New World Development Company Limited
(Stock Code: 0017)

we create
we are artisan
we are csv.

2022 ANNUAL REPORT

THE ARTISANAL MOVEMENT

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.


K11 MUSEA Tours 導賞
Nature Discovery Park 大自然體驗遊
Donut Playhouse 童樂體驗
K11 Art House 戲院及劇場
K11 Kulture Academy 課程及藝坊
Events and Workshops 節目及活動
Coaches 巴士服務
ADRIAN
K11
METAVISION
METAVISION

Content


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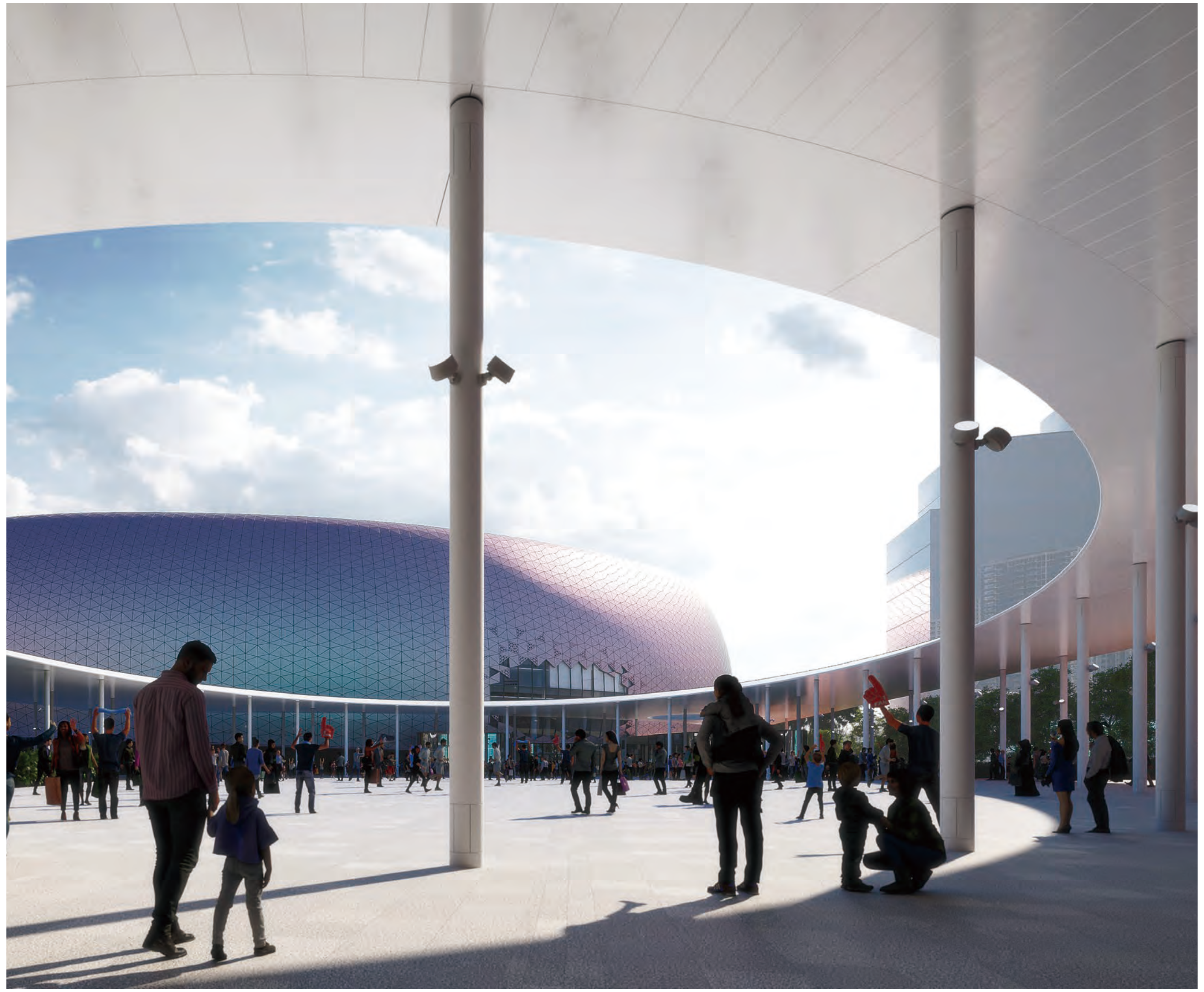

we create
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WE ARE ARTISAN

we create
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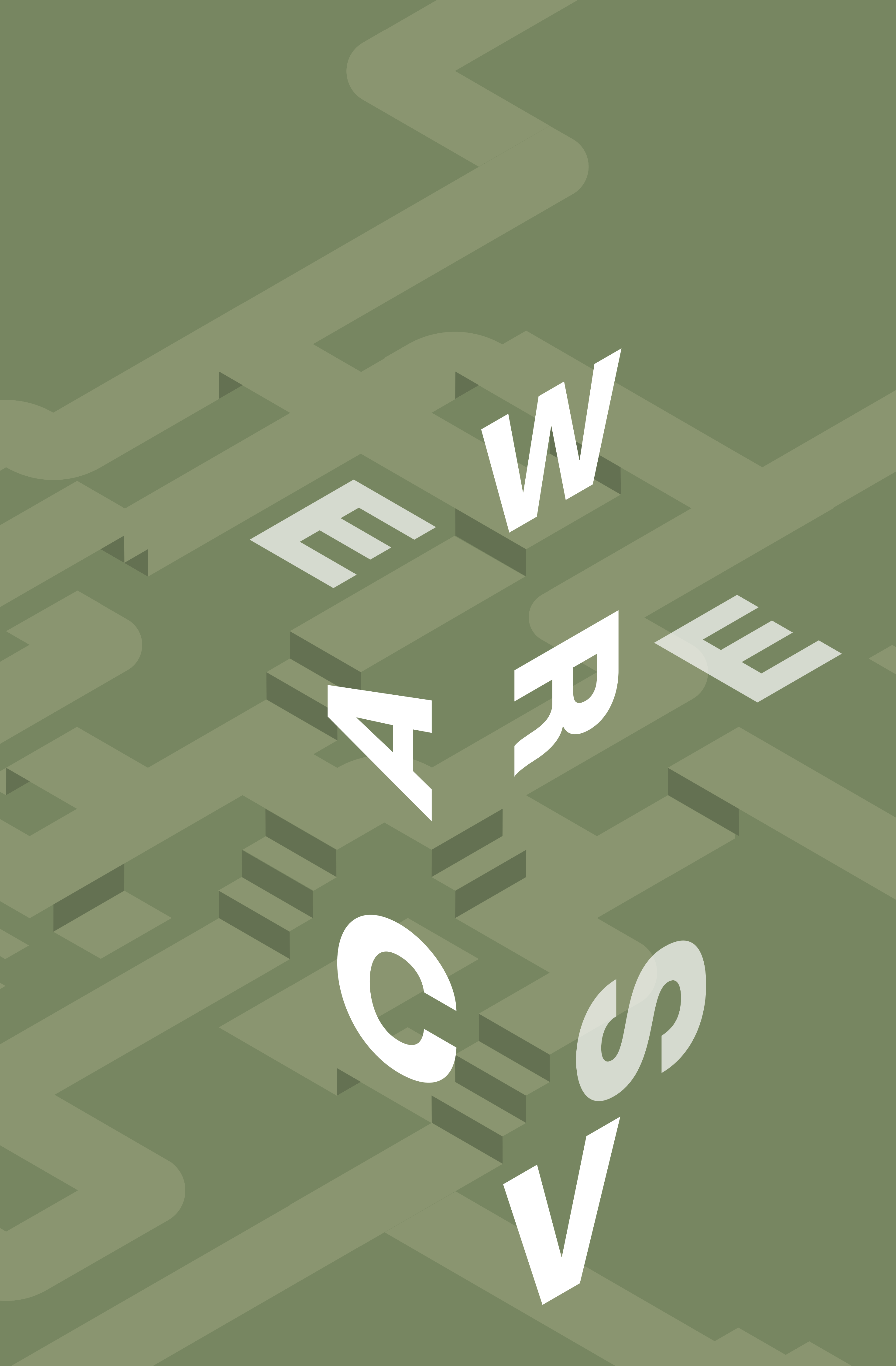
we are csv.


K11
K11
THE NORTH FACE


WE ARE CSV

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Corporate Structure

New World Group

New World Development Company Limited

(HK Stock Code: 0017)

Property Development and Investment in Hong Kong

NWS Holdings Limited

(HK Stock Code: 0659)

61%*

Roads

Construction

Aviation

Insurance

New World China Land Limited

100%

Property Development and Investment in Mainland China

* The percentage of interest held by the Group as at 30 June 2022

Financial Highlights

	FY2022 HK$m	FY2021 HK$m (restated)
Revenues	**68,212.7**	68,233.2
Segment results[1]	**13,835.4**	14,190.5
Underlying profit	**7,084.6**	6,957.9
Dividend per share (HK$)		
Interim	**0.56**	0.56
Final	**1.50**	1.50

	As at 30 June 2022 HK$m	As at 30 June 2021 HK$m (restated)
Total assets	**635,883.9**	627,077.4
Cash and bank balances (including restricted bank balances)	**62,210.1**	61,955.1
Undrawn facilities from banks	**42,761.9**	56,599.4
Consolidated net debt[2]	**124,349.3**	108,194.8
Net gearing ratio[3]	**43.2%**	35.6%

RESULTS HIGHLIGHTS

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

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

"Benefiting from Society, Giving back to Society" has always been the philosophy of New World Group, because we firmly believe that when China succeeds, Hong Kong will prosper and we will benefit. Therefore, the Group is determined to achieve business success while furthering social progress, and creating positive impact on society.

Looking forward, New World Group will continue to contribute to Hong Kong's growth and serving the needs of the country, integrate into the overall development of the country and open up new development areas for economic growth and social advancement. The Group will bring new growth momentum to build a better future, and work together with the nation to ensure steady and sustainable growth.

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For more than half a century, New World Group has been actively participating in urban development, growing together with cities, and improving people's livelihood. Recalling more than two decades ago when the Group took on the important and challenging task of building the Hong Kong Convention and Exhibition Centre II to become the main venue for the Celebration of the Reunification of Hong Kong with China. With our great effort and determination, we achieved success and can still remember the scene clearly and enjoy that honor. Till today, the Group still adheres to the mission of urban development while developing its business. In Hong Kong, we actively promote the development of farmland and building the "Northern Metropolis". New World China, the Group's flagship property arm in Mainland China, set up its headquarters in Guangzhou last year, which has played a positive role in the promotion and development of projects in various cities on the Mainland, as well achieving talent localisation. We will continue to uphold the mission of building urban landmarks, leading the improvement of living environment, quality of life and urban vitality.

Meanwhile, K11 is the driving force of the Group, where art and commerce merge in an enjoyable and inspiring way, creating a dynamic and stage-like shopping experience. We look forward to FY2026, when 28 K11 projects will blossom in Hong Kong and the Mainland, bringing this unique shopping experience to all over the country. The Group commits to sustainable development and creation of shared value for society. We have formulated the "Sustainability Vision 2030", focusing on four pillars: Green, Wellness, Smart and Caring. In addition, at the end of 2021, we founded a not-for-profit social housing enterprise "New World Build for Good" to relieve the young generation's pressure on home ownership, and solve the problems of people's livelihood in Hong Kong.

2022 is a challenging year for the real estate industry under the backdrop of the pandemic and global economic instability. "Pursuing the Path of High-Quality Development with Steady and Sustainable Growth" is the development pace that the Group has always adhered to, and also the core of our strategy, which has led the Group come through ups and downs in various cycles for more than 50 years. Today, in the face of such a complex and volatile economic environment, it is still the belief of "stability" that leads the Group through cycles and braves the wind and waves.

Looking forward, New World Group will continue to contribute to Hong Kong's growth and serving the needs of the country, integrate into the overall development of the country and open up new development areas for economic growth and social advancement. The Group will bring new growth momentum to build a better future, and work together with the nation to ensure steady and sustainable growth.

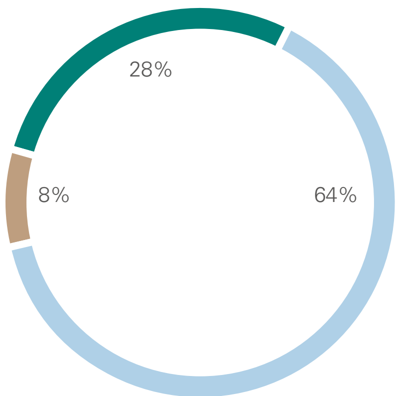
Dr. Cheng Kar-Shun, Henry
Chairman
Hong Kong, China, 30 September 2022

CEO's Report

BUSINESS REVIEW

Hong Kong Property Development

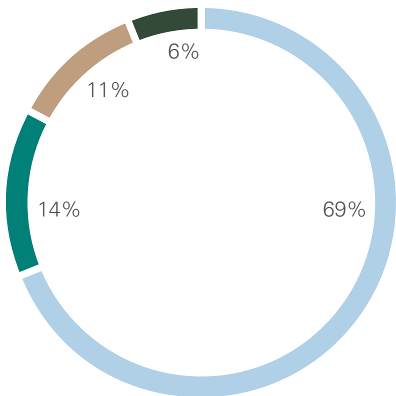
Although Hong Kong saw easing COVID-19 conditions in 2H2021, the fifth wave of pandemic swirled around by Omicron variant in the city since the beginning of 2022 has hit the economy hard. On top of this, one-month HIBOR concerning the property market rose to new high since April 2020, leading to a slide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



Hong Kong Landbank Total Attributable GFA
As at 30 June 2022

Approximately 9,318,700 sq ft

- Hong Kong Island
- Kowloon
- New Territories



Hong Kong Agricultural Landbank Total Attributable Land Area
As at 30 June 2022

Approximately 16,327,400 sq ft

- Yuen Long District and Tuen Mun District
- North District
- Sha Tin District and Tai Po District
- Sai Kung District

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

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

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

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

Hong Kong Property Investment and Others

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

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

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

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

11% year-on-year, respectively. In particular, its footfall reached a historic new high in December 2021, with sales eclipsing its pre-pandemic level.

Hong Kong Landbank

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

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

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

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

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

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

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

Landbank by District

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

Agricultural Landbank by District

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

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

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

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

Mainland China Property Development

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

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

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

Contracted Sales by Region

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

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

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

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

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

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

FY2022 Project Completion in Mainland China – Property Development

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

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

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

FY2023 Project Completion Plan in Mainland China – Property Development

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

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

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

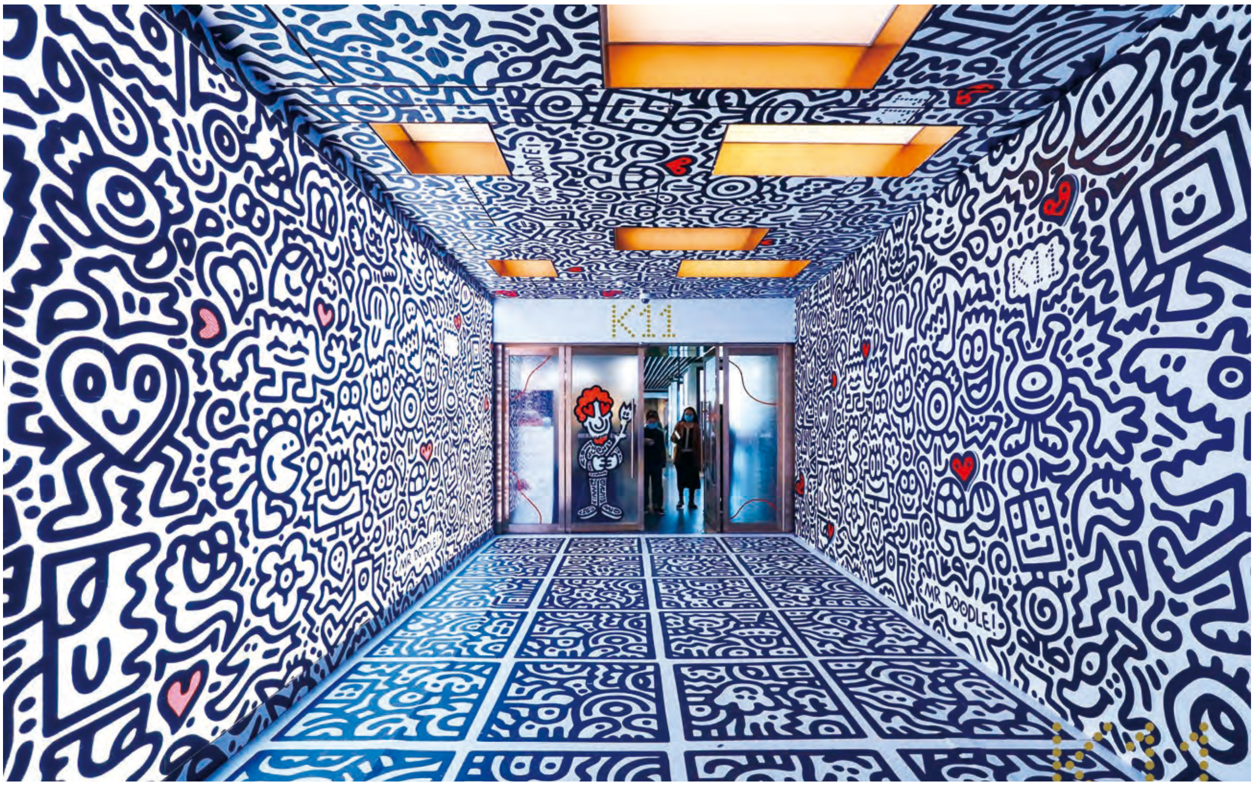
Mainland China Property Investment and Others

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

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

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

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



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

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

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

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

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

Mainland China Landbank

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

Landbank by Region

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

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

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

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

Hotel Operations

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

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

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

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

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

Roads

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

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

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

Aviation

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

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

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

Construction

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

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

Number of new tenders offering in the market, especially projects from Hong Kong Government and institutions, continued to rise. In FY2022, Hip Hing Group's gross value of contracts on hand grew by 26% year-on-year to approximately HK$62.2 billion, while remaining works to be completed grew by 31% to approximately HK$37.1 billion. Approximately 69% of the remaining works to be completed were from private sector which included both commercial and residential, and the remaining around 31% were from government and institutional related projects. In FY2022, tenders awarded to Hip Hing Group surged by 239% year-on-year to about HK$23.8 billion. Key projects secured included, but not limited to, the commercial/residential development projects at

Kai Tak, the design and construction of District Court Building at Caroline Hill Road, Causeway Bay, piling works for integrated basement and underground road at The West Kowloon Cultural District, foundation works for development at New Central Harbourfront, and development of a Micro-Electronics Centre at Yuen Long.

Insurance

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

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

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

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

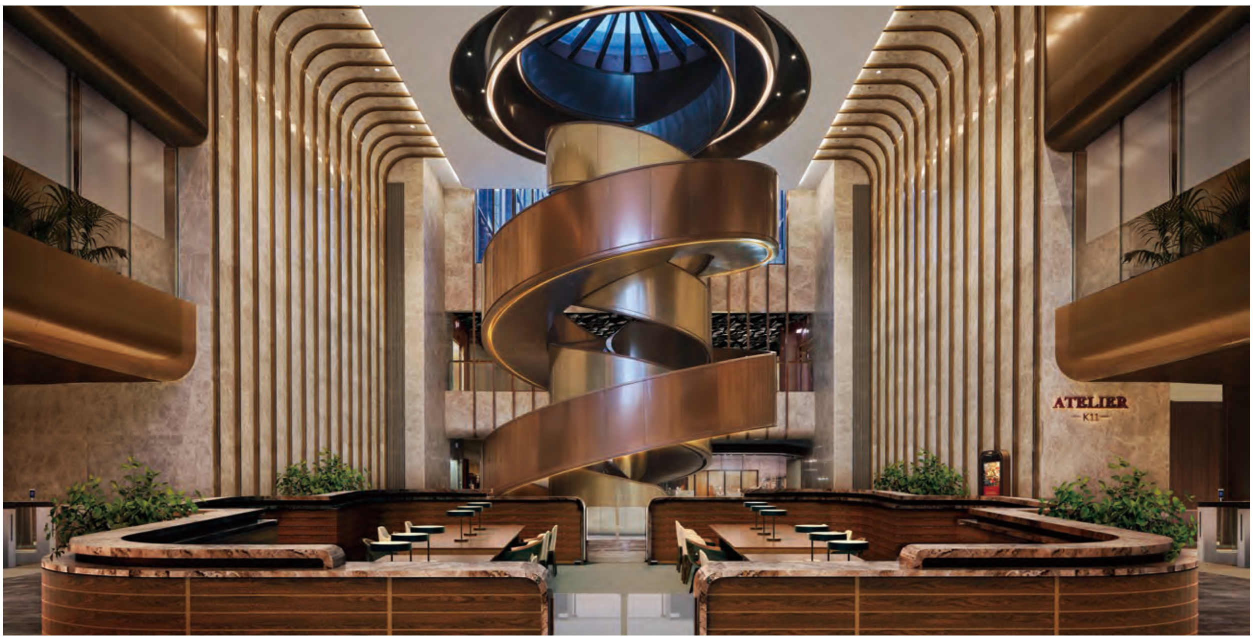
All the above initiatives, together with FTLife Insurance's efforts in exploring new distribution channel to penetrate domestic customers, have helped mitigate the impact from COVID-19 variants during FY2022. The overall Annual Premium Equivalent ("APE") dropped 10% to HK$1,752.2 million, ranking 12th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

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

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

OUTLOOK

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



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

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

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

Regarding Hong Kong property investment, with the trend of "flexible office" and the increase in the supply of newly completed office buildings, stiff competition is expected to stay across the market for the coming two years. However, the vacancy rate is expected to improve in the third quarter of 2022, benefiting from the accumulated demand during the fifth wave of the pandemic and the recovery of the local economy. In addition, the Group's strategic penetration in non-traditional business districts in recent years is getting

close to the harvest time. Among them, Cheung Sha Wan, the district with convenient infrastructures in support of its closer connection with the Greater Bay Area, as well as its new regional positioning, will become a new hot-spot for young generation for social gathering. In the coming few years, office rents in the district will continue to rise as the district continues to be upgraded.

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

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

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

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

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

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

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

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

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

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

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

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

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

Dr. Cheng Chi-Kong, Adrian
Executive Vice-chairman and Chief Executive Officer
Hong Kong, China, 30 September 2022

Major Property Projects in Hong Kong

Major Property Development Projects

1 4A-4P Seymour Road, Mid-levels

2 277-291 King's Road, North Point

3 The Southside Package 5

4 83 Wing Hong Street, New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan

5 New Kowloon Inland Lot No. 6574, 4B3, Kai Tak

6 New Kowloon Inland Lot No. 6552, 4C2, Kai Tak

7 New Kowloon Inland Lot No. 6576, 4B1, Kai Tak

8 New Kowloon Inland Lot No. 6591, 4B4, Kai Tak

9 53-55A Kwun Tong Road

10 530-538 Canton Road, Jordan

11 52-56 Kwun Chung Street, Jordan

12 Yau Tong Redevelopment Project, Kowloon East

13 The Pavilia Farm, Tai Wai Station Property Development, STTL No. 520, Sha Tin

14 Pak Shing Kok Ventilation Building Property Development

15 Sha Po North (Phase 2), Yuen Long

16 Wu Nga Lok Yeung (Phase 1), Fanling

17 Tsat Sing Kong, Kam Tin, Yuen Long

18 Lung Tin Tsuen (Phase 2), Yuen Long

19 Lung Tin Tsuen (Phase 4), Yuen Long

20 Sha Ha, Sai Kung

21 Ma Shi Po, Fanling

22 Lin Barn Tsuen, Yuen Long

23 Wing Kei Tsuen, Yuen Long

24 Ngau Tam Mei, Yuen Long

25 Lau Fau Shan, Yuen Long

26 Tong Yan San Tsuen (Phase 3), Yuen Long

27 Tong Yan San Tsuen (Phase 4), Yuen Long

Major Property Investment and Other Projects

1 Manning House, Central

2 New World Tower, Central

3 K11 ATELIER King's Road, 704-730 King's Road, North Point

4 Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai

5 Grand Hyatt Hong Kong

6 Renaissance Harbour View Hotel

7 Pearl City, Causeway Bay – Ground Floor to 4th Floor

8 Methodist House, Wan Chai

9 K11 ATELIER of Victoria Dockside, Tsim Sha Tsui

Rosewood Hotel & Residences of Victoria Dockside, Tsim Sha Tsui

K11 MUSEA of Victoria Dockside, Tsim Sha Tsui

K11 ARTUS of Victoria Dockside, Tsim Sha Tsui

10 K11, Tsim Sha Tsui

Hyatt Regency Hong Kong, Tsim Sha Tsui

11 pentahotel Hong Kong, Kowloon

12 KOHO, Kwun Tong

13 THE FOREST, Mong Kok

14 ARTISAN HUB, San Po Kong

15 TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin

16 Artisan Lab, 21 Luk Hop Street, San Po Kong

17 ATL Logistic Centre, Kwai Chung

18 D•PARK, Tsuen Wan

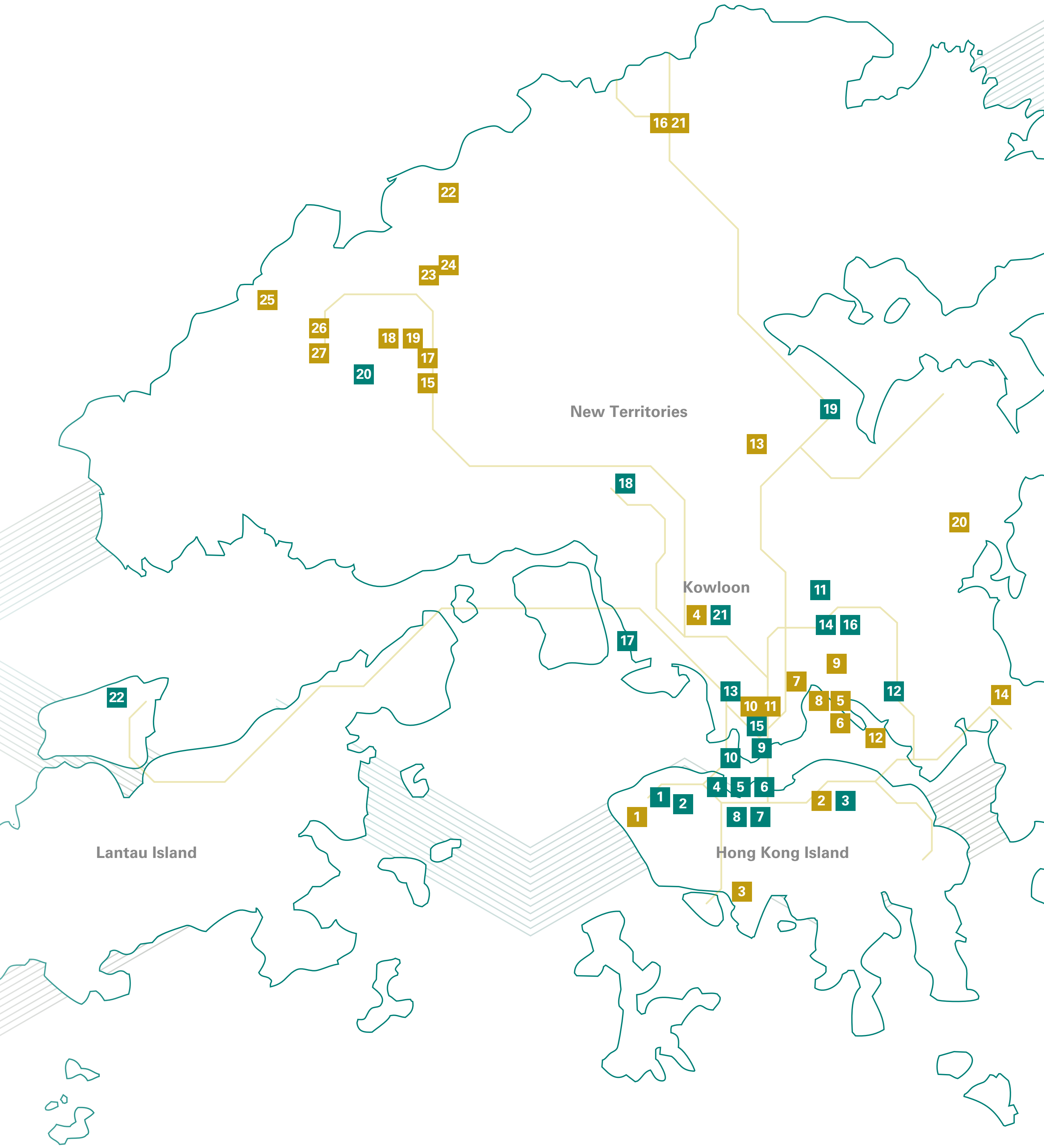
19 Hyatt Regency Hong Kong, Sha Tin

20 PARK SIGNATURE, Yuen Long

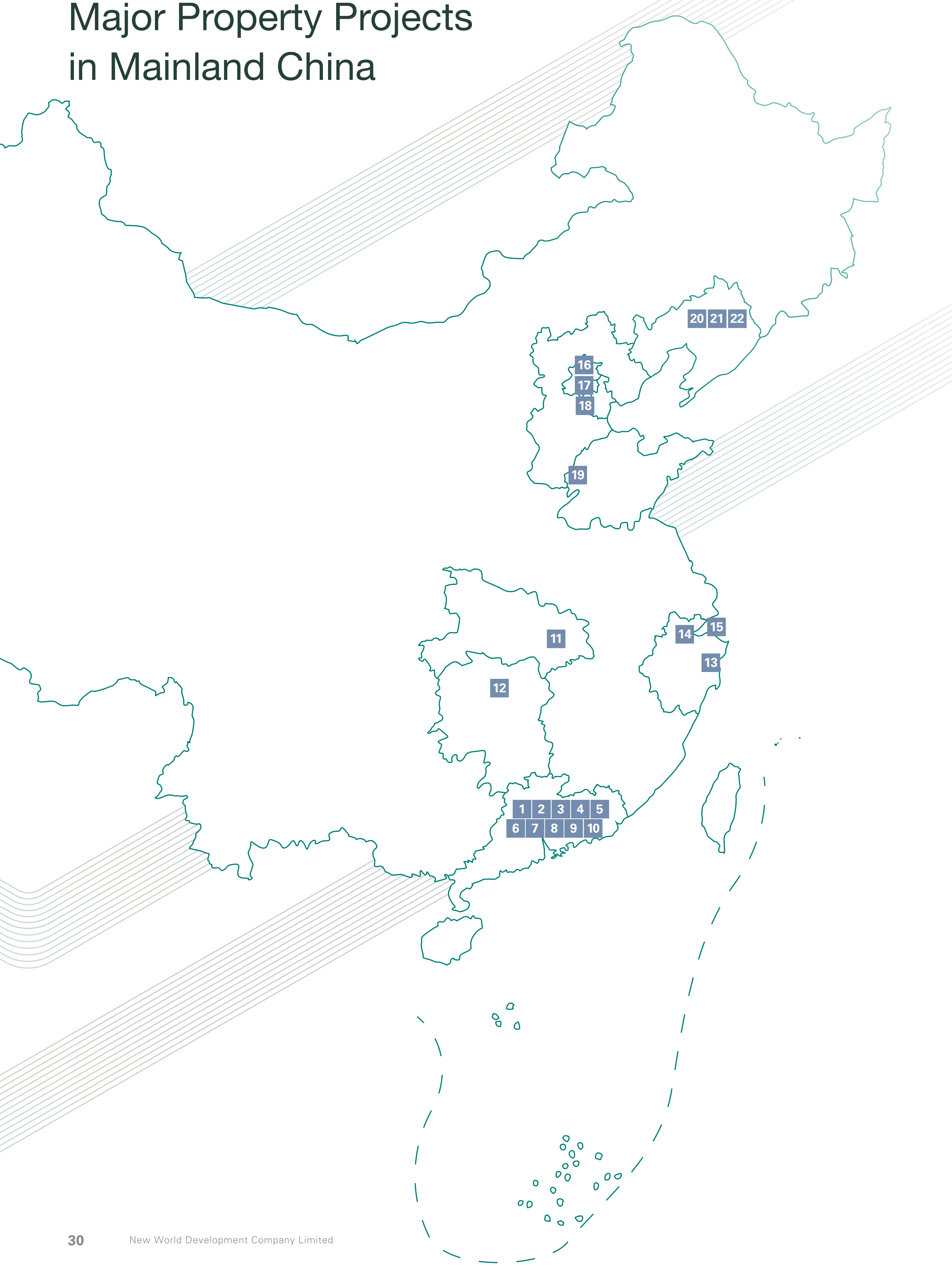
21 New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan

22 11 SKIES, SKYCITY Project

Major Property Projects in Hong Kong



Major Property Projects in Mainland China



Major Property Development Projects

1 Guangzhou Covent Garden Remaining Phases

2 Guangzhou Park Paradise Remaining Phases

3 Guangzhou Panyu Hanxi Comprehensive Development Project

4 Guangzhou Zengcheng International Community Project

5 New World Zengcheng Comprehensive Development Project

6 Guangzhou Panyu International School Project

7 Canton First Estate CF32
Canton First Estate CF21
Canton First Estate CF03
Canton First Estate CF28
Canton First Estate CF33
Canton First Estate CF40
Canton First Estate CF23
Canton First Estate CF37
Canton First Estate CF24
Canton First Estate CF25
Canton First Estate CF34
Canton First Estate CF26
Canton First Estate CF22
Canton First Estate CF36
Canton First Estate CF04
Canton First Estate CF05
Canton First Estate CF18
Canton First Estate CF14
Canton First Estate CF39
Canton First Estate CF08
Canton First Estate Remaining Phases

8 Shenzhen Qianhai Project

9 Shenzhen Prince Bay Project DY04-01
Shenzhen Prince Bay Project DY04-02
Shenzhen Prince Bay Project DY04-04

10 Huizhou Changhuyuan Phase 4

11 Wuhan New World•Times Phase II

12 Yiyang New World Scenic Heights Phase I F
Yiyang New World Scenic Heights Phase I G
Yiyang New World Scenic Heights Phase II A
Yiyang New World Scenic Heights Phase II B
Yiyang New World Scenic Heights Phase II C
Yiyang New World Scenic Heights Remaining Phases
Yiyang New World Scenic Heights Phase I D4-D7

13 Ningbo New World Plaza Land No.4
Ningbo New World Plaza Land No.6
Ningbo New World Plaza Land No.1
Ningbo New World Plaza Land No.2
Ningbo New World Plaza Land No.3
Ningbo New World Plaza Land No.2A

14 Hangzhou Wangjiang New Town Project

15 Shanghai Huangpu Huaihai Middle Road Land

16 Beijing New View Garden Commercial Centre
Beijing New View Garden Commercial Centre Remaining Phases

17 Beijing Xin Yu Garden Commercial Centre
Beijing Xin Yu Garden Commercial Centre Remaining Phases

18 Langfang New World Garden District 2

19 Jinan New World Sunshine Garden District BC

20 Shenyang New World Garden Phase 2C2
Shenyang New World Garden Phase 2FG

21 Shenyang New World Centre SA3
Shenyang New World Centre SA1
Shenyang New World Centre SA2
Shenyang New World Centre O1
Shenyang New World Centre O2

22 Anshan New World Garden Phase 2B3
Anshan New World Garden Phase 2C

Directors' Profile

Dr. Cheng Kar-Shun, Henry

GBM, GBS (Aged 75)

Appointed as Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Dr. Cheng is the chairman of the Executive Committee and Nomination Committee and a member of the Remuneration Committee of the Board of Directors of the Company. Dr. Cheng is the chairman and executive director of NWS Holdings Limited and Chow Tai Fook Jewellery Group Limited, and the chairman and non-executive director of FSE Lifestyle Services Limited and i-CABLE Communications Limited, all of them are listed public companies in Hong Kong. He was a non-executive director of DTXS Silk Road Investment Holdings Company Limited and the chairman and non-executive director of New World Department Store China Limited up to his resignation on 19 March 2021 and 13 May 2021 respectively, both are listed public companies in Hong Kong. Dr. Cheng is a director and honorary chairman of New World China Land Limited and a director of certain subsidiaries of the Group. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of the Company. Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. Dr. Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the father of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng.

Mr. Doo Wai-Hoi, William

BBS, JP (Aged 78)

Appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is a non-executive director of Lifestyle International Holdings Limited, an independent non-executive director of Shanghai Industrial Urban Development Group Limited and an alternate director to Dr. Cheng Kar-Shun, Henry, the chairman and non-executive director of FSE Lifestyle Services Limited, all being listed public companies in Hong Kong. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited. Mr. Doo is a Justice of the Peace in Hong Kong and was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Heng.

Dr. Cheng Chi-Kong, Adrian

SBS, JP (Aged 42)

Appointed as an Executive Director in March 2007, became Executive Director and Joint General Manager from March 2012, re-designated as Executive Vice-chairman and Joint General Manager from April 2015, re-designated as Executive Vice-chairman and General Manager from March 2017 and re-designated as Executive Vice-chairman and Chief Executive Officer from May 2020. Dr. Adrian Cheng is a member of the Executive Committee and the chairman of the Sustainability Committee of the Board of Directors of the Company. Dr. Cheng is an executive director of NWS Holdings Limited, the chairman and non-executive director of New World Department Store China Limited, the chairman and non-executive director of Arta TechFin Corporation Limited, an executive director of Chow Tai Fook Jewellery Group Limited, and a non-executive director of Giordano International Limited, all being listed public companies in Hong Kong. Dr. Cheng is also a director and executive chairman of New World China Land Limited, the chairman of New World Group Charity Foundation Limited and a director of certain subsidiaries of the Group. In addition, he is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of the Company. He was a non-executive director of New Century Healthcare Holding Co. Limited, a listed public company in Hong Kong, up to his resignation on 1 June 2022.

Dr. Cheng oversees the strategic direction for the Company's property development and investment activities. He has launched New World's The Artisanal Movement since January 2015, and is currently overseeing the Company's large-scale developments including Victoria Dockside in Tsim Sha Tsui and Hong Kong International Airport SKYCITY complex "11 SKIES". In 2008, Dr. Cheng launched the K11 brand, a museum-retail complex that is at the nexus of art and commerce and has since extended K11's reach across retail, hospitality, offices and non-profit art education through K11 Art Foundation and K11 Craft & Guild Foundation. He also directs early-stage funding to start-ups and technology-driven platforms.

Dr. Cheng is a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference of The People's Republic of China, the chairman of China Young Leaders Foundation, the honorary chairman of K11 Art Foundation and the vice chairman and group chief executive officer of CTF Education Group. He was the vice-chairman of the 11th and 12th committee of the All-China Youth Federation. He was acknowledged by Fortune as one of "40 Under 40" global business stars and a "Young Global Leader" by the World Economic Forum in 2012. Dr. Cheng is a Justice of Peace appointed by the Government of the Hong Kong Special Administrative Region since 2016 and was awarded the Silver Bauhinia Star in 2022. He was made an "Officier de l'Ordre des Arts et des Lettres" by the French Government in 2017, and an "Officier de l'Ordre National du Mérite" in 2022. Dr. Cheng holds a Bachelor of Arts Degree *(cum laude)* from Harvard University, and received the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. He was conferred an Honorary Fellowship by Lingnan University in 2014, and an Honorary University Fellowship by the University of Hong Kong in 2022. Dr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. He is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms. Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Yeung Ping-Leung, Howard

(Aged 65)

Appointed as a Director in November 1985 and became an Independent Non-executive Director in 1999. Mr. Yeung is a member of the Audit Committee and the Remuneration Committee of the Board of Directors of the Company. He is also an independent non-executive director of Miramar Hotel and Investment Company, Limited and SJM Holdings Limited, both being listed public companies in Hong Kong.

Mr. Cheng Kar-Shing, Peter

(Aged 69)

Appointed as a Director in October 1994. Mr. Cheng is also an independent non-executive director of King Fook Holdings Limited, a listed public company in Hong Kong. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of the Company. Mr. Cheng is a director of New World China Land Limited, New World Hotels (Holdings) Limited and certain subsidiaries of the Group. Mr. Cheng is committed to community services and is serving as the chairman of Chow Tai Fook Charity Foundation, the chairman of Chow Tai Fook Medical Foundation Limited, the chairman of Antonia Welfare Fund Limited, the vice-chairman of Hong Kong Economic Exchange and a director of Green Council. He is the University Assembly member of University of Macau. He is a Fellow of The Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators, Hong Kong Construction Arbitration Centre and The Chartered Institute of Arbitrators. He is a CEDR Accredited Mediator and on the lists of the Mediators of Hong Kong Mediation Accreditation Association Limited, Hong Kong International Arbitration Centre, Hong Kong Mediation Centre and Financial Dispute Resolution Centre. He is on the Panel of Arbitrators of South China International Economic and Trade Arbitration Commission/Shenzhen Court of International Arbitration, an Arbitrator of Huizhou Arbitration Commission, a member of Society of Construction Law Hong Kong and a member of Hong Kong Institute of Mediation. Mr. Cheng is the brother of Dr. Cheng Kar-Shun, Henry, the brother-in-law of Mr. Doo Wai-Hoi, William, the father of Mr. Cheng Chi-Heng, and the uncle of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Mr. Ho Hau-Hay, Hamilton

(Aged 71)

Appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in November 2007. Mr. Ho was an Alternate Director of the Company from 7 January 2004 to 29 August 2004. Mr. Ho is the chairman of the Remuneration Committee and a member of the Audit Committee of the Board of Directors of the Company. He is also an independent non-executive director of King Fook Holdings Limited (a listed public company in Hong Kong), and an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Lee Luen-Wai, John

BBS, JP (Aged 73)

Appointed as an Independent Non-executive Director in August 2004. Mr. Lee is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Board of Directors of the Company. Mr. Lee is the managing director and chief executive officer of Lippo Limited, an executive director and the chief executive officer of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He serves as a member on a number of Public Boards and Committees including a member of the Investment Committee of the Hospital Authority Provident Fund Scheme and the Chairman of the Hospital Governing Committee of Hong Kong Children's Hospital.

Mr. Liang Cheung-Biu, Thomas

(Aged 75)

Appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in March 2012. Mr. Liang is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of the Company. Mr. Liang is an independent non-executive director of Miramar Hotel and Investment Company, Limited (a listed public company in Hong Kong), a director and the group chief executive of Wideland Investors Limited and a member of the Board of Trustees of Wei Lun Foundation Limited. Mr. Liang is a member of the Council of The Chinese University of Hong Kong, a member of the Court of the Hong Kong Baptist University and a member of the Board of Governors, The Hang Seng University of Hong Kong. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment.

Mr. Cheng Chi-Heng

(Aged 44)

Appointed as an Executive Director in June 2010. Mr. Cheng is a member of the Executive Committee of the Board of Directors of the Company. He also acts as director of certain subsidiaries of the Group. Mr. Cheng is a vice-chairman and executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of the Company. Mr. Cheng had worked at a Hong Kong-based investment company as a corporate finance executive. He obtained his Bachelor of Arts Degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Cheng Chi-Man, Sonia

(Aged 41)

Appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee of the Board of Directors of the Company. She currently oversees the hotel division of the Group. She is a director of New World China Land Limited and certain subsidiaries of the Group. Ms. Cheng is a vice-chairman and executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong, and an independent director of Primavera Capital Acquisition Corporation, a company listed on the New York Stock Exchange. She is also the chief executive officer of Rosewood Hotel Group and an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Before joining the Group in 2008, Ms. Cheng worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree with a concentration in Applied Mathematics from Harvard University in the U.S.A. Ms. Cheng is chairman of the advisory committee of the School of Hotel and Tourism Management at The Chinese University of Hong Kong. She is a member of the Y. Elites Association, the Young Presidents' Organization, the Hong Kong United Youth Association, the Hong Kong Tourism Board and international advisory board of EHL Education Group. She is also a member of the Fourteenth Guangzhou Municipal Committee of The Chinese People's Political Consultative Conference of The People's Republic of China and a member of the Election Committee 2021 of the Hong Kong Special Administrative Region (Hotel Subsector). Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Dr. Cheng Chi-Kong, Adrian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Sitt Nam-Hoi

(Aged 68)

Appointed as an Executive Director in June 2018. Mr. Sitt is a member of the Executive Committee and the Sustainability Committee of the Board of Directors of the Company. Mr. Sitt joined the Group and was appointed as Head of Projects (Hong Kong) of the Company in February 2011. He is currently the senior director of the Project Management Department of the Company, design adviser of New World China Land Limited and director of certain subsidiaries of the Group. Before joining the Company, he was the project director of a listed public company in Hong Kong which he worked for over 25 years. Before that, Mr. Sitt had been working in Buildings Department of the Government of the Hong Kong Special Administrative Region. Mr. Sitt obtained his Bachelor of Architecture and Bachelor of Arts in Architectural Studies from the University of Hong Kong. He is a Registered Architect, an Authorised Person and is responsible for overseeing all project management matters for all property development projects of the Group in Hong Kong. He has extensive project management experience and participated in various significant projects in the Mainland and Hong Kong.

Mr. Ip Yuk-Keung, Albert

(Aged 70)

Appointed as an Independent Non-executive Director in June 2018. Mr. Ip is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of the Company. Mr. Ip is an independent non-executive director of Power Assets Holdings Limited, Lifestyle International Holdings Limited and Hutchison Telecommunications Hong Kong Holdings Limited, all being listed public companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust (a listed real estate investment trust). He was an independent non-executive director of TOM Group Limited (a listed public company in Hong Kong) up to his resignation in August 2020. Mr. Ip is an international banking and real estate executive with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the United States. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr. Ip is a Senior Advisor to the Dean of the School of Business and Management at The Hong Kong University of Science and Technology; an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong, The University of Hong Kong, and the Faculty of Business Administration and the School of Hotel and Tourism Management at The Chinese University of Hong Kong; an Adjunct Distinguished Professor in Practice of University of Macau; Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology; a Member of the Court at City University of Hong Kong; a Member of the Court at The Hong Kong University of Science and Technology; and Chairman of the Board of Governors of World Green Organisation. Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis *(summa cum laude)* and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of City University of Hong Kong and Vocational Training Council.

Ms. Huang Shaomei, Echo

(Aged 53)

Appointed as an Executive Director in May 2020. Ms. Huang is a member of the Executive Committee of the Board of Directors of the Company. She joined the Group as the deputy chief executive officer of New World China Land Limited in October 2015 and promoted to Director & Chief Executive Officer of New World China Land Limited in February 2020. Ms. Huang is also a director of certain subsidiaries of the Group. She has over 20 years of experience in the real estate sector, having served in a consulting capacity for large-scale urban infrastructures, urban planning and urban renewal in mainland China for extensive periods, providing the Government of The People's Republic of China with professional recommendations on property development and urban planning. Prior to joining the Group, Ms. Huang held senior position with an international consulting firm. She was appointed as managing director (Southern China) of a Hong Kong-listed property developer, overseeing its property development throughout the southern China region. She has proven experience in China's real estate sector. Ms. Huang is a member of Guangdong Province Committee of the Chinese People's Political Consultative Conference of The People's Republic of China, and a Deputy Secretary-General of Silk Road Chamber of International Commerce.

Ms. Chiu Wai-Han, Jenny

(Aged 51)

Appointed as an Executive Director in May 2020. Ms. Chiu is a member of the Executive Committee of the Board of Directors of the Company. She is a non-executive director of New World Department Store China Limited, a listed public company in Hong Kong. Ms. Chiu joined the Group in 2004 and is currently the Senior Director – Human Resources of the Company. She is responsible for planning and driving full spectrum of strategic human resources direction, including talent acquisition, talent development and management, reward management and human resources partnering services. Prior to joining the Group, she had taken up managerial role in renowned corporations in information and communications technology services and property development industries. Ms. Chiu was graduated from The Chinese University of Hong Kong. She is an Associate Member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Chiu possesses over 20 years of experience in human resources and corporate management.

Mr. Chan Johnson Ow

(Aged 57)

Appointed as an Independent Non-executive Director in September 2021. Mr. Chan is a member of the Audit Committee and Sustainability Committee of the Board of Directors of the Company. Mr. Chan is a managing director of Key Step Capital Limited. He is also a consultant to a leading global alternative investment management firm. He has over 28 years of experience in investment banking and investments at Morgan Stanley, Lehman Brothers, SSG Capital Management (now known as ARES SSG) and Deutsche Bank AG. Mr. Chan holds a Bachelor of Arts Degree in Legal Studies from University of California, Berkeley.

Mr. Ma Siu-Cheung

GBS, JP (Aged 59)

Appointed as an Executive Director in July 2022. Mr. Ma joined the Group as an executive director of NWS Holdings Limited ("NWS"), a listed public company in Hong Kong, in July 2018. He was the Chief Operating Officer of NWS during the period from July to December 2018 and became the Chief Executive Officer of NWS from January 2019. He is responsible for overseeing the overall strategic development and business operations of the NWS group, and is also a director of certain subsidiaries of the Group.

Prior to joining the Group, Mr. Ma was the Acting Chief Executive Officer of Hong Kong-Shenzhen Innovation and Technology Park Limited during the period from February to June 2018. He joined the Government of the Hong Kong Special Administrative Region in January 2014 as the Under Secretary for Development and was subsequently appointed as the Secretary for Development in February 2017 and remained in the post until June 2017. Prior to working with the Government of the Hong Kong Special Administrative Region, Mr. Ma was the Executive Vice-President for Civil and Infrastructure Business (Asia Pacific) of AECOM Asia Company Limited.

Mr. Ma joined China Resources (Holdings) Co., Ltd. as a non-executive director in 2022. Mr. Ma is a Fellow of the Hong Kong Institution of Engineers, the Institution of Civil Engineers, United Kingdom, the Institution of Structural Engineers, United Kingdom, the Chartered Institution of Highways and Transportation, United Kingdom and Royal Institution of Chartered Surveyors, United Kingdom. He is also a Registered Professional Engineer in Hong Kong and a Chartered Engineer in the United Kingdom. Mr. Ma holds a Bachelor of Science degree in Engineering (Civil) from The University of Hong Kong and a Master of Engineering degree in Transportation Planning from Monash University, Australia. Mr. Ma is a Member of General Committee and Chairman of Real Estate & Infrastructure Committee, both of the Hong Kong General Chamber of Commerce. He is a Vice President of The Hong Kong Institution of Engineers, an Honorary Professor of the School of Science and Technology of The Hong Kong Metropolitan University and an Adjunct Professor of the Department of Civil and Environmental Engineering, Faculty of Construction and Environment of The Hong Kong Polytechnic University and the Department of Real Estate and Construction, Faculty of Architecture of The University of Hong Kong. Mr. Ma is a committee member of the Chinese People's Political Consultative Conference of Shenzhen. Mr. Ma was appointed as Justice of the Peace in 2014 and was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2017.

Senior Management Profile

Mr. Wong Man-Hoi

BSc(Eng)(Hon), LLB(Hon)

(Aged 63)

Appointed as the Company Secretary of the Company in January 2011. Mr. Wong joined the Company in November 2000 and has headed the Legal Department (now Legal and Company Secretarial Department) since November 2001. He is currently the Senior Director – Legal of the Company. Mr. Wong is a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 1994. Before joining the Company, Mr. Wong worked as a solicitor specialising in real estate practice. Mr. Wong obtained his Bachelor of Science (Engineering) Degree from the University of Hong Kong in 1981 and Bachelor of Laws Degree from the University of London in 1990.

Ms. Lo Pui-Ying

(Aged 72)

Ms. Lo is currently the Owners' Representative-Hotel Division of the Company. Ms. Lo has been in the hotel industry since 1969 and held various positions in the Hyatt Regency and Excelsior hotels before joining the Group in 1978. Ms. Lo acted as the financial controller of the New World Hotel in Kowloon for three years before joining New World Harbour View Hotel (later renamed Renaissance Harbour View Hotel) in 1988 as Director of Finance. She also held a group controller position for New World Hotels International Limited (a former hotel management company of the Company) until 1997 when the position ceased to exist. Ms. Lo joined Foreign Holiday Philippines, Inc. and Marina Square Properties, Inc. in 2003 and 2005, respectively, as group financial controller, treasurer and co-leader of the pre-opening and operation team for a hotel and casino property investment in the Philippines. She rejoined the Company in 2007. Ms. Lo has previously been certified as a Certified Hotel Administrator (CHA) in the American Hotel and Motel Association (AHMA) from November 1990 to October 2000. She has also previously acted as a Fellow and Founder Member of the Hotel Controllers & Accountants Association (Hong Kong) founded in 1991. She has served respectively a member of Management Committee and Executive Committee of The Federation of Hong Kong Hotel Owners in 2012 and 2014 till now.

Mr. Cheung Che-Kit, Richard

MBA (High Distinction), BCom(Hon)
(Aged 50)

Mr. Cheung joined the Company in July 2022 as Senior Director, Group Customer Ecosystem. He is responsible for the development of the Company's B2C ecosystem business model. Functionally he leads the Group's Elite Client management, CRM operations, as well as Customer Digital Experience. Mr. Cheung has years of experience in running B2C businesses, CRM, elite client management, digital transformation and private equity. Before joining the Company, Mr. Cheung worked as an executive director in The Hong Kong Jockey Club for 11 years, responsible for the wagering businesses in Hong Kong and overseas. Prior to that he worked as a principal in Cinven, a European based buyout firm with a focus on consumer sector, as well as the partner in charge of the Retail Practice in McKinsey & Company Greater China. Mr. Cheung obtained his Master in Business Administration degree with High Distinction as Baker Scholar from Harvard Business School in 2001 and Bachelor of Commerce (First-class Honour) from Queen's University Canada in 1995.

Mr. Chang Yan-Tung, Louis

(Aged 56)

Mr. Chang joined the Company as Deputy Owners' Representative-Hotel Division in July 2019. He is responsible for driving the financial returns on the Group's hotel assets and acts as the liaison with joint venture partners in developing solutions that create value for both. Mr. Chang has extensive experience in the hospitality industry of over 30 years. Prior to joining the Group, he has held senior finance positions at both corporate and hotel levels with international hotel chains including Mandarin Oriental and Hyatt. He has worked extensively on the management and operations of hotel properties in China, Hong Kong and South East Asia. Mr. Chang holds a Bachelor of Commerce Degree majoring in accounting and finance from the University of Calgary, Canada.

Note: The above members of the senior management are senior functional directors of the Company. Various businesses and corporate functions of the Group are under the responsibility of other heads of business units and functional departments.

Corporate Sustainability

Major Achievements and ESG Highlights

International Recognition for Our Sustainability Performance

MSCI ESG Rating of **BBB**; constituent of MSCI HK-Listed Southbound Country ESG Leaders Index as of February 2022[1]

Low ESG Risk since 2019

- Highest **5-star rating** since 2019
- **1st** in Public Disclosure Score among all Hong Kong diversified companies in 2021
- **1st** in Management Score among all Asia companies in 2021

- **B** in Water Security Assessment, first rated in 2021
- **C** in Climate Change Assessment in 2021, dropped from B in 2020

We have worked with CDP to identify improvement areas and will continue our effort to close the gaps

Top 15% of real estate industry globally

Listed on **Dow Jones Sustainability Asia Pacific Index ("DJSI")** since 2019 with continuous improvements throughout the years

Constituent of **FTSE4Good Index Series** since 2020

- Member since 2014 – 2015
- **AA** in 2022 – 2023

NWD is a signatory/member of

TCFD – Task Force on Climate-related Financial Disclosures; wbcsd; We Support UN Global Compact; Asian Corporate Coalition for Climate Change Resilience (A4CR); Urban Land Institute; Business Environment Council Member since 2017; HKGBC Platinum Patron

In support of Women's Empowerment Principles – Established by UN Women and the UN Global Compact Office

Raised >HK$39 Billion through Sustainable Finance since 2018

- **World's first USD Social and Green Dual Tranche Bond in public markets**
- **Strengthened Sustainable Finance Framework with reference to latest international principles and guidelines**

Won >40 Sustainability Awards at Corporate and Building Levels in FY2022

1 THE INCLUSION OF NEW WORLD DEVELOPMENT COMPANY LIMITED IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NEW WORLD DEVELOPMENT COMPANY LIMITED BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Climate Actions Highlights

Progress on Group-wide New World Sustainability Vision 2030 ("SV2030") now linked with remuneration of CEO and employees

The third real estate developer in Asia to receive the Science Based Targets initiative's ("SBTi") approval of its near-term 1.5°C aligned science-based targets ("SBTs") and commit to the SBTi Net-Zero Standard

Partnered with City University of Hong Kong to co-develop and pilot net-zero related technologies

Selected as one of the Carbon Neutrality Partners by the Environmental Bureau of the HKSAR Government to take the lead to deepen and accelerate the pursuit of low-carbon transformation

Climate Resilience Guideline finalised and incorporated into Sustainable Building Policy to standardise implementation across our portfolio

Launched "CSV Lease", an industry-first win-win tenant engagement initiative to raise tenants' sustainability awareness and support efforts in energy saving and waste management, and reward based on performance

Community Highlights

- Launched Hong Kong's first large-scale crowd-donation platform "Share for Good" to support the underprivileged during COVID-19
- Launched social housing enterprise "New World Build for Good" with an aim to solve Hong Kong's housing problems through innovative mindset
- Loaned a 3.5-hectare plot of land in Fanling to the HKSAR Government for the construction of a mobile cabin hospital

Governance Highlights

- Provided trainings for the Board, management, employees and suppliers
- In FY2022, we achieved 100% employees trained on ESG policies
- Reinforced our group-wide Enterprise Risk Management ("ERM") based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework. As the key risk indicators, ESG and climate risks are incorporated into the Board and employee trainings and risk flagging channels

- To enhance board diversity, NWD targets to reach 30% female board members by FY2023 and continue to maintain a diverse board
- NWD participated in the UN Global Compact ("UNGC") Early Adopter Programme, with enhanced Communication on Progress regarding the implementation of the Ten Principles of the UNGC
- In the process of standardising more stringent requirements, including enhancing supplier performance monitoring, adding ESG standards to procurement requirements for our construction businesses, and encouraging suppliers to obtain ISO certifications

Overview of SV2030

NEW WORLD SUSTAINABILITY VISION 2030

GREEN – Moving us towards a greener future

SDG 11.6 Reduce adverse environmental impact of cities

New World Group - Halve our environmental impact in energy and carbon emissions intensity (against baseline year FY2015[1])

FY2022:

Energy intensity
(MWh/million HK$ revenue)[1]
SDG 11.6
↓4% (FY2030 target: ↓50%)

Carbon emissions intensity
(tCO_2e/million HK$ revenue)[1]
SDG 11.6
↓20% (FY2030 target: ↓50%)

New World Construction (against baseline year FY2015[2])

FY2022:

Waste-to-landfill intensity
(tonnes/million HK$ revenue)[2]
SDG 11.6
↓56% (FY2030 target: ↓15%)

Water intensity
(m^3/million HK$ revenue)[2]
SDG 11.6
↓37% (FY2030 target: ↓25%)

Green Buildings SDG 11.6

- **32** BEAM Plus building certificates[3], of which **27** achieved Very Good/Gold or above
- **39** LEED building certificates[4], of which **37** achieved Gold or above
- **4** China Green Building Evaluation Labels[5] ("Two-Star" or above)
- **2** SITES certificates at Gold level

WELLNESS – Promoting health in body and mind

SDG 3.4 Promote physical / mental health and well-being
SDG 3.9 Promote healthy built environments which reduce hazardous chemicals and pollution

Improved the well-being of **16 million** stakeholders[6]
SDG 3.4
(FY2030 target: 20 million)

Lost-time injury rate (LTIR)[7] **0.7** per 100 employees
SDG 3.4
(FY2030 target: maintain at/below 3.0 annually)

WELL Buildings: **15** building certificates[8], with **10** of those achieved Gold or above[9]
SDG 3.4, 3.9

CARING – Creating shared value for our communities and culture

SDG 4.4 Upskill individuals for employment, decent jobs and entrepreneurship
SDG 4.7 Promote education on sustainable development, sustainable lifestyles and global citizenship
SDG 11.3 Enhance inclusive and sustainable urbanisation
SDG 11.4 Protect cultural and natural heritage

Enhanced the quality of life of **152 million** stakeholders[6]
SDG 11.3, 11.4
(FY2030 target: 300 million)

Provided **>270,000** volunteering hours[6]
SDG 4.4
(FY2030 target: >340,000 hours)

Average **17.3** training hours per employee
SDG 4.4
Sustainability-related training **>10,000** hours
SDG 4.7

SMART – Using innovation to unlock potential

SDG 17.16 Enhance global and multi-stakeholder partnerships to support the SDGs through knowledge, technology and resource sharing

>220 active patents[10]

36 integrations via Impact Kommons[11]

1 Covers the SV2030 Green Targets Scope which focuses primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps. NWSH and NWDS also disclose their environmental targets in their annual sustainability report. Using revenue for the intensity metrics was due to the diverse business nature of the Group's portfolio as it is the common thread that can be adopted across sectors.
2 Covers New World Construction Company Limited only.
3 Includes Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as at 30 June 2022.
4 Includes both pre-certified and certified projects as at 30 June 2022 and excludes expired pre-certificates.
5 This number excludes expired labels as at 30 June 2022.
6 Cumulative number from baseline year FY2015 to FY2022 covering the Sustainability Reporting Scope.
7 Lost-time injury rate represents the number of injuries per 100 employees per year.
8 Includes both pre-certified and certified projects as at 30 June 2022.
9 Five of 15 WELL buildings are undergoing the certifications aiming at least second best rating with latest WELL Standard V2, which does not contain any rating at pre-certification stage.
10 Includes the number of active patents granted since FY2015 and held by New World Group under the Sustainability Reporting Scope as at 30 June 2022, excluding design registrations/patents.
11 Cumulative integrations from FY2020 to FY2022 between Impact Kommons startups and New World Ecosystem.

Leadership and Governance

Message from Management

FY2022 marked another year of unprecedented challenges arising from the impacts of COVID-19 and the climate crisis. But we believe this is also a moment of opportunity for us to remain focused on our commitments to sustainability and move forward with our partners to emerge more united in building resilience to the challenges that lie ahead.

Central to our corporate mission is the integration of Creating Shared Value ("CSV") principles into our business, which aims to optimise the needs of our shareholders and society. Through embedding our Environmental, Social and Governance ("ESG") values into SV2030, we continue to make strides towards CSV for all our stakeholders, guided by the pillars of Green, Wellness, Smart and Caring with oversight from our Board, and dedication from our leadership team and employees in progressing towards these common goals. Our CSV principles also align with our commitment as a participant of the UN Global Compact Early Adopter Programme and we will continue to support the UNGC principles.

Recognising the need for immediate action on climate change to safeguard our company's long-term growth and echoing the Mainland China Government's Carbon Neutrality Plan and the HKSAR Government's Climate Action 2050 to achieve carbon neutrality by 2060 and 2050, respectively, we have taken our first steps in adopting the Taskforce for Climate Related Disclosures ("TCFD") recommendations since FY2019. I am incredibly proud to report that we have recently obtained approvals on our near-term 1.5°C aligned SBTs and committed to the SBTi Net-Zero Standard to set long-term targets in line with reaching science-based net-zero by 2050. Additionally, we joined the Asian Corporate Coalition for Climate Change Resilience (A4CR) to support building climate resilience in Asia. We will continue accelerating our decarbonisation plans by integrating climate-related initiatives and actions into the full property lifecycle and engaging with tenants through our newly launched "CSV Lease", a pioneering approach to addressing demand-side energy use.

Innovation starts with insight and seeing challenges in a new way. Our passion for innovation creates powerful opportunities to help us stay ahead of change. In addition to our UN SDGs-focused startup accelerator Impact Kommons, we further launched the Greater Bay Area ("GBA") Accelerator this year, focusing on AI and robotics solutions, particularly those wanting to scale in the GBA. Promising startups from these two accelerators are empowered with resources in the New World Ecosystem to scale-up and become engines of future growth. We plan to collaborate with more stakeholders in future projects to cultivate our culture of innovation and partnership.

Creating an inclusive, diverse workplace that prioritises employee well-being fosters a culture that establishes trust and brings out the best of our employees. We are committed to reaching 30% female board members by FY2023 to enhance the diversity in the boardroom. On continually improving employee well-being, we are pleased to announce that we will pilot "Summer Fridays", introducing a 4.5-day work week and one work-from-home day, as well as other family-friendly optimising measures, to bring flexibility and convenience as well as improve the physical and mental well-being of our employees.

Giving back and creating opportunities for resilience and growth to our communities remain one of NWD's core strategies under our CSV approach. Societies have been under significant pressure to respond to a number of arising social issues such as housing, inequalities and poverty, exacerbated by the COVID-19 pandemic. As a property developer with a long-standing interest in solving Hong Kong's housing and land issues, we launched Hong Kong's first ever not-for-profit privately subsidised housing project, New World Subsidised Housing, under our innovative New World Build for Good initiative in December 2021, and recommended a special "progressive payment" mortgage arrangement, as a pioneering solution designed to help young families get onto the housing ladder and ease Hong Kong's housing situation. In addition, we recognised the challenges created by the surging COVID-19 cases during the fifth wave of the pandemic to local communities. In March 2022, we launched Hong Kong's first large-scale crowd-donation platform Share for Good that directly links beneficiaries, non-profit organisations and donors to support the underprivileged in meeting their immediate needs during their self-quarantining period at home. The initiative has since expanded to partner with 60 NGOs to create far-reaching impacts to support those in need beyond immediate COVID-19 relief.

Looking forward, the announcement of our 11 SKIES project and landmark opening of K11 ATELIER 11 SKIES in July 2022 mark our first step in becoming an important engine to the development of SKYCITY and connecting the world and GBA. ESG integration and standardisation within the Group remains important. We will continue to upgrade our Group-wide risk management framework to adapt to evolving ESG risks and opportunities and will carefully consider ESG issues when making future business and investment decisions as well as working with our suppliers. I would like to take this opportunity to thank my team for their extraordinary efforts and dedication in delivering good performance against our sustainability targets.

Entering a new year, we remain optimistic in turning crises into opportunities and creating value for all our stakeholders. Through collaborations and partnerships, we will continue to inspire meaningful impact to drive our long-term sustainability vision. I am confident with our great people and the support of our stakeholders, we will continue to demonstrate sustainability leadership through embedding innovation and CSV principles into our business to build a greener future for generations to come.

Dr. Cheng Chi-Kong, Adrian
Executive Vice-chairman and Chief Executive Officer
Chairperson, Sustainability Committee and
Group Sustainability Steering Committee

Governance Structure

An essential component of NWD's commitment to sustainability is the integration of the management of ESG issues through the Group's corporate governance structure – from board-level committees to management-level group functions and business units ("BUs"). The Board delegates five board-level committees to oversee the Group's management and business endeavours while maintaining the ultimate responsibilities for the overall business development. In particular, the Sustainability Committee is responsible for monitoring the Group's sustainability performance and related issues. For more details on the board-level committees, please refer to the Risk Management and Internal Control Section.

We closely monitor the latest market trends and regulations in corporate governance and take appropriate actions to ensure reporting compliance. NWD is compliant with the requirements of the HKEX's Revised Corporate Governance Code and Listing Rules, which went into effect on 1 January 2022. The Board is fully committed to continuing our efforts in overseeing the compliance and referencing recommendations and international best practices on priority topics, including board independence, refreshment and diversity, in our operations.

The Board of Directors appoints the directors of NWD to form the Sustainability Committee, and its Chairperson is the Executive Vice-chairman and CEO of NWD. The Sustainability Committee's role is to assist the Board in identifying improvement areas on sustainability, ESG reporting strategy and management, any non-compliance with sustainability and ESG policies, procedures and regulations, and make appropriate recommendations to the Board. For more information on our Sustainability Governance policies, please refer to our corporate website.

While the organisational structure of NWD remains unchanged compared to last year, we have reinforced our commitment toward SV2030 by integrating sustainability into the business considerations for the CEOs of our subsidiaries and respective department heads and employees. We also link sustainability performance to the remuneration of our CEO and employees to encourage employees to make concerted efforts towards the SV2030 targets. The Group Sustainability Steering Committee is also in place to oversee the training provided to all employees and support the development of action plans and budgeting across the business.

