,458.5	489,813.7
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	—	69.8	—	—	3,233.5	13,877.5
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
For the six months ended									
31 December 2020									
Additions to non-current assets (Note a)	5,761.9	5,847.4	50.6	—	1,437.7	49.8	324.4	162.7	13,634.5
Depreciation and amortisation	34.2	33.6	539.5	—	55.5	255.5	278.7	654.2	1,851.2
Impairment loss and loss allowance	—	—	—	—	—	39.7	—	346.8	386.5

3 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Hong Kong HK\$m	Mainland China HK\$m	Others HK\$m	Total HK\$m
For the six months ended 31 December 2021				
Revenues				
Property development	767.1	8,579.5	—	9,346.6
Property investment	1,497.4	1,020.6	—	2,518.0
Roads	—	1,481.9	—	1,481.9
Construction	12,046.0	296.0	0.8	12,342.8
Insurance	6,820.6	—	—	6,820.6
Hotel operations	160.3	271.5	63.1	494.9
Others	963.0	1,605.0	—	2,568.0
	22,254.4	13,254.5	63.9	35,572.8
As at 31 December 2021				
Non-current assets (Note a)	169,651.6	121,005.9	1,100.6	291,758.1
	Hong Kong HK\$m	Mainland China HK\$m	Others HK\$m	Total HK\$m
For the six months ended 31 December 2020				
Revenues				
Property development	2,764.5	10,030.1	—	12,794.6
Property investment	1,440.0	874.6	—	2,314.6
Roads	—	1,646.1	—	1,646.1
Construction	10,722.5	121.6	0.8	10,844.9
Insurance	4,583.7	—	—	4,583.7
Hotel operations	218.6	196.0	15.3	429.9
Others	1,398.0	1,565.5	—	2,963.5
	21,127.3	14,433.9	16.1	35,577.3
As at 30 June 2021				
Non-current assets (Note a)	163,091.7	115,325.0	1,282.1	279,698.8

Notes:

- (a) 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.
- (b) For the six months ended 31 December 2021, segment results of insurance segment included insurance related financing income of HK\$784.8 million (2020: HK\$692.9 million) and financing costs of HK\$47.3 million (2020: HK\$50.0 million).
- (c) For the six months ended 31 December 2021, others segment included gain on disposal of interests in SUEZ NWS Limited of HK\$269.0 million (2020: Nil) and other gain on disposal net of impairment loss of property, plant and equipment, intangible assets and right-of-use assets of HK\$73.1 million (2020: loss of HK\$357.1 million) in relation to department store business.
- (d) For the six months ended 31 December 2021, the share of results of joint ventures within aviation segment included the Group's share of impairment loss/loss allowance of HK\$274.0 million (2020: HK\$415.9 million) in relation to Goshawk Aviation Limited's assets impairment, provision for expected credit loss on receivables and aircraft repossession/recovery costs.

4 OPERATING PROFIT

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

	For the six months ended	
	31 December 2021 HK\$m	2020 HK\$m
(Loss)/gain associated with investments related to united-linked contracts	(474.2)	1,592.7
Net losses on remeasuring on assets classified as held-for-sale and financial assets at fair value through profit or loss	(44.7)	(1,373.9)
Credits/(charges) related to unit-linked contracts	474.0	(1,584.6)
Net (loss)/gain on fair value of financial assets at fair value through profit or loss	(364.2)	2,154.6
Net gain/(loss) on fair value of derivative financial instruments	21.9	(194.2)
Write back of loss allowance for loans and other receivables	33.9	47.0
Rent concession, government grants and subsidies	129.2	257.7
Net profit/(loss) on disposal/liquidation of		
Assets held for sale	(56.0)	—
Debt instruments as financial assets at fair value through other comprehensive income	142.9	1.8
Financial assets at fair value through profit or loss	(19.7)	(41.0)
Investment properties and property, plant and equipment	44.5	92.6
Subsidiaries	222.8	(61.8)
Associated companies and joint ventures	269.7	74.5
Impairment loss/loss allowance on		
Assets held for sale	(4.9)	—
Debt instruments as financial assets at fair value through other comprehensive income	(206.9)	(35.6)
Loans, debtors, premium receivables and other receivables	(241.3)	(4.8)
Intangible assets	(69.6)	(194.3)
Inventories	(2.6)	—
Properties held for sale	(146.1)	—
Property, plant and equipment and right-of-use assets	(102.1)	(151.8)
Cost of inventories sold	(5,932.7)	(8,344.6)
Cost of services rendered	(12,933.3)	(14,031.6)
Claims and benefits, net of reinsurance (Note)	(6,868.9)	(3,791.2)
Depreciation and amortisation	(1,740.6)	(1,851.2)
Change in deferred acquisition costs	(223.0)	(149.2)
Net exchange gains	69.4	85.9

