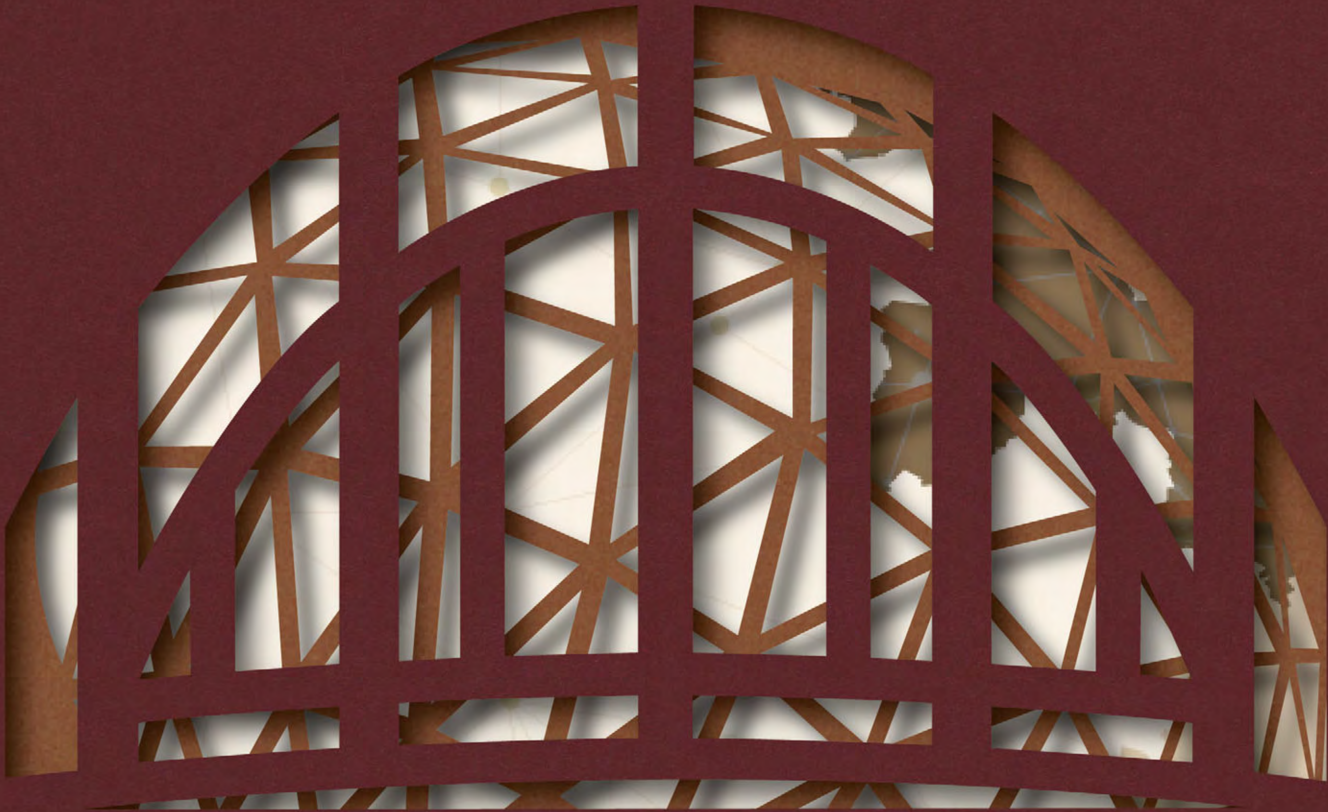
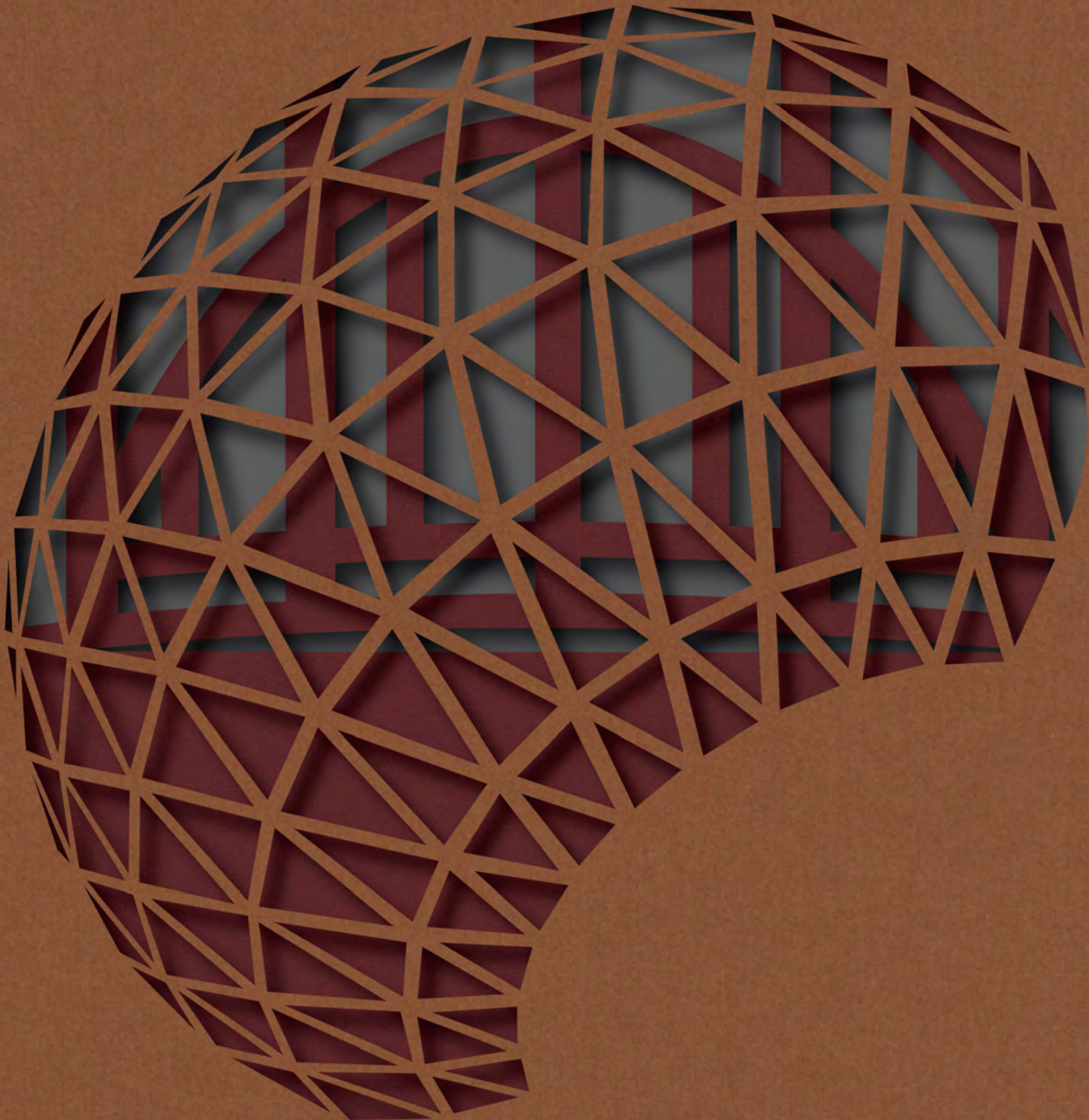


we create
we are artisans
we are csv.

New World Development Company Limited
(Stock Code: 0017)

ANNUAL REPORT 2021



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.

Content

Disclaimer

The photographs, images, drawings or sketches shown in this annual report represent an artist's impression of the development concerned only. They are not drawn to scale and/or may have been edited and processed with computerised imaging techniques. Prospective purchasers should make reference to the sales brochure for details of the development. The vendor also advises prospective purchasers to conduct an on-site visit for a better understanding of the development site, its surrounding environment and the public facilities nearby.

All parties engaged in the production of this annual report have made their best efforts to ensure the highest accuracy of all information, photographs, images, drawings or sketches herein contained as to the printing of this annual report and to minimise the existence of clerical errors. Readers are invited to make enquires to sales personnel or consult relevant professionals for verification of doubts or particulars of specific items.

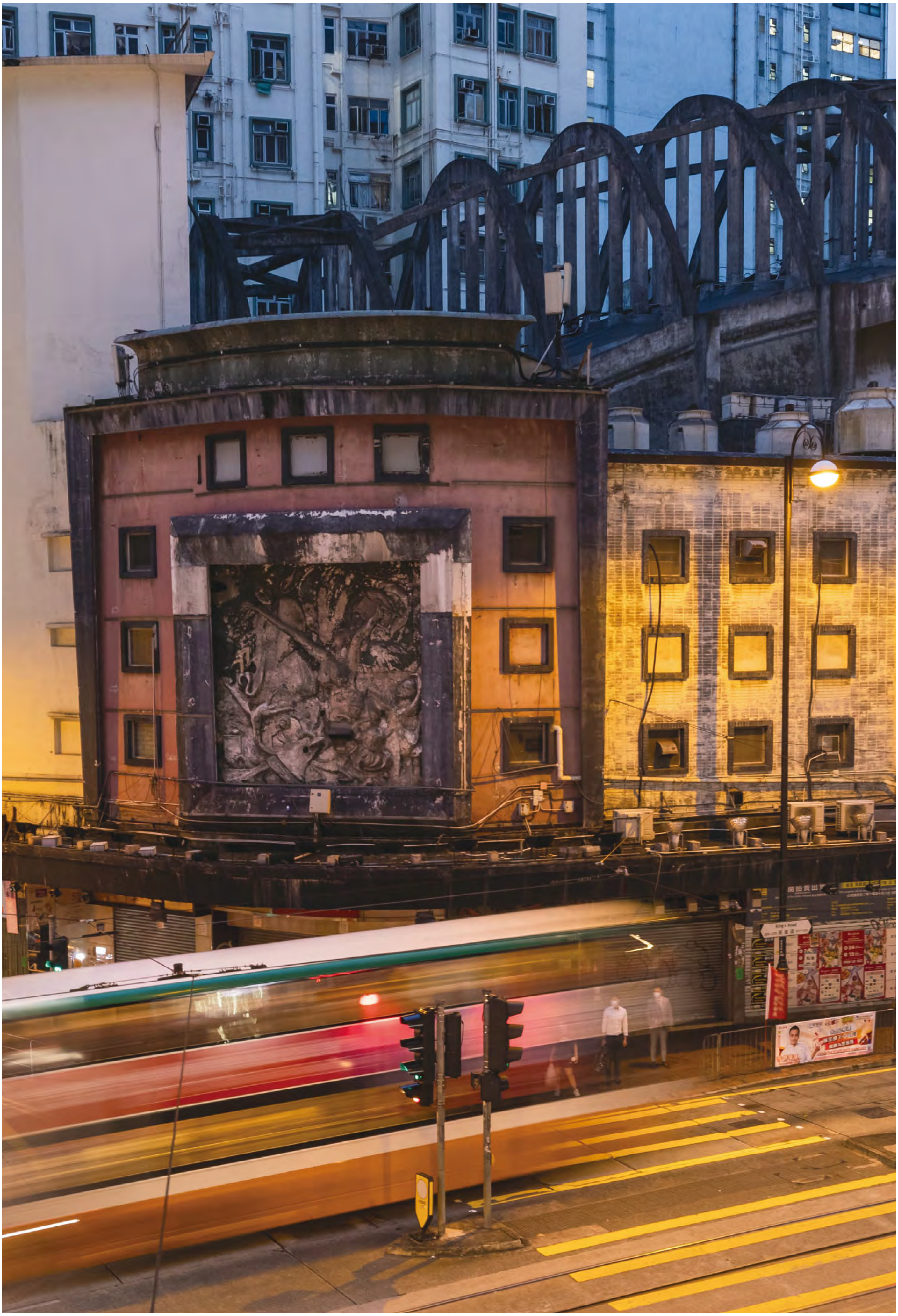
If there is any inconsistency or conflict between the English and the Chinese versions, the English version shall prevail.

WE

CREATE

we create
we are artisans
we are csv


WE
CREATE



WE ARE ARTISANS

we create
we are artisans
we are csv.

WE ARE ARTISANS


K11
MUSEA
MoMA


K11
MUSEA
SAINT LAURENT
GUCCI
Cartier

WE ARE
CSV

we create
we are artisans
we are csv.


WE ARE
OSV

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 2021

Financial Highlights

	FY2021 HK$ m	FY2020 HK$ m
Revenues	**68,233.2**	59,007.8
Segment results[1]	**14,167.0**	13,710.5
Changes in fair value of investment properties	**1,135.6**	1,653.2
Underlying profit	**6,978.0**	6,588.9
Dividend per share (HK$)[2]		
Interim	**0.56**	0.56
Final	**1.50**	1.48
Full-year	**2.06**	2.04

	As at 30 June 2021 HK$ m	As at 30 June 2020 HK$ m
Total assets	**627,077.4**	600,195.9
Cash and bank balances (including restricted bank balances)	**61,955.1**	67,435.6
Undrawn facilities from banks	**56,599.4**	39,303.3
Net debt[3]	**108,194.8**	116,458.6
Net gearing ratio[4] (%)	**35.6**	41.6

RESULTS HIGHLIGHTS

- FY2021 full year dividend is HK$2.06 per share, increased HK$0.02 per share compared to FY2020 (after share consolidation), maintains prevailing sustainable and progressive dividend policy
- The Group's attributable contracted sales in Hong Kong amounted to about HK$42.4 billion, which exceeded its FY2021 Hong Kong contracted sales target of HK$20 billion
- The Group's overall contracted sales in Mainland China amounted to about RMB20.2 billion, which exceeded target for the year
- Robust 23% YOY growth in segment result of property investment following a steady improvement in the overall average occupancy rate of its large-scale integrated project Victoria Dockside and K11 ATELIER King's Road
- Continuous stringent cost control efforts as evidenced by the 12% YOY decrease in recurring administrative and other operating expenses
- Non-core asset disposal amounted to approximately HK$18 billion in FY2021, exceeded its target of HK$13 billion to HK$15 billion for the year

Remarks:

(1) Include share of results of joint ventures and associated companies, but exclude changes in fair value of investment properties

(2) 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"). The impact of share consolidation is reflected on the interim dividend per share in FY2020

(3) The aggregate of bank loans, other loans, fixed rate bonds and other borrowings less cash and bank balances

(4) Net debt divided by total equity

Chairman's Statement

“For over 50 years, New World Group has been practicing the philosophy of “From Society, To Society”. Rooted in Hong Kong with its sights set on Greater China, the Group brings an established track record and proven models to Mainland China in investing in real estate, hotels, infrastructure, education, healthcare and other industries in ways that align with the Motherland.

New World Group will fully devote itself to this mindset and philosophy, which will promote a win-win situation for corporate development and moral character, and create even greater value for our stakeholders.”

TO OUR SHAREHOLDERS

With three quarters of 2021 already behind us, rising COVID-19 vaccination rates have triggered the restart of the global economy. Nonetheless, new variants have continued to disrupt the path towards recovery. The volatility, vulnerability and uncertainty of global geopolitics, economy and society has given me a greater understanding of gains and losses.

Some economists believe the economy and morality are mutually exclusive, the market is a "Place Absent of Morality" where transactions have nothing to do with morals, and take place in a fair and effective manner, relying solely on prices as the means of communication. However, my view is that morality and institutions not only effectively maintain socioeconomic order, but also affect operating costs. Pursuing profits at the expense of morality is bound to cause a severe predicament.

For over 50 years, New World Group has been practicing the philosophy of "From Society, To Society". Rooted in Hong Kong with its sights set on Greater China, the Group brings an established track record and proven models to Mainland China when investing in real estate, hotels, infrastructure, education, healthcare and other industries in ways that align with the Motherland.

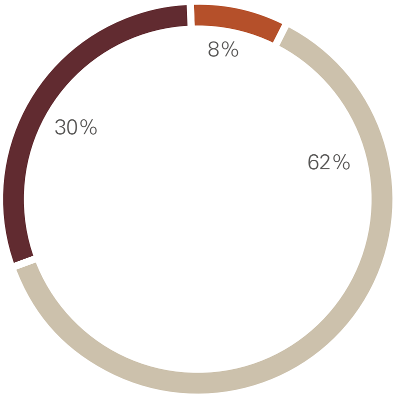
In the 90s, we actively participated in the transformation plan of urban infrastructure and dilapidated housing in Beijing. We took the initiative to undertake the reconstruction of all of Chongwen District, aside from the Temple of Heaven and Longtan Lake. In this 27-year period, we invested a total of RMB15 billion and improved the living conditions of approximately 17,000 households. Till today, we are one of the few Hong Kong-based property developers that are actively involved in the urban renewal of Shenzhen and Guangzhou. We regard ourselves to be "City Builders", meaning that it is our responsibility to improve people's livelihood, and engage in furthering the Motherland's development.

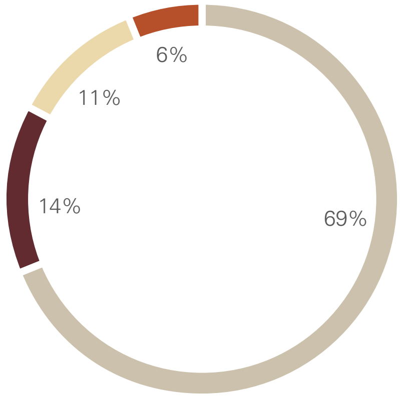
Global warming has become one of the biggest environmental and development challenges faced by all of mankind. Under the "New World Sustainability Vision 2030" established a few years ago, we set the goal of halving our carbon emission footprint by 2030/31 as a response to the Motherland's strategic decision of reaching peak carbon emissions by 2030 and carbon neutrality by 2060. We also took the initiative to shoulder social responsibilities and help the Motherland enter a new phase of development.

To conclude, in the discussion of gains and losses, I would like to borrow a phrase from "Tao Te Ching" by Lao Tse, a renowned philosopher from the Spring and Autumn Period: "the more he does for others, the happier he is; the more he gives to others, the more he has". New World Group will fully devote itself to this mindset and philosophy, which will promote a win-win situation for corporate development and moral character, and create even greater value for our stakeholders.

Dr. Cheng Kar-Shun, Henry
Chairman
Hong Kong, China, 30 September 2021

CEO’s Report





Hong Kong Landbank Total Attributable GFA
As at 30 June 2021

Approximately 9,384,700 sq ft

Hong Kong Island
Kowloon
New Territories

Hong Kong Agricultural Landbank Total Attributable Land Area
As at 30 June 2021

Approximately 16,372,900 sq ft

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

BUSINESS REVIEW

Hong Kong Property Development

Hong Kong has seen the local pandemic gradually under control since the start of 2021, as mass vaccination propels economic recovery and slashes the unemployment rate. According to the public data from the Land Registry, Hong Kong recorded a 15% year-on-year rise in the agreements for primary sale and purchase of residential building units and a 102% year-on-year uptick in the consideration of such agreements from July 2020 to June 2021, reflecting robust local demand for housing amidst persistently low interest rates.

In FY2021, the Group's revenues and segment results of property development in Hong Kong, including joint development projects, amounted to HK$7,761.6 million and HK$3,400.4 million, respectively. The contributions were attributable to residential projects including PARK VILLA, ARTISAN GARDEN, ATRIUM HOUSE and TIMBER HOUSE.

During the year under review, the Group's attributable contracted sales in Hong Kong amounted to approximately HK$42.4 billion, which were mainly contributed by residential projects including THE PAVILIA FARM and MOUNT PAVILIA and the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan. As at 30 June 2021, the Group had a total of 111 residential units available for sale in Hong Kong, of which 73 residential units were under the lead of the sales team of the Group.

During the year under review, the Group launched THE PAVILIA FARM I to III, a residential project atop Tai Wai MTR Station in Sha Tin. The project was over-subscribed by over 80 times, breaking the record of subscription tickets received in Hong Kong history. As at 30 June 2021, an aggregate of 3,028 units in the project were sold, realising nearly HK$37.4 billion in sales proceeds and surpassing the Group's FY2021 contracted sales target in Hong Kong. On 3 July 2021, the Company received a report from the project contractor who found during an inspection carried out on the same day that the concrete strength in sections of the wall base beneath Tower 1 and Tower 8 of The Pavilia Farm III did not meet the requirements of the approved design. On 6 July 2021, the Company proactively reported the matter to Mass Transit Railway Corporation and the Buildings Department and decided to demolish and rebuild the structures concerned and explained the matter to the public. The Group has announced to offer interest compensation and subsidy to affected buyers of The Pavilia Farm III.

In December 2020, sales commenced at the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan, comprising a 28-storey building with a total GFA of approximately 520,000 sq ft, which was expected to complete in April 2022. It was the first major project launched by the Group following the abolition of the Double Stamp Duty on non-residential property transactions announced by the government. As at 30 June 2021, 105 units and three entire floors of the project were sold, contributing HK$2.76 billion to the attributable contracted sales.

As at 30 June 2021, among the unrecognised attributable income from contracted sales of properties in Hong Kong, HK$3,590 million and HK$24,815 million would be booked in FY2022 and FY2023 respectively. Key projects expected to be booked in FY2022 include the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan and the residential projects of ATRIUM HOUSE, THE PAVILIA HILL and DOUBLE COVE (Phase 1-5). Key projects expected to be booked in FY2023 include THE PAVILIA FARM I and II.

Hong Kong Property Investment and Others

Continued relapse of the COVID-19 pandemic has exerted its social and economic impacts, with the overall rent of office buildings remain under pressure in Hong Kong. Quite a few tenants considered exiting traditional commercial districts to maintain the size of their office space at lower costs, as the pandemic penetrated into various sectors. In response to the "decentralisation" trend, the Group has arranged to develop new office hubs in non-traditional core commercial districts such as Island East, Tsim Sha Tsui and Hong Kong International Airport, including the Grade A office building K11 ATELIER King's Road in Quarry Bay and K11 ATELIER in Victoria Dockside, Tsim Sha Tsui. Their occupancy rates continued to climb amidst improving market sentiment.

During the year under review, the Group's revenues and segment results of property investment in Hong Kong amounted to HK$2,839.1 million and HK$2,000.5 million, respectively, mainly due to a steady improvement in the overall average occupancy rate of its large-scale integrated project Victoria Dockside in Tsim Sha Tsui, Kowloon and the Grade A Office building K11 ATELIER King's Road in Quarry Bay.

The COVID-19 pandemic has reduced visitor arrivals to nearly zero in Hong Kong. However, as the pandemic condition gradually stabilises, Hong Kong has witnessed local consumption gaining momentum. During the year under review, the Group's strong brand character and proactive business strategy benefited K11 MUSEA and K11 Art Mall, both of which recorded evident growth in both sales and footfall. K11 MUSEA, in particular, experienced an increase of 33% in total footfall and 86% in sales, which mainly stemmed from top-tier international brands, catering, personal care and beauty outlets.

K11 Art Mall has rolled out a range of activities to stimulate sales amidst the pandemic, leading to a notable rebound in its traffic flow with a new 18-month high recorded in June 2021. A series of successful sales campaigns also recruited large numbers of members with high spending power for the Group. As such, the sales from its gold card and general memberships advanced by more than 30% and 60% on a year-on-year basis, respectively. During the year under review, the overall occupancy rate remained nearly 100%.

Hong Kong Landbank

Land supply shortage stands as a long-term problem besetting the Hong Kong society. For 2021-2022, the government launched only 15 residential sites available for sale which could supply merely 6,000 units, coupled with only three commercial sites amounting to a total GFA of approximately 480,000 sq m. As the government tilted its land policy towards public housing, the new supply of public and private housing has switched from 6:4 to 7:3, producing severe undersupply in private housing land. With that in mind, the government is actively promoting the research, development and planning for the artificial island near Kau Yi Chau and New Territories North Development Area, to ensure adequate long-term land supply.

During the year under review, the Group won the bid for the Phase V development project atop Wong Chuk Hang MTR Station in Aberdeen through its consortium. Located on the east side atop the station, the project comprises two residential buildings that will provide close to 1,050 residential units on a GFA of approximately 640,000 sq ft, featuring unparalleled view of sea and mountain as well as comprehensive ancillaries. This serves as another successful bid for an MTR development project by the Group, following THE PAVILIA FARM atop Tai Wai MTR Station in Sha Tin.

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

The Group managed to unify the ownership of the State Theatre Building, a residential and commercial joint venture project located at 277-291 King's Road, North Point at the base price of HK$4,776 million in October 2020. There, the Group commenced a large-scale heritage conservation project led by private developers, a rarity in Hong Kong over recent years. Under the project which covers a land area of approximately 36,000 sq ft, the Group is working with international and local teams of building conservation elites on comprehensive and meticulous exploration.

As at 30 June 2021, the Group had a landbank with a total attributable GFA of approximately 9.38 million sq ft in Hong Kong available for immediate development, of which approximately 4.50 million sq ft was for property development use. Meanwhile, the Group had an agricultural landbank with a total attributable land area of approximately 16.37 million sq ft pending land use conversion in New Territories.

Landbank by District

As at 30 June 2021	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	766.5	–	766.5
Kowloon	1,682.0	1,118.5	2,800.5
New Territories	2,050.3	3,767.4	5,817.7
Total	**4,498.8**	**4,885.9**	**9,384.7**

Agricultural Landbank by District

As at 30 June 2021	Total Land Area (sq ft'000)	Attributable Land Area (sq ft'000)
Yuen Long District	12,304.5	11,305.7
North District	2,488.8	2,184.1
Sha Tin District and Tai Po District	1,912.9	1,858.8
Sai Kung District	1,195.9	1,024.3
Total	**17,902.1**	**16,372.9**

For the purpose of addressing the local housing issue, the Group announced its upcoming supply of agricultural land to NGOs and/or the Hong Kong SAR Government in 2019, for building innovative social housing and community buildings to alleviate the housing burden on the underprivileged and boost their upward mobility.

As of today, four social housing projects have entered into the pre-planning stage and are progressing well. It is expected that over 2,000 housing units in total will be created to ease the cost of housing for the underprivileged. In particular, the Fanling housing project has received the approval from the Town Planning Board, and will soon begin construction. The Group will continue to liaise and collaborate closely with NGOs and related government departments in the hope of creating innovative and unique social housing projects for Hong Kong's next generation.

Mainland China Property Development

In FY2021, the Central Government convened multiple meetings to emphasize that real estate should not be used as a vehicle for short-term economic stimulus, maintaining the stance that "houses should be for living in, not for speculation". The Central Government continues to manage expectations surrounding land and house prices to ensure steady and sound development of the property market. Meanwhile, financial regulations around the property sector have tightened gradually, and the first round of centralised land sales for 22 cities occurred in the first half of 2021. Looking ahead, the real estate sector will continue to embrace stable development in both the mid and long term.

The data released by the National Bureau of Statistics suggested that the overall property market maintained its trajectory of fast growth in the first half of 2021. Investment in Mainland China property development amounted to RMB7,217.9 billion, a 15% YOY increase, of which investment in residential properties totalled RMB5,424.4 billion, a 17% YOY increase. Sales area of commercial housing totalled 886 million sq m, an increase of 28% YOY, while sales proceeds of commercial housing amounted to RMB9,293.1 billion, a 39% YOY increase.

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$14,820.0 million and HK$5,951.0 million respectively. The contributions were mainly attributable to residential projects including Guangzhou, Shenyang and Ningbo.

During the year under review, the Group’s total contracted sales area of properties in Mainland China were approximately 702,000 sq m, with total sales proceeds amounting to approximately RMB20.2 billion. The average price of overall residential contracted sales exceeded RMB34,000 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 approximately 65%, followed by the North-eastern Region, which accounted for approximately 18%. Contributions were mainly generated from the sale of residential projects, specifically Guangzhou Covent Garden, Guangzhou Park Paradise, Guangzhou New Canton Mansion, Shenzhen Prince Bay BAYHOUSE and Shenyang New World Garden.

Contracted Sales by Region

	Residential Contracted Sales		**Non-residential Contracted Sales**	
	Area	**Proceeds**	**Area**	**Proceeds**
FY2021	**(sq m’000)**	**(RMB m)**	**(sq m’000)**	**(RMB m)**
Southern Region (i.e. the Greater Bay Area)	256.4	11,368.3	87.4	1,746.1
Eastern Region (i.e. the Yangtze River Delta Region)	–	–	17.8	414.6
Central Region	4.3	87.9	99.1	1,342.9
Northern Region	22.0	567.0	38.7	1,137.3
North-eastern Region	169.0	3,421.9	7.7	117.8
Total	**451.7**	**15,445.1**	**250.7**	**4,758.7**

During the year under review, New World China Land Limited (“NWCL”), the Group’s flagship property arm in Mainland China moved its operational headquarter to Guangzhou. The purpose of this strategic decision is to unify and concentrate the Group’s own and related businesses, talent, and technical and financial resources in Mainland China. This will facilitate increased localisation, promote deeper cooperation and collaboration, ramp up premium presence, improve decision-making and execution, and achieve faster project development. The Group aims to breathe new meaning to the “Soul of the City” by embarking on a new journey with a fresh start, incorporating innovative concepts at an unprecedented speed to a vast landscape.