In view of the climate urgency and the Group's responsibilities to mitigate climate impacts in our operations, the Board of Directors fully supports the ongoing assessment and disclosure of climate risks as per the TCFD recommendations. The Board is regularly updated on the latest climate risks and opportunities so as to provide guidance on the overall ESG strategies.

Managing ESG Risks and Opportunities

Throughout the year, the Group has taken an active role in managing the environmental and social risks and opportunities and taking appropriate steps in responding to emerging economic challenges. We firmly believe that by integrating sustainability into our business practices, we can sustain a long-term competitive advantage.

Enhancing Governance of ESG Issues

Our risk management framework is well established with regular review to align with our latest strategic direction, market practice, regulatory obligations, and sustainability commitments. As at end of FY2022, our work on strengthening our ERM framework is completed. The latest changes to our ERM framework include:

1. Adopted "Applying enterprise risk management to environmental, social and governance-related risks" guidelines published by COSO and the World Business Council for Sustainable Development ("WBCSD") in 2018; and

2. Included the Climate Resilience Guideline into our ERM framework. The Guideline covers climate risks pertinent to our major business locations, such as flooding, water stress, extreme temperatures and extreme wind, and suggests climate mitigation and adaptation measures for our full property lifecycle.

Approach to Identify, Assess and Manage ESG Risks

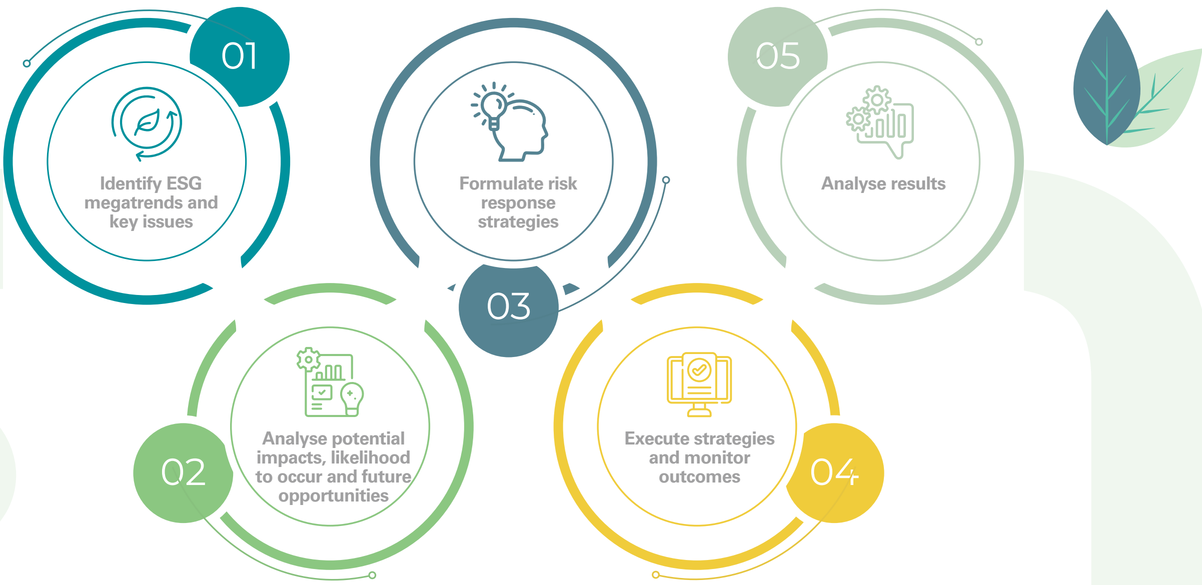
We have a robust system for identifying, assessing and managing ESG risks that may potentially impact our business, including risks related to climate change that have the potential to result in extensive implications. Through our risk identification and assessment process, we have integrated these factors into our risk analysis under a standalone risk and/or cross-linking with other business risks (such as insurance and crisis management risks).

In order to maintain a standardised approach, the same set of risk assessment criteria is adopted in evaluating ESG risks together with other key risks. Different risk management levels are established to ensure that ESG risks are managed in a timely manner:

- Governance – implemented in accordance with our risk governance structure and risk management process, with management oversight and assurance provided to the Board

- Strategic – SV2030, including alignment with TCFD recommendations and stakeholders' expectations

- Operational – an Issue Alert System is in place for timely follow-up on impending crises or issues, with various policies and procedures in place to avoid or mitigate risks, including Anti-Fraud Policy, Whistleblowing Policy and Climate Change Policy



Managing ESG Risks and Opportunities

ESG Opportunities

We understand that in order to capture the potential ESG opportunities, our internal stakeholders must be equipped with the necessary know-how. Hence, we have conducted various ESG training programmes for all employees and the Board of Directors. We believe that by raising our awareness and knowledge of ESG issues, our internal stakeholders can support us in identifying opportunities and building the foundation for a successful future.

In this reporting year, we made great progress in climate action and building resilience by affirming our commitment to the Business Ambition for 1.5°C and receiving SBTi's approval of our near-term SBTs. We believe that our SBTs will not only direct us to operate more sustainably but also create new business opportunities for us. Innovation is key to enhancing our capacity to spot and capture opportunities. We are collaborating with the City University of Hong Kong to jointly develop green technologies in an attempt to address climate change and work towards net-zero. Additionally, we finalised our Climate Resilience Guideline that integrates various climate mitigation and adaptation measures into new developments and major refurbishment and construction activities, covering the full property lifecycle from acquisition and redevelopment to design and construction, facility management, and the engagement of building users.

For detailed risk management structure and approach, please refer to the Risk Management and Internal Control Section.

Culture

The Group's mission is to create, and orchestrate our creativity and social innovation for the next generation. Only by doing so can we truly connect business success with social progress.

To ensure our employees maintain a good understanding of our corporate vision – "we create, we are artisans, we are CSV", we launched New World Innovation Challenge and Group VOC (voice-of-customer) Innovation in FY2022. Both initiatives are to stimulate our employees, as Artisans, to listen to our customers' feedback and turn into business ideas. Artisans were invited to join design thinking training and innovation workshops conducted by different leaders. Shortlisted ideas were given resources to prototype their ideas into real functioning products and further commercialise their products. Throughout the process, Artisans are encouraged to voice out their innovative ideas to deliver value-add to our customers. New World Group fully integrates the voice of our customers into our business development.

Creating Shared Value

"Creating Shared Value" ("CSV") is a critical component of our corporate mission, as it demonstrates our commitment to understanding the needs of the communities where we operate and leveraging our assets and strengths to give back to the communities. It also creates new business opportunities for the Group through continuous innovation, shaping the overall business strategy. "Shared Value" is the outcome of the combination of three crucial drivers: social and environmental needs, corporate assets and business opportunities.

We are in the process of integrating ESG into all levels of our strategy and business to measure the value created for society through our ESG framework. Four strategic engines of change drive our efforts: ecosystem, partnership, innovation, and digitalisation. This report will demonstrate the roles these four components play in our progress towards achieving SV2030.

Creating Shared Value through NWD Property's Lifecycle

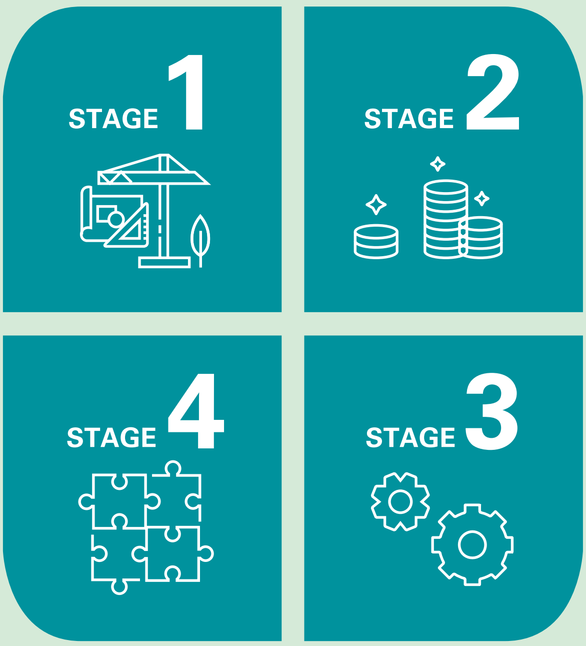
Our sustainable practices are standardised throughout four critical stages of property development and creating shared value across the SV2030 pillars of Green, Wellness, Smart and Caring.

DESIGN & BUILD

As outlined by our policies, we are committed to sustainable building certifications (including BEAM Plus, LEED and WELL) for new and existing projects. The policies also govern our approaches to managing climate risks and other environmental and social impacts throughout the supply chain.

ENGAGEMENT

Collaboration is vital to create shared value for all shareholders and enrich our businesses. Hence, we actively engage tenants, customers and other stakeholders to promote and support the adoption of sustainable practices within the communities we serve.



SUSTAINABLE FINANCE

By using a variety of sustainable financing instruments, such as green bonds, which are aligned to international frameworks and standards wherever possible, we are able to direct funds towards our impactful projects within our ecosystem of business, including green and healthy buildings.

OPERATIONS

We are determined to reduce the adverse environmental and social impacts caused by our property operations. Continuous resource efficiency enhancements and measures are in place to improve the health and well-being of our building tenants and users.

Stakeholder Engagement and Materiality Assessment

Understanding the expectations and needs of our stakeholders is fundamental to the development of our ESG strategy, as it plays a critical role in helping us identify and prioritise current and emerging risks and opportunities across our business and the communities in which we operate. Hence, we maintain an ongoing, open and transparent dialogue with our stakeholders to maximise opportunities for them to share their perceptions and experience. Our primary forms of engagement include surveys, interviews, focus groups, visits, mobile apps, e-newsletters, meetings and forums, events, email and hotlines, and through media and social media channels.

We conduct robust and comprehensive materiality assessments with internal and external stakeholders annually to determine the importance and relevance of a range of ESG issues to NWD. As part of the process to identify ESG issues relevant for the reporting year, we update the list of ESG issues with detailed research relating to the latest market trend and stakeholders' opinions, with reference to the previous year's materiality topics. In particular, new topics concerning governance were raised by multiple stakeholders. Of the stakeholders involved, internal stakeholders included are representative of significant business units and various levels of seniority, while external stakeholders include customers, tenants, suppliers, service providers, academic and professional institutions, NGO partners, financial institutions, media, peer companies and government.

As we continue to refine our process on the evaluation and prioritisation of material issues, we adopted a different approach in our materiality assessment process this year. Building upon the foundation in FY2021, we engaged a third-party consultant to conduct 15 in-depth interviews using a quantitative assessment approach across our stakeholder groups, including senior management, contractors, suppliers, and investors, to understand stakeholder concerns and potential impact on our business. The interviews enable us to pinpoint the critical areas and steer resources to support the Group's business strategies. The outcome of the interview is a refreshed materiality matrix, with priority issues that internal and external stakeholders rated as critical for NWD to consider in its pursuit of sustainable growth.

The materiality matrix shows the most prioritised issues, their corresponding SV2030 pillars (Green, Wellness, Smart and Caring) and transversal topics, ranked according to the level of importance to stakeholders (y-axis) and their level of importance to our business continuity and development (x-axis).

To better reflect stakeholder interest, we included five new topics for stakeholders to consider in this year's engagement process. A shift of focus towards topics under the Green pillar is observed compared to last year, suggesting that stakeholders are becoming increasingly aware and concerned over the Group's environmental performance, how NWD is aligned with the HKSAR and Mainland China Governments' climate action plans and progress towards reaching NWD's sustainability targets and commitments, such as our SBTs and Renewable Energy Roadmap. Top transversal topics, including Innovation, Diversity and Equal Opportunities, and Employee Wellness and Engagement, remain crucial for business continuity. Stakeholders rated Product Safety and Quality, a new transversal topic, with high relative importance in view of the recent incident at The Pavilia Farm. For the building safety and quality, we will continue to adopt the best practices in the industry. We will continue to monitor any upcoming regulations, industry trends, and investor expectations in setting our ESG priorities.

Material Topics (1 being the most important)	How We Address Them (corresponding sections in this chapter)
1. Energy Efficiency and Carbon Reduction	Accelerating towards Net Zero
2. *Green Building Construction and Renovation	Green Building Leadership
3. Innovation	Affirming Our Pioneering Efforts
4. Customer Wellness, Health and Safety	Our Collaborative Ecosystem
5. Climate Change Actions	Accelerating towards Net Zero
6. Diversity and Equal Opportunities	Our People
7. Employee Wellness and Engagement	Our People
8. *Product Safety and Quality	Leadership and Governance
9. Customer and Tenant Engagement	Our Collaborative Ecosystem
10. Talent Management	Our People
11. Waste Reduction and Recycling	Accelerating towards Net Zero
12. *Risk and Crisis Management	Leadership and Governance
13. Corporate Governance	Leadership and Governance
14. Community Wellness	Creating Sustainable Communities
15. Responsible Supply Chain Management	Our Collaborative Ecosystem
16. Community Development and Engagement	Creating Sustainable Communities
17. *Privacy and Data Security/Information Privacy	Our Collaborative Ecosystem
18. *Ethics and Integrity	Leadership and Governance
19. Occupational Health and Safety	Our People
20. Bribery and Corruption	Leadership and Governance

* New topics in FY2022.

Affirming Our Pioneering Efforts

While sustainability is a core consideration in all of our actions, the following projects demonstrate our endeavour to go the extra mile to show leadership in continuously improving social and environmental well-being in the communities in which we operate. Although these projects or initiatives are at varying stages of completion, our long-term ambitions to spark creativity, integrate circular economy into design and operations, accelerate innovation and connect people, as well as improve lives in the here-and-now remain steadfast.

Bringing Sustainability to the Greater Bay Area

MATERIAL ISSUES:

- Innovation
- Green Building Construction and Renovation
- Waste Reduction and Recycling

K11 ECOAST

K11 ECOAST, K11's first flagship project in Mainland China, is scheduled to open at the end of 2024. The inspiration for the name "K11 ECOAST" combines the concept of green development alongside the conservation of waterfront resources. It is located in Prince Bay in Nanshan, Shenzhen with a total gross floor area of 228,500m^2 comprising of K11 Art Mall, K11 HACC multi-purpose art space, K11 ATELIER office building, and the Promenade. The commercial complex is dedicated to promoting a sustainable, circular lifestyle and integrating the concept of environmental protection through the power of creativity, culture, and innovation. K11 ECOAST has partnered with 50 world-leading artists and architects to create the most aesthetic and impactful seaside art district in China, with a vision to become the new harbourfront cultural retail destination and circular economy trailblazer in the Greater Bay Area.

Featuring 60,000m^2 of outdoor landscaping, the largest among all K11 projects, K11 ECOAST fully incorporates green and healthy building concepts into its design from renewable energy to recyclable materials. K11 ECOAST was designed and constructed in accordance with China's 14th Five-Year Plan national guidelines on environmental protection and sustainable development for promoting circular economy. Echoing the "Zero-Waste City" building pilot programme undertaken in Shenzhen, K11 ECOAST capitalised on the opportunity to act as a front-runner by integrating circular economy and waste reduction principles, and embedding environmental protection in design, food and fashion. Additionally, by adopting the "Sponge City" concept for sustainable stormwater management, K11 ECOAST is also expected to alleviate pressure on the city's existing drainage system and enable water reuse on-site. So far, K11 ECOAST has been granted with three WELL pre-certified and LEED Platinum pre-certified ratings at the highest certification level, making it the largest total LEED Platinum pre-certified cluster of buildings in the Greater Bay Area.

Located in a strategic position within the core of the Greater Bay Area, the project will boost an infrastructural network highlighted by multiple integrated transportation systems and a one-hour living circle that extends to 30 million people, and become an area of significant influence.

Aerial view of K11 ECOAST

Pushing Boundaries and Creating Connections

MATERIAL ISSUES:

- Innovation
- Green Building Construction and Renovation
- Energy Efficiency and Carbon Reduction
- Customer Wellness, Health and Safety

WANGJIANG NEW TOWN PROJECT IN HANGZHOU

Located in the prime location of Shangcheng district, New World Arts Centre comprises of residential, commercial and cultural facilities, covering a gross floor area of 460,000m^2. The project sits adjacent to three Hangzhou high-speed railway stations, Wujiang Lu Station of Metro Line 1, Moye Tang Station of Line 7, as well as Chengzhan Station of Line 1 and Line 5.

To continue the legacy of "100 Creative Powers" that shaped K11 MUSEA in Hong Kong, a global cultural-retail destination, the Group gathers a new troupe of top talents to inject endless creativity and ingenuity into a city coined as "Heaven on Earth". Hangzhou is underpinned by innovation, heritage and culture – the Group will strive to create shared value and enhance the city's local community.

Inspired by three essential elements – Art-People-Nature – in promotion of local art culture and way of life to the community, the project upholds the smart-living philosophy by boosting urban vitality, creating vibrant community through Transit-Oriented Development, and integrating three-dimensional greening and "Sponge City" concept into the design. This project strives to bring modern urban design into harmony within a historic district to build a lively urban core at Hangzhou Wangjiang New Town. The project is targeting LEED green building certificate at the highest Platinum rating.


The landscape of K11 Kulture Boulevard


New Town project in Shangcheng district, Hangzhou

K11 ATELIER 11 SKIES

NWD is developing 11 SKIES, a 3.8 million square feet mixed-use development strategically located next to the Hong Kong International Airport. It is an integral part of the SKYCITY project adjacent to the airport and Hong Kong-Zhuhai-Macao Bridge. For the retail segment, there will be over 800 shops, including 120 dining concepts. It will house the largest indoor entertainment hub in Hong Kong featuring 8 world class attractions, and K11 ATELIER office space spanning over 570,000 square feet. The use of smart and innovative technology in the operations and services of SKYCITY and 11 SKIES will enhance efficiency and customer experience, not only attracting more visitors, but also businesses, especially professional services. This could strengthen Hong Kong's dual role as an international financial centre and professional services hub, and at the same time leverage its unique strengths to re-energise post-COVID economy recovery and improve customer experience with innovative technology.

The first phase of 11 SKIES has opened as a premium office network branded under K11 ATELIER in July 2022. K11 ATELIER 11 SKIES integrates work and life in a modern workplace that empowers next-generation professionals in liberating their utmost creative potential, and inspires them to collaborate and connect. It is a perfect doorway to the opportunities in the Greater Bay Area, featuring three grade A office towers with triple platinum pre-certifications – BEAM Plus, LEED and WELL. Each tower is designed with a special purpose: one focuses on wealth management services, one focuses on medical and wellness services, and one is tailored to companies and organisations wishing to establish their Greater Bay Area business at the heart of the region.

Under the SV2030 four pillars of Green, Wellness, Smart and Caring, around 30 sustainability features are adopted at K11 ATELIER 11 SKIES, including renewable energy system and indoor air quality sensors with IoT and AI technology. They not only enhance the energy and water efficiency in the buildings, but also safeguard the health and well-being of occupants.

Internal view of K11 ATELIER 11 SKIES

Aerial view of 11 SKIES

"Once the border reopens, SKYCITY and 11 SKIES promise to be a source of business and prosperity. With creative new ideas, visitors from both the Greater Bay Area and overseas will continue to come to Hong Kong for business, tourism and consumption. 11 SKIES will be a new force that spurs Hong Kong's post-pandemic recovery."

– Dr. Adrian Cheng, CEO, New World Development

REVITALISATION OF CHEUNG SHA WAN DISTRICT – PORTAS

NWD acquired a significant plot of land in the commercial district of Cheung Sha Wan, adjacent to the government data centre complex and home to Jao Tsung-I Academy. Our plan is to create an upscaled commercial complex that marries art, culture and modernity, seeking harmonious co-existence and co-development with the surrounding commercial circles. By incorporating health and wellness elements into the design, we strive to reinvent spaces that enable people to appreciate the outdoor urban environment and foster social connectivity. PORTAS features approximately 2,700m^2 of greenery coverage as well as communal spaces, including a podium garden of over 2,900m^2, a pixelated staircase, a rooftop wellness plaza, and a multipurpose hall, designed to promote the well-being of individuals and the community as a whole. The retail podium of PORTAS will provide unique dining and leisure experiences to tenants and the vicinity. The office adopts a healthy and comfortable design with electric light glare control and low-emissivity glass.

In creating the best experience for our users, we set high expectations on our indoor environmental quality and hygiene. To achieve this, we have incorporated smart facilities such as an indoor air quality monitoring system, handrail UV sanitisation, touchless button for service lifts and touchless entrance system. We maximise the use of renewable energy through installation of Photovoltaic (PV) system at the rooftop and minimise our energy use by leveraging the Smart Building Management System. As a recognition of its green and sustainable design, PORTAS obtained Provisional BEAM Plus Gold Certification, LEED Gold pre-certification and WELL Platinum pre-certification, and won the 2021 Silver Award for Best Futura Project by MIPIM and Hong Kong Green Building Award 2021 – Merit award under New Buildings Category: Projects Under Construction and/or Design – Commercial.


Front view of PORTAS


Pixelated staircare at PORTAS

Investing in Purposeful Tech Innovation

MATERIAL ISSUES:

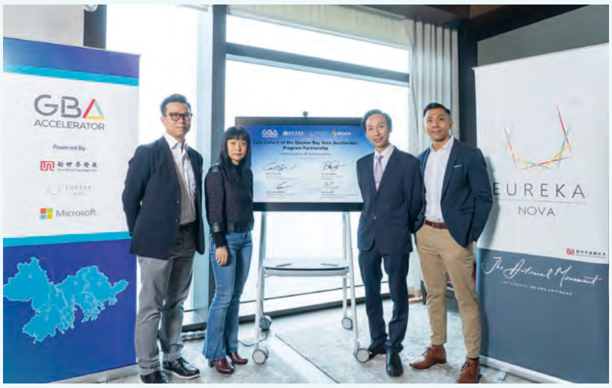
- Innovation
- Customer Wellness, Health and Safety
- Waste Reduction and Recycling

CURATING SUSTAINABLE LIVING

Impact Kommons is Asia's first accelerator based on the United Nations Sustainable Development Goals ("UN SDGs") supporting tech enterprises and startups to co-create and address SV2030 within the New World Ecosystem. For Cohort 3, 11 selected startups addressed topics, such as waste management, upcycling, climate technology, healthcare, AI and sustainable packaging. In the past three years, we have successfully generated 36 B2B integrations between our 30 participating startups, internal business teams, tenants and customers to address social and environmental challenges. Notable examples in the third cohort include collecting and upcycling tenants' coffee grounds to produce biochar improving soil quality, and reducing bread waste by utilising excess bread to brew beer.

Impact Kommons Cohort 3 event

SUPERCHARGING THROUGH ROBOTICS AND AI



GBA Accelerator Cohort 1 focused on robotics and AI

Eureka Nova, our open innovation platform, partnered with Microsoft Hong Kong as a premier technology sponsor of the first cohort of the Greater Bay Area Accelerator programme. The GBA Accelerator is a business integration programme targeted at startups looking to scale their business in the supply chain, logistics and robotics sectors across the GBA. This first cohort focused on robotics and AI with nine startups across six countries or regions. Selected startups have the opportunity to pilot and commercialise their solutions, expand their network, and gain exposure in the GBA. The startups were able to use Microsoft Azure's wide range of products, including AI, IoT, Machine Learning and Mixed Reality (MR) to build, run and manage applications, and bring their innovations and solutions to life.

"We are committed to recruiting young entrepreneurs with innovative technologies and a sustainable development mindset. The solutions and technologies selected this year will not only promote the sustainable development of Hong Kong, but also help society and the business community in adapting to the 'new normal' after the pandemic. We sincerely look forward to cultivating these solutions from the collaboration between the Group and our impact-driven startups."

– Dr. Adrian Cheng, Founder of Eureka Nova, Executive Vice-chairman and CEO of NWD

Stepping Up Our Sustainable Finance Ambition

Leading on Sustainable Finance

As a strong advocate and one of the first movers in sustainable finance in Hong Kong, NWD issued our first green bond in 2018 and established our Green Finance Framework to underpin our sustainable operations. Building upon this foundation, we established our Sustainable Finance Framework in 2020. The updated framework aims to create value with our financial partners to fund projects with the overall objective to improve the environmental performance of our buildings and landscapes, as well as the health of our tenants and users.

In view of the changing sustainability landscape and international standards and guidelines, we recognised the need to review our Sustainable Finance Framework as sustainable finance continues to gain prominence, especially after the outbreak of COVID-19, to align with global expectations. In FY2022, we strengthened our Sustainable Finance Framework by referencing the latest international principles and guidelines. We expanded the eligibility criteria of green projects to include clean transportation technologies and infrastructure, and enhanced our climate change adaptation category to support our commitment to climate action. We also expanded the eligibility criteria of social projects to include community cultural conservation and restoration of cultural heritage to demonstrate our support in the preservation of local culture and heritage. Furthermore, maintaining the credibility of our framework is of utmost importance and we have obtained a positive Second-Party Opinion from Sustainalytics to provide an extra layer of confidence to our financing partners.

As we transition to a sustainable and low-carbon economy, NWD will continue to work with different partners that can help position ourselves in a leading position to tap into the sustainable finance market. To demonstrate our commitment in supporting the development of the sustainable financing in the region, we are fully supportive of HKEX's Sustainable and Green Exchange ("STAGE"), Asia's first multi-asset sustainable investment product platform, launched in December 2020, where we list our sustainable finance offerings.

Key Milestones

As at 30 June 2022, NWD has generated over HK$39 billion in funds through sustainable finance mechanisms.

WORLD'S FIRST USD SOCIAL AND GREEN DUAL TRANCHE BOND IN PUBLIC MARKETS

In June 2022, NWD became the first corporate in the world to issue a USD-denominated social and green dual tranche offering in the public bond markets. With this announcement, NWD also became the first non-financial corporate in Asia to issue a USD-denominated Social bond, and the first in Greater China to issue a USD-denominated Green perpetual in the public bond markets. The 5-year USD200 million Social bond (coupon rate: 5.875%) and the USD500 million Green perpetual bond (coupon rate: 6.15%) were oversubscribed by nearly five times at its peak, receiving an enthusiastic response from a wide range of renowned investors, including fund managers, asset managers and private banks. The issuance of the dual tranche bond will support NWD in fulfilling our commitment to building sustainable cities and communities and help accelerate our efforts in creating shared value with the wider society.

Visit our website for our financing frameworks and details of our sustainable finance transactions

We are committed to sharing best practices, particularly with our listed subsidiaries. NWSH has created their own sustainable finance opportunities, and more information can be found in their annual report.

Summary of NWD's Sustainable Finance Transactions

GREEN AND SOCIAL BONDS

Instrument Number	Date	Issuer	ISIN	Principal Amount	Coupon	Maturity Date
	Green Perpetual Bond					
GPB1	June 2022	NWD Finance (BVI) Limited	XS2435611327	US$500 million	6.15%	N/A
	Green Bond					
GB1	April 2021	NWD (MTN) Limited	HK0000721974	HK$780 million	3.95%	March 2031
GB2	March 2021	NWD (MTN) Limited	HK0000707171	HK$550 million	3.00%	March 2028
GB3	December 2018	New World China Land Limited	XS1915712233	US$310 million	4.75%	December 2023
	Social Bond					
SB1[1]	June 2022	NWD (MTN) Limited	XS2488074662	US$200 million	5.875%	June 2027

GREEN LOANS

Instrument Number	Date	Borrower	Loan Amount	Maturity Date
GL1	May 2022	Super Record Limited	HK$5,700 million	March 2024
GL2	March 2022	Spotview Development Limited	HK$500 million	March 2027
GL3	December 2021	Spotview Development Limited	HK$6,000 million	December 2026
GL4	May 2021	New World Finance Company Limited	HK$1,400 million	May 2026
GL5	March 2021	New World Finance Company Limited	HK$300 million	March 2024
GL6	May 2020	New World Finance Company Limited	HK$500 million	May 2023
GL7[2]	December 2019	Full Asset Enterprises Limited	HK$5,000 million	December 2024

PROCEED ALLOCATION[3]

Eligible Projects: Green Buildings	Instrument	Allocated Amount	Percentage of Each Instrument Allocated
New World Canton Centre, The New Canton Mansion	GB3	US$207.7 million	67%
Qianhai CTF Finance Tower	GB3	US$102.3 million	33%
K11 ATELIER King's Road	GL7	HK$4,000 million	80%
NCB Innovation Centre (formerly known as 888 Lai Chi Kok Road)	GB1	HK$780 million	100%
	GB2	HK$550 million	100%
	GL2	HK$27 million	5%
	GL3	HK$1,000 million	17%
	GL5	HK$300 million	100%
	GL6	HK$500 million	100%
	GL7	HK$1,000 million	20%
Wing Hong Street, Cheung Sha Wan	GL4	HK$1,400 million	100%
11 SKIES	GL2	HK$473 million	95%
	GL3	HK$5,000 million	83%
PORTAS (formerly known as King Lam Street Development)	GL1	HK$5,700 million	100%
	GPB1	US$500 million	100%

The above projects have met the eligibility criteria under the Green Buildings category in our financing frameworks. Please refer to our website for relevant project details and green building certifications.

Project names are subject to finalisation before official opening.

1 As of 30 June 2022, proceeds from SB1 have yet to be allocated. Please refer to our website for regular updates.

2 This green loan was renegotiated and restated in December 2019 and up-sized from HK$3,600 million to HK$5,000 million. The final maturity date was also updated as 60 months from restatement date, that is December 2024.

3 All issued green bonds and loans were outstanding as of 30 June 2022.

Summary of NWD's Sustainable Finance Transactions (Cont'd)

SUSTAINABILITY-LINKED LOANS AND BONDS

Date	Size	Issuer/Borrower	Maturity Date	Purpose/Use of Proceeds
Sustainability-linked Loan ("SLL")				
June 2022	HK$500 million	New World Finance Company Limited	3-year	• Linked to DJSI performance
April 2022	HK$1,500 million	New World Finance Company Limited	3-year	• Linked to selected environmental impact reduction targets and DJSI performance
September 2021	HK$500 million	Spotview Development Limited	3-year	• Linked to DJSI performance
June 2021	HK$1,150 million JP¥13,500 million	Spotview Development Limited	5-year 7-year	• Linked to DJSI performance
December 2020	HK$2,000 million	Legarleon Finance Limited	5-year	• Linked to selected environmental impact reduction targets and GRESB performance
November 2019	HK$1,000 million	Spotview Development Limited	5-year	• Linked to selected environmental impact reduction targets and GRESB performance • Asia's first loan linked to GRESB performance • HK's first interest rate swap linked to the UN SDGs (November 2020), hedging against the interest rate risk of SLL
Sustainability-linked Bond ("SLB") (Private)				
February 2021	HK$1,500 million (coupon rate: 3.50%)	NWD (MTN) Limited	10-year	• World's first HKD SLB • Driving NWD's Renewable Energy Roadmap and linked to FY2026 progress
SLB (Public)				
January 2021	US$200 million (coupon rate: 3.75%)	NWD (MTN) Limited	10-year	• World's first USD SLB by a real estate developer • Driving NWD's Renewable Energy Roadmap and linked to FY2026 progress

Performance on Environmental Impact Reduction

The five-year SLL of HK$1,000 million arranged in 2019 enabled NWD to access funding at a discounted interest rate that is linked to the annual achievement in environmental impact reduction targets (refer to the table below) and GRESB performance.

Indicator	Change	FY2022	FY2018
Greenhouse gas (GHG) emissions[4] (tonnes CO_2e/sq m)	▲2%	0.09 (FY2022)	0.09 (FY2018)
Energy consumption[4] (MWh/sq m)	▲49%	0.21 (FY2022)	0.14 (FY2018)
Water consumption[4] (m³/sq m)	▲48%	1.34 (FY2022)	0.90 (FY2018)
Waste from New World Construction Company Limited ("NWCON") in Hong Kong (tonnes/million HK$ revenue)	▼65%	0.89 (FY2022)	2.56 (FY2018)

We secured another five-year SLL of HK$2,000 million in 2020, enabling NWD further access to sustainable finance as part of our continuing shift in how we fund our projects to create positive impact. Information on our progress and performance can be found in the table below.

Indicator	Change	FY2022	FY2019
Greenhouse gas (GHG) emissions[4] (tonnes CO_2e/sq m)	▲15%	0.09 (FY2022)	0.08 (FY2019)
Energy consumption[4] (MWh/sq m)	▲49%	0.21 (FY2022)	0.14 (FY2019)
Water consumption[4] (m³/sq m)	▲55%	1.34 (FY2022)	0.86 (FY2019)
Waste from NWCON in Hong Kong (tonnes/million HK$ revenue)	▼53%	0.89 (FY2022)	1.91 (FY2019)

4 GHG emissions, energy and water consumption of NWD's existing buildings. New major buildings will be included in this target scope after two years of operation.

Green Building Leadership

MATERIAL ISSUE:
- Green Building Construction and Renovation

Our Benchmarks in Green Buildings

As a frontrunner in sustainability, we are committed to reducing the environmental impact of our buildings while at the same time enhancing the health and well-being of the users. We have prioritised green buildings as part of our strategy. In stepping up our green building ambition, our approach is to design, build and renovate new and existing buildings by utilising and equipping them with the latest innovative technologies and solutions. Adoption of innovative and green features in our projects contributes towards building sustainable cities and communities as well as combatting climate change challenges.

Our Sustainable Building Policy is in place to guide our commitment to embed sustainability and climate resilience considerations into the full building lifecycle, from identification or acquisition of project sites, project design to property management, while also incorporating stakeholder engagement and risk management. We ensure our properties meet universal green building standards and we are committed to obtaining BEAM Plus Gold-level or above certification for all new developments in Hong Kong, as well as LEED Gold-level or above certification for new K11 commercial/retail projects in Hong Kong and Mainland China. For existing buildings, we aim to obtain BEAM Plus Existing Buildings V2.0 certifications for our core commercial properties in Hong Kong. For major properties in Mainland China, we have conducted a feasibility study on obtaining certifications for existing buildings. We are in the process of standardising retrofitting and retro-commissioning works in our existing properties, while continually exploring other initiatives to improve energy efficiency for the built environment.

Visit our website for details of our Sustainable Building Policy

We have been awarded the prestigious Pioneer Award in the Green Building Leadership Category among developers, winning in a total of nine awards and accolades at the biennial Green Building Award 2021, co-organised by the Hong Kong Green Building Council and the Professional Green Building Council. The awards are a recognition of our efforts in going above and beyond conventional practices and integrating our SV2030 principles into our corporate and business strategy at all levels. For the full list of sustainability-related awards and recognitions, please refer to the Sustainability Awards and Recognitions section on our website.

Green Building Showcase

K11 ECOAST

WELL Building Standard Pre-certification[1]

LEED Platinum Pre-certification

Our flagship project in Mainland China scheduled to open at the end of 2024

Key Green Features

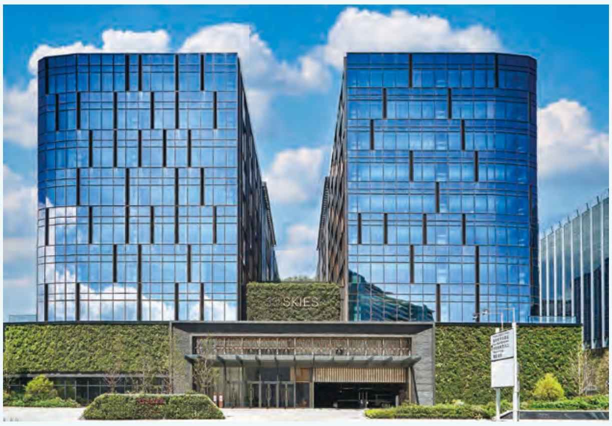
- Adopted "Sponge City" concept for sustainable storm water management and water efficiency management
- Maximise greenery provision at outdoor landscaping
- Renewable energy generation with PV and building-integrated photovoltaics (BIPV)
- Design of skylights to optimise daylight and external shading to reduce solar heat gain from external façade
- Use of heat sensitive tiles with insulation used for concrete roof to increase solar reflectance
- Microclimate analysis to improve thermal comfort and outdoor wind environment

K11 ATELIER 11 SKIES

WELL Building Standard Platinum Pre-certification

LEED Platinum Pre-certification

BEAM Plus New Buildings Provisional Platinum



Key Green Features

- Installed Asia's largest photovoltaic-thermal ("PVT") systems that could generate 177,000 kWh of energy per year
- Equipped with bespoke IoT sensors for the real-time monitoring and adjustments of indoor air quality
- Installed built-in ultraviolet germicidal irradiation devices and incorporated additional fresh air design provision with air filters that can effectively mitigate the risk of airborne contamination and expel internal pathogen

[1] Refers to the latest WELL Standard V2, which does not contain any rating at pre-certification stage.

Accelerating towards Net Zero

Ensuring a Climate Resilient Future

MATERIAL TOPICS:

- Energy Efficiency and Carbon Reduction
- Climate Change Actions

Climate change poses significant threat to humanity, as seen from the increasingly frequent extreme weather events such as typhoons and flooding. Companies are expected to lead by example to drive efforts to mitigate the adverse impacts brought by climate change. Our latest materiality result also reflected climate change actions are seen to be crucial by our stakeholders and urge NWD to accelerate and deepen our efforts in the implementation of our climate resilience plan. Hence, we are taking progressive steps to position ourselves better to managing climate-related risks and capture opportunities for sustainable business growth.

Since FY2019, we have taken the lead to report our climate-related disclosures in alignment with the TCFD recommendations, well ahead of HKEX's requirement for all companies to make TCFD-aligned disclosures by 2025. Several actions have been taken to mitigate and adapt to those risks brought on by climate change, such as conducting climate risk assessment and developing our Renewable Energy Roadmap. We will continue to enhance our climate resilience strategy and integrate climate-risk mitigation measures into our planning, design and operational practices to secure development into a low-carbon future. A summary of key insights with reference to TCFD can be found below.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance

Board Oversight

NWD's Board has the overall responsibility to oversee the management of climate-related risks and opportunities. Chaired by our CEO and directors of NWD appointed as members, the **Sustainability Committee** comprises three independent non-executive directors and one executive director. The Committee reports to the Board and is accountable for governing and managing the Group's sustainability agenda, strategies, policies and performance. Meetings are held semi-annually to update the Board on strategic risks and opportunities presented by climate change, forming part of the Board's discussion of NWD's medium- to long-term sustainability plans.

The Role of Management

We have an overarching sustainable governance structure to monitor the Group's ESG risk and performance. Under the Sustainability Committee, our Group Sustainability Steering Committee, Group Sustainability Department, and Group Sustainability Task Force are in place to drive the ESG initiatives across the company.

Reporting to the Sustainability Committee, the **Group Sustainability Steering Committee** is responsible for driving the practical implementation of sustainability initiatives and assisting the Sustainability Committee in realising the Group's sustainability targets. It supports climate action planning and internal policy setting, monitors progress towards SV2030 targets and coordinates responses across our business units for the disclosure of climate-related risks and opportunities. The Steering Committee also closely monitors the enforcement of NWD's sustainability-related practices across the Group and regularly reviews policy updates.

The **Group Sustainability Department** is responsible for steering SV2030 and relevant Group-wide initiatives across major businesses and functions. The Department also coordinates business units to assess and monitor the climate risks and opportunities for strategic planning, contributing to developing sustainable property lifecycles.

Our **Group Sustainability Task Force** comprises members from various business units across the Group, facilitating knowledge exchange to drive ESG management and the implementation of SV2030. The task force members also serve as the ESG Persons-in-charge to support their respective business units on various ESG-related initiatives.

Ensuring a Climate Resilient Future

Strategy

The impact of climate change issues is widespread and affects all businesses and communities. Our Climate Change Policy serves as our guideline to alleviate impacts of our business operations to the climate. It also states our "no coal" commitment which avoids future company investments and operation of coal-fired power plants or coal mines and commits to selling the remaining minority stake in a coal-fired power plant. We have identified and responded to climate-related physical and transition risks that could bring potential financial impacts to our business. Below is the summary list of the prioritised climate-related risks.

Risk	Impacts
Acute physical risks, such as flooding, typhoons, extreme heat or other extreme weather events	• Supply chain disruptions may create operational challenges • Damage to property and assets in high-risk locations may lead to early write-offs and retirement of assets
Chronic physical risks, such as changes and extreme variability in precipitation patterns, and rising sea levels	• Significant costs associated with building upgrades to become more climate resilient (e.g. water retention measures) • Increased operational costs for alternative water sources with lowered precipitation • Increased operational costs associated with high cooling demand across the property portfolio
Transition risks, including policy and legal, technological and market risks	• Increased operational costs associated with carbon market and regulatory compliance • Increased research and development expenditures on new low-carbon technologies • Reduced demand for goods and services due to shift in consumer preferences for high carbon footprint products

Opportunities	Impacts
Market preference	• Increased demand for products with lower carbon footprint • Increased market valuation for buildings with climate resilience measures • Reduced risk of insurance premium increase with adoption of climate resilience measures
Policy compliance	• Reduced risks of non-compliance in using high polluting building materials/procedures

In FY2022, we have finalised a Group-wide Climate Resilience Guideline that integrates various climate mitigation and adaptation measures into new developments and major refurbishment and construction activities, covering the full property lifecycle from acquisition and redevelopment to design and construction, facility management, and the engagement of building users. The Guideline covers climate risks that are pertinent to major business locations, such as flooding, water stress, extreme temperatures, and extreme wind, and suggests resilience improvement measures. This builds upon the detailed assessment conducted in FY2019 to examine the impact of four major climate-related physical risks as mentioned above on 14 major properties in the GBA (11 in Hong Kong and three in Mainland China). The assessment was conducted under two IPCC Representative Concentration Pathway ("RCP") scenarios: RCP 6.0, a medium-risk scenario where global average temperature increases by no less than 2.5°C, and RCP 8.5, an extreme scenario where global average temperature increases by over 4.0°C. Through the assessment, we understood more about emerging climate risks that affect us in the short-, medium- and long-term and identifying vulnerabilities in our property portfolio. We have implemented the Guideline at two new developments and a number of existing buildings, and have incorporated it into our Sustainable Building Policy to standardise implementation across our portfolio.

Visit our website for details of our Sustainable Building Policy

We acknowledge the importance of developing climate resilience and decarbonisation strategies to attain our SV2030 targets and regularly review our climate strategies and actions to ensure our progress is on track. This year, we became Asia's third real estate company to receive the approval of our near-term SBTs with the 1.5°C pathway, covering NWD's major properties and construction activities in Hong Kong and Mainland China, and commit to SBTi's Net-Zero Standard, which will involve setting long-term company-wide emission reductions in line with reaching science-based net-zero by 2050. To attain these ambitious targets, we developed our Sustainable Building Policy to guide our efforts to developing BEAM Plus and LEED certified green buildings that are energy-efficient and low-carbon through enhanced design and operation. We are also committed to expanding our renewable energy usage across our Greater China region through retrofitting existing buildings with renewable energy installation and incorporating green elements into the design of new buildings. We will also explore opportunities to procure Renewable Energy Certificates ("RECs") from third-party energy providers and local partners in Hong Kong and Mainland China to support renewable energy initiatives.

In FY2022, we refreshed our Sustainable Finance Framework by referencing the latest international principles and guidelines and expanded eligibility criteria for both green and social projects. As of 30 June 2022, NWD has raised over HK$39 billion through sustainable finance. This year, we mark another sustainable finance milestone with the issuance of the world's first USD social and green dual tranche bond in public markets, which was also Greater China's first USD green perpetual by a corporate in the public markets. We will continue to seek opportunities where sustainable financing can be used to fund green projects aligned with our sustainability vision.

Risk Management

To enhance our readiness for emerging climate-related risks, we regularly monitor and review our risk management approach toward climate-related risks. Our ERM framework incorporates environmental considerations into risk management procedures to help identify, assess and manage such risks. We will also conduct due diligence in our planning against various climate-related issues, including water and energy supplies and natural hazards such as floods and extreme storm events. To further strengthen our risk management approach, we successfully obtained the ISO 50001 Energy Management System ("EnMS") and ISO 14001 Environmental Management System ("EMS") accreditations for our construction subsidiary, New World Construction.

Based on the assessment results against the two selected climate scenarios, RCP 6.0 and RCP 8.5, no severe climate-related risks were identified at our project locations. Currently, none of our properties are located in flood-prone areas or flooding blackspots, and no significant damage to our assets was recorded due to extreme winds and typhoons events. In view of the growing risks due to extreme winds and flooding, we have implemented climate resilience measures, such as regular inspections and maintenance and hardware enhancement at key property locations. We target to complete our floodgate installation and systems to safeguard our plant rooms for our core commercial properties in Hong Kong and Mainland China.

Ensuring a Climate Resilient Future

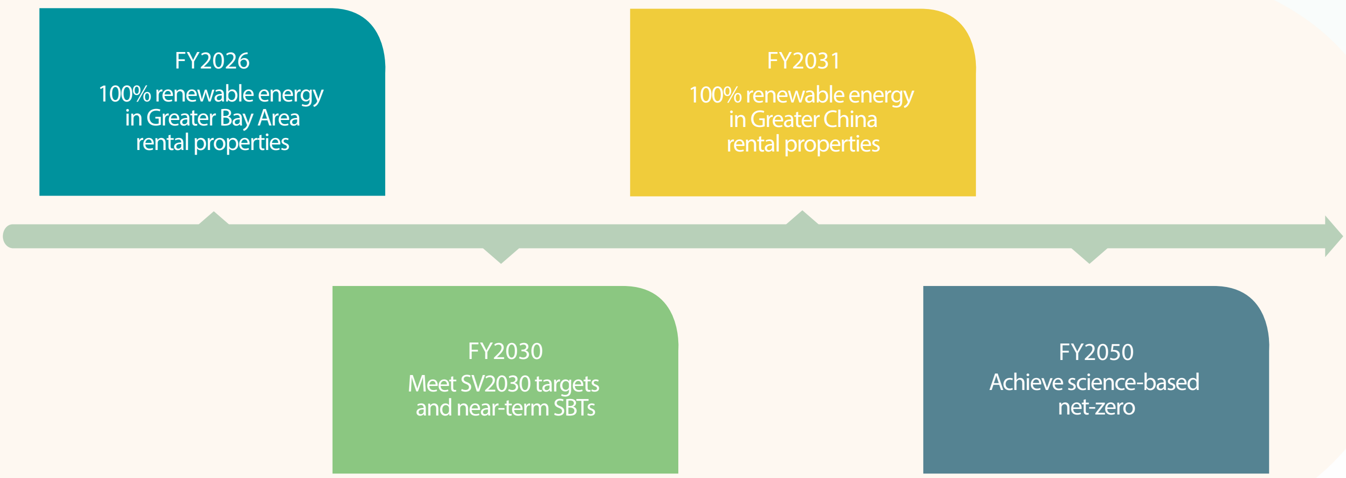
Metrics and Targets

Since 2018, we have been working towards our SV2030, which references the UN SDGs, against four strategic pillars: Green, Wellness, Smart and Caring. SV2030 Green targets include halving the environmental impact in energy and carbon emissions intensity from all levels across different business units against a FY2015 baseline.

To reinforce our commitment to achieving net-zero, we established and received approval for our near-term SBTs, covering NWD's major properties and construction activities in Hong Kong and Mainland China. We have committed to achieving the below reductions by FY2030 against a baseline of FY2019:

- Absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 46.2%
- Scope 3 GHG emissions from capital goods by 22% per m^2 of construction floor area
- Scope 3 GHG emissions from downstream leased assets by 29.8% per m^2 of gross floor space

Additionally, we launched a Renewable Energy Roadmap in FY2021 to support transitioning to a low carbon economy. We are committed to reducing Scope 2 emissions by adopting 100% renewable energy in our GBA rental properties by FY2026, and expanding the renewable energy portfolio to the rest of Greater China rental properties by FY2031. We are progressively installing renewable energy systems such as PV, solar thermal, and wind to our green buildings, including K11 ATELIER 11 SKIES, K11 ATELIER King's Road, PORTAS, and expanding into our wider portfolio.



Driving Decarbonisation

MATERIAL ISSUES:

- Innovation
- Energy Efficiency and Carbon Reduction

Being a responsible corporate with a core business in property investment and development, NWD has been striving to accelerate the low carbon transition by integrating climate-related initiatives and decarbonisation actions into its full property lifecycle. The Group is committed to reducing energy consumption and improving energy efficiency across its operations, and has taken progressive decarbonisation action towards SV2030.

Combating climate change and its impacts is one of our top priorities. As one of the first companies to pledge our support to the HKSAR Government's Climate Action 2050 to achieve carbon neutrality by 2050, we fully echo its action plan through setting ambitious near-term SBTs for greenhouse gas reductions and achieving net-zero by 2050. In September 2021, we partnered with City University of Hong Kong to co-develop a number of net-zero related technologies in the areas of energy efficient design, renewable energy, green building materials with low embodied carbon, waste management, emissions trading, and health and wellness, as well as supporting pilot opportunities to realise research ideas. Through the collaboration, we intend to spark new inspirations to tackling climate change and scale up the impact on our net-zero journey with the use of innovative green technology.

FY2022 Performance of SV2030[1] Compared to FY2015

Carbon emissions intensity
(tCO_2e/million HK$ revenue):
(FY2030 target: ↓ 50%)

↓ **20%** CO_2

Energy intensity
(MWh/million HK$ revenue):
(FY2030 target: ↓ 50%)

↓ **4%**

This year, we reached an important milestone with the approval of our 1.5°C-aligned SBTs. In addressing the reduction of Scope 1 and 2 emissions, we adopted several energy-saving measures for our in-scope buildings, including installation of onsite renewable energy infrastructure into new and existing buildings, in line with our Renewable Energy Roadmap.

Besides managing Scope 1 and 2 emissions, we identified the most significant sources of our Scope 3 emissions, which are capital goods and downstream leased assets. The SBTs on these two sources have been established to address the relevant emissions. We use the Construction Industry Council Carbon Assessment Tool to track our embodied carbon in construction materials. We are gradually installing sub-meters to track tenant energy consumption and empowering tenants to contribute to carbon reduction through our CSV Lease.

CSV Lease

INDUSTRY-FIRST WIN-WIN TENANT ENGAGEMENT INITIATIVE

>60% of leased floors at K11 ATELIER Victoria Dockside have signed our CSV lease

Upon the success of our Hong Kong-first voluntary Sustainable Tenancy Pledge launched in 2019, we expanded to launch our green lease for tenants in November 2021. Through our CSV Lease, we partner with tenants to raise their sustainability awareness, and aim to support their efforts in energy saving and waste management, driving carbon reduction and overall sustainability practices while providing tangible K Dollar incentives.

CSV Lease is open to tenants of our K11 ATELIER portfolio in Hong Kong, with phased expansion across the retail and office portfolio of NWD and K11 in Hong Kong in the near term. To facilitate knowledge exchange, CSV tenants are engaged via regular communication on the latest sustainability news and trends, workshops and networking opportunities.

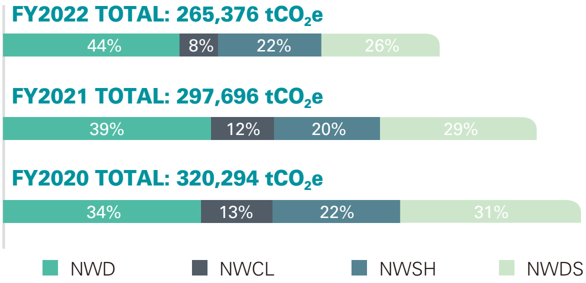
We continue to support our tenants who joined our Sustainable Tenancy Pledge, many of whom have since upgraded to CSV Lease. In FY2022, pledged tenants reduced their energy consumption by approximately 29,000 kWh. With broader adoption of CSV Lease in the near future, we expect to further improve our efforts to manage Scope 3 emissions contributed by engaged tenants.

[1] SV2030 Green Targets focus primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps, and are a subset of our Sustainability Reporting Scope.

Driving Decarbonisation

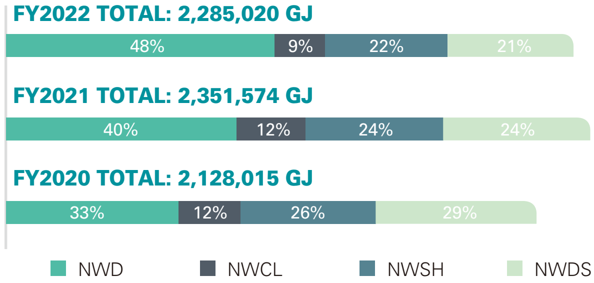
Sustainability Reporting Scope[2] – Total Carbon Emissions

CARBON EMISSIONS



Sustainability Reporting Scope[2] – Total Energy Consumption

ENERGY



Throughout FY2022, a number of energy management and efficiency measures have been implemented across Group-wide buildings, project sites and corporate offices. We adopt industry best practices to enhance energy consumption efficiency and minimise carbon emission through employing innovative technology in our property lifecycle.

D·PARK: Replacement of chillers and associated equipment

28% energy-saving achieved

Approximately

HK$1,600,000

electricity cost per year can be reduced

Considering the low Coefficient of Performance of chillers in D·PARK, we replaced five 800-ton chillers and two 400-ton chillers and associated equipment at the chiller plant room in the basement of D·PARK. The new chillers are more energy efficient, contributing to the reduction in energy consumption, lowering the electricity cost.

[2] Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.

NWCON: Expanded the application of Enertainers on construction sites

Reduced

>280 tonnes

CO_2e emissions in FY2022

In FY2022, NWCON installed four more Enertainers, a battery-based energy system which provides diesel-free power for construction projects, and expanded the usage from tower cranes to other different lifts and hoists on construction sites. This energy storage system is intended to be the primary source of power for construction machinery. The utilisation of Enertainers on site allows for improved productivity, mitigating the risk of excess noise violations, and reduces Scope 1 emissions.

NWCL: Industry-first application of "C130" concrete in a high-rise project in Mainland China

NWCL partnered with China Construction Eighth Engineering Division Corporation Limited, South China University of Technology and other partners to form a technological research and development team for the development and adoption of "C130" concrete in the project New World Canton Centre, The New Canton Mansion in the Greater Bay Area. This high-strength concrete brought environmental benefits in various ways, which include: i) minimising pollution and any associated impacts to the natural habitat by the use of manufactured sand; ii) reducing total embodied carbon, hence scope 3 emissions, by the substantial reduction in the quantity of structural material use; and iii) maximising land use efficiency by the minimisation of structural material volume.

Water Management

MATERIAL TOPIC:
- Climate Change Actions

Water is vital to our business operations and customers, especially for our Mainland China operations, where water scarcity is prominent throughout the region. Under SV2030, we prioritise water conservation and regularly monitor our water consumption to identify opportunities for improving water efficiency throughout our property portfolio. Guided by our Water Policy, in place to ensure that water is being responsibly managed across our business, our approach to reducing our water footprint involves installing and utilising water-saving features such as low-flow taps and toilets. In addition to water conservation, water management also includes ensuring the quality of water supplied to our tenants and customers. Our property management teams follow guidelines that include identification of potential contamination risks and measures to safeguard the quality of drinking water. To enhance awareness, most of our core existing commercial properties participate in HKSAR Government's voluntary "Quality Water Supply Scheme for Buildings" and encourage our tenants to implement water-saving initiatives.

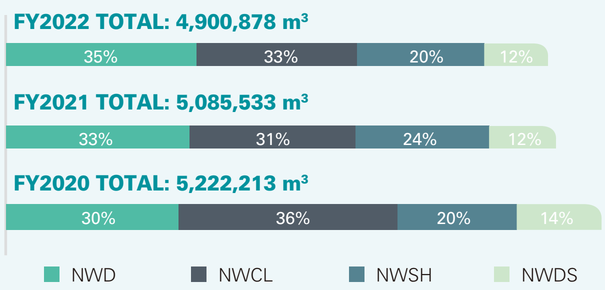
FY2022 performance of SV2030[3] compared to FY2015

Water Intensity
(m^3/million HK$ revenue)
(FY2030 target: ↓ 25%)

↓ 37%

Sustainability Reporting Scope[4] – Total Water Consumption

WATER



Under our SV2030 targets, NWCON aspires to reduce water intensity by 25% by FY2030, against a FY2015 baseline. Our Water Policy is in place to guide actions to increase water efficiency. In FY2022, NWCON achieved a water intensity reduction performance of 37%. We will continue to implement water reduction measures to ensure sustained performance throughout the years. At NWCL, rainwater and freshwater recycling systems were enhanced at selected sites in the Southern China region. Similar water conservation systems are also installed at our new K11 developments, such as Victoria Dockside. Measures such as rooftop rainwater harvesting are implemented for the basic purpose of irrigation.

Visit our website for details of our Water Policy

In addition to our water efficiency efforts, we understand the need to assess and manage our water risks and collect more comprehensive water data for the preparation of setting a new Group-wide water target in the future. We are determined to explore and invest in new and emerging water saving technologies that can be adopted in our property portfolios in the future.

Policies and guidelines are available to ensure wastewater discharged from our offices and property premises follow all the applicable regulatory requirements and strictly adheres to the approved licensing requirements. Our wastewater recycling system is in place to collect wastewater generated during drinking water purification processes. During the reporting year, no non-compliance towards our wastewater discharge was recorded. We will continue to monitor our wastewater discharge procedures to avoid any sewage contamination.

[3] SV2030 Water Target covers NWCON only and is a subset of our Sustainability Reporting Scope.
[4] Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.

Waste Management

MATERIAL TOPICS:

- Waste Reduction and Recycling
- Responsible Supply Chain Management

Visit our website for details of our Waste Management Policy

With a diversified business portfolio, we recognise the importance of waste management and are committed to reducing waste generation. All our business units are required to act in accordance with the Solid Waste Law in Mainland China, stating that entities generating solid wastes, such as construction waste, industrial solid waste, domestic waste, shall establish and improve pollution prevention and treatment with appropriate measures; the HKSAR Government's Waste Disposal Ordinance, and any applicable law at our wider business locations.

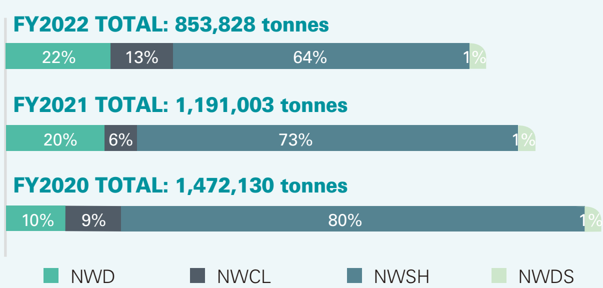
Guided by SV2030 and our Waste Management Policy, the Group emphasises waste reduction and diversion throughout the business operations. NWCON has a target to reduce waste-to-landfill intensity by 15% by FY2030 against a FY2015 baseline. We are proud to announce that in FY2022, NWCON's waste-to-landfill intensity reduced by 56%. This demonstrates our dedication towards waste reduction efforts and we will continue to implement measures to ensure sustained performance.

FY2022 Performance of SV2030[5] Compared to FY2015

Waste-to-landfill intensity (tonnes/million HK$ revenue): (FY2030 target: ↓ 15%) ↓ **56%**

Sustainability Reporting Scope[6] – Total Non-hazardous Waste Generated

WASTE



To achieve higher material use efficiency, NWCON extensively adopts building information modelling ("BIM"), a process of generating and managing building data throughout the project lifecycle. The BIM can be used in design simulation to optimise resource utilisation, facilitated by the web-based platform Construction Information Anywhere ("CIA"). The CIA supports project managers in the effective management of cost and programme across multi-stakeholder projects, empowering our project teams to anticipate and manage all aspects of project performance to maximise material usage. NWCON has further reduced its paper waste with the introduction of Flex Workflow, a smart digital Business Process Management Solution. With this tool, NWCON can benefit from over 80 internet-based workflow management solutions and computerise business processes to streamline approval processes. With the adoption of CIA, Novade system and Flex Workflow, NWCON saved an estimated 50 tonnes of paper in FY2022.

We follow the 4R principles of "Reduce, Reuse, Recycle and Replace" and endeavour to purchase products and services that cause minimal adverse environmental impacts throughout their lifecycle. Our Central Administration Department plans to prioritise procurement from local suppliers to support the local community and build resilience in the supply chain.

We firmly believe we can achieve more through working together with our stakeholders. As part of our waste management strategy, we regularly engage our suppliers, tenants, customers and employees to enhance their waste reduction awareness and formulate joint waste reduction initiatives. We also monitor changes in market trends and regulations, including the HKSAR Government's Municipal Solid Waste Charging Scheme. We will continue to explore opportunities to incorporate circular economy concepts into our business ecosystems. Please refer to next page for some of the recent initiatives with our partners on waste management.

5 SV2030 Waste-to-Landfill Target covers NWCON only and is a subset of our Sustainability Reporting Scope.

6 Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.

Plogging Campaign to Promote Waste Management Awareness

We partnered with Information Times and China Youth Daily to host a plogging campaign in Guangzhou, with the total number of participants reaching over 20,000 people. New World customers, residents, tenants and employees were invited to participate in this event routing through New World Ecosystem landmark buildings, including Guangzhou K11 and The Canton Place. The event successfully diverted over 2.7 tonnes of waste from disposal. To reach a wider audience in communicating the waste recycling message, participants were encouraged to share the campaign on their social media and redeem souvenirs with the reward points awarded upon reaching waste collection targets. The campaign received positive feedback from the participants and was successful in promoting waste management awareness in the community.

Impact Kommons Startup Produces Biochar from Coffee Grounds for Soil Remediation

As a first mover of its kind in Hong Kong, urban agricultural enterprise Mindfield partnered with NWD to engage tenants to collect and recycle coffee grounds from our properties. Coffee grounds are a commonly disposed material containing numerous nutrients for plant growth. After collection, the coffee grounds are processed and converted into biochar that can be used as a soil remediation agent and fertilizer in landscaping to improve soil quality. We partnered with tenants on a pilot project at K11 ATELIER King's Road, successfully recovering a total of 610 kg of coffee grounds within 3 months. The programme was well received by tenants in support of the recycling initiative. Upon its success, we extended the scheme at K11 ATELIER King's Road and expanded to THE FOREST to experiment with further implementation across our property portfolio.

Tenant Plastic Waste Collection and Upcycling Campaign

In view of the overwhelmingly positive responses from last year's participants, we continued the plastic waste collection and upcycling campaign with Impact Kommons social enterprise V Cycle, and extended the service to K11 ATELIER Victoria Dockside. To date, approximately 1,000 kg of plastic waste has been collected from over 60 participating tenants at K11 MUSEA and K11 ATELIER Victoria Dockside. The plastic waste is then sorted and processed by underprivileged elderly waste pickers to create employment opportunities and support them financially. A total of 1,500 branded umbrellas, each produced of fabric upcycled from 14 collected plastic bottles, were produced and gifted to participating tenants to increase their sustainability awareness. We will continue to create more synergies with Impact Kommons participants on other recycling solutions in the future.

Conserving Biodiversity

NWD recognises the importance of preserving the natural environment and maintaining a healthy ecosystem for our future generations. The COVID-19 pandemic highlighted consequences of human impact on biodiversity loss across the globe. As a responsible company with diversified interests, we are fully committed to minimising the impact of our developments on natural habitats and protecting wildlife biodiversity.

Visit our website for details of our Biodiversity Policy

We formulated a dedicated Biodiversity Policy to guide our actions in preventing the potential loss of biodiversity and protecting the natural environment during all phases of our business cycle, throughout the design and operation of our products and services. We comply with or go beyond relevant statutory requirements and reference the latest guidelines, such as the European Union Biodiversity Strategy, in developing the best course of action to conduct our business sustainably.

Ecological assessments are conducted at the project pre-development stage where applicable to identify the biodiversity and natural environment of the site that we plan to develop. To advance our commitment to protecting natural habitats, we have established guidelines to avoid developing in World Heritage areas[7] and International Union for Conservation of Nature Category I-IV protected areas[8].

Nurturing Future Sustainability Changemakers

Promoting awareness among stakeholders is critical to the success for actions in biodiversity conservation. At Nature Discovery Park ("NDP"), Hong Kong's first urban biodiversity museum and sustainability-themed education park, we aim to create different nature-related experiences, connect with like-minded groups and host events year-round for public education.

We organise regular activities for our tenants and customers, including guided tours, urban farming experiences and continuing our Little Nature Ambassador Programme in collaboration with the Jane Goodall Institute Hong Kong. In FY2022, NDP hosted a variety of events for all members of the community, such as creating a painting experience for artists with disabilities in collaboration with the Arts with the Disabled Association Hong Kong. Participants not only had the opportunity to discover and learn about native and exotic plant species but also to create their own nature art inspired by the surrounding greenery environment at NDP. To further promote awareness and conservation of the local ecosystem, in FY2022, we hosted an "Insects of a Hong Kong Forest" exhibition at NDP in collaboration with Dr. Benoit Guénard, one of K11 MUSEA's 100 Creative Powers, and the Insect Biodiversity and Biogeography Laboratory at The University of Hong Kong. It features specimens from over 90 species of insects and other arthropods collected in Hong Kong's secondary forests.

To understand the biodiversity of NDP, an insect survey has been conducted on a quarterly basis since 2019 by researchers from The University of Hong Kong. In May 2022, three new local species were identified compared to previous surveys, namely *Nylanderia vividula*, *Tessaratoma papilosa*, and *Pieris canidia*. These findings suggest that NDP serves as a habitat for our local organisms.

Insect survey conducted in NDP

We will continue to collaborate with stakeholders to fulfil our commitments and support relevant programmes related to biodiversity conservation in order to showcase Hong Kong's ecological importance and global value.

[7] For the World Heritage areas, please refer to https://whc.unesco.org/en/list/ for details.

[8] For the International Union for Conservation of Nature Category I-IV protected areas, please refer to https://www.iucn.org/our-work/protected-areas-and-land-use for details.

Caring for Our Customers

Material Issues:

- Innovation
- Customer Wellness, Health and Safety
- Customer and Tenant Engagement
- Privacy and Data Security/Information Privacy

Promoting Customer Health, Safety and Well-being

NWD is committed to achieving a position of top performance in the property development industry by providing quality products and services to our customers. We have embedded green and wellness features throughout the design and construction phases, and we have received multiple recognitions for our green designs. Our newly developed 11 SKIES has received WELL pre-certification alongside the existing K11 ATELIER King's Road (WELL Certified™ Platinum building) and Qianhai CTF Finance Tower (Gold level precertification). The WELL-certified buildings have indoor environmental monitoring sensors installed for maintaining a comfortable indoor environment. Real-time air quality information is available in the lobby for our customers and tenants. Apart from the green building features, we also prioritise sustainability-related products and services such as NDP and K11 KULTURE ACADEMY.

Public green space at K11 ATELIER 11 SKIES

11 SKIES is equipped with bespoke IoT sensors for the real-time monitoring and adjustments of indoor air quality, while its ultraviolet germicidal UV-C irradiation devices and additional fresh air provision can effectively mitigate the risk of airborne contamination and expel internal pathogen.

Another focus of our engagement is the tech-optimised Customer Relationship Management ("CRM") solution that leverage AI and big data. With the application of digital tools, we can develop tailored services towards customer preferences, improving their overall experience within our ecosystem. In addition, we offer personalised programmes via various platforms such as our digital shopping app K11 Go and our digital lifestyle guide K11 App. We have upgraded the K Dollar Programme, one of Hong Kong's largest reward programmes which integrates all membership programmes under New World Group and its K11 Group. With over 500 participating merchants, the programme helps create synergy across the New World Ecosystem and enhance the overall experience for our customers.

CSV is at the heart of our corporate mission and it is our goal to create an innovative ecosystem for our next generation. In November 2021, we launched our industry-first Creating Shared Value Lease across K11 ATELIER King's Road, K11 ATELIER Victoria Dockside and K11 ATELIER 11 SKIES, a win-win tenant engagement initiative to raise our tenants' sustainability awareness and support efforts in energy saving and waste management, with K Dollar rewards based on performance. Upon signing the CSV Lease, tenants are not only able to connect with like-minded peers to contribute and exchange experiences on carbon reduction, but are also encouraged to partner with NWD in various sustainability initiatives such as waste recycling programmes and wellness workshops. Tenants receive regular updates on the latest sustainability news and trends via regular communication as well as invitations to networking opportunities. Once participating tenants achieve the agreed sustainability milestones, selected employees of participating tenants are eligible to join exclusive sustainability events and earn K Dollars, marking an innovative approach to simultaneously incentivise tenant participation in our sustainability initiatives while boosting connectivity within the New World Ecosystem.