Note:

Details of claims and benefits, net of reinsurance are shown below:

	For the six months ended	
	31 December 2021 HK\$m	2020 HK\$m
Claims	608.2	415.4
Reinsurers' and coinsurers' share of claims	(188.0)	(160.9)
Claims, net of reinsurers' and coinsurers' share	420.2	254.5
Surrenders, annuities and maturities	862.3	530.5
Reinsurers' and coinsurers' share	29.0	(36.2)
	891.3	494.3
Policyholders' dividends and interests	203.1	195.5
Incentives to policyholders	147.0	136.6
Increase in insurance contract liabilities	5,207.3	2,710.3
Total claims and benefits, net of reinsurance	6,868.9	3,791.2

5 TAXATION

	For the six months ended	
	31 December 2021	2020
	HK\$m	HK\$m
Current taxation		
Hong Kong profits tax	266.1	371.6
Mainland China and overseas taxation	1,725.4	1,411.4
Mainland China land appreciation tax	2,625.4	1,891.7
Deferred taxation	(689.2)	(1,354.5)
	3,927.7	2,320.2

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the period.

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 period at the rates of taxation prevailing in the regions in which the Group operates. These rates range from 12% to 28% (2020: 12% to 28%). Withholding tax on dividend is mainly provided at the rate of 5% or 10% (2020: 5% or 10%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2020: 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\$78.2 million and HK\$1,168.1 million (2020: HK\$225.8 million and HK\$144.2 million) respectively.

6 EARNINGS PER SHARE

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

	For the six months ended 31 December	
	2021	2020
	HK\$m	HK\$m
Profit attributable to shareholders of the Company for calculating basic and diluted earnings per share	1,430.4	1,013.0

	Number of shares (million) For the six months ended 31 December	
	2021	2020
Weighted average number of shares for calculating basic and diluted earnings per share	2,526.4	2,554.9

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 period exceeds the exercise price of the share options.

For the six months ended 31 December 2021 and 31 December 2020, the exercise price was above the average market price of the ordinary shares. 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 CAPITAL EXPENDITURE

For the six months ended 31 December 2021, the Group has acquired investment properties and property, plant and equipment of HK\$2,025.0 million (2020: HK\$6,448.6 million). The Group has disposed of investment properties and property, plant and equipment of net book value of HK\$547.6 million (2020: HK\$4,273.0 million).

8 INTANGIBLE CONCESSION RIGHTS

	HK\$m
Net book value as at 1 July 2021	14,281.0
Translation differences	256.8
Amortisation	(580.3)
Net book value as at 31 December 2021	13,957.5

9 INTANGIBLE ASSETS

	Goodwill HK\$m	Trademarks HK\$m	Operating right and others HK\$m	Total HK\$m
Net book value as at 1 July 2021	7,849.2	48.6	348.1	8,245.9
Translation differences	43.1	—	0.1	43.2
Additions	—	—	81.2	81.2
Disposals	—	—	(5.1)	(5.1)
Amortisation	—	(2.5)	(53.4)	(55.9)
Impairment	(69.6)	—	—	(69.6)
Net book value as at 31 December 2021	7,822.7	46.1	370.9	8,239.7

10 VALUE OF BUSINESS ACQUIRED

	HK\$m
Net book value as at 1 July 2021	5,395.1
Amortisation	(94.7)
Net book value as at 31 December 2021	5,300.4

11 TRADE DEBTORS

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

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Less than 30 days	1,901.3	2,056.3
31 to 60 days	95.3	349.4
Over 60 days	630.9	427.5
	2,627.5	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.