During the year under review, the Group launched two landmark projects in Zengcheng District of Guangzhou, namely New World Canton Centre and New World China Stars. New World Canton Centre situated in prime east Guangzhou was completed on 25 May 2021. This project marks the Group's first urban complex that seamlessly integrates residential units, Grade A office space, hotel and retail space. Its residential portion, The New Canton Mansion, was launched in late December 2020. As of 30 June 2021, the contracted sales area of the project recorded 31,446 sq m, and the sales proceeds reached over RMB1.1 billion, and the selling price per square meter surpassed neighbouring projects. As the cluster of Grade A offices begin to take shape, the project is bound to generate interest as corporate headquarters for industry leaders and attract high quality international talent, allowing it to spearhead the region's economic development.

Situated between the heart of east Guangzhou and Huangpu District, New World China Stars successfully creates synergy with New World Canton Centre. The project brings together luxury residential property, street-level retail and educational resources. Total GFA of the project is approximately 450,000 sq m., with the sale of residential units beginning in May 2021. The entire cycle of land acquisition to the release of the residential units took merely 20 months, which was a testament to the efficient development and execution capabilities of the Group.

The Group maintained its non-core asset disposal strategy, continually working to identify suitable opportunities, optimise its business portfolio, and invest resources in its core business that offer high growth and potential. During the year under review, the Group disposed of commercial and office buildings and carparks in Mainland China which generated approximately RMB2.5 billion. Notably, the sale of Wuhan Guanggu Tower 1 in late December 2020 generated over RMB1.2 billion in proceeds for the Group.

As of 30 June 2021, the Group's unrecognised gross income from contracted sales of properties in Mainland China amounted to approximately RMB14,661 million, of which RMB12,483 million and RMB2,178 million will be booked in FY2022 and FY2023 respectively.

During the year under review, the Group's total GFA of projects completed in Mainland China (excluding carparks) was approximately 884,000 sq m, a large portion of which is located in the Greater Bay Area, the Yangtze River Delta Region and the North-eastern Region. The total GFA of completion (excluding carparks) is expected to reach approximately 1,167,000 sq m in FY2022.

FY2021 Project Completion in Mainland China – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Office	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Park Paradise District 3 Batch B	42,009	–	–	42,009	42,009
Foshan	Guangzhou Foshan Canton First Estate CF27B	31,699	–	–	31,699	31,699
	Guangzhou Foshan Canton First Estate CF19C	72,662	–	–	72,662	74,512
	Guangzhou Foshan Canton First Estate CF07	4,364	–	–	4,364	4,364
Shenzhen	Prince Bay Land DY02-02	–	24,692	54,797	79,489	79,489
Ningbo	Ningbo New World Plaza Land No. 7-10	138,520	25,973	–	164,493	238,483
	Ningbo New World Plaza Land No. 11	–	9,702	57,055	66,757	82,028
	Ningbo New World Plaza Land No. 12	–	8,085	12,331	20,416	38,853
Shenyang	Shenyang New World Garden Phase 2C-1	111,959	–	–	111,959	111,959
Anshan	Anshan New World Garden Phase 1B3	91,830	14,358	–	106,188	106,188
	Anshan New World Garden Phase 2B1	9,297	–	–	9,297	9,297
	Anshan New World Garden Phase 2B2	19,367	–	–	19,367	19,367
	Total	**521,707**	**82,810**	**124,183**	**728,700**	**838,248**

FY2021 Project Completion in Mainland China – Property Investment, Hotel and Others

Region	Project/Total GFA (sq m)	Commercial	Office	Hotel	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Covent Garden District 1 Substation	2,495	–	–	2,495	2,495
Wuhan	Wuhan New World Centre Phase 3 – Wuhan K11	52,019	51,319	–	103,338	157,295
Shenyang	pentahotel Shenyang	–	–	29,924	29,924	29,924
	Shenyang New World Garden Phase 2C-1	19,587	–	–	19,587	59,000
Anshan	Anshan New World Garden Phase 1B3	–	–	–	–	27,448
	Total	**74,101**	**51,319**	**29,924**	**155,344**	**276,162**

FY2022 Project Completion Plan in Mainland China – Property Development

Region	Project/GFA (sq m)	Residential	Commercial	Office	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Covent Garden Phase 1D	95,302	–	–	95,302	95,302
	New World Canton Centre	99,077	13,787	30,886	143,750	223,727
Foshan	Guangzhou Foshan Canton CF32	82,149	1,093	–	83,242	105,769
	Guangzhou Foshan Canton CF03	37,192	–	–	37,192	48,762
	Guangzhou Foshan Canton CF35	6,325	–	–	6,325	6,325
Shenzhen	Prince Bay Land DY02-04	54,726	24,840	–	79,566	79,566
Ningbo	Ningbo New World Plaza Land No. 4	–	23,331	33,784	57,115	81,842
	Ningbo New World Plaza Land No. 5	–	1,400	85,306	86,706	128,198
	Ningbo New World Plaza Land No. 6	–	7,983	–	7,983	66,548
Beijing	Beijing New View Commercial Centre	–	9,063	12,231	21,294	25,367
Shenyang	Shenyang New World Garden Phase 2C-1	75,298	–	–	75,298	75,298
	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	**737,154**	**81,497**	**162,207**	**980,858**	**1,223,789**

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

Region	Project/GFA (sq m)	Residential	Commercial	Office	Hotel	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Covent Garden Phase 1D	–	10,288	–	–	10,288	29,522
	New World Canton Centre	5,795	–	105,439	23,363	134,597	164,999
Ningbo	Ningbo New World Plaza Land No. 5	–	–	–	41,269	41,269	41,269
	Total	**5,795**	**10,288**	**105,439**	**64,632**	**186,154**	**235,790**

Mainland China Property Investment and Others

In FY2021, the Central Government proposed accelerating the implementation of Dual Circulation, a new development cycle in which the domestic economy is the primary driver while the international economy serves as its extension and plays a supportive role. China will continue to introduce measures to boost domestic demand, ultimately to build up domestic consumption and investment. The data released by the National Bureau of Statistics indicated that total retail sales of consumer goods amounted to RMB21,190.4 billion in the first half of 2021, a 23% YOY increase. In particular, sales growth of food and beverage outpaced retail, with sales increasing 49% YOY, while retail sales increased 21% YOY.

During the year under review, the Group's revenues of property investment in Mainland China amounted to HK$1,861.6 million, increasing 6% YOY due to stable occupancy rates of major projects in the investment property portfolio.

During the year under review, a robust consumption recovery in Mainland China and the unique brand value of the K11 brand contributed to the Group's strong business performance. Sales across 6 K11 Art Malls owned or managed by the Group in Shanghai, Wuhan, Guangzhou, Shenyang and Tianjin surged by 65% from the same period last year. Notably, Shenyang K11 and Shanghai K11 recorded YOY sales growth of 74% and 39% respectively.

Wuhan K11 Art Mall I, the Group's second cultural commercial project in Wuhan, commenced operation in late April 2021, representing the full operation of the Wuhan Hankou K11 project. From Wuhan K11 Art Mall II and AVENUE 11 (which commenced operation in late 2020, and was the sole major commercial complex business opening in the city in 2020) to Wuhan K11 Art Mall I, these projects serve as an important barometer of Wuhan's commercial recovery under the new normal. Embodying the three core values of "Art, People and Nature" of K11, Wuhan K11 Art Mall joins iconic projects such as K11 ATELIER, AVENUE 11, chi K11 art museum and Wuhan Guanggu K11 Select to bring cultural creativity and commercial vitality to Wuhan and Central China, which also elevates the commercial landscape of Central China, and continues to be at the forefront of the retail consumer market.

Tianjin K11 Select commenced operation in late May 2021. The 6-storey shopping mall is located in Tianjin Chow Tai Fook Finance Centre in Tianjin Binhai New Area, and positions itself as a "Future Life Experience Site", giving consumers a totally future-filled experience. In addition to showcasing nearly 40 K11 exclusive contemporary artworks, the mall is home to the first physical retail store for over 30 brands. The project will continue to empower and support businesses with cultural elements, inject vitality into Tianjin Binhai New Area and the Beijing-Tianjin-Hebei Region, promote the integration of art, commerce and community, and drive economic development in the city.

The Group leveraged its diversified business ecosystem and advantages in property operation to integrate various industries into cities. A series of complexes operated or managed under the K11 brand will be completed and commence operation in the near future. Among them are a number of projects in key cities including Shenzhen, Guangzhou, Shanghai, Hangzhou and Ningbo. The Group remains highly committed to its strategy of improving integration and connectivity in the Greater Bay Area, and continually refining the Yangtze River Delta Region" to increase its recurring rental income.

Landbank by Region

As at 30 June 2021	Total GFA (excluding carparks) (sq m'000)	Residential Total GFA (sq m'000)
Southern Region (i.e. the Greater Bay Area)	2,616.2	1,681.2
Eastern Region (i.e. the Yangtze River Delta Region)	813.2	151.3
Central Region	624.2	288.3
Northern Region	610.2	254.5
North-eastern Region	1,028.6	786.5
Total	**5,692.4**	**3,161.8**
Of which, Core Projects	**4,999.2**	**2,600.0**

Mainland China Landbank

As of 30 June 2021, the Group had a landbank (excluding carparks) with a total GFA of approximately 5.69 million sq m available for immediate development in Mainland China, of which approximately 3.16 million sq m is zoned for residential use. Of the total GFA of the Group's landbank (excluding carparks), approximately 5.00 million sq m are core property development projects located in Guangzhou, Shenzhen, Foshan, Wuhan, Shanghai, Ningbo, Hangzhou, Beijing and Shenyang. In the Greater Bay Area and the Yangtze River Delta Region, the Group has a landbank (excluding carparks) with a total GFA of approximately 3.43 million sq m.

The Group has steadily increased its investment in Mainland China based on its own strategy and market conditions, expanding in first-tier and fast-growing cities with a focus on the Greater Bay Area, while also continuously improving its strategic presence in the Yangtze River Delta Region and the Beijing-Tianjin-Hebei Region. The Group has also replenished its landbank through multiple channels, including public auction and tender, as well as collaborating with different parties and pursuing urban renewal opportunities.

In January and April 2021, the Group entered Strategic Cooperation Agreements with Guangzhou's Municipal Government and Pingshan District's Government of Shenzhen respectively. Under such agreements, all parties will engage in a multifaceted cooperation by pooling resources and experience of the Group and related industries in areas including urban development and construction, urban renewal, education, healthcare, technological innovation, culture and art. Such cooperation will upgrade urban and industrial facilities, attract skilled talent, and help Guangzhou and Shenzhen become the new driving forces of urban development.

As Mainland China continues working towards its urbanisation goals, urban renewal has become a new driving force to improve and upgrade existing cities. Among Hong Kong real estate developers, the Group is the most active participant in urban renewal. Aligning itself with China's urban renewal initiative, the Group leveraged its operational effectiveness and experienced team to acquire land in prime locations at a reasonable cost, while upgrading city infrastructure, and improving the livelihood of the local community.

During the year under review, the Group fast-tracked a number of its urban renewal projects. Having selected the Group as an official cooperative enterprise in July 2020, the Dawanggang Society project of Tagang Village in Guangzhou's Zengcheng District Guangzhou will achieve development synergies with the Group's other complexes in the area. The project is expected to begin housing demolition and relocation in late 2021. The Xinwei Industrial Zone Project on Xili North Road Shenzhen is the Group's first urban renewal in

Shenzhen, and was officially announced in March 2021. Situated in a prime location, in the heart of Nanshan District, Shenzhen, the project boasts strong growth potential and will develop into a boutique residential community and commercial centre with good amenities. The project is expected to commence housing demolition and relocation in late 2021, and the area of the project that requires demolition is approximately 30,000 sq m in size. In late August 2021, a meeting was held to select and vote on the cooperative enterprise for the Nanji Village Project in Haizhu District in Guangzhou. The Group received a 100% approval rate to become the official cooperative enterprise for the project. Upon completion, this project will become a hub that combines technology incubation, culture creativity, high quality business services and further solidify Haizhu Innovation Bay's status as a key growth engine.

In the interim, the Group has accelerated the development of the Xiajie Village Project in Zengcheng District in Guangzhou. The above-mentioned urban renewal projects will contribute to maintaining steady development and growth for the Group.

In July 2021, the Group officially announced construction had begun at its land parcel in Huaihai Middle Road of Huangpu District, Shanghai. The total cycle from land acquisition to construction commencement took less than a year, demonstrating the Group's efficient execution capabilities. The project (excluding carparks) covers a total GFA of approximately 100,000 sq m. Upon completion, it will create synergy with the Group's existing Shanghai K11 Art Mall. It will also serve as a new cultural landmark in Shanghai, increasing awareness about Shanghai's heritage and culture, and further cementing the Group's strategic presence in the Yangtze River Delta Region.

Hotel Operations

The global hotel industry has remained severely affected since the start of the COVID-19 pandemic in February 2020. Resurging cases and new variants have prompted countries around the world to impose a range of social distancing measures and travel restrictions to control the pandemic.

The Hong Kong Government has implemented similar regulations and restrictions to curb the spread of the pandemic, including travel bans, border closures, and compulsory quarantine and isolation. Since the beginning of 2021, the Hong Kong Government has also introduced a variety of measures to encourage both local residents and foreign domestic helpers to receive COVID-19 vaccinations. Given the challenging environment, the Group's Hong Kong hotel business was heavily reliant on local staycation packages. The Group offered featured catering, themed activities, and discounts for long-term stays to attract local consumers. During the year under review, the Hong Kong Government designated the Group's pentahotel Hong Kong, Kowloon as one of the city's compulsory quarantine hotels, which guaranteed a certain occupancy rate, and ensured room and catering income. It is anticipated that consumption vouchers issued by the Hong Kong Government will further unleash the potential of local consumption, expedite Hong Kong's economic recovery, and alleviate the current difficulties of operation in Hong Kong's hotel industry.

In Mainland China, decisive actions taken by the Central Government has kept the pandemic under effective control. With Mainland China's hotel industry recovery starting as early as August 2020, although rigorous measures of compulsory quarantine continued to be imposed on overseas visitors, the Group's hotel business in Mainland China benefited from thriving demand for domestic tours, conferences, exhibitions and banquets. During the year under review, the Group saw the grand opening of its KHOS Qingyuan and KHOS Shenyang, providing 217 and 400 rooms respectively. In December 2020, most of the Group's hotels recorded positive Gross Operating Profit. In the first half of 2021, the Group's hotel occupancy rates and total revenues amounted to 78% and 66% respectively, of those attained in the corresponding period of 2019. Looking ahead, the Group's hotel business in Mainland China will continue to employ the win-win synergies of the New World Ecosystem, and expand business collaboration via both traditional and new and emerging online channels.

As at 30 June 2021, the Group owned a total of 18 hotel properties in Hong Kong, Mainland China and Southeast Asia, totaling 7,503 rooms.

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

NWSH's core businesses are Roads, Aviation, Construction and Insurance. In FY2021, NWSH concluded the financial year with solid results despite all the volatilities brought by COVID-19 outbreak, economic stimulus package introduced by governments, looming inflation pressure and the protracted tensions between the United States and the Mainland.

Roads

Roads segment witnessed noticeable rebound in traffic flow and toll revenue upon the toll fee exemption policy in the Mainland ended in May 2020 and benefited from the swift reopening of the Mainland's economy and fast-growing logistics sector. Overall traffic volume and toll revenue of the road portfolio increased 45% and 42% year-on-year, respectively (or grew 13% and 9%, respectively, versus FY2019). Along with the benefit from Renminbi appreciation, AOP of the Roads segment surged in FY2021 and has already surpassed that in FY2019. The three expressways in Central China that were being acquired in the past few years, namely Suiyuenan Expressway, Sui-Yue Expressway and Changliu Expressway, has started to bear fruits.

NWSH's four anchor expressways, which include Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), have altogether contributed approximately 80% of the Roads segment's AOP in FY2021. Traffic flow of these roads has also seen rapid recovery and registered a 38% year-on-year growth in FY2021 (or 2% growth versus FY2019).

The overall average remaining concession period of NWSH's roads portfolio was around 10 years and such long remaining concession period is set to generate sustainable income and cash flow to NWSH for years to come.

Aviation

Aviation segment principally engages in commercial aircraft leasing business through full service leasing platform Goshawk. While the aviation industry has been confronted by the challenges posed by the outbreak of COVID-19, Goshawk's portfolio diversification strategy, strategic focus on young narrowbody aircraft and efforts in exploring innovative financing solutions to expand and diversify funding source, combined with NWSH's well-established risk management policies, have successfully steered Goshawk through these challenges and facilitated an improvement in results.

Thanks to the global rollout of vaccination, gradual resumption of domestic flights, formation of travel bubbles by governments and relaxation of travel restrictions in certain countries, business environment has seen noticeable improvement. Number of requests for rental deferral continued to decrease and deferred rental payment continued to be repaid, resulting the collection rate to further improve to 92% in the second quarter of 2021 from 82% in the fourth quarter of 2020 and 68% in the second quarter of 2020. The owned aircraft utilization rate maintained at an almost fully utilized level of 99% in FY2021.

Goshawk's strategy of focusing on young and in-demand fleet with long leases and maintaining a globally broad customer base with 60 airlines in 34 countries as of 30 June 2021, is crucial for NWSH to diversify and minimize risk exposure during uncertain times and benefit from the air travel recovery. As at 30 June 2021, taking into account the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers, the number of aircrafts owned, managed and committed totalled 222 (30 June 2020: 233), and the overall appraised value amounted to approximately US$9.9 billion. The 162 aircraft on book as at 30 June 2021 (30 June 2020: 162) had an average age of 5.4 years and an average remaining lease term of 5.6 years. With 78% of the aircraft on book being narrowbody, together with the staggering lease maturities, the fleet is well positioned for demand pick up when short-haul flight rebounds.

Goshawk maintained a firm financial footing in FY2021. As at 30 June 2021, alongside a well-balanced debt maturities profile, Goshawk had ample liquidity, while cash and undrawn liquidity stood at record high of US$1.6 billion. Goshawk will maintain a prudent stance in terms of capital expenditures to strike a balance between growth and risk.

Construction

Construction segment results dropped mainly due to the decrease in AOP contribution from Wai Kee Holdings Limited after its reclassification and only six months of AOP was accounted for. AOP of Hip Hing Group alone grew steadily in FY2021 notwithstanding a challenging business environment and rising competition. Major projects during FY2021 mainly included construction management services and foundation works for Kai Tak Sports Park, construction works of public rental housing development at Queen's Hill, commercial development at Kai Tak, Two Taikoo Place at Quarry Bay, residential development at Ap Lei Chau, KOKO Hills at Kwun Tong, Inland Revenue Centre at Kai Tak and Immigration Headquarters at Tseung Kwan O.

Hip Hing Group's gross value of contracts on hand dropped slightly by 6% year-on-year to approximately HK$49.4 billion, and the remaining works to be completed declined by 22% to HK$28.2 billion, mainly impacted by project completion outpacing new tenders offered in the market, in which the delay was caused by the outbreak of COVID-19. Approximately 70% of the remaining works to be completed were from private sector which included both commercial and residential, while the remaining about 30% were from government and institutional related projects. In FY2021, Hip Hing Group successfully secured around HK$7.0 billion of new contracts, which included the residential development at Tai Wo Ping, AIA urban campus redevelopment, transitional housing project at Tung Tau, Yuen Long, the design and construction of temporary quarantine facilities at Penny's Bay and foundation works for public rental housing development at Sheung Shui.

Hip Hing Group endeavors to improve the construction efficiency and reduce onsite energy use and construction waste through adoption of wider electrification and innovative technologies. In FY2021, Hip Hing Group completed the construction of InnoCell at the Hong Kong Science Park using Modular Integrated Construction ("MiC") which has been widely recognized by the industry and received many industry leading awards. Meanwhile, the construction of temporary quarantine facilities at Penny's Bay, which was completed within 89 days and a total of 901 MiC modules were fabricated to provide 857 quarantine units plus ancillary facilities, has demonstrated not only its technical expertise, but also our commitment to contribute to our society and community.

Insurance

FY2021 marked the first full year contribution of FTLife Insurance to NWSH since the completion of acquisition on 1 November 2019. While FTLife Insurance has gone through various challenges since the completion of acquisition, its flexible business strategy as well as swift product innovation and adjustments to meet policyholders' needs have prompted FTLife Insurance to deliver a set of solid results to our shareholders.

In FY2021, FTLife Insurance has reviewed its brand strategy and adopted "Think beyond insurance" as its core value to reflect its new strategy to tap into New World Group's thriving ecosystem to bring more innovative products and unique services to customers. To further enrich NWSH's insurance product diversity, a series of new insurance products have been introduced in the market to meet the rising needs of people from all walks of life in Hong Kong. These initiatives, as a result, have fuelled the growth of APE of NWSH's Hong Kong domestic business by 49%, and overall APE by 4% to HK$1,956.3 million, despite a lack of contribution from MCVs. Gross written premiums increased by 9% to HK$10,259.2 million, Value of New Business ("VONB") grew by 1% to HK$485.4 million, and VONB margin, representing VONB as a percentage of APE, was 25%. Overall investment return of FTLife Insurance's investment portfolio was 4.3% in FY2021.

FTLife Insurance's financial position stayed strong in FY2021. At as 30 June 2021, solvency ratio of 524% remained well above minimum industry regulatory requirement of 150%. Embedded value continued to grow by 21% year-on-year to HK$21.4 billion. Total assets value and net assets value (excluding goodwill arising from business combination) were HK$79.1 billion and HK$18.6 billion, respectively. Moody's has maintained the insurance financial strength rating of FTLife Insurance at A3/Stable and Fitch Rating has also continued to affirm FTLife Insurance's A– insurer financial strength rating with stable rating outlook.

OUTLOOK

2021 marks the first year of China's "14th Five-Year Plan", as the country embarks on a new journey to build a modern socialist country in all aspects. In Mainland China, the national economy experienced steady and positive development, and GDP increased by 12.7% YOY during the first half of 2021. In the second half of 2021, the Central Government is expected to continue to implement supply-side structural reforms, unlock the potential of domestic demand, pursue high-quality development, and strive to achieve its annual targets for economic and social development.

As an open economy highly dependent on the service sector, Hong Kong recorded slower economic growth for the prior year due to the COVID-19 pandemic.

Nevertheless, Hong Kong is embracing hope under the mass vaccination campaign and tremendous opportunities for development under the national "14th Five-Year Plan". Hence, the Hong Kong economy is anticipated to recover gradually in 2021.

Regarding Hong Kong property development, as at the second quarter of 2021, the primary market is expected to supply approximately 96,000 private residential units for the next three to four years, a new high for almost 13 quarters. In addition, a 11-year low has been recorded in one-month HIBOR, which continues to evolve favourably in the property market as stimulated by low interest rates.

The Group will successively solicit sales for its remaining units in THE PAVILIA FARM and the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan. A number of major projects are also scheduled for launch in phases, including the office project with a total GFA of roughly 360,000 sq ft in Wing Hong Street, West Kowloon (a non-traditional commercial district), the Phase V development project of "THE SOUTHSIDE" with a total GFA of roughly 636,000 sq ft atop Wong Chuk Hang MTR Station, and the three residential projects developed by its consortium at the Kai Tak Runway area in East Kowloon.

With respect to Hong Kong property investment, stiff competition is expected to stay across the office building market in FY2022, as tenants remain prudent in rental cost control. Still, aware of several major rental cases in non-traditional commercial districts such as Kowloon Bay and Quarry Bay, the Group will capture the opportunities as a first mover in establishing its presence in such districts, where large corporations pre-rented a host of office spaces at falling rents to consolidate their business departments. Riding on the

trend of "decentralisation", the Group will successively complete property investment projects in Cheung Sha Wan and Hong Kong International Airport.

On the retail front, the Group believes that the Hong Kong retail market will continue to rely heavily on local consumption in the short term. Aside from optimising its shop portfolio continuously and increasing the share of livelihood categories such as food and beverage, 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. In the long run, the Group is convinced that the Hong Kong retail market will benefit from potential 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 have entered the pre-leasing stage. The Group offers specific tenants attractive lease packages to draw such Greater Bay firms that focus on wealth management and healthcare services, with the objective of reaching a 50% occupancy rate by the end of 2021.

The Group's diverse and far-reaching ecosystem offers advantages in various industries, including cultural retail, hotel, property, medical and elderly care, education, financial services, insurance, and business accelerators. By drawing from its extensive resources, leveraging brand reputation and track record, and continuing to grow the New World Ecosystem, the Group is well-positioned to assist in the high-quality development of cities in Mainland China.

In respect of business model, the past five decades has seen the Group evolve from a real estate developer to an enterprise with diversified development and unique competitive edges. The Group not only has robust financial strength and extensive operating experience in developing comprehensive development projects and old-city redevelopment projects, but also features an ecosystem covering all aspects of daily life to operate these projects and create micro societies. This has enabled consummate industry-city integration and social innovation, and facilitated positive interaction between industrial upgrade and urban renewal.

Expected to be completed in late 2021, development of the Group's two large-scale mixed-use projects in Shenzhen are moving at full speed. Qianhai CTF Financial Tower, a project located in a prime section

of the Qianhai Free Trade Zone in Shenzhen, will be developed into twin tower office buildings, and serve as a city landmark. The South Tower, with a height of approximately 120 metres, had its main structure completed in May 2021, and was sold in July 2021. The North Tower, with a height of approximately 220 metres, is expected to have its main structure construction completed in late 2021. The entire project is expected to be completed in 2023, and will facilitate the development of the local economy and financial sector in Qianhai, Shenzhen. Another project, the Prince Bay Complex Project in Shekou, Shenzhen will have its main structure construction completed by the end of the year, and the whole project is expected to be launched in phases starting from the year of 2024. The project's commercial portion will include Shenzhen's first K11 and smart technology paternity mall D•PARK to shape the commercial landscape in Shenzhen.

K11 is the world's first brand with a focus on three core values of "Art, People and Nature". K11 is a unique concept brand that blends art and commerce in real estate projects, with a growing portfolio of brands across different sectors in Greater China and around the world. Through K11, the Group's stated aim is to incessantly pursue creativity, culture and innovation. This mission will create a new global identity for Chinese millennials and cultivate smart communication. By FY2026, K11 will have attained a footprint of 40 projects with a total GFA of 2.926 million sq m. in ten major cities across Greater China. With the gradual completion and opening of K11 projects across China in the pipeline, the Group's recurring rental income will continue to grow, and will serve as a key driver to stabilize and boost overall business performance of the Group.

By means of active disposal of non-core assets and businesses, the Group concentrates on developing its core businesses, continuously optimising its asset portfolio and return, enhancing corporate efficiency and creating more value for shareholders. In FY2021, the Group completed the disposal of non-core assets worth HK$18 billion, and held approximately HK$8 billion to HK$10 billion of assets available for sale in FY2022, which will bring additional cash flow for developing its core businesses.

The Group has maintained a sound financial position, with total capital resources of HK$118.6 billion as at 30 June 2021, including approximately HK$62 billion of cash and bank deposits and approximately HK$56.6 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 12% during the year under review. All refinancing of borrowings due in FY2022 has been taken care of. In the foreseeable future, equity raising is not necessary for the Company.

Since its inception in 1970, New World Development, with its conception and creativity, has leveraged on the power of business to give back to and produce win-win outcomes with society. At the onset of the COVID-19 outbreak, the Group worked to address the shortage of medical supplies by rapidly setting up production lines of face masks in Hong Kong and donated masks to the underprivileged and groups in need. It held a large-scale job fair when the unemployment rate reached another peak, and provided underprivileged citizens with allowance for vaccination or health consultation. Going forward, the Group will keep enhancing the ties with its stakeholders, further incorporate ESG factors into its business, dedicate itself to support its partners, and create shared value to all the stakeholders.