Upholding Business Responsibility

SAFEGUARDING CYBERSECURITY AND PROTECTING DATA PRIVACY

While we explore technology and innovation to enhance customer experience, data privacy and cybersecurity remain a top priority for NWD. Management of personal data of our tenants and customers is governed by our Privacy Policy Statement to ensure it is in compliance with Hong Kong's Personal Data (Privacy) Ordinance ("PDPO") and Mainland China's Personal Information Protection Law ("PIPL").

Cybersecurity is one of the principal risks that the Group pays attention to. A Group-level Cybersecurity Committee was formed of senior IT management of each business unit, including Network Infrastructure and Application team. The objective of the committee is to establish a single channel for raising all cybersecurity matters for discussion and handling, as well as setting a long-term goal and strategy. The Group has subscribed to a comprehensive cybersecurity protection package. To protect our customers, cybersecurity training is provided to our employees annually to enhance awareness, strengthen knowledge and understanding of corporate compliance and rules. In the past three years, the Group did not experience any cybersecurity breaches. We continuously review the Group's cybersecurity posture and framework to ensure the IT defence system is sustainable and effective.

RESPONSIBLE MARKETING

To keep up with advertising standards and adhere strictly to relevant legislation relating to responsible marketing, advertising and sales, the Group provided over 8,000 training hours on responsible marketing.

Visit our website for our Privacy Policy with details on our commitment to customer data privacy

Delivering Quality Products and Services through Innovation and Sustainability

PATENTS AND INTELLECTUAL PROPERTY RIGHTS PROTECTION

We are always looking for smart, new ways to enhance wellness, and partnering to scale solutions as well as Intellectual Property and co-Intellectual Property opportunities when suitable. As at 30 June 2022, we have over 220 active patents granted since FY2015.

NWCL is using smart technology to improve the working lives of building tenants and residents. NWCL has developed a "smart-cabinet", integrating shoe sanitisation using Nano Confined Catalytic Oxidation ("NCCO") into the Smart Home System by LifeSmart. In FY2022, the smart-cabinet has been installed at a project in Guangzhou, with further installations planned for different residential projects in Mainland China.

We are pleased to see that some of the innovative technologies we cultivated have helped to bring quality products and services, supporting our mission of CSV for all stakeholders.

HONG KONG'S FIRST PROPERTY-PURCHASE BLOCKCHAIN PLATFORM

We launched Hong Kong's first property-purchase blockchain platform in collaboration with Hong Kong Applied Science and Technology Research Institute Company Limited. The platform helps enhance customer experience by offering seamless integration of mortgage services in our customers' property purchase journey. Advanced blockchain technology allows the platform to provide an all-in-one support service to buyers, banks, and related bodies. As at FY2022, seven banks have participated and applied the blockchain platform to their services. We believe PropTech is the breakthrough that will fundamentally reshape Hong Kong's real estate industry, saving time and resources in the property-buying process.

Caring for Our Customers

ENHANCING AVAILABILITY OF ENVIRONMENTALLY-FRIENDLY PRODUCTS FOR CUSTOMERS

As part of Impact Kommons Cohort 3, LUÜNA shares a vision to enhance the well-being of our community. It uses technology to help women make informed, healthy and eco-friendly product choices to enhance their lives. Starting in May 2022, LUÜNA Naturals has partnered with K11 Art Mall as the first shopping mall in Hong Kong to provide environmentally-friendly organic cotton feminine hygiene products through dispensers in the mall's bathrooms. LUÜNA also donates an equivalent amount of products sold to girls in Hong Kong's ethnic minority community. This collaboration aims to enhance the well-being of our shopping mall customers via easy access to non-toxic, environmentally friendly feminine hygiene products while simultaneously giving back to the society.

Feminine hygiene product available through dispenser in K11 Art Mall

COMBINING UPCYCLING WITH COMMUNITY UPSKILLING

Also within Impact Kommons Cohort 3 is V Visionary, which advocates a sustainable lifestyle by re-examining and re-inventing the materials and supply chain in the fashion industry. In FY2022, the enterprise provided over 20 under resourced women with training on redesigning and upcycling of clothes to create high quality, sustainable "Made in Hong Kong" cross shoulder bag slings that will be sold at the retail channels within the New World Ecosystem.

Empowering underprivileged women – making cross shoulder bag sling with upcycled materials

Engaging Our Customer and Valuing Their Feedback

Customer feedback is essential for us to understand their expectations and drive continuous improvement. Ongoing customer survey tracks the tenant satisfaction rate of our properties. To cultivate an innovative ecosystem, specific mechanisms have been implemented within NWD's management structure. Our Customer Committee offers all departments a chance to pitch and invite feedback on innovative and new ideas. Proponents of shortlisted ideas have the opportunity to present to our senior management and further explore the application and future implementation. We conduct tenant satisfaction surveys regularly to understand our tenants' satisfaction rate and identify improvement areas in our services.

In FY2022, K11 Art Mall tenants' satisfaction rate reached 100%. We received fewer than 3,200 valid complaints in FY2022. Standardised complaint handling procedures are in place to ensure customer feedback is addressed in a timely manner. Investigation of complaints are completed by dedicated staff within a reasonable timescale, and they will ensure customer engagement throughout the whole process.

Enhancing Customer Experience and Driving Behavioural Change

To enhance customer journey through the application of technology, we have widely adopted mobile applications across our business units, offering a one-stop experience and a series of O2O value-added services. These include access to our facilities, products and services, activity registration, loyalty points collection, reward redemption and service reservations.

The latest example of applying new innovative solutions into our operation is the integration of technology developed by DeepBrain AI, an international startup company from our GBA Accelerator programme, into our upcoming projects in Hong Kong and Guangzhou. DeepBrain AI develops real-time video synthesis, speech synthesis and Natural Language Processing from actor-enabled videos to create interactive AI human avatars with multi-language capability that engages with customers to address their needs.

To facilitate the building of smart communities and smart homes, NWCL has entered into partnership with leading tech company Tencent Cloud to develop an intelligent screen for Canton First Estate. By adopting a visualisation system to integrate information and data efficiently and analyse them accurately, NWCL enables tens of thousands of property owners to experience the changes brought by sustainable development to their lives.

To promote sustainable lifestyles and drive behavioural change, we have devoted extra efforts to adapt our offerings to suit changing regulations, as well as enhancing retail and entertainment experiences. We believe that nurturing a new generation of sustainability changemakers is of the utmost importance. A Sustainable Food Workshop was organised in June 2022 for tenants at K11 ATELIER King's Road to discuss the connection between food productivity surplus and waste management to encourage more sustainable consumption. Participants were served plant-based alternative as well as local craft beer made from surplus bread by Breer, a startup participant within Impact Kommons Cohort 3 that promotes food waste reduction by using surplus food as ingredients in their beverage products.

We also partnered with social enterprise V Cycle, an Impact Kommons participant from our second cohort, to upcycle waste plastics collected by our tenants into umbrellas. Over 60 tenants participated in this programme that promotes circular economy concepts and we received positive feedback from our tenants and customers on gaining more insights on sustainable operations in transitioning towards a zero-waste ecosystem.

The K11 upcycled umbrella is made with 100% recycled polyester fabric and certified with Global Recycle Standard

Collaborating with Supply Chain Partners

MATERIAL ISSUE:

- Responsible Supply Chain Management

SUPPLY CHAIN MANAGEMENT

Collaborating with our suppliers is not only crucial for the reduction of Scope 3 emissions, but also critical for our longer term vision of achieving net-zero and demonstrating best practices in ESG. We have included ESG considerations throughout our supply chain management, from supplier screening and tendering, performance monitoring and evaluation, engagement, to sustainable procurement. As at FY2022, we have a total of 2,397 suppliers, 800 from Hong Kong, 1,571 from the Mainland and 26 from other regions. Most of our suppliers are sourced within the region, aligning with our Sustainable Procurement Policy to support our local economy and to minimise carbon emissions induced from transportation.

While the Supplier Code of Conduct underpins the minimum standards we expect from our suppliers and contractors, our Group Sustainability Policy and Sustainable Procurement Policy further reinforce our expectations by stipulating the requirements in our new supplier selection process. We take into account considerations of performance in quality, environmental protection, occupational health and safety and sustainable product, above and beyond regulatory compliance. Furthermore, to support suppliers' efforts with the evaluation process, we provide quality assurance training and details of our environmental and social requirements.

Our ERM takes supply chain risks into consideration and help us monitor external audits and due diligence on our new and existing suppliers. We keep records of the compliance status of suppliers and ensure they have appropriate policies and system in place. For example, NWCL has imposed its own ISO 14001 and ISO 45001 equivalent environmental and health and safety requirements on its suppliers and target to complete the certification of ISO 14001 and ISO 45001 for its own construction arm in Mainland China by the end of 2022.

Our construction arm, NWCON, conducts an annual performance evaluation of contractors on Quality, Material Delivery and Arrangement, After Sales Service, Technical Information and Support, Material Production, Environmental, and Health and Safety. Contractors who consistently fail to meet the expected standards are suspended from tender invitation or removed from approved contractors list, depending on the decision made by the Senior Management Committee and the Project Department.

We engage suppliers of construction materials and encourage them to review their production process and raw material selection according to their own procedures for identifying opportunities to innovate and to reduce the carbon emission. For monitoring of Scope 3 emissions, we have been tracking data on embodied carbon using the Construction Industry Council ("CIC") Carbon Assessment Tool in Hong Kong, while our construction arm in Mainland China continues to obtain embodied carbon footprint data from their suppliers. To further reduce Scope 3 emissions across our supply chain, we are in the process of standardising more stringent monitoring requirements across the regions, and enhancing sustainable procurement for our construction businesses. We have incorporated tender requirements such as Life Cycle Assessment for major elements of the building structure such as concrete and steel, to estimate the quantified embodied carbon footprint of our construction materials with reference to BEAM Plus requirements. For those building materials without available primary data, we make reference to the National Standard for Building Carbon Emission Calculation (GBT 51366–2019).

SUSTAINABLE PROCUREMENT CHARTER

As a founding member of Green Council's Sustainable Procurement Charter in Hong Kong, NWD has met the criteria for Sustainable Procurement Charter Levels 3 as of FY2022, demonstrating outstanding performance. The Sustainable Procurement Charter is recognised by the United Nations' One Planet Network as one of the initiatives to support SDG 12 on responsible consumption and production, with reference to ISO 20400 Sustainable procurement – Guidance. Guided by the Sustainable Procurement Charter, all employees involved in purchasing procedures were trained to foster sustainable procurement.

Visit our website for details of our updated Sustainable Procurement Policy, which includes our commitments to prioritise suppliers/contractors with internationally-recognised ESG management systems

Our People

Building an organisation with the right people is essential to our business development and continuity. We aspire to employ a diverse team that works together collaboratively and foster a culture of continuous learning among our employees, empowering them to be industry-leading professionals.

Talent Attraction, Retention and Development

MATERIAL ISSUES:
- Talent Management
- Diversity and Equal Opportunities

Employees are our most important asset. Our future depends on our team's dedication and ability to provide quality products and services to our customers. As an equal opportunity employer, we strive to ensure the concepts of diversity and inclusion are incorporated into our recruitment and talent development processes. We recruit talents regardless of race, colour, nationality, religion, gender, sexual orientation, age, marital status, pregnancy, disability, medical condition, political affiliation, family responsibilities or any other characteristics protected by law.

To better understand the voices of our employees, we established an Employee Satisfaction Taskforce in FY2022 which includes representatives from different BUs and departments. A Group-wide Employee Satisfaction Survey was conducted in FY2022 with the aim to collect our employees' feedback to drive the Group to further success. To ensure the authenticity and fairness of the survey, a third-party consultant was deployed to conduct the survey for us. The survey questions covered 16 categories, of which Sustainability, Culture, Performance Management, Diversity and Inclusion and Corporate Governance ranked as top scoring dimensions. 82% of New World Group employees took part in the survey. 94% of our employees indicated they believe in our corporate mission and values. Results also show that our employees have a good understanding and experience with the Group's sustainability efforts and cultural practices, and they feel recognised for their performance and contribution towards overall targets. Following the findings of the survey, a series of employee focus groups were organised to help us understand the root cause of current improvement areas. This will enable us to refine our measures and adopt appropriate initiatives to better cater to our employees' needs. We plan to conduct a pulse survey in FY2023 to continue monitoring our employees' needs and drive improvements.

Our employees' professional development is vital to maintaining our competitive edge. We offer a wide range of training and development opportunities for different levels of employees, including workshops where external and internal subject matter experts share their experience and knowledge, an executive coaching programme with focused training materials to enhance leadership for selected management as well as a wide range of training courses covering topics including but not limited to anti-corruption, corporate culture, environmental protection, occupational health and safety and professional development. In this reporting year, nearly 15,000 hours of anti-bribery and anti-corruption training was provided to employees to strengthen their awareness on the topic and familiarise themselves with the measures that could be taken to detect and deter any potential non-compliance.

With the intention of equipping our staff with the latest information and knowledge on ESG related issues, including growing concerns over climate change and the need to redesign our business operations, we introduced mandatory trainings to all of our employees, up to the Board level, on ESG and innovation. This learning process is facilitated through the launch of our e-learning tool for our staff to access the latest sustainability and environmental policies and understand the measures needed to achieve SV2030 at times that are most convenient to them.

In supporting the development of new and existing talents, apart from the regular webinars and trainings, we offer a yearly HiPo programme for selected high potential colleagues to support them in advancing to the next stage in their careers. Mentorship is part of the HiPo Programme, and we have matched over 120 mentor-mentee pairings this year. The purpose of this mentorship is to strengthen the network building within New World Group to enhance synergy within the New World Ecosystem, and to have a go-to person for bouncing ideas, sharing thoughts, and gaining different perspectives to facilitate mutual learning. In FY2022, we introduced an Entrepreneur Trainee and Technopreneur Trainee Programme, a two-year programme which includes job rotation across departments. We are optimistic that this programme can nurture the next generation of entrepreneurs and prepare them to become the future leaders in driving innovative initiatives for the Group, ultimately creating an impact and inspiration for the Group's Ecosystem.

Talent Attraction, Retention and Development

We provide opportunities for our employees to innovate and be creative. In FY2022, we organised "Artisan Hacks @ New World Innovation Challenge" to encourage our colleagues to be changemakers by utilising their creative minds and providing them a channel to realise their ideas. We received more than 40 ideas across all our business units and the champion team was supported and empowered by senior management to turn the idea into a practical solution. Building upon the success of the event, we launched a quarterly "Group VOC Innovation" across our Group, a human centric innovation programme that provides exclusive innovative workshops on design thinking, resources and training for product commercialisation. It equips our colleagues with necessary know-how to innovate and commercialise their ideas to respond to VOC, contributing to the Group's continuous development.

Average training hours per employee:

17.3 hours

Sustainability-related training hours:

>10,000 hours

ESG training and quiz coverage:

100% employee

We use a well-structured and open annual performance appraisal system, which is reviewed periodically and enhanced to help our employees understand their performance and identify areas of potential growth. Our approach includes a 360-degree assessment and setting Objectives and Key Results ("OKR") to ensure fair assessment of the performance of our employees. To encourage our employees to setting goals that are aligned to the Group's priorities, we have incorporated sustainability-related KPIs, such as green targets, the number of sustainability events organised or attended, the adoption of Climate Resilience Guideline, and other measurable goals, into the appraisal process. Staff performance on these KPIs are considered and evaluated at the year-end review and may impact bonus calculation. The Group also places emphasis on collecting VOC from employees. In FY2022, the Group's voluntary turnover was 16.8%.

In view of the growing concerns over physical and mental well-being during the COVID-19 pandemic, we introduced a series of flexible work arrangements, under our Family Care for Good initiatives, for our staff to maintain a healthy work-life balance and improve their overall well-being. As at FY2022, we are at the final stage of piloting the "Summer Fridays" programme with a 4.5-day work week and one work-from-home day from July to September for several business units, including NWD, K11 and NWSH Corporate Office. The feasibility and effectiveness of the programme will be evaluated. We are optimistic that our initiatives will bring various benefits to our employees such as giving them the flexibility to arrange their working hours and locations, while we continue to improve our commitments in uplifting our employee well-being.

Diversity in the Workplace

NWD has always upheld the fundamental principles of human rights in places where we operate. We are a signatory to the UNGC's principles on Human Rights and Labour, and are guided by international human rights principles such as the Universal Declaration of Human Rights, International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles of Business and Human Rights and the UN SDGs. Based on these principles, we established our own Human Rights Policy under which all NWD companies are required to follow. We are also committed to complying with all applicable laws and regulations.

To further advance gender diversity in the workplace and increasing the number of women in policy and decision-making roles, we will support the "Male Allies Initiative" by The Women's Foundation, which aims to create a group of male champions who are fluent in the language of gender equality and who are continuously seeking to learn and talk openly about the real issues, in FY2023.

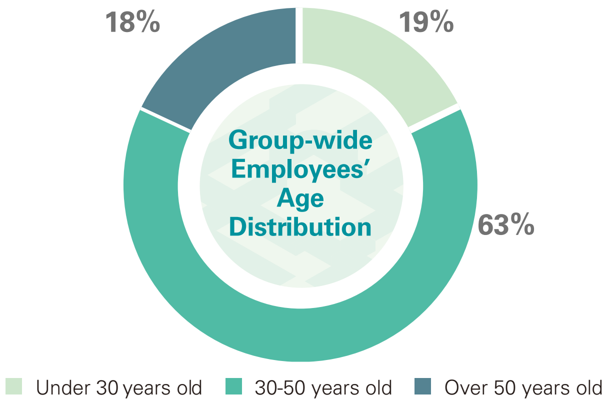
Visit our website for details of our Human Rights Policy

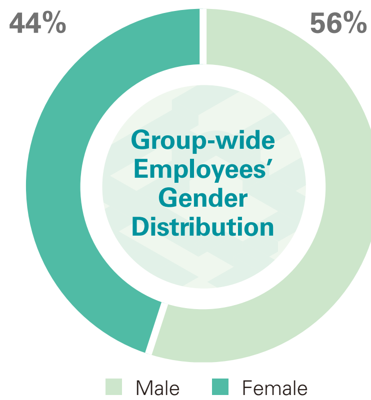
Respect for human rights are expected throughout our business, including our supply chain. We have incorporated human rights principles into our Supplier Code of Conduct, covering our corporate supply chain partners such as suppliers, contractors, subcontractors, vendors, and service providers. It states that all employees of our suppliers should be treated with respect and dignity, and not be subject to discrimination in hiring, compensation or discipline.

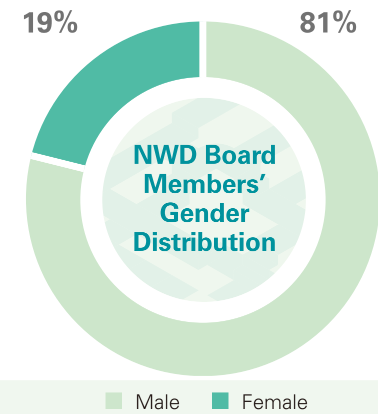
As part of our strong devotion to promoting diversity within NWD, we are proud to be the first real estate holding and development company in Hong Kong to endorse the UN Women's Empowerment Principles since 2020. Inspiring our employees to contribute to a more inclusive society, we hosted a series of diversity and inclusion focused activities, including an inclusive workplace webinar on cultural diversity hosted by the Equal Opportunities Commission to increase employees' awareness on racial discrimination and harassment, a female leadership panel on building confidence and staying resilient with three distinguished female leaders of the Group, as well as volunteering workshops with a local social enterprise to empower and upskill underprivileged women. We also promote diversity in terms of age, family status, background and expertise in our workforce and strive to be transparent in our efforts through disclosing the gender diversity of the Board and workforce in addition to monitoring various diversity indicators such as the gender pay gap. We are also a signatory of The Racial Diversity and Inclusion Charter for Employers, governed by Equal Opportunities Commission, Hong Kong, in support of the principles of racial diversity.

As at 30 June 2022, 44% of our workforce is female and the average gender pay ratio between male and female full-time employee is 1.09. 19% of our Board is female[1], and we aim to reach a higher level of gender diversity on our board by setting a target to reach 30% of female board members by FY2023 and continue to maintain a diverse board.

To cater to the needs of different types of family units, including the needs to pursue fulfilling and successful careers while raising children, we introduced a five-day full-pay paternity leave in 2018, and increased full-pay maternity leave from 10 to 14 weeks in 2020, both of which are above the statutory requirement of 80% pay. In the future, we will continue to strengthen our support towards our employees when they start or grow their families and cultivate a family-friendly workplace.







[1] As at 1 July 2022, three of 16 members of the board of Directors are female.

Promoting Employee Wellness

Aligned to our strategy under the pillar of Wellness in our SV2030, the Group prioritises the well-being of our employees. We consider wellness at work and occupational health and safety as the key elements of employee contentment, productivity and sustainable corporate development. The safety of our employees is our number one priority and we endeavor to provide them with a safe and healthy working environment. In FY2022, the Group recorded Lost-time Injury Rate (per 100 employees) ("LTIR") of 0.7.

Visit our website for details of our Health and Safety Policy

Our Health and Safety Policy is regularly updated and is made available to all employees, contractors, tenants and visitors on the Group's premises. It serves to guide our actions and ensures compliance with all applicable laws and regulations. We have robust mechanisms in place that measure, monitor and evaluate our performance and the performance of our suppliers, which includes fulfilling industry-specific standards or reference best practices. Hazards identification and risk assessments are carried out by standardised procedures, including hazard identification, mitigation measures, hazardous materials assessment and audit. We are committed to being as transparent as possible in our investigation and reporting of incidents as well as on any remedial and improvement actions that have been taken. Regular health and safety trainings for our employees and contractors are also periodically conducted at all of our construction sites to ensure safety awareness is maintained at the highest level. We are fully committed to achieving zero fatalities at our workplace and maintain the SV2030 target of LTIR at or below 3.0 per 100 employees each year.

MATERIAL ISSUES:

- Employee Wellness and Engagement
- Occupational Health and Safety

As the importance of workplace well-being continues to strengthen, it is our responsibility to think in a more expansive and futuristic way to improve our employees' experiences. Magnified by the pandemic, our business units swiftly adopted new technologies, remote working and modified workforce strategies to echo evolving trends in managing employee well-being.

ENHANCING WELLNESS OF EMPLOYEES THROUGH DIGITALISATION

In FY2022, electronic systems were developed for all stores and management offices of NWDS in Mainland China to monitor safety risks and manage administration costs. This system not only enhanced operational efficiency but also reduced the amount of paper used for record keeping.

ENSURING WELL-BEING THROUGH SMART TECHNOLOGIES

To increase health and well-being of construction workers, Hip Hing Construction placed a Wada Bento vending machine for workers and site officers at a construction site where no restaurant or lunch option was available within a 20-minute walking distance. Through application of this smart technology, the vending machine offered hygienic and healthy food options with affordable price, bringing convenience and healthier lifestyle to workers and site officers.

Additionally, NWSH installed a Vehicle Weight Monitoring System to prevent overloaded dump trucks from leaving construction sites. Equipped with a weighbridge, the innovative system also checks the status of the mechanical cover of the truck skips to ensure they are securely closed before leaving the site.

ENHANCING THE WELL-BEING OF STAFF AND THEIR FAMILIES

Amid the surging of COVID-19 cases in the fifth wave of the pandemic, we have enhanced a number of measures to help relieve the physiological burden of our employees and support them in meeting their urgent daily needs for anti-pandemic supplies. We responded quickly in distributing free COVID-19 rapid antigen test kits and facemasks to all our staff, and sending care packages with facemasks, COVID-19 rapid antigen test kits, food, medicine, and other necessities to our infected employees. We also looked after the mental health of our employees through online wellness workshops and setting up a wellness support hotline. To better support our employees and their families in achieving work-life balance, we have implemented a series of measures that allow them to fulfill family responsibilities and improve their working conditions. During the summer holidays, a movie appreciation day was organised to promote our family-friendly working culture. Additionally, to further encourage healthy physical and mental well-being, we organise regular sports practices for our staff throughout the year and worked hand-in-hand with the Hong Kong Blind Union in November to create shared value by inviting the visually impaired to offer on-site neck and shoulder massages to our employees. Both events attracted participation from over 2,000 staff members.

To show our appreciation to the professionalism of our frontline staff and also providing our gratitude and support, the Group prepared caring packs for our frontline colleagues

Creating Sustainable Communities

We strive to create vibrant and resilient communities that improve the quality of living through celebrating the convenience, beauty and creativity of its people and the environment. Through caring and responding to the needs of society and stakeholders, we invest in and engage with local communities through a range of programmes and initiatives to ensure the well-being and ongoing development of our community. NWD supports achieving long-term, positive community development impact through developing strong partnerships and empowering people with creativity and innovation for a brighter future.

MATERIAL ISSUES:

- Community Wellness
- Community Development and Engagement

Caring through Sharing

SHARE FOR GOOD – HONG KONG'S FIRST LARGE-SCALE CROWD-DONATION PLATFORM

Amid the surging of COVID-19 cases in the fifth wave of the pandemic, we launched Hong Kong's first large-scale crowd-donation platform Share for Good in March 2022 to help tackle the challenges faced by Hong Kong residents during self-quarantining at home and to meet the urgent needs of the most vulnerable members of society.

Shortages of urgently needed supplies including anti-epidemic supplies, food and other daily necessities rapidly became an issue over tightening restrictions to control the outbreak. We took the lead by donating 200,000 items, including facemasks, testing kits, food coupons, supermarket cash vouchers, learning materials, and more, through the platform. To speed up the whole donate-and-delivery process, we matched donors with beneficiaries instantly through this innovative approach. The platform is digital-first and can be accessed through an official mobile app and website where information on linked beneficiaries, non-profit organisations, and donors can be found.

In the initial phase of the launch in March, we collaborated with Yan Chai Hospital, 34 NGOs and logistics partners to ensure all donations could be well matched and delivered. In response to the enthusiastic support and rise in demand for logistics support, we quickly scaled up our efforts and launched the second phase of Share for Good in April, expanding the partnership to additional NGOs. Share for Good and our key partner Yan Chai Hospital did not charge any administrative fees in the process, while we and our logistics partners covered all the logistical costs.

STEPPING UP ACTION ON FOOD AID UNDER SHARE FOR GOOD INITIATIVES

Every "Show Me Your Love Rice" meal donor will receive a donor certificate

The pandemic has impacted the local economy and made it extra difficult for the underprivileged to afford basic meals. We became aware that a number of local restaurants remained committed to distributing free meals to the underprivileged in this challenging environment, and to empower their efforts, we organised the "Show Me Your Love Rice" charity sale within the Share for Good donation platform in May 2022. In June 2022, we introduced the city-wide "Share a Meal" programme by connecting nearly 220 restaurants to provide free meals for vulnerable groups. A simple dine-and-donate QR code was provided at participating restaurants for donors to scan and donate.

As at FY2022, over 60 non-profit organisations joined hands with us to support the community and the online platform has received overwhelming support from the society, raising over HK$45 million in donations.

COPING WITH THE ONGOING FIFTH WAVE OF PANDEMIC

Faced with the challenging fifth wave of COVID-19 in Hong Kong, we continued to take proactive measures to provide all-rounded support to overcome this pandemic together with different sectors and members of the public.

To help relieve the pressure of the overwhelmed public healthcare system, we loaned a 3.5-hectare plot of land in Fanling to the Government for the construction of a mobile cabin hospital and offered the Pentahotel Hong Kong in Kowloon as a community isolation facility in February 2022. We also offered free accommodation for frontline healthcare workers at the Hyatt Regency Hong Kong in Sha Tin to show appreciation for their unwavering services during this difficult time. Additionally, over 46,400 m^2 at the Hong Kong Convention and Exhibition Centre Phase 2 was offered for the Government to store pandemic-related supplies.

For our local communities, in partnership with the Urban Renewal Authority, we expanded our pioneering "Mask-to-Go" Dispensers Programme by installing additional dispensers at five locations across Hong Kong. With the help of three non-profit organisations, including Hong Kong Christian Service, Children's Heart Foundation, and Community Drug Advisory Council, over 3,000 underprivileged families received New World-made face masks for free. In addition, we partnered with six non-profit partners in Hong Kong, including the Evangelical Lutheran Church Social Service, Hong Kong Lutheran Social Service, Society for Community Organization, YWCA of Hong Kong, Children's Cancer Foundation, and St. James' Settlement, to distribute 300,000 sets of COVID-19 rapid antigen test kits to beneficiaries. During the cold snap in February, the Group urgently arranged 200 outdoor gas heaters for people waiting for services at hospitals, sampling stations in enclosed housing estates, and testing and vaccination centres. As at FY2022, the Group has distributed more than 20 million face masks to the underprivileged. We believe that our initiatives could lessen the financial burden of the underprivileged in obtaining the much-needed anti-epidemic supplies while fighting against the challenges caused by the virus.

"Mask-to-Go" dispenser

From March to April 2022, we took the lead in sending volunteer teams, 180 employees from the Group, to support the "Hong Kong Community Anti-Coronavirus Link" and the Hong Kong Volunteers Federation in their community anti-epidemic work. Volunteers participated in picking up incoming calls at the hotline centre to understand the needs from deprived families and elderlies living alone.

In FY2022, the Group's employees contributed over 35,000 hours to serve the community. They were engaged in a wide range of initiatives to bring positivity and hope to the community.

Empowering Next Generation through Creative Thinking

New World Build for Good – Innovative Social Housing Projects

To support the HKSAR Government in alleviating local housing and land shortage problems in Hong Kong, we strive to offer new, affordable and sustainable housing models that can be developed sustainably in the long-term. Since 2019, NWD has taken the lead in donating some of its farmland reserves to the HKSAR Government and NGOs for transitional housing projects to alleviate the housing cost for families most in need and facilitate their upward mobility. Four projects are now in the preliminary planning phase, which are expected to create approximately 3,000 units.

In September 2021, we founded and launched New World Build for Good, a new not-for-profit social housing enterprise, which fulfils the spirit of Creating Shared Value. New World Build for Good aims to unite the business sector and social groups together with the government, such as encouraging closer collaboration between industry experts in land planning, housing, economic development, social welfare and livelihood, to explore the development of new and sustainable housing models. The enterprise made significant effort in creating short- to medium-term solutions, as well as envisioning long-term strategies to provide a sustainable living city.

New World Build for Good launched the first major initiative New World Subsidised Housing Project in December 2021. We are looking to donate a plot of land in the New Territories West to create approximately 300 flats for the younger generation to purchase at cost and exploring a special "progressive payment" mortgage arrangement to assist them in home ownership. The application for preliminary planning has already begun, and the project is making good progress.

We will continue to leverage our knowledge and experience to create innovative social housing solutions and build a better future.

Solving Hong Kong's deep-rooted housing issue is fundamental to the city's future growth. We are committed to working creatively with all parties in search of new solutions that will benefit more people.

– Dr. Adrian Cheng, Chairman of New World Build for Good

Our Vision:

1. Explore innovative social housing models for Hong Kong citizens across the economic spectrum, sharing the fruits of social development
2. Identify innovative, practical land and housing solutions that promote the best outcomes for the government, business sector and the public
3. Provide fast and agile responses to social challenges to make Hong Kong one of the most liveable cities in the Guangdong-Hong Kong-Macao Greater Bay Area
4. Build well-supported communities that allow the younger generation to live happily and thrive together

Nurturing Future Leaders

Springboard Career Exploration Programme – visit to Hong Kong Golf and Tennis Academy

New World Harbour Race has welcomed many young swimmers from the New World Springboard programme in recent years

This year, the New World Springboard programme marked its 10th anniversary since its launch in 2012 by the New World Group Charity Foundation. The programme aims to improve social mobility of young and under-resourced students by providing them with professional sports training, such as swimming, basketball and rope skipping. As at FY2022, the cumulative total number of beneficiaries reached 4,200. The New World Harbour Race 2021, which was sponsored by the Group and organised by Hong Kong China Swimming Association, welcomed 1,200 swimmers as well as swimmers from the Springboard programme to join the race.

Further to the disciplined and regular sports trainings for the students, we are also concerned with the personal growth and development of our participants. Students who joined New World Springboard since 2012 have reached the age with the needs to plan for their future development. A Career Exploration Programme for Teens was launched to offer various career exploration opportunities within the New World Ecosystem, including internship, job tastings, workplace visit and career talk, to this group of youths nurtured by the Group for years. The programme not only aims to enhance their exposure and develop a better vision for their future, but also serves to build a talent pool for the future needs of the Group.

HKUST International Case Competition

We are dedicated to look for opportunities that inspire the next generation. The Group sponsored the HKUST International Case Competition which was organised by the School of Business and Management of the Hong Kong University of Science and Technology. The year's sustainability theme was the first in the competition's history. The nine participating teams from world-renowned business schools put forward strategic recommendations and received feedback from a panel of judges comprising senior NWD executives as well as representatives from the education, government, and consulting sectors.

Empowering Next Generation through Creative Thinking

Enriching Life through Art

In pursuing our CSV mission, we are committed to creating cross-cultural art knowledge exchange to enrich the inner lives of our stakeholders. Our strategy includes creating a platform to nurture and incubate artists through exhibitions, artist residencies, and various educational programmes.

Throughout the year, K11 Art Foundation launched various innovative activities and programmes for the community during its way to a full recovery from the COVID-19 pandemic. With the desire to connect the world through art despite social distancing measures, K11 Art Foundation launched the contemporary art exhibition, *Breaking the Waves*, using a safe and creative approach. The exhibition was set up virtually and all promotional materials were digitalised. An online tour video was filmed from the visitor's perspective as if in a physical guided art tour to provide a more engaging and comprehensive experience for viewers. Starting in May 2022, when social distancing requirements began to relax in Hong Kong, K11 Art Foundation curated an interactive art tour on contemporary art at K11 MUSEA for the community to view. Attendees explored the collection using our exclusive and innovative art tour companion TÖÖF.

We believe that education is the fundamental element in inspiring culture and art knowledge exchange within the community. In addition to touring exhibitions, various educational talks and learning workshops are organised at the exhibition venues for audiences of all ages to participate in.

An exhibition held by K11 Art Foundation

About this Section

Reporting Period

This Corporate Sustainability section of the Annual Report provides an overview of the Group's ESG performance during the reporting period of 1 July 2021 to 30 June 2022 and, where specified, the latest initiatives after FY2022 as well.

Reporting Boundary

This section covers NWD's businesses over which NWD has majority financial ownership and operational control. This coverage includes our businesses under NWD, NWCL and K11 Group Limited as well as individually listed subsidiaries NWSH[1] and NWDS[1], which have more comprehensive sustainability disclosures in their respective reports.

The same scope of our businesses is bounded by SV2030 Wellness and Caring targets. The SV2030 Green targets focus primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps.

Sustainability Website

Supplementary information, such as the performance data summary, content index and independent verification statement, is available on NWD's website under the sustainability section (https://sustainability.nwd.com.hk/).

ESG Reporting Standards

This section has been prepared in accordance with the requirements of the Environmental, Social and Governance ("ESG") Reporting Guide, set out in Appendix 27 issued by The Stock Exchange of Hong Kong Limited ("HKEX").

This section also references the following ESG standards and principles:

- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards")
- SASB Real Estate Standards
- The Ten Principles of the United Nations Global Compact ("UNGC"; as an annual Communication on Progress)

In addition, our climate actions are disclosed with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

Reporting Principles

Our ESG disclosure responds to the Mandatory Disclosure Requirements required by HKEX in the following ways:

- Materiality: Informed by a structured materiality assessment process involving both internal and external stakeholders, such as investors, customers and employees
- Quantitative: Gives updates on targets and key performance indicators ("KPIs")
- Balance: Offers unbiased disclosure of the Company's performance
- Consistency: Uses consistent methodologies on performance disclosure to support meaningful comparisons over time

Report Assurance

The Board of Directors is committed to overseeing the content of the report. This report has been reviewed and approved by the Board.

Data and information contained in this Corporate Sustainability section as well as the environmental and social performance data on our website have been independently verified by Hong Kong Quality Assurance Agency ("HKQAA") in accordance with the ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board to ensure accuracy and credibility. The independent verification statement can be found on our website.

Contact Us

We welcome your feedback on this Corporate Sustainability section and other matters related to sustainability. Please contact us at sustainability@nwd.com.hk.

[1] Please refer to these companies' sustainability reports for their scoping definition.

Corporate Governance Report

The Company is committed to maintain a high standard of corporate governance practices to safeguard the interests of its shareholders and enhance the performance of the Group. From time to time, the board of Directors (the "Board") reviews and improves its corporate governance practices in order to ensure that the Group is under the leadership of an effective board so as to optimise return for its shareholders.

CORPORATE GOVERNANCE CODE

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions by its Directors.

Specific enquiries have been made with all Directors who confirmed that they had complied with the required standard set out in the Model Code during the year ended 30 June 2022.

BOARD GOVERNANCE

Board of Directors
to provide leadership and oversee the management, businesses, strategic directions and financial performance of the Group

Executive Committee
to oversee the management function and day-to-day operations with the Board's delegated authority; and to monitor the execution of strategic plans and operations of all business units

Audit Committee
to review and supervise the Group's financial reporting process and risk management and internal control systems; to monitor external auditor's independence and objectivity and effectiveness of the audit process; and to ensure effectiveness of internal audit programme and internal audit function

Risk Management Committee
to assist the Audit Committee in deciding the Group's risk level and risk appetite; and to ensure soundness and effectiveness of the Group's risk management and internal control systems

Remuneration Committee
to review and recommend to the Board on remuneration policy and structure of all Directors and senior management, and on the remuneration packages of individual Executive Director and senior management

Nomination Committee
to review the structure, size and composition of the Board; to assess the independence of Independent Non-executive Directors; and to make recommendations to the Board on appointment and re-appointment of Directors

Sustainability Committee
to oversee sustainability and environmental, social and governance ("ESG") issues and risks; and to monitor the integrity and compliance of the disclosure on sustainability and ESG information in the Company's annual sustainability reporting

Group Sustainability Steering Committee
to support the Sustainability Committee on identification, evaluation and management of material ESG related issues and to guide group companies to attain ESG related goals

Executive Vice-chairman & Chief Executive Officer

Corporate Functions
Finance & Accounts, Legal & Company Secretarial, Human Resources, Information Technology, Investor Relations, Corporate Communication, Training and Administration

Core Businesses
Property development, property investment, roads, aviation, construction, insurance and hotels

Strategic Development
Creation of a more sustainable and diversified ecosystem of the New World Group by tapping on synergy among various cross-sector interaction such as education, culture, innovative technologies, medical care and health care, adding value to core businesses as well as enhancement of the unique experience of the consumers

BOARD OF DIRECTORS

Composition

During the year, Mr. Chan Johnson Ow was appointed as Independent Non-executive Director with effect from 10 September 2021 and Mr. Ma Siu-Cheung was appointed as Executive Director with effect from 1 July 2022.

As at 30 September 2022, the Board comprises a total of 16 Directors, being eight Executive Directors, two Non-executive Directors and six Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules. The biographies of the Directors are set out from pages 32 to 41 of this annual report. Dr. Cheng Kar-Shun, Henry is the father of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng. Save as aforesaid, none of the members of the Board is related to one another.

Currently, out of 16 Directors, three are female representing 18.75% of the Board. To further promote diversity in the boardroom, the Company plans to reach 30% female board by FY2023 and will continue to maintain a diverse Board. The Nomination Committee will select appropriate candidates through multiple channels and make recommendation to the Board based on the Company's Board diversity policy and nomination policy. For details of gender diversity at the Board and workforce levels, please refer to the "Corporate Sustainability" section from pages 44 to 91 of this annual report.

All Directors have entered into formal letters of appointment with the Company, each for a term of three years, subject to retirement by rotation in accordance with the articles of association of the Company (the "Articles of Association").

Article 103(A) of the Articles of Association provides that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Also, pursuant to Article 94 of the Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board is subject to re-election at the next following general meeting or next following annual general meeting of the Company respectively.

To ensure that Directors have spent sufficient time on the affairs of the Company, all Directors have annually disclosed to the Company the level of time involved in performing the duties of his/her position held in the Company and other public companies or organisations or other major appointments.

Chairman, Executive Vice-chairman & Chief Executive Officer and Other Executive Directors

Dr. Cheng Kar-Shun, Henry, the Chairman, has led the Board and ensured that the Board works effectively and that all important issues are discussed in a timely manner. Dr. Cheng Chi-Kong, Adrian, the Executive Vice-chairman & Chief Executive Officer, oversees the Company's day-to-day businesses and the implementation of major strategies and policies of the Company. Each of the other Executive Directors takes up different responsibilities according to their own expertise. The responsibilities of the Chairman, the Executive Vice-chairman & Chief Executive Officer, and the other Executive Directors are clearly set out in their respective letters of appointment. The positions of the Chairman and the Executive Vice-chairman & Chief Executive Officer are held by separate individuals so as to maintain an effective segregation of duties.

Non-executive Directors

Non-executive Directors (including the Independent Non-executive Directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Company. They have the same duties of care and skill and fiduciary duties as the Executive Directors.

Independence of Independent Non-executive Directors

The Company has received confirmation of independence from all Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all Independent Non-executive Directors are independent in accordance with the Listing Rules.

During the year, Independent Non-executive Directors met regularly with members of senior management and representatives from major business units, which provided a good opportunity for Independent Non-executive Directors to better understand the businesses of the Group and to discuss a wide range of issues concerning the business of the Group. The Chairman also held annual meeting with the Independent Non-executive Directors without the presence of other Directors.

Role of the Board

The Board oversees the management, businesses, strategic directions and financial performance of the Group. It is collectively responsible for the management and operation of the Company. The Board strives to foster and promote a desired culture down to all levels of the Company, and ensure the desired culture is reflected in the Company's strategy, business models and operating practices (as outlined in the "Corporate Sustainability" section of this annual report). It is the ultimate decision making body of the Company except for matters requiring the approval of the shareholders in accordance with the Articles of Association, the Listing Rules or other applicable laws and regulations.

Day-to-day businesses of the Company are delegated to the management team which works under the leadership and supervision of the Executive Vice-chairman & Chief Executive Officer and the Executive Committee of the Board as discussed in sections below.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties of the Company including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year, the Board reviewed the Company's compliance with the CG Code and the applicable statutory and regulatory requirements.

The Group has complied with all major aspects of laws and regulations that are significant to its business operations, and there were no threatened or concluded cases of material nature in connection with legal compliance during the year.

Board Meetings

Regular Board meetings are held at least four times a year with at least 14 days' notices, and additional meetings with reasonable notices are held as and when the Board considers appropriate. The Board held five regular meetings during the year ended 30 June 2022. The Company Secretary assists the Chairman in preparing agenda for each meeting. Draft agenda for each regular Board meeting is circulated to all Directors to enable them to include other matters into the agenda. Agenda accompanying board papers are sent to all Directors at least three days before each regular Board meeting. Board decisions are voted upon at the Board meetings. The Company Secretary records all matters considered by the Board, decisions reached and any concerns raised or dissenting views expressed by the Directors. Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors for information and records.

Directors' Training

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statues, laws, rules and regulations. From time to time, the Company Secretary also provides the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements.

The Executive Vice-chairman & Chief Executive Officer reports the Group's business activities including operations review, segment performance, strategies and new initiatives at regular Board meetings. In addition, all Directors are provided with monthly updates on major business segments performance and year-to-date financials. All these give the Board a balanced and understandable assessment of the Group's performance, position and prospects and enable the Board as a whole and each Director to discharge their duties.

All Directors are encouraged to participate in continuous professional development activities to develop and refresh their knowledge and skills. From time to time, the Company has arranged in-house trainings for the Directors in the form of seminars/webinars and reading materials. A summary of training received by the Directors for the year ended 30 June 2022 according to the records provided by the Directors is as follows:

	Type of Continuous Professional Development	
Name of Directors	**Training on corporate governance, regulatory development and other relevant topics**	**Attending corporate events or visits**
Executive Directors		
Dr. Cheng Kar-Shun, Henry	✓	–
Dr. Cheng Chi-Kong, Adrian	✓	✓
Mr. Cheng Chi-Heng	✓	–
Ms. Cheng Chi-Man, Sonia	✓	✓
Mr. Sitt Nam-Hoi	✓	✓
Ms. Huang Shaomei, Echo	✓	✓
Ms. Chiu Wai-Han, Jenny	✓	✓
Mr. Ma Siu-Cheung*	N/A	N/A
Non-executive Directors		
Mr. Doo Wai-Hoi, William	✓	–
Mr. Cheng Kar-Shing, Peter	✓	–
Independent Non-executive Directors		
Mr. Yeung Ping-Leung, Howard	✓	✓
Mr. Ho Hau-Hay, Hamilton	✓	✓
Mr. Lee Luen-Wai, John	✓	✓
Mr. Liang Cheung-Biu, Thomas	✓	✓
Mr. Ip Yuk-Keung, Albert	✓	✓
Mr. Chan Johnson Ow#	✓	✓

* appointed as Director with effect from 1 July 2022

\# appointed as Director with effect from 10 September 2021

BOARD COMMITTEES

The Board discharges some of its responsibilities through delegation to respective Board-level committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. All the Board committees are empowered by the Board under their own terms of reference which have been posted on HKEx's website and/or the Company's website.

Executive Committee

Members:

Executive Directors	Dr. Cheng Kar-Shun, Henry *(Chairman)* Dr. Cheng Chi-Kong, Adrian Mr. Cheng Chi-Heng Ms. Cheng Chi-Man, Sonia Mr. Sitt Nam-Hoi Ms. Huang Shaomei, Echo Ms. Chiu Wai-Han, Jenny Mr. Ma Siu-Cheung*

* became member with effect from 1 July 2022

The Board has delegated to the Executive Committee comprising all Executive Directors with authority and responsibility for handling the management functions and day-to-day operations of the Company, while reserving certain key matters such as the declaration of interim dividend, making recommendation of final dividend or other distributions for the approval by the Board. The Executive Committee monitors the execution of the Company's strategic plans and the operations of all business units of the Company, and manages and develops generally the businesses of the Company. The Executive Committee meets regularly as and when necessary.

Audit Committee

Members:

Independent Non-executive Directors	Mr. Lee Luen-Wai, John *(Chairman)* Mr. Yeung Ping-Leung, Howard Mr. Ho Hau-Hay, Hamilton Mr. Liang Cheung-Biu, Thomas Mr. Ip Yuk-Keung, Albert Mr. Chan Johnson Ow*

* became member with effect from 10 September 2021

The Audit Committee, which comprises of all Independent Non-executive Directors, is responsible for reviewing the Group's financial controls, its risk management and internal control systems (both covering ESG topics), financial and related ESG disclosure. The Audit Committee is empowered to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. It also reviews the internal audit programme and ensures the internal audit function is adequately resourced and effective.

During the year, the Audit Committee met twice and reviewed the audited financial statements of the Company for the year ended 30 June 2021 and the unaudited interim financial statements of the Company for the six months ended 31 December 2021 with recommendations to the Board for approval, reviewed reports on risk management and internal control systems of the Group, and discussed with the management and the external auditors on the accounting policies and practices which may affect the Group and the financial reporting matters. Furthermore, the Audit Committee reviewed the framework and policy of risk management, the system of internal control and the financial statements for the year ended 30 June 2022 of the Company with recommendation to the Board for approval.

Remuneration Committee

Members:

Independent Non-executive Directors	Mr. Ho Hau-Hay, Hamilton *(Chairman)* Mr. Yeung Ping-Leung, Howard Mr. Lee Luen-Wai, John
Executive Director	Dr. Cheng Kar-Shun, Henry

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure on the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy for the Company for approval by the Board. Directors' fees including allowances are benchmarked against other listed companies of similar size and industry, and commensurate with Directors' responsibilities and workload.

The Remuneration Committee shall also make recommendations to the Board on the remuneration packages of individual Executive Director and senior management. The remuneration of individual Executive Director and senior management is determined with reference to his/her duties and responsibilities with the Company, the Company's performance as well as remuneration benchmarks in the industry and the prevailing market condition. The Company's Human Resources Department provides materials on relevant remuneration data, remuneration benchmarks, market analysis and proposals to the Remuneration Committee for consideration. The remuneration package is performance-based and linked to the Company's profitability, aimed to be competitive to attract and retain talented employees.

During the year, the Remuneration Committee met once and reviewed the remuneration policy of the Company, including that for the Directors and senior management of the Company. The remuneration for the Executive Directors comprises basic salary, pensions and discretionary bonus. Share options have been granted to all Directors and senior management to subscribe for shares in the Company under the Company's share option scheme. Details of the remuneration paid to the Directors and members of senior management for the financial year ended 30 June 2022 are disclosed in the notes to the financial statements.

Nomination Committee

Members:

Executive Director	Dr. Cheng Kar-Shun, Henry *(Chairman)*
Independent Non-executive Directors	Mr. Lee Luen-Wai, John Mr. Liang Cheung-Biu, Thomas Mr. Ip Yuk-Keung, Albert

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors taking into account the independence requirements set out in Rule 3.13 of the Listing Rules, and making recommendations to the Board on appointment and re-appointment of Directors.

The Board has adopted a Board diversity policy (the "Diversity Policy") since August 2013 which sets out the approach by the Company to achieve diversity on the Board. Under the Diversity Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also take into account factors based on its own business model and specific needs from time to time. Board members' appointment will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, skills, regional and industry experience and expertise, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

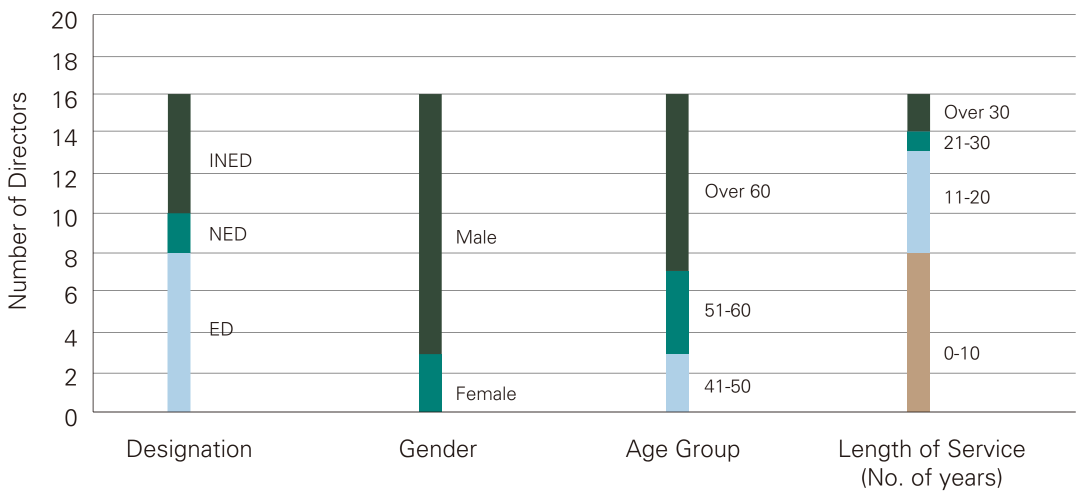
The Board has also adopted a nomination policy (the "Nomination Policy") since November 2018 which sets out the criteria and procedures to be adopted when considering candidates to be appointed as Directors and re-appointment of existing Directors. In the case of identifying candidate(s) to be appointed as Director, the Nomination Committee shall hold a meeting to consider the candidate(s) identified or selected pursuant to the nomination criteria and make recommendation to the Board if appropriate. The Board shall deliberate and decide on the appointment based upon the recommendation of the Nomination Committee. In the case of re-appointment of existing Director, the Nomination Committee shall review the overall contribution and service of the retiring Director to the Company and determine whether the retiring Director continues to meet the nomination criteria set out in the Nomination Policy, and if appropriate, recommend the retiring Director to the Board for consideration and recommendation to shareholders for the proposed re-election of Director at a general meeting. The factors considered in assessing the suitability of a proposed candidate for appointment as Director or re-appointment of existing Director are as follows:

- Contribution to the Board with due regard to the Board's Diversity Policy;
- Reputation for integrity;
- Commitment to devote sufficient time to discharge duties as a Board member;
- Potential conflicts of interest with the Company; and
- Satisfaction of independence requirements of the Listing Rules in the case of a candidate for Independent Non-executive Director.

The Nomination Committee met twice during the year. It reviewed the Diversity Policy and the Nomination Policy and considered they remain effective and appropriate for the Company. Also, it reviewed the structure, size and composition of the Board in accordance with the Listing Rules, the Diversity Policy, and the Nomination Policy and considered that the Board consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the business needs of the Group. It also made recommendation to the Board on the appointment of Mr. Chan Johnson Ow as Independent Non-executive Director and Mr. Ma Siu-Cheung as Executive Director, and the re-election of the retiring Directors at 2021 annual general meeting of the Company.

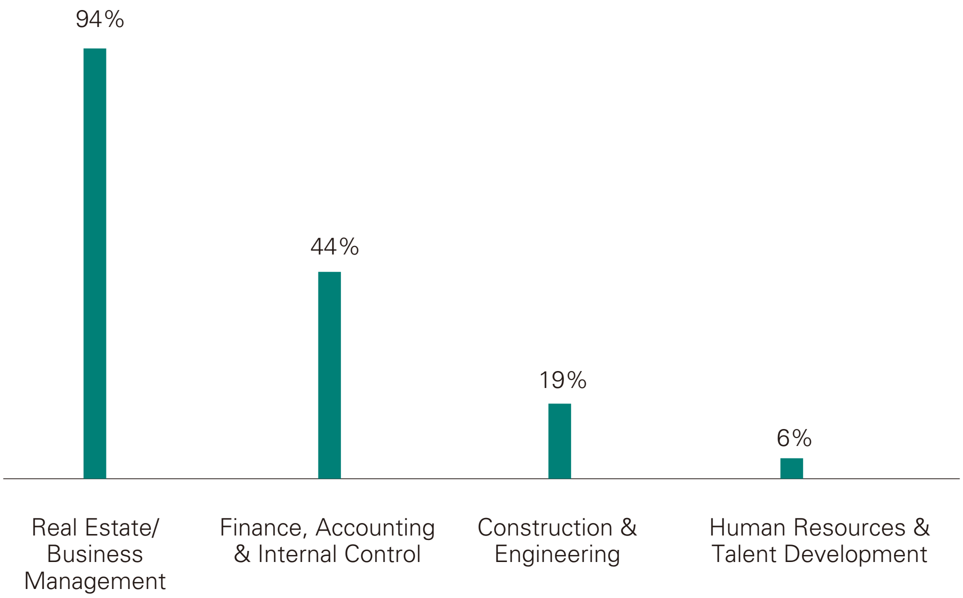
The current Board composition reflects diverse mix of educational background, professional knowledge, industry experience and length of service. The diversity mix of the Board as at 30 September 2022 is summarised in the following charts:

Diversity Mix



Remarks:
ED – Executive Director
NED – Non-executive Director
INED – Independent NED

Areas of Experience



During the year, the Nomination Committee also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Nomination Committee considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- A sufficient number of six Independent Non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- All Independent Non-executive Directors share their views and opinions through regular quarterly meetings with heads of core departments and particular business units would be invited to join such meetings on Independent Non-executive Directors' requests;
- Annual presentation sessions on business segments performance from core business units are arranged for Independent Non-executive Directors providing opportunities for them to express their views and inputs;
- Site visits are arranged for Independent Non-executive Directors from time to time to enhance their understanding of the Company's new and old projects;
- Annual meeting between the Chairman and all Independent Non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group; and
- Independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

On 19 September 2022, the Nomination Committee noted that Mr. Liang Cheung-Biu, Thomas will not seek for re-election at the forthcoming annual general meeting of the Company (the "2022 AGM") and will retire as Independent Non-executive Director with effect from the conclusion of the 2022 AGM. For the other retiring Directors who stand for re-election at the 2022 AGM (the "Retiring Directors"), the Nomination Committee reviewed their biographical details in accordance with the Listing Rules, the Diversity Policy and the Nomination Policy. The Nomination Committee considered that the Retiring Directors have the required character, integrity and professional knowledge and experience to continue fulfilling their role and contributing to the Company. The Nomination Committee made the recommendations regarding the nominations of the Retiring Directors to the Board. The Nomination Committee also assessed the independence of the Independent Non-executive Directors and considered that each of them has satisfied all the independence criteria as set out in Rule 3.13 of the Listing Rules and be considered as independent having regard to the confirmation of independence provided by the Independent Non-executive Directors.

For Mr. Lee Luen-Wai, John (being the retiring Independent Non-executive Director standing for re-election at the 2022 AGM) who has served the Company for more than nine years, the Nomination Committee considered that as an Independent Non-executive Director with in-depth understanding of the Company's operations and business, he has expressed objective views and given independent guidance to the Company over the years, and he continues demonstrating a firm commitment to his role. The Nomination Committee also considered that Mr. Lee Luen-Wai, John's long service would not affect his exercise of independent judgment and was satisfied that he has the required character, integrity and experience to continue fulfilling the role of an Independent Non-executive Director. He is beneficial to the Board with diversity of his comprehensive business experience that contributes to invaluable expertise, continuity and stability to the Board. The Nomination committee believes that Mr. Lee Luen-Wai, John will continue to contribute effectively to the Board.

The Nomination Committee also noted the retirement of Mr. Yeung Ping-Leung, Howard and Mr. Ho Hau-Hay, Hamilton, both as Independent Non-executive Directors, with effect from 1 December 2022. As a move to enhance the independence and gender diversity of the Board, the Nomination Committee recommended to the Board the following Board changes (details of which are set out in the announcement of the Company dated 30 September 2022), all with effect from 1 December 2022:

(i) the appointment of three new Independent Non-executive Directors (Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia);

(ii) the appointment of Mr. Cheng Chi-Ming, Brian as Non-executive Director; and

(iii) the re-designation of Mr. Cheng Chi-Heng from Executive Director to Non-executive Director.

Sustainability Committee

Members:

Executive Directors	Dr. Cheng Chi-Kong, Adrian *(Chairman)* Mr. Sitt Nam-Hoi
Independent Non-executive Directors	Mr. Liang Cheung-Biu, Thomas Mr. Ip Yuk-Keung, Albert Mr. Chan Johnson Ow*

* became member with effect from 10 September 2021

The Sustainability Committee is responsible for the oversight of the Company's sustainability and environmental, social and governance ("ESG") issues and risks. Supported by the Group Sustainability Steering Committee which comprises heads of business units, the Board-level Sustainability Committee oversees the ESG management approach and policies, the processes of identifying and evaluating material ESG-related issues to internal and external stakeholders (including risks to the issuer's businesses) and delivering Green, Wellness and Caring targets under "New World Sustainability Vision 2030" to manage ongoing performance. The Sustainability Committee monitors the integrity of the Company's sustainability and ESG information in annual sustainability reporting and advises the Board on the matters in the applicable code provision(s) of the Environmental, Social and Governance Reporting Guide (Appendix 27) of the Listing Rules.

The Sustainability Committee met twice during the year. It discussed and endorsed the Group's sustainability strategy, policies and targets set under the "New World Sustainability Vision 2030". It also reviewed the process of sustainability reporting and ESG disclosures and monitored the progress of targets achievement and sustainability performance. In addition, the Sustainability Committee discussed relevant global trends including sustainable finance, climate risks and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and governance of sustainability matters.

ATTENDANCE AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance records of the Directors at the Board meetings, Board committee meetings and general meetings held during the year ended 30 June 2022 are set out below:

	Number of Meetings Attended/ Eligible to attend for the year ended 30 June 2022					
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Sustainability Committee Meeting**	**Annual General Meeting**
Executive Directors						
Dr. Cheng Kar-Shun, Henry	6/6	–	1/1	2/2	–	1/1
Dr. Cheng Chi-Kong, Adrian	6/6	–	–	–	2/2	1/1
Mr. Cheng Chi-Heng	5/6	–	–	–	–	1/1
Ms. Cheng Chi-Man, Sonia	6/6	–	–	–	–	1/1
Mr. Sitt Nam-Hoi	6/6	–	–	–	2/2	1/1
Ms. Huang Shaomei, Echo	5/6	–	–	–	–	0/1
Ms. Chiu Wai-Han, Jenny	6/6	–	–	–	–	1/1
Mr. Ma Siu-Cheung*	N/A	N/A	N/A	N/A	N/A	N/A
Non-executive Directors						
Mr. Doo Wai-Hoi, William	6/6	–	–	–	–	1/1
Mr. Cheng Kar-Shing, Peter	5/6	–	–	–	–	1/1
Independent Non-executive Directors						
Mr. Yeung Ping-Leung, Howard	5/6	2/2	1/1	–	–	1/1
Mr. Ho Hau-Hay, Hamilton	6/6	2/2	1/1	–	–	1/1
Mr. Lee Luen-Wai, John	6/6	2/2	1/1	2/2	–	1/1
Mr. Liang Cheung-Biu, Thomas	5/6	2/2	–	2/2	1/2	1/1
Mr. Ip Yuk-Keung, Albert	6/6	2/2	–	2/2	2/2	1/1
Mr. Chan Johnson Ow#	4/4	2/2	–	–	2/2	1/1

* appointed as Director with effect from 1 July 2022

appointed as Director with effect from 10 September 2021

AUDITORS' REMUNERATION

During the year ended 30 June 2022, the total fee paid/payable in respect of audit and non-audit services provided by the Group's external auditors is set out below:

Type of services	Fee paid/payable for the year ended 30 June 2022 HK$m	2021 HK$m
Audit services	**61.5**	59.7
Non-audit services	**51.1**	10.8
Total	**112.6**	70.5

The Group's external auditor is PricewaterhouseCoopers (Certified Public Accountants and Registered Public Interest Entity Auditor). PricewaterhouseCoopers has written to the Audit Committee confirming that they are independent with respect to the Company and that there is no relationship between PricewaterhouseCoopers and the Company which may reasonably be thought to bear on their independence. In order to maintain the external auditor's independence, the Group have reviewed the services provided by PricewaterhouseCoopers to the Group and it would only be employed for non-audit work if the work does not compromise the external auditor's independence.

During the year, the external auditor provided audit, audit related and permissible non-audit services to the Group. Audit services include services provided in connection with the audit of the Group's consolidated financial statements and certain of its subsidiaries. Audit related services include services such as issuance of special audit or assurance reports for tax, other regulatory or compliance purposes. Permissible non-audit services include services such as accounting advisory, tax advisory and compliance services related to capital market transactions, due diligence and transaction advisory related to various acquisition and disposal activities, cyber security services, services on process and system enhancement, as well as other related services. None of these services provided compromises the independence as auditor, in terms of Hong Kong Institute of Certified Public Accountants' Code of Ethics for Professional Accountants.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board, supported by the finance and accounts department, is responsible for the preparation of the financial statements of the Company and the Group. The Board has prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation. The Directors have not been aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company and the Group regarding its reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditor's Report in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Audit Committee is delegated with the authority from the Board to oversee the Group's management in design, implementation and monitoring of the risk management and internal control systems. It also advises the Board on the Group's risk-related matters.

Sound and effective risk management and internal control systems have been established and maintained for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

An internal audit department has been established to conduct internal audit of the Company and its subsidiaries, joint ventures and associated companies. The internal audit department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that all key risks are identified and managed, and to ensure that the risk management and internal control measures are carried out appropriately and functioning as intended. Major audit findings and recommendations are reported to the Audit Committee, which in turn reports to the Board. The implementation of the agreed actions in response to the identified audit issues are tracked and followed up regularly, and the status is reported to the Audit Committee.

INTERNAL CONTROL

With reference to the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), the main features of our internal control systems are illustrated below:

Control Environment

- Demonstrate a commitment to integrity and ethical values.
- The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
- Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities.
- Demonstrate a commitment to attract, develop, and retain competent individuals.
- Hold individual accountable for their internal control responsibilities.

Risk Assessment

- Specify objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- Identify and analyze risks as a basis for determining how risks should be mitigated and managed.
- Consider the potential for fraud in assessing risks.
- Identify and assess changes that could significantly impact the system of internal control.

Objectives

Operations

Effectiveness and efficiency

Reporting

Reliability, timeliness and transparency

Compliance

Adherence to laws and regulations

Control Activities

- Select and develop control activities that contribute to the mitigation of risks to acceptable levels.
- Select and develop general control activities over technology.
- Deploy control activities through policies and procedures that put policies into action.

Information & Communication

- Obtain or generate and use relevant, quality information to support the functioning of internal control.
- Internally communicates information to support the functioning of internal control
- Communicate with external parties regarding matters affecting the functioning of internal control.

Monitoring Activities

- Select, develop, and perform ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
- Evaluate and communicate internal control deficiencies in a timely manner to those parties responsible for taking corrective action.

Policies, Guidelines and Practices

Risk Management Policy

- The policy describes the Group's risk management framework and methodology, and provides guidance to business and corporate office departments of the Group in implementing risk management.

Whistleblowing Policy

- The Company has established the "Whistleblowing Policy" for employees to directly report to the internal audit function for any serious concerns about suspected fraud, corruption, malpractice, misconduct or irregularity of the Group. The internal audit function will investigate the reported cases in a confidential and timely manner and report the results of investigations to the Executive Committee and the Audit Committee.

Anti-Fraud Policy

- The policy references principles embodied in the UN Global Compact, World Economic Forum's Partnering Against Corruption Initiative, and Transparency International's Business Principles for Countering Bribery to set a tone-at-top on anti-fraud commitment and relevant reporting channels.

Conflict of Interest Policy

- The policy offers guidance to all employees on reporting and handling (potential) conflict of interest, raises directors' and employees' awareness and promotes good corporate governance practices.

Guide on Disclosure of Price-Sensitive Information

- The Company has adopted a Price-Sensitive Information Policy and Procedure Manual (the "PSI Policy") and established the Disclosure Committee to oversee internal controls over price-sensitive inside information. The PSI Policy contains the principles and procedures for handling and dissemination of price-sensitive information with reference to the requirements and principles set out in the Listing Rules and the Guide on Disclosure of Price-Sensitive Information published by the Stock Exchange. All Directors and employees are bound by the PSI Policy to safeguard confidential information.

RISK MANAGEMENT

Robust and effective management of risks is an essential and integral part of corporate governance. It helps to ensure that the risks encountered in the course of achieving the Group's strategic objectives are managed within the Group's risk appetite, as well as the sustainable growth and development of the Group.

To achieve this, the Group embraces an enterprise-wide, holistic and systematic approach known as Enterprise Risk Management ("ERM"). The ERM framework not only embeds risk management into business strategy, day-to-day operations and management processes but also intends to be forward-looking and focused on delivering the Group's strategic goals and performance objectives.

Enterprise Risk Management Framework

The Group establishes our own tailor-made ERM framework with reference to the international standards such as COSO Enterprise Risk Management – Integrating with Strategy and Performance, the International Organization for Standardization ("ISO") 31000 Risk Management and World Business Council for Sustainable Development ("WBCSD").