12 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

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Assets of disposal groups classified as held for sale	156.3	—
Investment properties	—	45.1
Interests in associated companies	334.5	6,324.9
	490.8	6,370.0

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

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Other liabilities classified as held for sale	113.0	—
	113.0	—

13 SHARE CAPITAL

	As at 31 December 2021		As at 30 June 2021	
	Number of shares (million)	HK\$m	Number of shares (million)	HK\$m
Issued and fully paid (Note b):				
At beginning of the period	2,542.4	78,373.3	2,549.1	78,225.7
Buyback of shares (Note a)	(26.0)	—	(10.4)	—
Issue of new shares upon exercise of share options	0.2	8.8	3.7	147.6
At end of the period	2,516.6	78,382.1	2,542.4	78,373.3

Notes:

(a) Buyback of shares

During the six months ended 31 December 2021, the Company bought back and cancelled a total of 26,016,000 shares at an aggregate cost of HK\$963,307,750 (before expenses) on the Hong Kong Stock Exchange at share price ranging from HK\$36.25 to HK\$37.65.

During the six months ended 31 December 2021, the Company bought back its shares through the Hong Kong Stock Exchange as follow:

Month	Number of shares bought back	Price paid per share		Aggregate consideration (before expenses) HK\$m
		Highest HK\$	Lowest HK\$	
July 2021	11,955,000	37.65	36.25	442.7
August 2021	14,061,000	37.30	36.65	520.6
	26,016,000	37.65	36.25	963.3

(b) The shares have no par value.

(c) Share option scheme

A share option scheme was adopted by the Company on 22 November 2016 which will be valid and effective for a period of ten years from the date of adoption. On 3 July 2017, 6 July 2018 and 22 May 2019, 53,450,000, 39,250,000 and 46,550,000 share options (13,362,500, 9,812,500 and 11,637,500 share options (after share consolidation)) were granted to Directors and certain eligible participants at the exercise price of HK\$10.036, HK\$11.040 and HK\$12.344 per share (HK\$40.144, HK\$44.160 and HK\$49.376 per share after share consolidation) respectively.

The outstanding number of share options at 31 December 2021 amounted to 14,105,750 and the number of share options lapsed and exercised for the six months ended 31 December 2021 amounted to 5,170,500 and 216,000 respectively.

14 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Long-term borrowings and other interest-bearing liabilities		
Secured bank loans	21,265.1	19,746.2
Unsecured bank loans	75,239.1	76,396.5
Other unsecured loans	0.1	0.1
Fixed rate bonds and notes payable	49,956.0	49,916.6
Loans from non-controlling shareholders	6,150.4	4,141.3
Financing received under a financial reinsurance arrangement	154.0	197.0
	152,764.7	150,397.7
Current portion of long-term borrowings and other interest-bearing liabilities	(24,959.5)	(12,569.0)
	127,805.2	137,828.7
Short-term borrowings and other interest-bearing liabilities		
Secured bank loans	3,715.0	3,200.7
Unsecured bank loans	26,471.9	20,884.7
Other unsecured loans	5.0	5.1
Loans from non-controlling shareholders	176.5	801.3
Financing received under a financial reinsurance arrangement	91.3	86.5
Cash collateral received for cross currency swap agreements and forward starting swap agreements	228.4	640.9
	30,688.1	25,619.2
Current portion of long-term borrowings and other interest-bearing liabilities	24,959.5	12,569.0
	55,647.6	38,188.2
Total borrowings and other interest-bearing liabilities	183,452.8	176,016.9

15 TRADE CREDITORS

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

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Less than 30 days	7,134.7	6,065.2
31 to 60 days	252.9	289.1
Over 60 days	6,917.3	6,164.8
	14,304.9	12,519.1

16 COMMITMENTS

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Contracted but not provided for		
Property, plant and equipment	447.8	560.6
Investment properties	4,183.8	1,845.3
Intangible assets	273.3	620.5
Intangible concession rights	23.7	178.8
Joint ventures and associated companies	219.1	320.3
Other investments	1,917.7	1,839.3
	7,065.4	5,364.8
The Group's share of capital commitments of joint ventures and associated companies not included above are as follows:		
Contracted but not provided for	9,285.6	8,832.6