Dr. Cheng Chi-Kong, Adrian

Executive Vice-chairman and Chief Executive Officer

Hong Kong, China, 30 September 2021

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

4 888 Lai Chi Kok Road, New Kowloon Inland Lot No. 6582, Cheung Shun Street, Cheung Sha Wan

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

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

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

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

9 Yau Tong Redevelopment Project, Kowloon East

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

11 DD221, Sha Ha, Sai Kung

12 Lung Tin Tsuen (Phase 2), Yuen Long

13 Lung Tin Tsuen (Phase 4), Yuen Long

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

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

16 Sha Po North (Phase 2), Yuen Long

17 DD110, Kam Tin, 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 ATL Logistic Centre, Kwai Chung

17 D•PARK, Tsuen Wan

18 Hyatt Regency Hong Kong, Sha Tin

19 Citygate, Tung Chung
Novotel Citygate Hong Kong

20 Tung Chung Town Lot No. 11, Tung Chung

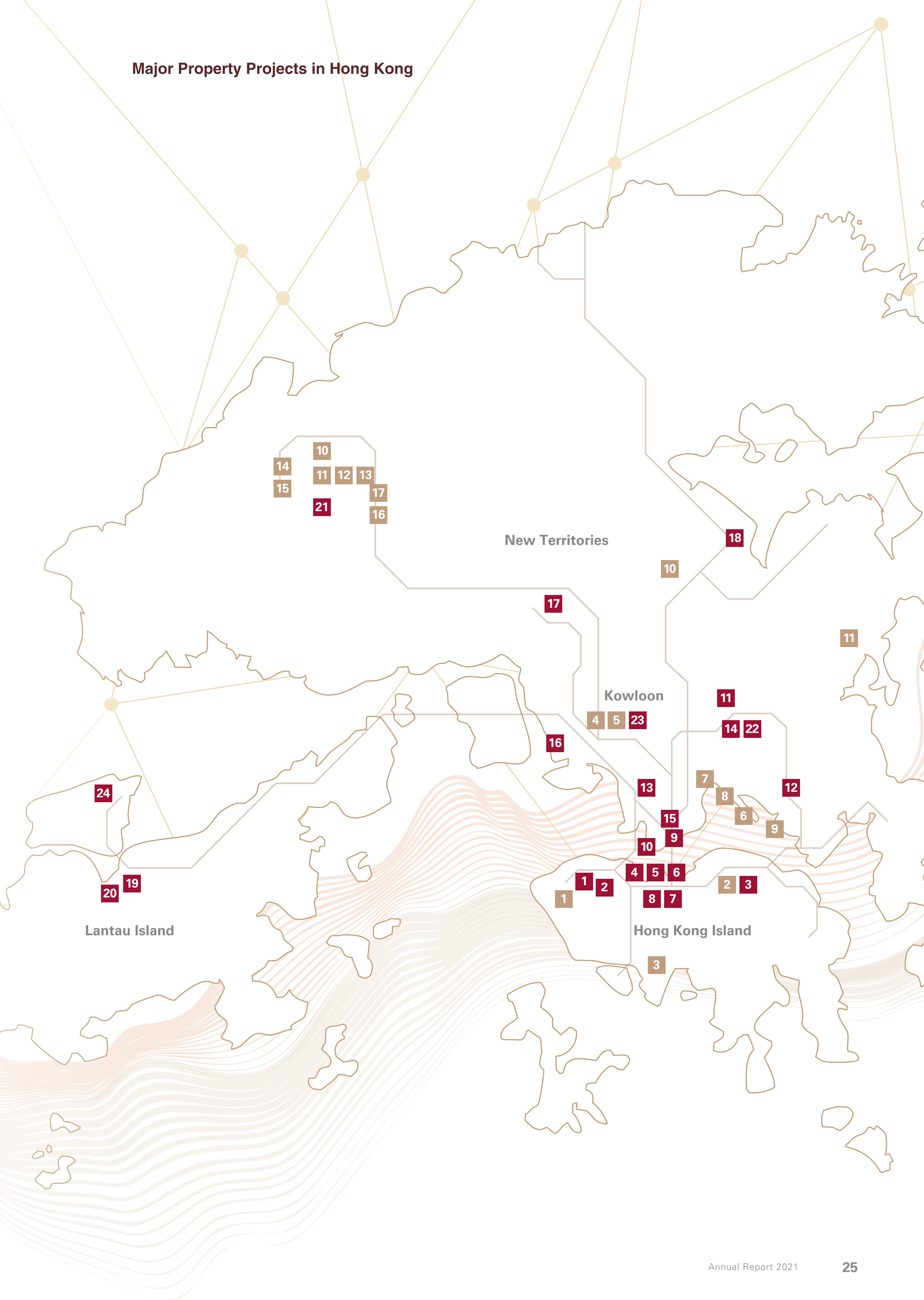
21 PARK SIGNATURE, Yuen Long

22 21 Luk Hop Street, San Po Kong

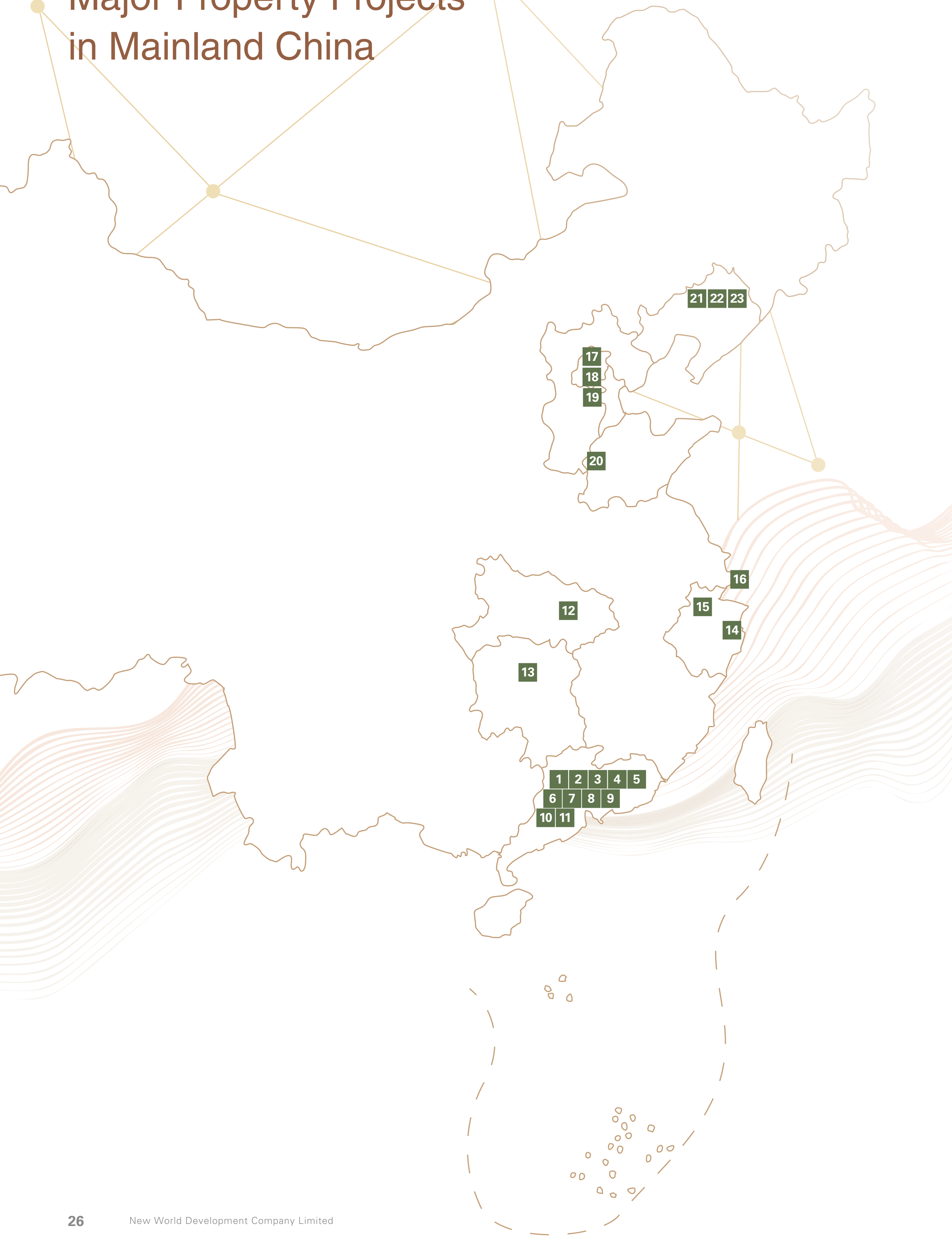
23 New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan

24 11 SKIES, SKYCITY Project

Major Property Projects in Hong Kong



Major Property Projects in Mainland China



Major Property Development Projects

1 Guangzhou Covent Garden Phase 1D
Guangzhou Covent Garden Remaining Phases

2 Guangzhou Park Paradise Remaining Phases

3 New World Canton Centre

4 Guangzhou Panyu Hanxi Comprehensive Development Project

5 Guangzhou Zengcheng International Community Project

6 Guangzhou Panyu International School Project

7 Canton First Estate CF32
Canton First Estate CF21
Canton First Estate CF03
Canton First Estate CF35
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 Remaining Phases

8 Shenzhen Qianhai Project

9 Shenzhen Prince Bay Project DY02-04

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

11 Huizhou Changhuyuan Phase 4

12 Wuhan New World•Times Phase II

13 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

14 Ningbo New World Plaza Land No.5
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

15 Hangzhou Wangjiang New Town Project

16 Shanghai Huangpu Huaihai Middle Road Land

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

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

19 Langfang New World Garden District 2

20 Jinan New World Sunshine Garden District BC

21 Shenyang New World Garden Phase 2C1
Shenyang New World Garden Phase 2C2
Shenyang New World Garden Phase 2FG

22 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

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

Directors' Profile

Dr. Cheng Kar-Shun, Henry

GBM, GBS (Aged 74)

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, the chairman and non-executive director of FSE Lifestyle Services Limited (formerly known as FSE Services Group Limited), and the vice-chairman and non-executive director of i-CABLE Communications Limited, all of them are listed public companies in Hong Kong. He was a non-executive director of SJM Holdings Limited and DTXS Silk Road Investment Holdings Company Limited up to his retirement on 11 June 2019 and resignation on 19 March 2021 respectively, and the chairman and non-executive director of New World Department Store China Limited up to his resignation on 13 May 2021, all of them are listed pubic 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

JP (Aged 77)

Appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is a non-executive director of Lifestyle International Holdings Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, both 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 appointed 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

JP (Aged 41)

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, an executive director of Chow Tai Fook Jewellery Group Limited, and a non-executive director of Giordano International Limited and New Century Healthcare Holding Co. 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 i-CABLE Communications Limited, a listed public company in Hong Kong, up to his resignation on 2 July 2019.

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 made an Officier in the Ordre des Arts et des Lettres by the French Government in 2017. Dr. Cheng holds a Bachelor of Arts Degree *(cum laude)* from Harvard University, and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. 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 64)

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 68)

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.

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. Ho Hau-Hay, Hamilton

(Aged 70)

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 was a non-executive non-independent chairman of Healthway Medical Corporation Limited, a company listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited, up until his retirement on 26 April 2019. 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 Public Service Commission and the Chairman of the Hospital Governing Committee of Hong Kong Children's Hospital.

Mr. Lee Luen-Wai, John

BBS, JP (Aged 72)

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. Liang Cheung-Biu, Thomas

(Aged 74)

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 an 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 worked in Yu Ming Investment Management Limited from 1999 to 2000 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.

Mr. Cheng Chi-Heng

(Aged 43)

Ms. Cheng Chi-Man, Sonia

(Aged 40)

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 and the project management division of the Group. She is a director of New World China Land Limited and certain subsidiaries of the Group. Ms. Cheng is an 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 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 the chief executive officer of Rosewood Hotel Group and 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 and the Hong Kong Tourism Board. She is also a member of the Thirteenth Guangzhou Municipal Committee of The Chinese People's Political Consultative Conference of The People's Republic of China. 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 67)

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 69)

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 the executive director and chief executive officer of LHIL Manager Limited which is the trustee-manager of Langham Hospitality Investments (a listed fixed single investment trust) and Langham Hospitality Investments Limited until his resignation on 1 April 2019. In addition, he was an independent non-executive director of Hopewell Holdings Limited (a listed public company in Hong Kong until its delisting on 3 May 2019) and TOM Group Limited (a listed public company in Hong Kong) up to his resignation in May 2019 and August 2020 respectively. 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 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 School of Hotel and Tourism Management at The Chinese University of Hong Kong, an Adjunct Distinguished Professor in Practice of University of Macau, a Council Member of The Hong Kong University of Science and Technology, Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology, a trustee of the Board of Trustees at Washington University in St. Louis, 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 52)

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 50)

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 56)

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.

Senior Management Profile

Mr. Wong Man-Hoi

BSc(Eng)(Hon), LLB(Hon)
(Aged 62)

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 71)

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.

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 & ESG Highlights

International Recognition for Environmental, Social and Governance ("ESG") Integration

MSCI ESG Rating **BBB** in 2021 (raised from BB in 2020), and a constituent of the MSCI HK-Listed Southbound Country ESG Leaders Index[1]

Low ESG Risk rating in 2020

Highest **five-star rating** and **global 1st** in climate resilience in 2020

Rated B in Climate Change Assessment, improved by two grades from 2019 and **B** in Supplier Engagement, first rated in 2020

Top 15% of real estate industry globally

A constituent of **Dow Jones Sustainability Index ("DJSI")** Asia Pacific since 2019

A constituent of the **FTSE4Good Index Series**

Member since 2014 – 2015

NWD is a signatory/member of

Raised >HK$19 Billion through Sustainable Finance since 2018

- **World's First USD Sustainability-linked Bond ("SLB") by a Real Estate Developer**
- **Hong Kong's First Interest Rate Swap Linked to the United Nations Sustainable Development Goals ("UN SDGs")**

Won >30 Sustainability Awards at Corporate and Building Levels in FY2021

[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.

Driving Ambitious Sustainability Targets and Taking Climate Actions

Progress on New World Group-wide SV2030 now linked with remuneration of CEO and employees

Setting Science Based Targets ("SBT") by Q1 2023 to help limit global warming to 1.5°C

Targeting **100%** renewable energy for all rental properties in Greater Bay Area ("GBA") by end of FY2025/26 and all rental properties in Greater China by end of FY2030/31 to reduce Scope 2 emissions

"No coal pledge" to refrain from making any new investments in companies engaged in the construction and operation of coal-fired power plants or coal mines, and confirm our intention to sell any remaining assets

Climate risk scenario analysis completed on 14 major existing buildings in GBA and improvement measures implementation in progress

Climate Resilience Design Guidelines established for all new buildings, major refurbishments and construction activities

Creating Shared Value with Local Communities

- The New World Group Job Fair "Create Jobs • Spark Hope" offered nearly 1,000 job vacancies across our ecosystem
- Extensive community engagement in the revitalisation of State Theatre, a Grade I Historic Building in Hong Kong
- COVID-19 response: #LoveWithoutBorders initiative donated over 21 million face masks produced by NWD to low-income families since May 2020

Enhancing Governance for the Long-term

- ESG trainings for the Board, management, employees and suppliers
- 100% employees trained on ESG
- Enhancing Group-wide Enterprise Risk Management ("ERM") based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework and ESG factors to strengthen risk mitigation and response

Improving Supply Chain Practices

- Encourage suppliers to adopt ISO certifications
- Reinforce regular supplier performance appraisal

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])

FY2021:

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

Carbon emissions intensity
(tCO_2e/million HK$ revenue)[1]
SDG 11.6
↓33% (FY2030 target: ↓50%)

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

FY2021:

Waste-to-landfill intensity
(tonnes/million HK$ revenue)[2]
SDG 11.6
↓59% (FY2030 target: ↓15%)

Water intensity
(m^3/million HK$ revenue)[2]
SDG 11.6
↓30% (FY2030 target: ↓25%)

Green Buildings **SDG 11.6**

- **31** BEAM Plus building certificates[3], with **25** of those achieved Very Good/Gold or above
- **32** LEED building certificates[4] with **31** of those achieved Gold or above
- **3** China Green Building Evaluation Labels ("Two-Star" or above)[5]
- **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 **13 million** stakeholders[6]
SDG 3.4
(FY2030 target: 20 million)

Lost-time injury rate (LTIR)[7] **0.5** per 100 employees
SDG 3.4
(FY2030 target: maintain at/below 3.0 annually)

WELL Buildings:
11 building certificates[8], with **9** of those achieved Gold or above
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 **140 million** stakeholders[6]
SDG 11.3, 11.4
(FY2030 target: 300 million)

Provided **>235,000** volunteering hours[6]
SDG 4.4
(FY2030 target: >340,000 hours)

Average **19.6** training hours per employee
SDG 4.4
Sustainability-related training **13,749** 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

178 active patents[9]

26 integrations via Impact Kommons[10]

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 as the intensity metrics was due to the diverse business nature of the Group's portfolio and that revenue is the common thread that can be adopted across sectors.
2 Covers New World Construction Company Limited only.
3 Counting the number of Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as at 30 June 2021.
4 Counting both pre-certified and certified projects as at 30 June 2021. This number excludes expired pre-certificates.
5 This number excludes expired labels as at 30 June 2021.
6 Cumulative number from baseline year FY2015 to FY2021 covering the Sustainability Reporting Scope.
7 Lost-time injury rate represents the number of injuries per 100 employees per year.
8 Counting both pre-certified and certified projects as at 30 June 2021.
9 Counting the number of active patents granted since FY2015 and held by New World Group under the Sustainability Reporting Scope as at 30 June 2021, excluding design registrations/patents.
10 Cumulative integrations from FY2020 to FY2021 between Impact Kommons startups and New World Group Ecosystem.

Corporate Sustainability

Leadership and Governance

Message from Management

In FY2021, the global community continued to feel the effects of COVID-19 and unprecedented climate events, and we were not immune. Continuing our Group's 50th anniversary celebrations this year, I've had the opportunity to reflect on our Group's storied history and accomplishments, which were made possible only by our ability to quickly adapt and innovate, turning crisis into opportunity in every instance.

Creating Shared Value ("CSV") is at the heart of our corporate mission. Through ESG integration via SV2030, we are able to quantify our CSV contributions for all stakeholders and use the SV2030 pillars of Green, Wellness and Caring to ensure our Board, leadership team and employees are acting towards these common goals.

We understand that urgent climate action is required to avoid the worst climate impacts and ensure the long-term development of our business. As a first mover, we have adopted the recommendations on TCFD since FY2019. Earlier this year, we expanded our decarbonisation efforts by committing to the Business Ambition for 1.5°C to set SBT and formulating our Renewable Energy ("RE") Roadmap, which formed the basis of our oversubscribed sustainability-linked bond and is indicative of our commitment to decarbonise. Further to our SV2030 emissions reduction and renewable energy adoption targets in 2030/2031, we are exploring solutions to echo HKSAR's commitment to net zero carbon by 2050 and Mainland China's commitment to carbon neutrality by 2060. We look forward to playing a part in the global transition to a low carbon future.

We continue our efforts to foster a diverse and inclusive community. Last year, we appointed two female executives as board members to encourage a more gender-diverse and fair environment, and became a signatory of the UN Global Compact. We will continue to support the UNGC and pay close attention to the latest trends and regulations in corporate governance, and leverage global insights and partnerships to realise sustainable cities and communities and improve the overall well-being of our stakeholders. Demonstrating our commitment to creating shared value for our community, we are revitalising the historic State Theatre of Hong Kong, one of the city's last standing cultural icons, and hope to conserve and restore the iconic building to its original glamour and transform it into a landmark for culture and arts for the benefit of the next generation and the community at large.

Our Group continued to demonstrate resilience, love and innovation in our ongoing efforts to battle COVID-19 this year. In additional to our existing relief funds and initiative of manufacturing and distributing Made-in-Hong-Kong masks through non-governmental organisations ("NGO") to stakeholders in need, we have been accelerating the city's COVID-19 recovery through offering grants to vaccinated low-income individuals and paid vaccination leave to our employees. These initiatives were made possible by our dedicated teams and growing network of ecosystem partners, including through Impact Kommons, our UN SDGs-focused startup accelerator nurturing the next generation of sustainability changemakers. We look forward to further collaborations demonstrating our culture of partnership and innovation.

As we expand our business ecosystem and footprint in the GBA and other parts of Mainland China, we understand that ESG integration and standardisation will become even more important. ESG principles are being considered in business and investment decisions as well as supply chain relationships, and we will continue to develop more robust frameworks. We are strengthening our Group-wide risk management framework to keep up with the rising importance of managing ESG risks and capturing relevant opportunities. I would like to take this opportunity to thank my team for their unwavering dedication, adaptability and resilience during these challenging times.

Stepping into a new year with unknown challenges, our team remains hopeful – when others see crisis, we see opportunity. I look forward to leading the team to reach new heights by connecting with all stakeholders and aligning our businesses to our long-term sustainability vision and trends in innovation. By adopting a growth mindset, we are confident that our commitment to CSV, together with striving for best practice in ESG, will allow our Group to stay ahead and thrive for many more decades.

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

Governance Structure

To ensure action on NWD's commitment to sustainability, we integrate the management of ESG issues throughout the Group's corporate governance structure – from board-level committees to management-level group functions and business units ("BUs"). The Board of Directors fulfils its responsibilities by delegating to five board-level committees, including the Sustainability Committee which oversees the Group's management of ESG and sustainability endeavours. Details on the board-level committees are available in the "Risk Management and Internal Control" Section.

We pay close attention to the latest trends and regulations in corporate governance and acknowledge HKEX's consultation paper "Review of Corporate Governance Code and Related Listing Rules" issued in April 2021, which emphasises the importance of board independence, diversity and succession planning.

We ensure all employees are motivated to take concerted efforts towards our SV2030 targets by integrating these targets into KPIs for our CEOs of BUs as well as NWD departments and their teams. We link sustainability performance to the remuneration of our CEO and employees. We also provide regular training to all employees and support across the Group to pursue action plans to budget, empowered by our Sustainability Committee and Group Sustainability Steering Committee.

The Sustainability Committee is appointed by the Board of Directors from among the directors of NWD, and its Chairperson is the Executive Vice-chairman and CEO of NWD. The Committee's mandate is to make any appropriate recommendations to the Board, as well as to report any improvement areas in its sustainability and ESG reporting strategy and management, any instances of non-compliance with sustainability and ESG policies and procedures, and any infringement of sustainability laws and regulations. Its own performance is reviewed on an annual basis.

Given the climate imperative and our Group's responsibilities to mitigate climate impacts in our operations, the Board of Directors has endorsed our ongoing assessment and disclosure of climate risks as per Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations. The Board is updated regularly on the latest climate risks and opportunities, so as to reshape the ESG strategies.

In order to create an innovative ecosystem, we have implemented specific mechanisms within NWD's management structure. One of these is the Customer Committee, which offers the opportunity for all departments to pitch and invite feedback on innovative new ideas. Proponents of shortlisted feasible ideas have the opportunity to present to senior management and explore application of the ideas.

Managing ESG Risks and Opportunities

The Group has been actively managing social and environmental risks and opportunities together with economic challenges within its sphere of influence. We believe that integrating sustainability with our business practices provides us a competitive advantage in the long-term.

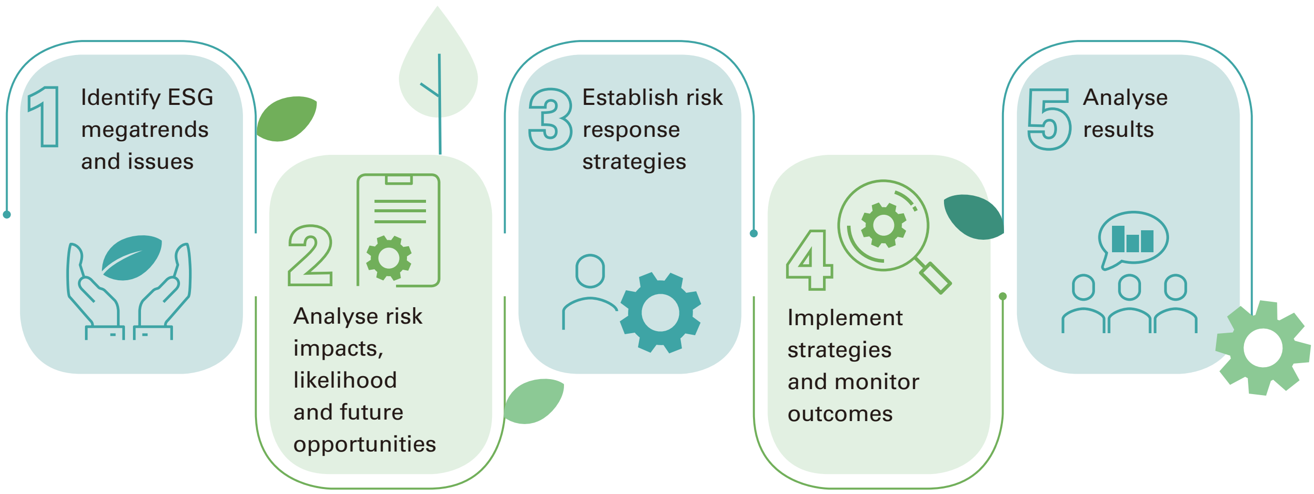
Strengthening Governance of ESG Issues

The Group has put in place its risk management framework for many years, which is regularly reviewed to reflect latest changes in our strategic direction, market practice, regulatory obligations, and sustainability commitments. This year we have been strengthening our ERM framework to:

- drive better integration between sustainability and business strategy; and
- adopt "*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.

How NWD Identifies, Assesses and Manages ESG Risks

We identify, assess and manage ESG risks along with other risk categories using an integration approach.



We acknowledge extensive implications of climate change events and ESG risks. Therefore, our risk identification and assessment process has integrated them into our risk analysis, through a combination of standalone risks and/or cross-linking with other business risks (such as insurance and crisis management risks).

As with other key risks, we adopt the same set of risk assessment criteria in evaluating ESG risks. In particular, ESG risks are managed throughout different levels of management:

- Strategic direction – SV2030, including alignment with TCFD recommendations and stakeholders' expectations
- Operational – an Issue Alert System ensures follow-up on the impending crises or issues in a timely manner, and a diverse range of policies and procedures, including Anti-Fraud Policy, Whistleblowing Policy and Climate Change Policy to avoid or mitigate risks
- Governance – across the Group according to our risk governance structure and risk management process, with management oversight and assurance provided to the Board

Unlock Opportunities

In this reporting year, we have worked to raise awareness of ESG opportunities through training programmes to all major BUs in Hong Kong and the Mainland. Trainings are provided to all employees, and also to the Board and senior management of NWD, NWSH and NWDS. These trainings covered the Board's roles and accountability, ESG risks, precautionary measures and flagging mechanisms, sustainability policies, bribery and corruption, as well as the latest ESG and sustainable finance trends, and best practice case studies in ESG integration. Nearly 4,000 hours of bribery and corruption training was provided to employees in FY2021.

To maximise our capacity to spot and capture opportunities, we have also delivered trainings on innovation and a "value creation mindset" to management and all employees. This supports our commitment to innovation and our efforts to encourage ideation from all stakeholders, including through our Customer Committee.

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

Creating Shared Value

"Creating Shared Value" ("CSV") is the heart of our corporate mission. It means understanding the needs of the communities where we operate and leveraging our assets and strengths to meet them, while creating new business opportunities for the Group through ongoing innovation. "Shared value" is the outcome of three crucial drivers coming together: social and environmental needs, corporate assets and business opportunities.

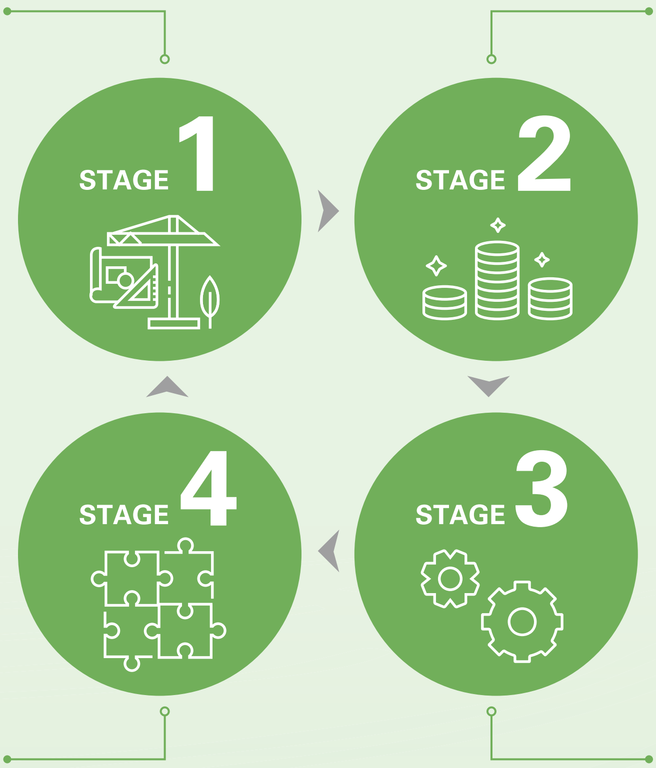
We measure the value we create for society through our ESG framework of metrics and initiatives. To make this possible, we are integrating ESG into every level of our strategy and business. Three strategic engines of change power our efforts: innovation, partnership and institutionalisation. This report demonstrates the roles these three play in our progress towards our corporate mission and SV2030.

Creating Shared Value through Managing NWD Property's Lifecycle Sustainably and Responsibly

The Group has standardised sustainable practices throughout the four key stages of property development, with an aim to create shared value across the SV2030 pillars of Green, Wellness, Smart and Caring.

DESIGN & BUILD

Our policies outline our commitment to sustainable building certifications (including BEAM Plus, LEED and WELL) for new and existing projects, as well as our approaches to manage climate risks and other environmental and social impacts along the supply chain.



SUSTAINABLE FINANCE

We drive capital towards impactful projects in our ecosystem of businesses, such as green and healthy buildings, by using a variety of sustainable financing instruments that are in line with international frameworks and standards where possible.