Risk Culture

Risk culture is the set of shared values and behaviors of all staff that influences the Group's risk decisions. The Group strives to create a culture of speaking up across the Group. This includes online and offline learning that encourages all corporate and frontline employees to communicate proactively on any potential issues – whether operational risks, unsatisfactory customer service, grievances, whistleblowing, or ways to improve the working environment. Some attributes of a positive risk culture are where:

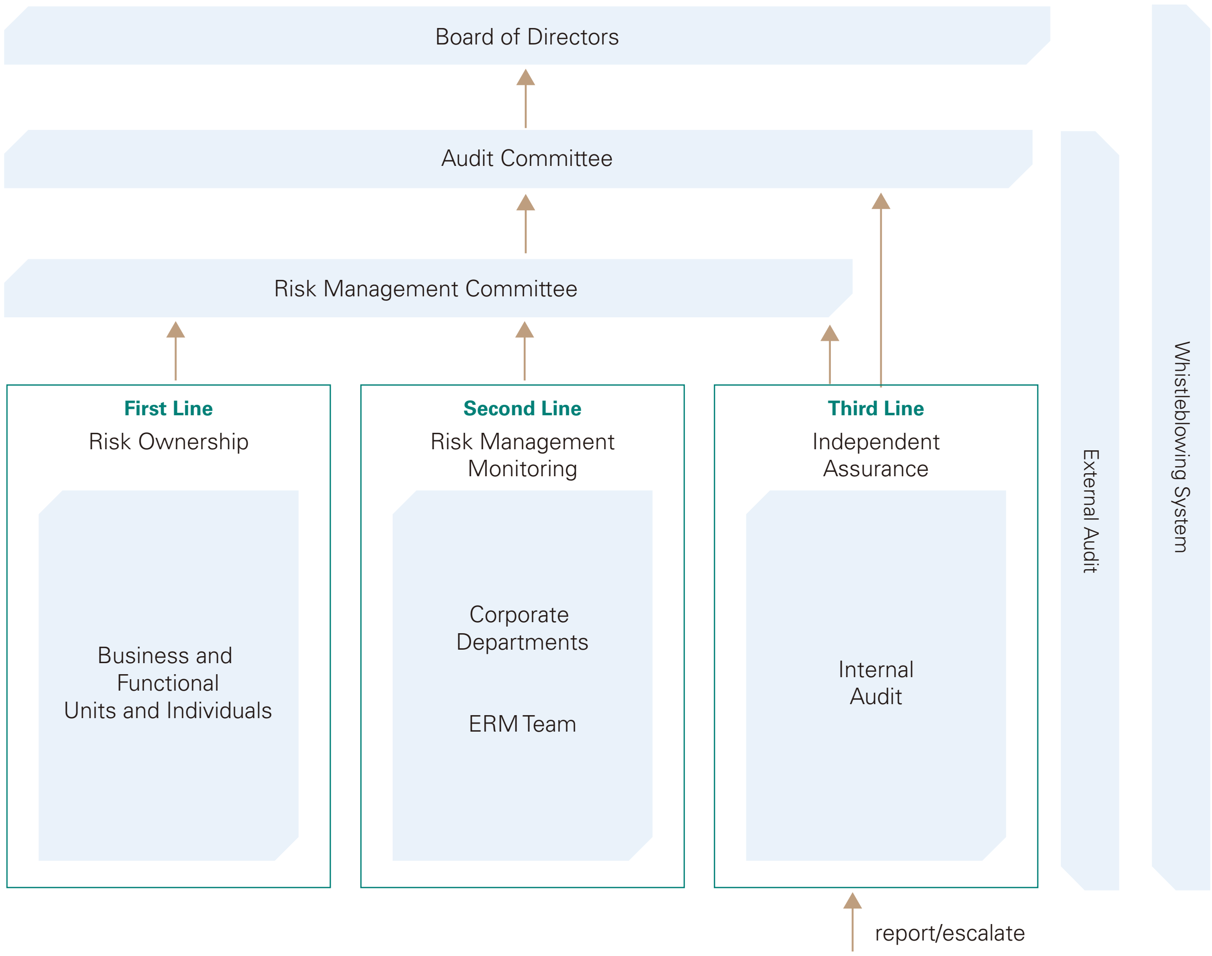
– Everyone is able to identify, understand, openly discuss and efficiently act on current and future risks

– Risks are efficiently and clearly communicated to the relevant stakeholders

– Policies, guidelines and rules are adhered to by everyone

Risk Governance Structure

The Group adopts a "Three Lines" governance model illustrated as below.



Risk Oversight

Board of Directors

– Set forth proper risk management culture and risk appetite for the Group.

– Evaluate and determine the level of risk that the Group should take and monitor regularly.

– Set the strategic direction by putting forward strategies that are focusing on all key strategic, operational, technology, sustainability, financial, as well as political and regulatory risks, and such strategies should reflect and align with the Group's values and core business.

– Ensure that annual disclosure (including but not limited to ESG-related risks) is compliant with relevant regulations.

– Demonstrate openness, integrity, and accountability to stakeholders in the decision-making process.

Audit Committee

– Review the effectiveness of the Group's risk management system which identifies, assesses, monitors and reports risks.

– Evaluate and ensure that appropriate and effective business, operation and risk management and internal control systems are in place.

– Provide market insights and advices on enhancing the Group's business performance and risk management.

– Assess strategic risks and related reporting from respective risk owners.

Risk Management Committee

– Review ERM activities and the Group's risk profile, and ensure timely communication of both to the Audit Committee at least twice a year and to the Board of Directors where appropriate.

– Ensure a comprehensive approach to manage risks across the Group.

– Assess the ERM framework on a regular basis to ensure that it is fit for purpose with business, operational and regulatory requirements.

– Ensure that all key risks (including but not limited to strategic, operational, technology, sustainability, financial, as well as political and regulatory risks) are properly identified, managed and monitored.

First Line

Business and Functional Units and Individuals

– Act as risk owners to identify, assess, monitor and report risks (including but not limited to strategic, operational, technology, sustainability, financial, as well as political and regulatory risks).

– Ensure the effectiveness of risk management system and mitigation strategies.

– Execute all proper risk management, mitigation measures and actions as required to protect the Group's interest and efficacy of business performance.

Second Line

Corporate Departments

– Support the risk owners in implementation of risk management framework, and oversight of risk information management.

– Ascertain that risk management processes are functioning properly as intended.

– Make sure that operations are conducted effectively and efficiently with proper consideration, assessment and management of risks (including but not limited to strategic, operational, technology, sustainability, financial, as well as political and regulatory risks).

ERM Team

– Facilitate the risk identification, assessment, monitoring, and reporting processes.

– Aggregate, analyze, prioritize and report key risks to the Risk Management Committee.

– Provide relevant expertise to assist management and risk owners on risk-related matters.

– Support the Group to proactively identify emerging risks.

– Ensure effective ERM framework is in place across the Group.

– Facilitate the integration of ERM with strategy.

Third Line

Internal Audit

– Maintain primary accountability to the governing body and independence from the responsibilities of management.

– Communicate independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organizational objectives and to promote and facilitate continuous improvement.

– Report impairments to independence and objectivity (if any) to the governing body and implements safeguards as required.

External Audit

– Provide independent assurance on the Group's risk management and internal controls over financial reporting.

Whistleblowing System

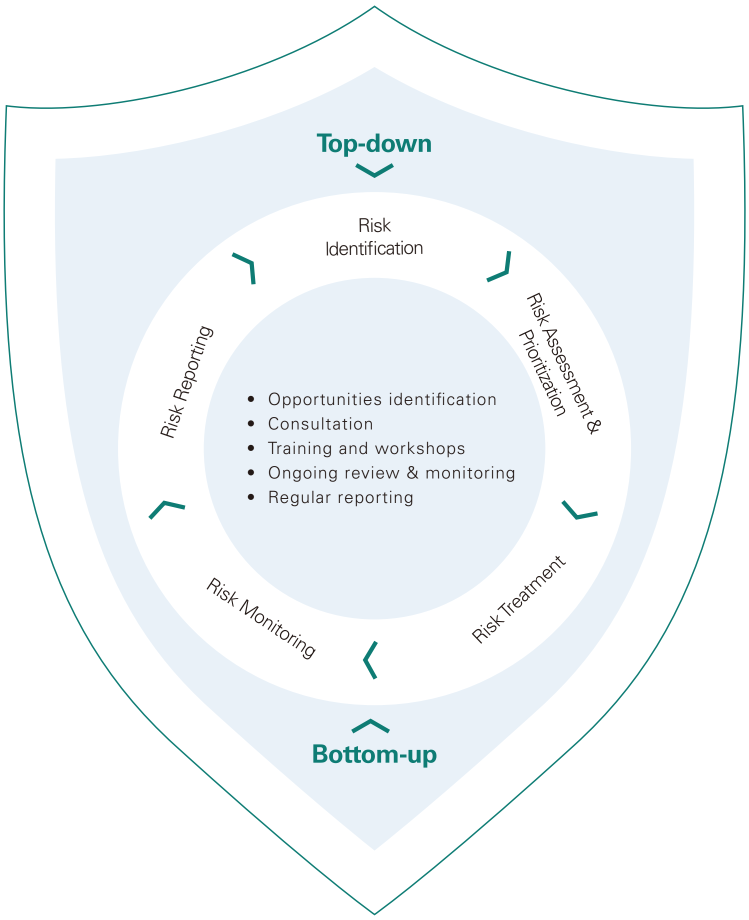
– Established for staff and other relevant parties to raise concerns including suspected fraud, malpractice, misconduct or irregularity cases. Every reported case will be handled in confidentiality and followed through in accordance with the Whistleblowing Policy and its related procedures.

Risk Management Process

The Group adopts both top-down and bottom-up approaches in relation to risk management. It involves collating and appraising bottom-up inputs from risk owners of key departments and business units of the Group, with refinements and adjustments through top-down input from senior management and the Board in an iterative manner.

The risk management process is integrated into our daily operations and is an ongoing process involving all parts of the Group from the Board down to each individual staff. The risk owners and risk oversight parties are clearly defined across the Group. They are required to identify, analyse and evaluate the risks (including but not limited to business, operation as well as ESG-related risks) facing their businesses with proper management execution to avoid, mitigate or transfer risks, as well as exploit, enhance or share opportunities.

The ERM process is illustrated in the diagram below.



Risk Identification

The Group's risk profile is categorised into six areas: Strategic, Operational, Sustainability, Financial, Technology, and Political and Regulatory. Our ERM process allows management to identify new and emerging risks, including medium- to long-term sustainability risks (such as climate risks). The interconnectivity of sustainability risks has also been taken into account, in which sustainability factors have been integrated in all key risk areas.

The risk identification process includes top-down interviews with management and bottom-up discussions with business and functional units and individuals to collect their views on changes of risk landscape. The process is also integrated with the Group's annual strategic planning exercise. The linkage of risks and opportunities with annual Objectives and Key Results ("OKRs") which derived from the Groups' long-term strategic objectives are also clearly explained during the interviews and deep-dive workshops. Other sources of risk identification also include emerging risks identified by the ERM Team and risks reported via the early risk flagging mechanism.

Risk Assessment and Prioritization

Identified key risks and opportunities are assessed in two or more dimensions (e.g. impact, likelihood, etc.) based on the predefined risk assessment criteria which covers both qualitative and quantitative elements. Other tools, such as the Climate Checklist from the Company's Climate Resilience Guideline, are also introduced during the deep-dive workshops to facilitate the risk assessment process.

The risk analysis results are compared with the predefined Group's risk appetite and tolerance level. This allows management to determine the risk response strategy and prioritize risk treatment plans, and deploy the limited resources available.

Risk Treatment

Selection of the most appropriate risk treatment plan considers the cost and benefits at both the Group and the business level. The optimum risk treatment resembles that limited downside exposure with unlimited upside potential. Any residual risks that exceed the approved risk appetite must be escalated to senior management and to the Risk Management Committee if deemed necessary.

Risk Monitoring

Continuous tracking of risk treatment plans has been in place to monitor whether the risks are within the risk appetite and in line with the desired levels and whether policies, minimum standards and regulations are adhered to.

Monitoring is performed through various techniques supported by automated or other tools. Examples include management reports, monitoring of Key Risk Indicators ("KRIs"), action tracking, key control testing, supervision, quality assurance, back-testing, scorecard review, policy review, and self-assessment, etc.

Key Risk Indicator ("KRI")

Acting as early warning signals, KRIs are developed to better monitor potential shifts in risk exposures and enable management and the Board to be in a better position to make data-driven decisions on a timely and more strategic basis. KRIs for previously identified key risks of the Group and relevant reporting mechanism have been established. Acceptable thresholds (i.e. upper and lower limits) are also defined to support risk monitoring and escalation routines.

Early Risk Flagging Mechanism

Besides, an early risk flagging mechanism is established which enables the Group to proactively identify and assess emerging risks and broad areas of changes, emanating from both internal and external factors (including but not limited to business, operation as well as ESG-related risks), and act on them in a timely manner. Staff members are encouraged to flag and report immediately to the corresponding risk oversight parties when a potential risk is perceived and impact is expected in any business areas.

Risk Reporting

After consolidation with a holistic review of the Group, internal audit department submits a written report on the effectiveness of the Group's risk management and internal control systems to the Risk Management Committee and the Audit Committee for review on a half-yearly basis. The Board, through the Risk Management Committee and the Audit Committee, has put in place effective risk management and internal control systems which will enable the Group to respond appropriately to significant business, operational, financial, compliance, ESG-related and other risks in achieving its objectives.

Key Risks of the Group

Through our combined top-down and bottom-up risk review processes, the Group has identified the following key risks of various business segments for the upcoming period:

Risk Description	Key Risk Treatments
Strategic Risks	
Macroeconomic Risk Adverse changes in macroeconomic environment due to the uncertainties of local and global financial conditions.	• Closely monitor economic conditions and respond with suitable strategies in a timely manner • Perform stress test and sensitivity analysis for different scenarios • Conduct regular performance review of business units and projects • Maintain healthy financial position
Competition Risk Keen industry competition and the need to transform existing business models to cope with adverse changes in the environment and market.	• Regularly reinvent our brand concept, like the reinforcement of "creating shared value", to differentiate from competitors • Constantly enhance quality of products and services to strengthen our brand and market position • Closely monitor the changes of market trends and other factors, and take proactive and agile actions • Regularly review existing service and products and their pricing strategies, and formulate appropriate strategies to response to market changes
Merger and Acquisition Risk Merger and acquisition ("M&A") plan not match with the Group's strategy goals and positioning, failing to generate expected financial return and create business synergy within group ecosystem.	• Establish the Investment Committee to set business investment strategy covering property investment and M&A process, to tie with group strategies, objectives and required synergies to meet future needs • Approve all investment/divestment transactions by the Investment Committee • Perform market research to identify potential M&A opportunities, and conduct preliminary assessment on M&A options to determine the good timing to buy and sell assets • Conduct comprehensive due diligence process by external consultants and review by the management • Closely monitor project company's operation and financial performance to ensure the project performs as planned • Implement post-acquisition integration
People Risk New trends in operation and working mode demands optimal workforce and human capital management as well as greater market expectation on sustainability needs to cater for the Group's latest strategic plans.	• Regular resource plan review with business units, including Sustainability, to take proactive approach in recruiting talents for future needs • All rounded cultural immersion journey for both new and existing staff members to deliver common strategic goals and to achieve our values, mission and vision • Comprehensive and structured talent development and performance management measures to groom and retain talents and future leaders • Flexible working arrangement is offered to better cater for staff's special needs in unprecedented times and to minimise possible outbreak in the community

Risk Description	Key Risk Treatments
Sustainability Risks	
Climate Risk Climate change risks are embedded in our risk management process. <u>Physical risks</u> Acute event-driven climate change or long-term climate shifts may pose additional challenges to our climate resilience business model and our ability to address stakeholders/regulator/investors' expectations in ESG performance, measures and disclosures. <u>Transition risks</u> Our sustainability vision and the commitment to transit to a net-zero business may bring associated impacts on strategic planning, financial arrangement, operational changes, technological adoption and potentially reputation. <u>Business Impact</u> Climate risks may expose us to possible health and safety threats, business disruptions, insurance costs spike and affect strategic plans execution.	• Adoption of TCFD recommendations and relevant disclosure requirements • New building climate resilience guidelines, business continuity plans have been formulated to deal with emergencies • Engage both in-house expertise and external consultants to evaluate risks and quantify possible climate financial impacts • Implementation of site mitigation measures • Flood protection hardware e.g. flood gate • Sustainability Committee and assigning of regional sustainability champions • Partnership and collaboration with different parties • Climate change training workshops with latest updates on climate change and risk • Regular climate risk scenario analysis, review insurance coverage, update resilient plan and monitor accordingly *For details of How NWD Identifies, Assesses and Manages Climate Risks, please refer to Annual Report, Corporate Sustainability Section – pages 44 to 91.*

Risk Description	Key Risk Treatments
Operational Risks	
Project Management Risk Increase in development costs, including construction costs, and delay in project completion.	• Insurance coverage is regularly evaluated for each project including coverage for third parties • Comprehensive project manual and supplementary guidelines covering project monitoring, technical assessment, material testing, etc. • Leverage technology and tools to enhance the effectiveness and efficiency in project management and quality monitoring • Different functional committees are in place to govern key areas including project strategy, design and cost • Regular management/project meetings at different levels are held to facilitate the communications, progress/cost monitoring and follow-up of the project management issues
Product and Service Safety and Quality Risk Changing market landscape, current regulatory requirements, growing customer needs and our constant strive for excellence may have amplified the impacts of possible sub-optimal product and/or service safety and quality.	• Standard operating procedures (including quality management, materials selection, sustainability requirements, technical standard, compliance check etc.) along with training are available to promote an "Artisanal" and a sound safety culture across the Group and with contractors and sub-contractors • Regular project meetings across functions were held to monitor project quality and subsequent action plans • Supplier due diligence and site inspections are regularly conducted • Early risk flagging mechanisms in place to enable proactive approach on risk handling
Supply Chain Management Risk Threats to project financials, contractual rights, operational plan, and sustainability targets due to internal or external sources.	• Tight project controls and monitoring including close communication with consultants/experts, site inspections and regular project meetings and with prompt follow-up • Comprehensive project manual and supplementary guidelines are available • Leverage technology and tool to enhance the effectiveness and efficiency in project management and quality monitoring • Supplier sustainability self-assessment questionnaire and suppliers' code of conduct are in place • ESG requirements have been incorporated in sustainable procurement policy • Regularly perform supplier due diligence, performance assessment and invite new suppliers to avoid over-concentration

Risk Description	Key Risk Treatments
Technology Risks	
IT Strategy and Management Risk With the rapid growth of the technologies adoption of the company, operational efficiency could be hindered from technological service interruption.	• Establish a centralized IT services platform for providing IT solutions to meet the operational needs of business units • Implement the group IT strategy and policy in line with the 1-Platform principles to align with business focus and priority • Establish the group technology risk matrix to have a better visualization of the group risk landscape for early identification and mitigation
Cyber Security and Disruption Risk Cyber-attacks on networks and systems that could cause business interruption.	• Purchase cyber-insurance covering all subsidiaries except those who have their own insurance policies • Perform regular assessment of the group cyber security posture, IT infrastructure and systems • Adopt the latest cutting-edge technologies to strengthen the monitoring and early detection of groups' network and systems from attacks • Collaboration with industry leading cyber security experts for formulating a bespoke sustainable defense system • Provide regular training to staff for enhancing their information security awareness

Risks including sustainability considerations

Review of Risk Management and Internal Control Systems Effectiveness

On behalf of the Board, the Audit Committee reviews the effectiveness of the Group's risk management and internal control systems at least half-yearly and for the financial year ended 30 June 2022.

The Board has received a confirmation from management on the effectiveness of the Group's risk management and internal control systems through the "Integrated Internal Control Self-Assessment Certificate". It should be acknowledged that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board concluded that the risk management and internal control systems of the Group are effective and adequate. During the review, the Board also consider that resources, staff qualifications and experience, training and budget of the Group's accounting, internal audit financial reporting functions are adequate.

Although there were no significant areas of concerns identified during the year, the risk management and internal control systems will be reviewed regularly for continuous improvement.

COMPANY SECRETARY

The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training. The biography of the Company Secretary is set out on page 42 of this annual report.

CONSTITUTIONAL DOCUMENTS

No change has been made to the Company's Articles of Association during the year under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The "Corporate Sustainability" section from pages 44 to 91 in this annual report is prepared in accordance with the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange, which provides an overview of the Group's efforts and performance in pursuing corporate sustainability. Supplementary information is available on the Company's website under Sustainability section.

The section also references the Global Reporting Initiative ("GRI") Standards 2021, the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), the United Nations Global Compact ("UNGC") and the standard for real estate industry set by the Sustainability Accounting Standards Board ("SASB").

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting ("EGM") and Putting Forward Proposals at General Meetings

Shareholders representing at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can deposit a written request to convene an EGM at the registered office of the Company for the attention of the Company Secretary. Such requisition, signed by the shareholders concerned, must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. If the Directors do not within 21 days from the date of the deposit of a request (after being verified to be valid) proceed to convene an EGM on a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, but any EGM so convened shall not be held after the expiration of three months after the date on which the Directors become subject to the requirement to call a meeting.

To put forward proposals at general meeting, a request in writing must be made by:

(i) shareholders representing at least 2.5% of the total voting rights of all shareholders of the Company having the right to vote at general meeting; or

(ii) at least 50 shareholders of the Company having the right to vote at the meeting,

to the Company to give to shareholders notice of any resolution which may properly be moved and is intended to be moved at an annual general meeting, or to circulate to shareholders any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

The written request must be signed by all the shareholders concerned in one or more documents in like form and deposited at the registered office of the Company for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution at annual general meeting, and not less than seven days before the meeting in the case of requiring circulation of statement. Upon the request verified to be valid, the Company will give notice of the resolution or circulate the statement.

If a shareholder of the Company intends to propose a person other than a Director of the Company for election as a Director of the Company at any general meeting, the shareholder concerned shall lodge with the registered office of the Company for the attention of the Company Secretary (i) a written notice of his intention to propose that person for election as a Director; and (ii) a written notice by that person of his/her willingness to be elected as a Director together with the necessary information within the period commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than seven days prior to the date of such general meeting.

Detailed procedures can be found in the following documents which are available on the Company's website:

- "Procedures for Shareholders to convene Extraordinary General Meetings and putting forward proposals at General Meetings"; and

- "Procedures for Shareholders to propose a person for election as a Director".

Enquiries to the Board

Enquiries may be put to the Board through the Company's investor relations department at 30/F., New World Tower, 16-18 Queen's Road Central, Hong Kong (email: ir@nwd.com.hk).

DIVIDEND POLICY

The Board adopted a Dividend Policy in November 2018 which sets out the guidelines for the Board to determine the frequency of dividend payment and target dividend payout ratio for a financial year. The Company would distribute to its shareholders funds surplus to the operating needs of the Company and its subsidiaries twice for each financial year as determined by the Board, subject to its shareholders' approval, where applicable. In general, it is the policy of the Company to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The following factors will be taken into account for determining the Company's target dividend payout ratio:

- Any restrictions under the Hong Kong Companies Ordinance;

- Any banking or other funding covenants by which the Company is bound from time to time;

- The capital expenditure and operating requirements of the Group; and

- The external economic and market situation.

COMMUNICATION WITH SHAREHOLDERS

The Board and management maintain a continuing dialogue with the Group's shareholders and investors through various channels. The Chairman, Executive Vice-chairman & Chief Executive Officer, other members of the Board and the external auditor attend the annual general meeting to meet the shareholders. The Directors will answer questions raised by the shareholders on the performance of the Group. The Company holds press conferences and analyst briefings at least twice a year following the release of interim and annual results announcements at which the Executive Directors and management of the Company are available to answer questions and listen feedbacks regarding the performance of the Group. Our corporate websites which contain corporate information, interim and annual reports, announcements and circulars issued by the Group as well as the recent developments of the Group enable the Group's shareholders to have timely and updated information of the Group. Shareholders can refer to the "Shareholders' Communication Policy" posted on the Group's websites for more details.

The Company has reviewed its prevailing Shareholders' Communication Policy during the year under review, and believes the Shareholders' Communication Policy is still appropriate and effective. During the year under review, the Group reaped over 25 domestic and international awards for investor relations, corporate governance and annual report in recognition of the management's efforts to maintain a high level of investor relations and corporate governance.

INVESTOR RELATIONS

To ensure that the investors have a comprehensive and thorough understanding of the Group, with the establishment of timely and effective two-way communications, the management and the investor relations department of the Group participate in different international investment conferences and arrange local and overseas non-deal roadshows on a regular basis to elaborate the Group's business development and market movement to investors in different locations. For details, please refer to the "Investor Relations"section from pages 125 to 127 of this annual report.

Investor Relations

New World endeavours to maintain close communication with its shareholders and the capital market. The Group engages a professional investor relations team that works proactively to stay connected with shareholders, institutional investors and analysts, to ensure that markets can receive the Group's information in a swift, impartial and timely manner to enable effective assessment and informed decision-making on investment.

SWIFT, IMPARTIAL AND TIMELY DISCLOSURE OF INFORMATION

Committed to complying with pertinent laws and regulatory requirements, the Group maintains high-standard information disclosure to emphasise on the accountability to its shareholders. The Board has approved and adopted the Shareholders' Communication Policy, which will be reviewed in due course to ensure its appropriateness and effectiveness. During the financial year, the Group has reviewed the existing Shareholders' Communication Policy and is of the view that the Shareholders' Communication Policy remains appropriate and effective.

Information disclosed on the HKEx news platform of the Hong Kong Stock Exchange or the Group's website includes the Group's primary corporate governance policies, terms of reference of the Board committees, financial reports, announcements, press releases and newsletters (ARTISANAL CONNECT). Other than shareholders' services provided by the share registrar and transfer office, the Group also addresses general enquiries from shareholders and stakeholders via email and online forms available on the corporate website.

BOARD'S EMPHASIS ON INVESTOR RELATIONS

The annual general meeting is an important annual event for members of the Board to engage and communicate with shareholders in person. The Chairman, Executive Vice-chairman and Chief Executive Officer, other members of the Board, together with the representatives of the external auditor, attend the meeting and answer questions raised by shareholders on the spot.

On the days of annual and half-year results announcements, the Group typically holds press conferences and analyst briefings in Hong Kong, at which the Executive Directors and senior management elaborate on the operating conditions and development prospects, listen to the feedback from stakeholders of the investment community and address their queries in a bid to promote two-way communications. Considering the resurgence of COVID-19 pandemic during the financial year, the press conference and analyst briefing for this financial year were taken place via live streaming and in three languages (i.e. English, Cantonese and Putonghua), for the convenience of investors from different regions with different language backgrounds.

To enhance disclosure of information and transparency, in addition to the annual general meeting and the annual and half-year results announcements, the Group held two additional analyst briefings during the financial year, at which the Executive Vice-chairman and Chief Executive Officer and senior management elaborated on the conditions of operation and market to facilitate communication between the Group and shareholders and investors.

MULTI-CHANNEL INVESTOR COMMUNICATION

The Group's senior management and investor relations team maintain regular communication with shareholders, institutional investors and analysts, as well as active participation in international investors' activities and investment forums hosted by various organisations, so that the Group's business and investment value would gain exposure to a larger number of investors through expanding the scope of engagement in various forms.

In response to the development of the COVID-19 pandemic, our investor relations team continued to communicate with stakeholders through online meetings and conference calls during the financial year. It also arranged a number of site visits to "virtual + physical" and investors' days to creatively reconnect with investors in immersive experience, on the premise of complying with a range of prevention and control measures.

In further reiteration of the Group's emphasis on sustainable development, the investor relations team has been working vigorously with the sustainability team since 2018 to connect with the corporate governance teams, green funds and environmental, social and governance (ESG) funds of institutional investors, in a proactive manner to explore new markets. During the financial year, the Group hosted at least five ESG Open Days for Investors, in an effort to demonstrate the Group's investment value in sustainability to international investors.

Garnered over
25 investor relations awards

Hosted over
40 non-deal roadshows and investors activities

Joined over
15 international investment forums

Engaged in over
400 online meetings and conference calls

EXCEPTIONAL MARKET RECOGNITION

The Group has been enjoying longstanding market recognition for its outstanding performance in investor relations. During the year under review, the Group reaped over 25 domestic and international awards for investor relations, corporate governance and annual report in recognition of the management's efforts to maintain a high level of investor relations and corporate governance.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Cheng Kar-Shun, Henry GBM GBS *(Chairman)*
Dr. Cheng Chi-Kong, Adrian SBS 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
Mr. Ma Siu-Cheung GBS JP

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

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

30/F., New World Tower,
16-18 Queen's Road Central, Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China (Hong Kong)
Bank of Communications
Bank of East Asia
China Construction Bank (Asia)
China Development Bank
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

INFORMATION FOR INVESTORS

For more information about the Group,
please contact the Investor Relations Department of
the Company at:
30/F., New World Tower,
16-18 Queen's Road Central,
Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673
e-mail: ir@nwd.com.hk

WEBSITE

www.nwd.com.hk

Report of the Directors

The Directors have pleasure in presenting their annual report and financial statements for the year ended 30 June 2022.

GROUP ACTIVITIES

The principal activities of the Company remain investment holding and property development and investment. The principal activities of the principal subsidiaries, joint ventures and associated companies are shown in notes 51, 52 and 53 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 30 June 2022 are set out in the consolidated income statement on page 168 of this annual report.

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

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

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group's performance during the year including analysis using financial key performance indicators, particulars of important events affecting the Group that have occurred since the end of the financial year, description of the principal risks and uncertainties facing the Group, and a discussion on the Group's environmental policies and performance and the Group's compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group's key relationships with its stakeholders are provided throughout this annual report, particularly in the sections headed "Financial Highlights", "CEO's Report", "Corporate Sustainability", "Corporate Governance Report" and "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' Report.

SHARES ISSUED

During the year, as a result of the exercise of share options under the share option scheme of the Company, a total of 216,000 shares of the Company, fully paid, were issued for a total consideration of HK$8,671,104.00.

Details of the shares issued during the year are set out in note 36 to the financial statements.

DEBENTURES ISSUED

Certain subsidiaries of the Company had issued notes for the purpose of financing the general working capital requirement of the Group during the year as follows:

1. On 9 September 2021, US$150.0 million (equivalent to approximately HK$1,170.0 million) guaranteed senior perpetual capital securities at an initial distribution rate of 5.250% per annum were issued by NWD Finance (BVI) Limited and listed on the Stock Exchange at a price of 106.060% of the principal amount with net proceeds (excluding accrued interest) of US$158.7 million (equivalent to approximately HK$1,237.9 million);

2. On 16 June 2022, US$200.0 million (equivalent to approximately HK$1,560.0 million) 5.875% guaranteed notes due 2027 were issued by NWD (MTN) Limited and listed on the Stock Exchange at a price of 99.808% of the principal amount with net proceeds of US$198.4 million (equivalent to approximately HK$1,547.5 million); and

3. On 16 June 2022, US$500.0 million (equivalent to approximately HK$3,900.0 million) guaranteed senior perpetual capital securities at an initial distribution rate of 6.150% per annum were issued by NWD Finance (BVI) Limited and listed on the Stock Exchange at a price of 100.000% of the principal amount with net proceeds of US$497.0 million (equivalent to approximately HK$3,876.6 million).

Save as disclosed above, the Group has not issued any debenture during the year.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as set out on pages 144 to 147, no equity-linked agreements were entered into by the Company, or existed during the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 June 2022, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$23,043.7 million (2021: HK$23,095.0 million).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 301 and 302.

EMPLOYEES AND REMUNERATION POLICIES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

Month	Number of shares bought back	Price paid per share Highest HK$	Price paid per share Lowest HK$	Aggregate consideration (before expenses) HK$
July 2021	11,955,000	37.65	36.25	442,658,150.00
Aug 2021	14,061,000	37.30	36.65	520,649,600.00
	26,016,000			963,307,750.00

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.

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

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

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

DONATIONS

The Group made charitable and other donations during the year of HK$89.0 million (2021: HK$70.1 million).

MAJOR ACQUISITIONS AND DISPOSALS

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

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

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

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

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

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

CONNECTED TRANSACTIONS

Connected transactions of the Company during the year and up to the date of this report are set out on pages 139 to 142.

RULES 13.20 AND 13.22 OF THE LISTING RULES

The disclosure pursuant to Rules 13.20 and 13.22 of the Listing Rules is set out on page 152.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors
Dr. Cheng Kar-Shun, Henry *GBM GBS (Chairman)*
Dr. Cheng Chi-Kong, Adrian *SBS JP (Executive Vice-chairman & 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
Mr. Ma Siu-Cheung *GBS JP* (appointed on 1 July 2022)

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 (appointed on 10 September 2021)

In accordance with Article 94 of the Company's Articles of Association, Mr. Ma Siu-Cheung, who was appointed on 1 July 2022, holds office until the conclusion of the 2022 AGM and, being eligible, will offer himself for re-election at the 2022 AGM.

In accordance with Article 103(A) of the Company's Articles of Association, Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia, Mr. Doo Wai-Hoi, William, Mr. Cheng Kar-Shing, Peter, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas will retire by rotation at the 2022 AGM. Mr. Liang Cheung-Biu, Thomas will not be seeking re-election at the 2022 AGM while all other retiring Directors, being eligible, will offer themselves for re-election.

No Director has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

A list of names of all the directors who have served on the boards of the Company's subsidiaries during the year is available on the Company's website at www.nwd.com.hk.

AUDIT COMMITTEE

An Audit Committee has been established and the members of the Committee as at the date of this report are Mr. Lee Luen-Wai, John, Mr. Yeung Ping-Leung, Howard, Mr. Ho Hau-Hay, Hamilton, Mr. Liang Cheung-Biu, Thomas, Mr. Ip Yuk-Keung, Albert and Mr. Chan Johnson Ow. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and risk management (including but not limited to business, operation as well as environmental, social and governance related risks) and internal control systems.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" on pages 139 to 142 of this annual report and contracts amongst group companies, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company and the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, interests of the Directors in shares, underlying shares and debentures of the Company and its associated corporations which were recorded in the register to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") are set out on pages 143 to 151.

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company and its listed subsidiaries have taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, according to the Listing Rules, the following Directors have interests in the following businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group:

	Businesses which are considered to compete or likely to compete with the businesses of the Group		
Name of Director	**Name of entity**	**Description of businesses**	**Nature of interest of the Director in the entity**
Dr. Cheng Kar-Shun, Henry	Chow Tai Fook Enterprises Limited ("CTF") group of companies	Property investment and development, hotel operations, commercial aircraft leasing and healthcare investment	Director
	FSE Lifestyle Services Limited group of companies	Property and carpark management and landscaping	Director
	Ramada Property Limited	Property and hotel property investment	Director
	Shanghai New World Shangxian Lane Development Limited	Property investment and development	Director

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONTINUED)

	Businesses which are considered to compete or likely to compete with the businesses of the Group		
Name of Director	**Name of entity**	**Description of businesses**	**Nature of interest of the Director in the entity**
Mr. Doo Wai-Hoi, William	Ace Action Ltd. group of companies	Property investment	Director and shareholder
	Fortune Success Limited group of companies	Property investment	Director
	FSE Holdings Limited group of companies	Property and carpark management and landscaping	Alternate Director
	Fungseng Prosperity Holdings Limited group of companies	Property investment and management	Director
	Lifestyle International Holdings Limited group of companies	Department stores operations and property investment	Director
	Oriental Triumph Inc. group of companies	Property and hotel property investment	Director and shareholder
	Perfect Fine Group Limited group of companies	Property investment	Director
	Silver Success Company Limited group of companies	Hotel property investment	Director
	Supreme Harvest Development Limited group of companies	Property investment and development	Director and shareholder
Dr. Cheng Chi-Kong, Adrian	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
	CTF group of companies	Property investment and development, hotel operations, commercial aircraft leasing and healthcare investment	Director
	New Century Healthcare Holding Co. Limited group of companies	Healthcare investment	Director*
Mr. Cheng Kar-Shing, Peter	Long Vocation Investments Limited group of companies	Property investment	Director and shareholder
	CTF group of companies	Property investment and development, hotel operations, commercial aircraft leasing and healthcare investment	Director

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONTINUED)

Name of Director	Businesses which are considered to compete or likely to compete with the businesses of the Group: Name of entity	Description of businesses	Nature of interest of the Director in the entity
Mr. Cheng Chi-Heng	CTF group of companies	Property investment and development, hotel operations, commercial aircraft leasing and healthcare investment	Director
Ms. Huang Shaomei, Echo	Chow Tai Fook Business Development (Wuhan) Co., Ltd.	Property investment, development and management	Director
	Chow Tai Fook Chuangdi Real Estate (Wuhan) Co., Ltd.	Property investment and development, estate agency and carpark management	Director
	Guangzhou Junfu Real Estate Development Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyu Operation Management Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyuxian Yinghui Business Management Co., Ltd.	Carpark Leasing and management	Director
	Shenzhen Fusheng Investments Co., Ltd.	Hotel operations, property investment and management	Director
	Tianjin New World Huan Bo Hai Real Estate Development Co., Ltd.	Property investment and management	Director
	Wuhan Xinhuiye Real Estate Co., Ltd.	Property investment and development and carpark management	Director

* resigned on 1 June 2022

As the Board of Directors of the Company is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board of the Company, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Schemes" below, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEMES

Share option schemes of the Group are set out on pages 144 to 149.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2022, 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

	Number of shares held			Approximate % of shareholding as at 30 June 2022
Name	**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.

OTHER PERSON'S INTERESTS IN SECURITIES

As at 30 June 2022, the interests or short positions of persons (other than Directors or chief executive or substantial shareholders (as defined in the Listing Rules) of the Company) 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	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding as at 30 June 2022
BlackRock, Inc.	Interest of controlled corporation	**133,816,399**	**133,816,399**(1)	**5.32**

Short positions in shares

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding as at 30 June 2022
BlackRock, Inc.	Interest of controlled corporation	**155,500**	**155,500**(2)	**0.01**

Notes:

(1) The interests included interest in 432,000 underlying shares through its holding of certain cash settled unlisted derivatives.

(2) The interests included interest in 99,500 underlying shares through its holding of certain cash settled unlisted derivatives.

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 30 June 2022

SUFFICIENCY OF PUBLIC FLOAT

According to information that is available to the Company, the percentage of the Company's shares which are in the hands of the public exceeds 25.0% of the Company's total number of issued shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30.0% of the Group's turnover and less than 30.0% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

AUDITOR

The financial statements have been audited by Messrs. PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

On Behalf of the Board

Dr. Cheng Kar-Shun, Henry
Chairman
Hong Kong, China, 30 September 2022

CONNECTED TRANSACTIONS

(1) On 22 March 2012, New World Department Store China Limited ("NWDS") and Chow Tai Fook Jewellery Group Limited ("CTFJ") entered into a master concessionaire counter agreement (the "Master Concessionaire Counter Agreement") commencing from 24 April 2012 up to and including 30 June 2014, pursuant to which members of the NWDS Group (i.e. NWDS and its subsidiaries) and the CTFJ Group (i.e. CTFJ and its subsidiaries) may from time to time enter into definitive concessionaire agreements in relation to any transactions arising from the concessionaire arrangements or rental agreements in respect of retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in the PRC owned by, or leased to the NWDS Group or at which the NWDS Group operates its business.

The Master Concessionaire Counter Agreement will be automatically renewed for a successive period of three years after the initial term or subsequent renewal term subject to compliance with relevant requirements of the Listing Rules. Upon expiry of its second renewed term on 30 June 2020, the Master Concessionaire Counter Agreement was automatically further renewed for three years commencing from 1 July 2020 up to and including 30 June 2023. Details of the third renewal of the Master Concessionaire Counter Agreement and the annual caps set for each of the three financial years ending 30 June 2023 were set out in the announcement of the Company dated 4 May 2020.

As CTFJ is a fellow subsidiary of CTF which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company under the Listing Rules. Accordingly, the renewal of the Master Concessionaire Counter Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2022, the aggregate amount of the transactions under the Master Concessionaire Counter Agreement amounted to approximately RMB39.5 million (equivalent to approximately HK$47.8 million), which is within the annual cap of RMB96.0 million (equivalent to approximately HK$116.1 million).

(2) On 24 April 2020, the Company and Mr. Doo Wai-Hoi, William ("Mr. Doo") entered into a master services agreement (the "Mr. Doo MSA") for a term of three years commencing from 1 July 2020 up to and including 30 June 2023 in respect of the provision of certain operational and rental services which include contracting services, cleaning and landscaping services, facility management services, insurance, medical and health care services, property management services, security and guarding services, and rental and procurement services between members of the Group and members of the Services Group (being Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers (the "Takeovers Code") as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary). Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2023 were disclosed in the announcement of the Company dated 24 April 2020 and were approved by the independent shareholders of the Company on 19 June 2020.

Mr. Doo is the Non-executive Vice-chairman of the Company and a director of certain subsidiaries of the Company, and hence a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Mr. Doo MSA and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2022, the aggregate amount of the transactions under the Mr. Doo MSA amounted to approximately HK$2,375.1 million, which is within the annual cap of HK$5,844.8 million.

CONNECTED TRANSACTIONS (CONTINUED)

(3) On 24 April 2020, the Company and CTF entered into a master services agreement (the "CTF MSA") for a term of three years commencing from 1 July 2020 up to and including 30 June 2023 in respect of the provision of services ("CTFE Services") including administrative services, contracting services, general and rental services, insurance, medical and health care services, and project management and consultancy services between members of the Group and members of the CTF Services Group (being CTF, (a) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company, and/or (b) any other company in the equity capital of which CTF and such other companies referred to in (a) above taken together are directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings or to control the composition of a majority of the board of directors, and any other company which is its subsidiary, but excluding members of the Group).

Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the CTF MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). Details of the CTF MSA and the annual caps set for each of the three financial years ending 30 June 2023 were set out in the announcement of the Company dated 24 April 2020.

On 5 November 2021, the Company entered into a supplemental agreement (the "Supplemental Agreement") with CTF to expand the scope of the CTFE Services to cover services relating to, among others, mechanical, electrical and building services. In view of the expanded scope of the CTFE Services to be covered under the CTF MSA as supplemented by the Supplemental Agreement, the relevant annual caps for the two financial years ending 30 June 2023 were revised and set out in the announcement of the Company dated 5 November 2021 and the Company's FY22 interim report.

As CTF is a connected person of the Company, the entering into of the CTF MSA as supplemented by the Supplemental Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2022, under the CTF MSA as supplemented by the Supplemental Agreement, (a) the aggregate amount of CTFE Services provided by members of the Group to members of the CTFE Services Group amounted to approximately HK$658.4 million, which is within the revised annual cap of HK$689.7 million; and (b) the aggregate amount of CTFE Services provided by members of the CTFE Services Group to members of the Group amounted to approximately HK$391.0 million, which is within the revised annual cap of HK$1,512.5 million.

(4) On 28 April 2020, the Company and CTFJ entered into the master leasing and licensing agreement (the "Master Leasing and Licensing Agreement") for a term of three years commencing from 1 July 2020 up to and including 30 June 2023 in relation to transactions arising from the leases or tenancy agreements, licensing agreements, concession agreements, other similar collaboration agreements or any other agreements in relation to any real properties (including without limitation retail shops, shops-in-shops and counters) between members of the Group and members of the CTFJ Group. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Leasing and Licensing Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). Details of the Master Leasing and Licensing Agreement and the annual caps set for each of the three financial years ending 30 June 2023 were set out in the announcement of the Company dated 28 April 2020.

As CTFJ is a fellow subsidiary of CTF which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Master Leasing and Licensing Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2022, the aggregate amount of the transactions under the Master Leasing and Licensing Agreement amounted to approximately HK$81.5 million, which is within the annual cap of HK$151.2 million.

CONNECTED TRANSACTIONS (CONTINUED)

(5) On 10 April 2017, the Company and CTF entered into a master hotel management services agreement (the "Master Hotel Management Services Agreement") regarding the provision of hotel management and consultancy services by members of the CTF Group (i.e. CTF and its subsidiaries) to members of the Group. The Master Hotel Management Services Agreement is for a term of 10 years commencing from 1 July 2017 up to and including 30 June 2027 and will be automatically renewed for a further term of 10 years upon expiration of the initial term subject to compliance with the relevant requirements under the Listing Rules. Details of the Master Hotel Management Services Agreement and the annual caps set for each of the three financial years ending 30 June 2020 were set out in the announcement of the Company dated 10 April 2017.

In anticipation of the expiry of the annual caps for the transactions under the Master Hotel Management Services Agreement on 30 June 2020, the Board determined new annual caps for the three financial years ending 30 June 2023 as set out in the announcement of the Company dated 8 May 2020.

As CTF is a connected person of the Company, the entering into of the Master Hotel Management Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2022, the aggregate amount of the transactions under the Master Hotel Management Services Agreement amounted to approximately HK$114.1 million, which is within the annual cap of HK$294.1 million.

(6) On 10 April 2017, the Company and CTF entered into a master hotel leasing agreement (the "Master Hotel Leasing Agreement") regarding the leasing of hotels and licensing of related licences to members of the CTF Group from members of the Group for a term of 10 years commencing from 1 July 2017 up to and including 30 June 2027. The Master Hotel Leasing Agreement will be automatically renewed for a further term of 10 years upon expiration of the initial term subject to compliance with the relevant requirements under the Listing Rules.

As the annual cap amount for the transactions under the Master Hotel Leasing Agreement for each of the three financial years ending 30 June 2020 is de minimis, the entering into of the Master Hotel Leasing Agreement is fully exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

In anticipation of the expiry of the annual caps for the transactions under the Master Hotel Leasing Agreement on 30 June 2020, the Board determined new annual caps for the three financial years ending 30 June 2023. Details of the Master Hotel Leasing Agreement and the said new annual caps were set out in the announcement of the Company dated 8 May 2020.

As CTF is a connected person of the Company, the entering into of the Master Hotel Leasing Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2022, the aggregate amount of the transactions under the Master Hotel Leasing Agreement amounted to approximately HK$108.0 million, which is within the annual cap of HK$332.3 million.

CONNECTED TRANSACTIONS (CONTINUED)

(7) On 8 September 2021, K11 Shanghai Properties Company Limited (the "Purchaser", an indirect wholly-owned subsidiary of the Company) and Chow Tai Fook Nominee Limited (the "Vendor", a direct subsidiary of Chow Tai Fook (Holding) Limited ("CTFH")) entered into a sale and purchase agreement (the "SPA") pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase 50.0% of the entire equity interest of Shanghai New World Huai Hai Property Development Co., Ltd.* (上海新世界淮海物業發展有限公司) (the "Target Company") at the total consideration ("Consideration") of RMB3,375.0 million (equivalent to approximately HK$4,041.9 million) (the "Acquisition"). Prior to the Acquisition, the Target Company was owned as to 50.0% by each of the Vendor and the Purchaser and has been consolidated into the financial statements of the Group as a subsidiary.

The principal activity of the Target Company is the development, management and operation of Shanghai Hong Kong New World Tower located at 300 Huaihaizhong Road, Huangpu District, Shanghai, the PRC.

As CTFH is a substantial shareholder of the Company, the Vendor is a connected person of the Company by virtue of being an associate of CTFH. Accordingly, the Acquisition constitutes a connected transaction for the Company under the Listing Rules. Details of the Acquisition were set out in the announcement of the Company dated 8 September 2021. The Acquisition was completed in September 2021.

The price and terms of the continuing connected transactions mentioned in paragraphs (1) to (6) above were determined in accordance with the pricing policies and guidelines as set out in the relevant announcements of the Company. These continuing connected transactions have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions stated in paragraphs (1) to (6) above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the HKEx.

Save as disclosed above, a summary of significant related party transactions that did not constitute connected transactions made during the year was disclosed in note 49 to the financial statements.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, 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 SFO were as follows:

(A) Long positions in shares

	Number of shares				Approximate % of shareholding as at 30 June 2022
	Personal interests	**Spouse interests**	**Corporate interests**	**Total**	
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 were beneficially owned by a company which was wholly owned by Mr. Doo Wai-Hoi, William.

(2) These shares were jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.

(3) These shares were beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owned 40.0% of its issued share capital.

(4) These shares were beneficially owned by a company which was wholly owned by Dr. Cheng Kar-Shun, Henry.

(5) These shares were beneficially owned by a company which was wholly owned by Mr. Cheng Kar-Shing, Peter.

(6) These shares were beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

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

(B) Long positions in underlying shares – share options

During the year ended 30 June 2022, certain Directors of the Company have interest in share options to subscribe for shares in the Company. Details of such interests and summaries of share option schemes of the Company and its subsidiary are shown below.

Share Option Scheme of the Company

On 22 November 2016, the Company adopted a share option scheme (the "Scheme"). Under the Scheme, the Directors of the Company may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in the Company.

Summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

	The Scheme
Purpose of the Scheme	To reward directors and employees of the Group for past service or performance, to provide incentive, motivation or reward to eligible participants for increasing performance or making contribution to the Group, to attract and retain persons of right caliber with the necessary experience to work for or make contribution to the Group, to foster a sense of corporate identity and to allow the eligible participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the Scheme	Eligible participant may be a person or an entity belonging to any of the following classes: (i) any eligible employee (including directors) of the Group or any invested entity of the Group (the "Invested Entity"); (ii) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.

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

(B) Long positions in underlying shares – share options (continued)

Share Option Scheme of the Company (continued)

	The Scheme
Total number of shares available for issue under the Scheme and percentage of issued shares as at the date of this annual report	The Company had granted share options to subscribe for 34,812,500 shares of the Company under the Scheme up to the date of this report. The total number of shares available for issue under the Scheme is 220,453,661 representing approximately 8.76% of the Company's total number of issued shares as at the date of this report.
Maximum entitlement of each participant under the Scheme	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1.0% of the total number of shares of the Company in issue.
The period within which the shares must be taken up under an option	A period to be specified by the Directors and not to exceed 10 years from the date of grant of options.
The minimum period for which an option must be held before it can be exercised	Any period as determined by the Directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK$10.0 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by the Directors which must be at least the higher of (i) the closing price of the shares on the HKEx as stated in the HKEx's daily quotations sheets on the date of grant, which must be a dealing day; and (ii) the average closing price of the shares as stated in the HKEx's daily quotation sheets for the five dealing days immediately preceding the date of grant.
The remaining life of the Scheme	The Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 22 November 2016.

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

(B) Long positions in underlying shares – share options (continued)

Share Option Scheme of the Company (continued)

Share options granted to Directors

Name	Date of grant	Exercisable period (Note)	Number of share options: Balance as at 1 July 2021	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 30 June 2022	Exercise price per share HK$
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 positions in underlying shares – share options (continued)

Share Option Scheme of the Company (continued)

Share options granted to other eligible employees

		Number of share options					
Date of grant	**Exercisable period** (Note)	**Balance as at 1 July 2021**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Balance as at 30 June 2022**	**Exercise price per share HK$**
3 July 2017	(1)	**2,821,500**	**–**	**(176,000)[4]**	**(2,645,500)**	**–**	**40.144**
6 July 2018	(2)	**5,843,250**	**–**	**–**	**(1,294,000)**	**4,549,250**	**44.160**
22 May 2019	(3)	**9,487,500**	**–**	**–**	**(2,456,250)**	**7,031,250**	**49.376**
		18,152,250	**–**	**(176,000)**	**(6,395,750)**	**11,580,500**	

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 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.

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

(B) Long positions in underlying shares – share options (continued)

Share Option Schemes of NWS Holdings Limited ("NWSH")

The previous share option scheme adopted by NWSH on 21 November 2011 (the "2011 NWSH Share Option Scheme"), which was valid and effective for a period of 10 years from the date of adoption, expired on 21 November 2021. A new share option scheme of NWSH (the "2021 NWSH Share Option Scheme") was adopted at the annual general meeting of NWSH on 23 November 2021. A summary of the 2011 NWSH Share Option Scheme and 2021 NWSH Share Option Scheme (collectively the "NWSH Share Option Schemes") disclosed in accordance with the Listing Rules is as follows:

	NWSH Share Option Schemes
Purpose of the NWSH Share Option Schemes	To reward directors and employees of NWSH and its subsidiaries ("NWSH Group") for their past service or performance; providing incentive, motivation or reward to eligible participants for optimizing their performance or making contribution to NWSH Group; attracting and retaining persons of right caliber with the necessary experience to work for or make contribution to NWSH Group; and fostering a sense of corporate identity.
Participants of the 2011 NWSH Share Option Scheme	Eligible participant may be a person or an entity belonging to any of the following classes: (i) any employee (whether full time or part time employee, including any executive director but excluding any non-executive director) of NWSH Group or any invested entity of NWSH Group ("NWSH Invested Entity"); (ii) any non-executive director (including independent non-executive director) of NWSH Group or any NWSH Invested Entity; (iii) any supplier of goods or services to any member of NWSH Group or any NWSH Invested Entity; (iv) any customer of any member of NWSH Group or any NWSH Invested Entity; (v) any person or entity that provides research, development or other technological support to NWSH Group or any NWSH Invested Entity; (vi) any shareholder of any member of NWSH Group or any NWSH Invested Entity or any holder of any securities issued by any member of NWSH Group or any NWSH Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of NWSH Group or any NWSH Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of NWSH Group or any NWSH Invested Entity in any area of business operation or development.
Participants of the 2021 NWSH Share Option Scheme	any director (including any executive director, non-executive director or independent non-executive director) and employee (whether full time or part time) of NWSH Group.

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

(B) Long positions in underlying shares – share options (continued)

Share Option Schemes of NWS Holdings Limited ("NWSH") (continued)

	NWSH Share Option Schemes
Total number of shares available for issue under the NWSH Share Option Schemes and percentage of the issued shares as at the date of this report	NWSH had granted share options to certain eligible participants to subscribe for a total of 55,623,705 shares of NWSH under the 2011 NWSH Share Option Scheme, which include certain adjustments made pursuant to the rules of the 2011 NWSH Share Option Scheme. All the outstanding share options have lapsed as at the date of this report. Following the expiry of the 2011 NWSH Share Option Scheme on 21 November 2021, no further option can be granted under this scheme. NWSH had granted share options to certain eligible participants to subscribe for 85,798,050 shares of NWSH under the 2021 NWSH Share Option Scheme up to the date of this report. The total number of shares of NWSH available for subscription upon further grant of share options under the 2021 NWSH Share Option Scheme is 305,340,734 shares, representing approximately 7.81% of the total number of issued shares of NWSH as at the date of this report.
Maximum entitlement of each participant under the NWSH Share Option Schemes	Unless approved by shareholders of NWSH, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of shares of NWSH in issue.
The period within which the shares must be taken up under an option	At any time during a period as specified by NWSH's directors, however in any event the share options must be exercised within 10 years from the date of grant.
The minimum period for which an option must be held before it can be exercised	Any period as determined by NWSH's directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK$10 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by NWSH's directors which must be at least the highest of: (i) the closing price of the share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the share as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five dealing days immediately preceding the date of grant; and (iii) the nominal value of the share.
The remaining life of the NWSH Share Option Schemes	The 2011 NWSH Share Option Scheme expired on 21 November 2021. The 2021 NWSH Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 23 November 2021.

During the year, no share option of NWSH has been granted under the 2021 NWSH Share Option Scheme. NWSH granted share options to certain eligible participants to subscribe for 85,798,050 shares of NWSH under the 2021 NWSH Share Option Scheme in July 2022.

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

(C) Long positions in debentures

(1) Celestial Dynasty Limited ("CDL")

Name	Amount of debentures in US$ issued by CDL Personal interests US$	Spouse interests US$	Corporate interests US$	Total US$	Approximate % to the total amount of debentures in issue as at 30 June 2022
Mr. Doo Wai-Hoi, William	—	800,000	—	800,000	0.24

(2) Celestial Miles Limited ("CML")

Name	Amount of debentures in US$ issued by CML Personal interests US$	Spouse interests US$	Corporate interests US$	Total US$	Approximate % to the total amount of debentures in issue as at 30 June 2022
Mr. Doo Wai-Hoi, William	—	4,600,000	30,000,000[(1)]	34,600,000	2.66
Mr. Cheng Kar-Shing, Peter	4,500,000	—	—	4,500,000	0.35
	4,500,000	4,600,000	30,000,000	39,100,000	

Note:

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

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

Name	Amount of debentures issued by NWCL Personal interests HK$	Spouse interests HK$	Corporate interests HK$	Total HK$	Approximate % to the total amount of debentures in issue as at 30 June 2022
Mr. Doo Wai-Hoi, William	—	156,000,000[(1)]	234,000,000[(2)]	390,000,000	5.49

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 were beneficially owned by a company which was wholly owned by Mr. Doo Wai-Hoi, William, and 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 positions 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 30 June 2022
	Personal interests US$	Spouse interests US$	Corporate interests US$	Total US$	
Mr. Doo Wai-Hoi, William	—	67,875,000	30,000,000(1)	97,875,000	2.08
Mr. Cheng Kar-Shing, Peter	4,000,000	—	—	4,000,000	0.09
Mr. Ip Yuk-Keung, Albert	—	750,000(2)	—	750,000	0.02
	4,000,000	68,625,000	30,000,000	102,625,000	

Notes:

(1) These debentures were beneficially owned by companies which were wholly owned by Mr. Doo Wai-Hoi, William.

(2) These debentures were 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 30 June 2022
	Personal interests HK$	Spouse interests HK$	Corporate interests HK$	Total 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 were 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 30 June 2022, 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

At 30 June 2022, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively "affiliated companies") as set out below:

	2022 **HK$m**	2021 HK$m
Amounts due by affiliated companies (note)	**37,849.6**	40,505.5
Guarantees given for affiliated companies in respect of banking and other credit facilities	**12,411.1**	7,457.8
Commitments to capital injections and loan contributions	**414.8**	799.5
	50,675.5	48,762.8

Note:

The advances were unsecured and were interest free except for an aggregate amount of HK$17,869.4 million (2021: HK$18,811.2 million) which carried interest ranging from 1.3% over HIBOR to 10% per annum (2021: from 1.3% over HIBOR to 10% above LIBOR per annum). The 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 interests in those affiliated companies as at 30 June 2022 are presented as follows:

	Combined statement of financial position HK$m	**Group's attributable interests HK$m**
Non-current assets	**84,939.4**	**53,348.7**
Current assets	**151,176.0**	**47,371.4**
Current liabilities	**(120,665.3)**	**(38,328.3)**
Total assets less current liabilities	**115,450.1**	**62,391.8**
Non-current liabilities	**(93,252.4)**	**(43,497.6)**
Net assets	**22,197.7**	**18,894.2**

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 30 June 2022.

Management Discussion and Analysis

In FY2022, the Group recorded consolidated revenues of HK$68,212.7 million, on par with FY2021.

During the year under review, after excluding mainly changes in the fair value of investment properties net of taxation and impairment losses, the Group's underlying profit amounted to HK$7,084.6 million, an increase of 2%. The underlying profit of the Group in FY2021 was HK$6,957.9 million.

Core earnings per share of the Group's underlying profit was HK$2.81, increased by 3%. As at 30 June 2022, the net gearing ratio was 43.2%, representing a slight increase of 1.9 percentage points from 31 December 2021.

In FY2022, the Group's EBITDA amounted to HK$14,538.2 million, of which EBITDA from Hong Kong and property-related segments accounted for 51% and 79% respectively.

The following provides analysis on performance of each segment.

REVENUES – ANALYSED BY BUSINESS SEGMENTS

	FY2022 HK$m	FY2021 HK$m
Property Development	**17,369.6**	22,581.6
Property Investment	**4,823.5**	4,700.7
Roads	**2,717.5**	3,033.2
Construction	**25,759.1**	22,074.0
Insurance	**12,371.6**	9,639.3
Hotel operations	**823.5**	807.6
Others	**4,347.9**	5,396.8
Total	**68,212.7**	68,233.2

REVENUES – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

	FY2022 HK$m	FY2021 HK$m
Property Development		
Hong Kong	**5,842.8**	7,761.6
Mainland China	**11,526.8**	14,820.0
Total	**17,369.6**	22,581.6

	FY2022 HK$m	FY2021 HK$m
Property Investment		
Hong Kong	**2,795.6**	2,839.1
Mainland China	**2,027.9**	1,861.6
Total	**4,823.5**	4,700.7

Revenues from overall property development segment decreased by 23%, mainly due to less project completion.

In FY2022, Hong Kong property development segment revenue was mainly contributed by Grade A office project, NCB Innovation Centre (formerly known as 888 Lai Chi Kok Road, Cheung Sha Wan), the carpark project of ACADEMIC TERRACE, and residential projects including MOUNT PAVILIA and DOUBLE COVE.

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

The Group's revenues of property investment in Hong Kong during the year under review was HK$2,795.6 million, representing a decrease of 2%. Hong Kong K11 projects revenue increased by 4%, mainly attributable to improved occupancy rates of Victoria Dockside in Kowloon Tsim Sha Tsui and Grade A office project K11 ATELIER King's Road in Quarry Bay.

Revenues of property investment in Mainland China reached HK$2,027.9 million, representing an increase of 9%, in which revenues of K11 Mainland China increased 4% YoY, mainly due to the Group's K11 projects in Mainland China have gradual maturity in operation, with Wuhan Hankou K11 and Wuhan Guanggu K11 Select providing strong contributions.

Revenues from the roads segment amounted to HK$2,717.5 million, decreased by 10%, mainly due to containment measures rolled out by the Mainland Government to stem the transmission of COVID-19 led to a reduction in the overall traffic flow and toll revenue of our roads.

Revenues from the construction segment amounted to HK$25,759.1 million, increased by 17%, mainly due to the increase in project revenue of Hip Hing Construction (under Contracting).

Revenues from the insurance segment amounted to HK$12,371.6 million, increased by 28%, mainly due to the strong sales of insurance products.

Revenues from the others segment decreased by 19%, due to the disposal of loss-making transportation business in October 2020, and New World Department Store segment revenue negatively impacted by the pandemic.

SEGMENT RESULTS – ANALYSED BY BUSINESS SEGMENTS

	FY2022 HK$m	FY2021 HK$m (restated)
Property Development	**8,983.9**	9,351.4
Property Investment	**3,152.1**	2,929.5
Roads	**2,163.3**	2,448.9
Aviation	**511.6**	504.7
Construction	**934.4**	947.5
Insurance	**418.5**	723.4
Hotel Operations	**(885.3)**	(1,186.0)
Others	**(1,443.1)**	(1,528.9)
Total	**13,835.4**	14,190.5

SEGMENT RESULTS – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

	FY2022 HK$m	FY2021 HK$m
Property Development		
Hong Kong & Singapore	**2,384.1**	3,400.4
Mainland China	**6,599.8**	5,951.0
Total	**8,983.9**	9,351.4

	FY2022 HK$m	FY2021 HK$m
Property Investment		
Hong Kong	**2,120.4**	2,000.5
Mainland China	**1,031.7**	929.0
Total	**3,152.1**	2,929.5

The Group's consolidated segment results in FY2022 amounted to HK$13,835.4 million, a slight decrease of 3%, mainly due to the decrease in property development, roads and insurance, partly offset by improved performance in property investment and reduced losses in hotel operations.

Property Development

The segment results of the Hong Kong property development segment fell by 30%, mainly due to less residential project completions.

In FY2022, the contribution from Hong Kong segment mainly derived from Grade A office project, NCB Innovation Centre (formerly known as 888 Lai Chi Kok Road, Cheung Sha Wan), the carpark project of ACADEMIC TERRACE, and residential projects including MOUNT PAVILIA and DOUBLE COVE.

As at 30 June 2022, the unrecognised attributable income from contracted sales of properties in Hong Kong to be recognised in FY2023 and FY2024 is HK$24,948 million and HK$4,145 million respectively.

Contracted Sales of Property Development in Hong Kong Expected to be Recognised in FY2023 As at 30 June 2022	**Total Number of Units**	**Attributable Income HK$m**
THE PAVILIA FARM I	776	8,604
THE PAVILIA FARM II	1,405	16,080
NCB Innovation Centre (formerly known as 888 Lai Chi Kok Road, Cheung Sha Wan)		84
PARK VILLA	2	83
FLEUR PAVILIA	1	37
Double Cove	1	16
Carparks		44
Total		**24,948**

Contracted Sales of Property Development in Hong Kong Expected to be Recognised in FY2024 As at 30 June 2022	**Total Number of Units**	**Attributable Income HK$m**
Mount Pavilia	57	2,962
FLEUR PAVILIA	34	725
The Masterpiece	2	198
Park Villa	1	49
Carparks		211
Total		**4,145**

During the year under review, the contributions from the Mainland China segment mainly derived from the projects in the Greater Bay Area, such as Guangzhou Park Paradise • The Glory of Legend, Qianhai CTF Financial Tower, Guangzhou Covent Garden New World Canton Bay and Shenzhen Prince Bay.

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

Contracted Sales of Property Development in Mainland China Expected to be Recognised As at 30 June 2022 Region	**FY2023 Gross Income RMB m**	**FY2024 Gross Income RMB m**
Southern Region (i.e. the Greater Bay Area)	7,609	1,012
North-eastern Region	–	38
Total	**7,609**	**1,050**

Property Investment

In FY2022, the overall property investment segment recorded a contribution of HK$3,152.1 million, increased by 8%, of which K11 increased by 17%.

Segment results of Hong Kong's investment properties increased by 6%, of which K11 increased by 14%, mainly attributable to the outstanding performance of Victoria Dockside, and Grade A office project K11 ATELIER King's Road in Quarry Bay, increased by 19% and 35%, respectively. The overall occupancy rate of Victoria Dockside's K11 MUSEA remained high at 98%, while over 80% of the Grade A office building K11 ATELIER has been leased.

During the year under review, the segment results of the property investment in Mainland China increased by 8%, of which K11 increased 29%, mainly due to the Group's K11 projects in Mainland China have gradual maturity in operation, with Wuhan Hankou K11 and Wuhan Guanggu K11 Select providing strong contributions.

Roads

The roads segment's contribution decreased by 12% to HK$2,163.3 million, mainly due to the containment measures rolled out by the Mainland Government to stem the transmission of COVID-19 led to a reduction in the overall traffic flow and toll revenue of our roads. Compounded by the negative impact from power crunch in various cities in the Mainland and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road, which was ended by the end of June 2022.

Aviation

The aviation segment's contribution was HK$511.6 million, increased by 1%, mainly due to the increase of market-to market gain on interest rate swap contracts, and offset by the decrease in share of rental income due to lease restructuring and aircraft bankruptcy.

Construction

The contribution from construction segment amounted to HK$934.4 million, decreased by 1%, mainly due to the decline in contribution from Wai Kee following the partial disposal of the shares held by NWSH during FY2021.

Insurance

The insurance segment's contribution was HK$418.5 million, decreased by 42%, mainly due to the change in product mix, and increased selling, general and administrative expenses resulting in lower segment margin.

Hotel Operations

Hotel operations segment recorded a loss of HK$885.3 million, loss reduced by 25%, mainly due to improved performance of hotels in Hong Kong and South East Asia. In addition, Rosewood Hong Kong (with effect from 1 November 2020), Pentahotel Hong Kong, Kowloon (with effect from 1 November 2021) and KHOS Qingyuan (with effect from 1 November 2021) have been reclassified to the Investment property to present rental income under investment property segment.

Others

Others segment recorded a loss of HK$1,443.1 million, loss reduced by 6% mainly due to the continuing reduced fixed overhead costs from Free Duty shops such as Lo Wu, Lok Ma Chau and Hung Hom outlets which have been closed since late January or early February 2020 due to COVID-19 epidemic. For facility management business, the resumption of local events benefited the performance of Hong Kong Convention and Exhibition Centre. In addition, the segment loss was reduced due to the completion of disposal of New World First Bus in October 2020.

Other Losses, Net

The Group recorded a net loss of HK$1,692.6 million in FY2022, compared to a net loss of HK$381.0 million in FY2021. The amount mainly comprised unrealised losses on fair value of FTLife investment funds and other strategic investments, impairment losses on New World Department Store and other business units, and expected credit loss provisions.

Changes in Fair Value of Investment Properties

The Group's change in the fair value of investment properties in FY2022 were HK$127.0 million, compared to a net gain of HK$1,135.6 million in FY2021, mainly due to third-party valuers' estimation of market rents being affected by corrections in the current Hong Kong and Mainland China property market.

Taxation

Taxation in FY2022 amounted to HK$4,912.7 million, decreased by 13%. Mainland China and overseas tax incurred in projects are the key components.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

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

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

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

In September 2021, a US$150.0 million (equivalent to approximately HK$1,170.0 million) 5.25% guaranteed senior perpetual capital securities were issued by a wholly-owned subsidiary of the Group and listed on the Stock Exchange at a price of 106.060% of the principal amount with net proceeds (excluding accrued interest) of US$158.7 million (equivalent to approximately HK$1,237.9 million).