17 FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Financial guarantee contracts:		
Mortgage facilities for certain purchasers of properties	3,488.0	3,555.9
Guarantees for credit facilities granted to		
Joint ventures	10,836.5	5,721.0
Associated companies	1,740.7	1,736.8
	16,065.2	11,013.7

18 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions have been entered into by the Group during the period:

	For the six months ended	
	31 December	2020
	2021	2020
	HK\$m	HK\$m
Joint ventures and associated companies		
Provision of construction work services	8.8	107.7
Interest income	105.0	211.7
Rental expenses	62.1	58.7
Related companies		
Provision of construction work services	71.6	—
Rental income	67.2	65.3
Concessionaires commissions	26.6	23.5
Sales of goods, prepaid shopping cards and vouchers	14.2	1.7
Engineering and mechanical services	949.7	826.7
Management services fee expenses	79.4	56.7

These related party transactions were conducted in accordance with the terms as disclosed in the last annual report.

No significant transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

Liquidity and Capital Resources

NET DEBT

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Consolidated net debt	124,287.8	108,194.8
NWSH (stock code: 0659)	8,198.5	13,619.0
New World Department Store China Limited ("NWDS") — net cash and bank balances (stock code: 0825)	(850.5)	(870.1)
Net debt (exclude listed subsidiaries)	116,939.8	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 31 December 2021, 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 gain of HK\$2,914.8 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 and floating rate basis. The financing costs had decreased to HK\$1,259.3 million despite the net debt had increased. The Group used interest rate swaps, cross currency swaps and foreign exchange forward contracts 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 31 December 2021, the Group had outstanding cross currency swaps and foreign exchange forward contracts in the amounts of HK\$7,689.3 million, and had other outstanding derivative instruments in the amounts of HK\$16,000.0 million and US\$150.0 million (equivalent to approximately HK\$1,170.0 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\$159.1 million (equivalent to approximately HK\$1,241.0 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\$1,200.0 million (equivalent to approximately HK\$9,360.0 million) were fully redeemed.

As at 31 December 2021, the Group's cash and bank balances (including restricted bank balances) stood at HK\$52,364.4 million (30 June 2021: HK\$61,955.1 million) and the consolidated net debt amounted to HK\$124,287.8 million (30 June 2021: HK\$108,194.8 million). The net debt to equity ratio was 41.3%; an increase of 5.7 percentage points as compared to 30 June 2021.

Liquidity and Capital Resources

NET DEBT (CONTINUED)

As at 31 December 2021, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK\$146,460.3 million (30 June 2021: HK\$146,059.4 million). Short-term bank and other loans as at 31 December 2021 were HK\$30,191.9 million (30 June 2021: HK\$24,090.5 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 31 December 2021 and 30 June 2021 was as follows:

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Within one year	55,151.4	36,659.5
In the second year	24,171.3	30,715.6
In the third to fifth year	64,652.3	67,062.2
After the fifth year	32,677.2	35,712.6
	176,652.2	170,149.9

Equity of the Group as at 31 December 2021 decreased to HK\$300,650.8 million against HK\$304,192.4 million as at 30 June 2021.

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

Other Information

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

At 31 December 2021, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively "affiliated companies") as set out below:

	As at 31 December 2021 HK\$m	As at 30 June 2021 HK\$m
Amounts due by affiliated companies (note)	38,357.0	40,505.5
Guarantees given for affiliated companies in respect of banking and other credit facilities	12,577.2	7,457.8
Commitments to capital injections and loan contributions	219.1	799.5
	51,153.3	48,762.8

Note:

The advances were unsecured and were interest free except for an aggregate amount of HK\$20,471.9 million (30 June 2021: HK\$18,811.2 million) which carried interest ranging from 1.0% above HIBOR to 10.0% (30 June 2021: 1.3% above HIBOR to 10.0% per annum). Those advances had no fixed repayment terms.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2021 are presented as follows:

	Combined statement of financial position HK\$m	Group's attributable interests HK\$m
Non-current assets	158,091.0	74,242.9
Current assets	112,801.5	44,481.4
Current liabilities	(90,760.0)	(37,960.5)
Total assets less current liabilities	180,132.5	80,763.8
Non-current liabilities	(135,146.1)	(58,934.4)
Net assets	44,986.4	21,829.4

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2021.