OPERATIONS

We strive to reduce our adverse environmental and social impacts during the operations of our managed properties through continuous resource efficiency enhancements and measures to improve the health and well-being of our building tenants and users.

ENGAGEMENT

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

ESG Strategy Informed by Stakeholders

Stakeholder voices are central to the development of our ESG strategy, playing the critical function of helping us identify and prioritise current and emerging risks and opportunities across our BUs and the communities in which we operate. We endeavour to engage them on a regular basis to maximise opportunities for them to share their insights, perspectives and experience with us. Our chief methods of engagement include surveys, interviews, focus groups, visits, mobile apps, e-newsletters, meetings and forums, events, email and hotlines, media and social media channels.

In the past three years, through a robust annual materiality assessment process involving both internal and external stakeholders, we have ascertained the importance and relevance of a range of ESG issues to NWD. Internal stakeholders included are representative of major BUs and levels of seniority, while external stakeholders covered customers, tenants, suppliers, service providers, academic and professional institutions, NGO partners, financial institutions, media, peer companies and government. The identification of ESG issues in our annual materiality assessment process builds on that of the previous year, refreshed with new insights from stakeholders, particularly investors. In addition, we performed comparative studies of priority issues identified by industry peers to ensure emerging trends affecting the industry are not overlooked.

We strive to improve the evaluation and prioritisation of material issues to help guide our focus on sustainability work. In FY2021, we experimented with a new approach of quantitative assessment, placing more emphasis on understanding the relative importance of the material topics to the sustainable development of NWD and on exploring risk factors and drivers of growth in the views of the stakeholders.

While NWD is committed to continuously improving priority ESG issues identified through the materiality assessments from the past three years, we believe this new approach will help us better target our resources to where they are most needed and in ways that strategically support the Group's business plan. Nearly 1,200 internal and external stakeholders in Hong Kong and the Mainland, where most NWD's businesses are based, participated in the assessment. The outcome is a refreshed materiality matrix, with priority issues that internal and external stakeholders rated as important for NWD to consider in its pursuit of sustainable growth.

The following materiality matrix shows the most prioritised issues and their correlation to our four SV2030 pillars (Green, Wellness, Smart and Caring) and the transversal topics which often underpin the foundation of a business.

These findings have been reviewed by the Sustainability Committee, in order to determine our actions in response. Priorities include climate mitigation efforts, such as setting SBT as planned.

With a shift of emphasis of this year's assessment from exploring risk factors to growth drivers and from ensuring business continuity to seeking business growth, we observed a change of priority in the top issues rated by stakeholders. In the previous years, transversal issues such as bribery and corruption, corporate governance, occupational health and safety were rated as top issues for NWD as these were seen as critical to NWD's business continuity. When more emphasis was placed on the relative importance of an issue as driver of growth in this year's assessment, top transversal issues identified in previous years remained important while stakeholders further rated innovation, carbon and energy reduction, talent management, diversity and equal opportunities as the most critical issues influencing the sustainable development of NWD's business and society. This echoes our efforts in climate action, driving innovation, supporting talents and fostering a more diverse and inclusive community. Further to the materiality assessment, we also monitor industry trends, upcoming regulation 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. Innovation	Innovating the Customer Journey, Case Studies in Innovation for the Next Generation, Catalysing Change with Sustainable Finance
2. Energy Efficiency and Carbon Reduction	Catalysing Change with Sustainable Finance, Supporting the Transition to a Greener Future, Fostering Sustainable Communities
3. Talent Management	Growing with Our People, Fostering Sustainable Communities
4. Diversity and Equal Opportunities	Growing with Our People
5. Employee Wellness and Engagement	Growing with Our People
6. Corporate Governance	Leadership and Governance
7. Waste Reduction and Recycling	Case Studies in Innovation for the Next Generation, Supporting the Transition to a Greener Future
8. Community Development and Engagement	Case Studies in Innovation for the Next Generation, Innovating the Customer Journey, Fostering Sustainable Communities
9. Customer Wellness, Health and Safety	Case Studies in Innovation for the Next Generation, Innovating the Customer Journey
10. Responsible Supply Chain Management	Supporting the Transition to a Greener Future, Collaborating with Supply Chain Partners
11. Occupational Health and Safety	Growing with Our People, Collaborating with Supply Chain Partners
12. Community Wellness	Fostering Sustainable Communities
13. Customer and Tenant Engagement	Innovating the Customer Journey
14. Climate Change Actions	Catalysing Change with Sustainable Finance, Supporting the Transition to a Greener Future
15. Use of Materials and Biodiversity	Supporting the Transition to a Greener Future
16. Bribery and Corruption	Leadership and Governance
17. Financial Performance	Annual Report Financial Highlights Section
18. Human Rights and Grievance Mechanisms	Leadership and Governance, Growing with Our People
19. Water Conservation	Supporting the Transition to a Greener Future
20. Ageing Population	Fostering Sustainable Communities

Case Studies in Innovation for the Next Generation

While ESG is a core consideration in all our actions, these case studies demonstrate how we endeavour to go the extra mile to show leadership for lasting social and environmental well-being. At differing stages of completion, they reflect our long-term ambitions to preserve heritage, spark creativity, accelerate innovation and connect people, as well as our efforts to improve lives in the here-and-now.

Valued Heritage, Creative Futures

MATERIAL ISSUES

- Community Development and Engagement

REVITALISING THE HISTORIC STATE THEATRE

In 2020, NWD acquired the 68-year-old State Theatre, a Grade I historic site located in North Point, Hong Kong in order to restore the structure to its former glory in a meticulous conservation project. The iconic parabolic exoskeleton truss at the roof will be conserved, while the revitalised architecture will be transformed into a new landmark for culture and arts, creating shared value through connecting social progress with business success.

In April 2021, to raise awareness of heritage conservation, Culture for Tomorrow, a non-profit organisation within New World Group, launched an immersive exhibition entitled "Discover the State Theatre in All of Us." Visitors were invited to explore the theatre's history through the eyes of different historical personas, including the theatre's founder and the architect behind the iconic roof, and to view over 500 artefacts, from 1950s movie handbills to tickets of midnight screenings. This experience was also made available online due to social distancing restrictions.

The historic State Theatre

The State Theatre is one of the last standing cultural icons of Hong Kong. Together with our international team, we will do our best to conserve and restore this iconic building to its original glamour and build a cultural oasis that serves the community.

– Dr. Adrian Cheng, Executive Vice-chairman and CEO

The iconic parabolic exoskeleton truss of State Theatre

COMBINING COMMERCE AND CREATIVITY ON MIDDLE HUAIHAI ROAD IN SHANGHAI

NWD has acquired a significant plot of land in the heart of Shanghai's Huangpu District, the seat of the municipal government and home to The Bund and the Old City God Temple, as well as shopping districts including Huaihai Road. Our plan is to create an upscale commercial complex that marries art, culture and modernity, seeking harmonious co-existence and co-development with the surrounding commercial circles. As the fourth project in Eastern China region, this project will expand K11's presence while redefining the modern commercial retail sector as a creative hub.

Envisioned as the urban landmark of Eastern China region and beyond, this project will lead the way in the adoption of contemporary trends and the aesthetic consumption model, boost the development of the regional economy and society, and create shared value with the broader community.

Upcoming project on Middle Huaihai Road in Shanghai

Pushing Boundaries

MATERIAL ISSUES

- Innovation
- Energy Efficiency and Carbon Reduction
- Customer Wellness, Health and Safety
- Occupational Health and Safety

CONNECTING FAMILIES AND COMMUNITIES IN THE GREATER BAY AREA

NWD is developing 11 SKIES, a 3.8 million-square-foot mixed-use development strategically located next to the Hong Kong International Airport, which will be Hong Kong's largest hub for Retail, Dining and Entertainment (RDE) and professional services. Operated by K11, 11 SKIES will open in phases between 2022 and 2025. Easy transport links will connect 31.6 million residents of the GBA within a "1.5-hour living radius," including Hong Kong, Shenzhen, Zhuhai, Zhongshan, Jiangmen, Foshan and Macau, and redefine the traveller and consumer experience.

11 SKIES not only provides a unique hub to connect families and communities in GBA but also takes the lead in its care for the wellness of people and environment, aligning with our SV2030 pillar of Wellness. In addition to its state-of-the-art building management system, including indoor air quality monitoring system, microclimate monitoring system and grey water drainage system to minimise cross-contamination, 11 SKIES is one of Asia's largest projects to adopt electrochromic glass that tints automatically in its roof canopy design. By dynamically changing tint in response to the sun, the roof canopy could reduce solar heat gain by up to 75%, while enhancing occupant comfort by enabling occupants to enjoy natural light and maintain a connection to the outdoor environment. Office Towers will be launched first, and the Towers have attained the highest standards of pre-certified platinum levels by BEAM Plus, LEED and WELL.

Aerial view of 11 SKIES

11 SKIES, attraction at the heart of GBA

CREATING CHINA'S MOST SUSTAINABLE TOLL-ROAD SERVICE AREA IN WEST LAKE DISTRICT

Redefining the standards of toll-road management at Hangzhou's Ring Road, NWSH is nearing the completion of an award-winning service area, due to launch in Q4 2021. The Hangzhou West Lake Service Area aims to be the first LEED-certified service centre in China, with sustainability features including solar panels and EV charging points, LED lighting and efficient zoning and lighting controls, rainwater harvesting and wastewater treatment facilities. The wide application of AI technology is another key feature of West Lake Service Area. For example, a smart capsule hotel and convenience store are designed with unmanned concept, which targets to minimise manual operation as well as social contact during the pandemic. The entire building design is inspired by the culture of Hangzhou, reflecting sweet-scented Osmanthus and golden autumnal shades.

Pioneering Purposeful Tech Innovation

MATERIAL ISSUES

- Innovation
- Customer Wellness, Health and Safety

ACCELERATING INNOVATION FOR SHARED VALUE

Impact Kommons Cohort 2 event at Nature Discovery Park

Two cohorts have now gone through Impact Kommons, Hong Kong's first UN SDGs-focused accelerator, which invites impact startups to collaborate with New World Group businesses, sustainability experts and global partners to scale solutions for a better tomorrow. This has enabled 26 instances of integration with New World Group businesses, details of which can be found in the accelerator's 2021 Impact Report on its website.

For instance, Hong Kong-based EdTech social enterprise AESIR aims to support the learning activities of children with special educational needs ("SEN") through augmented reality ("AR") and virtual reality ("VR") games. The company held a one-day AR sign language class at Nature Discovery Park ("NDP") in K11 MUSEA as a part of the "Little Nature Ambassador Programme" offering, teaching kids bilingual sign vocabulary through tactile learning sheets and AR-enabled learning. The programme aims to nurture a new generation of sustainability changemakers, promote social inclusion and create shared value. AESIR also partnered with NWSH's social impact partner, The Salvation Army, to develop two games to support kids with SEN, using motion sensing technology to teach key skills for counting and personal finance.

Impact Kommons 2021 Impact Report

CURATING SUSTAINABLE LIVING

NWD has standardised patented designs to integrate convenience with style and maximise space, enhancing quality of life for residents in NWD's Hong Kong residential projects, including:

- Laundry+®, a patented 3-in-1 combination cabinet with a thermo ventilator, offering washing, drying and ironing space in the bathroom.
- MIRROR+®, a registered design for a multi-purpose mirror cabinet equipped with a twin socket outlet, power bar with USB ports, wireless charger and a non-electric acoustic speaker, for daily cleansing with a soundtrack.
- KIT·PLUS®, a registered design allowing users to freely personalise storage space for kitchen accessories, utensils and even tablet computers.
- ArtisLock®, a patented 3-in-1 smart lock designed to seamlessly switch between smart and mechanical lock modes. Residents can unlock the door with their fingerprint, the Artisanal Living mobile app or a mechanical key.

We are committed to recruiting young entrepreneurs with innovative technologies and a sustainable development mindset through Impact Kommons, which embodies New World Group's "Creating Shared Value" mission and works hand in hand with these start-ups in transforming their creativity into a driving force that truly benefits and propels society.

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

Catalysing Change with Sustainable Finance

Leading on Sustainable Finance

Across the world, investors are increasingly interested in ESG and sustainable finance mechanisms. A 2021 MSCI survey of 200 asset owner institutions[1] with assets totalling approximately US$18 trillion found that the COVID-19 pandemic has increased focus on sustainable investing, with 77% of investors reporting "significantly" or "moderately" increased ESG investments.

NWD was one of the first movers in sustainable finance in Hong Kong. In 2018, we issued our first Green Bond and established a Green Finance Framework to create investment opportunities with our financial partners that deliver funds to improve the environmental performance of our buildings and landscapes, as well as the health of our tenants and users. We are committed to developing sustainable financing practices in the region, in line with international standards and guidelines, to achieve our ESG goals and demonstrate the financial value of ESG integration. In 2020, we established the Sustainable Finance Framework, expanding on the scope of the Green Finance Framework. We remain a proud supporter of HKEX's Sustainable and Green Exchange ("STAGE"), Asia's first multi-asset sustainable investment product platform, launched in December 2020, where we list sustainable finance offerings such as our green bond and SLB.

Progress update

As at FY2021, NWD has generated over HK$19 billion in funds through sustainable finance mechanisms. Key deals completed within FY2021 include:

WORLD'S FIRST USD SLB BY A REAL ESTATE DEVELOPER

In January 2021, NWD developed a SLB Framework and became the world's first real estate developer to issue a USD SLB. The 10-year US$200 million bond (coupon rate: 3.75%, lowest yield among all USD issuances by NWD to date) has a Sustainability Performance Target that is aligned with NWD's latest RE Roadmap, which commits to achieving 100% renewable energy for NWD's GBA rental properties by FY-end 2025/26. Should NWD fail to achieve the target, NWD will purchase carbon offsets in an equivalent amount to 25 basis points per annum for the remaining life of the bond, as part of our ongoing commitment to ESG integration and decarbonisation. The bond was six times oversubscribed by international ESG investors at its peak with strong participation (approximately 80%) from global ESG investors. To cater to market demands, a private SLB, which is also the world's first HKD SLB, valued at HK$1.5 billion over a 10-year period, was then issued. Proceeds of the bonds will be allocated to NWD's long-term sustainability initiatives, as well as general corporate purposes.

MATERIAL ISSUES

- Financial Performance
- Innovation
- Energy Efficiency and Carbon Reduction

HONG KONG'S FIRST INTEREST RATE SWAP LINKED TO THE UN SDGS

In November 2020, NWD and DBS Hong Kong ("DBS") completed Hong Kong's first interest rate swap linked to the UN SDGs. This derivative transaction is designed to provide a hedge against the interest rate risk related to NWD's 5-year HK$1 billion sustainability-linked loan ("SLL") from DBS, which closed in November 2019. Under this innovative solution, NWD is eligible to receive sponsorship from DBS to support social innovation projects upon successful generation of at least eight business-to-business integration opportunities that contribute to the UN SDGs adopted by SV2030. As of 30 June 2021, NWD successfully surpassed this goal.

Visit our website for 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.

[1] MSCI 2021 Global Institutional Investor Survey, https://www.msci.com/documents/10199/51331fff-2b84-396d-2b57-bad161271a4e

Summary of NWD's Sustainable Finance Transactions

Instrument	Date	Size	Tenor	Purpose/Use of Proceeds
SLL	June 2021	HK$1.15 billion JP¥13.5 billion	5-year 7-year	– Financing general working capital – Linked to DJSI performance
Green Loan	May 2021	HK$1.4 billion	5-year	– HK$1 billion utilised for green building project, Wing Hong Street, Cheung Sha Wan*
Green Bond	April 2021	HK$780 million (coupon rate: 3.95%)	10-year	– HK$780 million proceeds allocated to green building project, 888 Lai Chi Kok Road*
Green Loan	March 2021	HK$300 million	3-year	– HK$300 million utilised for green building project, 888 Lai Chi Kok Road*
Green Bond	March 2021	HK$550 million (coupon rate: 3.00%)	7-year	– HK$550 million proceeds allocated to green building project, 888 Lai Chi Kok Road*
SLB (Private)	February 2021	HK$1.5 billion (coupon rate: 3.50%)	10-year	– The world's first HKD SLB – Driving NWD's RE Roadmap and linked to FY-end 2025/26 progress
SLB (Public)	January 2021	US$200 million (coupon rate: 3.75%)	10-year	– The world's first USD SLB by a real estate developer – Driving NWD's RE Roadmap and linked to FY-end 2025/26 progress
SLL	December 2020	HK$2 billion	5-year	– Financing general working capital – Linked to selected environmental impact reduction targets and GRESB performance
Green Loan	May 2020	HK$500 million	3-year	– HK$500 million utilised for green building project, 888 Lai Chi Kok Road*

* The project names are subject to finalisation before official opening.

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

Instrument	Date	Size	Tenor	Purpose/Use of Proceeds
SLL (followed by a Sustainability-Linked Interest Rate Swap in November 2020)	November 2019	HK$1 billion	5-year	– Driving long-term sustainability targets, enhancing the climate resilience of property portfolio, as well as general corporate financing – Linked to selected environmental impact reduction targets and GRESB performance – Asia's first loan linked to GRESB performance – Hong Kong's first interest rate swap linked to the UN SDGs (November 2020), hedging against the interest rate risk of SLL
Green Bond (via NWCL)	December 2018	US$310 million (coupon rate: 4.75%)	5-year	– US$206.4 million proceeds allocated to green building project, New World Canton Centre, The New Canton Mansion (formerly known as New World Zengcheng Comprehensive Development Project)* – US$101.7 million proceeds allocated to green building project, Qianhai CTF Finance Tower*
Green Loan	March 2018 (renegotiated in December 2019)	HK$5 billion (renegotiated from HK$3.6 billion)	5-year	– Hong Kong's first green loan – HK$4 billion utilised for green building project, K11 ATELIER King's Road – HK$1 billion utilised for green building project, 888 Lai Chi Kok Road*

* The project names are subject to finalisation before official opening.

NWD's Environmental Impact Reduction Performance

The five-year SLL of HK$1 billion 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.

Greenhouse gas (GHG) emissions[1] (tonnes CO_2e/sq m)	↓42%	0.05 (FY2021)	0.09 (FY2018)
Energy consumption[1] (MWh/sq m)	↓29%	0.10 (FY2021)	0.14 (FY2018)
Water consumption[1] (m^3/sq m)	↑4%	0.93 (FY2021)	0.90 (FY2018)
Waste from New World Construction Company Limited ("NWCON") in Hong Kong (tonnes/million HK$ revenue)	↓68%	0.83 (FY2021)	2.56 (FY2018)

Another five-year SLL of HK$2 billion arranged in 2020 enabled NWD to access funding at a discounted interest rate that is also linked to the annual achievement in environmental impact reduction targets (refer to the table below) and GRESB performance.

Greenhouse gas (GHG) emissions[1] (tonnes CO_2e/sq m)	↓35%	0.05 (FY2021)	0.08 (FY2019)
Energy consumption[1] (MWh/sq m)	↓29%	0.10 (FY2021)	0.14 (FY2019)
Water consumption[1] (m^3/sq m)	↑9%	0.93 (FY2021)	0.86 (FY2019)
Waste from NWCON in Hong Kong (tonnes/million HK$ revenue)	↓56%	0.83 (FY2021)	1.91 (FY2019)

1 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.

Supporting the Transition to a Greener Future

Action for a Climate-resilient Future

Climate change is a global threat to the life of humanity and the health of the planet. It will also affect the Group's businesses, our customers and our supply chains. The latest scientific assessment[1] from the United Nations' Intergovernmental Panel on Climate Change ("IPCC") released in 2021 called for urgent deep decarbonisation action in this decade in order to avoid the worst climate impacts and maintain a liveable planet.

The built environment generates nearly 40% of annual global carbon emissions[2]. Moreover, rapid urbanisation means that by 2050 over two-thirds of the global population is expected to live in cities[3]. It is crucial for new building stock to meet net zero carbon standards and existing buildings to improve where possible, through a significant increase in building efficiency measures and deployment of renewable energy. Similarly, our latest materiality assessment reflected that climate change actions are seen as important by our stakeholders, and they are especially loud and clear on their expectation for us to accelerate and deepen our efforts in energy efficiency and carbon reduction.

MATERIAL ISSUES

- Energy Efficiency and Carbon Reduction
- Climate Change Actions

These trends explain why NWD has, since FY2019, taken the lead in reporting in alignment with TCFD, well ahead of HKEX's requirement for all companies to make TCFD-aligned disclosures by 2025. In the following, we adopted the framework recommended by TCFD, discussing in detail the risks brought on by climate change, the potential impact on our business, and the actions we are taking to mitigate and adapt to these risks.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance

Board's oversight: NWD's Board has overall accountability for the management of all risks and opportunities, including climate change. Our CEO, who chairs the **Sustainability Committee**, is ultimately accountable for the oversight of our climate change agenda. The Board appointed members of the Sustainability Committee from among the directors of NWD, including two independent non-executive directors and one executive director. Subsequent to FY2021 in September 2021, the Board further appointed an independent non-executive director to the Sustainability Committee. The Sustainability Committee meets at least twice a year to oversee strategic ESG-related issues relating to NWD, including climate-related strategies, policies, actions and disclosure. It informs the Board of the strategic risks and opportunities presented by climate change, which form part of the Board's discussion of NWD's medium- to long-term plans.

Management's role: The Group Sustainability Steering Committee supports climate action planning and internal policy setting, monitors progress towards SV2030 targets and coordinates responses to climate-related risks and opportunities across all BUs for disclosure. The Committee monitors the enforcement of NWD's sustainability-related policies across the Group and reviews policy updates regularly.

The Group Sustainability Department coordinates Group-wide efforts to assess physical and transition climate risks and opportunities for strategic planning by the Management and the Board. It initiates the monitoring and follow-up of both transition and physical climate-related risks and facilitates strategic responses by respective departments.

[1] IPCC, Climate Change 2021: The Physical Science Basis, the Working Group I contribution to the Sixth Assessment Report.
[2] UNEP, Building sector emissions hit record high, but low-carbon pandemic recovery can help transform sector – UN report.
[3] UN DESA, 68% of the world population projected to live in urban areas by 2050, says UN.

Strategy

We are integrating climate-related risks into the Group's **Enterprise Risk Management** (enhancements on track to complete in FY2022), as well as monitoring current and emerging risks through our **ESG Materiality Assessment**. Climate risks are embedded in our risk management process, and have been identified as one of the emerging and key risks of the Group and included in our risk register. (For detailed description of the climate change risk, please refer to Annual Report, Risk Management and Internal Control Section). Our **objective** is to achieve ongoing assessment, monitoring and management of climate risks through the Group and all BUs, enhance our properties' climate resilience and adaptability, and strengthen understanding and ownership of the assessment and management of climate risks relevant to the Group's business activities.

Physical risks[1]: In FY2021, we worked to establish **Climate Resilience Design Guidelines** to integrate various climate mitigation and adaptation measures into new developments, 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 under Shared Socioeconomic Pathways ("SSPs") as suggested by the IPCC. The guidelines, currently being finalised, will cover climate risks that are pertinent to our major business locations, such as flooding, water stress, extreme temperatures and extreme wind, and suggest resilience improvement measures.

Transition risks[2]: We have updated our internal **Climate Change Policy** in FY2021 to reflect our "no coal" commitment, i.e. to avoid future company investments and operation of coal-fired power plants or coal mines and commit to selling the remaining minority stake in a coal-fired power plant. We will actively monitor and respond to regulatory changes and industry standards related to our business locations.

Visit our website for details of the Group Sustainability Policy, Climate Change Policy and Sustainable Building Policy

Risk Management

We have also updated our **Sustainable Building Policy** to demonstrate our commitment in achieving net zero carbon building, prioritising retro-commissioning to optimise building systems' resource efficiency and sourcing construction materials with lower embodied carbon. We continue to closely monitor regional policies and initiatives, such as Mainland China's climate pledge on carbon neutrality by 2060 and HKSAR's Municipal Solid Waste Charging Scheme to quantify the transition risks.

In FY2019, we assessed the impact of climate-related risks (flooding, extreme wind, water stress and heat stress) on 14 major properties in the GBA (11 in Hong Kong and three in the Mainland) under two IPCC Representative Concentration Pathway ("RCP") scenarios: a medium-risk scenario where global average temperature increases by no less than 2.5°C (RCP 6.0) and an extreme scenario where temperature increases by over 4.0°C (RCP 8.5). These four types of climate-related risks, which are the most common to our geographic presence, were studied to understand the physical risks to these properties.

Based on our project locations, no severe climate risks were identified at present: we have no properties in flood-prone areas and flooding blackspots, and our properties suffer no significant damage due to extreme winds and typhoons. However, we recognise that extreme wind and flooding risks are becoming more imminent. Therefore, we have implemented some resilience improvement measures, such as regular inspections, maintenance and hardware enhancement at key properties to mitigate our exposure to climate-related risks. We are also working to complete floodgate installation and systems to protect plantrooms for selected properties. Floodgates have been installed at two projects, with further installations planned for sites in Hong Kong and the Mainland.

1 Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g. cyclones, droughts, floods and fires). They can also relate to longer-term shifts (chronic) in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise and chronic heat waves.

2 Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change, which may pose varying levels of financial and reputational risks.

Metrics and Targets

As part of the Group-wide SV2030, we are working towards a target to halve energy intensity and carbon emissions intensity against a FY2015 baseline, respectively. Target performance is detailed in the next section.

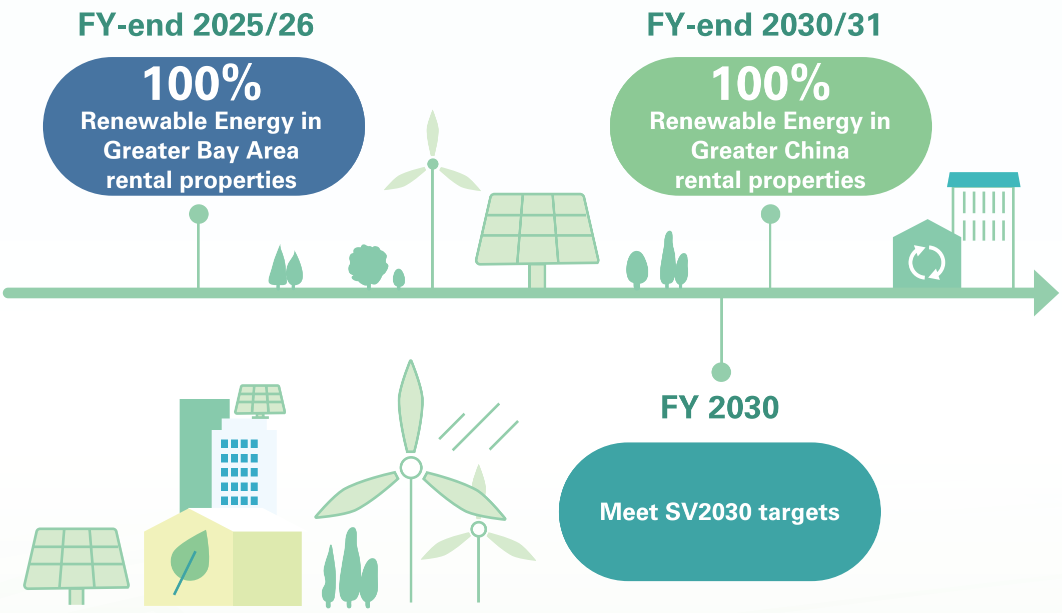
In February 2021, NWD became the third real estate company in Asia to have joined the "Business Ambition for 1.5°C," a campaign led by a global coalition of United Nations agencies, business and industry leaders for climate change under the Paris Agreement, and joined the Race to Zero. We will declare our SBT for NWD's core businesses of buildings and construction by Q1 2023 to contribute to limiting global warming to 1.5°C, which include a reduction target on Scope 3 emissions from the embodied carbon in construction materials and the energy usage of tenants. These reduction targets are expected to be achieved by NWD by 2030. In FY2022, we will continue to track and start to reduce Scope 3 emissions, with details in the section, "Collaborating with Supply Chain Partners."

BUSINESS AMBITION FOR 1.5°C

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

RACE TO ZERO

In FY2021, we also launched a RE Roadmap to support the transition to a low-carbon economy through Scope 2 carbon emissions reduction, charting a path towards adopting 100% renewable energy in our GBA rental properties by end of FY2025/26 and expanding the renewable energy portfolio to the rest of Greater China rental properties by end of FY2030/31. The Roadmap sets out our intentions to incorporate onsite renewable energy installations into new and existing buildings wherever possible, procure offsite renewable energy by securing long-term Power Purchase Agreements and purchase renewable energy certificates to support the wider renewable energy market development.