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

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

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

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

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

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

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

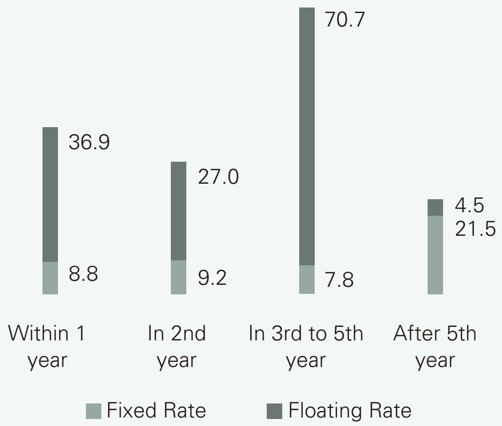
As at 30 June 2022, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$173,342.2 million (2021: HK$146,059.4 million). Short-term bank loans and other loans as at 30 June 2022 were HK$13,217.2 million (2021: HK$24,090.5 million). The maturity of bank loans,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

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

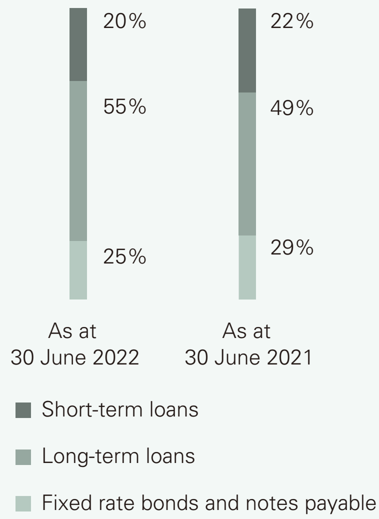
Equity of the Group as at 30 June 2022 was HK$288,098.8 million against HK$304,192.4 million as at 30 June 2021.

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

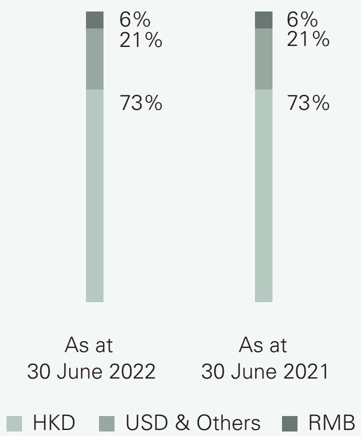
Floating/Fixed Rate and Maturity Profile of Borrowings as at 30 June 2022 (HK$ billion)



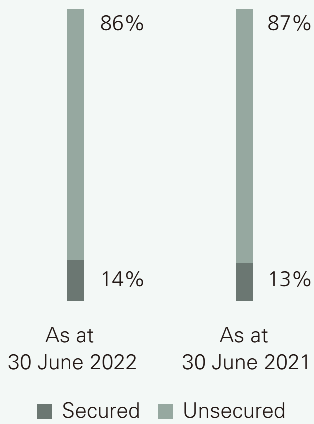
Source of Borrowings



Currency Profile of Borrowings



Nature of Debts



pwc

羅兵咸永道

Independent Auditor's Report
To the Members of New World Development Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of New World Development Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 168 to 300, comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties held by the Group and its joint ventures and associated companies;
- Recoverability of properties for/under development and properties held for sale held by the Group and its joint ventures; and
- Assessment on (a) valuation of insurance contract liabilities and (b) amortisation of value of business acquired and deferred acquisition cost.

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KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties held by the Group and its joint ventures and associated companies	
Refer to notes 5(b), 6 and 16 to the consolidated financial statements. As at 30 June 2022, the investment properties held by the Group were stated at fair value of HK$211,220.7 million with fair value loss of HK$127.0 million recognised in the consolidated income statement. The Group also has significant investment properties held by its joint ventures and associated companies. Independent external valuers were engaged to determine the fair value of investment properties held by the Group and its joint ventures and associated companies as at 30 June 2022. For completed investment properties, fair value was generally derived by the income capitalisation method and where appropriate, by direct comparison method. Income capitalisation method was based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates and prevailing market rents. Direct comparison method was based on comparable market transactions, as adjusted by the property-specific qualitative factors. For investment properties under construction, fair value was derived using the residual method based on capitalising the rental income that would be generated from the investment property in its completed form and deducting development costs together with developer's profit and risk margins from the estimated capital value of the proposed development assuming completed as at the date of valuation. We focused on this area due to the fact that there are significant judgements and estimation uncertainty involved in the valuation of investment properties.	Our procedures in relation to the valuation of investment properties included: • We understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors; • We evaluated the competence, capability and objectivity of the independent external valuers; • We obtained the valuation reports and met the independent external valuers to discuss the valuation methodologies and key assumptions; • We involved our in-house valuation experts and assessed the appropriateness of the valuation methodologies and the reasonableness of the key assumptions used in the valuation of investment properties, based on our knowledge of the property industry, research evidence of capitalisation rates, prevailing market rents and comparable market transactions for similar properties, where applicable; • We tested, on a sample basis, the data used in the valuation of investment properties, including rental rates from existing tenancies and estimated cost to complete, by agreeing them to the underlying agreements with the tenants and approved budgets, respectively. We also compared the estimated developer's profit and risk margins to properties with comparable stage of development, where appropriate; and • We assessed the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRSs disclosure requirements. Based on the procedures performed, we found the methodologies used in preparing the valuations were appropriate and the key assumptions were supportable in light of available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of properties for/under development and properties held for sale held by the Group and its joint ventures *Refer to notes 5(c) and 28 to the consolidated financial statements.* As at 30 June 2022, the carrying values of the Group's properties for development, properties under development and properties held for sale amounted to HK$23,310.6 million, HK$62,066.2 million and HK$21,770.6 million respectively. The Group also has significant property development projects for sale held by its joint ventures. Management assessed the recoverability of the property portfolios held for sale by the Group and its joint ventures based on estimates of the net realisable values of the underlying properties. These involved the estimation of selling prices of the properties based on current market prices of properties of comparable locations and conditions, the costs necessary to make the sales and the construction costs to complete based on the existing development plans, where applicable. Based on the results of the recoverability assessments, management concluded that the current level of provision for the properties held for/under development and properties held for sale as at 30 June 2022 was appropriate. If the estimated net realisable values of the underlying properties were significantly different from their carrying values as a result of changes of market conditions and/or significant variation in the budgeted development costs, material reversal or impairment provision for properties for/under development and properties held for sale may result. Accordingly, the existence of significant estimates warrants specific audit focus and attention on this area.	Our procedures in relation to management's assessment of recoverability of properties for/under development and properties held for sale included: • We understood management's control and processes of the assessment of the recoverability of property portfolios and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated and tested the operating effectiveness of key controls around the property development cycle with particular focus on, but not limited to, controls over cost budgeting for estimated costs to completion, where applicable; • We evaluated management's assessment on the recoverability of property portfolios, with particular focus on properties with relatively low gross profit margins or those with cost exceeding the net realisable value; and • We assessed the reasonableness of key assumptions and estimates in management's assessment including: (i) For the estimated selling prices, we compared, on a sample basis, to the contracted selling prices of the underlying properties or current market prices of properties of comparable locations and conditions, where applicable; and (ii) For the estimated costs necessary to make the sales and costs to completion, we assessed the reasonableness of the costs necessary to make sales and the latest budgets of total construction costs and tested, on a sample basis, to committed contracts and other supporting documentation. Based on the procedures performed, we found the key assumptions in the recoverability assessment were supportable in light of available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment on (a) valuation of insurance contract liabilities and (b) amortisation of value of business acquired and deferred acquisition cost	
(a) Valuation of insurance contract liabilities	
Refer to notes 3(ae), 4(g), 5(m), 33 and 42 to the consolidated financial statements. The Group had insurance contract liabilities (including those classified as liabilities related to unit-linked contracts) of HK$44,891.8 million as at 30 June 2022, representing approximately 13% of the Group's total liabilities. The valuation of insurance contract liabilities requires the use of appropriate actuarial methodologies and various economic and operational assumptions that are subject to a high degree of management's judgements. The key assumptions used in measuring the insurance contract liabilities include discount rates, mortality rates, lapse rates and expenses. We focused on this area due to significant management judgements and estimates required in the valuation of insurance contract liabilities at the end of reporting period.	We involved our in-house actuarial experts in performing the following audit procedures: • We obtained an understanding of the management's controls and processes of valuation of insurance contract liabilities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated whether the methodologies are consistent with recognised actuarial practices in the insurance industry. We built independent models to test, on a sampling basis, the algorithm within the actuarial models applied; • We assessed the reasonableness of the key assumptions made by management including discount rates, mortality rates, lapse rates and expenses based on the Group's own historical data and experience study, market-observable data, and our industry knowledge and experience; • We performed analysis of the movements in insurance contract liabilities to assess whether the changes are in line with our understanding of the assumptions and any developments and changes during the period; and • We reviewed the calculation of the liability adequacy test to assess the adequacy of insurance contract liabilities. Based on the procedures performed above, we found the methodologies and assumptions used by management in the valuation of insurance contract liabilities to be reasonable.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment on (a) valuation of insurance contract liabilities and (b) amortisation of value of business acquired and deferred acquisition cost (continued)	
(b) Amortisation of value of business acquired and deferred acquisition costs	
Refer to notes 3(ae), 5(n), 21 and 22 to the consolidated financial statements. As at 30 June 2022, the carrying value of value of business acquired ("VOBA") and deferred acquisition costs ("DAC") amounting to HK$5,239.8 million and HK$2,335.0 million respectively. Amortisation of VOBA and DAC amounting to HK$155.3 million and HK$524.2 million, respectively, was recognised in the consolidated income statement for the year ended 30 June 2022. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis primarily based on expected future profits which involved significant management judgements and estimates. DAC of new business is amortised according to the expected future premiums or expected future profits, which are projected based on the Group's best estimate assumptions and actual persistency. We focused on this area due to the high degree of management judgements and estimates required.	• We obtained an understanding of the management's controls and processes of amortisation of value of business acquired and deferred acquisition costs and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • With the assistance of our in-house actuarial experts, we evaluated the basis of amortisation of VOBA and DAC determined by management and assessed the reasonableness of assumptions used by management, including discount rates, mortality rates, lapse rates and expenses in determining the expected future profits. Based on the procedures performed above, we found the assumptions used in the amortisation of VOBA and DAC to be appropriate.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ho Chiu Ping, Dennis.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 September 2022

Consolidated Income Statement

For the year ended 30 June 2022

	Note	2022 HK$m	2021 HK$m (restated)
Revenues	6	**68,212.7**	68,233.2
Cost of sales		**(49,967.0)**	(49,082.0)
Gross profit		**18,245.7**	19,151.2
Other income	7	**482.3**	240.8
Other losses, net	8	**(1,692.6)**	(381.0)
Selling and marketing expenses		**(2,430.4)**	(2,413.6)
Expenses of department store's operation		**(1,318.4)**	(1,335.4)
Administrative and other operating expenses		**(6,872.5)**	(6,676.5)
Overlay approach adjustments on financial assets	3(ae)(xi)	**1,845.9**	(1,270.6)
Changes in fair value of investment properties	16	**(127.0)**	1,135.6
Operating profit	9	**8,133.0**	8,450.5
Financing income		**2,868.3**	3,148.0
Financing costs	10	**(2,609.3)**	(3,094.7)
		8,392.0	8,503.8
Share of results of			
Joint ventures		**(619.4)**	1,318.0
Associated companies		**1,441.9**	510.7
Profit before taxation		**9,214.5**	10,332.5
Taxation	11	**(4,912.7)**	(5,661.6)
Profit for the year		**4,301.8**	4,670.9
Attributable to:			
Shareholders of the Company	39	**1,249.2**	1,151.5
Holders of perpetual capital securities		**2,377.2**	2,282.6
Non-controlling interests		**675.4**	1,236.8
		4,301.8	4,670.9
Earnings per share	12		
Basic		**HK$0.50**	HK$0.45
Diluted		**HK$0.50**	HK$0.45

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

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

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	**2022 HK$m**	2021 HK$m (restated)
Assets			
Non-current assets			
Investment properties	16	**211,220.7**	195,883.5
Property, plant and equipment	17	**19,684.3**	22,300.0
Right-of-use assets	18	**6,298.2**	8,117.9
Intangible concession rights	19	**13,011.4**	14,281.0
Intangible assets	20	**8,395.2**	8,245.9
Value of business acquired	21	**5,239.8**	5,395.1
Deferred acquisition costs	22	**2,335.0**	1,711.5
Interests in joint ventures	23	**48,745.2**	47,361.6
Interests in associated companies	24	**16,193.1**	14,256.7
Financial assets at fair value through profit or loss	31	**18,684.0**	18,370.9
Financial assets at fair value through other comprehensive income	32	**39,133.8**	42,888.9
Derivative financial instruments	25	**781.6**	659.4
Properties for development		**23,310.6**	23,070.9
Deferred tax assets	26	**2,015.0**	1,742.3
Other non-current assets	27	**27,668.2**	15,106.3
		442,716.1	419,391.9
Current assets			
Properties under development	28	**62,066.2**	68,255.8
Properties held for sale		**21,770.6**	21,052.2
Inventories	29	**504.9**	597.9
Debtors, prepayments, premium receivables and contract assets	30	**32,235.2**	34,683.3
Investments related to unit-linked contracts	33	**8,649.2**	10,770.2
Financial assets at fair value through profit or loss	31	**2,529.9**	1,584.5
Financial assets at fair value through other comprehensive income	32	**3,154.2**	1,898.1
Derivative financial instruments	25	**27.4**	897.6
Restricted bank balances	34	**4,494.5**	340.1
Cash and bank balances	34	**57,715.6**	61,615.0
		193,147.7	201,694.7
Non-current assets classified as assets held for sale	35	**20.1**	5,990.8
		193,167.8	207,685.5
Total assets		**635,883.9**	627,077.4

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	**2022 HK$m**	2021 HK$m (restated)
Equity			
Share capital	36	**78,382.1**	78,373.3
Reserves	39	**134,978.0**	144,955.5
Shareholders' funds		**213,360.1**	223,328.8
Perpetual capital securities	37	**47,614.2**	48,938.2
Non-controlling interests	38	**27,124.5**	31,925.4
Total equity		**288,098.8**	304,192.4
Liabilities			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	40	**143,038.9**	137,828.7
Lease liabilities	41	**4,517.3**	5,204.4
Insurance and investment contract liabilities	42	**16,470.0**	18,143.5
Liabilities related to unit-linked contracts	33	**190.8**	180.8
Deferred tax liabilities	26	**10,318.2**	11,128.5
Derivative financial instruments	25	**221.6**	670.8
Other non-current liabilities	43	**215.5**	167.0
		174,972.3	173,323.7
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	44	**70,233.5**	63,977.8
Current portion of long-term borrowings and other interest-bearing liabilities	40	**36,175.1**	12,569.0
Short-term borrowings and other interest-bearing liabilities	40	**14,094.5**	25,619.2
Lease liabilities	41	**1,285.2**	1,639.2
Insurance and investment contract liabilities	42	**31,734.4**	24,359.3
Liabilities related to unit-linked contracts	33	**8,645.1**	10,770.2
Derivative financial instruments	25	**0.4**	0.3
Current tax payable		**10,614.1**	10,626.3
		172,782.3	149,561.3
Liabilities directly associated with non-current assets classified as assets held for sale	35	**30.5**	—
		172,812.8	149,561.3
Total liabilities		**347,785.1**	322,885.0
Total equity and liabilities		**635,883.9**	627,077.4

Dr. Cheng Kar-Shun, Henry
Director

Dr. Cheng Chi-Kong, Adrian
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	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 (restated)	78,373.3	125,012.7	19,942.8	223,328.8	48,938.2	31,925.4	304,192.4
Profit for the year	–	1,249.2	–	1,249.2	2,377.2	675.4	4,301.8
Other comprehensive income							
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	–	–	(102.7)	(102.7)	–	15.1	(87.6)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	–	–	391.3	391.3	–	27.6	418.9
Share of other comprehensive income arising from revaluation of investment properties from property, plant and equipment related to a joint venture, net of taxation	–	–	3,841.5	3,841.5	–	2,470.6	6,312.1
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	–	–	(3,831.9)	(3,831.9)	–	(2,464.3)	(6,296.2)
Release of reserves upon disposal of subsidiaries	–	–	(126.9)	(126.9)	–	–	(126.9)
Release of reserves upon disposal of interests in associated companies	–	–	0.8	0.8	–	0.5	1.3
Release of reserves upon deregistration of a joint venture	–	–	(12.3)	(12.3)	–	–	(12.3)
Release of reserves upon disposal of non-current assets classified as asset held for sale	–	0.6	(50.4)	(49.8)	–	(32.1)	(81.9)
Release of reserves upon disposal of equity instruments as financial assets at fair value through other comprehensive income	–	385.9	(385.9)	–	–	–	–
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income	–	–	(83.8)	(83.8)	–	(53.8)	(137.6)
Share of other comprehensive income of joint ventures and associated companies	–	(25.4)	135.0	109.6	–	70.1	179.7
Remeasurement of post-employment benefit obligation	–	(3.8)	–	(3.8)	–	(2.4)	(6.2)
Cash flow/fair value hedges	–	(181.8)	472.0	290.2	–	(330.6)	(40.4)
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	–	–	(1,123.4)	(1,123.4)	–	(722.5)	(1,845.9)
Translation differences	–	–	(3,407.5)	(3,407.5)	–	(444.0)	(3,851.5)
Other comprehensive income/(loss) for the year	–	175.5	(4,284.2)	(4,108.7)	–	(1,465.8)	(5,574.5)
Total comprehensive income/(loss) for the year	–	1,424.7	(4,284.2)	(2,859.5)	2,377.2	(790.4)	(1,272.7)

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	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
Transactions with owners							
Contributions by/(distributions to owners)							
Dividends	–	(5,184.3)	–	(5,184.3)	–	(929.1)	(6,113.4)
Contributions from non-controlling interests	–	–	–	–	–	32.5	32.5
Issue of new shares upon exercise of share options	8.8	–	–	8.8	–	–	8.8
Employees' share-based payments	–	–	4.9	4.9	–	–	4.9
Share options lapsed	–	65.8	(65.8)	–	–	–	–
Issuance of perpetual capital securities	–	–	–	–	5,140.9	–	5,140.9
Redemption of perpetual capital securities	–	–	–	–	(6,420.7)	–	(6,420.7)
Transaction costs in relation to the issuance of perpetual capital securities	–	(132.6)	–	(132.6)	–	–	(132.6)
Distribution to perpetual capital securities holders	–	–	–	–	(2,421.4)	–	(2,421.4)
Buyback of shares	–	(966.8)	–	(966.8)	–	–	(966.8)
Transfer of reserves	–	(38.4)	38.4	–	–	–	–
	8.8	(6,256.3)	(22.5)	(6,270.0)	(3,701.2)	(896.6)	(10,867.8)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	–	–	–	–	–	(8.5)	(8.5)
Acquisition of additional interest in subsidiaries	–	(827.2)	(12.0)	(839.2)	–	(3,250.0)	(4,089.2)
Deregistration of a subsidiary	–	–	–	–	–	30.9	30.9
Disposal/partial disposal of subsidiaries	–	–	–	–	–	113.7	113.7
	–	(827.2)	(12.0)	(839.2)	–	(3,113.9)	(3,953.1)
Total transactions with owners	8.8	(7,083.5)	(34.5)	(7,109.2)	(3,701.2)	(4,010.5)	(14,820.9)
At 30 June 2022	78,382.1	119,353.9	15,624.1	213,360.1	47,614.2	27,124.5	288,098.8

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Share capital HK$m	Retained profits HK$m (restated)	Other reserves HK$m (restated)	Shareholders' funds HK$m (restated)	Perpetual capital securities HK$m	Non-controlling interests HK$m (restated)	Total HK$m (restated)
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 year	—	1,151.5	—	1,151.5	2,282.6	1,236.8	4,670.9
Other comprehensive income							
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	—	—	(16.2)	(16.2)	—	24.6	8.4
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	—	—	(1,097.8)	(1,097.8)	—	(656.5)	(1,754.3)
Release of reserves upon deconsolidation of a subsidiary	—	—	(6.3)	(6.3)	—	(4.0)	(10.3)
Release of reserves upon disposal of subsidiaries	—	178.3	(191.7)	(13.4)	—	27.9	14.5
Release of reserves upon disposal of interests in a joint venture and associated companies	—	25.5	(112.2)	(86.7)	—	(60.8)	(147.5)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	—	—	1,545.1	1,545.1	—	20.1	1,565.2
Release of reserves upon disposal of equity instruments as financial assets at fair value through other comprehensive income	—	(6.8)	6.8	—	—	—	—
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income	—	—	(40.7)	(40.7)	—	—	(40.7)
Share of other comprehensive income of joint ventures and associated companies	—	(0.3)	1,753.1	1,752.8	—	767.9	2,520.7
Remeasurement of post-employment benefit obligation	—	15.3	—	15.3	—	9.9	25.2
Cash flow/fair value hedges	—	—	166.7	166.7	—	(10.4)	156.3
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	—	—	773.3	773.3	—	497.3	1,270.6
Translation differences	—	—	11,974.1	11,974.1	—	1,421.3	13,395.4
Other comprehensive income for the year	—	212.0	14,754.2	14,966.2	—	2,037.3	17,003.5
Total comprehensive income for the year	—	1,363.5	14,754.2	16,117.7	2,282.6	3,274.1	21,674.4

	Share capital HK$m	Retained profits HK$m (restated)	Other reserves HK$m (restated)	Shareholders' funds HK$m (restated)	Perpetual capital securities HK$m	Non-controlling interests HK$m (restated)	Total HK$m (restated)
Transactions with owners							
Contributions by/(distributions to owners)							
Dividends	—	(5,194.6)	—	(5,194.6)	—	(1,133.5)	(6,328.1)
Contributions from non-controlling interests	—	—	—	—	—	987.2	987.2
Issue of new shares upon exercise of share options	147.6	—	—	147.6	—	—	147.6
Employees' share-based payments	—	—	18.9	18.9	—	—	18.9
Share options lapsed	—	22.5	(22.5)	—	—	—	—
Issuance of perpetual capital securities	—	—	—	—	11,846.4	—	11,846.4
Transaction costs in relation to the issuance of perpetual capital securities	—	(127.8)	—	(127.8)	—	—	(127.8)
Distribution to perpetual capital securities holders	—	—	—	—	(2,282.8)	—	(2,282.8)
Buyback of shares	—	(379.2)	—	(379.2)	—	—	(379.2)
Transfer of reserves	—	(169.4)	169.4	—	—	—	—
	147.6	(5,848.5)	165.8	(5,535.1)	9,563.6	(146.3)	3,882.2
Changes in ownership interests in subsidiaries							
Acquisition of additional interest in subsidiaries	—	(22.1)	(255.0)	(277.1)	—	(5.4)	(282.5)
Disposal of a subsidiary	—	—	—	—	—	(270.6)	(270.6)
Deconsolidation of a subsidiary	—	—	—	—	—	(556.2)	(556.2)
	—	(22.1)	(255.0)	(277.1)	—	(832.2)	(1,109.3)
Total transactions with owners	147.6	(5,870.6)	(89.2)	(5,812.2)	9,563.6	(978.5)	2,772.9
At 30 June 2021	78,373.3	125,012.7	19,942.8	223,328.8	48,938.2	31,925.4	304,192.4

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	**2022 HK$m**	2021 HK$m (restated)
Cash flows from operating activities			
Net cash generated from operations	48(a)	**20,340.8**	27,071.4
Hong Kong profits tax paid		**(1,549.8)**	(1,603.2)
Mainland China and overseas taxation paid		**(4,783.9)**	(6,658.4)
Net cash from operating activities before net purchases of financial assets in relation to insurance business		**14,007.1**	18,809.8
Purchases of financial assets in relation to insurance business		**(18,742.0)**	(12,965.4)
Disposal of financial assets in relation to insurance business		**12,186.5**	3,801.9
Net purchase of financial assets in relation to insurance business		**(6,555.5)**	(9,163.5)
Net cash from operating activities		**7,451.6**	9,646.3
Cash flows from investing activities			
Interest received		**3,003.2**	3,378.7
Dividends received from			
Joint ventures		**1,939.8**	919.7
Associated companies		**463.5**	438.9
Financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVPL")		**105.9**	121.5
Additions of investment properties, property, plant and equipment, intangible assets and intangible concession rights		**(5,550.8)**	(7,160.8)
Decrease/(increase) in interests in joint ventures and advances to joint ventures		**111.3**	(6,272.4)
(Increase)/decrease in interests in associated companies and advances to associated companies		**(1,198.7)**	599.2
Decrease in short-term bank deposits maturing after more than three months		**658.8**	3,010.9
Acquisition of subsidiaries (net of cash and cash equivalents)	48(d)	**7.1**	(43.5)
Deconsolidation of a subsidiary	48(e)	**—**	(1,104.5)
Purchase of financial assets at FVOCI and financial assets at FVPL		**(8,233.0)**	(4,722.6)
Increase in other non-current assets		**(8,933.9)**	(881.3)
Proceeds from settlement of derivative financial instruments		**28.2**	—
Proceeds from disposal/partial disposal of			
Associated companies		**—**	821.9
Assets held for sale		**6,022.0**	–
Financial assets at FVOCI and financial assets at FVPL		**4,038.5**	3,209.2
Investment properties, property, plant and equipment and intangible concession rights		**725.4**	2,911.4
Joint ventures		**2,788.0**	268.1
Subsidiaries (net of cash and cash equivalents)	48(f)	**764.0**	7,547.5
Net cash (used in)/from investing activities		**(3,260.7)**	3,041.9

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	**2022 HK$m**	2021 HK$m (restated)
Cash flows from financing activities			
Issue of fixed rate bonds, net of transaction costs		**1,547.6**	4,335.6
Redemption of fixed rate bonds and notes payable		**(5,211.6)**	(5,958.3)
Drawdown of bank and other loans		**57,975.5**	44,253.1
Repayment of bank and other loans		**(37,686.4)**	(56,941.1)
Repayment of financing received under a financial reinsurance arrangement		**(59.2)**	(91.1)
Increase in loans from non-controlling shareholders		**1,468.4**	66.9
Principal elements of lease liabilities payments		**(938.9)**	(1,113.8)
Decrease in cash collateral received from counterparties		**(598.1)**	(948.0)
Increase in restricted bank balances		**(4,154.4)**	(195.7)
Payments to acquire additional interests in subsidiaries		**(4,085.7)**	(267.0)
Issue of shares		**8.8**	147.6
Contributions from non-controlling interests		**32.5**	985.7
Interest paid		**(3,106.6)**	(4,907.5)
Dividends paid to shareholders of the Company		**(5,184.3)**	(5,194.6)
Dividends paid to non-controlling shareholders		**(929.1)**	(1,133.5)
Proceeds from issuance of perpetual capital securities, net of transaction costs		**5,008.3**	14,692.4
Repurchase of perpetual capital securities		**(6,420.7)**	(2,973.8)
Distribution to holders of perpetual capital securities		**(2,421.4)**	(2,282.8)
Buyback of shares		**(966.8)**	(379.2)
Net cash used in financing activities		**(5,722.1)**	(17,905.1)
Net decrease in cash and cash equivalents		**(1,531.2)**	(5,216.9)
Cash and cash equivalents at beginning of the year		**60,535.7**	63,317.3
Translation differences		**(1,735.2)**	2,435.3
Cash and cash equivalents at end of the year		**57,269.3**	60,535.7
Analysis of cash and cash equivalents			
Cash at banks and on hand	34	**42,122.5**	44,269.1
Cash and bank balances attributable to investments related to unit-linked contracts	33	**27.3**	53.1
Short-term bank deposits maturing within three months	34	**15,119.5**	16,213.5
		57,269.3	60,535.7

Notes to the Financial Statements

1 GENERAL INFORMATION

New World Development Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is 30/F, New World Tower, 16-18 Queen's Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together the "Group") are principally engaged in property development and investment, development of, investment in and/or operation of roads, aviation, construction, insurance, hotel operations and other businesses (including facilities management, environment, logistic, department store, media and technology and other strategic businesses).

These consolidated financial statements have been approved by the Board of Directors on 30 September 2022.

2 BASIS OF PREPARATION

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

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 below.

(a) Adoption of amendments to standards

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

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

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

2 BASIS OF PREPARATION (CONTINUED)

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

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

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities from a Single Transaction
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRSs Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

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

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

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

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

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

2 BASIS OF PREPARATION (CONTINUED)

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

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

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

(c) Restatements of comparative figures

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

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Restatements of comparative figures (continued)

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

	As previously reported HK$m	Prior year adjustments HK$m	As restated HK$m
For the year ended 30 June 2021			
Consolidated income statement (extract)			
Other income	262.7	(21.9)	240.8
Other losses, net	(324.5)	(56.5)	(381.0)
Share of results of associated companies	465.3	45.4	510.7
Profit for the year attributable to:			
Shareholder of the Company	1,171.6	(20.1)	1,151.5
Non-controlling interests	1,249.7	(12.9)	1,236.8
Consolidated statement of comprehensive income (extract)			
Other comprehensive income			
Translation differences	13,362.4	33.0	13,395.4
As at 30 June 2021			
Consolidated statement of financial position (extract)			
Assets			
Interests in associated companies	13,877.5	379.2	14,256.7
Non-current assets classified as assets held for sale	6,370.0	(379.2)	5,990.8
Equity			
Reserves			
Exchange reserves	8,681.8	20.1	8,701.9
Retained profits	125,032.8	(20.1)	125,012.7

3 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of these consolidated financial statements, which have been consistently applied to all the years presented, are set out below:

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 June.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice, on the basis of each acquisition to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amount of acquiree's identifiable net assets. If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the carrying amount for the purposes of subsequently accounting for the retained interest as associated companies, joint ventures or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the interests in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(ii) Joint arrangements

Under HKFRS 11 "Joint Arrangements", investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations each investor has.

(1) Joint ventures

The Group recognises its interests in joint ventures using equity method of accounting. Interests in joint ventures are stated in the consolidated financial statements at cost (including goodwill on acquisition) plus the share of post-acquisition results and movements in other comprehensive income less provision for impairment losses. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired joint ventures at the date of acquisition.

The Group's interests in joint ventures include the loans and advances to the joint ventures which, in substance, form part of the Group's net investments in the joint ventures. The loans and advances to the joint ventures are a form of commercial arrangement between the parties to the joint ventures to finance the development of projects and viewed as means by which the Group invests in the relevant projects. These loans and advances have no fixed repayment terms and will be repaid when the relevant joint venture has surplus cash flow. Please refer to note 3(i) for the impairment of loans and advances to joint ventures.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(ii) Joint arrangements (continued)

(1) Joint ventures (continued)

The share of post-acquisition results and other comprehensive income is based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

(a) Equity joint ventures/joint ventures in wholly foreign owned enterprises
Equity joint ventures/joint ventures in wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios and share of net assets of the venturers are in proportion to the capital contribution ratios.

(b) Co-operative joint ventures
Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

(c) Companies limited by shares
Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investments in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

The Company's interests in joint ventures are stated at cost less provision for impairment losses. The results of joint ventures are accounted for by the Company on the basis of dividend received and receivable.

(2) Joint operations

The assets that the Group has the rights and the liabilities that the Group has the obligations in relation to the joint operations are recognised in the consolidated statement of financial position on an accrual basis and classified according to the nature of the item. The share of expenses that the Group incurs and its share of income that it earns from the joint operations are included in the consolidated income statement.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) Associated companies

An associated company is a company other than a subsidiary and a joint venture, in which the Group has significant influence, but not control, exercised through representatives on the board of directors.

Interests in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's interests in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associated companies at the date of acquisition. The interests in associated companies also include long-term receivables that, in substance, form part of the Group's net investments in the associated companies. Please refer to note 3(i) for the impairment of long-term receivables.

The Group's share of its associated companies' post acquisition profits or losses is recognised in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interests in the associated company, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred legal and constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interests in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend income received and receivable.

Gains or losses on deemed disposal on dilution arising from interests in associated companies are recognised in the consolidated income statement.

The cost of an associated company acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

The Group ceases to use the equity method from the date an investment ceases to be an associated company that is the date on which the Group ceases to have significant influence over the associated company or on the date it is classified as held for sale.

(iv) Transactions with non-controlling interests

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling shareholders are also recorded in equity.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets

(i) Goodwill

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of joint ventures and associated companies is included in interests in joint ventures and associated companies respectively and is tested for impairment as part of overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of testing for impairment. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(ii) Trademarks

Separately acquired trademarks are initially recognised at initial cost. Trademarks acquired in a business combination are recognised at fair value at the date of acquisition. Trademarks have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

(iii) Operating right

Operating right primarily resulted from the acquisition of right to operate facilities management businesses. Separately acquired operating rights are initially recognised at cost. Operating rights acquired in a business combination are initially recognised at fair value at the acquisition date. Operating right is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over the period of the operating right.

(iv) Intangible concession rights

The Group has entered into various service concessions ("Service Concessions") with local government authorities for its participation in the development, financing, operation and maintenance of infrastructural projects ("Infrastructures"). The Group carries out the construction or upgrade work of Infrastructures from the granting authorities in exchange for the right to operate the Infrastructures concerned and the right to change users of the respective Infrastructures. The fees collected during the operating periods are attributable to the Group. The relevant Infrastructures are required to be returned to the local government authorities upon the expiry of the operating rights without significant compensation to the Group.

The Group applies the intangible asset model to account for the Infrastructures where they are paid by the users of the Infrastructures and the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable. The consideration to be received during the construction or upgrade period is classified as contract assets and reclassified as intangible concession rights upon completion.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

Amortisation of intangible concession rights is calculated to write off their costs, where applicable, on an economic usage basis for roads whereby the amount of amortisation is provided based on the ratios of actual volume compared to the total projected volume or on a straight-line basis, for water treatment plant over the periods which the Group is granted the rights to operate these Infrastructures. The total projected volume of the respective Infrastructures is reviewed regularly with reference to both internal and external sources of information and appropriate adjustments will be made should there be a material change.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets (continued)

(v) Other intangible assets

Other intangible assets mainly represent computer software. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to consolidated income statement on a straight-line basis over the assets' estimated useful lives or 3 to 5 years, whichever is shorter.

(c) Non-current assets classified as assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. For assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are measured at fair value, would continue to be measured in accordance with the policies set-out elsewhere in note 3.

A remeasurement loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative remeasurement loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statements of financial position. Liabilities directly associated with non-current assets classified as assets held for sale are presented separately from the other liabilities in the consolidated statements of financial position.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met.

Property held by the lessee as a right-of-use asset for long-term rental yields or for capital appreciation or both is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional qualified valuers on an open market value basis at the end of each reporting period. Changes in fair value are recognised in the consolidated income statement.

Property that is being constructed or developed for future use as investment property is stated at fair value.

Subsequent expenditure is included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to properties for/under development. The property's deemed cost for subsequent accounting as properties for/under development is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if the fair value of the property at the date of transfer which results in a reversal of the previous impairment loss, the write-back is recognised in the consolidated income statement.

For a transfer from properties for/under development or property held for sale to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in the consolidated income statement. Transfers to investment properties shall be made when, and only when, there is a change in use. The inception of a lease to another party is generally an evidence of a change in use. A change in use has occurred is based on an assessment of all relevant facts and circumstances. The relevant facts include but not limited to the Group's business plan, financial resources and legal requirements.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged in the consolidated income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

(i) Assets under construction

All direct costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

(ii) Depreciation

No depreciation is provided on assets under construction until such time when the relevant assets are completed and available for intended use. No depreciation is provided on freehold land.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	20 to 40 years
Other assets	2 to 25 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Gain or loss on disposal

The gain or loss on disposal of property, plant and equipment is determined by comparing the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

(f) Impairment of investments in subsidiaries, joint ventures, associated companies and other non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use. Impairment losses on goodwill are not reversed. For the purpose of assessing impairment, assets are grouped as CGUs for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of investments in subsidiaries, joint ventures, associated companies and other non-financial assets (continued)

Impairment testing of the interests in subsidiaries, joint ventures or associated companies is required upon receiving dividends from these interests if the dividend exceeds the total comprehensive income of the subsidiaries, joint ventures or associated companies in the period the dividend is declared or if the carrying amount of the interest in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(g) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and

(b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated income statement or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Except for trade debtors that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest method.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")
Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest method.

(c) Financial assets at fair value through profit or loss ("FVPL")
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in the consolidated income statement and presented net in the period in which it arises.

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on investments in equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investments. Dividends from such investments continue to be recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of investments in equity instruments at FVPL are recognised in the consolidated income statement. Investments in equity instruments at FVOCI are not subject to impairment assessment.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges) or the changes in fair value of recognised assets or liabilities (fair value hedges).

At the inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that quantity for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated in the other reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised in OCI and accumulated in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised in OCI and accumulated in the costs of hedging reserve within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in OCI and accumulated in the cash flow hedge reserve within equity.

Amounts accumulated in equity are transferred to the consolidated income statement in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of such asset. The deferred amounts are ultimately recognised in consolidated income statement as the hedged item affects profit or loss. The gain or loss relating to the effective portion of the hedging instrument is recognised in the consolidated income statement at the same time as the expense on the hedged items.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities (continued)

Cash flow hedges that quantity for hedge accounting (continued)

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to the consolidated income statement.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

- the credit/debit value adjustment on the hedging instrument which is not matched by the hedged item; and

- differences in critical terms between the hedged item and hedging instrument.

Fair value hedges

Change in the fair value on hedging instrument is recognised in OCI when the hedged item is an equity instrument for which the Group has elected to present changes in fair value in OCI.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

(i) Impairment of financial assets

The Group's financial assets measured at amortised cost, including trade and other debtors, deposits, premium receivables, retention receivables for contract works, amounts due from associated companies, amounts due from joint ventures and amounts due from non-controlling shareholders, cash and bank balances, and other debt instruments at FVOCI as well as contract assets are subject to expected credit loss model under HKFRS 9 "Financial Instruments" ("HKFRS 9").

For trade debtors, retention receivables and contract assets, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision.

For all other instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4(b) details how the Group determines whether there has been a significant increase in credit risk.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) Properties for/under development

Properties for/under development comprise leasehold land and land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Net realisable value takes into account the proceeds ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to complete. Upon completion, the properties are transferred to properties held for sale. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

(k) Properties held for sale

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average or first-in first-out basis depending on the operating segments. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(m) Trade and other debtors

Trade and other debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Details of impairment of trade debtors is disclosed in note 3(i).

(n) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in the consolidated income statement exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in the consolidated income statement.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade debtors as described in notes 3(i) and 4(b). Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(o) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the consolidated statement of financial position.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

(r) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(u) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(v) Borrowings and other interest-bearing liabilities

Borrowings and other interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Borrowings and other interest-bearing liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement or capitalised as stated in note 3(y) over the period of the borrowings using the effective interest method.

Borrowings and other interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors after eliminating sales within the Group.

Revenue is recognised when it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Rental

Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

(ii) Property sales

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(iii) Construction revenue

Revenue from construction service contract is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

(iv) Toll revenue

Toll revenue from road operations is recognised at a point in time when services are rendered.

(v) Service fee income

Property and facilities management service fees and property letting agency fee are recognised over time and at a point in time respectively when services are rendered.

(vi) Sales of goods

Income from sales of goods is recognised at a point in time when the goods are delivered to customers and title has passed.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(viii) Advertising income

Advertising income is recognised over time when the advertisement or commercial appears before the public.

(ix) Hotel operations

Revenue from hotel and restaurant operations is recognised upon provision of the services.

(x) Department store operations

Revenue from sale of goods to retail customers is recognised when the Group sells the product to the customers and the revenue from sale of goods to wholesalers is recognised when control of the products has transferred, being when the products are delivered to the wholesaler. The Group recognises commission income from concessionaire sales upon sale of goods or provision of services by counter suppliers. Payments received in advance that are related to sales of goods or provision of services not yet delivered to customers are deferred and recognised as contract liabilities. Revenue is recognised when goods or services are delivered to customers.

Marketing or promotional offer made to customers at the time of the sale of goods is a separate performance obligation, and the likelihood of settlement of the outstanding performance obligation must be estimated and allocated to the consideration received.

(xi) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(xii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(xiii) Premiums related to insurances business

Premiums arising from insurance contracts in respect of traditional policies and group policies are recognised as income when they fall due, whereas those in respect of universal life and unit-linked contracts are accounted for as they are received.

Premiums on reinsurance contracts held which related to direct insurance contracts are recognised in the consolidated income statement in the same accounting period as the premiums for the direct insurance contracts to which they relate.

(xiv) Fees and commission income related to insurance business

Insurance and investment contract policyholders are charged for policy administration services and investment management services. The policy administration fee is recognised as revenue over time when services are rendered. Investment management fees related to asset management services are recognised over time when services are rendered.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(x) Leases

The Group leases various land, office buildings and premises. Rental contracts are made for a range of fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Some leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the consolidated income statement in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(y) Borrowing cost

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

(z) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the Mandatory Provident Fund (“MPF”) Scheme and employee pension schemes established by municipal government in The People’s Republic of China (“PRC”) are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the consolidated income statement.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(z) Employee benefits (continued)

(v) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

On lapse of share options according to the plan, corresponding amount recognised in employees' share-based compensation reserve is transferred to retained profits.

The grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, with a corresponding credit to equity in the parent entity accounts.

(aa) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the end of the reporting period are recognised in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in the consolidated statement of comprehensive income.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(aa) Foreign currencies (continued)

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each consolidated statement of financial position presented are translated at the exchange rate ruling at the date of that consolidated statement of the financial position;

(2) income and expenses for each consolidated income statement are translated at the average exchange rate during the period covered by the consolidated income statement; and

(3) all resulting translation differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate ruling at the end of the reporting period.

(iv) Disposal of foreign operation and partial disposal

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the translation differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated translation differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated translation difference is reclassified to the consolidated income statement.

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors of the Company has appointed an Executive Committee which assess the financial performance and position of the Group, and makes strategic decisions. The Executive Committee, which has been identified as being the chief operating decision-maker, consists of executive directors of the Company.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible concession rights, intangible assets, value of business acquired ("VOBA"), deferred acquisition costs ("DAC"), financial assets at FVOCI, financial assets at FVPL, properties for development, other non-current assets, properties under development, properties held for sale, inventories, receivables and non-current assets classified as assets held for sale and exclude interests in joint ventures and associated companies, investments related to unit – linked contracts, derivative financial instruments, deferred tax assets, restricted bank balances and cash and bank balances. Segment liabilities comprise operating liabilities and exclude items such as current tax payable, deferred tax liabilities, liabilities related to unit-linked contracts and borrowings.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ac) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the financial period when the dividends are approved by the Company's shareholders/directors, where appropriate.

(ad) Financial guarantee contracts

The Group accounts for its financial guarantee contracts as insurance contracts.

The Group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the consolidated income statement.

(ae) Insurance and investment contracts

(i) Product classification

The Group's insurance business issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts for which the Group has accepted significant insurance risk from policyholders providing insurance coverage at the inception of the contract. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. The Group also accepts financial risk on insurance contracts. Financial risk is the risk of a possible future change in a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables.

Investment contracts are those contracts for which the Group has not accepted significant insurance risk but accepts financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

(ii) Insurance contract liabilities

Insurance contract liabilities represent net future policy liabilities as determined by the appointed actuary of the Group using a net level premium approach.

The provision for life insurance contracts with fixed level premiums is calculated on the basis of the prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing. The liability is determined as the sum of the expected discounted value of the benefit payments, less the expected discounted value of the theoretical premiums that would be required to meet the benefits, based on the valuation assumptions as to discount rates, mortality and morbidity rates, lapse and partial lapse rates, persistency, expenses, inflation, policy dividend and fund growth rate that are appropriate at the time of valuation. Changes to the liabilities at each reporting date are recorded in the consolidated income statement or other comprehensive income for the year as appropriate.

For insurance contracts that are yearly renewable, which mainly correspond to products with pure risk coverage such as accident benefit, dread disease, medical insurance and disability insurance, the liabilities for the unexpected risks carries at the end of the reporting period are determined using unearned gross premiums approach.

The liability is derecognised when the contract expires, is discharged or is cancelled.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ae) Insurance and investment contracts (continued)

(iii) Investment contract liabilities

Liabilities for investment contracts are carried at fair values.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statements of financial position.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business for its insurance contracts. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contract and are accounted for in the same period as the underlying claim.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the consolidated income statement for the year.

Reinsurance arrangements do not relieve the Group from its obligations to policyholders.

(v) VOBA

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of in-force contracts in acquisition of an insurance company and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis primarily based on expected future profits. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

(vi) DAC

The direct acquisition costs and a portion of indirect acquisition costs relating to the production of new business are deferred so far as there are sufficient margins in the future profits of the new business to fund the amortisation of DAC. DAC include first year commissions and other costs related to the acquisition of new business. All other acquisition costs and all maintenance costs are expensed as and when incurred. The Group has adopted an approach by which DAC of new business is amortised according to the expected future premiums or expected future profits, which are projected based on the Group's best estimate assumptions and actual persistency.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ae) Insurance and investment contracts (continued)

(vii) Liability adequacy test

A liability adequacy test is performed at each reporting date to verify whether the insurance contract liabilities, net of DAC and VOBA, are adequate using current estimates of future cash flows under the insurance contracts. The liability value is adjusted if insufficient to meet future obligations, taking into account the future premiums, investment income, benefits and expenses and cash flows from embedded options and guarantees. If the test shows that a deficiency exists, the shortfall is immediately recorded in the consolidated income statement for the year.

(viii) Benefits and insurance claims

Death claims and surrenders are recorded when notifications have been received. Maturities and annuity payments are recorded when due.

Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

(ix) Commissions and bonuses

Commissions and bonuses payable to agents for the first policy year are included as a component of DAC.

Commissions from reinsurance policies that transfer underwriting risk are recognised as income at the same time as the reinsurance premiums are accounted for.

(x) Premium receivables

Premium receivables represent premiums which are due for payment. The Group normally allows policyholders to make payment within a grace period of one month from the due date. The grace period may be extended by management purely on a discretionary basis. Insurance policies continue in force if default premiums are settled before the expiry of the grace period.

Premium receivables are stated at amortised cost using the effective interest rate method less provision for impairment.

(xi) Application of overlay approach in accordance with HKFRS 4 "Insurance Contracts" ("HKFRS 4") (Amendment)

The Group elected to apply an "overlay approach" in accordance with HKFRS 4 (Amendments) "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts" which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those designated eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") but currently classified as financial assets at FVPL under HKFRS 9.

(af) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

(ag) Deferred Income

Deferred income is included in both current and non-current liabilities and is credited to the consolidated income statement on a straight-line basis over the concession periods.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group is also exposed to insurance risk relating to the activities of its insurance business. The Group has centralised treasury function for all of its subsidiaries except for listed subsidiaries which arrange their financial and treasury affairs on a stand-alone basis and in a manner consistent with the overall policies of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are mainly in Hong Kong and Mainland China. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into foreign exchange forward contracts and foreign exchange swaps to reduce the exposure should the need arises.

At 30 June 2022, the Group's entities with functional currency of Hong Kong dollar had aggregate United States dollar net monetary liabilities of HK$337.6 million (2021: net monetary assets of HK$12,039.5 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there are no significant foreign exchange risk with respect to the United States dollar.

At 30 June 2022, the Group's entities with functional currency of Hong Kong dollar had aggregate Renminbi net monetary assets of HK$3,161.6 million (2021: HK$2,421.5 million). If Hong Kong dollar had strengthened/weakened by 5% (2021: 5%) against Renminbi with all other variables unchanged, the Group's profit before taxation would have been HK$158.1 million (2021: HK$121.1 million) lower/higher.

At 30 June 2022, the Group's entities with functional currency of Renminbi had aggregate United States dollar net monetary assets of HK$233.7 million (2021: HK$134.4 million). If Renminbi had strengthened/weakened by 5% (2021: 5%) against United States dollar with all other variables unchanged, the Group's profit before taxation would have been HK$11.7 million (2021: HK$6.7 million) lower/higher.

At 30 June 2022, the Group's entities with functional currency of Renminbi had aggregate Hong Kong dollar net monetary liabilities of HK$542.9 million (2021: HK$743.2 million). If Renminbi had strengthened/weakened by 5% (2021: 5%) against Hong Kong dollar with all other variables unchanged, the Group's profit before taxation would have been HK$27.1 million (2021: HK$37.2 million) higher/lower.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period from the end of the reporting period until the end of next reporting period. There are no other significant monetary balances held by group companies at 30 June 2022 and 2021 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 "Financial Instruments: Disclosures" ("HKFRS 7") arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets on a floating rate basis mainly include deposits at bank and amounts due from joint ventures and associated companies. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. The Group's borrowings issued at fixed rates exposed the Group to fair value interest rate risk.

The Group is also exposed to fair value interest risk mainly in relation to the financial assets at FVOCI (debt instruments) and derivative financial instruments. Fair value interest rate risk is the risk that the fair value of the future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

To mitigate the risk, the Group has maintained an appropriate mix of fixed and floating rate interests. To match with underlying risk faced by the Group, the level of fixed rate instrument for the Group is decided after taking into consideration the potential impact of higher interest rates on the consolidated income statement, interest cover and the cash flow cycles of the Group's businesses and investments. Variance interest bearing financial assets and liabilities are mainly subject to an interest repricing risk of one year or below.

If interest rates had been 100 basis points (2021: 100 basis points) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK$269.9 million higher or lower (2021: HK$176.0 million higher or lower) respectively and the Group's FVOCI reserve would have been HK$5.0 billion (2021: HK$6.3 billion) lower/higher respectively. The sensitivity analysis has been determined assuming that the change in rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the end of the reporting period. The 100 basis points (2021: 100 basis points) increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

(iii) Price risk

The Group is exposed to securities price risk arising from the listed and unlisted investments held by the Group. Gains or losses arising from changes in the fair value of financial assets at FVOCI and financial assets at FVPL are dealt with in equity and the consolidated income statement respectively. The performance of the Group's listed and unlisted investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is also exposed to other price risk arising from fair value of certain interest rate swaps which is determined based on the in-house indexes of banks. Changes in fair value of these interest rate swaps are dealt with in the consolidated income statement. The Group is not exposed to commodity price risk.

At 30 June 2022, if the price of listed and unlisted investments in financial assets at FVOCI had been 25% (2021: 25%) higher/lower with all other variables held constant, the Group's financial assets at FVOCI reserve would have been HK$10,571.9 million (2021: HK$11,196.8 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

At 30 June 2022, if the price of listed and unlisted investments in financial assets at FVPL had been 25% (2021: 25%) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK$5,303.5 million (2021: HK$4,988.9 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months and assumed no impact from overlay approach adjustments.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk

The credit risk of the Group mainly arises from trade and other receivables, contract assets, other non-current assets, balances receivable from investee companies, joint ventures and associated companies, deposits with banks, and debt instruments at FVOCI.

The Group considers the probability of default from initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis by close monitoring against established credit policies in each of its core business. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets, generally on individual basis, as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are generally incorporated:

- external credit rating (if any);

- average default rate by independent external parties;

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' ability to meet their obligations; and

- significant actual and expected changes in the performance and behaviour of the counterparties, including changes in the payment status of counterparties in the Group and changes in the operating results of the counterparties.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. Financial assets are considered to be credit-impaired and written off when there is no reasonable expectation of recovery.

For trade debtors, retention receivables and contract assets in relation to provision of services and infrastructure operations, expected credit loss allowance has been provided under lifetime expected credit loss assessment with reference to the historical credit loss experience with counterparties and ageing analysis, adjusted for forward-looking factors specific to the counterparties and the economic environment.

For trade debtors in relation to property sales, the Group normally receives deposits or progress payments from individual customers and possesses the control of the property unit prior to the completion of sales transaction. Taking into account the historical settlement of contractual payment and forward-looking factors, management considered the lifetime expected credit loss surrounding property sales receivables is immaterial.

For trade debtors in relation to rental income, the Group carries out regular review on these balances and follow-up action on any overdue amounts to minimise exposures to credit risk. The Group measures the lifetime expected credit losses based on the outstanding balances with debtors, offset with the deposit placed to the Group by the counterparties or the assets held by the counterparties expected to be frozen by the court for confiscation, and historical credit loss experience adjusted by the current and forecast economic conditions that may affect the ability of the counterparties to settle receivables.

There is no concentration of credit risk with respect to trade debtors and contract assets from third party customers as the customer bases are widely dispersed in different sectors and industries.

For mortgage loans receivables, similar to other financial institutions, credit assessments are part of the normal process before approving loans to applicants. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. At the end of each reporting period, the Group reviews the recoverable amount of each individual receivable, taking into account the historical settlement of contractual payments and forward-looking factors under general approval, to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk (continued)

In relation to premium receivables from insurance business, the credit risk in respect of policyholder balances, incurred on the non-payment of premiums or contributions, will only persist during the grace period specified in the policy documents or trust deed on the expiry of which either the premium is paid or the policy will be terminated or changed to reduced paid-up or term cover according to the provision of the policy.

Impairment on financial assistance provided to investee companies, joint ventures and associated companies, other debtors and other non-current assets such as loans receivables, is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition, through the management's critical assessment on the recoverable amounts based on underlying assets, historical repayment pattern, the actual and expected changes in business performance and general market default rate. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to investee companies, associated companies and joint ventures through exercising joint control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. The Group determines the probability of default and recovery rate based on the underlying financial information, the actual and expected changes in business performance and general market default and recovery rate. The Group has also considered the forward-looking information by incorporating a set of different economic scenarios.

Deposits with banks mainly placed with high-credit-quality financial institutions, such balances are considered to be of low credit risk. Debt securities are limited to financial institutions or investment counterparties with high quality. Aaa and AAA are the highest credit ratings in the Moody's and Standard & Poor's credit rating systems, respectively. The Group classifies its investment in bonds below ratings of Baa3 and BBB- in the Moody's and Standard & Poor's credit rating systems respectively as non-investment grade bonds. As at 30 June 2022, the amount of the non-investment grade bonds held by the Group was approximately 1.9% (2021: 3.2%) of its invested assets.

The Group provides guarantees to banks in connection with certain property purchasers' borrowing of mortgage loans to finance their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the Mainland China. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchaser's deposit and sell the property to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at the end of each reporting period the liabilities based on the current estimates of future cash flows. As at 30 June 2022 and 2021, no provision on the above guarantees to banks had been made in the consolidated financial statements.

The maximum exposure to credit risk is represented by the carrying amounts of financial assets in the consolidated statement of financial position after deducting any loss allowance.

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group also maintains adequate undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements (including financing for the Group's capital commitments as detailed in note 46(b)(i). The Directors of the Company are of the view that the Group has sufficient resources to meet the Group's commitments and liabilities as and when they fall due.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. Except for the liabilities related to unit-linked contracts where these unit-linked contracts typically include options for policyholders to surrender early, often subject to surrender or other penalties. The Group's investment related to unit-linked contracts are held to back the liabilities to the policyholders. The amounts disclosed in the table are the contractual undiscounted cash flows.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk (continued)

Non-derivative financial liabilities:

	Carrying amount HK$m	Total contractual undiscounted cash flow HK$m	Within 1 year or on demand HK$m	Over 1 year but within 5 years HK$m	After 5 years HK$m	Unit-linked HK$m
At 30 June 2022						
Creditors, accrued charges and payables to policyholders	**43,892.7**	**43,892.7**	**42,758.2**	**1,132.5**	**2.0**	**—**
Short-term borrowings and other interest-bearing liabilities	**14,094.5**	**14,311.1**	**14,311.1**	**—**	**—**	**—**
Long-term borrowings and other interest-bearing liabilities	**179,214.0**	**195,510.6**	**39,190.3**	**124,149.9**	**32,170.4**	**—**
Liabilities related to unit-linked contracts (note 33)	**8,160.9**	**8,160.9**	**—**	**—**	**—**	**8,160.9**
Lease liabilities	**5,802.5**	**7,279.5**	**1,360.8**	**3,401.8**	**2,516.9**	**—**
At 30 June 2021						
Creditors, accrued charges and payables to policyholders	44,969.8	44,969.8	43,743.4	1,226.3	0.1	—
Short-term borrowings and other interest-bearing liabilities	25,619.2	25,995.4	25,995.4	—	—	—
Long-term borrowings and other interest-bearing liabilities	150,397.7	169,464.7	16,037.7	113,059.5	40,367.5	—
Liabilities related to unit-linked contracts (note 33)	10,142.5	10,142.5	—	—	—	10,142.5
Lease liabilities	6,843.6	8,596.3	1,141.3	3,987.9	3,467.1	—

Derivative financial liabilities:

	Total contractual undiscounted cash flow HK$m	Within 1 year or on demand HK$m	Over 1 year but within 5 years HK$m	After 5 years HK$m
At 30 June 2022				
Derivative financial instruments (net settled)	**610.1**	**188.2**	**393.7**	**28.2**
Derivative financial instruments (gross settled)				
Cash inflow	**(1,241.1)**	**(58.6)**	**(363.3)**	**(819.2)**
Cash outflow	**1,264.1**	**62.0**	**363.9**	**838.2**
	23.0	**3.4**	**0.6**	**19.0**
At 30 June 2021				
Derivative financial instruments (net settled)	702.0	181.2	431.8	89.0
Derivative financial instruments (gross settled)				
Cash inflow	(520.1)	(246.1)	(274.0)	—
Cash outflow	521.4	246.7	274.7	—
	1.3	0.6	0.7	—

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk (continued)

The major liquidity risks the Group's insurance business confronts are the daily calls on its available cash resources in respect of claims arising from insurance and investment contracts and the maturity of debt instruments.

The Group's insurance business manages liquidity through its liquidity risk policy which includes determining what constitutes liquidity risk and the minimum proportion of funds to meet emergency calls, the setting up of contingency funding plans, specifying the sources of funding and the events that would trigger the plan, specifying the concentration of funding sources, the reporting of liquidity risk exposures and breaches to the monitoring authority, monitoring the compliance with liquidity risk policy and the reviewing of liquidity risk policy for pertinence and changing environment.

The table below presents the estimated amounts (on a discounted basis) and timing of cash outflow/(inflow) arising from liabilities under insurance contracts, projected based on the Group's best estimate assumptions. The Group's insurance business has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts and early surrender of policies for surrender value. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Group's insurance business manages this risk by monitoring and setting an appropriate level of cash position to settle these liabilities.

	Total discounted cash flow HK$m	**Within 1 year HK$m**	**Over 1 year but within 5 years HK$m**	**After 5 years HK$m**
At 30 June 2022				
Insurance contract liabilities (note 42)	**48,199.0**	**4,120.1**	**(343.0)**	**44,421.9**
At 30 June 2021				
Insurance contract liabilities (note 42)	42,497.5	3,861.4	(2,280.9)	40,917.0

(d) Asset liability management framework

The Group's insurance business exposes to financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risks that the Group's insurance business faces due to the nature of its investments and liabilities are interest rate risk and duration risk. The Group's insurance business manages these positions within an asset liability management ("ALM") framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders.

ALM also forms an integral part of the insurance risk management policy in order to ensure in each period sufficient cash flows are available to meet liabilities arising from insurance and investment contracts.

(e) Regulatory framework of the Group's insurance business

The operations of the Group's insurance business are subject to local regulatory requirements in Hong Kong. The Group's insurance business is required to maintain an appropriate solvency position to meet unforeseen liabilities arising from economic shocks and/or natural disasters.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(f) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group generally obtains long-term financing to on-lend or contribute as equity to its subsidiaries, joint ventures and associated companies to meet their funding needs in order to provide more cost efficient financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue or repurchase shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's gearing ratio and makes adjustments to it in light of changes in economic conditions and business strategies. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total long-term and short-term borrowings and other interest-bearing liabilities (excluding loans from non-controlling shareholders) less cash and bank balances and restricted bank balances.

The Group's insurance business has an internal risk management framework for identifying risks to its business it exposed to. The internal framework estimates and indicates how much capital is needed to mitigate the risk of insolvency.

The Group's insurance business always maintains a solvency position higher than 150% of the solvency margin required by the Insurance Authority ("IA") to ensure an adequate surplus position. Further objectives are set by the Group's insurance business to maintain a strong credit rating and healthy capital ratios in order to support its business.

The Group's insurance business manages its capital requirements by assessing probable shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's insurance business activities.

The Group's insurance business fully complied with capital requirements imposed by the IA throughout the period since acquisition to the reporting date.

The net gearing ratios were as follows:

	2022 **HK$m**	2021 HK$m
Consolidated total borrowings*	**186,559.4**	170,149.9
Less: cash and bank balances and restricted bank balances	**(62,210.1)**	(61,955.1)
Consolidated net debt	**124,349.3**	108,194.8
Total equity	**288,098.8**	304,192.4
Net gearing ratio	**43.2%**	35.6%

* Excluding loans from non-controlling shareholders, financing received under a financial reinsurance arrangement and cash collateral received for cross currency swap and forward starting interest rate swap contracts.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(g) Insurance risk

The Group's insurance business is in the business of insuring against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. The Group's insurance business retains a maximum of US$150,000 for each risk it insures, with the excess being reinsured through surplus treaties, coinsurance treaties, facultative reinsurance, catastrophe treaties and quota share arrangements with reputable international reinsurers. Consequently, total claims payable in any given year can be predicted with a higher degree of precision. As part of the quality control process, the Group's insurance business regularly invites reinsurers to audit its underwriting and claim practices and procedures, to ensure that it meets the highest industry standards.

	Insurance contract liabilities excluding policyholders' dividends and bonuses (note 42(b)) HK$m	Reinsurer's share of insurance contract liabilities HK$m	Net liabilities excluding policyholders' dividends and bonuses HK$m
As at 30 June 2022			
Type of products			
Whole life	**41,125.2**	**(1.3)**	**41,123.9**
Term	**103.2**	**(0.3)**	**102.9**
Dread disease	**2,337.2**	**—**	**2,337.2**
Medical	**270.6**	**—**	**270.6**
Disability	**10.1**	**(0.1)**	**10.0**
Accident	**25.5**	**—**	**25.5**
	43,871.8	**(1.7)**	**43,870.1**
Coinsurance liabilities	**345.0**	**—**	**345.0**
	44,216.8	**(1.7)**	**44,215.1**
As at 30 June 2021			
Type of products			
Whole life	35,999.2	(1.2)	35,998.0
Term	102.4	(0.3)	102.1
Dread disease	2,092.0	(0.1)	2,091.9
Medical	245.1	—	245.1
Disability	10.7	—	10.7
Accident	24.1	(0.1)	24.0
	38,473.5	(1.7)	38,471.8
Coinsurance liabilities	363.0	—	363.0
	38,836.5	(1.7)	38,834.8

(i) Key assumptions

Liabilities on insurance contracts offered by the Group are predominantly conventional whole life insurance for which premiums are paid for a limited period of time or the whole of life, with fixed benefits paid upon death and surrender benefits increasing with the duration of policy.

Some plans provide for guaranteed periodic payments. Most of the whole life insurance products are entitled to annual dividends and some with terminal dividend upon policy termination.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(g) Insurance risk (continued)

(i) Key assumptions (continued)

The key assumptions used for the determination of future liabilities for most products is detailed below:

Mortality rates	For products with full underwriting, 59% (2021: 62%) 2001 Hong Kong Assured Life Mortality tables for males and females, with selection factor 50% at year 1 and 75% at year 2. For products without full underwriting, 59% (2021: 62%) 2001 Hong Kong Assured Life Mortality tables for males and females.
Discount rates	Range between 2.10% and 4.25% (2021: 2.00% and 4.10%), depending on the insurance plan policies
Lapse rates	Based on the Group's experience
Expenses	Based on the Group's experience

The method of calculating the liabilities is the net level premium reserve, with an adjustment to remove premium deficiency.

The Group's actual claims compared to the mortality experience assumed in the calculation of future insurance contract liabilities, for the current year, is 83% (2021: 73%).

(ii) Sensitivities

The sensitivity analyses below have been determined based on reasonably possible changes in the respective key assumptions occurring at the end of the reporting period, while holding all the other assumptions constant.

As at 30 June 2022

	Assumption change	**(Decrease)/ increase in profit for the year and equity HK$m**
Mortality rates	**+10%**	**(232.0)**
Discount rates	**–50 basis points**	**(2,463.9)**
Lapse rates	**+20%**	**253.7**
Expenses	**+10%**	**(65.3)**

As at 30 June 2021

	Assumption change	(Decrease)/ increase in profit for the year and equity HK$m
Mortality rates	+10%	(230.7)
Discount rates	–50 basis points	(2,442.6)
Lapse rates	+20%	253.2
Expenses	+10%	(59.6)

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) 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).

Management determined the fair value of these financial assets within level 2 and level 3 as follows:

- The fair value of forward starting swap contracts and forward exchange contracts is determined by discounting the contractual future cash flows. The discount rate used is derived from the relevant swap curve as at the reporting date with potential adjustment made for various collateralisation agreement when appropriate;

- The fair value of cross currency swap contracts is determined by discounting the contractual future cash flows. The exchange rate and discount rate used are derived from the relevant foreign exchange forward rates and swap curve as at the reporting date, with potential adjustment made for various collateralisation agreement when appropriate;

- For investments in unlisted investment funds, management discussed with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund managers in order to evaluate whether the fair values as stated in the fund statements at the end of reporting period is appropriate;

- For investments in unlisted equity and debt instruments with recent transactions, management determined the fair value at the end of reporting period with reference to recent transaction prices of these financial assets; investments in bonds are classified as level 2 financial instruments if there was no active market for such investments;

- For investments in unlisted equity and debt instruments without recent transactions, management has established fair values of these investments by using appropriate valuation techniques such as discounted cash flow with the credit risk of the issuer taken into consideration for investments in bonds and the purchase price paid by the Group with consideration to the latest financial information, movement of market comparable/market indices and the latest business development of the investee companies where applicable. Independent external valuer has been involved in determining the fair value, when appropriate;

- The fair values of the investment contract liabilities and liabilities related to unit-linked contracts are determined with reference to the accumulation value.

The carrying amounts of the financial instruments of the Group are as follows. See note 16 for disclosure relating to the investment properties which are measured at fair value.

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 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.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

The carrying values of bank balances, receivables, payables and short-term borrowings approximately 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 that are determined based on the discounted cash flow projections with reference to the unobservable inputs, including lending rates from financial institutions, ranging from Hong Kong Prime rate minus 2.85% to Hong Kong Prime rate (2021: Hong Kong Prime rate minus 2.85% to Hong Kong Prime rate) per annum, and loan repayment pattern and dates over the terms not more than 30 years (2021: 30 years).

The following table presents the Group's financial instruments, including 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 at 30 June 2022 and 30 June 2021:

As at 30 June 2022

	Level 1 HK$m	**Level 2 HK$m**	**Level 3 HK$m**	**Total HK$m**
Financial assets at FVOCI	**30,458.0**	**9,754.3**	**2,075.7**	**42,288.0**
Financial assets at FVPL	**8,149.6**	**633.7**	**12,430.6**	**21,213.9**
Investments related to unit-linked contracts				
Investment funds	**8,621.9**	**—**	**—**	**8,621.9**
Derivative financial instruments				
Derivative financial assets	**—**	**809.0**	**—**	**809.0**
	47,229.5	**11,197.0**	**14,506.3**	**72,932.8**
Investment contract liabilities	**—**	**(5.4)**	**—**	**(5.4)**
Liabilities related to unit-linked contracts				
Investment contract liabilities	**—**	**(8,160.9)**	**—**	**(8,160.9)**
Derivative financial instruments				
Derivative financial liabilities	**—**	**(222.0)**	**—**	**(222.0)**
	—	**(8,388.3)**	**—**	**(8,388.3)**

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)

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

During the year, there were transfer of debt instruments as financial assets at FVOCI relating to the Group's insurance business with fair value of HK$427.6 million from level 2 to level 1 (2021: HK$3,106.8 million from level 2 to level 1) fair value hierarchy classifications. Assets are transferred into or out of level 1 based on whether they are transacted with sufficient frequency and volume in an active market.