Other Information

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.56 per share in cash for the financial year ending 30 June 2022 to shareholders whose names appear on the register of members of the Company on 24 March 2022. It is expected that the interim dividend will be distributed to shareholders on or about 12 April 2022.

BOOK CLOSE DATES

Book close dates (both dates inclusive) : 18 March 2022 to 24 March 2022
Latest time to lodge transfer with share registrar : 4:30 pm on Thursday, 17 March 2022
Address of share registrar : Tricor Tengis Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2021, 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 period. As at 31 December 2021, the total number of shares of the Company in issue was 2,516,633,171.

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

Month	Number of shares bought back	Price paid per share		Aggregate consideration
		Highest HK\$	Lowest HK\$	(before expenses) 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.

During the six months ended 31 December 2021, 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 six months ended 31 December 2021.

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE CTFE MASTER SERVICES AGREEMENT

References are made to the Company's announcement dated 24 April 2020 (the "2020 Announcement") and the announcement dated 5 November 2021 (the "2021 Announcement", together with the 2020 Announcement, the "Announcements") regarding, among other things, the CTFE Master Services Agreement (as supplemented by the Supplemental Agreement) entered into between Chow Tai Fook Enterprises Limited and the Company. Unless otherwise specified, capitalised terms herein shall have the same meanings as defined in the Announcements.

As disclosed in the 2021 Announcement, among other things, the Company shall adopt the Revised Annual Caps in place of the Original Annual Caps for the two financial years ending 30 June 2022 and 2023 as follows:

Categories	For the financial year ending 30 June	
	2022 HK\$m	2023 HK\$m
Original Annual Caps	1,294.5	951.6
Revised Annual Caps	2,202.2	1,978.9

In addition to the information disclosed in the 2021 Announcement, the Company would like to provide further details and breakdown in respect of the Revised Annual Caps for the two financial years ending 30 June 2022 and 2023 as follows:

Categories	For the financial year ending 30 June	
	2022 HK\$m	2023 HK\$m
CTFE Services to be provided by members of the Group to members of the CTFE Group	689.7	614.2
CTFE Services to be provided by members of the CTFE Group to members of the Group	1,512.5	1,364.7

MAJOR ACQUISITION AND DISPOSAL

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 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.

REVIEW OF INTERIM RESULTS

The Company’s unaudited interim results for the six months ended 31 December 2021 have not been reviewed by external auditor, but have been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2021, with the exception of code provision A.6.4.

Code provision A.6.4 is in relation to guidelines for securities dealings by relevant employees. Under code provision A.6.4, 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”) as 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 30,000 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 year ended 30 June 2021 that is included in the Interim Report 2021/2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year 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 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.

The Company’s auditor had reported on those financial statements of the Group. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of the Model Code. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 31 December 2021.

UPDATE ON DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company’s 2021 Annual Report are set out below:

1. Dr. Cheng Kar-Shun, Henry was re-designated from vice-chairman and non-executive director to chairman and non-executive director of i-CABLE Communications Limited, a listed public company in Hong Kong, with effect from 30 November 2021.
2. Dr. Cheng Chi-Kong, Adrian was appointed as the chairman and non-executive director of Arta TechFin Corporation Limited, a listed public company in Hong Kong, with effect from 29 October 2021.
3. Mr. Doo Wai-Hoi, William was appointed as an alternate director to Dr. Cheng Kar-Shun, Henry, the chairman and non-executive director of FSE Lifestyle Services Limited, a listed public company in Hong Kong, with effect from 6 December 2021. He was also awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region on 1 July 2021.
4. Mr. Ip Yuk-Keung, Albert was appointed as an adjunct professor of the Faculty of Business Administration at The Chinese University of Hong Kong for a 2-year term from 1 August 2021 to 31 July 2023 and a member of the Court at City University of Hong Kong for a 3-year term from 1 January 2022 to 31 December 2024. Also, his four-year term as a trustee of the Board of Trustees at Washington University in St. Louis ended on 4 December 2021.