Driving Decarbonisation

MATERIAL ISSUES

- Innovation
- Energy Efficiency and Carbon Reduction

NWD has continued its progress towards its Group-wide SV2030 targets for carbon emissions and energy intensity, achieving a 33% and 20% reduction, respectively, in FY2021, against our FY2015 baseline. Aligning with our Group strategy of further unlocking value for shareholders through the disposal of non-core assets, NWSH fully disposed of its non-core transportation business in FY2021[1]. As a result, the environmental and revenue figures related to the disposed assets have been removed from FY2021 intensity calculations, and the same has been done to historical intensity figures to provide better context of our progress. The carbon reduction trajectory has also been updated accordingly. The historical environmental data continue to be available on our website.

While the total energy consumption of our Sustainability Reporting Scope[2] increased in FY2021 as compared to FY2020 due to business recovery in the aftermath of COVID-19, our consumption is in line with FY2019 levels despite an expanded scope, thanks to our efforts in enhancing energy efficiency of in-scope buildings. Due to ongoing grid decarbonisation at our business locations, total carbon emissions in FY2021 decreased despite the increased energy consumption. Similarly, for the SV2030 Green Targets Scope[3], grid decarbonisation also resulted in a more significant reduction in carbon emissions intensity than energy intensity.

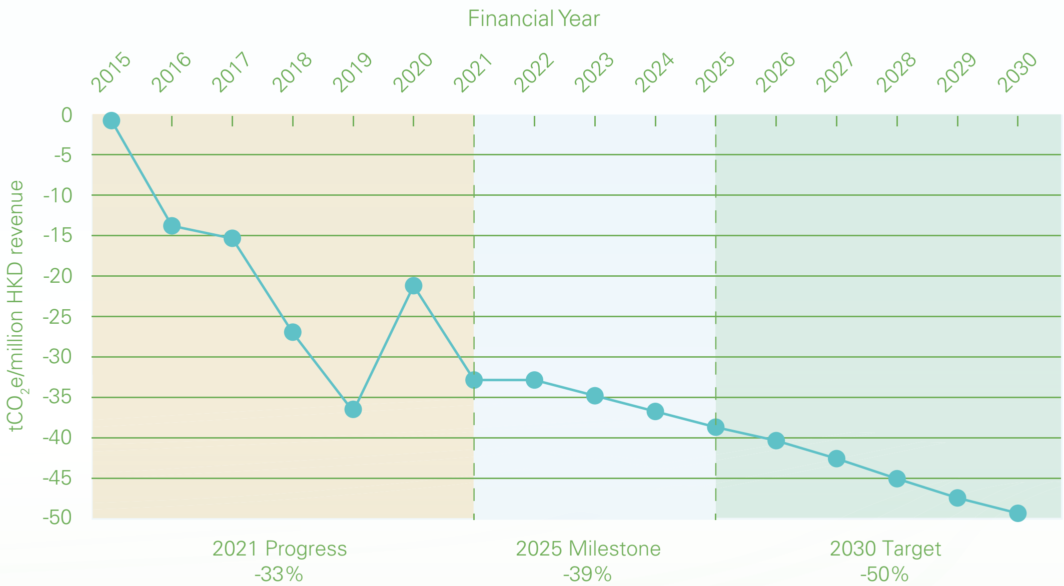
Scope 3 emissions, such as tenant operational emissions and embodied carbon in construction materials, typically account for over 85% of a corporate real estate company's entire carbon footprint[4]. The World Green Building Council states that operational emissions (from energy used to heat, cool and light buildings) account for 28% of global carbon emissions, while 11% comes from embodied carbon emissions, or "upfront" carbon, that is associated with materials and construction processes throughout the whole building lifecycle. For this reason, NWD is taking efforts to understand tenant energy consumption and track embodied carbon, in line with our aim to set SBT by Q1 2023.

FY2021 Performance of SV2030[3] Compared to FY2015

Carbon emissions intensity
(tCO_2e/million HK$ revenue)
(FY2030 target: ↓ 50%)
↓ **33%**

Energy intensity
(MWh/million HK$ revenue)
(FY2030 target: ↓ 50%)
↓ **20%**

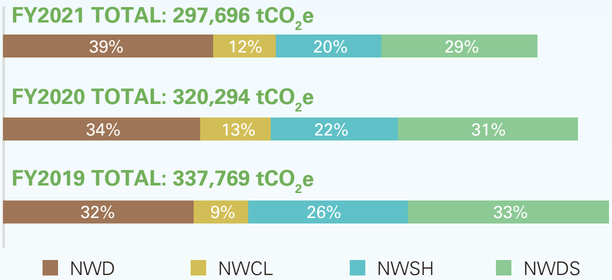
SV2030 Carbon Emissions Intensity Reduction % Against Baseline Year FY2015



1 New World First Bus (NWFB) and New World Citybus (NWCB): 100% disposed of on 21 August 2020 (FY2021); and New World First Ferry (NWFF): 60% disposed of on 4 May 2020 and 100% fully disposed of in FY2021.
2 Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.
3 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.
4 Guide to Scope 3 Reporting in Commercial Real Estate, UK Green Building Council, July 2019.

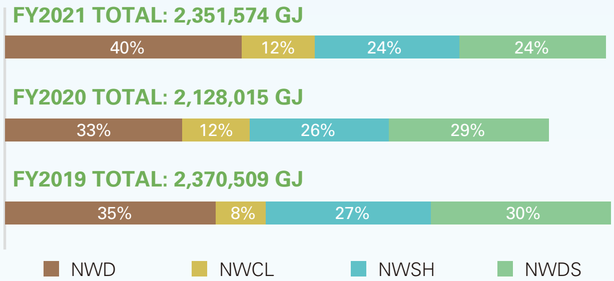
Sustainability Reporting Scope[1] – Total Carbon Emissions

CARBON EMISSIONS



Sustainability Reporting Scope[1] – Total Energy Consumption

ENERGY



In the future, in line with our RE Roadmap to support the transition to a low-carbon economy, we will promote a systematic process for investigating, analysing and optimising the performance of existing building systems, to ensure the highest energy efficiency standards across all our portfolio to reduce energy usage, and incorporate onsite renewable energy installations into new and existing buildings wherever possible. We are also gradually installing sub-meters to track tenants' energy consumption in an effort to improve whole-building energy efficiency.

NWCON: Designs for Decarbonisation

All NWCON construction sites have installed the newly invented Differential Pressure Pump Systems to reduce energy consumption related to water supply and use. Whereas traditional water pump systems have a fixed speed for supplying pressurised water, this system responds to demand, such that the pump is only in operation when water is required. This has been shown to reduce the energy consumption by 40% and operation costs by 30%, compared with traditional systems. Additionally, NWCON has deployed Enertainer, an energy storage system, as a pilot to reduce the use of site-level biodiesel generators and Scope 1 emissions.

NWD & NWCL: Enhancing Energy Efficiency of Sustainable Buildings

Our Sustainability Building Policy demonstrates our commitment to embedding sustainability considerations into the full building lifecycle. For existing buildings, we encourage the application of sustainable building and energy certifications and the adoption of best practices to improve energy consumption efficiency. We conduct regular building audits and inspection, and perform retro-commissioning to enhance energy efficiency, contributing to decarbonisation efforts. NWCL recently implemented a number of energy management and efficiency measures, including Heating, Ventilating and Air Conditioning system upgrades, adoption of water pumps with variable speed drive, mobile app-friendly smart landscape lighting control and renewable energy.

Sustainable Tenancy Pledge

Launched by K11 in FY2019, the Sustainable Tenancy Pledge (the "Pledge") was Hong Kong's first voluntary programme to empower office and retail tenants to reduce environmental impact and promote adoption of sustainable practices. A mix of office and retail tenants including F&B tenants have joined the Pledge.

At K11 ATELIER King's Road, our Grade A office building in Hong Kong, 80% of leased floors have joined the Pledge. In FY2021, we extended our offerings to tenants at Guangzhou K11 ATELIER and have plans to further expand to other parts of Greater China. In FY2021, pledged tenants accumulated approximately HK$150,000 in modelled electricity bill savings from lower energy usage, an important highlight for our Scope 3 emissions reduction and a testament to our sustainable practice sharing and smart energy meter installation contributing to sustained behavioural change. These positive outcomes will prepare us for green lease discussion with our tenants.

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

Managing Water-Related Risks

MATERIAL ISSUES

- Climate Change Actions
- Water Conservation

One of the water-related risks in Hong Kong is flooding, particularly during intense storms. The city ranks fifth among Asian cities as most at risk from higher sea levels[1], following only Tokyo, Macau, Nagoya and Taipei. The estimated direct economic loss to Hong Kong of Typhoon Mangkhut in 2018, drawing on data from government departments, public utilities, organisations and insurance claims, is about HK$4.6 billion[2].

In Mainland China, water stress is a major risk[3], due to low water levels and very high levels of demand. Northern China region often suffers water scarcity throughout the year, whereas Southern China region, despite sufficient quantities, experiences seasonal water scarcity due to inadequate quality, caused by extensive pollution. Climate change is likely to increase seasonal variability, creating a more erratic and uncertain water supply, thus exacerbating problems in already water-stressed areas and potentially generating water stress at places where it has not yet been a recurring phenomenon[4].

Action to increase water efficiency is therefore a priority area under SV2030 and guided by our Water Policy. NWCON has set the target to reduce water intensity by 25% by FY2030, against a FY2015 baseline. In FY2021, NWCON's water intensity reduction performance was 30%. While this demonstrates our efforts in managing our water consumption, we will continue to implement water reduction measures to ensure sustained performance through the years.

Visit our website for details of our Water Policy

New World Canton Centre, The New Canton Mansion[5], as well as Qianhai CTF Finance Tower, two projects funded by our 2018 Green Bond, are designed to offer estimated annual potable water savings exceeding LEED baseline performance by over 40% and over 45%, respectively.

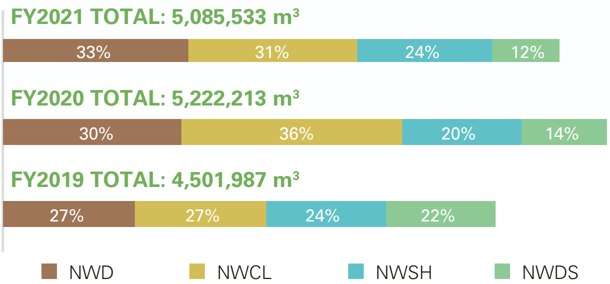
FY2021 Performance of SV2030[6] Compared to FY2015

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

↓ 30%

Sustainability Reporting Scope[7] – Total Water Consumption

WATER




New World Canton Centre, The New Canton Mansion

1 China Water Risk, Surviving Rising Seas – 20 APAC Cities: Who's Ahead & Who's Behind?
2 Assessment of the damages and direct economic loss in Hong Kong due to Super Typhoon Mangkhut in 2018.
3 World Resources Institute, China's Water Stress is on the Rise.
4 UN-Water, The United Nations World Water Development Report 2021: Valuing Water.
5 Formerly known as "New World Zengcheng Comprehensive Development Project."
6 SV2030 Water Target covers NWCON only and is a subset of our Sustainability Reporting Scope.
7 Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.

Further to Canton First Estate's "sponge city" pilot, we have adopted this water-related design strategy at more projects to redistribute water and tackle flooding. For example, Ningbo New World in Mainland China will feature a bio-retention pond, a rainwater garden, permeable pavements and an ecological rooftop. Collectively, these features would contribute a water retention capacity of approximately 1,800 m^3, while helping delay the peak discharge during flooding by 10-15 minutes.

We are finalising our Climate Resilience Design Guidelines, which will integrate various climate mitigation and adaptation measures into new developments, major refurbishment and construction activities, covering the full property lifecycle. In addition to the measures for addressing flood risk and water stress mentioned above, we will focus on prevention and mitigation training for construction site workers, more preventative designs, among others. Floodgate installation works commenced in FY2021, and further installation works are under progress, covering more selected sites.

In parallel, we are improving the water efficiency and resilience of our existing properties. NWCL has installed and improved rainwater and freshwater recycling systems at selected sites in the Southern China region, including rooftop rainwater harvesting and the collection of wastewater generated during drinking water purification processes for the purpose of basic cleaning and irrigation.

In addition to continuing our water efficiency and resilience efforts, we will also continue to collect more comprehensive water data for preparation of setting a Group-wide water target in the future.

Diverting Waste from Landfill

MATERIAL ISSUES

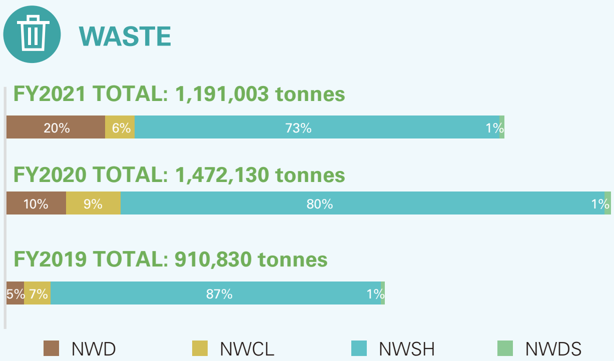
- Waste Reduction and Recycling
- Responsible Supply Chain Management

In 2020, Mainland China amended its Solid Waste Law stipulating that entities generating industrial solid wastes shall establish and improve their environmental pollution prevention and treatment accountability systems and adopt measures to prevent and treat environmental pollution by industrial solid waste.

FY2021 Performance of SV2030[1] Compared to FY2015

Waste-to-landfill intensity
(tonnes/million HK$ revenue)
(FY2030 target: ↓ 15%)
↓ 59%

Sustainability Report Scope[2] – Total Non-hazardous Waste Generated



Our Waste Management Policy helps to guide the Group in its efforts in waste reduction and diversion. In addition, NWCON set a target to reduce its waste-to-landfill intensity by 15% by FY2030 against a FY2015 baseline. In FY2021, NWCON's waste-to-landfill intensity was 59%. While this demonstrates our efforts in waste management, we will continue to tackle waste generation through a number of initiatives to ensure sustained performance through the years. One of these is the application of building information modelling ("BIM") for design simulation to reduce use of paper and wastage of materials, facilitated by the web-based platform Construction Information Anywhere ("CIA"), which supports project management, cost management and programme management across multi-stakeholder projects. NWCON has adopted CIA for all its projects, leading to an estimated 10 tonnes of paper savings.

Visit our website for details of our Waste Management Policy

NWCON is able to further reduce its paper waste with Flex Workflow, a Business Process Management Solution. It has used Flex Workflow to generate over 80 internet-based workflow management solutions, computerising business processes for better collaboration in line with approval processes. E-forms enable decisions to be approved without paper usage, reducing paper usage by an estimated one tonne.

We also closely monitor waste management-related regulations and trends at our wider business locations, including HKSAR's Municipal Solid Waste Charging Scheme and circular economy principles, while supporting waste reduction collaborations across our business ecosystem. Instances include:

- **Plastic Waste Collection and Upcycling Campaign with K11 MUSEA Tenants**

  We engaged social enterprise V Cycle via Impact Kommons and K11 MUSEA tenants on a plastic waste collection and upcycling campaign. During the three-month campaign, V Cycle collected approximately 150 kg of plastic waste from participating tenants, which was processed and upcycled to produce umbrellas, promoting a circular economy model. In addition to

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

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

diverting and upcycling the plastic waste, V Cycle employed underprivileged elderly waste pickers to sort and process the plastic waste, thereby creating employment opportunities in a safe environment and cultivating community for the disenfranchised in the process. We are extending the campaign in response to positive feedback from our participant satisfaction survey.

- **Recycling Incentive Programme at D·PARK**

  Two reverse vending machines have been installed at D·PARK in Tsuen Wan, recovering beverage containers from customers for sorting and recycling. This initiative was made possible through a partnership with an Impact Kommons startup. As of 30 June 2021, approximately 650 kg of recyclables were collected over a five-month period and diverted from landfill. In addition to providing a reputable collection point for recyclables and encouraging a more sustainable lifestyle, participants are rewarded DP Club points for redemption of benefits and products. As of 30 June 2021, over 11,500 DP Club points were collected. We hope to encourage a habit of recycling through this pilot.

- **Wood Waste Upcycling and Re-use by Hip Hing Construction of NWSH**

  In a pilot partnership through Impact Kommons, Hip Hing collected and diverted 2,250 kg of wood waste from a project site to a startup for processing and upcycling into construction materials and products. Hip Hing also rented upcycled wooden hoardings from the same startup for use at a construction site. After the rental period, the startup collected the hoardings to adapt and re-use in their future hoarding projects, thereby avoiding the usual practice of single-use hoardings.

- **Minimise Single-use Plastics at Mainland Department Stores**

  From 2021 onwards, NWDS only provides customers with plastic bags or single-use plastic items upon request. Certain stores also offer biodegradable or paper bags in lieu of traditional plastic ones, advancing our efforts to reduce the amount of waste produced and conveying our commitment to sustainability.

- **Smart Recycling at Mainland Residential Projects**

  Several smart recycling machines have been deployed at three NWCL residential properties in Southern China region, enabling convenient drop-off of recyclables, including plastics, metals, textiles and paper, for residents and the neighbouring community. Its automatic weighing function and interconnected mobile application allow users to record their recycling history and immediately be rewarded with mobile payment for their sustainable habits. The weight of recyclables collected totalled nearly 45,000 kg. We hope to encourage a habit of recycling through this pilot and scale this solution in the future.

Smart recycling machines at NWCL residential projects

In FY2022, we plan to establish Group-wide waste targets, after completing a baseline assessment.

Conserving Biodiversity

MATERIAL ISSUES

- Use of Materials and Biodiversity

Biodiversity plays a critical role in climate mitigation, as well as in other critical elements of human life, from food security and nutrition to the provision of clean water. The COVID-19 pandemic has also reminded us of the profound implications of the loss and degradation of natural ecosystems. Across the world, biodiversity levels are in free fall, according to the United Nations' 2020 Global Biodiversity Outlook report.

NWD recognises that biodiversity is a growing concern for key stakeholders, reflected in the recent launch of the Task Force on Nature-related Financial Disclosures ("TNFD") and the alignment of the Science Based Targets Network with the Convention on Biological Diversity's Post-2020 Framework. Our Biodiversity Policy outlines our commitments to:

- Comply with or perform beyond relevant statutory requirements
- Conduct ecological assessments at the pre-development stage where practicable
- Enhance site selection process and identification of no-go situations, and avoid protected areas, including World Heritage areas and International Union for Conservation of Nature Categories I-IV

- Minimise any potential adverse impact of operations on biodiversity through adopting more sustainable use of natural resources certified by recognised standard (e.g. FSC and PEFC) and where practicable, promoting ecosystem restoration
- Minimise habitat disturbance, degradation and indirect effects of operations
- Promote biodiversity awareness among stakeholders
- Collaborate with external stakeholders to fulfil our commitments and support relevant programmes related to biodiversity

Visit our website for details of our Biodiversity Policy

To give a couple of examples of our Biodiversity Policy in action:

- Since 2020, all temporary wood used by NWCON and Hip Hing are certified by the Forest Stewardship Council ("FSC") and the Program for the Endorsement of Forest Certification schemes ("PEFC")

- In FY2021, NDP at K11 MUSEA and the School of Biological Sciences of The University of Hong Kong co-developed the online Eco-leadership Programme, which aims to introduce the ecological importance of biodiversity. Participants have the opportunity to learn about the direct resources insects provide to humans, as well as the influence these species have in science and the art world

- In FY2021, NDP also launched the "Little Nature Ambassador Programme" in partnership with The Jane Goodall Institute Hong Kong to nurture a new generation of sustainability changemakers. Through a multi-sensory learning kit, the programme highlights the uniqueness of biodiversity in Hong Kong, offers practical tips to protect the environment in everyday life and cultivates empathy and confidence in children through lessons taught using sign language and tactile learning. The programme has been adapted to several summer camp series, which were held at NDP in July and August 2021

We have also updated our Sustainable Procurement Policy and Supplier Code of Conduct to include biodiversity considerations in our procurement practices, including the prevention of loss in biodiversity and degradation of the natural environment where applicable.

Visit our website for details of our Sustainable Procurement Policy and Supplier Code of Conduct

Collaborating with Supply Chain Partners

Supply Chain Management

It is crucial for NWD to engage suppliers and build their capacity for best practices in ESG, not only to support our pursuit of SBT, in which reduction of Scope 3 emissions is critical, but more importantly for our longer term vision of achieving net zero carbon. We are including ESG factors in all aspects of supply chain management, from due diligence and tendering, to performance review, and trainings. We have a total of 1,665 suppliers, 758 from Hong Kong, 866 from the Mainland and 41 from other regions.

NWCON conducts performance appraisals on its contractors annually. Appraisals cover six parameters for satisfactory performance, such as Quality, Health and Safety Performance, Environmental and so on. If the performance of a contractor is unsatisfactory, a review meeting will be held by the Senior Management Committee ("SMC") and Project Department. Further actions include suspending tender invitation for a period as decided by SMC and removing the contractor from the approved contractors list.

To support suppliers' efforts with this process, we provide quality assurance training and details of our environmental and social requirements. Our Group Sustainability Policy, Sustainable Procurement Policy and Supplier Code of Conduct are the overarching policies to standardise our practices. NWCON and Hip Hing ask for certificates, including ISO 9001 (quality management), ISO 14001 (environmental management) and OHSAS 18001/ISO 45001 (occupational health and safety management) when registering new suppliers. In addition, NWCL is adopting the ISO 14001 and ISO 45001, imposing relevant environmental and health and safety ("H&S") requirements on its suppliers. The ERM system we are finalising will factor in supply chain risks and help us monitor external audits and due diligence for suppliers. For NWCON, 25% and 20% of its contractors have obtained ISO 14001 and OHSAS 18001, respectively.

MATERIAL ISSUES

- Responsible Supply Chain Management

Reducing our Scope 3 emissions depends in large part on our suppliers and our approach to sustainable procurement. Our first step is to engage suppliers to capture sufficient data to set a baseline for Scope 3 emissions, so that we can work to improve on it. In Hong Kong, we are tracking data on embodied carbon using the Construction Industry Council ("CIC") Carbon Assessment Tool, while our construction arm in Mainland China is engaging suppliers to obtain embodied carbon footprint data.

To drive Scope 3 improvements across our supply chain, we are also working to add a tender requirement to provide building materials with a quantified embodied carbon footprint. For those building materials without available primary data, we make reference to the National Standard for Building Carbon Emission Calculation (GBT 51366-2019). We engage suppliers of construction materials and encourage them to review their production process and raw material selection according to their own procedures, so that they can help to identify opportunities for innovation to reduce the embodied carbon. Consequently, a few product mixes by one of our key concrete suppliers have obtained certifications under the CIC Green Product Certification, demonstrating embodied carbon reduction.

Sustainable Procurement Charter

As a founding member of Green Council's Sustainable Procurement Charter in Hong Kong, NWD has satisfied the criteria for Sustainable Procurement Charter Levels 1 and 2, demonstrating mature 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. Its eight themes include high-level management commitment, capacity building and stakeholder engagement, green procurement, lifecycle costing application and so on. Guided by the Sustainable Procurement Charter, all employees in charge of purchasing 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

Innovating the Customer Journey

MATERIAL ISSUES

- Innovation
- Community Development and Engagement
- Customer Wellness, Health and Safety

Engaging Customers through Innovation

CSV is at the heart of our corporate mission and our goal to create an innovative ecosystem for the next generation. Our 17 BUs work with over 400 partners to cover all aspects of a customer's daily life. Achieving high levels of satisfaction and repeat customers means understanding the needs of the communities where we operate. We therefore make significant efforts to engage and listen to them through a wide variety of means, such as customer satisfaction surveys and stakeholder surveys.

Another focus of our engagement is tech-optimised Customer Relationship Management ("CRM") solutions that leverage AI and big data. The better we know our customers, the more we can make pin-pointed recommendations and develop tailored experiences, helping to retain their interest in our ecosystem. We offer personalised programmes via platforms such as our digital shopping app K11 Go and our digital lifestyle guide K11 App, as well as rewards through our ecosystem currency K Dollar. As members of KLUB 11 earn KLUB points, their ability to earn and burn K Dollars increases. Cross-business spending has increased by as much as 17 times since the launch of this programme.

Safeguarding Customer Rights and Interests

Quality and sustainability are top priorities in every product, building and service we develop. Alongside developing WELL-certified buildings such as K11 ATELIER King's Road (WELL Certified™ Platinum building) and Qianhai CTF Finance Tower (Gold level precertification), we also prioritise sustainability-related products and services such as NDP and K11 KULTURE ACADEMY. Also, we conducted tenant satisfaction surveys in FY2021. In particular, New World Tower tenants' satisfaction rate reached 100%. There were fewer than 3,000 valid complaints, and complaints were handled in a timely manner.

We adhere strictly to relevant legislation relating to responsible marketing, advertising and sales, and take data privacy and cybersecurity very seriously. Over 1,000 employees have attended training for responsible marketing. To protect our customers and communities, cybersecurity training is mandatory for all our employees. The training builds awareness of common cyber risks, increases familiarity with NWD's data protection tools and resources, and offers security tips, from recognising phishing emails, to ensuring secure access to all online activities including email, virtual meetings and file sharing.

Details of our commitment to responsible marketing, advertising and sales can be found in our Sustainable Building Policy

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, Executive Vice Chairman and CEO

Creating a Smart, Safe and Healthy Experience for All

Creating and supporting environments and experiences that not only safeguard our communities from health risks but also contribute to their current and future well-being is a core element of SV2030, and one that particularly resonates with our stakeholders in the COVID-19 recovery.

We are always looking for smart, new ways to enhance wellness, and partnering to scale solutions as well as IP and co-IP opportunities when suitable. As of 30 June 2021, we have 178 active patents granted since FY2015.

Impact Kommons Nurtures Tech Startups to Battle the Pandemic

Impact Kommons, Hong Kong's first UN SDGs-focused accelerator, has welcomed 19 startups to the programme through two cohorts since FY2020 and successfully completed 26 B2B integrations between the startups and New World Group businesses.

We are pleased to see that some of the technologies we cultivated have helped in battling the pandemic, which supports our mission of CSV for all stakeholders.

Contactless Delivery at K11 ATELIER Victoria Dockside

Rice Robotics developed an autonomous robot that can deliver food, documents and products with a focus on the catering, hospitality, office and retail space sectors. The use of robots can reduce human contact in a pandemic, maximising safety while supporting access to key goods and services. Rice Robotics' technology is already in use at various NWD and K11 premises.

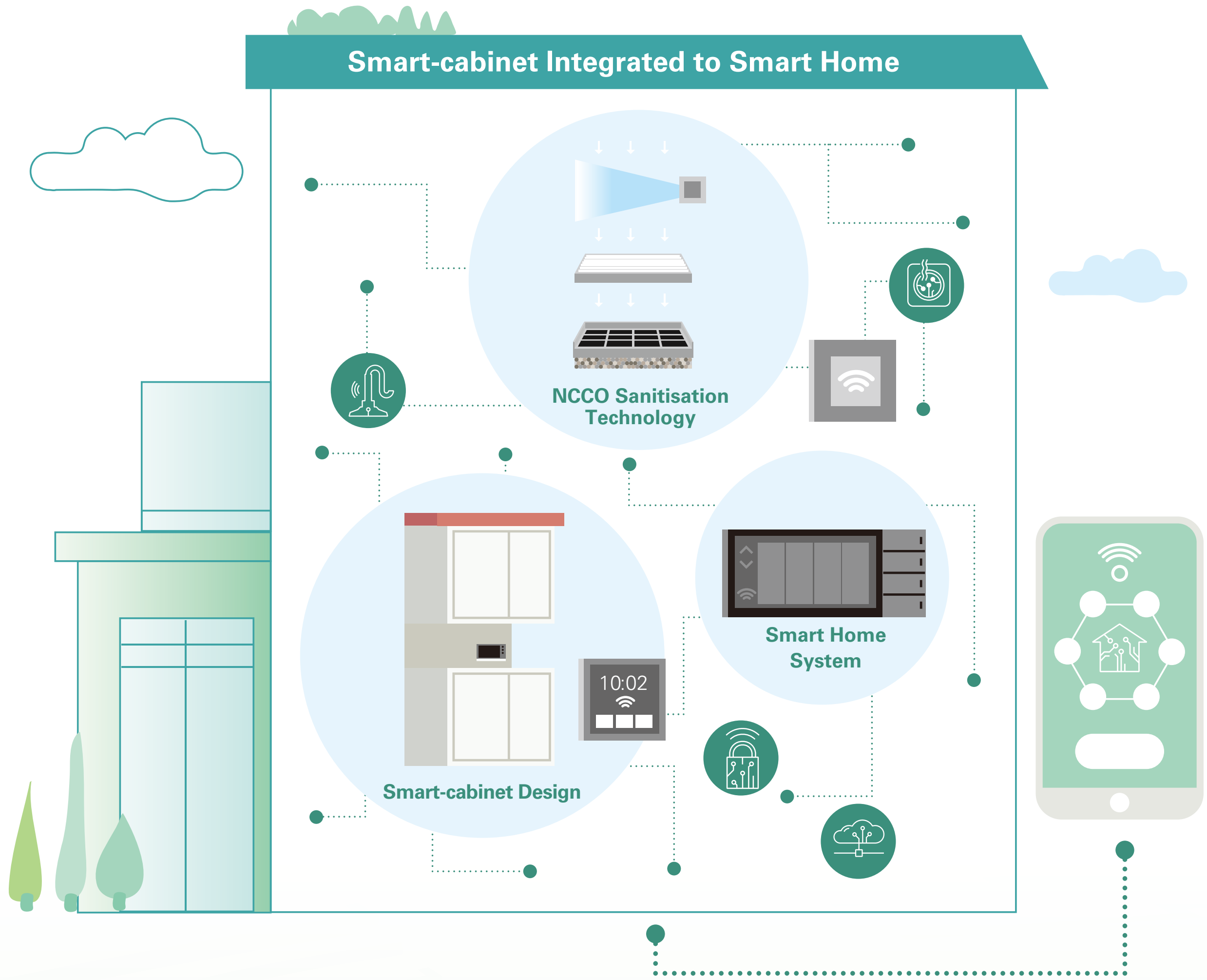
Deep Sanitisation at K11 MUSEA

Rice Robotics also developed automated sanitisation robots, armed with sterilising solution that's proven to eliminate 99.99% of germs and viruses, including COVID-19. A team of sanitisation robots was brought into K11 MUSEA to sterilise the cultural-retail centre during operating hours, protecting both shoppers and frontline workers from infection risk. Additional robots also spray antiviral coating throughout the premises every seven days.