The following table presents the changes/transfers in level 3 financial instruments for the year ended 30 June 2022 and 30 June 2021:

	Financial assets at FVOCI HK$m	**Financial assets at FVPL HK$m**	**Derivative financial assets HK$m**	**Derivative financial liabilities HK$m**
At 1 July 2021	**1,976.5**	**8,392.8**	**801.8**	**—**
Additions	**153.4**	**4,951.9**	**—**	**—**
Transfer to level 1 instruments	**—**	**(34.9)**	**—**	**—**
Net (loss)/gain recognised in the consolidated statement of comprehensive income/income statement	**(54.2)**	**1,377.0**	**(801.8)**	**—**
Disposals	**—**	**(2,256.2)**	**—**	**—**
At 30 June 2022	**2,075.7**	**12,430.6**	**—**	**—**

	Financial assets at FVOCI HK$m	Financial assets at FVPL HK$m	Derivative financial assets HK$m	Derivative financial liabilities HK$m
At 1 July 2020	1,943.0	7,678.5	478.9	(1.4)
Additions	—	2,704.0	—	(280.0)
Transfer to level 1 instruments	—	(421.0)	—	—
Transfer from level 2 instruments	89.6	312.0	—	—
Net (loss)/gain recognised in the consolidated statement of comprehensive income/income statement	(53.6)	(128.7)	322.9	1.4
Disposals	(2.5)	(1,752.0)	—	280.0
At 30 June 2021	1,976.5	8,392.8	801.8	—

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

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

- The fair value of financial assets relating to property investment industry of HK$890.5 million (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, unlisted debt and equity instruments and derivative financial assets/(liabilities). The fair value of these financial instruments is determined by using valuation techniques as detailed above.

Level 3 derivative financial asset as at 30 June 2021 represented a put option to sell or dispose of an investment in equity instrument held by the Group. The fair value of the put option was estimated by independent external valuers. Valuation techniques used involved the use of current market based or independently sourced market parameters such as interest rates, currency rates and option volatilities. Fair value measurement of the underlying equity instrument is negatively correlated with the valuation of the put option. Details of the put options are set out in note 25(c).

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

The Group has considered the existing and potential impacts arising from the COVID-19 when preparing the consolidated financial statements. Assumptions and estimates are based on circumstances and conditions available when the consolidated financial statements were prepared and in particular, assumed that the current market condition as a result of the COVID-19 is not a long-term norm. Given the severity, duration and economic consequences of the COVID-19 are uncertain, actual results may differ significantly from those assumptions and estimates. The Group will remain alert and cautious on the ongoing development of COVID-19 that may cause further volatility and uncertainty in the global financial market, economy and business environment, and will take necessary measures to address the impact arising therefrom.

The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities are as follows:

(a) Revenue recognition

Revenue from property development activities is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The properties contracted for pre-sale to customers have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue should be recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts and the relevant local laws, considered the local regulators' views and obtained legal advice, where necessary.

For property development revenue that is recognised over time, the Group recognises such property development revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the Group's costs incurred up to the reporting date and budgeted costs which depict the Group's performance towards satisfying the performance obligation. Significant estimates and judgements are required in determining the accuracy of the budgets, the extent of the costs incurred and the allocation of costs to each property unit. In making the above estimation, the Group conducts periodic review on the budgets and make reference to past experience and work of contractors and surveyors.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the underlying completed property unit is legally and/or physically transferred to the customer.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Valuation of investment properties

The fair value of each completed investment property is individually determined at the end of each reporting period by management or by independent external valuers based on a market value assessment. The valuers have relied on the capitalisation of income approach as their primary methods, supported by the direct comparison method. Management also determines fair value based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset, and uses alternative valuation methods such as recent prices on less active markets. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cash flow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The fair values of investment properties under development are determined by reference to independent valuations. For majority of the Group's investment properties under development, their fair value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include value of completed properties, period of development, outstanding construction costs, finance costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or cost.

At 30 June 2022, if the market value of investment properties had been 5% (2021: 5%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK$10,561.0 million (2021: HK$9,794.2 million) higher/lower.

(c) Recoverability of properties for/under development and properties held for sale

The Group assesses the carrying amounts of properties for/under development and properties held for sale according to their estimated net realisable value based on the realisability of these properties, taking into account construction costs to completion based on the existing development plans and the estimation of selling prices of the properties of comparable locations and conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of significant estimates.

(d) Impairment of interests in joint ventures and associated companies

The Group determines whether interests in joint ventures and associated companies are impaired by regularly review whether there are any indicators of impairment of the investments by reference to the requirements under HKAS 28 "Investments in Associates and Joint Ventures" and HKAS 36 "Impairment of Assets".

For investments where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use. The value in use of the underlying businesses is determined based on the discounted cash flow projections. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, unit price and discount rates. Independent external valuers were also involved in the fair value and value in use assessments, where appropriate. Based on the results of these impairment assessments, management concluded that the current level of impairment provision for the Group's interests in joint ventures and associated companies as at 30 June 2022 was appropriate.

For the measurement of expected credit losses of the amounts receivable from joint ventures and associated companies, please refer to Note 4(b).

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Impairment of interests in joint ventures and associated companies (continued)

Investment in Goshawk

The Group holds 50% equity interest in Goshawk Aviation Limited ("Goshawk"), a joint venture which is principally engaged in aircraft leasing. Since March 2022, various countries have imposed sanctions against Russia and Goshawk has terminated the leases with the Russian airlines. As at 30 June 2022 and up to the date of this annual report, Goshawk's six aircraft remain in Russia.

While Goshawk holds title to the aircraft, it is uncertain whether and when Goshawk will be able to regain possession of these aircraft from the Russian airline customers. If returned, the value of the aircraft will highly depend on the conditions upon repossession which is unclear. As a result, a full impairment of its net exposure (representing the carrying amount of these aircraft assets less the release of related maintenance reserve and security deposits) has been made by Goshawk for aircraft retained in Russia, of which an impairment loss (net of tax) of HK$752.8 million was shared by the Group for the year ended 30 June 2022.

(e) Impairment of assets

The Group tests annually whether goodwill has suffered any impairment according to their recoverable amounts determined by the CGUs based on value in use calculations. These calculations require the use of estimates which are subject to change of economic environment in future. Details are set out in note 20.

Property, plant and equipment and right-of-use assets are regularly reviewed for impairment whenever there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its estimated recoverable amount. The recoverable amounts of property, plant and equipment and right-of-use assets have been determined based on the higher of their fair values less costs of disposal and value in use, taking into account the latest market information and past experience.

In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

The loss allowances for financial assets at FVOCI and amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group assesses whether there is objective evidence as stated in note 3(i) that financial assets at FVOCI, trade and other debtors, deposits, premium receivables, retention receivables for contract works, amounts due from associated companies, amounts due from joint ventures and amounts due from non-controlling shareholders, cash and bank balances, contract assets, and debt instruments at amortised cost are impaired.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(f) Provision for onerous contract

The provision for onerous contract is based on the difference between the total expected cash inflow and the total value of future cash outflow (expenses including overhead expenses) the Group is obligated to make for the remaining term of the contracts. Considerable amounts of estimates and judgements are required in assessing the expected cash inflow and outflow in the future. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, onerous contract provision is recognised.

An onerous contract provision of HK$230.0 million was recognised in the year ended 30 June 2020 for the Group's duty free business in view of impact on financial performance and market condition arising from COVID-19 pandemic. The Group has performed an updated assessment as at 30 June 2022 and reversed the full provision of HK$230.0 million (notes 6(b) and 8). The key assumptions used in assessing provision include estimated revenue growth. The assumptions used are highly judgemental and sensitive to the provision amount. Any changes in any of the key assumptions used would result in increase or decrease in provision.

(g) Fair value of financial assets at FVPL and financial assets at FVOCI

For financial assets at FVOCI and financial assets at FVPL with quoted market price, management determined fair value based on quoted market price. The fair value of those financial assets at FVOCI or FVPL that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods as detailed in note 4(h).

(h) Estimate of revenue for construction contracts

For revenue from construction work that is recognised over time, the Group recognised such revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the Group's costs incurred up to the reporting date and budgeted costs which depict the Group's performance towards satisfying the performance obligation. Significant estimates and judgements are required in determining the accuracy of the budgets. In making the above estimation, the Group conducts periodic review on the budgets and makes reference to past experience and work of internal quantity surveyors.

(i) Estimated volume of Infrastructures of public services

The amortisation for intangible concession rights and impairment assessment of Infrastructures for public services using discounted cash flow model are affected by the estimated volume for public services, such as toll roads. Management performs annual reviews to assess the appropriateness of estimated volume by making reference to independent professional studies, if necessary.

The traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads and the existence of other means of transportation. The growth of the traffic flow is also highly tied to the future economic and transportation network development of the area in which the Infrastructures serve. The growth in future traffic flow projected by the management is highly dependent on the realisation of the aforementioned factors.

(j) Distinction between property development projects, investment properties and owner-occupied properties

When the Group determines whether a property qualifies as an investment property, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Properties for/under development and properties held for sale are assets under development and held for sale in the ordinary course of business. The Group shall reclassify a property when, and only when, there is evidence of a change in use.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold or leased out separately, the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(k) Judgement in determining the lease term for lease contracts with renewal option

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(l) Product classification of insurance business

Contracts are classified as insurance contracts where they transfer significant insurance risk from the holder of the contract to the Group. The Group's accounting policy for the classification of insurance and investment contracts is discussed in more detail in note 3(ae)(i).

There are a number of contracts sold where the Group exercises judgement about the level of insurance risk transferred. Typically, these are contracts which contain a significant savings component. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Group is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured event were to occur. These additional amounts include claims liability and assessment costs, but exclude the loss of the ability to charge the holder of the contract for future services.

(m) Estimate of life insurance contract liabilities

The estimation of the ultimate liabilities arising from claims made under life insurance contracts is one of the most critical accounting estimate for the Group's insurance business. There are sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately pay for those claims.

The valuation of insurance contract liabilities requires the use of appropriate actuarial methodologies and also various economic and operational assumptions. The assumptions used in measuring the insurance contract liabilities include discount rates, mortality and morbidity rates, lapse and partial lapse rates, persistency, expenses, inflation, policy dividend and fund growth rate. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and national mortality tables that reflect historical mortality experience, adjusted, where appropriate, to reflect the Group's unique risk exposure. The estimated number of deaths determines the value of possible future benefits to be paid out which will be factored into ensuring sufficient cover by reserves, which in return is monitored against the current and future premiums. Lapse rates are based on the historical experience of the Group. Expenses are based on the renewal compensation cost structure and the maintenance expenses level of the Group. Discount rates are based on the investment strategy of the Group. Discount rates are based on the investment strategy of the Group, with due regard to the expected recurring return on assets backing the insurance contracts.

Estimates for discount rates, mortality rates, lapse rates and expenses are determined at the date of acquisition, where applicable, and at the inception of the contract and are used to calculate the liability over the term of the contract. At each reporting date, these estimates are reassessed for adequacy with margin and changes will be reflected in adjustments to the liability.

(n) Amortisation of DAC and VOBA

The Group adopted an approach by which DAC of new business is amortised according to the expected future premiums or expected future profits, which are projected based on the Group's best estimate assumptions and actual persistency. Assumptions as to projected future premiums or expected future profits are made at the date of policy issue and are applied during the lives of the contracts consistently. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis primarily based on expected future profits. Judgements are exercised in making appropriate estimate of future premiums or expected future profits.

6 REVENUES AND SEGMENT INFORMATION

Revenues recognised during the year are as follows:

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

Note:

Revenue from insurance business is further analysed as follows:

	2022 HK$m	2021 HK$m
Gross premiums on insurance contracts	**12,039.1**	9,290.3
Less: premiums ceded to reinsurers	**(391.7)**	(385.3)
Premiums, net of reinsurance	**11,647.4**	8,905.0
Fee income on insurance and investment contracts	**628.6**	677.2
Reinsurance commission income and refund	**85.4**	46.1
Fee on referral business and commission income for general insurance and MPF	**10.2**	10.6
Others	**—**	0.4
Fee and commission income	**724.2**	734.3
	12,371.6	9,639.3

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 regularly.

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

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

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

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Property development HK$m	Property investment HK$m	Roads HK$m	Aviation HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2022									
Total revenues	18,726.4	5,030.4	2,717.5	–	33,899.2	12,373.6	823.5	4,528.6	78,099.2
Inter-segment	(1,356.8)	(206.9)	–	–	(8,140.1)	(2.0)	–	(180.7)	(9,886.5)
Revenues – external	17,369.6	4,823.5	2,717.5	–	25,759.1	12,371.6	823.5	4,347.9	68,212.7
Revenues from contracts with customers:									
– Recognised at a point in time	15,699.2	–	2,717.5	–	–	–	364.1	3,854.6	22,635.4
– Recognised over time	1,670.4	–	–	–	25,759.1	724.2	459.4	493.3	29,106.4
	17,369.6	–	2,717.5	–	25,759.1	724.2	823.5	4,347.9	51,741.8
Revenues from other source:									
– Rental income	–	4,823.5	–	–	–	–	–	–	4,823.5
– Insurance revenue	–	–	–	–	–	11,647.4	–	–	11,647.4
	–	4,823.5	–	–	–	11,647.4	–	–	16,470.9
	17,369.6	4,823.5	2,717.5	–	25,759.1	12,371.6	823.5	4,347.9	68,212.7
Segment results (note (a))	7,671.6	3,042.6	1,351.6	(0.6)	820.4	418.5	(461.1)	(1,989.5)	10,853.5
Other (losses)/gains, net (note (b))	(371.7)	(9.5)	–	–	(311.3)	(1,377.4)	47.3	330.0	(1,692.6)
Changes in fair value of investment properties	–	(127.0)	–	–	–	–	–	–	(127.0)
Overlay approach adjustments on financial assets	–	–	–	–	–	1,845.9	–	–	1,845.9
	7,299.9	2,906.1	1,351.6	(0.6)	509.1	887.0	(413.8)	(1,659.5)	10,879.8
Unallocated items									
Corporate expenses									(1,202.4)
Financing income (note (a))									1,229.3
Financing costs (note (a))									(2,514.7)
									8,392.0
Share of results									
Joint ventures (note (c))	264.4	(129.7)	630.2	(1,384.9)	–	–	(494.2)	494.8	(619.4)
Associated companies	1,047.9	46.9	181.5	–	114.0	–	–	51.6	1,441.9
Profit before taxation									9,214.5
Taxation									(4,912.7)
Profit for the year									4,301.8
Segment assets	130,901.1	213,128.3	14,636.5	6,166.6	21,748.5	61,785.4	10,913.5	37,982.4	497,262.3
Interests in joint ventures	18,802.0	7,982.6	3,822.9	301.0	–	–	3,825.1	14,011.6	48,745.2
Interests in associated companies	7,941.1	1,366.7	2,855.3	–	393.4	–	–	3,636.6	16,193.1
Unallocated assets									73,683.3
Total assets									635,883.9
Segment liabilities	48,126.2	3,153.9	528.4	–	9,629.1	51,218.0	584.4	11,246.4	124,486.4
Unallocated liabilities									223,298.7
Total liabilities									347,785.1
Additions to non-current assets (note (e))	2,946.0	5,196.4	171.0	–	4,105.4	72.6	613.3	909.5	14,014.2
Depreciation and amortisation	62.6	45.7	1,013.1	–	108.8	368.8	436.8	1,330.5	3,366.3
Impairment charge and provision	586.5	–	–	–	312.2	180.9	–	813.8	1,893.4

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Property development HK$m	Property investment HK$m	Roads HK$m	Aviation HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2021 (restated)									
Total revenues	22,582.2	4,894.6	3,033.2	—	30,115.8	9,640.6	807.6	5,732.7	76,806.7
Inter-segment	(0.6)	(193.9)	—	—	(8,041.8)	(1.3)	—	(335.9)	(8,573.5)
Revenues – external	22,581.6	4,700.7	3,033.2	—	22,074.0	9,639.3	807.6	5,396.8	68,233.2
Revenues from contracts with customers:									
– Recognised at a point in time	20,762.5	—	3,033.2	—	—	—	300.6	5,119.7	29,216.0
– Recognised over time	1,819.1	—	—	—	22,074.0	734.3	507.0	277.1	25,411.5
	22,581.6	—	3,033.2	—	22,074.0	734.3	807.6	5,396.8	54,627.5
Revenues from other source:									
– Rental income	—	4,700.7	—	—	—	—	—	—	4,700.7
– Insurance revenue	—	—	—	—	—	8,905.0	—	—	8,905.0
	—	4,700.7	—	—	—	8,905.0	—	—	13,605.7
	22,581.6	4,700.7	3,033.2	—	22,074.0	9,639.3	807.6	5,396.8	68,233.2
Segment results (note (a))	8,622.9	2,762.7	1,599.3	0.7	755.7	723.5	(705.8)	(2,261.5)	11,497.5
Other (losses)/gains, net (note (b) and (d))	(555.9)	103.4	4.2	—	(160.7)	1,654.3	(244.0)	(1,182.3)	(381.0)
Changes in fair value of investment properties	—	1,135.6	—	—	—	—	—	—	1,135.6
Overlay approach adjustments on financial assets	—	—	—	—	—	(1,270.6)	—	—	(1,270.6)
	8,067.0	4,001.7	1,603.5	0.7	595.0	1,107.2	(949.8)	(3,443.8)	10,981.5
Unallocated items									
Corporate expenses									(1,201.7)
Financing income (note (a))									1,719.7
Financing costs (note (a))									(2,995.7)
									8,503.8
Share of results									
Joint ventures (note (c))	673.9	(113.9)	647.7	(49.3)	0.3	—	(501.8)	661.1	1,318.0
Associated companies (note (d))	54.6	(8.8)	201.9	—	191.5	—	—	71.5	510.7
Profit before taxation									10,332.5
Taxation									(5,661.6)
Profit for the year									4,670.9
Segment assets	132,622.5	200,463.0	15,131.1	6,168.0	16,516.7	65,291.4	13,783.3	39,458.5	489,434.5
Interests in joint ventures	18,997.5	10,915.6	4,312.4	1,198.7	—	—	4,076.2	7,861.2	47,361.6
Interests in associated companies	6,394.6	1,371.5	2,808.1	—	449.0	—	—	3,233.5	14,256.7
Unallocated assets									76,024.6
Total assets									627,077.4
Segment liabilities	41,939.7	2,728.0	472.4	—	9,551.4	46,324.6	648.5	11,826.6	113,491.2
Unallocated liabilities									209,393.8
Total liabilities									322,885.0
Additions to non-current assets (note (e))	2,193.2	12,045.6	121.5	—	3,819.6	114.2	1,081.7	1,199.8	20,575.6
Depreciation and amortisation	58.0	90.0	1,099.8	—	110.3	455.6	509.5	1,526.8	3,850.0
Impairment charge and provision	680.3	31.3	—	—	214.7	29.2	244.8	1,683.6	2,883.9

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

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

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

Notes:

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

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

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

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

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

7 OTHER INCOME

	2022 HK$m	2021 HK$m (restated)
Dividend income from financial assets at FVOCI and financial assets at FVPL	**482.3**	240.8

8 OTHER LOSSES, NET

	2022 HK$m	2021 HK$m (restated)
Net (loss)/gain associated with investments related to unit-linked contracts	**(2,201.6)**	2,174.1
Net losses on remeasuring on assets classified as held for sale, financial assets at FVPL and an associated company previously classified as asset held for sale and its related impairment loss	**—**	(1,589.7)
Credits/(charges) related to unit-linked contracts	**2,198.8**	(2,171.0)
Net (loss)/gain on fair value of financial assets at FVPL (note)	**(1,855.8)**	2,036.0
Gain on redemption of fixed rate bonds	**117.0**	—
Net gain/(loss) on fair value of derivative financial instruments	**88.1**	(257.4)
Reversal of provision on		
Onerous contract	**230.0**	—
Other payables	**69.9**	—
Write back the loss allowance on		
Properties held for sale	**94.2**	—
Loans and other receivables	**9.1**	168.0
Reversal of construction cost accruals	**—**	119.9
Net gain/(loss) on disposal of		
Financial assets at FVOCI	**161.1**	38.9
Financial assets at FVPL	**89.8**	164.1
Investment properties, property, plant and equipment, right-of-use assets and intangible assets	**(70.8)**	146.1
Assets held for sale	**213.1**	—
Subsidiaries	**694.3**	201.5
Joint ventures	**56.2**	104.7
Associated companies	**118.6**	76.4
Impairment loss/loss allowance on		
Loans, debtors, premium receivables and other receivables	**(723.9)**	(730.6)
Financial assets at FVOCI	**(333.1)**	(37.1)
Interests in associated companies	**(110.2)**	(128.0)
Goodwill	**(247.4)**	(329.4)
Inventories	**(16.2)**	(7.7)
Properties held for sale	**(148.9)**	(435.1)
Properties under development	**(221.1)**	(29.3)
Property, plant and equipment	**(12.9)**	(280.0)
Right-of-use assets	**(79.7)**	(141.3)
Rent concession, government grants and subsidies	**111.3**	255.8
Gain on bargain purchase	**—**	8.0
Loss allowance, loss on derecognition and lease modification of lease receivables	**(53.7)**	—
Net exchange gains	**131.2**	262.1
	(1,692.6)	(381.0)

8 OTHER LOSSES, NET (CONTINUED)

Note:

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

The net loss on fair value of financial assets at FVPL of HK$1,855.8 million (2021: net gain of HK$2,036.0 million) includes (i) a net fair value loss of HK$1,845.9 million (2021: net gain of HK$1,270.6 million) arising from those designated financial assets held by insurance business applying the overlay approach; and (ii) the remaining net fair value loss of HK$9.9 million (2021: net gain of HK$765.4 million) arising from other financial assets held by insurance business which are not eligible for the overlay approach or financial assets not related to insurance business. The net fair value loss of HK$1,845.9 million (note 39) (2021: net gain of HK$1,270.6 million) was then reclassified from consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

9 OPERATING PROFIT

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

	2022 **HK$m**	2021 HK$m
Gross rental income from investment properties	**4,823.5**	4,700.7
Outgoings	**(1,577.6)**	(1,605.9)
	3,245.9	3,094.8
Cost of inventories sold	**(8,913.1)**	(13,942.1)
Cost of services rendered	**(27,884.3)**	(24,588.7)
Claims and benefits, net of reinsurance (note (a))	**(11,436.7)**	(8,331.3)
Insurance agency commission and allowances, net of change in DAC (note (b))	**(1,171.4)**	(856.3)
Depreciation		
Property, plant and equipment	**(1,250.1)**	(1,502.2)
Right-of-use assets	**(906.8)**	(965.6)
Amortisation		
Intangible concession rights	**(958.0)**	(1,048.3)
Intangible assets	**(96.1)**	(77.5)
VOBA	**(155.3)**	(256.4)
Other lease expense		
Short-term lease expense	**(68.1)**	(77.7)
Variable lease expenses not included in lease liabilities	**(144.4)**	(177.2)
Staff costs (note 14(a))	**(7,333.4)**	(7,112.8)
Auditors' remuneration		
Audit services	**(61.5)**	(59.7)
Non-audit services	**(51.1)**	(10.8)

9 OPERATING PROFIT (CONTINUED)

Notes:

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

	2022 HK$m	2021 HK$m
Claims	**1,074.2**	880.0
Reinsurers' and coinsurers' share of claims	**(341.7)**	(233.0)
Claims, net of reinsurers' and coinsurers' share	**732.5**	647.0
Surrenders, annuities and maturities	**1,297.1**	1,083.4
Reinsurers' and coinsurers' share	**39.0**	(7.9)
	1,336.1	1,075.5
Policyholders' dividends and interests	**389.8**	368.7
Incentives to policyholders	**289.3**	280.6
Increase in insurance contract liabilities	**8,689.0**	5,959.5
Total claims and benefits, net of reinsurance	**11,436.7**	8,331.3

The increase is mainly due to (i) growth of in-force business with regard to higher premium received during the year ended 30 June 2022, (ii) higher net claims incurred compared to the year ended 30 June 2021 as well as (iii) additional increase in insurance contract liabilities with respect to increase in realised investment income. The increase in insurance contract liabilities includes an estimate of future dividend payments to the policyholders of participating products which is partly determined based on the investment income arising from participating fund assets, whereas the corresponding investment income is recognised in "other losses, net" and is not netted in the "cost of sales" for presentation purpose.

(b) The amount includes amortisation of DAC of HK$524.2 million (2021: HK$367.0 million).

10 FINANCING COSTS

	2022 HK$m	2021 HK$m
Interest on bank loans and overdrafts	**2,171.7**	2,558.2
Interest on fixed rate bonds and notes payable	**2,252.8**	2,432.9
Interest on loans from non-controlling shareholders	**113.0**	118.3
Interest on lease liabilities (note 48(b))	**292.1**	290.0
	4,829.6	5,399.4
Capitalised as (note):		
Cost of properties for/under development	**(1,319.3)**	(1,717.1)
Cost of assets under construction and investment properties under development	**(901.0)**	(587.6)
	2,609.3	3,094.7

Note:

To the extent funds are borrowed generally and used for the purpose of financing certain properties for/under development, assets under construction and investment properties under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 2.7% (2021: 2.7%) per annum.

11 TAXATION

	2022 HK$m	2021 HK$m
Current taxation		
Hong Kong profits tax	**772.8**	979.2
Mainland China and overseas taxation	**1,874.0**	2,486.8
Mainland China land appreciation tax	**3,161.9**	3,553.1
Deferred taxation (note 26)		
Valuation of investment properties	**110.7**	353.5
Other temporary differences	**(815.7)**	(1,099.2)
Mainland China land appreciation tax	**(191.0)**	(611.8)
	4,912.7	5,661.6

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

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

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

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

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

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

11 TAXATION (CONTINUED)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2022 HK$m	2021 HK$m (restated)
Profit before taxation and share of results of joint ventures and associated companies	**8,392.0**	8,503.8
Calculated at a taxation rate of 16.5% (2021: 16.5%)	**1,384.7**	1,403.1
Effect of different taxation rates in other countries	**831.7**	769.0
Tax on 5% of net premium of life insurance business	**104.9**	73.1
Results of life insurance business not taxable at the statutory rate	**(181.5)**	(177.4)
Income not subject to taxation	**(886.5)**	(1,103.8)
Expenses not deductible for taxation purposes	**1,779.1**	2,302.3
Tax losses not recognised	**439.9**	208.7
Temporary differences not recognised	**41.4**	311.1
Utilisation of previously unrecognised tax losses	**(322.8)**	(104.2)
Deferred taxation on undistributed profits	**17.8**	29.7
Recognition of previously unrecognised temporary differences	**(7.5)**	(9.9)
Recognition of previously unrecognised tax losses	**(11.2)**	(70.0)
Over provision in prior years	**(458.1)**	(3.1)
Land appreciation tax deductible for calculation of income tax purpose	**(790.1)**	(908.3)
	1,941.8	2,720.3
Mainland China land appreciation tax	**2,970.9**	2,941.3
Taxation charge	**4,912.7**	5,661.6

12 EARNINGS PER SHARE

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

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

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

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

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

For the years ended 30 June 2022 and 30 June 2021, the exercise price is above the average market price of the ordinary shares. 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.

13 DIVIDENDS

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

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

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

14 STAFF COSTS

(a) Staff costs

	2022 HK$m	2021 HK$m
Wages, salaries and other benefits	**8,071.3**	7,966.5
Pension costs – defined benefit plans	**5.0**	6.3
Pension costs – defined contribution plans	**338.5**	359.6
Share options (note (b))	**4.9**	18.9
	8,419.7	8,351.3
Less: Amounts capitalised in investment properties under development and properties for/under development	**(1,086.3)**	(1,238.5)
	7,333.4	7,112.8

Staff costs include directors' remuneration.

(b) Share options

During the year, the Company operates share option schemes whereby options may be granted to eligible employees and directors, to subscribe for shares of the Company.

Details of share options are as follows:

Grantor	Date of grant	Exercise price HK$	At 1 July 2021	Exercised	Lapsed/ cancelled	At 30 June 2022	Number of share options exercisable as at 30 June 2022	Note
The Company	3 July 2017 to 22 May 2019	Note (i)	19,492,250	(216,000)	(7,283,250)	11,993,000	11,993,000	(i)
	Weighted average exercise price of each category (HK$)	—	45.928	40.144	43.971	47.218	47.218	

14 STAFF COSTS (CONTINUED)

(b) Share options (continued)

Notes:

(i) A share option scheme was adopted by the Company on 22 November 2016 ("2016 Scheme") 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 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 before the consideration of Company's shares on 23 June 2020 respectively.

On 23 June 2020, every four issued shares of the Company were consolidated into one share of the Company (each a "Consolidated Share") and the number of Consolidated Shares was rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise (the "Share Consolidation").

As a result of the Share Consolidation, adjustments were made to the number of shares subject to, and exercise price of, the outstanding share options under the 2016 Scheme (the "Share Options Adjustments"). The Share Option Adjustments took effect on 23 June 2020.

The exercise price of the outstanding share option granted on 3 July 2017, 6 July 2018 and 22 May 2019 have been adjusted to HK$40.144, HK$44.160 and HK$49.376 per share respectively as a result of Share Consolidation.

The share options granted on 3 July 2017 were divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

The share options granted on 6 July 2018 were divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

The share options granted on 22 May 2019 were divided into 4 tranches exercisable from 22 May 2019, 22 May 2020, 22 May 2021 and 22 May 2022 respectively to 21 May 2023.

For the year ended 30 June 2022, the weighted average share price at the time of exercise was HK$40.144 per share (2021: the weighted average share price at the time of exercise was HK$40.144 per share).

(ii) The Binomial pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

14 STAFF COSTS (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 3 directors (2021: 3 directors) whose emoluments are reflected in the analysis shown in note 15(a). The emoluments to the remaining 2 (2021: 2) individuals during the year are as follows:

	2022 **HK$m**	2021 HK$m
Wages, salaries and other benefits	**35.7**	18.9
Discretionary bonuses	**13.2**	14.5
Employer's contributions to retirement benefit schemes	**0.4**	1.4
Share options	**—**	0.3
	49.3	35.1

The emoluments of the individuals fell within the following bands:

	Number of individuals	
	2022	2021
Emolument band (HK$)		
15,500,001-16,000,000	**—**	1
19,000,001-19,500,000	**—**	1
20,000,001-20,500,000	**1**	—
29,000,001-29,500,000	**1**	—
	2	2

(d) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in note 15(a) and note 14(c) respectively, the emoluments of the senior management whose profiles are included in Directors' Profile/Senior Management Profile sections of this report fell within the following bands:

	Number of individuals	
	2022	2021
Emolument band (HK$)		
3,000,001-3,500,000	**1**	—
5,000,001-5,500,000	**1**	—
5,500,001-6,000,000	**1**	2
	3	2

15 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Name of Directors	As Director (note (i))		As management (note (ii))		
	Fees HK$m	Allowances and other benefits (note (iii)) HK$m	Basic salaries, allowances and other benefits HK$m	Employer's contribution to a retirement benefit scheme HK$m	Total HK$m
Year ended 30 June 2022					
Dr. Cheng Kar-Shun, Henry	1.7	–	45.2	1.8	48.7
Paid by the Company and its unlisted subsidiaries	1.0	–	34.3	1.2	36.5
Paid by NWSH	0.7	–	10.9	0.6	12.2
Mr. Doo Wai-Hoi, William	0.4	–	–	–	0.4
Dr. Cheng Chi-Kong, Adrian	1.3	–	42.9	2.6	46.8
Paid by the Company and its unlisted subsidiaries	0.5	–	35.6	2.0	38.1
Paid by NWSH	0.7	–	7.3	0.6	8.6
Paid by NWDS	0.1	–	–	–	0.1
Mr. Yeung Ping-Leung, Howard	0.7	–	–	–	0.7
Mr. Cheng Kar-Shing, Peter	0.4	–	8.6	0.8	9.8
Mr. Ho Hau-Hay, Hamilton	0.7	–	–	–	0.7
Mr. Lee Luen-Wai, John	0.8	–	–	–	0.8
Mr. Liang Cheung-Biu, Thomas	0.7	–	–	–	0.7
Mr. Ip Yuk-Keung, Albert	0.7	0.2	–	–	0.9
Mr. Cheng Chi-Heng	0.4	–	1.9	0.2	2.5
Ms. Cheng Chi-Man, Sonia	0.4	–	16.6	1.4	18.4
Mr. Sitt Nam-Hoi	0.5	0.2	16.5	1.3	18.5
Ms. Huang Shaomei, Echo	0.4	0.1	22.4	0.8	23.7
Ms. Chiu Wai-Han, Jenny	0.6	0.1	5.2	0.4	6.3
Mr. Chan Johnson Ow	0.6	–	–	–	0.6
Total	10.3	0.6	159.3	9.3	179.5

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

Name of Directors	As Director (note (i)) Fees HK$m	As Director (note (i)) Allowances and other benefits (note (iii)) HK$m	As management (note (ii)) Basic salaries, allowances and other benefits HK$m	As management (note (ii)) Employer's contribution to a retirement benefit scheme HK$m	Total HK$m
Year ended 30 June 2021					
Dr. Cheng Kar-Shun, Henry	1.9	0.5	41.8	1.8	46.0
Paid by the Company and its unlisted subsidiaries	1.0	0.5	34.0	1.2	36.7
Paid by NWSH	0.8	—	7.8	0.6	9.2
Paid by NWDS	0.1	—	—	—	0.1
Mr. Doo Wai-Hoi, William	0.3	—	—	—	0.3
Dr. Cheng Chi-Kong, Adrian	1.5	0.5	42.4	2.6	47.0
Paid by the Company and its unlisted subsidiaries	0.5	0.5	35.6	2.0	38.6
Paid by NWSH	0.8	—	6.8	0.6	8.2
Paid by NWDS	0.2	—	—	—	0.2
Mr. Yeung Ping-Leung, Howard	0.7	—	—	—	0.7
Mr. Cha Mou-Sing, Payson (deceased on 6 November 2020 PST)	0.2	—	—	—	0.2
Mr. Cheng Kar-Shing, Peter	0.4	—	8.6	0.8	9.8
Paid by the Company and its unlisted subsidiaries	0.3	—	8.6	0.8	9.7
Paid by a NWSH	0.1	—	—	—	0.1
Mr. Ho Hau-Hay, Hamilton	0.8	—	—	—	0.8
Mr. Lee Luen-Wai, John	0.8	—	—	—	0.8
Mr. Liang Cheung-Biu, Thomas	0.7	—	—	—	0.7
Mr. Ip Yuk-Keung, Albert	0.7	0.2	—	—	0.9
Ms. Ki Man-Fung, Leonie (resigned during the year)	0.2	—	3.2	0.2	3.6
Mr. Cheng Chi-Heng	0.4	—	1.9	0.2	2.5
Ms. Cheng Chi-Man, Sonia	0.4	—	15.4	1.4	17.2
Mr. Sitt Nam-Hoi	0.5	0.3	15.6	1.1	17.5
Ms. Huang Shaomei, Echo	0.4	0.7	21.1	0.7	22.9
Ms. Chiu Wai-Han, Jenny	0.4	0.1	4.8	0.4	5.7
Total	10.3	2.3	154.8	9.2	176.6

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

Notes:

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary.

(ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.

(iii) Other benefits represented share options. The value of the share options granted to the directors of the Company under the share option schemes of the Company and its subsidiaries represents the fair value of these options charged to the consolidated income statement for the year in accordance with HKFRS 2 "Share-based Payment".

(iv) No director waived or agreed to waive any emoluments during the year.

(b) Directors' material interests in transactions, arrangements or contracts

On 24 April 2020, a master services agreement (the "Mr. Doo MSA") was entered into between the Company and Mr. Doo Wai-Hoi, William, Non-executive Vice-chairman ("Mr. Doo") for a term of three years commencing from 1 July 2020 up to and including 30 June 2023 in respect of the provision of the operational and rental services by companies owned by Mr. Doo to the Group, and vice versa. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2023 were approved by the independent shareholders of the Company on 24 April 2020. For the year ended 30 June 2022, the aggregate amount of the transactions amounted to approximately HK$2,375.1 million (2021: HK$2,080.0 million).

Same as mentioned above, no other significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16 INVESTMENT PROPERTIES

	2022 HK$m	2021 HK$m
Completed investment properties	**169,073.5**	161,397.7
Investment properties under development	**42,147.2**	34,485.8
	211,220.7	195,883.5

	Completed investment properties HK$m	**Investment properties under development HK$m**	**Total HK$m**
At 1 July 2021	**161,397.7**	**34,485.8**	**195,883.5**
Translation differences	**(1,189.8)**	**(594.4)**	**(1,784.2)**
Additions	**2,231.8**	**2,916.1**	**5,147.9**
Transfer between investment properties, property, plant and equipment and right-of-use assets	**3,362.8**	**—**	**3,362.8**
Transfer between investment properties, properties held for sale and properties under development	**4,082.7**	**5,751.6**	**9,834.3**
Disposals	**(1,096.6)**	**—**	**(1,096.6)**
Changes in fair value	**(566.3)**	**439.3**	**(127.0)**
Transfer upon completion	**851.2**	**(851.2)**	**—**
At 30 June 2022	**169,073.5**	**42,147.2**	**211,220.7**

	Completed investment properties HK$m	Investment properties under development HK$m	Total HK$m
At 1 July 2020	148,072.6	21,644.9	169,717.5
Translation differences	3,967.8	1,109.5	5,077.3
Acquisition of a subsidiary	53.0	—	53.0
Disposal of a subsidiary	(1,100.0)	—	(1,100.0)
Additions	376.9	11,476.6	11,853.5
Transfer between investment properties, property, plant and equipment and right-of-use assets	6,844.5	—	6,844.5
Transfer between investment properties, properties held for sale and properties under development	4,787.1	305.9	5,093.0
Disposals	(2,745.8)	—	(2,745.8)
Changes in fair value	847.4	288.2	1,135.6
Reclassified as assets held for sale	(45.1)	—	(45.1)
Transfer upon completion	339.3	(339.3)	—
At 30 June 2021	161,397.7	34,485.8	195,883.5

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, AVISTA Valuation Advisory Limited, Colliers International (Hong Kong) Limited, Savills Valuation and Professional Services Limited and Knight Frank Petty Limited, independent qualified valuers, who hold recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 30 June 2022 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuation performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the Audit Committee. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department verifies all major inputs to the independent valuation reports; assesses property valuation movements when compared to the prior year valuation reports; and holds discussions with the independent valuers.

Valuation techniques

Fair value of completed investment properties for commercial, residential and carparks in Hong Kong and Mainland China is generally derived using the income capitalisation method and wherever appropriate, by direct comparison method. Income capitalisation method is based on capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of commercial properties and carparks under development is generally derived using the residual method and wherever appropriate, by direct comparison method. Residual method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

At 30 June 2022 and 2021, all investment properties were included in level 3 in the fair value hierarchy.

There were no changes to the valuation techniques during the year and there were no transfers among the fair value hierarchy during the year.

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Information about fair value measurements using significant unobservable inputs:

	2022 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Capitalisation rate
Completed investment properties					
Hong Kong					
Commercial	**94,612.0**	Income capitalisation	HK$11-HK$340 per square feet	N/A	1.5%-5.2%
	17,350.0	Direct comparison	N/A	HK$9,500-HK$23,200 per square feet	N/A
Carparks	**3,276.0**	Income capitalisation	HK$2,900-HK$7,120 per carpark space	N/A	3.25%-4.0%
	31.0	Direct comparison	N/A	HK$1,630,000 per carpark space	N/A
Mainland China and others					
Commercial	**43,202.8**	Income capitalisation	HK$12-HK$887 per square metre	N/A	2.0%-8.5%
	332.4	Direct comparison	N/A	HK$3,400-HK$58,800 per square metre	N/A
Serviced apartment	**2,755.3**	Income capitalisation	HK$122-HK$256 per square metre	N/A	3.0%-6.25%
Carparks	**7,514.0**	Direct comparison	N/A	HK$141,000-HK$705,800 per carpark space	N/A
Total	**169,073.5**				

	2022 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Estimated developer's profit and risk margins
Investment properties under development					
Commercial	**42,021.3**	Residual	N/A	HK$1,600-HK$56,700 per square feet	2.0%-15.0%
Carparks	**125.9**	Residual	N/A	HK$258,800 per carpark space	2.0%
Total	**42,147.2**				

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Information about fair value measurements using significant unobservable inputs: (continued)

	2021 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Capitalisation rate
Completed investment properties					
Hong Kong					
Commercial	92,766.5	Income capitalisation	HK$23-HK$440 per square feet	N/A	1.5%-5.2%
	16,362.2	Direct comparison	N/A	HK$9,500-HK$23,200 per square feet	N/A
Carparks	3,270.0	Income capitalisation	HK$2,880-HK$7,120 per carpark space	N/A	3.25%-4.0%
Mainland China and others					
Commercial	37,644.0	Income capitalisation	HK$12-HK$850 per square metre	N/A	2.0%-8.5%
	213.1	Direct comparison	N/A	HK$3,500-HK$38,600 per square metre	N/A
Serviced apartment	2,629.3	Income capitalisation	HK$127-HK$243 per square metre	N/A	3.0%-6.25%
Carparks	8,512.6	Direct comparison	N/A	HK$144,600-HK$722,900 per carpark space	N/A
Total	161,397.7				

	2021 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Estimated developer's profit and risk margins
Investment properties under development					
Commercial	34,460.3	Residual	N/A	HK$2,100-HK$57,500 per square feet	4.0%-15.0%
Carparks	25.5	Residual	N/A	HK$265,100 per carpark space	5.0%
Total	34,485.8				

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates and developer's profit and risk margins are estimated by independent valuers based on the risk profile of the properties being valued and the market conditions. The lower the rates and the margins, the higher the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2022. Given the outbreak of COVID-19 which has caused high volatility to the global economy and uncertainties to the property market, this disruption has increased the uncertainty of the assumptions adopted in the valuation process. Consequently, the on-going development of COVID-19 may cause unexpected volatility in the future fair value of the investment properties subsequent to 30 June 2022.

At 30 June 2022, the aggregate fair value of completed investment properties and investment properties under development pledged as securities for the Group's borrowings amounted to HK$49,944.7 million (2021: HK$38,147.1 million) and HK$5,374.1 million (2021: HK$1,690.4 million) respectively.

17 PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$m	Buildings HK$m	Others (note (a)) HK$m	Assets under construction HK$m	Total HK$m
Cost					
At 1 July 2021	265.7	19,328.1	9,327.5	2,867.1	31,788.4
Translation differences	—	(434.9)	(137.7)	(64.4)	(637.0)
Acquisition of a subsidiaries	—	—	11.1	—	11.1
Additions	—	8.4	441.9	729.3	1,179.6
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(2,533.8)	(24.3)	151.8	(2,406.3)
Transfer between properties held for sale, properties under development and property, plant and equipment	—	96.4	—	(145.9)	(49.5)
Transfer upon completion	—	—	0.3	(0.3)	—
Disposal of subsidiaries	—	(1.3)	(11.7)	—	(13.0)
Disposals	—	(144.8)	(790.2)	—	(935.0)
At 30 June 2022	265.7	16,318.1	8,816.9	3,537.6	28,938.3
Accumulated depreciation and impairment					
At 1 July 2021	—	3,337.3	5,906.3	244.8	9,488.4
Translation differences	—	(123.9)	(91.1)	—	(215.0)
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(376.7)	(67.0)	—	(443.7)
Depreciation	—	573.4	676.7	—	1,250.1
Impairment	—	—	12.9	—	12.9
Disposal of subsidiaries	—	(0.1)	(10.9)	—	(11.0)
Disposals	—	(114.4)	(713.3)	—	(827.7)
At 30 June 2022	—	3,295.6	5,713.6	244.8	9,254.0
Net book value (note (b))					
At 30 June 2022	265.7	13,022.5	3,103.3	3,292.8	19,684.3

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land HK$m	Buildings HK$m	Others (note (a)) HK$m	Assets under construction HK$m	Total HK$m
Cost					
At 1 July 2020	265.7	19,827.7	14,846.6	5,623.9	40,563.9
Translation differences	—	760.7	330.3	417.4	1,508.4
Acquisition of subsidiaries	—	—	0.6	—	0.6
Additions	—	9.0	559.6	532.2	1,100.8
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(3,157.7)	(2,419.2)	22.9	(5,554.0)
Transfer between properties under development and property, plant and equipment	—	—	—	(141.5)	(141.5)
Transfer upon completion	—	2,926.0	661.8	(3,587.8)	—
Disposal of subsidiaries	—	(1,035.1)	(4,270.2)	—	(5,305.3)
Deconsolidation of a subsidiary	—	—	(5.0)	—	(5.0)
Disposals	—	(2.5)	(377.0)	—	(379.5)
At 30 June 2021	265.7	19,328.1	9,327.5	2,867.1	31,788.4
Accumulated depreciation and impairment					
At 1 July 2020	—	3,134.7	7,329.3	—	10,464.0
Translation differences	—	140.2	259.3	—	399.5
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(239.5)	(845.8)	—	(1,085.3)
Depreciation	—	562.6	939.6	—	1,502.2
Impairment	—	—	35.2	244.8	280.0
Disposal of subsidiaries	—	(260.2)	(1,490.9)	—	(1,751.1)
Deconsolidation of a subsidiary	—	—	(0.1)	—	(0.1)
Disposals	—	(0.5)	(320.3)	—	(320.8)
At 30 June 2021	—	3,337.3	5,906.3	244.8	9,488.4
Net book value (note (b))					
At 30 June 2021	265.7	15,990.8	3,421.2	2,622.3	22,300.0

Notes:

(a) Others mainly represented leasehold improvements, plant and machinery, buses, motor vehicles, furniture and fixtures, office equipment and computer.

(b) At 30 June 2022, the aggregate net book value of property, plant and equipment pledged as securities for the Group's borrowings amounted to HK$1,588.1 million (2021: HK$4,267.2 million).

18 RIGHT-OF-USE ASSETS

	2022 **HK$m**	2021 HK$m
Leasehold land (note (a))	**917.7**	1,188.8
Land use rights (note (a))	**1,593.3**	2,116.6
Buildings, plant and equipment	**3,248.2**	4,189.5
Others	**539.0**	623.0
	6,298.2	8,117.9

Notes:

(a) As at 30 June 2022, the aggregate net book value of leasehold land and land use rights pledged as securities for the Group's borrowings amounted to HK$150.6 million and HK$279.5 million (2021: HK$151.2 million and HK$415.5 million) respectively.

(b) For the year ended 30 June 2022, additions to the right-of-use assets were HK$583.3 million (2021: HK$1,642.7 million) and total cash outflows for leases was HK$1,443.5 million (2021: HK$1,648.6 million).

(c) Depreciation of right-of-use assets

	2022 **HK$m**	2021 HK$m
Leasehold land	**(16.6)**	(81.2)
Land use rights	**(70.1)**	(43.0)
Buildings, plant and equipment	**(736.1)**	(757.4)
Others	**(84.0)**	(84.0)
	(906.8)	(965.6)

Rental contracts are typically made for fixed periods range from 21 months to 18 years (2021: 21 months to 19 years) for buildings, plant and equipment and others, but may have extension options which majority of these options are exercisable only by the Group and not by the respective lessors. Lease term for leasehold land ranges from 3 years to 982 years (2021: 3 years to 982 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Some property leases contain variable payment terms that are linked to revenue generated from leased assets, or the higher of a guaranteed rent or revenue rent throughout the lease terms. Revenue rent represents a percentage of gross revenue derived from the leased properties ranging from 3% to 34% (2021: ranging from 3% to 34%).

19 INTANGIBLE CONCESSION RIGHTS

	2022 HK$m	2021 HK$m
Cost		
At beginning of the year	**22,611.7**	20,458.5
Translation differences	**(576.3)**	2,153.2
At end of the year	**22,035.4**	22,611.7
Accumulated amortisation and impairment		
At beginning of the year	**8,330.7**	6,453.4
Translation differences	**(264.7)**	829.0
Amortisation	**958.0**	1,048.3
At end of the year	**9,024.0**	8,330.7
Net book value		
At end of the year	**13,011.4**	14,281.0

20 INTANGIBLE ASSETS

	Goodwill HK$m	**Trademarks HK$m**	**Operating right and others HK$m**	**Total HK$m**
Cost				
At 1 July 2021	**9,588.0**	**73.6**	**865.8**	**10,527.4**
Translation differences	**(44.8)**	**—**	**—**	**(44.8)**
Additions	**—**	**6.2**	**116.5**	**122.7**
Acquisition of a subsidiary	**392.9**	**—**	**0.1**	**393.0**
Disposal	**—**	**—**	**(9.7)**	**(9.7)**
At 30 June 2022	**9,936.1**	**79.8**	**972.7**	**10,988.6**
Accumulated amortisation and impairment				
At 1 July 2021	**1,738.8**	**25.0**	**517.7**	**2,281.5**
Translation differences	**(29.3)**	**—**	**—**	**(29.3)**
Amortisation	**—**	**5.3**	**90.8**	**96.1**
Impairment	**247.4**	**—**	**—**	**247.4**
Disposal	**—**	**—**	**(2.3)**	**(2.3)**
At 30 June 2022	**1,956.9**	**30.3**	**606.2**	**2,593.4**
Net book value				
At 30 June 2022	**7,979.2**	**49.5**	**366.5**	**8,395.2**

20 INTANGIBLE ASSETS (CONTINUED)

	Goodwill HK$m	Trademarks HK$m	Operating right and others HK$m	Total HK$m
Cost				
At 1 July 2020	9,389.7	73.6	773.3	10,236.6
Translation differences	198.3	—	—	198.3
Additions	—	—	92.5	92.5
At 30 June 2021	9,588.0	73.6	865.8	10,527.4
Accumulated amortisation and impairment				
At 1 July 2020	1,343.8	19.7	445.5	1,809.0
Translation differences	65.6	—	—	65.6
Amortisation	—	5.3	72.2	77.5
Impairment	329.4	—	—	329.4
At 30 June 2021	1,738.8	25.0	517.7	2,281.5
Net book value				
At 30 June 2021	7,849.2	48.6	348.1	8,245.9

Impairment test for goodwill

A summary of the goodwill allocation is presented below:

	Hong Kong HK$m	**Mainland China HK$m**	**Total HK$m**
2022			
Property development	**2.5**	**247.0**	**249.5**
Property investment	**—**	**273.8**	**273.8**
Insurance	**5,576.3**	**—**	**5,576.3**
Others	**872.8**	**1,006.8**	**1,879.6**
	6,451.6	**1,527.6**	**7,979.2**

	Hong Kong HK$m	Mainland China HK$m	Total HK$m
2021			
Property development	2.5	238.6	241.1
Property investment	—	293.7	293.7
Insurance	5,576.3	—	5,576.3
Others	897.8	840.3	1,738.1
	6,476.6	1,372.6	7,849.2

20 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill (continued)

Goodwill is allocated to the Group's cash generating units identified according to country of operation and business segment. For the purpose of impairment test for goodwill, the recoverable amount of the business unit is determined based on either fair value less costs of disposal or value in use calculations whichever is higher. The key assumptions adopted on growth rates and discount rates used in the value in use calculations are based on management best estimates and past experience.

For the segment of property development, the recoverable amount of the business unit is determined based on value-in-use calculations, which use cash flow projections based on financial budgets and a pre-tax discount rate.

For the segment of property investment, growth rates are determined by considering both internal and external factors relating to the relevant segments. Discount rate used also reflect specific risks relating to the relevant segment, which was 12.4% (2021: 12.4%).

For the segment of insurance, annual growth rates for value of new business being 21% to 30% (2021: 14% to 25%) for the first five projection years and steady growth rate of 5% (2021: 5%) for the next five projection years are determined by considering both internal and external factors. Discount rate of 7.75% (2021: 7.75%) was used to reflect specific risk relating to such business. The assessment indicated no impairment is required on the carrying value of goodwill of insurance segment as at 30 June 2022.

The assumptions used in the carrying value assessment are highly judgmental, and heavily dependent on the discount rate used and value of new business projection. For example, any increase in the risk premium or any decrease in the value of new business projection with other variables remain constant, if adopted, would result in decrease in the recoverable amount as determined by the value in use calculation. There was no impairment required from the review on goodwill. A reasonably possible change in assumption would not result in impairment and as such disclosure of sensitivity analysis is not considered necessary.

Included in others segment is an amount of HK$613.9 million (2021: HK$840.3 million) relating to department stores operation. The key assumptions used in the cash flow projections (where applicable), namely average annual gross revenue growth rate being 12.6% for the year ended 30 June 2022 (2021: 8.6%); average gross margin ratios ranging from 13% to 16% (2021: from 13% to 16%), are determined by considering both internal and external factors relating to department stores operation of each CGU; the long term growth rate of 3% (2021: 3%) is consistent with the forecast of the businesses and the discount rate of 12.4% (2021: 12.4%) is post-tax and reflects specific risks relating to the relevant businesses. If the annual gross revenue had been 15% (2021: 10%) or gross margin ratios had been 1% (2021: 1%) lower than management's current estimates, the profit before taxation for the year would have been approximately HK$496.7 million and HK$109.6 million lower (2021: HK$365.1 million and HK$225.1 million) respectively. If the discount rate had been 0.5% (2021: 0.5%) higher than management's current estimates, the profit before taxation for the year would have been approximate HK$67.3 million lower (2021: HK$185.1 million). The estimated recoverable amount of the CGUs were approximately HK$1,538.3 million (2021: HK$418.0 million) which were their fair value less cost of disposal. The fair value estimation is included in level 3 fair value hierarchy. The average pre-tax discount rate is 14.1% (2021: 7.7%). The impairment loss recognised for the year represented the difference between the carrying amount of the CGU including goodwill and its estimated recoverable amount.

For the remaining goodwill balance of HK$1,265.7 million (2021: HK$897.8 million) which are relating to roads, construction and other strategic businesses segments, the key assumptions adopted on growth rates and discount rates used in the value in use calculations were based on management's best estimates and past experience.

During the year ended 30 June 2022, goodwill impairment of HK$247.4 million (2021: HK$329.4 million) has been recognised in the consolidated income statement, based on the recoverable amount of the respective CGUs under department store operation and other trading business (2021: department store operation and other trading business) within others segment.

21 VALUE OF BUSINESS ACQUIRED

	2022 HK$m	2021 HK$m
At beginning of the year	**5,395.1**	5,651.5
Amortisation	**(155.3)**	(256.4)
At end of the year	**5,239.8**	5,395.1

22 DEFERRED ACQUISITION COSTS

	2022 HK$m	2021 HK$m
At beginning of the year	**1,711.5**	688.2
Additions of new business	**1,147.7**	1,390.3
Amortisation	**(524.2)**	(367.0)
At end of the year	**2,335.0**	1,711.5

23 INTERESTS IN JOINT VENTURES

	2022 HK$m	2021 HK$m
Equity joint ventures/joint ventures in wholly foreign owned enterprises (note (c))		
Group's share of net assets	**3,026.5**	3,602.0
Goodwill on acquisition	**89.4**	89.4
Amounts receivable less provision (note (a))	**433.5**	435.0
	3,549.4	4,126.4
Co-operative joint ventures		
Cost of investments less provision	**4,438.9**	4,283.3
Share of undistributed post-acquisition results	**1,654.8**	2,498.5
Amounts receivable less provision (note (a))	**7,693.9**	7,541.8
	13,787.6	14,323.6
Companies limited by shares		
Group's share of net assets	**11,310.8**	5,657.2
Goodwill on acquisition	**175.8**	212.9
Amounts receivable less provision (note (a))	**19,921.6**	23,041.5
	31,408.2	28,911.6
	48,745.2	47,361.6

23 INTERESTS IN JOINT VENTURES (CONTINUED)

Notes:

(a) Amounts receivable less provisions are analysed as follows:

	2022 HK$m	2021 HK$m
Interest bearing		
Fixed rates (note (i))	**6,078.0**	5,163.9
Floating rates (note (ii))	**11,156.2**	12,919.0
Non-interest bearing	**10,814.8**	12,935.4
	28,049.0	31,018.3

note (i) Carry interest rates ranging from 4.0% to 10.0% (2021: 4.0% to 10.0%) per annum.

note (ii) Carry interest rates ranging from 1.5% below Hong Kong Prime rate to 1.5% over HIBOR (2021: 1.5% below Hong Kong Prime rate to 1.5% over HIBOR) per annum.

As at 30 June 2022, the net carrying value of amounts receivable included provision of HK$3,058.7 million (2021: HK$2,912.9 million).

The amounts were unsecured. As at 30 June 2022, the carrying amounts are not materially different from their fair values.

The amounts receivable form part of the Group's net interests in joint ventures.

(b) The directors of the Company were of the view that as at 30 June 2022 and 2021, there is no individual joint venture that was material to the Group. The Group's share of results of the joint ventures are summarised below:

	2022 HK$m	2021 HK$m
For the year ended 30 June		
(Loss)/profit for the year	**(619.4)**	1,318.0
Other comprehensive income for the year (note)	**6,619.4**	1,426.9
Total comprehensive income for the year	**6,000.0**	2,744.9

Note: A logistics property held by a joint venture was reclassified by the Group from property, plant and equipment to investment property during the year. The Group's share of other comprehensive income for the year and net assets of the joint venture was mainly increased by the share of revaluation gain (net of tax) of HK$6,312.1 million (net of tax) of the logistics property. As at 30 June 2022, the Group's share of fair value of such logistic property amounted to HK$8,344.5 million.

(c) Goshawk is principally engaged in the commercial aircraft leasing business. As mentioned in note 5(d), as of 30 June 2022 and up to the date of this report, six Goshawk's aircraft remain in Russia and it is unlikely to regain possession of these aircraft in the near term, full impairment of its net exposure has been made for aircraft retained in Russia. As a result, the Group shared an impairment loss (net of tax) of HK$752.8 million in FY2022.

In May 2022, Goshawk and SMBC Aviation Capital Limited ("SMBC") entered into an agreement ("Transaction Agreement") and pursuant to which Goshawk has agreed to, at completion, effectively dispose of its interest in its commercial aircraft leasing platform to SMBC, comprising substantially all of the assets, liabilities and contracts of the business, excluding the six aircraft leased to Russian airlines. Goshawk reclassified the assets and liabilities to be sold to SMBC as held for sale. Upon the reclassification, the carrying values have been further remeasured with reference to the sale consideration under the Transaction Agreement. Accordingly, the Group's share of remeasurement loss of HK$992.5 million was recognised in the consolidated income statement in FY2022.

Before the reclassification of relevant assets and liabilities as held for sale, management has carried out an impairment assessment on the carrying value of Goshawk's aircraft portfolio. Impairment arises when an aircraft's carrying amount exceeds its recoverable amount. As such, an impairment loss on Goshawk's aircraft portfolio (net of tax) of HK$76.8 million was shared by the Group in FY2022, excluding the forementioned impairment made for aircraft retained in Russia (2021: the Group's share of impairment loss on Goshawk aircraft portfolio (net of tax) amounted to HK$347.1 million).

Besides, the Group also shares an expected credit loss provision on account receivables and aircraft repossession/recovery costs (net of tax) of HK$75.0 million (2021: HK$206.2 million) from Goshawk in the year ended 30 June 2022. The key assumptions used in the expected credit loss assessment include the credit rating of airlines and provision rate.

The aggregated total of remeasurement/impairment loss, expected credit loss provision and aircraft repossession/recovery costs of Goshawk (net of tax) abovementioned amounted to HK$1,897.1 million (2021: HK$553.3 million) and is included in "share of results of joint ventures". As at 30 June 2022, the carrying amount of the investment in Goshawk of HK$297.9 million (2021: HK$1,195.1 million) is included as interest in joint ventures.

(d) Management regularly reviews whether there are any indications of impairments of the Group's interests in joint ventures based on value in use calculations, as detailed in note 5(e).

(e) Details of principal joint ventures are stated in note 52.

24 INTERESTS IN ASSOCIATED COMPANIES

	2022 HK$m	2021 HK$m (restated)
Group's share of net assets		
Hong Kong listed shares	**1,679.6**	1,651.0
Overseas listed shares	**654.4**	628.1
Unlisted shares	**10,205.3**	9,159.8
	12,539.3	11,438.9
Goodwill	**718.7**	511.4
Amounts receivable less provision (note (a))	**2,935.1**	2,306.4
	16,193.1	14,256.7
Market value of listed shares	**1,773.0**	3,089.3

Notes:

(a) Amounts receivable less provision are analysed as follows:

	2022 HK$m	2021 HK$m
Interest bearing		
Fixed rate (note (i))	**109.7**	104.7
Floating rate (note (ii))	**—**	125.3
Non-interest bearing	**2,825.4**	2,076.4
	2,935.1	2,306.4

note (i) Carry interest rate of 8.0% (2021: 8.0%) per annum.

note (ii) As at 30 June 2021, an aggregate amount of HK$125.3 million which carries interest at HIBOR plus a margin of 1.3% per annum. The balance as at 30 June 2021 also includes an amount of HK$106.8 million which carries interest at 1-5 year Renminbi benchmark lending rate published by People's Bank of China.

As at 30 June 2022, the net carrying value of amounts receivable included provision of HK$1,633.3 million (2021: HK$1,483.2 million).

The amounts were unsecured and not repayable within 12 months from the end of the reporting period. As at 30 June 2022, the carrying amounts were not materially different from their fair values.

The amounts receivable form part of the Group's net interests in associated companies.

(b) During the year, the Group reclassified an investment from assets held for sale to interest in associated companies. Details were set out in note 2(c).

(c) Management regularly reviews whether there are any relevant indications of impairments of the Group's interests in associated companies based on value in use calculations, as detailed in note 5(d). Management is of the view that there is no impairment of the Group's investments in associated companies as at 30 June 2022 except for an impairment loss of HK$110.2 million (note 8) was recognised in "other losses, net" in the consolidated income statement (2021 (restated): an aggregate impairment loss/remeasurement loss of HK$1,609.6 million, of which HK$1,489.6 million (note 8) was recognised in "other losses, net" in the consolidated income statement whereas HK$120.0 million (note 6(d)) was shared by the Group and included in "share of results of associated companies" in the consolidated income statement).

24 INTERESTS IN ASSOCIATED COMPANIES (CONTINUED)

Notes: (continued)

(d) The directors of the Company were of the view that as at 30 June 2022 and 2021, there is no individual associated company that was material to the Group. The Group's share of results of the associated companies are summarised below:

	2022 HK$m	2021 HK$m
For the year ended 30 June		
Profit for the year	**1,441.9**	510.7
Other comprehensive (loss)/income for the year	**(127.6)**	1,093.8
Total comprehensive income for the year	**1,314.3**	1,604.5

(e) Details of principal associated companies are stated in note 53.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	2022 HK$m	2021 HK$m
Non-current assets		
Foreign currency and interest rate swaps		
– cash flow hedges (notes (a) and (b))	**781.6**	659.4
	781.6	659.4
Current assets		
Foreign currency forward contracts, foreign currency, interest rate and fuel price swaps		
– cash flow hedges (note (a))	**—**	77.2
– others	**27.4**	18.6
Put option (note (c))	**—**	801.8
	27.4	897.6
	809.0	1,557.0
Non-current liabilities		
Fuel price and interest rate swaps		
– cash flow hedges (note (a))	**(166.1)**	(316.7)
– others	**(55.5)**	(354.1)
	(221.6)	(670.8)
Current liabilities		
Foreign currency and fuel price swaps		
– cash flow hedges (note (a))	**(0.4)**	(0.3)
	(0.4)	(0.3)
	(222.0)	(671.1)

The total notional principal amounts of the outstanding derivative financial instruments as at 30 June 2022 was HK$28,715.3 million (2021: HK$27,204.8 million).

25 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Notes:

(a) The total notional principal amount of the outstanding financial instruments designated as cash flow hedges as at 30 June 2022 was US$100.0 million (2021: US$150.7 million) and HK$17,000.0 million (2021: HK$12,182.8 million).

The Group enters into the hedging instruments that have similar critical terms as the hedged item.

The Group does not hedge all of its loans, therefore the hedged item is identified as a proportion of the outstanding hedged items up to the notional amount of the hedging instruments with one-to-one hedge ratio. As all critical terms matched substantially, the economic relationship exists, and the cash flow hedges was assessed to be highly effective during the year.

During the years ended 30 June 2022 and 2021, there were insignificant ineffectiveness in relation to these hedging instruments.

(b) As at 30 June 2022, the Group's insurance business has certain forward starting swap contracts designated as cash flow hedges against its interest rate risk in respect of bonds to be purchased in the future. Under the contracts, the Group's insurance business will be entitled to receive fixed rate of around 4% to 5% per annum, and required to pay floating rate of 3-month LIBOR, in USD published by the British Banker's Association. The total notional amount was US$100.0 million (2021: US$295.0 million). The cash flow hedge was assessed to be highly effective and the related cumulative losses in reserve amounted to HK$78.1 million (2021: gains of HK$47.5 million).

The Group's insurance business seeks to hedge the interest rate risk by the exchange of payments benchmarked against the targeted fixed interest rate. The Group's insurance business applies an approximate hedge ratio of 1:1 and determines the existence of an economic relationship between the forward starting swap contracts and the debt security investments by matching their critical terms, including the reference interest rates and interest payments.

As at 30 June 2022, the Group's insurance business received HK$46.7 million (2021: HK$640.9 million) cash and bank balance from counterparties (note 40) as collateral which are repayable on demand. Interest is calculated on overnight federal fund rate and payable to counterparties.

(c) As at 30 June 2021, the Group's insurance business held a put option which is carried at fair value of HK$801.8 million. The Group had the right to sell or dispose of an investment in equity instrument held by the Group at a specified price within a specified transaction period. As at 30 June 2021, the fair value of the underlying equity investment which was classified as financial assets at FVOCI amounted to HK$220.4 million. During the year ended 30 June 2022, the Group exercised the right to dispose the underlying equity investment at the specified price pursuant to the put option. Full amount of consideration was settled.

26 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position.

	2022 HK$m	2021 HK$m
Deferred tax assets	**2,015.0**	1,742.3
Deferred tax liabilities	**(10,318.2)**	(11,128.5)
	(8,303.2)	(9,386.2)
At beginning of the year	**(9,386.2)**	(10,425.6)
Translation differences	**258.0**	(587.0)
Disposal of subsidiaries	**(5.9)**	295.6
Credited to consolidated income statement	**896.0**	1,357.5
Charged to reserves	**(65.1)**	(26.7)
At end of the year	**(8,303.2)**	(9,386.2)

26 DEFERRED TAXATION (CONTINUED)

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year was as follows:

Deferred tax assets

	Provisions		Accelerated accounting depreciation		Tax losses		Unrealised intra-group profit		Other items		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$m	HK$m	**HK$m**	HK$m	**HK$m**	HK$m	**HK$m**	HK$m	**HK$m**	HK$m	**HK$m**	HK$m
At beginning of the year	**1,679.1**	1,330.0	**23.7**	28.7	**1,307.8**	1,097.4	**79.3**	39.6	**115.5**	149.0	**3,205.4**	2,644.7
Translation differences	**(25.3)**	137.8	**11.1**	0.1	**(8.5)**	16.5	**–**	—	**(7.4)**	13.0	**(30.1)**	167.4
Disposal of subsidiaries	**–**	—	**(11.1)**	—	**–**	—	**–**	—	**–**	—	**(11.1)**	—
Credited/(charged) to consolidated income statement	**230.9**	211.3	**12.3**	(5.1)	**142.4**	193.9	**45.8**	39.7	**(58.0)**	(46.5)	**373.4**	393.3
At end of the year	**1,884.7**	1,679.1	**36.0**	23.7	**1,441.7**	1,307.8	**125.1**	79.3	**50.1**	115.5	**3,537.6**	3,205.4

Deferred tax liabilities

	Accelerated tax depreciation		Valuation of properties		Fair value adjustments of properties on acquisitions		Amortisation of intangible concession rights		Undistributed profits of subsidiaries, joint ventures and associated companies		Other items		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$m	HK$m	**HK$m**	HK$m	**HK$m**	HK$m	**HK$m**	HK$m	**HK$m**	HK$m	**HK$m**	HK$m	**HK$m**	HK$m
At beginning of the year	**(2,708.0)**	(3,058.2)	**(4,128.7)**	(3,420.5)	**(2,786.4)**	(3,643.1)	**(1,376.9)**	(1,377.7)	**(1,150.7)**	(1,174.8)	**(440.9)**	(396.0)	**(12,591.6)**	(13,070.3)
Translation differences	**46.0**	(32.3)	**59.9**	(328.0)	**114.6**	(160.7)	**4.1**	(131.5)	**58.4**	(97.9)	**5.1**	(4.0)	**288.1**	(754.4)
Disposal of subsidiaries	**5.2**	291.6	**–**	—	**–**	—	**–**	—	**–**	4.0	**–**	—	**5.2**	295.6
Credited/(charged) to consolidated income statement	**230.0**	90.9	**(110.7)**	(353.5)	**235.3**	1,017.4	**102.2**	132.3	**96.3**	118.0	**(30.5)**	(40.9)	**522.6**	964.2
Charged to reserves	**–**	—	**(65.1)**	(26.7)	**–**	—	**–**	—	**–**	—	**–**	—	**(65.1)**	(26.7)
At end of the year	**(2,426.8)**	(2,708.0)	**(4,244.6)**	(4,128.7)	**(2,436.5)**	(2,786.4)	**(1,270.6)**	(1,376.9)	**(996.0)**	(1,150.7)	**(466.3)**	(440.9)	**(11,840.8)**	(12,591.6)

26 DEFERRED TAXATION (CONTINUED)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$16,595.2 million (2021: HK$16,906.8 million) to carry forward for offsetting against future taxable income. These tax losses have no expiry dates except for the tax losses of HK$6,620.6 million (2021: HK$5,698.9 million) which will expire at various dates up to and including 2027 (2021: 2026).