INVESTOR RELATIONS

The Group values good investor relations and has been committed to maintaining effective communication with investors. We have always offered in a high level of transparency and strived to ensure shareholders' comprehensive and thorough understanding of the Group. Announcements, interim and annual reports, and investor relations website are treated as important public disclosure channels to ensure swift, impartial and timely disclosure of the Group's information to investors and then make comprehensive assessments. Besides, we have actively participated in different international investor forums and roadshows held by both domestic and international institutions, and conducted numerous site visits with the investment community for effective communication. Feedbacks from the investment community are directly reverted to the management to promote two-way communications between the Board and the investors.

CORPORATE SUSTAINABILITY

Through Environmental, Social, and Governance ("ESG") integration, New World Group connects our business success with positive impact to people and the planet. "New World Sustainability Vision 2030" ("SV2030") enhances our customer experience with the elements of "green", "wellness", "smart" and "caring". We have developed targets under SV2030 in connection with the United Nations Sustainable Development Goals and have reported progress at least annually. In line with international standards and guidelines, we are a market leader in sustainable finance and have completed several transactions since the last Annual Report. We are taking ambitious climate action in alignment with international frameworks, including adopting recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), to manage climate risks and ensure long-term sustainable development. The Group recognises the importance of transparency and will continue to publish a Corporate Sustainability Chapter within the Annual Report to disclose our sustainability strategy and initiatives, referencing the latest developments of the Global Reporting Initiative Standards, Hong Kong Stock Exchange's ESG Reporting Guide, recommendations of the TCFD and Sustainability Accounting Standards Board ("SASB") Real Estate Standards. The sustainability section of our website contains our most up-to-date ESG progress.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2021, around 30,000 staff was 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 will be granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share option schemes of the Company and all the listed subsidiaries of the Group, options may be granted to certain Directors and certain employees of the Group to subscribe for shares in the Company and/or the respective subsidiaries.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests of the Directors in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Family interests	Corporate interests		
New World Development Company Limited					
(Ordinary shares)					
Dr. Cheng Kar-Shun, Henry	5,168,909	—	—	5,168,909	0.21
Mr. Doo Wai-Hoi, William	—	1,205,338	671,945 ⁽¹⁾	1,877,283	0.07
Dr. Cheng Chi-Kong, Adrian	2,559,118	—	—	2,559,118	0.10
Mr. Yeung Ping-Leung, Howard	133,444	—	—	133,444	0.01
Mr. Cheng Kar-Shing, Peter	213,444	141,641 ⁽²⁾	—	355,085	0.01
Mr. Ho Hau-Hay, Hamilton	—	—	219,588 ⁽³⁾	219,588	0.01
Mr. Liang Cheung-Biu, Thomas	2,607	—	—	2,607	0.00
Mr. Cheng Chi-Heng	133,444	—	—	133,444	0.01
Ms. Cheng Chi-Man, Sonia	825,672	—	—	825,672	0.03
Ms. Chiu Wai-Han, Jenny	29,899	—	—	29,899	0.00
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Ms. Cheng Chi-Man, Sonia	92,000	—	—	92,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	—	12,000,000 ⁽⁴⁾	30,349,571	0.78
Mr. Doo Wai-Hoi, William	—	5,800,000	—	5,800,000	0.15
Mr. Cheng Kar-Shing, Peter	656,870	—	6,463,227 ⁽⁵⁾	7,120,097	0.18
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	7,500,500 ⁽⁶⁾	7,500,500	50.00

Notes:

- (1) These shares are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.
- (2) These shares are jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.
- (3) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (4) These shares are beneficially owned by a company which is wholly owned by Dr. Cheng Kar-Shun, Henry.
- (5) These shares are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.
- (6) These shares are beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(B) Long position in underlying shares — share options

During the six months ended 31 December 2021, certain Directors have interests in share options to subscribe for shares in the Company. Details of such interests and movement of share options granted by the Company under the share option scheme of the Company are shown below:

Share options granted to Directors

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31 December 2021	Exercise price per share HK\$
			Balance as at 1 July 2021	Granted during the period	Exercised during the period	Lapsed during the period		
Dr. Cheng Kar-Shun, Henry	3 July 2017	(1)	500,000	—	—	(500,000)	—	40.144
Mr. Yeung Ping-Leung, Howard	3 July 2017	(1)	25,000	—	—	(25,000)	—	40.144
Mr. Ho Hau-Hay, Hamilton	3 July 2017	(1)	25,000	—	—	(25,000)	—	40.144
Mr. Liang Cheung-Biu, Thomas	3 July 2017	(1)	25,000	—	—	(25,000)	—	40.144
Mr. Cheng Chi-Heng	3 July 2017	(1)	25,000	—	—	(25,000)	—	40.144
Mr. Sitt Nam-Hoi	3 July 2017	(2)	40,000	—	(40,000) ⁽⁶⁾	—	—	40.144
	6 July 2018	(3)	150,000	—	—	—	150,000	44.160
Mr. Ip Yuk-Keung, Albert	6 July 2018	(3)	150,000	—	—	—	150,000	44.160
Ms. Huang Shaomei, Echo	3 July 2017	(4)	287,500	—	—	(287,500)	—	40.144
	6 July 2018	(5)	37,500	—	—	—	37,500	44.160
Ms. Chiu Wai-Han, Jenny	6 July 2018	(3)	75,000	—	—	—	75,000	44.160
			1,340,000	—	(40,000)	(887,500)	412,500	

Notes:

- (1) Divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.
- (2) Divided into 3 tranches exercisable from 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.
- (3) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.
- (4) Divided into 2 tranches exercisable from 3 July 2019 and 3 July 2020 respectively to 2 July 2021.
- (5) Divided into 2 tranches exercisable from 6 July 2020 and 6 July 2021 respectively to 5 July 2022.
- (6) The exercise date was 2 July 2021. On the trading date immediately before the exercise date, the closing price per share was HK\$40.35.
- (7) The cash consideration paid by each Director for the grant of share options is HK\$10.0.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(B) Long position in underlying shares — share options (continued)

Share options granted to other eligible employees

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31 December 2021	Exercise price per share HK\$
		Balance as at 1 July 2021	Granted during the period	Exercised during the period	Lapsed during the period		
3 July 2017	(1)	2,821,500	—	(176,000) ⁽⁴⁾	(2,645,500)	—	40.144
6 July 2018	(2)	5,843,250	—	—	(518,750)	5,324,500	44.160
22 May 2019	(3)	9,487,500	—	—	(1,118,750)	8,368,750	49.376
		18,152,250	—	(176,000)	(4,283,000)	13,693,250	

Notes:

- (1) Divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.
- (2) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.
- (3) Divided into 4 tranches exercisable from 22 May 2019, 22 May 2020, 22 May 2021 and 22 May 2022 respectively to 21 May 2023.
- (4) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$40.35.
- (5) The cash consideration paid by each eligible employee for the grant of share options is HK\$10.0.

(C) Long position in debentures

(1) Celestial Dynasty Limited (“CDL”)

Name	Amount of debentures in US\$ issued by CDL				Approximate % to the total amount of debentures in issue as at 31 December 2021
	Personal interests US\$	Family interests US\$	Corporate interests US\$	Total US\$	
Mr. Doo Wai-Hoi, William	—	800,000	—	800,000	0.13

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(C) Long position in debentures (continued)

(2) Celestial Miles Limited ("CML")

Name	Amount of debentures in US\$ issued by CML				Approximate % to the total amount of debentures in issue as at 31 December 2021
	Personal interests	Family interests	Corporate interests	Total	
	US\$	US\$	US\$	US\$	
Mr. Doo Wai-Hoi, William	—	4,600,000	30,000,000 ⁽¹⁾	34,600,000	2.66
Mr. Cheng Kar-Shing, Peter	2,000,000	—	—	2,000,000	0.15
	2,000,000	4,600,000	30,000,000	36,600,000	

Note:

(1) These debentures are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.