While these robots have been especially helpful for our operations in battling the pandemic, we expect to continue deploying robots to assist in operations and safeguard our communities. We are partnering with Rice Robotics to develop another model specifically to serve our K11 communities, further echoing our frontline obsession, and have committed to deploying a further 60 robots beyond the initial K11 MUSEA sanitisation team.

COVID-19 also emphasised the importance of digital experiences for customer engagement and long-term business resilience. Through our apps and digital offers, we aim to educate our customers and communities about sustainable lifestyles, as well as enhance their retail and entertainment experiences. For instance, NDP's first iteration of the "Little Nature Ambassador Programme" had both online-only and online-and-offline hybrid options in response to COVID-19 restrictions. We believe that nurturing a new generation of sustainability changemakers is of the utmost importance, and have therefore devoted extra efforts to adapt our offerings to suit changing regulations.

NWCL is also using smart technology to improve the working lives of building tenants and residents. NWCL has also completed the construction or refurbishment of nine smart carparks, covering around 268,000m^2 floor area. These carparks offer digital and automatic payments, easy identification of parking vacancies and effective traffic flow control, both saving time and reducing stress for busy professionals, and cutting costs through efficient facility management. Additionally, NWCL has developed a "smart-cabinet," integrating shoe sanitisation using Nano Confined Catalytic Oxidation ("NCCO") into the Smart Home System by LifeSmart.



Growing with Our People

The Group has 18,522 employees[1], mainly located in Hong Kong and the Mainland. Our people development strategy is focused on inculcating and promoting intrapreneurship, ownership, employee empowerment, further enhancing the Group's competitive edge.

Attracting and Developing Changemakers

Our future depends on attracting and retaining talent, and, as an equal opportunity employer, we are committed to diversity and inclusion in our recruitment and talent development processes. In March 2021, we hosted the first private sector job fair "Create Jobs · Spark Hope" since the pandemic in Hong Kong, which attracted over 10,000 applicants for nearly 1,000 job opportunities across our business ecosystem, covering a broad range of sectors from sustainability, digital and construction, to culture, sports and hospitality. We hope these jobs can give new impetus to the economy in the COVID-19 recovery.

We prioritise demonstrating appreciation to our employees, as well as offering training and development. In FY2021, we launched video clips under the Adrian Cheng Academy for talents with high potential. The clips cover topics such as leadership and standard of excellence, growth mindset, strategy and culture, and the importance of a "can-do" attitude. In addition, employees can participate in small-group online interactive workshops led by Dr. Adrian Cheng. Also, an initiative called "I Can Chair" was launched, empowering employees from different seniority to chair meetings, equipping them with the skills to facilitate and guide a constructive discussion. These initiatives encourage employees across all BUs to deepen their understanding of our work, live out the culture and build collaborations across the ecosystem.

MATERIAL ISSUES

- Talent Management
- Diversity and Equal Opportunities

Training on ESG and innovation is mandatory at all levels of the Group, including 100% of employees and management, up to Board level. As an example, the May 2021 Learning Journey series included e-learning tools to familiarise employees with our sustainability and environmental policies, followed by a quiz, and a panel discussion demonstrating business excellence towards SV2030, sharing case studies from across project teams. In addition to the Group-wide training programme, individual BUs also organise their own. For example, NWCL organised two special training camps to strengthen creativity and artisanal spirit in CSV. NWDS upgraded their new e-learning tool Cloud Academy to support cloud-based training.

Our annual employee appraisal is an essential part of our employees' understanding of their performance and potential growth. Our key approaches include a 360-degree assessment and setting Objectives and Key Results ("OKR") to ensure a fair assessment of the performance of our employees and encourage the setting of ambitious goals that are aligned to the Group's priorities. SV2030 KPIs, such as green targets, the number of sustainability events organised or attended, and other measurable goals are established for the Group, departments and individual employees. These KPIs performance are also considered in year-end appraisal and bonus calculation. Also, the Group places emphasis on collecting VOC from employees. In FY2021, the Group's voluntary turnover is 12.5%.

Average Training Hours

19.6 hours per employee

Sustainability-related Training Hours
(▲ 11% from FY2020)
13,749 hours

ESG training and quiz coverage:
100% employees

[1] Figure is under Sustainability Reporting Scope.

Creating a Diverse and Inclusive Workplace

The Company is committed to treating all our stakeholders with dignity, fairness and respect. All NWD companies follow our Human Rights Policy, which references the principles embodied in the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact's principles on Human Rights, the United Nations Guiding Principles of Business and Human Rights and the UN SDGs, and commits to complying with all applicable laws and standards.

Visit our website for details of our Human Rights Policy

Our Supplier Code of Conduct is aligned with this Policy and applies to our corporate supply chain partners such as suppliers, contractors, subcontractors, vendors and service providers. It states that all employees of suppliers should be treated with respect and dignity, and not be subject to discrimination in hiring, compensation or discipline on the basis of gender, age, religion, race, sexual orientation, disability, disease, marital status, pregnancy or political affiliation.

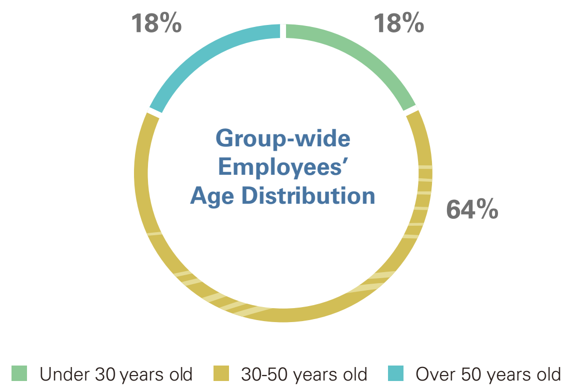
NWD is the first real estate holding and development company in Hong Kong to endorse the UN Women's Empowerment Principles. We aim to achieve a higher level of gender diversity on our board, while also promoting diversity in terms of age, family status, background and expertise in our workforce. We disclose gender diversity of the Board and workforce, and monitor various diversity indicators, including gender pay gap. NWD is the signatory of The Racial Diversity & Inclusion Charter for Employers, governed by Equal Opportunities Commission, Hong Kong supporting the principle of racial diversity.

As at 30 June 2021, 45% of our workforce and 21% of our board is female, and the average gender pay ratio between male and female employee is 1.17.

As a caring employer, we observe the Employment (Amendment) Bill 2019 from the HKSAR Government, which highlights the importance of parental leave. We introduced a five-day full-paid paternity leave in FY2018, ahead of the statutory requirement, and increased maternity leave from 10 to 14 weeks in FY2020.

MATERIAL ISSUES

- Talent Management
- Diversity and Equal Opportunities



Promoting Employee Wellness

Well-being at work is of utmost importance to the Group, in line with our SV2030 pillar of Wellness. The Group regards workplace wellness, H&S as the key determinants of employee satisfaction, productivity and, ultimately, organisational performance. In FY2021, the Group recorded Lost-time Injury Rate (per 100 employees) ("LTIR") of 0.5, down 64% compared to FY2020. We place a great emphasis on minimising H&S related risks, as far as practicable, as well as fostering a working environment that promotes and supports physical and mental health.

Visit our website for details of our Health and Safety Policy

Our Health and Safety Policy applies to all employees, contractors, tenants and visitors on the Group's premises and sets out our commitment to:

- Comply with all applicable laws and regulations
- Meet industry-specific standards or reference best practice, including procurement
- Provide job-specific guidelines and training to employees and contractors, and assess the performance of contractors and suppliers regularly
- Be proactive and transparent in reporting and investigating incidents
- Maintain a safe environment for tenants and visitors
- Promote employees' health and well-being through programmes and information
- Strive for zero fatalities and maintain the SV2030 target of LTIR at or below 3.0 per 100 employees each year

To support the enforcement of this policy, registered safety officers conduct H&S training regularly to our employees and contractors at all construction sites and issue safety inspection reports. Hazard identification and risk assessment are conducted based on standardised procedures covering hazard identification, mitigation measures, hazardous materials assessment and audit to safeguard employees' health.

MATERIAL ISSUES

- Employee Wellness and Engagement
- Occupational Health and Safety

In FY2021, we launched a new Employee Assistance Programme, offering a counselling service provided by the Hong Kong Family Welfare Society to all employees, accessible through face-to-face meetings, hotlines and email. The service covers all aspects of mental well-being, from family relationships to financial management, parental stress, and more. Additionally, we launched our "WeCare Health Talks" series to disseminate wellness tips on improving sleep quality, managing stress, stretching and meditation.

We also ensure contractors have access to similar services. For instance, NWCON has assigned Caring Ambassadors to each project, providing counselling to employees and contractors to reduce stress, with a hotline for ongoing support. Moreover, over 20 learning videos about wellness, safety and the environment have been added to an internal smart office mobile application accessible to contractors.

To minimise the risks of COVID-19 to our workforce and promote employee wellness, we offered on-site vaccination to employees. We also invited a specialist doctor from Gleneagles Hospital Hong Kong to deliver a webinar to facilitate understanding of the vaccination, explaining how it works, how to interpret any side effects, future trends and development. Fully vaccinated employees are entitled to two days of paid leave. In addition, the Group offers free vaccination side-effects protection through FTLife Insurance to all employees in Hong Kong and Macau, which does not require pre-registrations or advance purchase.

Accelerating the COVID-19 Recovery

MATERIAL ISSUES

- Community Wellness

To protect Hong Kong residents from the virus and support the local economy, we developed a production line of face masks made in Hong Kong in a certified ISO class 8 clean room, under the initiative #LoveWithoutBorders. These disposable masks are hypoallergenic and latex-free, fluid-resistant to reduce exposure to droplets that may carry the virus, and available for children. We also invented the first "Mask-to-Go" dispensers in Hong Kong and have collaborated with 16 local non-profit organisations to distribute over 21 million face masks to low-income families since May 2020.

To accelerate COVID-19 recovery, we partnered with three NGOs, Hong Kong Lutheran Social Service, Society for Community Organisation and St. James' Settlement, to encourage vaccination among grassroots families. 5,000 beneficiaries are eligible to receive a HK$1,000 grant each through our vaccination subsidy initiative launched in June 2021.

Our insurance company FTLife recently launched an insurance package covering any side effects from the COVID-19 vaccine. The package is available to all new and existing customers, and includes medical consultations and a daily hospital cash benefit.

Swift Response during COVID-19 Outbreak

In February 2021, a COVID-19 outbreak occurred at a F&B tenant in K11 MUSEA as the fresh air supply within its premises was lower than its license requirement. To safeguard the safety of our customers and employees, we voluntarily closed K11 MUSEA for six days for deep cleaning of all public areas and ventilation systems, while mandatory testing for all employees and tenants working onsite was arranged at the same time.

To facilitate the testing, three test stations were set up. All employees were tested twice and required to present a negative test result prior to returning to work. To thank our site employees, including outsourced service providers, cleaners and security guards, for the hard work and professionalism delivered during this challenging time, an "appreciation" cash bonus of HK$3,800 was offered to each individual.

K11 MUSEA deployed 11 autonomous robots for deep sanitisation before reopening. Its indoor air conditioning system has been upgraded to MERV[1] 14 filters in addition to Ultraviolet Germicidal Irradiation ("UVGI") and activated carbon filters, providing air standards comparable to hospital quality, which is above local facilities' average. We are looking to standardise these air quality improvement strategies at more projects.

[1] MERV: Minimum Efficiency Reporting Values are derived from a test method developed by the ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) based on a scale of 1 to 20; the higher the MERV rating the better the filter is at trapping specific types of particles.

Sustainability Education and Upskilling

Propagating sustainability, wellness, culture and art knowledge is echoing our CSV mission. K11 ATELIER ACADEMY has established three faculties in Soul x Body, Success x Differentiation and Culture x Creativity to launch various types of programmes, such as Full Body Stretching for Deep Relaxation & Stress Relief and Calorie-Torching High-intensity Interval Training. Moreover, K11 Art Foundation has embraced the paradigm shift to launch a wide array of online and offline programmes to connect with audiences across vast distances, e.g. Calligraphy Rhapsody – Retrospective Exhibition of Georges Mathieu virtual tour. Also, K11 Craft & Guild Foundation has organised various events to promote the Chinese traditional craftsmanship, e.g. Shanghai Architecture Festival: the Resurgence of Wooden Architecture Exhibition, and A Treasure Expedition in K11 ARTUS, Hong Kong.

Soul x Body programme, K11 ATELIER ACADEMY

"A Treasure Expedition" Exhibition at K11 ARTUS, Hong Kong

MATERIAL ISSUES

- Community Development and Engagement

In all our projects we look for opportunities to educate and upskill, both among our workforce and contractors, and also more widely for the good of society. For instance, Hip Hing was one of the first to build a permanent high-rise in Hong Kong, using Steel Modular Integrated Construction ("MiC") technology, which improves site safety, increases speed, protects the environment by reducing waste, and enhances quality management. The InnoCell project is a smart living and cocreation space for the innovation and technology community at Hong Kong Science Park. InnoCell was awarded a commemorative plaque by the CIC for this successful pilot demonstration of MiC and for related knowledge-sharing. In a collaboration between NWSH and Hip Hing, secondary school students were invited to join two tours to visit the CIC BIM space to learn about innovative approaches to construction.

"The Resurgence of Wooden Architecture" Exhibition, Shanghai Architecture Festival

Engagement for Positive Social Impact

MATERIAL ISSUES

- Energy Efficiency and Carbon Reduction
- Community Wellness, Health and Safety
- Talent Management
- Community Development and Engagement

As part of our Stakeholder Engagement Materiality Assessment, we asked external stakeholders which of our projects they perceive to have the greatest positive social impact. The top four projects recognised by the most stakeholders as having achieved "a great deal of impact" were:

- Our ambition to announce SBT by Q1 2023 to contribute to limiting global warming to 1.5°C
- Our target to achieve 100% renewable energy for all Greater China rental properties by the end of FY2030/31
- #LoveWithoutBorders, our mask production and CSV initiative
- Our "Create Jobs · Spark Hope" job fair, which attracted over 10,000 applicants for nearly 1,000 job opportunities across our ecosystem to give new impetus to Hong Kong's economy in the COVID-19 recovery

Aligning with our stakeholders' focus on climate action, we hosted our "1.5°C Summit – The Defining Decade for Impact with Tech" online event, giving a platform to leading experts to share their insights on how technology can transform industries and create a more sustainable future. The event featured keynote speakers and panellists from startups, SMEs, corporates, government and NGOs from Hong Kong and the Mainland, and abroad. Approximately 300 participants from around the globe joined the climate change focused event and subsequent networking session online.

Since its launch in 2012, New World Springboard has improved the social mobility of students from under-resourced families through sports training and life skills coaching. Teenage beneficiaries are also offered career planning support. Some students have participated for as long as 10 years and joined the Group's internship programme in 2021. As at FY2021, the cumulative total number of beneficiaries reached 4,200.

NWDS, in collaboration with China Social Welfare Foundation, organised a special charity sale in four department stores in honour of 2021 World Autism Awareness Day. Exhibitions of artwork created by autistic children were also held in Beijing Qianzi Store as part of the global call to raise awareness of Autism Spectrum Disorder, for both our customers and employees. We will continue to listen to our customers and raise sustainability awareness through multiple channels.

In FY2021, the Group's employees contributed 42,388 hours to serve the community. They were engaged in a wide range of initiatives to bring positivity and hope to the community.

About this Section

Reporting Period

This section provides an overview of the Group's ESG performance during the reporting period of 1 July 2020 to 30 June 2021 and, where specified, the latest initiatives after FY2021 as well.

Reporting Boundary

This Corporate Sustainability section of the Annual Report 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. Transportation business[2] was disposed by NWSH in FY2021, and the environmental and social figures related to the disposed assets have been restated.

The same range 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 references the following ESG standards and frameworks:

- Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("HKEX")
- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") – Core Option
- Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD")
- SASB Real Estate Standards
- The Ten Principles of the United Nations Global Compact ("UNGC"; as an annual Communication on Progress)

Our ESG disclosure responds to the reporting principles required by HKEX in these 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 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 assured 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. Additionally, HKQAA has conducted an independent verification of the greenhouse gas emissions inventory for our commercial and retail properties with reference to ISO 14064-1:2006. 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.

2 New World First Bus (NWFB) and New World Citybus (NWCB): 100% disposed of on 21 Aug 2020 (FY2021); and New World First Ferry (NWFF): 60% disposed of on 4 May 2020 and 100% fully disposed of in FY2021.

Corporate Governance Report

All along, 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 2021, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of code provisions A.6.4 and E.1.2.

Code provision A.6.4 is in relation to guidelines for securities dealings by relevant employees. Under code provision A.6.4, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules for its relevant employees in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary because of the huge size of employees of the Group which is around 30,000 and the Group's diversified businesses. For these reasons, to follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees who deal in the securities of the Company, which can be avoided under the Company's own guidelines.

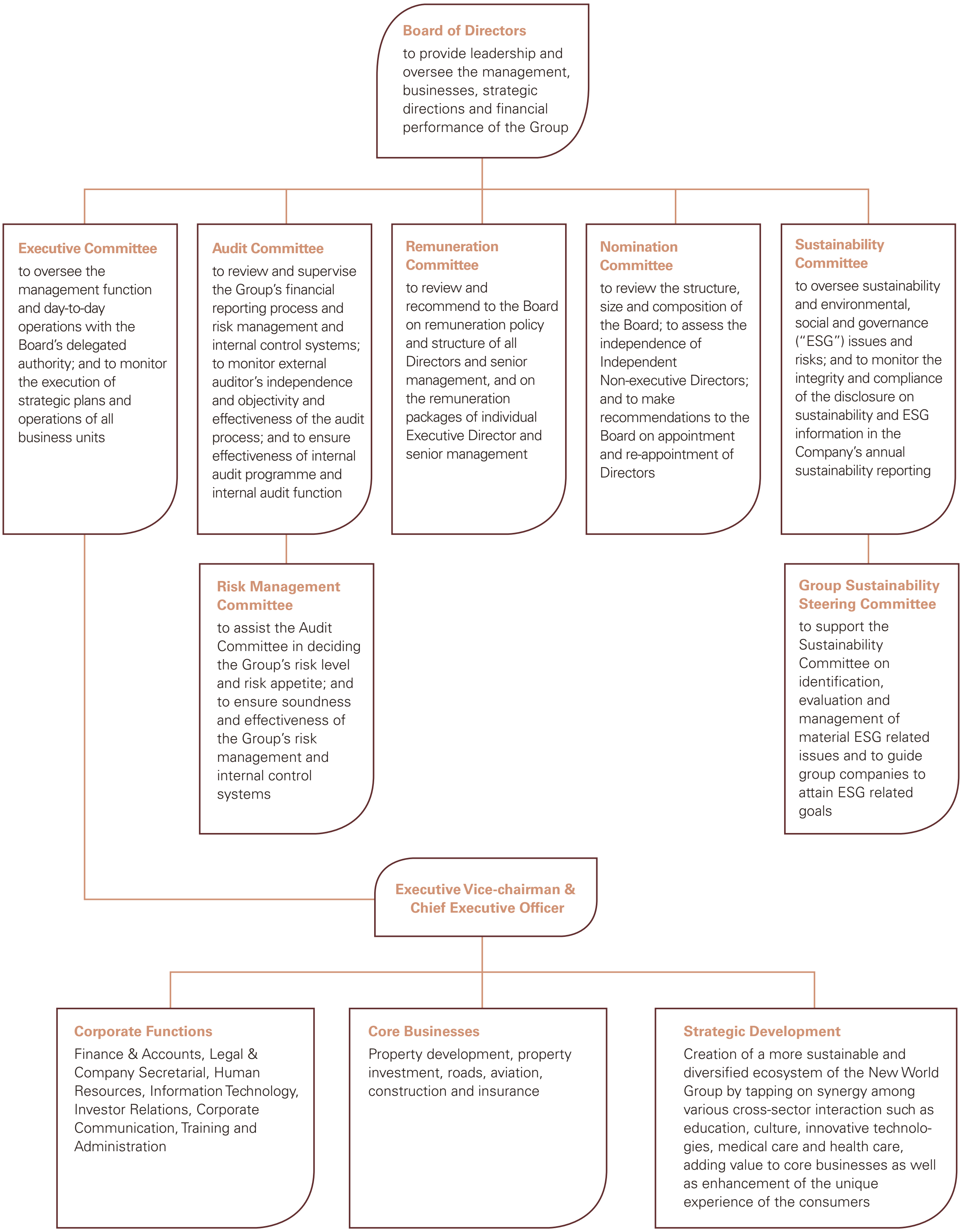
Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. Dr. Cheng Kar-Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 26 November 2020 (the "AGM") due to his other engagement. Mr. Sitt Nam-Hoi, Executive Director of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM and had answered questions at the AGM competently.

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 2021.

BOARD GOVERNANCE



BOARD OF DIRECTORS

Composition

Ms. Ki Man Fung, Leonie resigned as Non-executive Director with effect from 1 October 2020. Further, Mr. Cha Mou-Sing, Payson ("Mr. Cha"), Independent Non-executive Director, passed away on 6 November 2020 (PST) and following the passing away of Mr. Cha, Mr. Cha Mou-Zing, Victor ceased to be the Alternate Director of Mr. Cha on the same day. Further, Mr. Chan Johnson Ow was appointed as Independent Non-Executive Director (the "New Appointment") with effect from 10 September 2021.

As at 30 September 2021, the Board comprises a total of 15 Directors, being seven 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 28 to 36 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.

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.

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 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 Appendix 14 of the Listing Rules (Corporate Governance Code and 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 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 four regular meetings during the year ended 30 June 2021. 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 and reading materials. A summary of training received by the Directors for the year ended 30 June 2021 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	✓	✓
Non-executive Directors		
Mr. Doo Wai-Hoi, William	✓	–
Mr. Cheng Kar-Shing, Peter	✓	✓
Ms. Ki Man-Fung, Leonie*	–	–
Independent Non-executive Directors		
Mr. Yeung Ping-Leung, Howard	✓	✓
Mr. Cha Mou-Sing, Payson**	–	–
Mr. Cha Mou-Zing, Victor** *(Alternate Director to Mr. Cha Mou-Sing, Payson)*	✓	–
Mr. Ho Hau-Hay, Hamilton	✓	✓
Mr. Lee Luen-Wai, John	✓	✓
Mr. Liang Cheung-Biu, Thomas	✓	✓
Mr. Ip Yuk-Keung, Albert	✓	✓

* resigned as Director with effect from 1 October 2020

** Mr. Cha Mou-Sing, Payson ("Mr. Cha") passed away on 6 November 2020 (PST). Following the passing away of Mr. Cha, Mr. Cha Mou-Zing, Victor ceased to be the Alternate Director of Mr. Cha

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

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. Cha Mou-Sing, Payson*
	Mr. Ho Hau-Hay, Hamilton
	Mr. Liang Cheung-Biu, Thomas
	Mr. Ip Yuk-Keung, Albert
	Mr. Chan Johnson Ow#

* passed away on 6 November 2020 (PST)

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 2020 and the unaudited interim financial statements of the Company for the six months ended 31 December 2020 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 2021 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. Cha Mou-Sing, Payson* Mr. Lee Luen-Wai, John
Executive Director	Dr. Cheng Kar-Shun, Henry

* passed away on 6 November 2020 (PST)

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. It 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 2021 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.

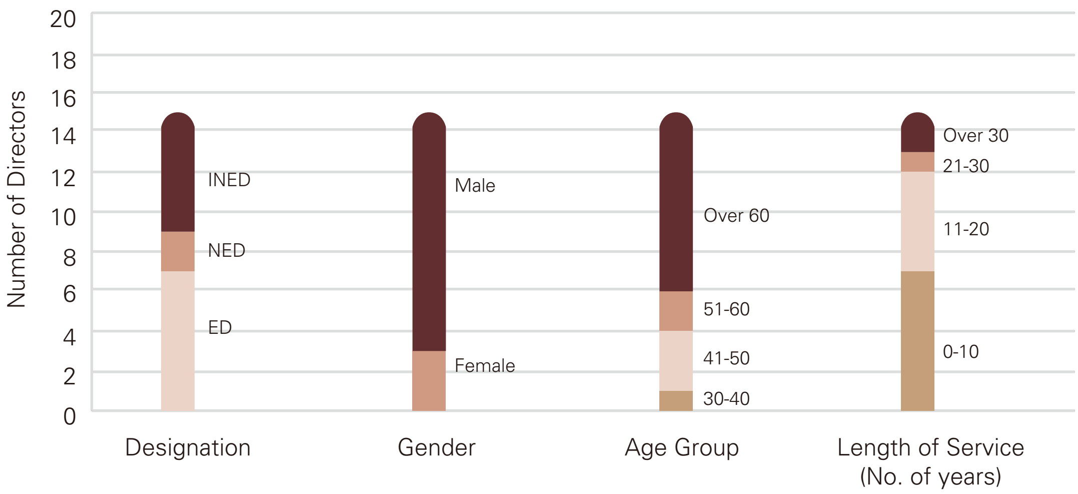
The Nomination Committee met once during the year and reviewed the structure, size and composition of the Board in accordance with the Listing Rules, Diversity Policy and Nomination Policy and considered that the Board consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the business needs of the Group. It also made recommendation to the Board for the re-election of the retiring Directors at 2020 annual general meeting of the Company.

In August 2021, the Nomination Committee reviewed again the Board structure and the biographical details of the retiring Directors standing for re-election at the forthcoming annual general meeting of the Company (the "Retiring Directors"), and considered the New Appointment of Mr. Chan Johnson Ow (the "New Director") in accordance with the criteria under the Nomination Policy and the Diversity 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 and that the New Director is of sufficient caliber and experience appropriate for the requirements of the Company's businesses. The Nomination Committee made the recommendations regarding the nominations of the Retiring Directors and New Director 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 independence of confirmation provided by the Independent Non-executive Directors.

In addition, Mr. Yeung Ping-Leung, Howard and Mr. Ho Hau-Hay, Hamilton (being two of the retiring Independent Non-executive Directors at the forthcoming annual general meeting of the Company) have served the Company for more than nine years, and the Nomination Committee considered that they had exercised impartial judgment and given independent guidance to the Company during their tenure of office. The Nomination Committee also considered that their long service would not affect their exercise of independent judgment. They are beneficial to the Board with diversity of their comprehensive business experience that contributes to invaluable expertise, continuity and stability to the Board and the Company has benefited greatly from their contribution and valuable insights derived from their in-depth knowledge of the Company.