For the investment properties that are located outside Hong Kong, they are held by certain subsidiaries with a business model to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale, the presumption is rebutted and related deferred tax continues to be determined based on recovery of use. For the remaining investment properties, the tax consequence is on the presumption that they are recovered entirely by sale.

As at 30 June 2022, the aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised totalled approximately HK$16.7 billion (2021: HK$13.6 billion), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

27 OTHER NON-CURRENT ASSETS

	2022 HK$m	2021 HK$m
Long-term loans and receivables (note)	**14,006.2**	5,824.6
Long-term prepayments and deposits	**1,275.4**	975.7
Deposits and other prepayments for development projects	**1,814.6**	1,800.0
Policy loans	**543.4**	506.4
Contract assets related to construction services (note 30(d))	**10,028.6**	5,999.6
	27,668.2	15,106.3

Note:

	2022 HK$m	2021 HK$m
Mortgage loans receivables (note (i))	**3,300.7**	4,067.4
Mortgage loans receivables within one year included in debtors, prepayments, premium receivables and contract assets	**(79.6)**	(104.9)
Consideration receivable	**658.5**	698.0
Other receivables	**10,126.6**	1,164.1
	14,006.2	5,824.6

(i) Mortgage loans receivables are advances to purchasers of development projects of the Group in Hong Kong and are secured by first or second mortgages on the related properties. The balance included first mortgage loans of HK$3,025.4 million (2021: HK$3,683.2 million).

The mortgage loans receivables are repayable by monthly with various tenors not more than 30 years (2021: not more than 30 years) at the year end date and carrying interest at floating rates.

During the year ended 30 June 2022, the cash inflow in relation to the repayment and disposal of mortgage loans receivables amounted to HK$766.7 million (2021: HK$5,328.9 million) and no additions to the mortgage loans receivables (2021: HK$1,177.1 million).

Management assessed the expected credit loss allowance of mortgage loans receivables, with reference to both historical loss experience and forward-looking information. The Group has not provided any loss allowance for its mortgage loans receivables during the year (2021: nil).

28 PROPERTIES UNDER DEVELOPMENT

	2022 HK$m	2021 HK$m
Properties under development		
Expected to be completed after 12 months	**11,652.9**	39,772.4
Expected to be completed within 12 months	**50,413.3**	28,483.4
	62,066.2	68,255.8

At 30 June 2022, the aggregate carrying value of properties under development pledged as securities for the Group's borrowings amounted to HK$22,830.9 million (2021: HK$20,405.3 million).

29 INVENTORIES

	2022 HK$m	2021 HK$m
Raw materials	**34.7**	30.5
Finished goods	**470.2**	567.4
	504.9	597.9

30 DEBTORS, PREPAYMENTS, PREMIUM RECEIVABLES AND CONTRACT ASSETS

	Note	2022 HK$m	2021 HK$m
Trade debtors	(a)	**3,189.4**	2,833.2
Premium receivables		**230.1**	288.4
Retention receivables for contract works		**1,913.2**	1,519.8
Contract assets	(d)	**6,960.0**	5,473.8
Prepayment for purchase of land and land preparatory costs		**1,026.4**	723.4
Deposits, prepayments and other debtors	(f)	**11,395.2**	16,045.3
Amounts due from associated companies	(g)	**56.8**	166.1
Amounts due from joint ventures	(h)	**6,808.7**	7,014.4
Amount due from non-controlling shareholders	(i)	**655.4**	618.9
	(b), (c), (e)	**32,235.2**	34,683.3

Notes:

(a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Retention receivables for contract works are settled in accordance with the terms of respective contracts. Majority of the balances are expected to settle beyond one year after the year end.

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

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

There is no concentration of credit risk with respect to trade debtors as the customer bases are widely dispersed in different sectors and industries.

30 DEBTORS, PREPAYMENTS, PREMIUM RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

Notes: (continued)

(b) The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for trade debtors, retention receivables for contract works and contract assets. In relation to premium receivables, deposits, other debtors and amounts due from associated company and joint ventures, the expected credit loss allowances are measured as either 12 month or lifetime expected credit loss. The carrying value is net of loss allowance HK$1,315.3 million (2021: HK$864.7 million). The movement of loss allowance is as follows:

2022

	Note	**Trade debtors HK$m**	**Retention receivables for contract works HK$m**	**Deposits and other debtors HK$m**	**Contract assets HK$m**	**Amounts due from joint ventures HK$m**	**Total HK$m**
As at 1 July 2021		**233.5**	**60.8**	**562.4**	**—**	**8.0**	**864.7**
Translation differences		**(3.7)**	**—**	**(1.1)**	**—**	**—**	**(4.8)**
Increase in loss allowance recognised in consolidated income statement	8	**184.9**	**52.7**	**435.4**	**50.9**	**—**	**723.9**
Amounts recovered	8	**—**	**—**	**(9.1)**	**—**	**—**	**(9.1)**
Amounts written off		**(18.6)**	**—**	**(229.3)**	**—**	**—**	**(247.9)**
Disposals		**(11.5)**	**—**	**—**	**—**	**—**	**(11.5)**
As at 30 June 2022		**384.6**	**113.5**	**758.3**	**50.9**	**8.0**	**1,315.3**

2021

	Note	Trade debtors HK$m	Retention receivables for contract works HK$m	Deposits and other debtors HK$m	Contract assets HK$m	Amounts due from joint ventures HK$m	Total HK$m
As at 1 July 2020		145.1	—	366.4	—	—	511.5
Translation differences		6.0	—	4.9	—	—	10.9
Increase in loss allowance recognised in consolidated income statement	8	304.1	60.8	357.7	—	8.0	730.6
Amounts recovered	8	(2.0)	—	(166.0)	—	—	(168.0)
Amounts written off		(219.7)	—	(0.6)	—	—	(220.3)
As at 30 June 2021		233.5	60.8	562.4	—	8.0	864.7

During the current year, management has assessed the expected credit loss on performing financial assets based on methodology set out in note 4(b) and HK$73.4 million (2021: HK$34.5 million) expected credit loss provision has been made. For non-performing assets including trade debtors, retention receivables for contract works, deposits and other debtors, management has assessed the expected credit loss based on lifetime expected credit loss approach with reference to the creditability of the specific counterparties and HK$650.5 million (2021: HK$480.2 million) expected credit loss provision has been made. For the year ended 30 June 2021, management has assessed the expected credit loss of certain interest receivable amounting to HK$215.9 million (before provision), based on lifetime expected credit loss approach with reference to the creditability of the counterparties and provided full amount of expected credit loss provision, the amount is fully written off in the current year

(c) The carrying amounts of the debtors, prepayments, premium receivables and contract assets, which approximate their fair values, are denominated in the following currencies:

	2022 HK$m	2021 HK$m
Hong Kong dollar	**15,780.6**	16,808.7
Renminbi	**8,107.4**	8,754.0
United States dollar	**8,312.7**	9,077.7
Others	**34.5**	42.9
	32,235.2	34,683.3

30 DEBTORS, PREPAYMENTS, PREMIUM RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

Notes: (continued)

(d) The Group has recognised the following revenue-related contract assets:

	2022 HK$m	2021 HK$m
Current portion:		
Contract acquisition cost related to property sales (note (i))	**1,809.3**	1,904.9
Contract assets related to construction services (note (ii))	**5,150.7**	3,568.9
	6,960.0	5,473.8
Non-current portion:		
Contract assets related to construction services (note (ii))	**10,028.6**	5,999.6
	16,988.6	11,473.4

Note (i) Contract acquisition cost related to property sales consists of sales commissions incurred directly attributable to obtaining contract.

Note (ii) Contract assets related to construction services consist of unbilled amount resulting from construction when the cost-to-cost method of revenue recognised exceeds the amount billed to the customer.

There is no concentration of credit risk with respect to contract assets as the customer bases are widely dispersed in different sectors and industries.

(e) Except for certain collaterals held as securities for other debtors, the Group does not hold other collateral as securities for the debtors and prepayments. The maximum exposure to credit risk at the end of the reporting period is the carrying value mentioned above.

(f) As at 30 June 2022, the balances included construction-related receivables amounted to HK$868.3 million (2021: HK$1,280.5 million) which have not yet been billed at year end.

(g) As at 30 June 2022, the amounts due from associated companies of the Group are interest free, unsecured and repayable on demand.

(h) As at 30 June 2022, the amounts due from joint ventures of the Group are interest free, unsecured and repayable on demand or within the next 12 months from the end of the reporting period except for an amount of HK$523.5 million (2021: HK$498.0 million) due from a joint venture which carries compound interest at 5% per annum (2021: carries compound interest at 5% per annum). The Group applies 12-month expected credit loss model under HKFRS 9 and considers there is no significant increase in credit risk since initial recognition.

(i) The balances are interest-free, unsecured and repayable on demand.

31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$m	2021 HK$m
Non-current		
Equity securities		
Unlisted (note (a))	**2,387.2**	899.7
Listed		
Hong Kong	**1,472.7**	562.4
Overseas	**252.2**	93.2
Debt securities		
Unlisted (note (a))	**3,050.5**	2,411.9
Listed		
Hong Kong	**442.6**	1,383.0
Overseas	**747.6**	564.3
Investment funds (notes (b) and (c))		
Unlisted (note (a))	**7,961.7**	8,446.8
Listed		
Hong Kong	**1,627.3**	210.7
Overseas	**742.2**	3,798.9
	18,684.0	18,370.9
Current		
Equity securities		
Listed		
Hong Kong	**74.2**	300.9
Overseas	**143.0**	646.0
Debt securities		
Unlisted (note (a))	**676.3**	436.2
Listed		
Hong Kong	**276.8**	117.3
Overseas	**699.0**	48.4
Investment funds (note (b))		
Unlisted (note (a))	**660.6**	35.7
	2,529.9	1,584.5
	21,213.9	19,955.4

Notes:

(a) Unlisted investments are stated at fair values which are estimated using a variety of valuation methods or assessed the reasonableness with reference to market comparables, with the assistance of independent external valuers, when necessary.

(b) As at 30 June 2022, the Group holds certain investment funds with fair value of HK$5,033.5 million (2021: HK$4,055.9 million) which are managed by the general partner while the Group participated in the funds as a limited partner. Management considered that the Group has neither significant influence nor joint control over the fund and therefore it is classified as financial assets at FVPL.

(c) As at 30 June 2022, the Group holds participating shares of an investment fund with fair value of HK$1,189.8 million (2021: HK$776.7 million). Given all relevant investment decision making power is rested with the management shareholder and investment manager. There is no mechanism in place that allow participating shareholder to participate in investment related decision making. Management considered that the Group has neither significant influence nor joint control over this investment and therefore accounted for this investment as financial assets at FVPL.

31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Notes: (continued)

(d) As mentioned in note 3(ae)(xi), the Group elected to apply the overlay approach for certain designated eligible financial assets according to HKFRS 4 (Amendment), the financial assets elected by the Group applying the overlay approach are equity securities and investment funds that are managed as underlying assets supporting the insurance contracts issued and those fair values are generally expected to be volatile. The designated eligible financial assets applying the overlay approach, which are included in the financial assets at FVPL, as the end of reporting period are analysed below:

	2022 **HK$m**	2021 HK$m
Equity securities	**1,392.5**	107.4
Investment funds	**5,982.5**	7,863.2
	7,375.0	7,970.6

During the year, the total amount of overlay approach adjustments reclassified between consolidated income statement and other comprehensive income was derived from:

	2022 **HK$m**	2021 HK$m
The amount of (losses)/gains reported in profit or loss and presented in consolidated income statement within other losses, net for the designated financial assets under HKFRS 9	**(992.3)**	1,462.6
Overlay approach adjustments on financial assets in consolidated income statement	**1,845.9**	(1,270.6)
The amount of gains that would have been reported in consolidated income statement for the designated financial assets as if HKAS 39 had been applied	**853.6**	192.0

(e) Financial assets at FVPL related to unit-linked contracts is detailed in note 33.

(f) Financial assets at FVPL are denominated in the following currencies:

	2022 **HK$m**	2021 HK$m
United States dollar	**14,418.7**	16,644.5
Hong Kong dollar	**4,491.3**	2,102.6
Renminbi	**1,684.9**	842.8
Others	**619.0**	365.5
	21,213.9	19,955.4

32 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HK$m	2021 HK$m
Non-current		
Equity securities		
Unlisted (note)	**2,007.2**	1,978.6
Listed		
Hong Kong	**1,301.4**	1,706.9
Overseas	**32.9**	109.8
Debt securities		
Unlisted (note)	**2,524.7**	3,101.0
Listed		
Hong Kong	**5,777.6**	6,693.6
Overseas	**27,490.0**	29,299.0
	39,133.8	42,888.9
Current		
Equity securities		
Unlisted	**70.8**	—
Listed		
Hong Kong	**1,020.9**	1,375.0
Debt securities		
Listed		
Hong Kong	**37.7**	320.1
Overseas	**2,024.8**	203.0
	3,154.2	1,898.1
	42,288.0	44,787.0

Maturity profile of the debt securities is as follows:

	2022 HK$m	2021 HK$m
Within one year	**2,062.5**	523.1
In the second to fifth year	**991.3**	1,788.0
After the fifth year	**34,801.0**	37,305.6
	37,854.8	39,616.7

The financial assets at FVOCI are denominated in the following currencies:

	2022 HK$m	2021 HK$m
United States dollar	**37,467.5**	38,786.7
Hong Kong dollar	**4,787.2**	6,000.2
Others	**33.3**	0.1
	42,288.0	44,787.0

33 INVESTMENTS/LIABILITIES RELATED TO UNIT-LINKED CONTRACTS

Investments related to unit-linked contracts as analysed as follows:

	2022 HK$m	2021 HK$m
Financial assets at FVPL – Investment funds, at fair value	**8,621.9**	10,717.1
Cash and bank balances	**27.3**	53.1
	8,649.2	10,770.2

The classification and measurement of financial assets at FVPL related to unit-linked contracts are in accordance with HKFRS 9.

Liabilities related to unit-linked contracts as analysed as follows:

	2022 HK$m	2021 HK$m
Insurance contract liabilities	**675.0**	808.5
Investment contract liabilities	**8,160.9**	10,142.5
	8,835.9	10,951.0
Represented by		
Non-current liabilities	**190.8**	180.8
Current liabilities	**8,645.1**	10,770.2
	8,835.9	10,951.0

34 CASH AND BANK BALANCES

	2022 HK$m	2021 HK$m
Cash at banks and on hand	**42,122.5**	44,269.1
Bank deposits – unrestricted and maturing within three months	**15,119.5**	16,213.5
	57,242.0	60,482.6
Bank deposits – unrestricted and maturing after more than three months	**473.6**	1,132.4
Cash and bank balances	**57,715.6**	61,615.0
Bank deposits – restricted	**4,494.5**	340.1
	62,210.1	61,955.1

The effective interest rates on bank deposits range from 0.01% to 3.4% (2021: 0.01% to 6.0%) per annum and these deposits have maturities ranging from 4 to 365 days (2021: 1 to 365 days).

34 CASH AND BANK BALANCES (CONTINUED)

The carrying amounts of the cash and bank balances and restricted bank balances are denominated in the following currencies:

	2022 HK$m	2021 HK$m
Renminbi	**28,725.0**	29,285.0
Hong Kong dollar	**22,256.6**	22,511.0
United States dollar	**11,053.7**	9,941.0
Others	**174.8**	218.1
	62,210.1	61,955.1

The conversion of Renminbi denominated balances into foreign currencies and the remittance of foreign currencies denominated bank balances and cash out of the Mainland China are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

35 NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE

Non-current assets classified as assets held for sale

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

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

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

Note:

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

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

36 SHARE CAPITAL

	2022		2021	
	Number of shares (million)	**HK$m**	Number of shares (million)	HK$m
Issued and fully paid (note (c)):				
At beginning of the year	**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 year	**2,516.6**	**78,382.1**	2,542.4	78,373.3

Notes:

(a) Buyback of shares

During the year ended 30 June 2022, the Company bought back and cancelled a total of 26,016,000 (2021: 10,357,000) shares at an aggregate consideration of HK$963,307,750 (2021: HK$377,963,700) (before expenses) on the Stock Exchange at share price ranging from HK$36.25 to HK$37.65 (2021: from HK$35.80 to HK$37.00).

During the year ended 30 June 2022, the Company bought back its shares through the Hong Kong Stock Exchange as follows:

Month	Number of shares bought back	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration (before expenses) HK$m
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			963.3

(b) The shares have no par value.

37 PERPETUAL CAPITAL SECURITIES

	2022 HK$m	2021 HK$m
Issued by a wholly owned subsidiary of the Company (the "NWD Issuer")		
US$1,200.0 million 5.75% guaranteed senior perpetual securities issued in 2016	**—**	6,476.4
US$1,300.0 million 6.25% guaranteed senior perpetual securities issued in 2019	**10,431.6**	10,431.6
US$1,000.0 million 5.25% guaranteed senior perpetual securities issued in 2020 and 2021	**7,884.2**	6,641.8
US$700.0 million 4.80% guaranteed senior perpetual securities issued in 2020	**5,476.0**	5,476.0
US$1,200.0 million 4.125% guaranteed senior perpetual securities issued in 2021	**9,383.9**	9,383.9
US$500.0 million 6.15% guaranteed senior perpetual securities issued in 2022	**3,910.0**	—
	37,085.7	38,409.7
Issued by a wholly owned subsidiary of NWSH (the "NWSH Issuer")		
US$1,300.0 million 5.75% guaranteed senior perpetual securities issued in 2019	**10,528.5**	10,528.5
	47,614.2	48,938.2

37 PERPETUAL CAPITAL SECURITIES (CONTINUED)

In January 2019, the NWSH Issuer issued US$1.0 billion 5.75% guaranteed senior perpetual capital securities of which US$800.0 million was issued at 100% and US$200.0 million were issued at 100.4%, with the aggregate net proceeds after transaction cost of HK$7,776.9 million. In July 2019, the NWSH Issuer further issued US$300.0 million 5.75% guaranteed senior perpetual capital securities at 104% with the aggregate net proceeds after transaction cost of HK$2,411.7 million, which was consolidated and formed a single series with the original issue in January 2019.

In March 2019, the NWD Issuer issued US$500.0 million 6.25% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$3,857.5 million. In July and November 2019, the NWD Issuer further issued US$400.0 million and US$400.0 million 6.25% guaranteed senior perpetual capital securities respectively, with the aggregate net proceeds after transaction cost of HK$6,271.2 million, which were consolidated and formed a single series with the original issue in March 2019.

In June 2020, the NWD Issuer issued US$850.0 million 5.25% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$6,597.2 million. In September 2021, the NWD Issuer further issued US$150.0 million 5.25% guaranteed senior perpetual capital securities at 106.06% with the aggregate net proceeds after transaction cost of HK$1,237.9 million, which was consolidated and formed a single series with the original issue in June 2020.

In December 2020, the NWD Issuer issued US$700.0 million 4.80% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$5,418.7 million.

In June 2021, the NWD Issuer issued US$1,200.0 million 4.125% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$9,295.5 million.

In June 2021, the NWD Issuer tender offer to purchase for cash for the US$1,200.0 million 5.75% guaranteed senior perpetual capital securities. Upon settlement of the Offer, US$381.3 million (equivalent to approximately HK$2,973.8 million) in aggregate principal amount of the Securities were purchased and redeemed by the Company on 10 June 2021 and cancelled pursuant to the terms and conditions of the Securities. In October 2021, the NWD Issuer further redeemed the remaining US$818.7 million (equivalent to approximately HK$6,385.9 million) 5.75% guaranteed senior perpetual capital securities.

In June 2022, the NWD Issuer issued US$500.0 million 6.15% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$3,876.6 million.

The perpetual capital securities issued by the NWD Issuer and the NWSH Issuer (together the "Issuers") are listed on the Stock Exchange and guaranteed by the Company and NWSH respectively. There is no maturity of the securities and the payments of distribution can be deferred at the discretion of the Issuers, and there is no limit as to the number of times of deferral of distribution. The perpetual capital securities are callable. When the Company or NWSH elects to declare dividends to their respective ordinary shareholders, the Issuers shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

38 NON-CONTROLLING INTERESTS

The total non-controlling interests as at 30 June 2022 is HK$27,124.5 million (2021: HK$31,925.4 million), of which HK$17,227.0 million (2021: HK$18,751.9 million) is attributable to NWSH. The total comprehensive loss attributable to non-controlling interests for the year ended 30 June 2022 is HK$790.4 million (2021: total comprehensive income of HK$3,274.1 million), of which HK$1,064.0 million (2021: HK$1,561.3 million) is attributable to NWSH. The non-controlling interests in respect of other subsidiaries are not material to the Group.

Set out below is the summarised financial information for NWSH which is a subsidiary with material non-controlling interests to the Group.

38 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised consolidated statement of financial position of NWSH as at 30 June 2022 and 2021 are as follows:

	2022 HK$m	2021 HK$m (restated)
Non-current assets	**107,267.8**	106,511.4
Current assets	**41,503.0**	40,115.8
Assets held for sale	**—**	5,945.7
Total assets	**148,770.8**	152,572.9
Current liabilities	**(56,942.8)**	(49,355.4)
Non-current liabilities	**(37,940.9)**	(44,763.5)
Net assets	**53,887.1**	58,454.0
Perpetual capital securities	**(10,528.5)**	(10,528.5)
Non-controlling interests	**(50.1)**	(12.1)
Net assets after perpetual capital securities and non-controlling interests	**43,308.5**	47,913.4

Summarised consolidated statement of comprehensive income of NWSH for the year ended 30 June 2022 and 2021 are as follows:

	2022 HK$m	2021 HK$m (restated)
Continuing operations		
Revenues	**31,138.6**	28,197.3
Profit before taxation	**2,458.2**	2,443.0
Taxation	**(576.2)**	(691.2)
Profit from continuing operations	**1,882.0**	1,751.8
Discontinued operations		
Profit/(loss) from discontinued operations	**302.3**	(43.8)
Other comprehensive (loss)/income for the year, net of tax	**(3,846.2)**	2,722.3
Total comprehensive (loss)/income for the year	**(1,661.9)**	4,430.3
Total comprehensive loss attributable to:		
– Holders of perpetual capital securities	**(583.1)**	(583.1)
– Non-controlling interests	**(13.2)**	(32.3)
Total comprehensive (loss)/income after holders of perpetual capital securities and non-controlling interests	**(2,258.2)**	3,814.9
Dividends paid to non-controlling interests	**6.1**	26.3

38 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised consolidated statement of cash flows of NWSH for the year ended 30 June 2022 and 2021 are as follows:

	2022 **HK$m**	2021 HK$m
Net cash from/(used in) operation activities	**4,548.2**	(102.9)
Net cash from investing activities	**2,816.6**	5,940.1
Net cash used in financing activities	**(4,650.9)**	(8,583.2)
Net increase/(decrease) in cash and cash equivalents	**2,713.9**	(2,746.0)
Translation differences	**(91.8)**	222.4
Cash and cash equivalents at beginning of the year	**10,844.0**	13,367.6
Cash and cash equivalents at end of the year	**13,466.1**	10,844.0

The information above represents balances before inter-company eliminations, reclassification of assets and remeasurement of assets on group level.

39 RESERVES

	Property revaluation reserve HK$m	Financial assets at FVOCI reserve (non-recycling) HK$m	Financial assets at FVOCI reserve (recycling) HK$m	General reserve HK$m	Employees' share-based compensation reserve HK$m	Exchange reserve HK$m	Retained profits HK$m	Total HK$m
At 1 July 2021 (restated)	9,141.7	1,083.0	355.0	531.3	129.9	8,701.9	125,012.7	144,955.5
Profit attributable to shareholders	–	–	–	–	–	–	1,249.2	1,249.2
Net fair value changes of equity instruments as financial assets at FVOCI	–	(102.7)	–	–	–	–	–	(102.7)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	–	–	(3,831.9)	–	–	–	–	(3,831.9)
Employees' share-based payments	–	–	–	–	4.9	–	–	4.9
Share options lapsed	–	–	–	–	(65.8)	–	65.8	–
Release of reserves upon disposal of non-current assets classified as assets held for sale	–	–	–	–	–	(50.4)	0.6	(49.8)
Release of reserves upon disposal of subsidiaries	–	–	–	–	–	(126.9)	–	(126.9)
Acquisition of additional interests in subsidiaries	–	–	–	(12.0)	–	–	(827.2)	(839.2)
Release of reserves upon disposal of interests in associated companies	–	–	–	–	–	0.8	–	0.8
Release of reserves upon deregistration of a joint venture	–	–	–	(5.0)	–	(7.3)	–	(12.3)
Share of other comprehensive income of joint ventures and associated companies	–	86.7	–	279.8	–	(231.5)	(25.4)	109.6
Cash flow/fair value hedges	–	–	–	472.0	–	–	(181.8)	290.2
Remeasurement of post-employment benefit obligation	–	–	–	–	–	–	(3.8)	(3.8)
Transfer of reserves	–	–	–	38.4	–	–	(38.4)	–
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	391.3	–	–	–	–	–	–	391.3
Share of other comprehensive income arising from revaluation of investment properties from property, plant and equipment related to a joint venture, net of taxation	3,841.5	–	–	–	–	–	–	3,841.5
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	–	–	(1,123.4)	–	–	–	–	(1,123.4)
Release of reserve upon disposal of equity instruments as financial assets at FVOCI	–	(385.9)	–	–	–	–	385.9	–
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	–	–	(83.8)	–	–	–	–	(83.8)
Transaction costs in relation to the issuance of perpetual capital securities	–	–	–	–	–	–	(132.6)	(132.6)
Translation differences	–	–	–	–	–	(3,407.5)	–	(3,407.5)
2021 final dividend paid	–	–	–	–	–	–	(3,774.9)	(3,774.9)
2022 interim dividend paid	–	–	–	–	–	–	(1,409.4)	(1,409.4)
Buyback of shares	–	–	–	–	–	–	(966.8)	(966.8)
At 30 June 2022	13,374.5	681.1	(4,684.1)	1,304.5	69.0	4,879.1	119,353.9	134,978.0

39 RESERVES (CONTINUED)

	Property revaluation reserve HK$m	Financial assets at FVOCI reserve (non-recycling) HK$m	Financial assets at FVOCI reserve (recycling) HK$m	General reserve HK$m	Employees' share-based compensation reserve HK$m	Exchange reserve HK$m (restated)	Retained profits HK$m (restated)	Total HK$m (restated)
At 1 July 2020	7,596.6	1,265.1	720.2	309.6	133.5	(4,747.2)	129,519.8	134,797.6
Profit attributable to shareholders	—	—	—	—	—	—	1,151.5	1,151.5
Net fair value changes of equity instruments as financial assets at FVOCI	—	(16.2)	—	—	—	—	—	(16.2)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	—	—	(1,097.8)	—	—	—	—	(1,097.8)
Employees' share-based payments	—	—	—	—	18.9	—	—	18.9
Share options lapsed	—	—	—	—	(22.5)	—	22.5	—
Release of reserve upon deconsolidation of a subsidiary	—	—	—	—	—	(6.3)	—	(6.3)
Release of reserves upon disposal of subsidiaries	—	(181.1)	—	63.1	—	(73.7)	—	(191.7)
Disposal of subsidiaries	—	—	—	—	—	—	178.3	178.3
Acquisition of additional interests in subsidiaries	—	—	—	(255.0)	—	—	(22.1)	(277.1)
Release of reserves upon disposal of interests in a joint venture and associated companies	—	—	—	(29.2)	—	(83.0)	25.5	(86.7)
Share of other comprehensive income of joint ventures and associated companies	—	8.4	—	172.4	—	1,572.3	(0.3)	1,752.8
Cash flow/fair value hedges	—	—	—	166.7	—	—	—	166.7
Remeasurement of post-employment benefit obligation	—	—	—	—	—	—	15.3	15.3
Transfer of reserves	—	—	—	103.7	—	65.7	(169.4)	—
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	1,545.1	—	—	—	—	—	—	1,545.1
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	—	—	773.3	—	—	—	—	773.3
Release of reserve upon disposal of equity instruments as financial assets at FVOCI	—	6.8	—	—	—	—	(6.8)	—
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	—	—	(40.7)	—	—	—	—	(40.7)
Transaction costs in relation to the issuance of perpetual capital securities	—	—	—	—	—	—	(127.8)	(127.8)
Translation differences	—	—	—	—	—	11,974.1	—	11,974.1
2020 final dividend paid	—	—	—	—	—	—	(3,772.7)	(3,772.7)
2021 interim dividend paid	—	—	—	—	—	—	(1,421.9)	(1,421.9)
Buyback of shares	—	—	—	—	—	—	(379.2)	(379.2)
At 30 June 2021	9,141.7	1,083.0	355.0	531.3	129.9	8,701.9	125,012.7	144,955.5

39 RESERVES (CONTINUED)

Note:

Effect on net transfer to the non-controlling interests of the Group:

	2022 HK$m	2021 HK$m (restated)
Total comprehensive (loss)/income for the year attributable to the shareholders of the Company	**(2,859.5)**	16,117.7
Transfer between shareholders' funds and non-controlling interests		
Acquisition of additional interests in subsidiaries	**3,250.0**	5.4
Net transfer to the non-controlling interests	**3,250.0**	5.4
Total comprehensive income for the year attributable to the shareholders of the Company and net transfer to the non-controlling interests	**390.5**	16,123.1

40 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	2022 HK$m	2021 HK$m
Long-term borrowings and other interest-bearing liabilities		
Secured bank loans	**25,318.2**	19,746.2
Unsecured bank loans	**101,866.4**	76,396.5
Other unsecured loans	**—**	0.1
Fixed rate bonds and notes payable	**46,157.6**	49,916.6
Loans from non-controlling shareholders (note (b))	**5,736.7**	4,141.3
Financing received under a financial reinsurance arrangement (note (c))	**135.1**	197.0
	179,214.0	150,397.7
Current portion of long-term borrowings and other interest-bearing liabilities	**(36,175.1)**	(12,569.0)
	143,038.9	137,828.7
Short-term borrowings and other interest-bearing liabilities		
Secured bank loans	**415.0**	3,200.7
Unsecured bank loans	**12,797.1**	20,884.7
Other unsecured loans	**5.1**	5.1
Loans from non-controlling shareholders (note (b))	**730.4**	801.3
Financing received under a financial reinsurance arrangement (note (c))	**100.2**	86.5
Cash collateral received for cross currency swap and forward starting interest rate swap agreements (note 25(b))	**46.7**	640.9
	14,094.5	25,619.2
Current portion of long-term borrowings and other interest-bearing liabilities	**36,175.1**	12,569.0
	50,269.6	38,188.2
Total borrowings and other interest-bearing liabilities	**193,308.5**	176,016.9

40 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

Notes:

(a) Bank loans, other loans and fixed rate bonds and notes payable are repayable as follows:

	Bank loans		Other loans		Fixed rate bonds and notes payable	
	2022 HK$m	2021 HK$m	**2022 HK$m**	2021 HK$m	**2022 HK$m**	2021 HK$m
Within one year	**36,918.7**	34,592.9	**5.1**	5.2	**8,825.2**	2,061.4
In the second year	**27,706.3**	20,864.0	**—**	—	**8,457.3**	9,851.6
In the third to fifth year	**71,227.6**	57,281.1	**—**	—	**7,346.3**	9,781.1
After the fifth year	**4,544.1**	7,490.1	**—**	—	**21,528.8**	28,222.5
	140,396.7	120,228.1	**5.1**	5.2	**46,157.6**	49,916.6

(b) Loans from non-controlling shareholders

Except for the loans of HK$2,354.5 million (2021: HK$2,383.0 million), that are interest bearing at 6.5% (2021: 6.4%) per annum, the remaining loans are interest free. All the loans from non-controlling shareholders are unsecured. An amount of HK$2,093.7 million (2021: HK$4,141.3 million) is not repayable within the next 12 months and the remaining balances have no specific repayment term.

(c) In 2022 and 2021, the Group had a financial reinsurance arrangement with a reinsurer. Under the financial reinsurance arrangement, the Group had received an up-front fee of US$103 million at a finance cost of 3-month HIBOR plus 2.975%. The fair value of the financing approximately equals to the corresponding carrying value.

(d) Effective interest rates

	2022				2021			
	Hong Kong dollar	**Renminbi**	**United States dollar**	**Others**	Hong Kong dollar	Renminbi	United States dollar	Others
Bank loans	**1.1%**	**3.5%**	**1.3%**	**1.6%**	1.2%	3.7%	3.0%	1.1%
Fixed rate bonds and notes payable	**4.9%**	**—**	**4.5%**	**—**	4.8%	—	4.4%	—
Loans from non-controlling shareholders	**—**	**6.3%**	**—**	**—**	—	6.4%	—	—
Other unsecured loans	**3.0%**	**—**	**—**	**—**	3.0%	—	—	—

(e) Carrying amounts and fair values of the borrowings and other interest-bearing liabilities

The fair value of the fixed rate bonds and notes payable at the end of the reporting period is HK$45,881.5 million (2021: HK$53,399.6 million). The carrying amounts of other borrowings approximate their fair values.

(f) Currencies

The carrying amounts of the borrowings and other interest-bearing liabilities are denominated in the following currencies (after taken into account loss currency swaps contacts entered):

	2022 HK$m	2021 HK$m
Hong Kong dollar	**139,265.5**	126,416.2
United States dollar	**36,551.0**	35,965.2
Renminbi	**15,388.8**	13,487.1
Others	**2,103.2**	148.4
	193,308.5	176,016.9

40 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

Notes: (continued)

(g) The contractual repricing dates or maturity dates (whichever is earlier) of the interest-bearing borrowings are as follows:

	Bank loans HK$m	Other loans HK$m	Fixed rate bonds and notes payable HK$m	Loans from non-controlling shareholders HK$m	Total HK$m
2022					
Within five years	**135,852.6**	**5.1**	**24,628.8**	**2,354.5**	**162,841.0**
After the fifth year	**4,544.1**	**—**	**21,528.8**	**—**	**26,072.9**
	140,396.7	**5.1**	**46,157.6**	**2,354.5**	**188,913.9**
2021					
Within five years	112,738.0	5.2	21,694.1	2,383.0	136,820.3
After the fifth year	7,490.2	—	28,222.5	—	35,712.7
	120,228.2	5.2	49,916.6	2,383.0	172,533.0

(h) As at 30 June 2022, the Group's assets pledged as securities for borrowings are disclosed in notes 16, 17, 18 and 28, the Group did not have properties for development pledged as securities for borrowings (2021: nil).

41 LEASE LIABILITIES

The maturity of lease liabilities is as follows:

	2022 HK$m	2021 HK$m
Current		
Within 1 year	**1,285.2**	1,639.2
Non-current		
In the second to fifth year	**2,883.3**	3,361.6
After the fifth year	**1,634.0**	1,842.8
	4,517.3	5,204.4
	5,802.5	6,843.6

As at 30 June 2022, the weighted average lessee's incremental borrowing rates applied was 4.57% (2021: 4.64%).

As at 30 June 2022, the balance included the lease liabilities payable to joint ventures and related companies of HK$89.5 million (2021: HK$261.8 million).

42 INSURANCE AND INVESTMENT CONTRACT LIABILITIES

	2022 HK$m	2021 HK$m
Insurance contract liabilities (notes (a) and (b))	**48,199.0**	42,497.5
Investment contract liabilities	**5.4**	5.3
	48,204.4	42,502.8
Represented by:		
Non-current liabilities	**16,470.0**	18,143.5
Current liabilities	**31,734.4**	24,359.3
	48,204.4	42,502.8

Insurance and investment contract liabilities related to unit-linked contracts are detailed in Note 33.

Notes:

(a) The maturity profile of insurance contract liabilities, which is presented on a discounted basis and projected according to the Group's best estimate on the timing of future cash flows based on the historical settlement pattern, is stated as below:

	2022 HK$m	2021 HK$m
Payable within one year	**4,120.1**	3,861.4
Payable after one year	**44,078.9**	38,636.1
	48,199.0	42,497.5

(b) Insurance contract liabilities comprised:

	2022 HK$m	2021 HK$m
Liabilities for guaranteed benefits	**43,801.6**	38,404.1
Liabilities for coinsurance payments	**345.0**	363.0
Provision for annual dividends	**70.2**	69.4
Insurance contract liabilities excluding policyholders' dividends and bonuses (note 4(g))	**44,216.8**	38,836.5
Policyholders' dividends and bonuses	**3,982.2**	3,661.0
Total insurance contract liabilities	**48,199.0**	42,497.5

42 INSURANCE AND INVESTMENT CONTRACT LIABILITIES (CONTINUED)

Notes: (continued)

(b) Insurance contract liabilities comprised: (continued)

Movements in the relevant insurance contract liabilities/reinsurers' share of liabilities are as follows:

	Insurance contract liabilities HK$m	**Coinsurance liabilities HK$m**	**Insurance contract liabilities excluding policyholders' dividends and bonuses HK$m**	**Reinsurers' share of liabilities HK$m**	**Net liabilities excluding policyholders' dividends and bonuses HK$m**
At 1 July 2021	**38,473.5**	**363.0**	**38,836.5**	**(1.7)**	**38,834.8**
Premiums received	**7,083.0**	**(50.3)**	**7,032.7**	**(312.3)**	**6,720.4**
Liabilities incurred for death, surrender and maturity	**(2,506.7)**	**29.0**	**(2,477.7)**	**341.8**	**(2,135.9)**
Benefit and claim experience variations	**(463.3)**	**(21.3)**	**(484.6)**	**(29.5)**	**(514.1)**
Investment income variations	**(674.0)**	**12.0**	**(662.0)**	**—**	**(662.0)**
Investment income	**1,750.3**	**—**	**1,750.3**	**—**	**1,750.3**
Financing cost for coinsurance	**—**	**12.6**	**12.6**	**—**	**12.6**
Adjustment due to change in reserve assumptions					
Others	**(140.1)**	**—**	**(140.1)**	**—**	**(140.1)**
Translation differences	**349.1**	**—**	**349.1**	**—**	**349.1**
At 30 June 2022	**43,871.8**	**345.0**	**44,216.8**	**(1.7)**	**44,215.1**

	Insurance contract liabilities HK$m	Coinsurance liabilities HK$m	Insurance contract liabilities excluding policyholders' dividends and bonuses HK$m	Reinsurers' share of liabilities HK$m	Net liabilities excluding policyholders' dividends and bonuses HK$m
At 1 July 2020	31,315.7	244.7	31,560.4	(24.4)	31,536.0
Premiums received	8,629.0	(27.1)	8,601.9	(305.6)	8,296.3
Liabilities incurred for death, surrender and maturity	(2,096.5)	24.0	(2,072.5)	231.2	(1,841.3)
Benefit and claim experience variations	(190.3)	(10.2)	(200.5)	99.3	(101.2)
Investment income variations	(487.0)	7.6	(479.4)	(0.2)	(479.6)
Investment income	1,438.5	—	1,438.5	—	1,438.5
Financing cost for coinsurance	—	10.7	10.7	—	10.7
Adjustment due to change in reserve assumptions	(179.0)	—	(179.0)	—	(179.0)
Others	—	113.3	113.3	—	113.3
Translation differences	43.1	—	43.1	(2.0)	41.1
At 30 June 2021	38,473.5	363.0	38,836.5	(1.7)	38,834.8

Investment income and investment income variations mainly correspond to the investment income on the assets backing the insurance contract liabilities and variations of such investment income against the interest accretion on the insurance contract liabilities, respectively.

43 OTHER NON-CURRENT LIABILITIES

	2022 HK$m	2021 HK$m
Deferred income	**154.1**	107.1
Provision for long service payments	**11.4**	9.7
Long-term accounts payable	**50.0**	50.2
	215.5	167.0

44 CREDITORS, ACCRUED CHARGES, PAYABLES TO POLICYHOLDERS AND CONTRACT LIABILITIES

	2022 HK$m	2021 HK$m
Trade creditors (note (a))	**10,962.0**	12,519.1
Payables to policyholders (note (b))	**1,774.2**	1,709.6
Contract liabilities (note (c))	**26,283.5**	18,356.4
Amounts due to joint ventures (note (f))	**1,727.7**	1,346.9
Amounts due to associated companies (note (f))	**5,971.7**	5,682.7
Other creditors and accrued charges	**23,514.4**	24,363.1
	70,233.5	63,977.8

Notes:

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

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

(b) Payables to policyholders are as follows:

	2022 HK$m	2021 HK$m
Claims payable	**352.3**	274.2
Premium deposits	**1,232.6**	1,262.6
Other payables	**189.3**	172.8
	1,774.2	1,709.6

The carrying amounts disclosed above reasonably approximate their fair values as at 30 June 2022.

Claims payable represents provision for claims reported by policyholders and claims incurred but not reported, while premium deposits represent amounts left in deposits with the Group for the payment of future premiums. Both balances are expected to be settled or utilised within the next 12 months from the end of the reporting period.

(c) The Group has recognised the following revenue-related contract liabilities:

	2022 HK$m	2021 HK$m
Contract liabilities related to property sales (note)	**25,040.7**	17,411.4
Contract liabilities related to construction services (note)	**674.9**	545.5
Contract liabilities related to other operations	**567.9**	399.5
	26,283.5	18,356.4

Note:

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties and construction services.

44 CREDITORS, ACCRUED CHARGES, PAYABLES TO POLICYHOLDERS AND CONTRACT LIABILITIES (CONTINUED)

Notes: (continued)

(d) The following table shows the amount of the revenue recognised in the current reporting period relates to contract liabilities at the beginning of the year and the amount relates to performance obligations that were satisfied in prior year.

	2022 **HK$m**	2021 HK$m
Revenue recognised that was included in contract liabilities at the beginning of the year		
– Property sales	**9,478.8**	9,845.6
– Construction services	**400.0**	1,290.1
– Other operations	**268.7**	250.2
	10,147.5	11,385.9
Revenue recognised from performance obligations satisfied/partially satisfied in previous periods		
– Construction services	**603.1**	289.8
– Other operations	**138.7**	—
	741.8	289.8

(e) The following table shows the amount of unsatisfied performance obligations resulting from property sales, construction services and other operations for contracts with an original expected duration of one year or more:

	2022 **HK$m**	2021 HK$m
Expected to be recognised within one year	**50,631.1**	40,031.0
Expected to be recognised after one year	**44,291.7**	57,333.6
	94,922.8	97,364.6

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(f) The amounts payable are interest free, unsecured and have no fixed terms of repayment.

(g) The carrying amounts of creditors, accrued charges, payable to policyholders and contract liabilities, which approximate their fair values, are denominated in the following currencies:

	2022 **HK$m**	2021 HK$m
Hong Kong dollar	**37,801.7**	34,746.6
Renminbi	**30,952.6**	28,064.5
United States dollars	**1,237.4**	976.5
Others	**241.8**	190.2
	70,233.5	63,977.8

45 FINANCIAL INSTRUMENTS BY CATEGORY

In accordance with HKFRS 7, the financial assets and financial liabilities of the Group as shown in the consolidated statements of financial position are classified as follows:

(a) Financial assets measured at fair value are disclosed in note 4(h);

(b) Amounts receivable included in interests in joint ventures and interests in associated companies; other receivables, long-term deposits, policy loans and contract assets included in other non-current assets; trade and other debtors; contract assets; deposits and amounts due from associated companies, joint ventures and non-controlling shareholders included in debtors; prepayments; premium receivable; restricted bank balances and cash and bank balances are categorised as financial assets at amortised cost and carried at amortised cost using the effective interest method; and

(c) Borrowings and other interest-bearing liabilities, lease liabilities, trade creditors and loan and other creditors are categorised as financial liabilities and carried at amortised cost using the effective interest method. Derivative financial instruments, investment contract liabilities, liabilities related to unit-linked contracts are carried at fair value.

46 COMMITMENTS

(a) Operating lease receivable

The future minimum rental receivable under non-cancellable operating leases are as follows:

	2022 **HK$m**	2021 HK$m
In the first year	**3,049.0**	3,207.1
In the second to fifth year	**5,405.5**	4,650.0
After the fifth year	**1,042.6**	1,177.5
	9,497.1	9,034.6

The Group's operating leases are for terms ranging from 1 to 15 years (2021: 1 to 10 years).

46 COMMITMENTS (CONTINUED)

(b) Other commitments

(i) The outstanding commitments for capital expenditure are as follows:

	2022 HK$m	2021 HK$m
Contracted but not provided for		
Property, plant and equipment	**403.8**	560.6
Investment properties	**5,797.1**	1,845.3
Intangible assets	**6.2**	620.5
Intangible concession rights	**192.9**	178.8
Capital contributions to associated companies and joint ventures (note)	**205.2**	320.3
Other investments	**4,527.4**	1,839.3
	11,132.6	5,364.8

Note:

The Group has been committed to providing sufficient funds in the form of advances, capital and loan contributions to certain associated companies and joint ventures to finance relevant projects. The Group estimates that the share of projected funds requirements of these projects would be approximately HK$205.2 million (2021: HK$320.3 million) which represents the attributable portion of the capital and loan contributions to be made to the associated companies and joint ventures.

The Group's share of capital commitments of the joint ventures not included above are as follows:

	2022 HK$m	2021 HK$m
Contracted but not provided for	**9,005.4**	8,832.6

(ii) Future aggregate lease payments under non-cancellable operating leases are as follows:

	2022 HK$m	2021 HK$m
Land and buildings		
In the first year	**—**	10.3

The commitments represented the future aggregate lease payments under short-term leases or committed but not commenced leases.

47 FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

	2022 HK$m	2021 HK$m
Financial guarantee contracts:		
Mortgage facilities for certain purchasers of properties	**2,931.7**	3,555.9
Guarantees for credit facilities granted to		
Joint ventures	**10,890.7**	5,721.0
Associated companies	**1,520.4**	1,736.8
	15,342.8	11,013.7

48 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash generated from operations

	2022 HK$m	2021 HK$m (restated)
Operating profit	**8,133.0**	8,450.5
Depreciation	**2,156.9**	2,467.8
Amortisation	**1,209.4**	1,382.2
Changes in fair value of investment properties	**127.0**	(1,135.6)
Write back the loss allowance on		
Properties held for sale	**(94.2)**	—
Loans and other receivables	**(9.1)**	(168.0)
Reversal of construction cost accruals	**—**	(119.9)
Net losses on remeasuring on assets classified as held for sale, financial assets at fair value through profit or loss and an associated company previously classified as asset held for sale and its related impairment loss	**—**	1,589.7
Net loss/(gain) associated with investments related to unit-linked contracts	**2,201.6**	(2,174.1)
Net loss/(gain) on fair value of financial assets at FVPL and derivative financial instruments	**1,767.7**	(1,778.6)
Net (gain)/loss on disposal of		
Debt instruments as financial assets at FVOCI	**(161.1)**	(38.9)
Financial assets at FVPL	**(89.8)**	(164.1)
Investment properties, property, plant and equipment, right-of-use assets and intangible concession rights	**70.8**	(146.1)
Assets held for sale	**(213.1)**	—
Subsidiaries, joint ventures and associated companies	**(869.1)**	(382.6)
Impairment loss/loss allowance on		
Loans, debtors, premium receivables and other receivables	**723.9**	730.6
Debt instruments as financial assets at FVOCI	**333.1**	37.1
Interests in associated companies	**110.2**	128.0
Goodwill	**247.4**	329.4
Inventories	**16.2**	7.7
Properties held for sale	**148.9**	435.1
Properties under development	**221.1**	29.3
Property, plant and equipment	**12.9**	280.0
Right-of-use assets	**79.7**	141.3
Dividend income from financial assets at FVOCI and financial assets at FVPL	**(482.3)**	(240.8)
Share option expenses	**4.9**	18.9
Loss allowance, loss on derecognition and lease modification of lease receivables	**53.7**	—
Net exchange gains	**(131.2)**	(262.1)
Gain on bargain purchase	**—**	(8.0)
Overlay approach adjustments on financial assets	**(1,845.9)**	1,270.6
Gain on redemption of fixed rate bonds	**(117.0)**	—
Reversal of provision on		
Onerous contract	**(230.0)**	—
Other payables	**(69.9)**	—
Operating profit before working capital changes	**13,305.7**	10,679.4
Decrease in inventories	**100.9**	9.1
Increase in properties for/under development and properties held for sale	**(2,806.7)**	(1,572.2)
Increase in debtors, prepayments, premium receivables and contract assets and other non-current assets	**(2,055.0)**	(239.6)
Increase in creditors, accrued charges, payables to policyholders and contract liabilities	**5,417.7**	9,368.4
Increase in DAC	**(623.5)**	(1,023.3)
Increase in insurance and investment contract liabilities	**8,980.7**	7,555.8
Dividends received from financial assets in relation to insurance business and investment related to unit-linked contracts	**265.4**	223.4
(Decrease)/increase in liabilities related to unit-linked contracts	**(2,137.5)**	1,695.3
Additions of financial assets at FVPL associated with investments related to unit-linked contracts	**(3,704.5)**	(5,892.2)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	**3,597.6**	6,267.3
Net cash generated from operations	**20,340.8**	27,071.4

48 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

	Borrowings and other interest-bearing liabilities			
	Long-term borrowings HK$m	Short-term borrowings HK$m	Lease liabilities HK$m	Total HK$m
At 1 July 2021	**150,397.7**	**25,619.2**	**6,843.6**	**182,860.5**
Changes from cash flows				
Proceeds from new borrowings	**59,499.4**	**1,662.0**	**—**	**56,008.4**
Repayment of borrowings	**(30,509.2)**	**(12,617.8)**	**—**	**(37,974.0)**
Decrease in cash collateral received from counterparties	**—**	**(598.1)**	**—**	**(598.1)**
Other changes				
Acquisition of a subsidiary	**28.0**	**—**	**—**	**28.0**
Disposal of subsidiaries	**—**	**—**	**(2.7)**	**(2.7)**
Principal elements of lease liabilities payments	**—**	**—**	**(938.9)**	**(938.9)**
New leases entered/lease modified	**—**	**—**	**6.0**	**6.0**
Interest expenses (note 10)	**—**	**—**	**292.1**	**292.1**
Interest elements of lease liabilities payments	**—**	**—**	**(292.1)**	**(292.1)**
Gain on redemption on fixed rate bonds	**(117.0)**	**—**	**—**	**(117.0)**
Translation differences	**(390.3)**	**24.1**	**(105.5)**	**(471.7)**
Amortisation of front-end fee	**305.4**	**5.1**	**—**	**310.5**
At 30 June 2022	**179,214.0**	**14,094.5**	**5,802.5**	**199,111.0**
At 1 July 2020	171,222.4	20,166.6	6,987.3	198,376.3
Changes from cash flows				
Proceeds from new borrowings	36,296.7	12,442.8	—	48,739.5
Repayment of borrowings	(57,568.5)	(5,506.0)	—	(63,074.5)
Decrease in cash collateral received from counterparties	—	(948.0)	—	(948.0)
Other changes				
Disposal of subsidiaries	—	(598.8)	(405.5)	(1,004.3)
Principal elements of lease liabilities payments	—	—	(1,113.8)	(1,113.8)
New leases entered/lease modified	—	—	915.3	915.3
Interest expenses (note 10)	—	—	290.0	290.0
Interest elements of lease liabilities payments	—	—	(279.8)	(279.8)
Translation differences	(10.8)	50.9	450.1	490.2
Amortisation of front-end fee	457.9	11.7	—	469.6
At 30 June 2021	150,397.7	25,619.2	6,843.6	182,860.5

48 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Acquisition of subsidiaries

	2022 HK$m	2021 HK$m
Net assets acquired		
Investment properties	**—**	53.0
Property, plant and equipment	**11.1**	0.6
Right-of-use assets	**—**	2.2
Intangible assets	**0.1**	—
Inventories	**24.1**	—
Other non-current assets	**8.2**	—
Debtors and prepayments	**5.6**	—
Cash and bank balances	**7.1**	0.3
Other non-current liabilities	**(2.7)**	—
Creditors and accrued charges	**(42.7)**	(4.3)
Short-term borrowing and other interest bearing liabilities	**(28.0)**	—
Current tax payable	**(0.1)**	—
Net assets acquired	**(17.3)**	51.8
Interests originally held by the Group as financial assets at FVOCI	**(127.9)**	—
	(145.2)	51.8
Provisional goodwill on acquisition (Note)	**392.9**	—
Gain on bargain purchase	**—**	(8.0)
Non-controlling interests	**8.5**	—
Cash consideration	**256.2**	43.8

A provisional goodwill of HK$392.9 million arising from the acquisition is attributable mainly to the benefit of talents and experience of the management and workforce of the acquired healthcare business.

The measurement of goodwiil, identifiable assets acquired and liabilities assumed at the acquisition date will be subject to finalisation within one year from the acquisition date in accordance with Hong Kong Financial Reporting Standard 3 "Business Combination". Any adjustment to the provisional amount, if necessary, will be reflected in the upcoming consolidated financial statements of the Group.

(d) Analysis of net cash flows of cash and cash equivalents in respect of acquisition of subsidiaries

	2022 HK$m	2021 HK$m
Cash consideration	**(256.2)**	(43.8)
Unpaid cash consideration classified as creditors	**256.2**	—
Cash and cash equivalents acquired	**7.1**	0.3
	7.1	(43.5)

(e) Deconsolidation of a subsidiary

This amount represented cash and cash equivalents of the deconsolidated subsidiary.

48 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(f) Disposal of subsidiaries

	2022 HK$m	2021 HK$m
Net assets disposed		
Investment properties	166.7	1,100.0
Property, plant and equipment	2.0	3,665.5
Right-of-use assets	3.4	401.8
Intangible assets, other than goodwill	0.7	—
Interests in joint ventures	—	2,143.2
Deferred tax assets	11.1	—
Non-current assets classified as assets held for sale	117.8	1,890.9
Financial assets at FVPL	—	468.0
Financial assets at FVOCI	—	267.9
Inventories	—	70.4
Debtors, prepayments, premium receivables and contract assets	30.8	455.9
Cash and bank balances	22.1	247.5
Long-term borrowings and other interest-bearing liabilities	—	(598.8)
Creditors, accrued charges, payable to policyholders and contract liabilities	(95.8)	(942.3)
Derivative financial instruments	—	(118.8)
Current tax payable	(46.7)	(5.8)
Liabilities directly associated with non-current assets classified as assets held for sale	(95.5)	(8.8)
Other non-current liabilities	—	(47.1)
Deferred tax liabilities	(5.2)	(299.2)
Lease liabilities	(2.7)	(405.5)
Net assets disposed	108.7	8,284.8
Release of reserves upon disposal of subsidiaries	(126.9)	(254.9)
Non-controlling interests	7.2	—
Net gain on disposal of subsidiaries	694.3	201.5
Consideration	683.3	8,231.4
Represented by		
Cash consideration	683.3	8,479.9
Transaction cost payable	—	(248.5)
	683.3	8,231.4

(g) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2022 HK$m	2021 HK$m
Cash consideration	683.3	8,479.9
Consideration receivable	(216.8)	(684.9)
Consideration received for prior year disposal	319.6	—
Cash and cash equivalents disposed	(22.1)	(247.5)
	764.0	7,547.5

49 RELATED PARTY TRANSACTIONS

In addition to those disclosed in other sections of the consolidated financial statements, the following significant related party transactions have been entered into by the Group during the year:

	2022	2021
	HK$m	HK$m
Joint ventures and associated companies		
Provision of construction work services (note (a))	**11.6**	27.7
Interest income (note (b))	**210.8**	379.6
Interest expense on lease liabilities (note (b))	**8.3**	13.1
Rental expenses (note (c))	**110.0**	112.7
Management services fee income (note (d))	**12.5**	18.2

	2022	2021
	HK$m	HK$m
Related companies (note (i))		
Rental income (note (c))	**104.2**	108.5
Provision of construction work services (note (a))	**—**	10.3
Rental expense (note (c))	**31.0**	26.3
Management services fee income (note (d))	**30.7**	—
Management services fee expenses (note (d))	**103.4**	74.9
Concessionaires commissions (note (e))	**47.8**	54.9
Sales of goods, prepaid shopping cards and vouchers (note (f))	**4.8**	13.7
Engineering and mechanical services (note (g))	**2,199.9**	1,804.8
Security services expenses (note (g))	**95.9**	98.7
Cleaning and landscaping services (note (g))	**87.4**	87.6
Insurance expense (note (h))	**35.0**	—
Repair and maintenance expense (note (g))	**55.0**	—

Notes:

(a) Revenue from provision of construction work services is principally charged in accordance with relevant contracts.

(b) Interest income is charged at interest rates as specified in notes 23(a) and 24(a) on the outstanding amounts. Interest expense on lease liabilities is charged at interest rates as specified in note 41.

(c) Rental income and expenses are charged in accordance with respective tenancy agreements.

(d) Management services fee income and expenses are charged in accordance with the terms of respective management service agreements.

(e) The income is charged in accordance with concessionaire counter agreements with Chow Tai Fook Jewellery Group Limited ("CTFJ") and its subsidiaries (collectively "CTFJ Group"). The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.

(f) This represents the amounts received in respect of the sales of goods, prepaid shopping cards and vouchers to the Group as payment of purchase of goods and settlement of the relevant value Chow Tai Fook Enterprises Limited ("CTF"), one of the substantial shareholders of the Group, CTF and its subsidiaries (collectively "CTF Group"), CTFJ Group and companies owned by Mr. Doo.

(g) Engineering and mechanical services, security services expenses, cleaning and landscaping expenses and repair and maintenance expenses are charged in accordance with relevant contracts.

(h) Insurance expense is charged in accordance with the terms of respective insurance agreements.

(i) Related companies are subsidiaries and joint ventures of CTF Group, CTFJ Group and companies owned by Mr. Doo.

(j) The balances with joint ventures and associated companies are disclosed in notes 23, 24, 30 and 44.

(k) No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 15.