(3) New World China Land Limited ("NWCL")

Name	Amount of debentures issued by NWCL				Approximate % to the total amount of debentures in issue as at 31 December 2021
	Personal interests	Family interests	Corporate interests	Total	
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo Wai-Hoi, William	—	206,000,000 ⁽¹⁾	332,500,000 ⁽²⁾	538,500,000	6.59

Notes:

(1) HK\$156,000,000 of these debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0=HK\$7.8.

(2) These debentures are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which HK\$234,000,000 debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0=HK\$7.8.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(C) Long position in debentures (continued)

(4) NWD Finance (BVI) Limited ("NWD Finance")

Name	Amount of debentures issued in US\$ by NWD Finance				Approximate % to the total amount of debentures in issue as at 31 December 2021
	Personal interests	Family interests	Corporate interests	Total	
	US\$	US\$	US\$	US\$	
Mr. Doo Wai-Hoi, William	—	67,875,000	30,000,000 ⁽¹⁾	97,875,000	2.33
Mr. Ip Yuk-Keung, Albert	—	750,000 ⁽²⁾	—	750,000	0.02
	—	68,625,000	30,000,000	98,625,000	

Notes:

- (1) These debentures are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William.
 (2) These debentures are jointly held by Mr. Ip Yuk-Keung, Albert and his spouse.

(5) NWD (MTN) Limited ("NWD (MTN)")

Name	Amount of debentures issued by NWD (MTN)				Approximate % to the total amount of debentures in issue as at 31 December 2021
	Personal interests	Family interests	Corporate interests	Total	
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo Wai-Hoi, William	—	78,000,000 ⁽¹⁾	—	78,000,000	0.21
Mr. Ip Yuk-Keung, Albert	—	3,900,000 ⁽²⁾	—	3,900,000	0.01
	—	81,900,000	—	81,900,000	

Notes:

- (1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0=HK\$7.8.
 (2) These debentures are jointly held by Mr. Ip Yuk-Keung, Albert and his spouse, and were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0=HK\$7.8.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2021, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in shares

Name	Number of shares held			Approximate % of shareholding
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	—	1,137,528,609	1,137,528,609	45.20
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	—	1,137,528,609	1,137,528,609	45.20
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	—	1,137,528,609	1,137,528,609	45.20
Chow Tai Fook (Holding) Limited ("CTFHL") ⁽⁴⁾	—	1,137,528,609	1,137,528,609	45.20
Chow Tai Fook Enterprises Limited ("CTF") ⁽⁵⁾	1,034,492,823	103,035,786	1,137,528,609	45.20

Notes:

- (1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.
- (4) CTFHL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (5) CTF together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under section 336 of the SFO as at 31 December 2021.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Cheng Kar-Shun, Henry GBM GBS (*Chairman*)
Dr. Cheng Chi-Kong, Adrian JP
(*Executive Vice-chairman and Chief Executive Officer*)
Mr. Cheng Chi-Heng
Ms. Cheng Chi-Man, Sonia
Mr. Sitt Nam-Hoi
Ms. Huang Shaomei, Echo
Ms. Chiu Wai-Han, Jenny

Non-executive Directors

Mr. Doo Wai-Hoi, William BBS JP
(*Non-executive Vice-chairman*)
Mr. Cheng Kar-Shing, Peter

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard
Mr. Ho Hau-Hay, Hamilton
Mr. Lee Luen-Wai, John BBS JP
Mr. Liang Cheung-Biu, Thomas
Mr. Ip Yuk-Keung, Albert
Mr. Chan Johnson Ow

COMPANY SECRETARY

Mr. Wong Man-Hoi

INDEPENDENT AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

SOLICITORS

Woo, Kwan, Lee & Lo
Mayer Brown
Kao, Lee & Yip
Eversheds Sutherland
Simmons & Simmons

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Agricultural Bank of China
Bank of China (Hong Kong)
Bank of Communications
Bank of East Asia
China Construction Bank (Asia)
China Merchants Bank
Credit Agricole Corporate & Investment Bank
DBS Bank
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
Mizuho Bank
MUFG Bank, Ltd.
Nanyang Commercial Bank
OCBC Bank
Shanghai Pudong Development Bank
Sumitomo Mitsui Banking Corporation
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation

STOCK CODE

Hong Kong Stock Exchange 0017
Reuters 0017.HK
Bloomberg 17 HK

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