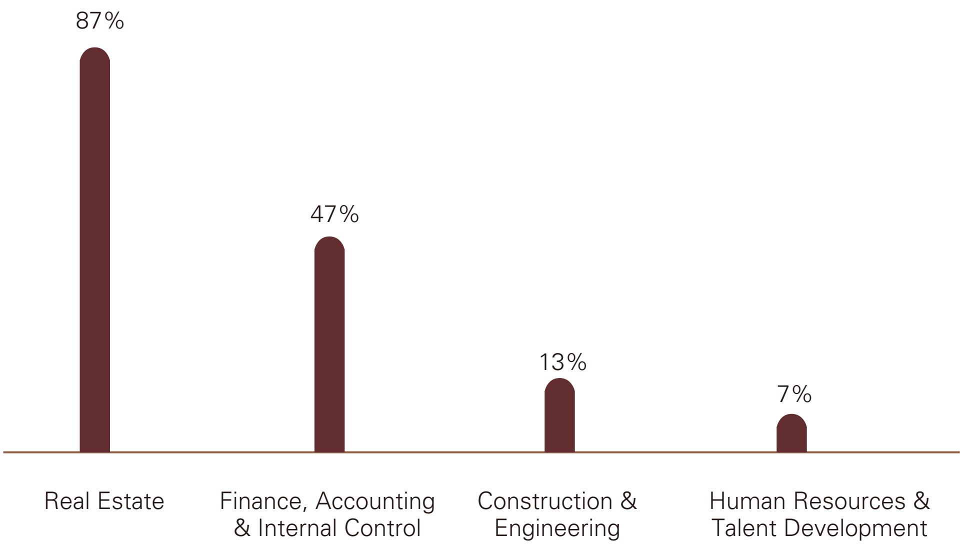
The current Board composition reflects diverse mix of educational background, professional knowledge, industry experience and length of service. The diversity mix of the Board as at 30 September 2021 is summarised in the following charts:

Diversity Mix



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

Areas of Experience



Sustainability Committee

Members:

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

* passed away on 6 November 2020 (PST)

\# became member with effect from 25 January 2021

\## 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 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 and general meetings held during the year ended 30 June 2021 are set out below:

	Number of Meetings Attended/ Eligible to attend for the year ended 30 June 2021					
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	4/4	–	1/1	1/1	–	0/1
Dr. Cheng Chi-Kong, Adrian	4/4	–	–	–	2/2	0/1
Mr. Cheng Chi-Heng	4/4	–	–	–	–	0/1
Ms. Cheng Chi-Man, Sonia	4/4	–	–	–	–	0/1
Mr. Sitt Nam-Hoi	4/4	–	–	–	2/2	1/1
Ms. Huang Shaomei, Echo	3/4	–	–	–	–	0/1
Ms. Chiu Wai-Han, Jenny	4/4	–	–	–	–	1/1
Non-executive Directors						
Mr. Doo Wai-Hoi, William	3/4	–	–	–	–	0/1
Mr. Cheng Kar-Shing, Peter	4/4	–	–	–	–	0/1
Ms. Ki Man-Fung, Leonie*	1/1	–	–	–	–	0/1
Independent Non-executive Directors						
Mr. Yeung Ping-Leung, Howard	4/4	2/2	1/1	–	–	0/1
Mr. Cha Mou-Sing, Payson**	0/2	0/1	0/0	–	0/1	0/0
Mr. Ho Hau-Hay, Hamilton	4/4	2/2	1/1	–	–	0/1
Mr. Lee Luen-Wai, John	4/4	2/2	1/1	1/1	–	0/1
Mr. Liang Cheung-Biu, Thomas	4/4	2/2	–	1/1	1/1	0/1
Mr. Ip Yuk-Keung, Albert	4/4	2/2	–	1/1	2/2	1/1

* resigned as Director with effect from 1 October 2020

** passed away on 6 November 2020 (PST)

AUDITORS' REMUNERATION

During the year ended 30 June 2021, 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 **2021** **HK$m**	2020 HK$m
Audit services	**59.7**	62.8
Non-audit services	**10.8**	19.6
Total	**70.5**	82.4

Non-audit services comprise primarily accounting advisory, tax advisory, internal control review, circular works related to capital market transactions, due diligence and transaction advisory related to various acquisition and disposal activities, services on system enhancement, as well as other related services.

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

Governance, Risk and Control

Robust and effective management of risks is an essential and integral part of corporate governance. The management of the Group proactively manages the risks by establishing an Enterprise Risk Management ("ERM") framework to assist the Audit Committee and the Board in discharging its risk management responsibilities and individual business units in managing their key risks. 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 risk management and internal control systems are illustrated below:

Control Environment

- Demonstrate commitment to integrity and ethical values.
- A set of standards, processes and structures that lays the foundation of internal controls.
- Cover organisational structure, reporting lines, and appropriate authorities and responsibilities.

Objectives

Operation

Effectiveness & efficiency

Reporting

Reliability, timeliness & transparency

Compliance

Adherence to laws & regulations

Risk Assessment

- Involve a dynamic and iterative process for identifying and assessing risks to the achievement of objectives.
- Form the basis for determining how risks should be mitigated and managed

Control Activities

- Deploy a diverse range of policies and procedures that help ensure the management directives to mitigate risks are carried out.
- Preventive or detective in nature, and involving authorisations and approvals, verifications, reconciliations, business performance review, segregation of duties, etc.

Information & Communication

- Obtain or generate and use relevant, quality information to support the functioning of risk management and internal control systems.
- The Group is provided with the required information for carrying out day-to-day controls through effective communication channels.

Monitoring

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

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 the 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. 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 Risk Management Committee assists the Audit Committee in discharging its corporate governance responsibilities for risk management. It is responsible for ensuring that the risk management system is adequate and effective and that the ERM framework is implemented consistently throughout the Group. It also monitors the Group's overall risk profiles by reviewing the key risks relating to individual business units and the key risks that are enterprise-wide, and ensures alignment with the approved risk appetite.

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.

The Audit Committee receives the report from the internal audit department and takes such report into consideration when it makes recommendation to the Board for approval of the half-yearly or annual results of the Group.

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.

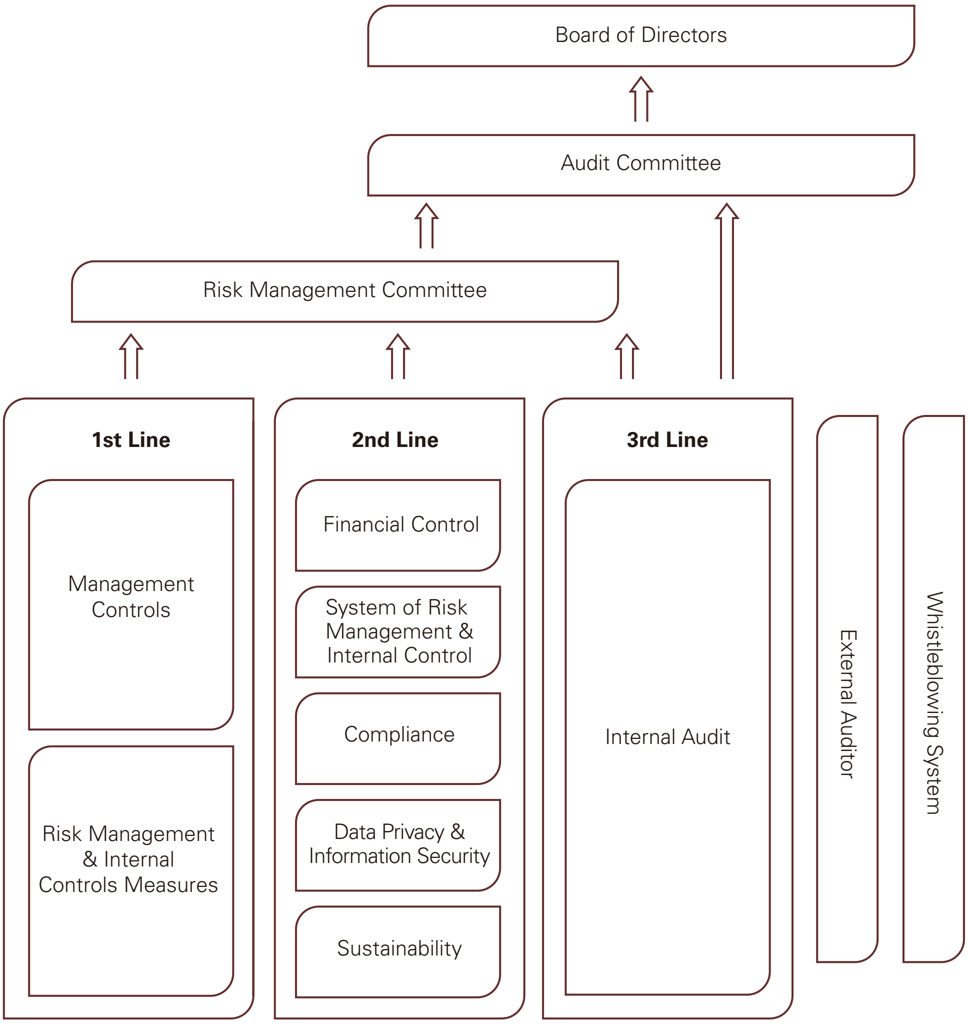
Conflict of Interest Policy

– 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 had 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 Governance Structure



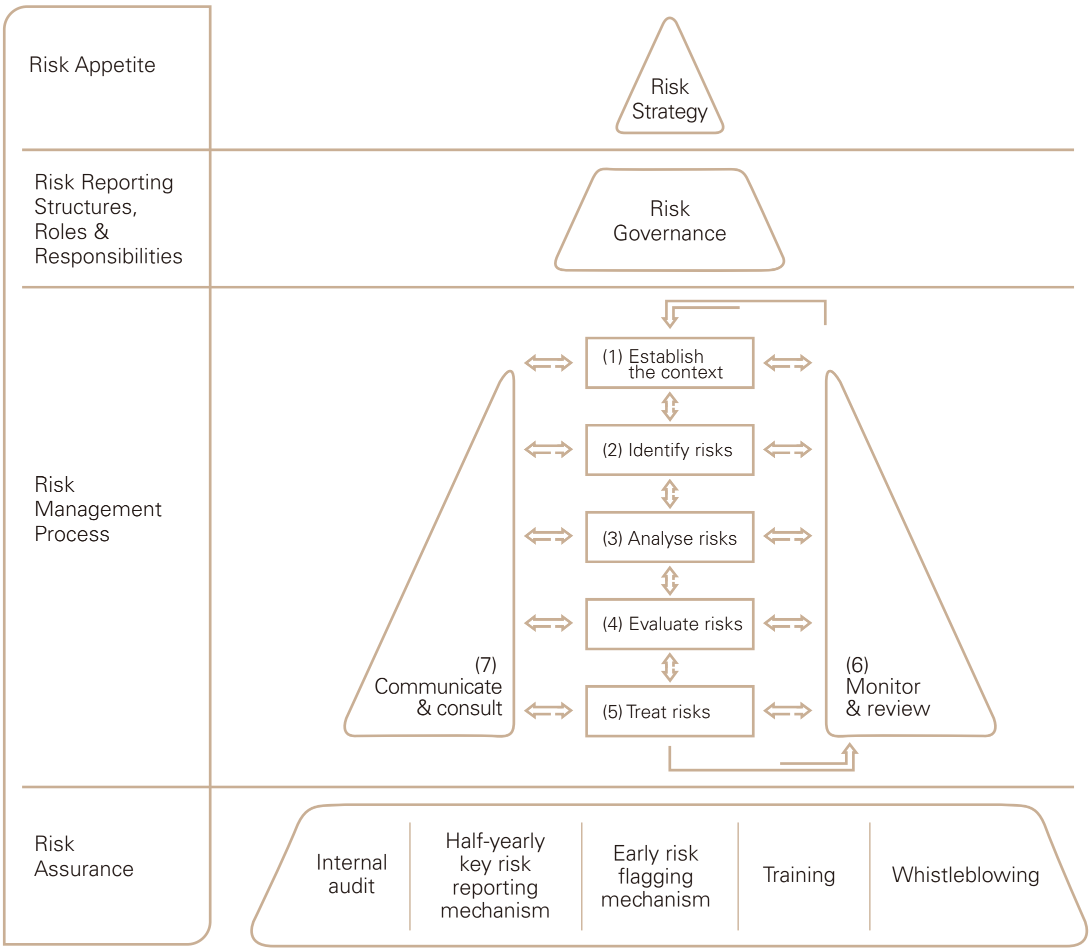
The Group's risk governance structure is guided by the "Three Lines" governance model. As the first line, risk owners of all corporate departments and business units of the Group identify and evaluate the risks which may potentially impact the achievement of their business objectives, mitigate and monitor the risks (including but not limited to business, operation as well as environmental, social and governance ("ESG") risks) by designing and executing control procedures in their day-to-day operations. They conduct risk assessment and control self-assessment on a regular basis to evaluate the adequacy and effectiveness of controls that are in place to mitigate the identified risks.

As the second line, the Group establishes specific functions to effectuate risk management and ensure proper controls are put in place by the first line and operating as intended. The responsibilities of these functions include but not limited to financial control, risk management and internal control, compliance, data privacy and information security, sustainability, and so forth. The Risk Management Committee also oversees and monitors the overall operation of the risk management and internal control systems.

As the third line, the internal audit department acts as an independent assessor. It is responsible for reviewing the major operational, financial, compliance and risk management controls of the Group on a continuous basis. It schedules its work in an annual audit plan which is reviewed by the Audit Committee every year. The audit plan is derived from risk assessment basis and is aimed at covering each significant corporate department and business unit in which the Group involves in day-to-day management within a reasonable period. The internal audit department also carries out independent and timely review or investigation works, where and when necessary, on risks and control related incidents identified from time to time.

On top of the "Three Lines" governance model, through independent audit and review, the external auditor provides reasonable assurance on the effectiveness of the risk management and internal control systems. Whistleblowing System is established for staff and other relevant parties to report misconduct cases. Every reported case will be handled in confidentiality and followed through in accordance with the Whistleblowing Policy and its related procedures.

Risk Management Approach



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 inputs 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 risks) facing their businesses with proper management execution to avoid, reduce or transfer those risks accordingly.

Risk Management Policy is established for enhancing the effective implementation of risk management and internal control exercises within the Group, based on latest guidance from COSO and World Business Council for Sustainable Development ("WBCSD"). To ensure that all major risks (including ESG related risks) are properly identified, evaluated and monitored for achieving a sound and effective risk management system, risk owners across the Group are required to report the risk review exercises to the internal audit department by submitting both risk management questionnaire (with risk identification and assessment) and "Integrated Internal Control Self-Assessment Certificate" half-yearly on the effectiveness of risk management and internal control systems.

The Group's risk profile is categorised into six areas: Strategic, Operational, Sustainability, Financial, Technology, Political and Regulatory. Our risk management 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 have also been taken into account, in which sustainability factors have been integrated in all key risk areas. Management also needs to assess and report the nature and priority of risks identified by providing details of risk description, risk levels and existing risk response strategies.

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 risks), and act on them in a timely manner. Risk owners have to flag and report immediately to the corresponding risk oversight parties when a potential risk is perceived and significant impact is expected in any business areas.

After consolidation with a holistic review of the Group, the 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. The Group strives to continually improve its ERM framework in order to keep pace with the dynamic business environment. The Board, therefore, considers that the risk management and internal control systems of the Group are effective and adequate.

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 year:

Risk Description	Key Risk Treatments
Strategic Risks	
Macroeconomic Risk Adverse changes in macroeconomic environment due to the uncertainties associated with the US-China trade war, impact of pandemics 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
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 pandemic outbreak in the community
Strategic Execution Risk Our group has launched different strategic initiatives (operations and sustainability vision) with an aim to transform the business and create shared value not just for shareholders but also the community and different stakeholders. New strategic plans along with agile adaptation to market needs which may expose us to medium-term execution risk on our aspirations' realisation, cross-business unit alignment and performance tracking.	• Business units are required to flag and report any potential significant risk (operational and sustainability) • Regular management meetings together with dedicated functional committee (such as Sustainability Committee) are held to review and adjust actions plans/strategic focus to align with group direction and management expectation • Recruit new talents and leaders to fulfill the needs of group strategy • Convey group direction/strategy (including sustainability initiatives) and operational plans through internal workshop/platform, training and brand book

Risk Description	Key Risk Treatments
Sustainability Risks	
Climate Risk Climate change risks are embedded in our risk management process. Physical risks 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. Transition risks Our sustainability vision and the commitment to transit to a carbon-neutral business may bring associated impacts on strategic planning, financial arrangement, operational changes, technological adoption and potentially reputation. Business Impact 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 • 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 *Please refer to the "Corporate Sustainability" section on pages 38 to 77 of this Annual Report for details.*

Risk Description	Key Risk Treatments
Operational Risks	
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 mechanism in place to enable proactive approach on risk handling
Pandemic/Disaster/Crisis Management Risk Threats to public health and daily operations due to unexpected outbreak of pandemic diseases (such as coronavirus disease) or happenings of critical incidents (e.g. health and safety issues, business disruptions and natural disasters such as acute climate change events).	• Conduct regular monitoring to keep track of issues related to the Group's different businesses • Deliver quick and effective responses according to crisis management procedures, communication and escalation protocols • Recognise the impact of climate change and promote sustainability within the Group • Heighten employees' vigilance and take comprehensive precautionary measures • Employee work flexibility and empowerment • Continuous improvement on risk management mechanism • Formulate and execute contingency/business continuity plans developed for critical business processes and functions to mitigate the risk of business disruptions • Proper insurance coverage for the Group's properties and business operations
Supply Chain Management Risk • Threats to project financials, contractual rights, operational plan, and sustainability targets due to internal or external sources (such as changes in regulation and evolving span of stakeholders). • Challenges in exercising influence along the supply chain for integration of sustainability and ESG requirements (from sustainable sourcing, renewable resources to ESG disclosure).	• 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 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	
Cyber Security and Disruption Risk Cyber-attacks on networks and systems which may cause business interruption, leakage of confidential information, etc.	• Regular review and update of IT infrastructure and systems • Establish policies and procedures for the uses of information technology • Implementation and constantly strengthen security measures such as firewall, antispam and anti-virus protection • Provide regular trainings on information security awareness
Political and Regulatory Risks	
Regulatory Compliance and Legal Risk Given our wide business scope across the group and possible uncertainty in the environment, there might be greater likelihood for us to face unfavourable changes of government policies/ regulatory requirements, litigation and legal claims in normal course of business.	• Continuously monitor the change of government policies, laws and regulatory requirements • Regularly review the compliance of regulations • Provide regulatory training to employees • Maintain timely communication with the community and key stakeholders to enhance transparency • Early engagement/consultation with in-house legal and seek external legal advice, if necessary • Communication and response protocol in place to report potential cases

^ We enhanced our risk management framework in FY2021 so risks under different categories have been re-defined. Changes over historical trends are not applicable for this financial year.

Risks including sustainability considerations

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 37 of this annual report.

CONSTITUTIONAL DOCUMENTS

For the purpose of providing flexibility to the Company in relation to the conduct of general meetings to be held as a hybrid meeting where shareholders may attend by electronic means in addition to as a physical meeting where shareholders attend in person, the Company adopted a new articles of association (the "New Articles of Association") during the year. The adoption of the New Articles of Association was approved by the shareholders of the Company at the annual general meeting held on 26 November 2020. The New Articles of Association is available on both the Company's website and the Stock Exchange's website. Details of the major and other changes brought about by the adoption of the New Articles of Association are set out in the circular of the Company dated 28 October 2020.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The "Corporate Sustainability" section from pages 38 to 77 in this annual report was prepared in accordance with the Core option of the Global Reporting Initiative ("GRI") Sustainability Reporting Standards, as well as 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 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, 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 Group 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 Group 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 enables 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.

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 104 and 105 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.

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. Members of the Board, together with the representatives of the independent 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. In response to the on-going COVID-19 pandemic, the press conference and analyst briefing for this financial year will take place via live streaming and in three languages, for the convenience of investors from different regions with different language backgrounds.

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 social distancing control due to the COVID-19 pandemic, our investor relations team has swiftly switched to communicating with stakeholders through online meetings and conference calls. Following nearly a year of online communication activities, the Group responded to the Hong Kong government's orderly relaxing of social distancing measures by arranging a number of "virtual + physical" reverse roadshows in Hong Kong to creatively reconnect with investors in immersive experience, on the premise of complying with a range of prevention and control measures.

In response to the implementation of EU MiFIDII in early 2018 and its impact on the asset management sector, the Group has adopted further vigorous measures, such as the hosting of non-deal roadshows, site visits and investors' days, to ensure sound connection with investors and different stakeholders.

In further reiteration of our 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 move to explore new markets. During the financial year, the Group hosted its ESG Open Day for Investors, in an effort to demonstrate the Group's investment value in sustainability to international investors.

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 20 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.

Garnered over
20 investor relations awards

Hosted over
30 non-deal roadshows and investors activities

Joined over
10 international investment forums

Engaged in over
400 online meetings and conference calls

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Doo Wai-Hoi, William 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
Level 54, Hopewell Centre,
183 Queen's Road East,
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 2021.

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 2021 are set out in the consolidated income statement on page 146 of this annual report.

The Directors have resolved to recommend a final cash dividend for the year ended 30 June 2021 of HK$1.50 per share (2020: HK$1.48 per share) to shareholders whose names appear on the register of members of the Company on 26 November 2021. Together with the interim dividend of HK$0.56 per share (2020: HK$0.56 per share), the total dividend for the financial year ended 30 June 2021 is HK$2.06 per share (2020: HK$2.04 per share).

Subject to the passing of the relevant resolutions at the annual general meeting of the Company to be held on 23 November 2021, it is expected that the proposed final dividend will be distributed to shareholders on or about 21 December 2021.

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 3,673,250 shares of the Company, fully paid, were issued for a total consideration of HK$147,458,948.00.

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 (unless specified below) financing the general working capital requirement of the Group during the year as follows:

1. On 9 December 2020, US$700.0 million (equivalent to approximately HK$5,460.0 million) guaranteed senior perpetual capital securities at an initial distribution rate of 4.800% 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$695.0 million (equivalent to approximately HK$5,421.0 million);

2. On 14 January 2021, US$200.0 million (equivalent to approximately HK$1,560.0 million) 3.750% guaranteed sustainability-linked notes due 2031 were issued by NWD (MTN) Limited and listed on the Stock Exchange at a price of 99.530% of the principal amount with net proceeds of US$197.5 million (equivalent to approximately HK$1,540.5 million);

3. On 3 February 2021, HK$1,500.0 million 3.500% guaranteed sustainability-linked notes due 2031 were issued by NWD (MTN) Limited at a price of 98.680% of the principal amount with net proceeds of HK$1,480.2 million;

4. On 10 March 2021, HK$550.0 million 3.000% guaranteed notes due 2028 were issued by NWD (MTN) Limited at a price of 97.694% of the principal amount with net proceeds of HK$537.3 million for a green building project;

5. On 1 April 2021, HK$780.0 million 3.950% guaranteed notes due 2031 were issued by NWD (MTN) Limited at a price of 100.000% of the principal amount with net proceeds of HK$775.6 million for a green building project; and

6. On 10 June 2021, US$1,200.0 million (equivalent to approximately HK$9,360.0 million) guaranteed senior perpetual capital securities at an initial distribution rate of 4.125% 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$1,192.2 million (equivalent to approximately HK$9,299.2 million) for the main purpose of financing the purchase of US$381,255,000 (equivalent to approximately HK$2,973,789,000) in principal amount of its 5.750% guaranteed senior perpetual capital securities by the Company (stock code: 4561).

In addition, on 30 June 2021, HK$1,000.0 million 4.790% guaranteed notes due 2051 were issued by NWD (MTN) Limited to FTLife Insurance Company Limited ("FTLife Insurance", a subsidiary of the Company). Such notes were listed on the Stock Exchange at a price of 100.000% of the principal amount with net proceeds of HK$1,000.0 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 121 to 124, 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 2021, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$23,095.0 million (2020: HK$23,440.0 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 277 and 278.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2021, around 30,000 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. Under the share options schemes of the Company and all the listed subsidiaries 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 respective subsidiaries.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company bought back a total of 10,357,000 shares of the Company on the Hong Kong Stock Exchange at an aggregate consideration of HK$377,963,700.32 (before expenses). All such bought back shares were subsequently cancelled during the year.

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

Month	Number of shares bought back	Price paid per share		Aggregate consideration (before expenses)
		Highest HK$	Lowest HK$	HK$
December 2020	10,357,000	37.00	35.80	377,963,700.32

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.

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 "Notes") at a price of 102.200% of the principal amount on 12 April 2021. Upon settlement of the CDL Tender Offer, US$14,050,000 (equivalent to approximately HK$109,590,000) in aggregate principal amount of the Notes were purchased and redeemed by the Offerors on 23 April 2021 and cancelled pursuant to the terms and conditions of the Notes. US$635,950,000 (equivalent to approximately HK$4,960,410,000) in aggregate principal amount of the Notes remains outstanding as at 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (CONTINUED)

The Company as the offeror launched a tender offer (the "Offer") to purchase for cash the US$1,200,000,000 (equivalent to approximately HK$9,360,000,000) 5.750% guaranteed senior perpetual capital securities issued by NWD Finance (BVI) Limited and unconditionally and irrevocably guaranteed by the Company (stock code: 4561) (the "Securities") at a price of 101.000% of the principal amount on 27 May 2021. Upon settlement of the Offer, US$381,255,000 (equivalent to approximately HK$2,973,789,000) 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. US$818,745,000 (equivalent to approximately HK$6,386,211,000) in aggregate principal amount of the Securities remains outstanding as at 30 June 2021.

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$70.1 million (2020: HK$86.7 million).

MAJOR ACQUISITIONS AND DISPOSALS

1. On 21 August 2020, NWS Service Management Limited, an indirect wholly owned subsidiary of NWSH, entered into a sale and purchase agreement with Bravo Transport Holdings Limited to dispose of the entire issued share capital of NWS Transport Services Limited ("NWS Transport") at a consideration of HK$3,200.0 million (subject to instalment arrangements and adjustments). Completion of the disposal took place in October 2020 and since then the NWSH Group ceased to have any shareholding interest in NWS Transport.

2. On 11 January 2021,

   (i) Beauty Ocean Limited, an indirect wholly owned subsidiary of NWSH, and SUEZ (Asia) Limited entered into a conditional sale and purchase agreement pursuant to which the NWSH Group agreed to dispose of all its 42.0% interest in SUEZ NWS Limited ("SUEZ NWS", an associated company of the NWSH Group) to SUEZ (Asia) Limited at the consideration of HK$4,173.0 million. The disposal is yet to complete at the date of this report. NWSH Group's entire interest in SUEZ NWS was accounted for as an asset held-for-sale as at 30 June 2021; and

   (ii) NWSH, SUEZ NWS, and SUEZ (Asia) Limited entered into another conditional sale and purchase agreement pursuant to which the NWSH Group agreed to dispose of entire interest in NWS Hong Kong Investment Limited ("NWS HKI", which indirectly holds 12.55% effective interest in Chongqing Derun Environment Co., Ltd.), together with the inter-company balance payable by NWS HKI to NWSH at the consideration of HK$2,360.0 million. Completion took place in May 2021 and since then the NWSH Group ceased to have any shareholding interest in NWS HKI.

CONNECTED TRANSACTIONS

Connected transactions of the Company during the year and up to the date of this report are set out on pages 116 to 119.

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 129.

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 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

Non-executive Directors

Mr. Doo Wai-Hoi, William *JP (Non-executive Vice-chairman)*	
Mr. Cheng Kar-Shing, Peter	
Ms. Ki Man-Fung, Leonie *GBS SBS JP*	(resigned on 1 October 2020)

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard	
Mr. Cha Mou-Sing, Payson *JP*	(deceased on 6 November 2020 (PST))
Mr. Cha Mou-Zing, Victor *(Alternate Director to Mr. Cha Mou-Sing, Payson)*	(ceased as alternate director to Mr. Cha Mou-Sing, Payson on 6 November 2020 (PST))
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)

Ms. Ki Man-Fung, Leonie resigned as Director on 1 October 2020. Ms. Ki had confirmed that she has no disagreement with the Board and there are no matters in respect of her resignation that needs to be brought to the attention of the shareholders of the Company.

In accordance with Article 94 of the Company's Articles of Association, Mr. Chan Johnson Ow retires and, being eligible, offers himself for re-election.

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Yeung Ping-Leung, Howard, Mr. Ho Hau-Hay, Hamilton, Mr. Cheng Chi-Heng, Mr. Sitt Nam-Hoi and Mr. Ip Yuk-Keung, Albert shall retire by rotation and, being eligible, 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 116 to 119 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 2021, 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 120 to 128.

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		**Nature of interest of the Director in the entity**
Name of Director	**Name of entity**	**Description of businesses**	
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 Holdings Limited group of companies	Property and carpark management and landscaping	Shareholder*
	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
Mr. Doo Wai-Hoi, William	Ace Action Ltd. group of companies	Property investment	Director and shareholder
	Amelia Gold Limited group of companies	Property investment	Shareholder* and 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	Businesses which are considered to compete or likely to compete with the businesses of the Group: Description of businesses	Nature of interest of the Director in the entity
	Fortune Success Limited group of companies	Property investment	Director and shareholder
	FSE Holdings Limited group of companies	Property and carpark management and landscaping	Shareholder
	Fung Seng Enterprises Investment Company Limited group of companies	Property investment (up to 6 May 2021)	Director and shareholder
	Fung Seng Enterprises Limited group of companies	Property investment and management	Shareholder* and director
	Golden Wealth Investment Limited group of companies	Property investment and development	Director and shareholder
	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
	Silver City International Limited group of companies	Property investment	Shareholder* and director
	Silver Success Company Limited group of companies	Hotel property investment	Director and shareholder
	Sunshine Dragon Group Limited group of companies	Property investment	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	CTF group of companies	Property investment and development, hotel operations, commercial aircraft leasing and healthcare investment	Director
	Long Vocation Investments Limited group of companies	Property investment	Director and shareholder

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 Real Estate Development 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

* ceased to be so interested in the entity during the financial year

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 121 to 126.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2021, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

	Number of shares held			
Name	**Beneficial interests**	**Corporate interests**	**Total**	**Approximate % of shareholding**
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")[(1)]	—	**1,135,908,609**	**1,135,908,609**	**44.68**
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")[(2)]	—	**1,135,908,609**	**1,135,908,609**	**44.68**
Chow Tai Fook Capital Limited ("CTFC")[(3)]	—	**1,135,908,609**	**1,135,908,609**	**44.68**
Chow Tai Fook (Holding) Limited ("CTFHL")[(4)]	—	**1,135,908,609**	**1,135,908,609**	**44.68**
Chow Tai Fook Enterprises Limited ("CTF")[(5)]	**1,032,872,823**	**103,035,786**	**1,135,908,609**	**44.68**

Notes:

(1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.