50 COMPANY STATEMENT OF FINANCIAL POSITION

	2022 HK$m	2021 HK$m
Assets		
Non-current assets		
Intangible assets	**52.6**	9.1
Investment property	**137.0**	137.0
Property, plant and equipment	**13.3**	10.5
Right-of-use assets	**48.8**	9.2
Interests in subsidiaries	**95,412.0**	95,532.7
Interests in joint ventures	**160.4**	191.2
Interests in associated companies	**8.4**	15.9
Amounts receivable from associated companies and joint ventures	**1,745.7**	766.4
Financial assets at FVPL	**1,099.5**	1,298.4
Financial assets at FVOCI	**1.0**	1.0
	98,678.7	97,971.4
Current assets		
Properties held for sale	**34.5**	34.5
Debtors, prepayments and contract assets	**141.7**	164.2
Amounts receivable from subsidiaries	**111,157.9**	98,810.6
Financial assets at FVPL	**184.5**	59.1
Cash and bank balances	**2,469.2**	1,265.0
	113,987.8	100,333.4
Total assets	**212,666.5**	198,304.8
Equity		
Share capital	**78,382.1**	78,373.3
Reserves (note)	**23,126.3**	23,178.2
Total equity	**101,508.4**	101,551.5
Liabilities		
Non-current liabilities		
Lease liabilities	**38.5**	—
Current liabilities		
Creditors, accrued charges and contract liabilities	**940.9**	779.4
Amounts payable to subsidiaries	**110,167.6**	95,964.0
Lease liabilities	**11.1**	9.9
	111,119.6	96,753.3
Total liabilities	**111,158.1**	96,753.3
Total equity and liabilities	**212,666.5**	198,304.8

Dr. Cheng Kar-Shun, Henry
Director

Dr. Cheng Chi-Kong, Adrian
Director

50 COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

Note:

Reserves

	Financial assets at FVOCI reserve (non-recycling) HK$m	**Employees' share-based compensation reserve HK$m**	**Retained profits HK$m**	**Total HK$m**
At 1 July 2021	**(8.9)**	**129.9**	**23,057.2**	**23,178.2**
Employees' share-based payment	**—**	**4.9**	**—**	**4.9**
Share options lapsed	**—**	**(65.8)**	**65.8**	**—**
Buyback of shares	**—**	**—**	**(967.0)**	**(967.0)**
Profit for the year	**—**	**—**	**6,094.4**	**6,094.4**
2021 final dividend paid	**—**	**—**	**(3,774.9)**	**(3,774.9)**
2022 interim dividend paid	**—**	**—**	**(1,409.3)**	**(1,409.3)**
At 30 June 2022	**(8.9)**	**69.0**	**23,066.2**	**23,126.3**

	Financial assets at FVOCI reserve (non-recycling) HK$m	Employees' share-based compensation reserve HK$m	Retained profits HK$m	Total HK$m
At 1 July 2020	(10.0)	133.5	23,402.9	23,526.4
Employees' share-based payment	—	16.9	—	16.9
Share options lapsed	—	(20.5)	20.5	—
Buyback of shares	—	—	(379.2)	(379.2)
Fair value changes of equity instruments as financial assets at FVOCI	1.1	—	—	1.1
Profit for the year	—	—	5,207.6	5,207.6
2020 final dividend paid	—	—	(3,772.7)	(3,772.7)
2021 interim dividend paid	—	—	(1,421.9)	(1,421.9)
At 30 June 2021	(8.9)	129.9	23,057.2	23,178.2

51 PRINCIPAL SUBSIDIARIES

As at 30 June 2022

	Share capital issued#			
	Number of shares	**Issued and paid up share HK$**	**Attributable interest to the Group (%)**	**Principal activities**
Incorporated and operate in Hong Kong				
Ace Island Limited	1	1	100	Property investment
Addlight Investments Limited	9,998	9,998	63	Property development
	2[1]	2	63	
All Speed Investment Limited	2	2	100	Property investment
Anway Limited	1	1	61	Duty free operation and general trading
Billion Huge (International) Limited	950,001	950,001	100	Investment holding
Billion Park Investment Limited	1,000,000	1,000,000	88	Investment holding
Billionoble Investment Limited	4,998	4,998	61	Investment holding
	2[1]	2	61	
Birkenhead Properties and Investments Limited	1,200,000	1,200,000	64	Property investment
Bonson Holdings Limited	1	1	100	Property development
Bright Moon Company, Limited	260,000	2,600,000	75	Property investment
Broad Reach Company Limited	100	100	100	Property investment
Care & Services Elderly Home (Tai Po) Limited	10,000	10,000	100	Provision of elderly residential places and services
Care & Services Elderly Home (Tai Wai) Limited	1	1	100	Provision of elderly residential places and services
Care & Services Elderly Home (Yuen Long) Limited	10,000	10,000	100	Provision of elderly residential places and services
Cheer Best Enterprises Limited	2	2	100	Property investment
Cheong Sing Company Limited	10,000	10,000	100	Property investment
Chi Lam Investment Company Limited	7,000	700,000	100	Investment holding
Chinese Future Limited	1,300,000,000	1,300,000,000	61	Investment holding
CiF Solutions Limited	10	1,000	100	Provision of information technology solutions
	160,000[1]	16,000,000	100	
Come City Limited	2	2	100	Property investment
Daily Land Limited	1	1	100	Property investment
DP Properties Limited	4,000	1,000	100	Property investment
Dynamic Ally Limited	1	1	61	Investment holding
Earning Star Limited	1	1	61	Investment holding
Eminent Elite Limited	1	1	100	Investment holding
Ever Honour (Hong Kong) Limited	1	1	61	Property Investment
Fook Hong Enterprises Company, Limited	10,000	1,000,000	100	Property investment
Fortune Land Development Limited	1	1	100	Property investment
Full Asset Enterprises Limited	1	1	100	Property investment
Full Sense Limited	1	1	100	Property development
Good Sense Development Limited	1	1	100	Property development
Goodman Chengdu Development No.2 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Goodman Chengdu Development No.3 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Goodman Chengdu Longquan Logistics Development Limited	99[2]	99	61	Investment holding
	1[3]	1	61	

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Share capital issued#			
	Number of shares	**Issued and paid up share HK$**	**Attributable interest to the Group (%)**	**Principal activities**
Incorporated and operate in Hong Kong (continued)				
Goodman Hong Kong (Hubei) Developments No.1 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Grace Crystal Limited	1	1	61	Investment holding
Grand Express International Limited	1	1	61	Investment holding
Guidetone Investments Limited	100,000	100,000	80	Property investment
Happy Champion Limited	2	2	100	Investment holding
Happy Growth Investment Limited	1	1	75	Investment holding and provision of management services
Head Step Limited	2	2	100	Hotel operation
Hip Hing Builders Company Limited	40,000	40,000,000	61	Construction
	10,000[1]	10,000,000	61	
Hip Hing Construction Company Limited	400,000	40,000,000	61	Construction and civil engineering
	600,000[1]	60,000,000	61	
Hip Hing Engineering Company Limited	2,000,000	200,000,000	61	Building construction
Hip Seng Builders Limited	20,000	20,000,000	100	Construction
Hip Seng Construction Company Limited	1	1	100	Construction
Hip Seng Construction Management Company Limited	1	1	100	Construction
Hip Seng Facade Engineering Company Limited	20,000,000	20,000,000	100	Facade engineering
Hip Seng Finishing Engineering Company Limited	1	1	100	Finishing engineering
Hip Seng Manufacturing Company Limited	1	1	100	Production of surgical masks
Hong Kong Convention and Exhibition Centre (Management) Limited	3	3	61	Management of Hong Kong Convention and Exhibition Centre ("HKCEC")
	1[1]	1	61	
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	61	Investment holding
Hong Kong Golf & Tennis Academy Management Company Limited	1,000,000	1,000,000	100	Operator of golf and tennis academy
Hong Kong Island Development Limited	33,400,000	167,000,000	100	Property investment
Hong Kong Jing-Guang Development Limited	100,000	1,000,000	82	Investment holding
Hong Kong Multiple Intelligence Education Company Limited	1	1	100	Provision of training courses
Hong Kong Ticketing (International) Limited	1	1	100	Provision of ticketing services
Honour Shares Limited	100	100	100	Investment holding
Housing Finance Limited	2	2	100	Financial services
Humansa VD Limited (formerly known as Trade Jet Investments Limited)	1	1	100	Provision of wellness and rehabilitation services
i-Residence Management Limited	1	1	61	Property management and consultancy
Istaron Limited	4	4	100	Investment holding
Join Base Development Limited	1	1	100	Property investment
K11 Art Mall Properties Company Limited	1	1	100	Property investment
K11 (China) Limited	1	1	100	Investment holding
K11 Concepts Limited	1	1	100	Provision of property management consultancy services
K11 Cultural & Creation Company Limited	1	1	100	Culture and recreation
K11 Sales & E-Commerce Company Limited	1	1	100	Retail and corporate sales

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Share capital issued#			
	Number of shares	Issued and paid up share HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong (continued)				
Kai Tak Sports Park Limited	300	906,666,900	90	Development and operation of sports park
Kin Kiu Enterprises, Limited	10,000	10,000,000	100	Investment holding
Kiu Lok Property Services (China) Limited	2	2	61	Property agency, management and consultancy
	2[1]	2	61	
Kwong On Nursing Center Limited	10,000	10,000	100	Provision of elderly residential places and services
Land Chain Limited	2	2	100	Property investment
Lingal Limited	1,800	1,800	100	Investment holding
	200[1]	200	—	
Legarleon Finance Limited	4,400,000	44,000,000	100	Financing
Lucrative Venture Limited	1,500,000	15,000,000	100	Property development
Million Noble Investments Limited	1	1	100	Investment holding
Modern Elite (Hong Kong) Limited	1	1	61	Property investment
New Advent Limited	1	1	61	Property investment
New World China Construction Limited	1	1	100	Investment holding
New World Construction Company Limited	22,500,000	22,500,000	100	Construction
New World Corporate Services Limited	1	1	100	Provision of information technology service
New World Department Store (Investment) Limited	3	410,045,794	75	Investment holding
New World Department Stores Limited	2	2	75	Investment holding and provision of management services to department stores
New World Development (China) Limited	2	4	100	Investment holding
New World Finance Company Limited	200,000	20,000,000	100	Financial services
New World – Guangdong Highway Investments Co. Limited	999,900	99,990,000	61	Investment holding
	100[1]	10,000	80	
New World Hotels (Holdings) Limited	576,000,000	510,795,731	100	Investment holding
New World (Login) Company Limited	1	1	100	Supply chain management
New World Loyalty Programme Limited	1	1	100	Loyalty programme
New World Port Investments Limited	2	2	61	Investment holding
New World Project Management (China) Limited	1	1	100	Project management
New World Property Management Company Limited	1	1	100	Property management
New World Real Estate Agency Limited	2	2	100	Estate agency
New World Strategic Partnerships Company Limited	200	200	100	Agency
New World Tower Company Limited	2	20	100	Property investment
NW Project Management (HK) Limited	1	1	100	Project management
NW Project Management Limited	2	2	100	Project management
NWS (Finance) Limited	2	2	61	Financial services
NWS Holdings (Finance) Limited	1	1	61	Financing
NWS Infrastructure Renewables (Italy) Limited	1	1	61	Investment holding
NWS Modern Logistics (Hong Kong) Limited	1	1	61	Investment holding, operating modern logistics business
Pacific Great Investment Limited	50,000,000	50,000,000	100	Investment holding

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Share capital issued#			
	Number of shares	Issued and paid up share HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong (continued)				
Polytown Company Limited	2	20	61	Property investment, operation, marketing, promotion and management of HKCEC
	100,000[1]	1,000,000	61	
Pridemax Limited	2	2	100	Property investment
Profit Now Limited	1	1	61	Investment holding
Qin Hen Goodman Hong Kong (Chengdu) Developments No.1 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Queen's Land Investment Limited	1,000	1,000	100	Property development
Rainbow Dream Limited	1	1	100	Property investment
Regent Star Investment Limited	1,000	1,000	100	Property development
Roxy Limited	1	1	100	Construction and operation of Skycity
Scienward Fashion and Luxury Limited	20,000	100,010,000	100	Investment holding and fashion trading
Scienward Sports and Casual Limited	100	100	100	Provision of management services
Seaworthy Investments Limited	1	1	100	Property investment
Shun Yan Elderly Centre (Kin Fook) Limited	100	100	100	Provision of elderly residential places and services
Silver Grow Investment Limited	1	1	75	Investment holding
Sky Connection Limited	100	100	61	Duty free operation and general trading
Spotview Development Limited	10	10	100	Financial services
Super Record Limited	1	1	100	Property investment
The Town Club (HK) Limited	1	1	100	Operation of club house
Treasure Tower Holdings Limited	1,000,000	1,000,000	100	Property investment
True Hope Investment Limited	299,999,998	299,999,998	61	Investment holding
	2[1]	2	61	
Trinity Link Limited	1	1	86	Provision of endoscopic services
Tycoon Estate Investments (HK) Limited	1	1	61	Property investment
Up Fair Limited	2	2	100	Property development
Urban Parking Limited	15,000,000	15,000,000	61	Carpark management
Vibro Construction Company Limited	1,630,000	163,000,000	61	Civil engineering
	20,000[1]	2,000,000	61	
Vibro (H.K.) Limited	20,000,004	60,328,449	61	Piling, ground investigation and civil engineering
Victory Succeed Limited	1	1	100	Property investment
Wah Fu Elderly Centre Limited	1	1	100	Provision of elderly residential places and services
Winpo Development Limited	2	2	100	Property investment
Wisemec Enterprises Limited	2	2	61	Investment holding
World Empire Property Limited	2	2	100	Property investment

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share		
Incorporated in the Cayman Islands				
Chinese Future Corporation	1,000,000	US$0.01	61	Investment holding
Incorporated in the Cayman Islands and operate in Hong Kong				
New World China Land Limited	8,702,292,242	HK$0.10	100	Investment holding
New World Department Store China Limited	1,686,145,000	HK$0.10	75	Investment holding
New World TMT Limited	952,180,007	HK$1	100	Investment holding
NWS Service Management Limited	1,323,943,165	HK$0.10	61	Investment holding
Incorporated and operates in the Philippines				
New World International Development Philippines, Inc.	6,988,016	Peso100	62	Hotel operation
Incorporated and operates in Malaysia				
Taipan Eagle Sdn. Bhd.	1,000,000	MYR1	71	Property development

\# Represented ordinary share capital, unless otherwise stated

1 Non-voting deferred shares

2 Class B ordinary shares

3 Class A special voting share

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Registered/ fully paid capital	Attributable interest[α] to the Group (%)	Principal activities
Incorporated and operate in the PRC			
Beijing Chong Yu Real Estate Development Co., Ltd.	US$171,840,000[W]	100	Property investment and development
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB200,000,000[E]	75	Land development
Beijing New World Huamei Real Estate Development Co. Ltd.	RMB748,000,000[E]	75	Property development
Beijing New World Liying Department Store Co., Ltd.	RMB18,000,000[W]	75	Department store operation
Beijing New World Qianzi Department Store Co., Ltd.	HK$60,000,000[W]	75	Department store operation
Beijing New World Trendy Department Store Co., Ltd.	RMB25,000,000[W]	75	Department store operation
Beijing NW Project Management Consultancy Services Limited	RMB1,000,000[W]	100	Project management and consultancy
Beijing Wanya Department Store Co., Ltd.	RMB100,000[+]	75[α]	Department store operation
Beijing Yixi New World Department Store Co., Ltd.	RMB65,000,000[W]	75	Department store operation
Changsha New World Trendy Plaza Co., Ltd.	RMB60,000,000[W]	75	Department store operation
Chengdu Dasheng Logistics Co. Ltd.	RMB82,000,000[W]	61	Operation of logistics property
Chengdu Jiachao Warehouse Co. Ltd.	RMB96,000,000[W]	61	Operation of logistics property
Chongqing New World Department Store Co., Ltd.	RMB100,000,000[W]	75	Department store operation
Dalian New World Plaza International Co., Ltd.	RMB58,000,000[E]	88	Property investment and development
Dalian New World Tower Co., Ltd.	US$197,324,700[W]	100	Property investment and development
Foshan Da Hao Hu Real Estate Development Co., Ltd.	RMB1,364,500,500[W]	91	Property development
Foshan International Country Club Company Ltd.	US$52,923,600[C]	91	Golf club operation
Guangzhou Bright Way Enterprises Co., Ltd.	RMB1,000,000,000[W]	100	Property development
Guangzhou Fong Chuen-New World Property Development Ltd.	RMB330,000,000[C]	100	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US$24,000,000[C]	100	Property development
Guangzhou New World Property Asset Business Management Co., Ltd.	RMB200,000,000[W]	100	Investment holding
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000[C]	100	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB10,000,000[C]	100	Property development
Guangzhou Xinsui Tourism Centre Ltd.	HK$350,000,000[W]	100	Property development
Guangzhou Xin Yi Development Limited	HK$286,000,000[C]	90	Property investment and development
Guangzhou Xinpei Enterprises Management Co., Ltd.	RMB550,000,000[W]	100	Investment holding
Guangzhou Xinpei Investment Co. Ltd.	RMB200,000,000[W]	100	Investment holding
Guangzhou Yao Ce Co. Ltd. (formerly known as Guangzhou Yao Ce Enterprises Management Consultancy Co. Ltd.)	RMB710,000,000[W]	100	Investment holding
Guangzhou Yao Sheng Real Estate Development Co., Ltd.	RMB2,692,100,000[E]	65	Property development
Guangzhou Yibo Real Estate Development Co., Ltd.	RMB392,500,000[W]	100	Property development
Guangzhou Yong Pei Properties Development Co., Ltd.	RMB2,384,000,000[W]	100	Property development
Guangzhou Yongjun Enterprises Co., Ltd	RMB100,000,000[W]	100	Property development
Guangzhou Zengpei Properties Development Co., Ltd.	RMB1,710,000,000[W]	100	Property development
Hangzhou Xinyu Industrial Development Co. Ltd.	RMB10,500,000,000[W]	100	Property development
Hip Seng Facade Engineering (Guangzhou) Company Limited	RMB1,000,000[W]	100	Facade engineering

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Registered/ fully paid capital	Attributable interest[α] to the Group (%)	Principal activities
Incorporated and operate in the PRC (continued)			
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB640,000,000[W]	100	Property investment
Hunan Fortune Lake Property Development Co., Ltd.	RMB255,724,318[W]	100	Property development
Hunan NWS Expressway Management Co., Ltd.	RMB1,600,000,000[+]	61	Operation of toll road
Jialong (Chengdu) Warehouse Co. Ltd.	USD18,500,000[W]	61	Operation of logistics property
Jiangsu New World Department Store Co., Ltd.	RMB16,000,000[W]	75	Department store operation
Jiaxin (Chengdu) Warehouse Co. Ltd.	USD16,000,000[W]	61	Operation of logistics property
Jinan New World Sunshine Development Ltd.	US$69,980,000[W]	100	Property development
K11 Business Management (Wuhan) Co., Ltd	RMB2,500,000,000[W]	100	Property investment
K11 Concepts (Beijing) Limited	RMB20,000,000[W]	100	Business consultancy
K11 Concepts (Shanghai) Limited	RMB50,000,000[W]	100	Business consultancy
KHOS Shenyang Limited	RMB70,000,000[W]	100	Hotel operation
Langfang New World Properties Development Co., Ltd.	US$145,300,000[W]	100	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US$98,200,000[W]	100	Property development
Lanzhou New World Department Store Co., Ltd.	RMB30,000,000[W]	75	Department store operation
Mianyang New World Department Store Co., Ltd.	RMB14,000,000[W]	75	Department store operation
Miaogou (Beijing) Department Store Co., Ltd.	RMB1,000,000[+]	75[α]	Department store operation
Nanjing New World Real Estate Co., Ltd.	US$45,339,518[W]	100	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US$5,500,000[W]	100	Property investment
New World (Anshan) Property Development Co., Ltd.	RMB1,420,000,000[W]	100	Property development
New World (China) Co., Ltd.	RMB50,513,400[W]	100	Investment holding
New World China Land Investments Company Limited	US$80,000,000[W]	100	Investment holding
New World Department Store (China) Co., Ltd.	RMB50,000,000[W]	75	Department store operation
New World Department Stores Investment (China) Co., Ltd.	US$150,000,000[W]	75	Investment holding
New World Development (Wuhan) Co., Ltd.	US$128,500,000[W]	100	Property investment and development
New World Goodtrade (Wuhan) Limited	US$219,500,000[W]	100	Property investment and development
New World HHC Construction Limited	RMB453,045,000[W]	100	Construction
New World Login (Shenzhen) Co., Ltd.	RMB50,000,000[W]	100	Supply chain management
New World New Land Real Estate (Wuhan) Co., Ltd.	US$590,900,000[W]	100	Property development
New World Project Management (Shenzhen) Limited	RMB10,000,000[W]	100	Project management
New World (Shenyang) Property Development Limited	RMB5,647,800,000[W]	100	Property investment and development
New World Strategic (Beijing) Investment Consultancy Limited	US$2,400,000[W]	100	Investment consultancy
Ningbo Gong Tai Properties Co., Ltd.	RMB235,000,000[W]	100	Property development
Ningbo Xin Li Real Estate Co., Ltd.	US$861,000,000[W]	100	Property investment and development
NWS (Guangdong) Investment Company Limited	RMB4,034,853,600[W]	61	Investment holding
NWS Modern Logistics (Shenzhen) Limited	RMB260,000,000[W]	61	Investment holding
NWS Energy (Shanghai) Limited	RMB500,000,000[W]	61	Investment of new energy projects
Peak Moral High Commercial Development (Shanghai) Co., Ltd.	US$40,000,000[W]	75	Property investment and shopping mall operation
Sanhe New World Department Store Co., Ltd.	RMB2,000,000[W]	75	Department store operation

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Registered/ fully paid capital	Attributable interest[α] to the Group (%)	Principal activities
Incorporated and operate in the PRC (continued)			
Scienward Fashion and Luxury (Shanghai) Co., Ltd.	US$32,800,000[W]	100	Fashion retailing and trading
Shang Ji Properties (Shenzhen) Co. Ltd.	RMB1,478,000,000[W]	51	Property development
Shang Shun Properties (Shenzhen) Co. Ltd.	RMB1,216,000,000[W]	51	Property development
Shanghai Luxba Trading Ltd.	US$7,150,000[W]	100	Properties investment and fashion trading
Shanghai New World Department Store Co., Ltd.	RMB18,000,000[W]	75	Department store operation
Shanghai New World Huiya Department Store Co., Ltd.	RMB240,000,000[W]	75	Department store operation
Shanghai New World Huiyan Department Store Co., Ltd	RMB85,000,000[W]	75	Property investment and shopping mall operation
Shanghai New World Huiying Department Store Co., Ltd.	RMB93,970,000[W]	75	Department store operation
Shanghai New World Xinying Department Store Co., Ltd.	HK$100,000,000[W]	75	Department store operation
Shanxi Xinda Highways Limited	RMB49,000,000[C]	37[α]	Operation of toll road
Shanxi Xinhuang Highways Limited	RMB56,000,000[C]	37[α]	Operation of toll road
Shenyang Expo Convention and Exhibition Co., Ltd.	RMB25,000,000[W]	100	Expo operation
Shenyang New World Department Store Ltd.	RMB30,000,000[W]	75	Property investment and department store operation
Shenyang New World Xin Hui Properties Co., Ltd.	RMB501,520,000[W]	100	Property development
Shenyang Sheng Xin Yi Le Property Co Ltd	RMB6,000,000,000[W]	100	Property investment
Shenyang Trendy Property Company Limited	RMB27,880,000[W]	75	Property investment
Shenzhen City Hengtai Property Development Co., Ltd.	RMB100,000,000[+]	70	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK$150,000,000[C]	100	Property development
Tang Shan New World Property Development Co., Ltd.	US$162,000,000[W]	100	Property development
Tianjin New World Department Store Co., Ltd.	US$5,000,000[W]	75	Department store operation
Tianjin New World Properties Development Co., Ltd.	US$91,000,000[W]	100	Property development
Tianjin Xin Guang Development Co., Ltd.	US$4,500,000[W]	100	Property investment
Wuhan Jiamai Warehouse Co. Ltd.	USD30,000,000[W]	61	Operation of logistics property
Wuhan New Eagle Enterprises Co., Limited	US$2,830,000[W]	100	Property investment
Wuhan New World Department Store Co., Ltd.	US$15,630,000[W]	75	Property investment and department store operation
Wuhan New World Qianzi Department Store Co., Ltd.	RMB500,000[+]	75[α]	Department store operation
Wuhan New World Trendy Department Store Co., Ltd.	RMB80,000,000[W]	75	Department store operation
Xi'an New World Trendy Plaza Co., Ltd.	RMB40,000,000[W]	75	Department store operation
Xiamen Creo Capital Investment Company Limited	RMB200,000,000[W]	61	Investment holding
Yantai New World Department Store Co., Ltd.	RMB80,000,000[W]	75	Department store operation
Yunnan New World Department Store Co., Ltd.	RMB10,000,000[W]	75	Department store operation
Zhaoqing New World Property Development Limited	US$16,500,000[W]	100	Property development
Zhejiang NWS Expressway Co., Ltd.	US$320,590,000[E]	61	Operation of toll road
Zhengzhou New World Department Store Co., Ltd.	RMB50,000,000[W]	75	Department store operation
Zhiyi (Hangzhou) Service Area Management Limited	RMB3,000,000[+]	61	Provision of commercial complex, catering, hotel and property management services

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Registered/ fully paid capital	Attributable interest[ø] to the Group (%)	Principal activities
Incorporated and operates in Curacao			
New World Hotels Corporation N.V.	US$6,000	100	Investment holding
Incorporated and operates in Italy			
NWS Infrastructure Renewables (Italy) S.r.l.	EUR10,000	61	Investment holding
Incorporated and operate in Macau			
Hip Hing Engineering (Macau) Company Limited	MOP100,000	61	Construction
Vibro (Macau) Limited	MOP1,000,000	61	Foundation works

α The Group indirectly holds equity interest in these subsidiaries through non-wholly owned subsidiaries, and has control over each of these subsidiaries

ø Profit or cash sharing percentage was adopted for certain PRC entities

W Registered as wholly foreign owned enterprises under PRC law

E Registered as sino-foreign equity joint ventures under PRC law

C Registered as sino-foreign co-operative joint ventures under PRC law

\+ Registered as limited company under PRC law

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share		
Incorporated in Bermuda and operates in Hong Kong				
NWS Holdings Limited	3,911,137,849	HK$1	61	Investment holding
FTLife Insurance Company Limited	506,100,141	US$1	61	Life insurance
	9,000,000*	US$1	61	
	10,000,000**	US$1	61	
Incorporated in the British Virgin Islands				
Crown Success Limited	100	US$1	100	Investment holding
Eagle Eyes Development Limited	1	US$1	100	Investment holding
Fine Reputation Incorporated	10,000	US$1	100	Investment holding
Forever Insight Limited	4,800	US$1	86	Investment holding
Fotoland Limited	1	US$1	100	Investment holding
FTL Capital Limited	1	US$1	61	Bond issuer
Gigantic Global Limited	2	US$1	100	Investment holding
Gravy Train Investments Limited	1	US$1	61	Investment holding
HH Holdings Corporation	600,000	HK$1	61	Investment holding
Hing Loong Limited	20,010,000	US$1	100	Investment holding
Humansa Limited	1	US$1	100	Investment holding
Ideal Global International Limited	1	US$1	61	Investment holding
K11 Group Limited	1	HK$1	100	Investment holding
K11 Investment Company Limited	1	US$1	100	Investment holding
Karnival Limited	1	US$1	100	Investment holding
Kee Shing Investments Limited	1,000	US$1	100	Investment holding
Lotsgain Limited	100	US$1	100	Investment holding
Magic Chance Limited	1	US$1	100	Investment holding
Moscan Developments Limited	1	US$1	61	Investment holding
Natal Global Limited	1	US$1	61	Investment holding
New World Hotels Corporation Limited	1	US$1	100	Investment holding
NWS CON Limited	1	HK$1	61	Investment holding
NWS Construction Limited	190,000	US$0.10	61	Investment holding
	7,150[A]	US$0.10	—	
	5,121[B]	US$0.10	—	
NWS Infrastructure Power Limited	1	US$1	61	Investment holding
NWS Infrastructure Water Limited	1	US$1	61	Investment holding
Penta Enterprises Limited	1	US$1	100	Investment holding
Radiant Glow Limited	1	US$1	100	Investment holding
Right Choice International Limited	200	US$1	52	Property investment
Right Heart Associates Limited	4	US$1	61	Investment holding
Righteous Corporation	1	US$1	61	Investment holding
Steadfast International Limited	2	US$1	100	Investment holding
Sweet Prospects Enterprises Limited	1	US$1	100	Investment holding
True Blue Developments Limited	1	US$1	100	Investment holding
Turbidite Limited	1,000[N]	US$0.01	60	Investment in data centres
	83,878[P]	US$0.01	100	
Winner World Group Limited	10	US$1	100	Investment holding

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2022

	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share		
Incorporated in the British Virgin Islands and operate in Hong Kong				
Allied Win Investments Limited	1	US$1	100	Investment holding
Bellwood Group Limited	100	US$1	61	Investment holding
Best Star (BVI) Investments Limited	1	US$1	61	Investment holding
Busy Bee Global Limited	1	US$1	61	Investment holding
Celestial Dynasty Limited	1	US$1	61	Bond issuer
Celestial Miles Limited	1	US$1	61	Bond issuer
Century Charm Global Limited	1	US$1	61	Investment holding
Citiplus Investment Limited	1	US$1	100	Investment holding
Constar Investment Limited	1	US$1	75	Financing
Creo Capital Limited	1	US$1	61	Investment holding
Economic Velocity Limited	1	US$1	61	Investment holding
Esteemed Sino Limited	1	US$1	100	Investment holding
Hetro Limited	101	US$1	61	Investment holding
Lucky Strong Limited	1	US$1	61	Investment holding
New World Capital Finance Limited	1	US$1	100	Bond issuer
New World Strategic Investment Limited	1	US$1	100	Investment holding
Noonday Limited	100	US$1	61	Investment holding
NWD Finance (BVI) Limited	1	US$1	100	Bond issuer
NWD (MTN) Limited	1	US$1	100	Bond issuer
NWS Financial Management Services Limited	1	US$1	61	Investment holding
NWS Infrastructure Management Limited	2	US$1	61	Investment holding
NWS Infrastructure Roads Limited	1	US$1	61	Investment holding
NWS Ports Management Limited	2	US$1	61	Investment holding
Silvery Yield Development Limited	100	US$1	100	Investment holding
South Scarlet Limited	1	US$1	100	Hotel operation
Summer Haze Holdings Limited	10,000	US$1	63	Investment holding
Total Partner Holdings Limited	1	US$1	100	Investment holding
Whitecroft Gate Limited	1	US$1	100	Financing
Incorporated in the British Virgin Islands and operates in the PRC				
Nacaro Developments Limited	2	US$1	100	Property Investment
Incorporated and operates in Thailand				
Emerald Bay Resort Co., Ltd.	7,380,000	THB100	100	Hotel operation

Represented ordinary share capital, unless otherwise stated

A Redeemable, non-convertible and non-voting A preference shares

B Redeemable, non-convertible and non-voting B preference shares

* Class A redeemable preference shares (non-convertible)

** Class C redeemable preference shares (convertible)

N Class A voting non-participating shares

P Class B non-voting participating shares

52 PRINCIPAL JOINT VENTURES

As at 30 June 2022

	Registered/ fully paid capital	Attributable interest[Ω] to the Group (%)	Principal activities
Equity joint ventures			
Incorporated and operate in the PRC			
China United International Rail Containers Co., Limited	RMB4,200,000,000	18	Operation of rail container terminals and related business
Guangzhou Pearl River Electric Power Fuel Co., Ltd.	RMB613,361,800	21	Wholesale, assembling and storage of fuel
Guoneng Chengdu Jintang Power (Generation) Co., Ltd.	RMB924,000,000	21	Generation and supply of electricity
Co-operative joint ventures			
Incorporated and operate in the PRC			
Beijing Chong Wen • New World Properties Development Ltd.	US$225,400,000	70[s]	Property investment, development and hotel operation
Beijing-Zhuhai Expressway Guangzhou – Zhuhai Section Company Limited	RMB580,000,000	15	Operation of toll road
Beijing Xin Lian Hotel Co., Ltd.	US$12,000,000	55[s]	Hotel operation
China New World Electronics Ltd.	US$57,200,000	70[s]	Property investment and development
Guangzhou Northring Intelligent Transportation Technology Company Limited	US$19,255,000	40[s]	Operation of toll road
Huizhou City Huixin Expressway Company Limited	RMB34,400,000	30	Investment holding
Huizhou New World Housing Development Limited	RMB80,000,000	62[s]	Property development
Tianjin Xinzhan Expressway Company Limited	RMB2,539,100,000	37[@s]	Operation of toll road
Wuhan Wuxin Hotel Co., Ltd.	US$49,750,000	60[s]	Hotel operation
Wholly foreign owned enterprises			
Incorporated and operate in the PRC			
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	62[s]	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	62[s]	Property development
Guangzhou Shengpei Enterprises Co. Ltd.	RMB500,000,000	40	Property development
Wuhan New World Hotel Properties Co., Ltd.	RMB83,507,110	60[s]	Property investment
Companies limited by shares			
Incorporated and operates in Italy			
ForVEI II S.r.l.	EUR20,000	24	Investment holding and operation of solar power assets

Ω Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

@ Represented cash sharing ratio

s The Group through its subsidiaries holds more than 50% interests in these joint ventures. Under the respective contractual agreements, the Group does not control these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing the control.

52 PRINCIPAL JOINT VENTURES (CONTINUED)

As at 30 June 2022

	Share capital issued#			
	Number of shares	Issued and paid up share capital HK$	Attributable interest to the Group (%)	Principal activities
Companies limited by shares *(continued)*				
Incorporated and operate in Hong Kong				
ATL Logistics Centre Hong Kong Limited	100,000'A'	100,000	34&	Operation of cargo handling and storage facilities
	20,000'B'[2]	20,000	48	
	54,918[1]	54,918	100	
Calpella Limited	2	20	50	Property investment
Chow Tai Fook Qianhai Investments Company Limited	700	700	29	Shopping mall operation
GH Hotel Company Limited	1,001	64,109,750	50	Hotel operation
Global Perfect Development Limited	1,000,000	1,000,000	50	Investment holding
Global Trinity China Limited	1	1	40	Financial services
Golden Kent International Limited	1	1	40	Property development
Goodman China (Western) Limited	100	100	30	Investment holding
Great TST Limited	2	863,878,691	50	Hotel operation
Hotelier Finance Limited	1	1	50	Financing
Infinite Sun Limited	1	1	10	Property development
Kayson Limited	1	1	50	Property development
Loyalton Limited	2	20	50	Property investment
Marble Edge Investments Limited	1	1	18	Property development
New Synergy Limited	1	1	51	Property development
New World Harbourview Hotel Company Limited	1,001	109,109,750	50	Hotel operation
Rich Fast International Limited	2	2	50	Property development
Voyage Mile Limited	1	1	29	Property development
Wincon International Limited	300,000,000	300,000,000	30	Investment holding
Wise Come Development Limited	30	30	50	Property investment

52 PRINCIPAL JOINT VENTURES (CONTINUED)

As at 30 June 2022

	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share		
Companies limited by shares *(continued)*				
Incorporated in the British Virgin Islands and operate in the PRC				
Holicon Holdings Limited	2	US$1	50	Property Investment
Jaidan Profits Limited	2	US$1	50	Property Investment
Jorvik International Limited	2	US$1	50	Property Investment
Orwin Enterprises Limited	2	US$1	50	Property Investment
Incorporated in the British Virgin Islands				
Great Hotels Holdings Limited	6	US$1	50	Investment holding
Group Program Limited	100	US$1	51	Loyalty programme
Landso Investment Limited	100	—	35	Investment holding
Silverway Global Limited	2	US$1	30	Investment holding
Success Concept Investments Limited	1,000	US$1	55&	Investment holding
Incorporated and operates in the Netherlands				
Hyva I B.V.	19,000	EUR1	30	Manufacturing and supply of components used in hydraulic loading and unloading systems
Incorporated in the Cayman Islands and operates globally				
Goshawk Aviation Limited	362,026,264***	US$0.001	30	Commercial aircraft leasing and management
Incorporated and operates in Singapore				
Cuscaden Homes Pte. Ltd.	2,000,000	—	45	Property development

\# Represented ordinary share capital, unless otherwise stated

1 Non-voting deferred shares

2 Non-voting preference shares

*** Preference shares

& The directors of the Company considered the Group does not have unilateral control governing the financial and operating activities over these joint ventures

53 PRINCIPAL ASSOCIATED COMPANIES

As at 30 June 2022

	Share capital issued#			
	Number of shares	Issued and paid up share capital	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong				
Conduit Road Development Limited	100	HK$10,000	30	Property development
Ever Light Limited	1,000	HK$1,000	40	Property investment
GHK Hospital Limited	10	HK$10	24	Healthcare
Joy Fortune Investments Limited	10,000	HK$10,000	30	Investment holding
Pure Jade Limited	1,000,000	HK$1,000,000	27	Property investment
Quon Hing Concrete Company Limited	200,000	HK$20,000,000	30	Production and sales of ready-mixed concrete
Ranex Investments Limited	100	HK$100	10^	Property investment
Shoucheng Holdings Limited	7,282,547,194	HK$12,546,847,000	7^	Investment holding
Sky Treasure Development Limited	10	HK$10	30	Investment holding
Incorporated and operates in Singapore				
PBA International Pte. Ltd.	10,932	SGD24,242,000	12	Development and manufacturing of advanced robotics

53 PRINCIPAL ASSOCIATED COMPANIES (CONTINUED)

As at 30 June 2022

	Share capital issued# Number of shares	Par value per share	Attributable interest to the Group (%)	Principal activities
Incorporated in Bermuda and operates in Hong Kong				
Wai Kee Holdings Limited	793,124,034	HK$0.10	7^	Construction
Incorporated in Bermuda and operates in Hong Kong and Mainland China				
DTXS Silk Road Investment Holdings Company Limited	111,187,538	HK$0.50	17	Provision of auction, production and sale of wines, trading of merchandise, property development and investment
Incorporated in Cyprus and operates in South Africa				
Tharisa plc	299,618,997	US$0.001	8^	Chrome and platinum group metals mining, processing and trading

	Registered/ fully paid capital	Attributable interest^Ω to the Group (%)	Principal activities
Incorporated and operate in the PRC			
Hangzhou Ring Road Expressway Petroleum Development Co., Ltd.	RMB10,000,000	24	Operation of gasoline station
Hubei Laogu Expressway Development Co., Ltd.	RMB616,161,616	1^	Operation of toll road
Hubei Suiyuenan Expressway Co., Ltd.	RMB1,770,000,000	18	Operation of toll road
Hunan Daoyue Expressway Industry Co., Ltd.	RMB600,950,000	24	Operation of toll road
NWS Asset Management (Hainan) Company Limited	RMB1,000,000,000	30	Asset management
Shenzhen City Prince Bay Lewan Properties Co. Ltd.	RMB2,147,876,079	49	Property development
Shenzhen City Prince Bay Shangding Properties Co. Ltd.	RMB2,036,732,549	49	Property development
Shenzhen Tiande Property Development Co. Ltd.	RMB4,530,000,000	30	Property development
WorldEx Supply Chain Technology (Shanghai) Co., Limited	RMB81,452,529	6^	Operation of comprehensive logistics business
Zhaoqing Yuezhao Expressway Co., Ltd.	RMB818,300,000	15	Operation of toll road

Represented ordinary share capital, unless otherwise stated

Ω Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

^ The directors of the Company considered the Group has significant influence over these companies through its representatives on the board of directors or potential voting right of each of these companies

Five-year Financial Summary

CONSOLIDATED INCOME STATEMENT

For the years ended 30 June

	2022 HK$m	2021 HK$m (restated)	2020 HK$m	2019 HK$m	2018 HK$m
Revenues	**68,212.7**	68,233.2	59,007.8	76,763.6	60,688.7
Operating profit	**8,133.0**	8,450.5	12,035.4	25,202.1	30,975.3
Net financing income/(costs)	**259**	53.3	(2,010.9)	(756.3)	(704.3)
Share of results of joint ventures and associated companies	**822.5**	1,828.7	769.9	4,683.1	3,082.6
Profit before taxation	**9,214.5**	10,332.5	10,794.4	29,128.9	33,353.6
Taxation	**(4,912.7)**	(5,661.6)	(7,528.0)	(7,489.8)	(6,272.4)
Profit for the year	**4,301.8**	4,670.9	3,266.4	21,639.1	27,081.2
Profit attributable to holders of perpetual capital securities	**(2,377.2)**	(2,282.6)	(1,688.3)	(803.0)	(536.6)
Profit attributable to non-controlling interests	**(675.4)**	(1,236.8)	(481.9)	(2,676.0)	(3,206.5)
Profit attributable to shareholders of the Company	**1,249.2**	1,151.5	1,096.2	18,160.1	23,338.1
Dividend per share (HK$)					
Interim	**0.56**	0.56	0.56	0.56	0.56
Final	**1.50**	1.50	1.48	1.48	1.36
Full year	**2.06**	2.06	2.04	2.04	1.92
Earnings per share (HK$)					
Basic	**0.50**	0.45	0.43	7.11	9.36
Diluted	**0.50**	0.45	0.43	7.11	9.34

Dividend per share and earnings per share for the years ended 30 June 2018 and 2019 had been adjusted on the assumption that the share consolidation had been effective in the prior years.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	2022 HK$m	2021 HK$m (restated)	2020 HK$m	2019 HK$m	2018 HK$m
Assets					
Investment properties, property, plant and equipment and land use rights, right-of-use assets and intangible concession rights	**250,214.6**	240,582.4	222,337.2	215,537.7	192,135.4
Intangible assets, value of business acquired and deferred acquisition costs	**15,970.0**	15,352.5	14,767.3	3,464.5	3,782.0
Interests in joint ventures, associated companies, other investments and other non-current assets	**176,531.5**	163,457.0	180,819.5	134,118.0	113,482.3
Current assets	**193,167.8**	207,685.5	182,271.9	150,164.7	172,055.1
Total assets	**635,883.9**	627,077.4	600,195.9	503,284.9	481,454.8
Equity					
Share capital	**78,382.1**	78,373.3	78,225.7	77,875.3	77,525.9
Reserves	**134,978.0**	144,955.5	134,797.6	145,989.2	138,724.0
Shareholders' funds	**213,360.1**	223,328.8	213,023.3	223,864.5	216,249.9
Perpetual capital securities	**47,614.2**	48,938.2	37,092.0	21,505.5	9,451.8
Non-controlling interests	**27,124.5**	31,925.4	29,629.8	29,994.5	29,480.2
Total equity	**288,098.8**	304,192.4	279,745.1	275,364.5	255,181.9
Current liabilities	**172,782.3**	149,561.3	152,609.4	101,256.6	94,689.3
Non-current liabilities	**174,972.3**	173,323.7	167,841.4	126,663.8	131,583.6
Total equity and liabilities	**635,883.9**	627,077.4	600,195.9	503,284.9	481,454.8

Principal Projects Summary

HOTEL

No.	Name Of Project	Total Number of Rooms
	Hong Kong	
1	Grand Hyatt Hong Kong	542
2	Renaissance Harbour View Hotel	858
3	Hyatt Regency Hong Kong, Tsim Sha Tsui	381
4	Hyatt Regency Hong Kong, Sha Tin	562
	Subtotal	**2,343**
	Mainland China	
5	Rosewood Beijing	283
6	New World Beijing Hotel	309
7	pentahotel Beijing	307
8	New World Shunde Hotel	177
9	New World Wuhan Hotel	327
10	KHOS Langfang	294
11	KHOS Shenyang	400
	Subtotal	**2,097**
	Southeast Asia	
12	New World Makati Hotel, The Philippines	578
13	New World Saigon Hotel, Vietnam	533
14	Renaissance Riverside Hotel Saigon, Vietnam	336
15	Rosewood Phuket, Thailand	71
	Subtotal	**1,518**
	Grand Total	**5,958**

MAJOR PROPERTY DEVELOPMENT PROJECTS IN HONG KONG

No.	Name of Property Development Projects	Site Area (sq ft)	Total GFA (sq ft)	The Group's Interest
	Hong Kong Island			
1	4A-4P Seymour Road, Mid-levels	52,466	472,194	35.00%
	– Phase 1			
	– Phase 2			
2	277-291 King's Road, North Point	36,177	445,452	63.52%
3	The Southside Package 5	95,563	636,152	50.00%
	Subtotal	**184,206**	**1,563,798**	
	Kowloon			
4	83 Wing Hong Street, New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan	30,925	363,392	100.00%
5	New Kowloon Inland Lot No. 6574, 4B3, Kai Tak	104,475	574,615	29.30%
6	New Kowloon Inland Lot No. 6552, 4C2, Kai Tak	105,110	641,258	18.00%
7	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak	103,151	722,060	10.00%
8	New Kowloon Inland Lot No. 6591, 4B4, Kai Tak	104,497	574,733	50.00%
9	53-55A Kwun Tong Road	61,499	441,015	20.00%
10	530-538 Canton Road, Jordan	3,004	27,036	100.00%
11	52-56 Kwun Chung Street, Jordan	2,900	24,468	100.00%
12	Yau Tong Redevelopment Project, Kowloon East	808,397	3,982,722	10.88%
	Subtotal	**1,323,958**	**7,351,299**	
	New Territories			
13	The Pavilia Farm, Tai Wai Station Property Development, STTL No. 520, Sha Tin(2)	521,107	2,050,327	
	– Phase 1			100.00%
	– Phase 2			100.00%
	– Phase 3			100.00%
14	Pak Shing Kok Ventilation Building Property Development	48,449	290,693	51.00%
15	Sha Po North (Phase 2), Yuen Long	TBD	373,240	34.81%
16	Wu Nga Lok Yeung (Phase 1), Fanling	155,348	932,089	50.00%
17	Tsat Sing Kong, Kam Tin, Yuen Long	166,734	66,694	100.00%
18	Lung Tin Tsuen (Phase 2), Yuen Long	88,157	440,789	100.00%
19	Lung Tin Tsuen (Phase 4), Yuen Long	55,758	278,788	100.00%
20	Sha Ha, Sai Kung	618,205	927,308	77.19%
21	Ma Shi Po, Fanling	234,020	1,404,120	7.15%
22	Lin Barn Tsuen, Yuen Long	1,485,238	2,227,857	63.67%
23	Wing Kei Tsuen, Yuen Long	700,962	1,051,444	100.00%
24	Ngau Tam Mei, Yuen Long	239,973	1,199,863	90.81%
25	Lau Fau Shan, Yuen Long	220,178	660,533	100.00%
26	Tong Yan San Tsuen (Phase 3), Yuen Long	101,833	101,833	100.00%
27	Tong Yan San Tsuen (Phase 4), Yuen Long	206,507	743,426	100.00%
	Subtotal		**12,749,004**	
	Grand Total		**21,664,101**	

Remarks:
(1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation/Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; TBD=To be determined
(2) Property in which the Group is entitled to a share of development profits in accordance with the terms and conditions of the respective development agreement

Attributable GFA Residential (sq ft)	Retail (sq ft)	Office (sq ft)	Others (sq ft)	Total Attributable GFA (s.f.)	Stage of Completion[1]
77,691				77,691	S
87,577				87,577	S
128,229	49,509	83,630	27,935	289,303	F
318,076				318,076	S
611,573	**49,509**	**83,630**	**27,935**	**772,647**	
	5,914	355,497	4,399	365,810	S
168,362				168,362	S
111,539	3,888			115,427	S
72,206				72,206	S
287,367				287,367	S
88,203				88,203	S
22,530	4,506			27,036	P
21,749	2,719			24,468	P
422,607	10,793			433,400	LE
1,194,563	**27,820**	**355,497**	**4,399**	**1,582,279**	
493,098				493,098	OP
868,085				868,085	OP
689,144				689,144	S
148,253				148,253	P
129,925				129,925	
388,371	77,674			466,045	LE
66,694				66,694	LE
440,789				440,789	LE
278,788				278,788	LE
715,789				715,789	LE
83,604	16,721			100,325	LE
1,418,477				1,418,477	P
1,051,444				1,051,444	P
1,089,596				1,089,596	P
660,533				660,533	P
101,833				101,833	P
743,426				743,426	P
9,367,849	**94,395**			**9,462,244**	
11,173,985	**171,724**	**439,127**	**32,334**	**11,817,170**	

MAJOR PROPERTY INVESTMENT AND OTHER PROJECTS IN HONG KONG

No.	Name of Project	Total GFA (sq ft)	Total Attributable GFA (sq ft)
	COMPLETED		
	Hong Kong Island		
1	Manning House, Central	110,040	110,040
2	New World Tower, Central	640,135	640,135
3	K11 ATELIER King's Road, 704-730 King's Road, North Point	487,504	487,504
4	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai	87,999	87,999
5	Grand Hyatt Hong Kong	524,928	262,464
6	Renaissance Harbour View Hotel	544,518	272,259
7	Pearl City, Causeway Bay – Ground Floor to 4th Floor	53,691	21,476
8	Methodist House, Wan Chai(1)	40,813	40,405
	Subtotal	**2,489,628**	**1,922,282**
	Kowloon		
9	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,307	435,307
	Rosewood Hotel & Residences of Victoria Dockside, Tsim Sha Tsui	1,106,055	1,106,055
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,028,791	1,028,791
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,862	379,862
10	K11, Tsim Sha Tsui	335,939	335,939
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,877	138,939
11	pentahotel Hong Kong, Kowloon	285,601	285,601
12	KOHO, Kwun Tong	204,514	204,514
13	THE FOREST, Mong Kok(1)	53,337	26,669
14	ARTISAN HUB, San Po Kong	64,519	64,519
15	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin	10,552	5,382
16	Artisan Lab, 21 Luk Hop Street, San Po Kong	120,292	120,292
	Subtotal	**4,302,646**	**4,131,870**
	New Territories		
17	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518
18	D•PARK, Tsuen Wan	466,404	466,404
19	Hyatt Regency Hong Kong, Sha Tin(1)	538,000	538,000
20	PARK SIGNATURE, Yuen Long	24,155	24,155
	Subtotal	**10,357,559**	**4,219,077**
	Grand Total	**17,149,833**	**10,273,229**
	TO BE COMPLETED/UNDER CONSTRUCTION		
21	New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan	997,833	997,833
22	11 SKIES, SKYCITY Project(1)	3,767,400	3,767,400
	Grand Total	**21,915,066**	**15,038,462**

Remarks:

(1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion

(2) Meeting rooms

(3) Logistics centre

(4) Industrial

(5) Total number of carpark of Victoria Dockside

(6) Residence or hotel leased out

Retail (sq ft)	Office (sq ft)	Hotel (sq ft)	Others (sq ft)	Total Number of Carpark	Land Lease Expiry
63,383	46,657				2843
77,948	562,187			385	2863
7,160	480,344			165	2083/2088/2090
69,173			18,826[2]	1,070	2060
		262,464			2060
		272,259			2060
21,476					2868
	40,405				2084
239,140	**1,129,593**	**534,723**	**18,826**	**1,620**	
	435,307				2052
			1,106,055[6]		2052
1,028,791				1,116[5]	2052
			379,862[6]		2052
335,939				240	2057
		138,939			2057
		285,601			2057
1,567	202,947			28	2047
26,669				7	2062
31,087	33,432				2047
5,382					2081
			120,292[4]		2047
1,429,435	**671,686**	**424,540**	**1,606,209**	**1,391**	
			3,190,518[3]		2047
466,404				1,000	2047
		538,000		100	2047
24,155					2058
490,559	**–**	**538,000**	**3,190,518**	**1,100**	
2,159,134	**1,801,279**	**1,497,263**	**4,815,553**	**4,111**	
42,718	955,115				2067
TBD	TBD		TBD		2066
2,201,852	**2,756,394**	**1,497,263**	**4,815,553**	**4,111**	

MAJOR PROPERTY DEVELOPMENT PROJECTS IN MAINLAND CHINA

No	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Southern Region (The Greater Bay Area)		
1	Guangzhou	Guangzhou Covent Garden Remaining Phases (Area 4)	Subsidiary	100%
2	Guangzhou	Guangzhou Park Paradise Remaining Phases	Subsidiary	100%
3	Guangzhou	New World Zengcheng Comprehensive Development Project	Subsidiary	100%
4	Guangzhou	Guangzhou Hanxi Comprehensive Development Project	Subsidiary	65%
5	Guangzhou	Zengcheng International Community Project	Subsidiary	100%
6	Guangzhou	Panyu International School Project Phase 1	Subsidiary	100%
	Guangzhou	Panyu International School Project Phase 2	Subsidiary	100%
	Guangzhou	Panyu International School Project Phase 3	Subsidiary	100%
	Guangzhou	Panyu International School Project Phase 4	Subsidiary	100%
7	Foshan	Canton First Estate CF32	Subsidiary	90%
	Foshan	Canton First Estate CF21	Subsidiary	90%
	Foshan	Canton First Estate CF03	Subsidiary	90%
	Foshan	Canton First Estate CF28	Subsidiary	90%
	Foshan	Canton First Estate CF33	Subsidiary	90%
	Foshan	Canton First Estate CF40	Subsidiary	90%
	Foshan	Canton First Estate CF23	Subsidiary	90%
	Foshan	Canton First Estate CF37	Subsidiary	90%
	Foshan	Canton First Estate CF24	Subsidiary	90%
	Foshan	Canton First Estate CF25	Subsidiary	90%
	Foshan	Canton First Estate CF34	Subsidiary	90%
	Foshan	Canton First Estate CF26	Subsidiary	90%
	Foshan	Canton First Estate CF22	Subsidiary	90%
	Foshan	Canton First Estate CF36	Subsidiary	90%
	Foshan	Canton First Estate CF04	Subsidiary	90%
	Foshan	Canton First Estate CF05	Subsidiary	90%
	Foshan	Canton First Estate CF18	Subsidiary	90%
	Foshan	Canton First Estate CF14	Subsidiary	90%
	Foshan	Canton First Estate CF39	Subsidiary	90%
	Foshan	Canton First Estate CF08	Subsidiary	90%
	Foshan	Canton First Estate Remaining Phases	Subsidiary	90%
8	Shenzhen	Qianhai CTF Financial Tower Project	Subsidiary	30%
9	Shenzhen	Shenzhen Prince Bay Project DY04-01	Subsidiary	51%
	Shenzhen	Shenzhen Prince Bay Project DY04-02	Subsidiary	51%
	Shenzhen	Shenzhen Prince Bay Project DY04-04	Subsidiary	51%
10	Huizhou	Huizhou Changhuyuan Phase 4	Joint venture	63%
		Subtotal		

Remarks:
(1) TBC: To Be Confirmed
(2) Certain property development projects will be classified as investment properties upon Completion

Total GFA (excl. carparks and others) (sq m)	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Development Status	Expected Completion Date
228,738	225,208	3,530	–	–	99,225	Under planning	Jun 2025
112,372	87,339	25,033	–	–	15,518	Under development	Jun 2023
185,251	–	13,787	142,305	29,159	104,399	Under development	Sep 2022
287,599	145,067	81,000	61,532	–	221,179	Under development	Oct 2024
311,490	276,780	34,710	–	–	143,666	Under development	Oct 2023
–	–	–	–	–	29,229	Under development	Dec 2022
–	–	–	–	–	33,268	Under development	Mar 2023
–	–	–	–	–	26,331	Under development	Oct 2023
–	–	–	–	–	62,196	Under development	Jun 2024
83,242	82,149	1,093	–	–	28,047	Under development	Jun 2022
52,854	52,854	–	–	–	28,742	Under development	Jan 2023
37,192	37,192	–	–	–	11,570	Under development	Mar 2023
30,993	30,993	–	–	–	12,397	Under development	Oct 2023
53,213	53,213	–	–	–	21,285	Under planning	Apr 2025
18,701	18,701	–	–	–	7,480	Under planning	TBC
3,771	3,771	–	–	–	–	Under planning	TBC
23,009	23,009	–	–	–	–	Under planning	TBC
16,563	16,563	–	–	–	–	Under planning	TBC
3,130	3,130	–	–	–	–	Under planning	TBC
15,225	15,225	–	–	–	–	Under planning	TBC
20,134	20,134	–	–	–	11,506	Under planning	TBC
15,123	15,123	–	–	–	–	Under planning	TBC
23,814	23,814	–	–	–	9,526	Under planning	TBC
2,525	2,525	–	–	–	–	Under planning	Sep 2024
78,864	78,864	–	–	–	28,391	Under planning	Sep 2024
41,144	41,144	–	–	–	–	Under planning	Dec 2024
70,286	70,286	–	–	–	36,774	Under planning	Jan 2025
27,143	27,143	–	–	–	10,857	Under planning	TBC
32,283	32,283	–	–	–	–	Under development	Nov 2024
84,891	–	–	–	84,891	49,254	Under planning	TBC
175,666	–	27,932	147,734	–	55,431	Under development	Dec 2022
121,539	–	96,790	24,749	–	61,551	Under development	Dec 2024
6,900	–	6,900	–	–	2,100	Under development	Dec 2024
96,307	–	96,307	–	–	48,593	Under development	Dec 2024
55,742	50,362	5,380	–	–	24,288	Under development	Apr 2024
2,315,704	**1,432,872**	**392,462**	**376,320**	**114,050**	**1,182,803**		

MAJOR PROPERTY DEVELOPMENT PROJECTS IN MAINLAND CHINA (CONTINUED)

No	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Central Region		
11	Wuhan	Wuhan New World • Times Phase II	Subsidiary	100%
12	Yiyang	Yiyang New World Scenic Heights Phase I F	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase I G	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase I D4-D7	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II A	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II B	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II C	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Remaining Phases	Subsidiary	100%
		Subtotal		
		Eastern Region (The Yangtze River Delta)		
13	Ningbo	Ningbo New World Plaza Land No.4	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.6	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.1	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.2	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.3	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.2A	Subsidiary	100%
14	Hangzhou	Hangzhou Wangjiang New Town Project	Subsidiary	100%
15	Shanghai	Shanghai Huangpu Huaihai Middle Road Land	Subsidiary	98%
		Subtotal		
		Northern Region		
16	Jinan	Jinan New World Sunshine Garden District BC	Subsidiary	100%
17	Beijing	Beijing New View Garden Commercial Centre Remaining Phases	Joint venture	70%
18	Beijing	Beijing Xin Yu Garden Commercial Centre	Joint venture	70%
	Beijing	Beijing Xin Yu Garden Commercial Centre Remaining Phases	Joint venture	70%
19	Langfang	Langfang New World Garden District 2	Subsidiary	100%
		Subtotal		
		North-eastern Region		
20	Shengyang	Shenyang New World Garden Phase 2C2	Subsidiary	100%
	Shengyang	Shenyang New World Garden Phase 2FG	Subsidiary	100%
21	Shengyang	Shenyang New World Centre SA3	Subsidiary	100%
	Shengyang	Shenyang New World Centre SA1	Subsidiary	100%
	Shengyang	Shenyang New World Centre SA2	Subsidiary	100%
	Shengyang	Shenyang New World Centre O1	Subsidiary	100%
	Shengyang	Shenyang New World Centre O2	Subsidiary	100%
22	Anshan	Anshan New World Garden Phase 2 B3	Subsidiary	100%
	Anshan	Anshan New World Garden Phase 2C	Subsidiary	100%
		Subtotal		
		Grand Total		

Remarks:
(1) TBC: To Be Confirmed
(2) Certain property development projects will be classified as investment properties upon Completion

Total GFA (excl. carparks and others) (sq m)	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Development Status	Expected Completion Date
265,731	–	25,237	240,494	–	114,200	Under planning	Dec 2027
19,826	19,826	–	–	–	–	Under planning	TBC
12,898	12,898	–	–	–	–	Under planning	TBC
66,200	63,846	2,354	–	–	20,990	Under development	Aug 2024
58,732	–	58,732	–	–	10,977	Under planning	TBC
18,019	17,054	965	–	–	–	Under planning	TBC
107,910	99,675	8,235	–	–	21,221	Under planning	TBC
138,305	138,305	–	–	–	48,980	Under planning	TBC
687,621	**351,604**	**95,523**	**240,494**	**–**	**216,368**		
58,163	–	25,189	32,974	–	25,379	Under development	Oct 2024
7,822	–	7,822	–	–	58,254	Under development	Oct 2024
16,238	–	16,238	–	–	18,193	Under development	Oct 2024
24,489	–	18,804	5,685	–	15,617	Under development	Oct 2024
19,701	–	19,701	–	–	12,749	Under development	Oct 2024
14,357	–	6,058	8,299	–	7,844	Under development	Oct 2024
447,500	149,451	185,239	87,810	25,000	292,683	Under development	Mar 2024
92,133	–	52,250	39,883	–	35,064	Under development	2026
680,403	**149,451**	**331,301**	**174,651**	**25,000**	**465,783**		
62,404	–	5,697	37,162	19,545	18,433	Under development	TBC
16,400	–	1,960	14,440	–	5,420	Under planning	TBC
60,925	–	60,925	–	–	48,689	Under planning	TBC
431,314	236,590	180,224	14,500	–	319,340	Under planning	TBC
17,860	17,860	–	–	–	23,378	Under development	Dec 2024
588,903	**254,450**	**248,806**	**66,102**	**19,545**	**415,260**		
228,055	217,169	10,886	–	–	41,687	Under development	Nov 2023
69,231	–	69,231	–	–	27,905	Planning completed	Aug 2025
75,354	75,354	–	–	–	–	Under development	Aug 2022
107,589	107,589	–	–	–	–	Under development	Oct 2022
104,142	104,142	–	–	–	–	Under development	Sep 2022
94,616	–	–	94,616	–	–	Under planning	TBC
94,616	–	–	94,616	–	–	Under planning	TBC
16,273	15,643	630	–	–	–	Planning completed	Apr 2024
143,315	141,130	2,185	–	–	41,260	Under planning	TBC
933,191	**661,027**	**82,932**	**189,232**	**–**	**110,852**		
5,205,822	**2,849,404**	**1,151,024**	**1,046,799**	**158,595**	**2,391,066**		

MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA

No	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Southern Region (The Greater Bay Area)		
1	Guangzhou	Guangzhou Covent Garden	Subsidiary	100%
2	Guangzhou	Guangzhou Park Paradise	Subsidiary	100%
	Guangzhou	Guangzhou Park Paradise Area 6	Subsidiary	100%
3	Guangzhou	Guangzhou Xintang New World Garden	Joint venture	63%
4	Guangzhou	Guangzhou Central Park-view-L4 Area	Subsidiary	91%
	Guangzhou	Guangzhou Central Park-view-L8 Area	Subsidiary	91%
	Guangzhou	Guangzhou Central Park-view-L13 Area	Subsidiary	91%
5	Guangzhou	Guangzhou New World Oriental Garden No 5	Subsidiary	100%
	Guangzhou	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%
6	Guangzhou	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 3	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 4	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 5	Subsidiary	100%
7	Foshan	Canton First Estate CF19A	Subsidiary	90%
	Foshan	Canton First Estate CF19A (T5, T6)	Subsidiary	90%
	Foshan	Canton First Estate CF19B	Subsidiary	90%
8	Shenzhen	Shenzhen New World Signature Hill	Subsidiary	100%
9	Huizhou	Huizhou Changhuyuan Phase 1	Joint venture	63%
	Huizhou	Huizhou Changhuyuan Phase 2B	Joint venture	63%
	Huizhou	Huizhou Changhuyuan Phase 3	Joint venture	63%
10	Shunde	Shunde New World Centre	Joint venture	42%
11	Shunde	New World Shunde Hotel	Joint venture	25%
12	Qingyuan	KHOS Qingyuan	Subsidiary	100%
		Subtotal		
		Central Region		
13	Wuhan	Wuhan Guanggu New World A	Subsidiary	100%
	Wuhan	Wuhan Guanggu New World B	Subsidiary	100%
14	Wuhan	Wuhan New World International Trade Tower I	Subsidiary	100%
	Wuhan	Wuhan New World International Trade Tower II	Subsidiary	100%
15	Wuhan	Wuhan New World Centre	Subsidiary	100%
16	Wuhan	Wuhan K11	Subsidiary	100%
17	Wuhan	Wuhan K11 Select	Subsidiary	100%
18	Wuhan	New World Wuhan Hotel	Joint venture	60%
		Subtotal		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
23,751	–	23,751	–	–	25,146	–
160,326	40,078	58,602	–	61,646	32,891	–
–	–	–	–	–	704	–
27,299	–	27,299	–	–	10,080	–
–	–	–	–	–	3,382	–
47,277	29,869	17,408	–	–	5,157	–
–	–	–	–	–	7,526	–
–	–	–	–	–	3,335	–
6,930	–	6,930	–	–	–	–
–	–	–	–	–	520	–
–	–	–	–	–	1,921	–
–	–	–	–	–	1,429	–
–	–	–	–	–	49	–
–	–	–	–	–	2,709	–
11,043	11,043	–	–	–	–	–
–	–	–	–	–	11,690	–
–	–	–	–	–	8,017	–
303	–	303	–	–	6,952	–
–	–	–	–	–	150	–
51	–	51	–	–	10,208	–
26,723	–	26,723	–	–	14,940	–
36,524	–	–	–	36,524	–	–
47,667	–	–	–	47,667	3,842	–
387,894	**80,990**	**161,067**	**–**	**145,837**	**150,648**	**–**

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
58,714	–	–	–	58,714	6,775	–
2,159	–	2,159	–	–	–	–
104,556	–	–	104,556	–	17,237	–
9,986	–	–	9,986	–	–	–
2,449	–	2,449	–	–	–	–
146,330	–	95,011	51,319	–	64,875	–
57,155	–	56,354	801	–	55,437	–
29,974	–	–	563	29,411	5,639	–
411,323	**–**	**155,973**	**167,225**	**88,125**	**149,963**	**–**

MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA (CONTINUED)

No	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Easter Region (The Yangtze River Delta Region)		
19	Shanghai	Shanghai Regent Place carpark	Joint venture	30%
20	Ningbo	Ningbo New World Plaza Land No.5	Subsidiary	100%
21	Nanjing	Nanjing New World Centre	Subsidiary	100%
		Subtotal		
		Northern Region		
22	Beijing	Beijing New World Centre Phase I	Joint venture	70%
	Beijing	Beijing New World Centre Phase II	Subsidiary	100%
23	Beijing	Beijing Zhengren Building	Subsidiary	100%
24	Beijing	Beijing New World Garden	Subsidiary	100%
25	Beijing	Beijing Xin Yang Commercial Building	Subsidiary	100%
26	Beijing	Beijing Xin Cheng Commercial Building	Subsidiary	100%
27	Beijing	Beijing Xin Yi Garden	Joint venture	70%
28	Beijing	Beijing New View Garden	Joint venture	70%
29	Beijing	Beijing Xin Yu Garden	Joint venture	70%
30	Beijing	Beijing Xin Kang Garden	Joint venture	70%
31	Beijing	Beijing New View Garden Commercial Centre	Joint venture	70%
32	Beijing	Beijing Baoding Building Shopping Arcade	Subsidiary	100%
33	Beijing	Pentahotel Beijing	Joint venture	55%
34	Beijing	New World Beijing Hotel	Joint venture	70%
35	Beijing	Rosewood Beijing	Subsidiary	82%
36	Tianjin	Tianjin Xin An New World Plaza	Subsidiary	100%
37	Tianjin	Tianjin Xin Hui Hua Ting	Subsidiary	100%
38	Langfang	Langfang New World Centre B	Subsidiary	100%
39	Langfang	KHOS Langfang	Subsidiary	100%
40	Tangshan	Tangshan New World Centre Phase 2	Subsidiary	100%
41	Jinan	Jinan New World Sunshine Garden East 2	Subsidiary	100%
	Jinan	Jinan New World Sunshine Garden West	Subsidiary	100%
		Subtotal		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
–	–	–	–	–	3,722	–
125,378	–	1,285	81,172	42,921	2,145	–
41,712	–	41,712	–	–	–	–
167,090	**–**	**42,997**	**81,172**	**42,921**	**5,867**	**–**
74,232	–	74,232	–	–	19,956	–
47,345	–	47,345	–	–	27,014	–
–	–	–	–	–	16,415	–
–	–	–	–	–	34,544	–
–	–	–	–	–	3,439	–
–	–	–	–	–	8,051	–
–	–	–	–	–	43,708	–
4,030	–	4,030	–	–	15,988	–
3,603	–	3,603	–	–	21,197	–
12,011	–	12,011	–	–	28,185	–
23,182	–	–	12,968	–	4,431	10,214
40,286	–	40,286	–	–	22,000	–
23,988	–	–	–	23,988	–	–
53,998	–	–	–	53,998	–	–
58,262	–	–	–	58,262	–	–
84,278	–	78,283	5,995	–	11,284	–
25,876	–	25,876	–	–	–	–
7,016	–	7,016	–	–	–	–
46,421	–	–	–	46,421	–	–
86,064	–	37,775	48,289	–	–	–
1,009	–	1,009	–	–	10,247	–
4,000	–	4,000	–	–	–	–
595,601	**–**	**335,466**	**67,252**	**182,669**	**266,459**	**10,214**

MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA (CONTINUED)

No	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		North-eastern Region		
42	Shenyang	Shenyang New World Garden Phase 1 AB	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 D	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 E	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 A	Subsidiary	100%
	Shenyang	Shenyang New World Garden Commercial Building	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 B	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 XA	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 D1	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 D2	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 E	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 C1	Subsidiary	100%
43	Shenyang	Shenyang New World Commercial Centre Phase 1	Subsidiary	100%
	Shenyang	Shenyang New World Commercial Centre Phase 2	Subsidiary	100%
44	Shenyang	Shenyang New World Centre	Subsidiary	100%
45	Shenyang	KHOS Shenyang	Subsidiary	100%
46	Shenyang	Shenyang K11	Subsidiary	100%
47	Anshan	Anshan New World Garden	Subsidiary	100%
48	Dailian	Dalian New World Plaza	Subsidiary	88%
49	Dailian	Dalian New World Tower	Subsidiary	100%
		Subtotal		
		Grand Total		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
–	–	–	–	–	5,500	–
–	–	–	–	–	10,372	–
5,039	–	5,039	–	–	22,517	–
4,602	–	4,602	–	–	125,232	–
3,859	–	3,859	–	–	–	–
–	–	–	–	–	46,134	–
603	–	–	603	–	–	–
626	–	626	–	–	42,405	–
6,661	–	6,661	–	–	46,807	–
–	–	–	–	–	16,138	–
18,987	–	18,987	–	–	37,652	–
–	–	–	–	–	8,710	–
–	–	–	–	–	19,354	–
129,840	–	–	–	29,924	138,018	99,916
69,751	–	–	–	69,751	–	–
257,037	–	257,037	–	–	38,900	–
2,349	–	2,349	–	–	141,517	–
49,413	–	49,413	–	–	19,783	–
52,835	–	–	–	52,835	21,915	–
601,602	**–**	**348,573**	**603**	**152,510**	**740,954**	**99,916**
2,163,510	**80,990**	**1,044,076**	**316,252**	**612,062**	**1,313,891**	**110,130**

MAJOR BUSINESS OF NWSH

A. Roads

No.	Project Name	Length	NWSH's Attributable Interest	NWSH's Form of Investment	Operation Date	Year of Expiry
	Guangdong Province					
1	Guangzhou City Northern Ring Road	22 km	65.29%	CJV	January 1994	2023
2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)	Section 1: 8.6 km Section 2: 49.59 km	25.00%	CJV	December 1999	2030
3	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	27 km	15.00%	CJV	December 2005	2032
4	Guangzhou-Zhaoqing Expressway	Phase 1: 48 km Phase 2: 5.39 km	25.00%	CJV	Phase 1: September 2002 Phase 2: September 2010	2031
5	Shenzhen-Huizhou Expressway (Huizhou Section)	34.7 km	33.33%	CJV	June 1993	2023
6	Guangzhou Dongxin Expressway	46.22 km	45.90%	Equity	December 2010	2035
7	Guangzhou City Nansha Port Expressway	72.4 km	22.50%	Equity	December 2004	2030
8	Guangdong E-serve United Co., Ltd.	N/A	1.02%	Equity	January 2013	N/A
	Zhejiang Province					
9	Hangzhou Ring Road	103.4 km	100.00%	Equity	January 2005	2029
	Shanxi Province					
10	Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	36.02 km	60%†	CJV	April 1999	2025
11	Roadway No. 309 (Changzhi Section)	22.2 km	60%†	CJV	July 2000	2023
12	Taiyuan – Changzhi Roadway (Changzhi Section)	18.3 km	60%†	CJV	August 2000	2023
	Tianjin Municipality					
13	Tangjin Expressway (Tianjin North Section)	Section 1: 43.45 km Section 2: 17.22 km	60%††	CJV	Section 1: December 1998 Section 2: December 2000	2039
	Hubei Province					
14	Hubei Suiyuenan Expressway	98.06 km	30.00%	EJV	March 2010	2040
	Hunan Province					
15	Hubei Laogu Expressway	39.28 km	1%#	EJV	May 2020	2050
16	Hunan Sui-Yue Expressway	24.08 km	40.00%	EJV	December 2011	2039
17	Hunan Changliu Expressway	65 km	100.00%	Equity	October 2013	2043

Remarks:

†	Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%
††	Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%
CJV:	Co-operative Joint Venture (profit sharing percentage)
EJV:	Equity Joint Venture (percentage of equity interest)
N/A:	Not applicable
#	Traffic flow for the period from March to June 2022 as the acquisition of 1% interest (and convertible shareholder loan equivalent to 24% interest) was completed in March 2022

B. Aviation

No.	Name of Company	No. of Aircraft Owned	NWSH's Attributable Interest	NWSH's Form of Investment
1	Goshawk Aviation Limited**	2020: 162 2021: 162 2022: 162	50.00%	Equity

C. Construction

No.	Name of Company	Services Offered	NWSH's Attributable Interest	Total Value of Contracts
1	Hip Hing Construction Group	General contracting, construction management, civil engineering works and foundation works	100.00%	Contracts awarded this year: HK$23.8 billion Contracts on hand: HK$62.2 billion (works to be completed: HK$37.1 billion)

D. Insurance

No.	Name of Company	Services Offered	NWSH's Attributable Interest	No. of Agents	Solvency Ratio
1	FTLife Insurance Company Limited	Provision of financial protection and wealth management services to individual and institutional clients from a diverse portfolio	100.00%	Approximately 3,000	342%

Remarks:

** In May 2022, Goshawk contracted to dispose of its commercial aircraft leasing platform, excluding any Goshawk aircraft leased to Russian airlines. Completion of the Transaction is subject to satisfaction of conditions and the exercise of any termination right

Glossary of Terms

GENERAL TERMS

CEO	Chief Executive Officer
EUR	Euro, the official currency of Eurozone
FY	Fiscal year, 1 July to 30 June
Group	NWD and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HK	Hong Kong
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
HK$m	million of Hong Kong dollar(s)
HKEx or Stock Exchange	The Stock Exchange of Hong Kong Limited
LIBOR	London Interbank Offered Rate
Listing Rules	Rules Governing the Listing of Securities on the HKEx
Mainland China or the Mainland	The People's Republic of China excluding Hong Kong, Macau and Taiwan for the purposes of this annual report
MOP	Macau Pataca, the lawful currency of Macau
MYR	Malaysian Ringgit, the official currency of Malaysia
N/A or n/a	not applicable
New World or NWD or New World Development or Company	New World Development Company Limited (新世界發展有限公司)
NWCL or New World China Land	New World China Land Limited
NWDS or New World Department Stores	New World Department Store China Limited
NWSH or NWS Holdings	NWS Holdings Limited
Peso	Philippine Peso, the official currency of the Philippines
PRC	The People's Republic of China
RMB	Renminbi, the lawful currency of PRC
SGD	Singapore dollar, the lawful currency of Singapore
TBC	To be confirmed
THB	Thailand Baht, the official currency of Thailand
US	The United States of America
US$ or USD	United States dollar(s), the lawful currency of US

FINANCIAL TERMS

EBITDA	Operating profit before depreciation and amortisation
DAC	Deferred acquisition costs
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
Gearing Ratio	Net Debt divided by total equity
HKAS	Hong Kong Accounting Standards
HKFRS	Hong Kong Financial Reporting Standards
Net Debt	The aggregate of bank loans, other loans and fixed rate bonds and notes payable less cash and bank balances
Total Debt	Net Debt plus cash and bank balances
VOBA	Value of business acquired

TECHNICAL TERMS

CJV	Co-operative joint venture
EJV	Equity joint venture
JV	Joint venture
WFOE	Wholly foreign owned enterprise

MEASUREMENTS

km	kilometre(s)
m^3	cubic metre
MW	megawatt(s), equal to 1,000kW
sq ft	square foot (feet)
sq m	square metre(s)

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