(2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.

(3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.

(4) CTFHL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.

(5) CTF together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2021.

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 2021

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 2021, the aggregate amount of the transactions under the Master Concessionaire Counter Agreement amounted to approximately RMB46.9 million (equivalent to approximately HK$54.9 million), which is within the annual cap of RMB90.0 million (equivalent to approximately HK$105.3 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, facilities 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 2021, the aggregate amount of the transactions under the Mr. Doo MSA amounted to approximately HK$2,080.0 million, which is within the annual cap of HK$5,014.0 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 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.

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

For the year ended 30 June 2021, the aggregate amount of the transactions under the CTF MSA amounted to approximately HK$639.8 million, which is within the annual cap of HK$1,583.4 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 2021, the aggregate amount of the transactions under the Master Leasing and Licensing Agreement amounted to approximately HK$101.0 million, which is within the annual cap of HK$124.6 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 2021, the aggregate amount of the transactions under the Master Hotel Management Services Agreement amounted to approximately HK$73.6 million, which is within the annual cap of HK$276.8 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 2021, the aggregate amount of the transactions under the Master Hotel Leasing Agreement amounted to approximately HK$8.2 million, which is within the annual cap of HK$312.8 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$4,066.3 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.

In accordance with the SPA, 50.0% of the Consideration was paid by the Purchaser to the Vendor upon completion of the SPA which took place immediately after signing of the SPA. 50.0% of the Consideration shall be settled on or before 8 September 2022.

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 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 2021, the interests of the Directors in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO were as follows:

(A) Long position in shares

	Number of shares				Approximate
	Personal interests	Spouse interests	Corporate interests	Total	% of shareholding
New World Development Company Limited					
(Ordinary shares)					
Dr. Cheng Kar-Shun, Henry	**2,668,909**	—	—	**2,668,909**	**0.10**
Mr. Doo Wai-Hoi, William	—	—	**1,877,283**(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	**133,444**	**141,641**	—	**275,085**	**0.01**
Mr. Ho Hau-Hay, Hamilton	—	—	**219,588**(2)	**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**(3)	**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**(4)	**7,120,097**	**0.18**
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	**7,500,500**(5)	**7,500,500**	**50.00**

Notes:

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

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

(3) These shares are beneficially owned by a company which is wholly owned by Dr. Cheng Kar-Shun, Henry.

(4) These shares are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.

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

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

(B) Long position in underlying shares – share options

During the year ended 30 June 2021, certain Directors of the Company have interest in share options to subscribe for shares in the Company and certain of its subsidiaries. Details of such interests and summaries of share option schemes of the Company and its subsidiaries 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 position 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 211,972,911 representing approximately 8.42% 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 position 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 2020	Granted during the year	Transferred to other category[5]	Exercised during the year	Balance as at 30 June 2021	Exercise price per share HK$
Dr. Cheng Kar-Shun, Henry	3 July 2017	(1)	500,000	–	–	–	500,000	40.144
Mr. Doo Wai-Hoi, William	3 July 2017	(1)	25,000	–	–	(25,000)[6]	–	40.144
Dr. Cheng Chi-Kong, Adrian	3 July 2017	(1)	500,000	–	–	(500,000)[7]	–	40.144
Mr. Yeung Ping-Leung, Howard	3 July 2017	(1)	25,000	–	–	–	25,000	40.144
Mr. Cha Mou-Sing, Payson[5]	3 July 2017	(1)	25,000	–	(25,000)	–	–	40.144
Mr. Cheng Kar-Shing, Peter	3 July 2017	(1)	25,000	–	–	(25,000)[8]	–	40.144
Mr. Ho Hau-Hay, Hamilton	3 July 2017	(1)	25,000	–	–	–	25,000	40.144
Mr. Lee Luen-Wai, John	3 July 2017	(1)	25,000	–	–	(25,000)[9]	–	40.144
Mr. Liang Cheung-Biu, Thomas	3 July 2017	(1)	25,000	–	–	–	25,000	40.144
Ms. Ki Man-Fung, Leonie[5]	3 July 2017	(1)	25,000	–	(25,000)	–	–	40.144
Mr. Cheng Chi-Heng	3 July 2017	(1)	25,000	–	–	–	25,000	40.144
Ms. Cheng Chi-Man, Sonia	3 July 2017	(1)	25,000	–	–	(25,000)[10]	–	40.144
Mr. Sitt Nam-Hoi	3 July 2017	(1)	75,000	–	–	(35,000)[11]	40,000	40.144
	6 July 2018	(2)	150,000	–	–	–	150,000	44.160
Mr. Ip Yuk-Keung, Albert	6 July 2018	(2)	150,000	–	–	–	150,000	44.160
Ms. Huang Shaomei, Echo	3 July 2017	(3)	287,500	–	–	–	287,500	40.144
	6 July 2018	(4)	37,500	–	–	–	37,500	44.160
Ms. Chiu Wai-Han, Jenny	6 July 2018	(2)	75,000	–	–	–	75,000	44.160
			2,025,000	–	(50,000)	(635,000)	1,340,000	

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 2 tranches exercisable from 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(4) Divided into 2 tranches exercisable from 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(5) Ms. Ki Man-Fung, Leonie resigned as a Director with effect from 1 October 2020 and Mr. Cha Mou-Sing, Payson passed away on 6 November 2020 (PST). Their share options were transferred from the category of "Directors" to "other eligible participants".

(6) The exercise date was 20 April 2021. On the trading date immediately before the exercise date, the closing price per share was HK$42.60.

(7) The exercise date was 23 June 2021. On the trading date immediately before the exercise date, the closing price per share was HK$40.85.

(8) The exercise date was 29 June 2021. On the trading date immediately before the exercise date, the closing price per share was HK$40.70.

(9) The exercise date was 11 June 2021. On the trading date immediately before the exercise date, the closing price per share was HK$42.20.

(10) The exercise date was 10 June 2021. On the trading date immediately before the exercise date, the closing price per share was HK$41.90.

(11) The exercise date was 24 June 2021. On the trading date immediately before the exercise date, the closing price per share was HK$40.95.

(12) The cash consideration paid by each Director for the grant of share options is HK$10.0.

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

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

Share Option Scheme of the Company (continued)

Share options granted to other eligible participants

		Number of share options						
Date of grant	Exercisable period (Note)	Balance as at 1 July 2020	Granted during the year	Transferred from other category[4]	Exercised during the year	Lapsed during the year	Balance as at 30 June 2021	Exercise price per share HK$
3 July 2017	(1)	6,732,000	–	50,000	(3,038,250)[5]	(922,250)[4]	2,821,500	40.144
6 July 2018	(2)	7,565,250	–	–	–	(1,722,000)	5,843,250	44.160
22 May 2019	(3)	10,725,000	–	–	–	(1,237,500)	9,487,500	49.376
		25,022,250	–	50,000	(3,038,250)	(3,881,750)	18,152,250	

Notes:

(1) Divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(2) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(3) Divided into 4 tranches exercisable from 22 May 2019, 22 May 2020, 22 May 2021 and 22 May 2022 respectively to 21 May 2023.

(4) Ms. Ki Man-Fung, Leonie resigned as a Director with effect from 1 October 2020 and Mr. Cha Mou-Sing, Payson passed away on 6 November 2020 (PST).Their share options were transferred from the category of "Directors" to "other eligible participants" and lapsed during the year. The other eligible participants are eligible employees of the Group.

(5) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$41.62.

(6) The cash consideration paid by each eligible participant for the grant of share options is HK$10.0.

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

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

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

The existing share option scheme of NWSH ("NWSH Share Option Scheme") was adopted at the annual general meeting of NWSH held on 21 November 2011. A summary of the share option scheme of NWSH disclosed in accordance with the Listing Rules is as follows:

	NWSH Share Option Scheme
Purpose of the scheme	To reward directors and employees of NWSH and its subsidiaries ("NWSH Group") for their past service or performance; providing incentive and motivation or reward to eligible participants for optimising 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 scheme	Eligible participant may be a person or an entity belonging to any of the following classes: (i) any eligible employee (including executive directors but excluding non-executive directors) 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.

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

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

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

	NWSH Share Option Scheme
Total number of shares available for issue under the scheme and percentage of issued shares of NWSH as at the date of this annual report	NWSH had granted share options to subscribe for a total of 55,623,705 shares of NWSH under the NWSH Share Option Scheme, which include certain adjustments made pursuant to the rules of the NWSH Share Option Scheme, up to the date of this report. The total number of shares of NWSH available for issue under the NWSH Share Option Scheme is 310,957,666 representing approximately 7.95% of the total number of shares of NWSH as at the date of this report.
Maximum entitlement of each participant under the scheme	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 1.0% of the share capital 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$10.0 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 NWSH's directors which must be at least the highest of: (i) the closing price of the shares as stated in the HKEx's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the HKEx's daily quotations sheets for the five dealing days immediately preceding the date of grant; and (iii) the nominal value of the shares.
The remaining life of the scheme	The NWSH Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 November 2011.

During the year, no share option of NWSH has been granted under the NWSH Share Option Scheme.

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

(C) Long position in debentures

(1) Celestial Dynasty Limited ("CDL")

Name	Amount of debentures in US$ issued by CDL				Approximate % to the total amount of debentures in issue as at 30 June 2021
	Personal interests US$	Family interests US$	Corporate interests US$	Total US$	
Mr. Doo Wai-Hoi, William	—	—	800,000[(1)]	800,000	0.13

Note:

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

(2) Celestial Miles Limited ("CML")

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

Note:

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

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

Name	Amount of debentures issued by NWCL				Approximate % to the total amount of debentures in issue as at 30 June 2021
	Personal interests HK$	Family interests HK$	Corporate interests HK$	Total HK$	
Mr. Doo Wai-Hoi, William	—	—	538,500,000[(1)]	538,500,000	6.59

Note:

(1) These debentures are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which HK$390,000,000 debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

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

(C) Long position in debentures (continued)

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

Name	Amount of debentures issued in US$ by NWD Finance				Approximate % to the total amount of debentures in issue as at 30 June 2021
	Personal interests US$	Family interests US$	Corporate interests US$	Total US$	
Mr. Doo Wai-Hoi, William	—	**13,075,000**	**104,800,000**(1)	**117,875,000**	**2.42**
Mr. Ip Yuk-Keung, Albert	—	**750,000**(2)	—	**750,000**	**0.02**
	—	**13,825,000**	**104,800,000**	**118,625,000**	

Notes:

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

(2) These debentures are jointly held by Mr. Ip Yuk-Keung, Albert and his spouse.

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

Name	Amount of debentures issued by NWD (MTN)				Approximate % to the total amount of debentures in issue as at 30 June 2021
	Personal interests HK$	Family 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**
	—	**3,900,000**	**78,000,000**	**81,900,000**	

Notes:

(1) These debentures are beneficially owned by companies which were 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.

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

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the 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 2021, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively "affiliated companies") as set out below:

	2021 HK$m	2020 HK$m
Amounts due by affiliated companies (note)	**40,505.5**	35,302.3
Guarantees given for affiliated companies in respect of banking and other credit facilities	**7,457.8**	6,937.3
Commitments to capital injections and loan contributions	**799.5**	1,065.6
	48,762.8	43,305.2

Note:

The advances were unsecured and were interest free except for an aggregate amount of HK$18,811.2 million (2020: HK$13,045.7 million) which carried interest ranging from 1.3% over HIBOR to 10% per annum (2020: from 1.5% below Hong Kong Prime rate to 12.2% 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 2021 are presented as follows:

	Combined statement of financial position HK$m	**Group's attributable interests HK$m**
Non-current assets	**177,508.4**	**76,270.6**
Current assets	**105,099.2**	**36,915.1**
Current liabilities	**(88,916.4)**	**(35,437.7)**
Total assets less current liabilities	**193,691.2**	**77,748.0**
Non-current liabilities	**(136,622.5)**	**(64,166.0)**
Net assets	**57,068.7**	**13,582.0**

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 2021.

In FY2021, the Group recorded consolidated revenues of HK$68,233.2 million, increased by 16%. It was mainly attributable to the increased contribution from construction and Hong Kong properties sale and the first full year contribution from FTLife insurance segment during the year under review versus only 8 months in FY2020.

During the year under review, after excluding mainly changes in the fair value of investment properties net of taxation, the Group's underlying profit amounted to HK$6,978.0 million, an increase of 6%. This was mainly due to the better performance of roads and property investment and the decrease in finance cost while less contribution from property development. The underlying profit of the Group in FY2020 was HK$6,588.9 million.

Core earnings per share of the Group's underlying profit was HK$2.74, increased by 6%. As at 30 June 2021, the net gearing ratio was 35.6%, representing a decrease of 4.8 percentage points from 31 December 2020.

In FY2021, the Group's EBITDA amounted to HK$13,316.1 million, of which EBITDA from Hong Kong and property-related segments accounted for 51% and 90% respectively.

The following provides analysis on performance of each segment.

REVENUES – ANALYSED BY BUSINESS SEGMENTS

	FY2021 HK$m	FY2020 HK$m
Property sales	**22,581.6**	19,207.5
Property investment	**4,700.7**	4,349.5
Roads	**3,033.2**	2,070.5
Construction	**22,074.0**	16,691.0
Insurance	**9,639.3**	6,180.0
Hotel operations	**807.6**	1,212.2
Others	**5,396.8**	9,297.1
Total	**68,233.2**	59,007.8

REVENUES – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

	FY2021 HK$m	FY2020 HK$m
Property Development		
Hong Kong	**7,761.6**	4,541.9
Mainland China	**14,820.0**	14,665.6
Total	**22,581.6**	19,207.5

	FY2021 HK$m	FY2020 HK$m
Property Investment		
Hong Kong	**2,839.1**	2,590.5
Mainland China	**1,861.6**	1,759.0
Total	**4,700.7**	4,349.5

Revenues from property development segment increased by 18%, mainly due to new project completion in Hong Kong.

Compared to FY2020, the completion and handover of multiple projects such as ARTISAN GARDEN, ATRIUM HOUSE, and PARK VILLA drove the performance of the Hong Kong property development segment during the year under review.

The revenues of the property investment segment increased by 8%, mainly due to a steady improvement in the overall average occupancy rate of the Group's large-scale integrated project Victoria Dockside in Tsim Sha Tsui, Kowloon, Hong Kong and the Grade A Office building K11 ATELIER King's Road in Quarry Bay, Hong Kong.

The Group's revenues of property investment in Hong Kong during the year under review was HK$2,839.1 million, representing an increase of 10%. Revenues of property investment in Mainland China reached HK$1,861.6 million, representing an increase of 6%.

Revenues from the roads segment amounted to HK$3,033.2 million, increased by 46%, mainly due to the rebound in traffic flow and toll revenue upon the toll fee exemption policy in the Mainland ended in May 2020, and the swift reopening of the Mainland's economy and fast-growing logistics sector.

No revenue from the aviation segment was recorded in FY2021 as there was no revenue from aircraft trading during the year under review.

The revenues of the construction segment increased by 32%, mainly due to the increase in project revenue of Hip Hing Construction (under Contracting).

Revenues from the insurance segment was HK$9,639.3 million, increased by 56%, mainly due to the first full year contribution of FTLife Insurance since the completion of acquisition on 1 November 2019. In FY2020, the newly added insurance segment recorded eight-month revenue of HK$6,180.0 million.

Revenues from the others segment decreased by 42%, as facilities management operations (HKCEC) and retail operations were still negatively impacted by the pandemic. The disposal of loss-making transportation business in October 2020 and the full year close down of Free Duty shops also gave rise to the decrease of segment revenue.

SEGMENT RESULTS – ANALYSED BY BUSINESS SEGMENTS

	FY2021 HK$m	FY2020 HK$m
Property Development	**9,351.4**	11,001.8
Property Investment	**2,929.5**	2,382.7
Roads	**2,448.9**	1,184.7
Aviation	**504.7**	399.3
Construction	**924.0**	983.6
Insurance	**723.4**	611.0
Hotel Operations	**(1,186.0)**	(1,292.0)
Others	**(1,528.9)**	(1,560.6)
Total	**14,167.0**	13,710.5

SEGMENT RESULTS – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

	FY2021 HK$m	FY2020 HK$m
Property Development		
Hong Kong & Singapore	**3,400.4**	2,592.1
Mainland China	**5,951.0**	8,409.7
Total	**9,351.4**	11,001.8

	FY2021 HK$m	FY2020 HK$m
Property Investment		
Hong Kong	**2,000.5**	1,524.1
Mainland China	**929.0**	858.6
Total	**2,929.5**	2,382.7

The Group's consolidated segment results in FY2021 amounted to HK$14,167.0 million, an increase of 3%, mainly due to the better performance of roads and property investment compared with last year, and the decrease in finance cost.

Property Development

The segment results of the Hong Kong property development segment fell by 15%, mainly due to the decline in gross profit margin in both Hong Kong and Mainland China.

In FY2021, the contribution from Hong Kong segment mainly derived from residential projects such as ATRIUM HOUSE, TIMBER HOUSE, ARTISAN GARDEN, THE MASTERPIECE, and PARK VILLA.

In FY2020, MOUNT PAVILIA, The MASTERPIECE and FLEUR PAVILIA drove the performance of the Hong Kong property development segment.

As at 30 June 2021, the unrecognised attributable income from contracted sales of properties in Hong Kong to be recognised in FY2022 and FY2023 is HK$3,590 million and HK$24,815 million respectively.

Contracted Sales of Property Development in Hong Kong Expected to be Recognised in FY2022 As at 30 June 2021	Total Number of Units	Attributable Income HK$m
888 Lai Chi Kok Road		2,758
ATRIUM HOUSE	36	256
TIMBER HOUSE	20	93
Double Cove (Phase 1-5)	10	117
The Pavilia Hill	1	157
Mount Pavilia	2	95
FLEUR PAVILIA	9	57
The Pavilia Bay	2	23
Others and Carparks		34
Total		**3,590**

Contracted Sales of Property Development in Hong Kong Expected to be Recognised in FY2023 As at 30 June 2021	Total Number of Units	Attributable Income HK$m
THE PAVILIA FARM I	778	8,644
THE PAVILIA FARM II	1,405	16,083
PARK VILLA	2	83
Carparks		5
Total		**24,815**

During the year under review, the contributions from the Mainland China segment mainly derived from Guangzhou Covent Garden, Guangzhou Park Paradise, Shenyang New World Garden, Ningbo New World and Guangzhou Foshan Canton First Estate.

As of 30 June 2021, the Group's unrecognised gross income from contracted sales of properties in Mainland China amounted to approximately RMB14,661 million, of which RMB12,483 million and RMB2,178 million will be booked in FY2022 and FY2023 respectively.

Contracted Sales of Property Development in Mainland China Expected to be Recognised As at 30 June 2021 Region	FY2022 Gross Income RMB m	FY2023 Gross Income RMB m
Southern Region (i.e. the Greater Bay Area)	9,650	2,178
Eastern Region (i.e. the Yangtze River Delta Region)	163	–
North-eastern Region	2,670	–
Total	**12,483**	**2,178**

Property Investment

In FY2021, the property investment segment recorded a contribution of HK$2,929.5 million, increased by 23%. It was mainly attributable to the better performance of Victoria Dockside K11 MUSEA, K11 ATELIER King's Road and K11 ARTUS. If the effect of disposed properties in FY2020 (such as Telford Plaza II, Kowloon Bay and PopCorn II, Tseung Kwan O, and EIGHT KWAI FONG, a serviced apartment in Happy Valley) was excluded, the segment results for Hong Kong would have increased by 47%.

The overall performance of Hong Kong's investment properties increased by 31%, with contributions mainly attributable to Victoria Dockside, New World Tower, Hong Kong K11 Art Mall, D • PARK, and Manning House. Among them, performance of Victoria Dockside was particularly outstanding. The overall occupancy rate of Victoria Dockside's retail outlets increased to 97%, and 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%, mainly due to the Group's K11 projects in Mainland China have gradual maturity in operation, with Shanghai K11 Art Mall and the office building K11 ATELIER providing strong contributions. The average rent of Guangzhou New World • NEW PARK and Wuhan Guanggu K11 Select increased.

Roads

The roads segment's contribution increased by 107% to HK$2,448.9 million, mainly due to the lower contribution in FY2020 following the implementation of toll fee exemption for all vehicles in Mainland China from February to May 2020 (78 days) and the increased traffic volume diverted from competing expressways.

Aviation

The aviation segment's contribution was HK$504.7 million, increased by 26%, 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$924.0 million, decreased by 6%, mainly due to the decrease in segment result from Wai Kee Holdings Limited after its reclassification and only six months of segment result was accounted for.

Insurance

The insurance segment's contribution was HK$723.4 million, increased by 18%, mainly due to the full year impact of FTLife since completion of acquisition November 2019.

Hotel Operations

During the year under review, the hotel operations segment recorded a loss. Hotel operations continued to be affected by the COVID-19 pandemic, and Rosewood Hong Kong has been reclassified to the Investment property with effect from 1 November 2020 to present rental income under investment property segment.

Others

Others segment recorded a loss of HK$1,528.9 million, decreased by 2%, mainly due to the 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. In terms of facility management business, nearly all events at the Hong Kong Convention and Exhibition Centre were cancelled or postponed due to the COVID-19 outbreak. The segment loss was reduced due to the completion of disposal of New World First Bus in October 2020.

Other (Losses)/Gains, Net

The Group recorded a net loss of HK$899.4 million in FY2021, compared to a net loss of HK$92.5 million in FY2020. The recognised gain on fair value change of FTLife investment fund, and other strategic investments contributed to most of the Group's gain in FY2021.The losses incurred were mainly from the re-measurement loss on reclassification of an investment to asset held for sale by NWSH.

Changes in Fair Value of Investment Properties

The Group's change in the fair value of investment properties (including a loss of change in fair value of investment properties in share of associated companies and joint ventures of HK$289.5 million) in FY2021 were HK$846.1 million, decreased by 15%, mainly due to third-party valuers' estimation of market rents being affected by corrections in the current Hong Kong property market.

Taxation

Taxation in FY2021 decreased by 25%, mainly due to the decrease of Mainland China land appreciation tax followed by the decrease in the contribution of property development in Mainland China.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	As at 30 June 2021 HK$m	As at 30 June 2020 HK$m
Consolidated net debt	**108,194.8**	116,458.6
NWS Holdings Limited ("NWSH") (stock code: 0659)	**13,619.0**	15,787.0
New World Department Store China Limited ("NWDS") – net cash and bank balances (stock code: 0825)	**(870.1)**	(740.9)
Net debt (exclude listed subsidiaries)	**95,445.9**	101,412.5

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 2021, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a gain of HK$15,593.2 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. Combined effect on declining Hong Kong Interbank Offered Rate and decreased average debt causes the financing costs decreased to HK$3,094.7 million. 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 2021, the Group had outstanding cross currency swaps in the amounts of approximately HK$7,903.8 million, and had outstanding interest rate swaps in the amounts of HK$17,000.0 million and US$295.0 million (equivalent to approximately HK$2,301.0 million).

For the year ended 30 June 2021, the Group redeemed the following notes:

Date	Principal (equivalent to HK$)	Stock code	Interest rate
April 2021	US$14.1 million (HK$110.0 million)	5594	4.250%
May 2021	US$381.3 million (HK$2,974.1 million)	4561	5.750%

For the year ended 30 June 2021, the Group issued the following notes and perpetual capital securities:

Date	Category	Principal (equivalent to HK$)	Interest rate	Due date	Price	Net proceed (equivalent to HK$)
December 2020	P	US$700.0 million (HK$5,460.0 million)	4.800%	N/A	100.000%	US$695.0 million (HK$5,421.0 million)
January 2021	SLNL	US$200.0 million (HK$1,560.0 million)	3.750%	2031	99.530%	US$197.5 million (HK$1,540.5 million)
February 2021	SLN	HK$1,500.0 million	3.500%	2031	98.680%	HK$1,480.2 million
March 2021	GN	HK$550.0 million	3.000%	2028	97.694%	HK$537.3 million
April 2021	GN	HK$780.0 million	3.950%	2031	100.000%	HK$775.6 million
June 2021	P	US$1,200.0 million (HK$9,360.0 million)	4.125%	N/A	100.000%	US$1,192.2 million (HK$9,299.2 million)

P: Guaranteed senior perpetual capital securities listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange")
SLN: Guaranteed sustainability-linked notes
SLNL: Guaranteed sustainability-linked notes listed on the Stock Exchange
GN: Green notes
N/A: Not applicable

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.

For reinforcing our commitment to improve sustainability performance in our businesses, apart from the two guaranteed sustainability-linked notes and two green notes with an aggregate total approximately HK$4.39 billion abovementioned, the Group has entered into five sustainability-linked loan facilities and two green loan facilities with an aggregate total approximately HK$8.59 billion during the year. The sustainability-linked notes and loan facilities incentivize the Group's achievement of improvement targets on the Group's annual and cumulative sustainability performance by the way of interest rates reduction.

As at 30 June 2021, the Group's cash and bank balances (including restricted bank balances) stood at HK$61,955.1 million (2020: HK$67,435.6 million) and the consolidated net debt amounted to HK$108,194.8 million (2020: HK$116,458.6 million). The net debt to equity ratio was 35.6%; a decrease of 6.0 percentage points as compared to 30 June 2020.

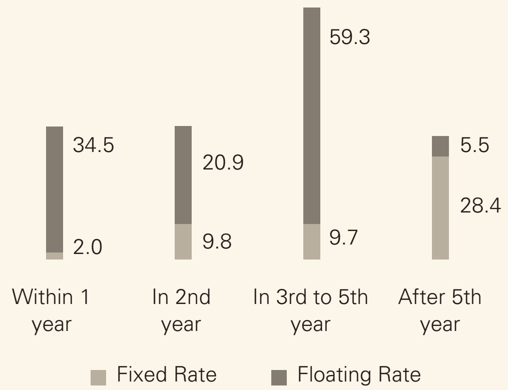
As at 30 June 2021, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$146,059.4 million (2020: HK$166,260.6 million). Short-term bank loans and other loans as at 30 June 2021 were HK$24,090.5 million (2020: HK$17,633.6 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 30 June 2021 and 30 June 2020 was as follows:

	As at 30 June 2021 HK$m	As at 30 June 2020 HK$m
Within one year	**36,659.5**	54,068.1
In the second year	**30,715.6**	16,575.5
In the third to fifth year	**67,062.2**	81,485.2
After the fifth year	**35,712.6**	31,765.4
	170,149.9	183,894.2

Equity of the Group as at 30 June 2021 increased to HK$304,192.4 million against HK$279,745.1 million as at 30 June 2020.

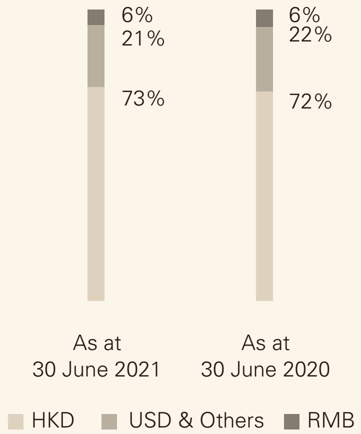
It is expected that equity raising is not necessary for the Company in the foreseeable future.

Floating/Fixed Rate and Maturity Profile of Borrowings as at 30 June 2021 (HK$ billion)

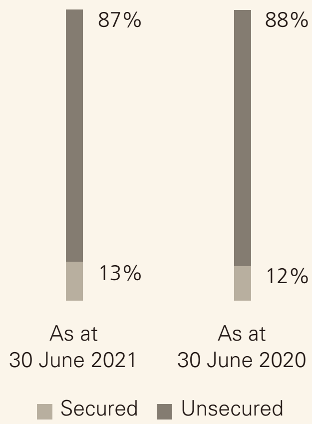


Source of Borrowings

Currency Profile of Borrowings



Nature of Debts



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") set out on pages 146 to 276, which comprise:

- the consolidated statement of financial position as at 30 June 2021;
- 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 a summary of significant accounting policies.

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 2021, 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;
- Impairment of the Group's interests in joint ventures and associated companies; and
- Assessment on (a) valuation of insurance contract liabilities and (b) amortisation of value of business acquired and deferred acquisition cost.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 2021, the investment properties held by the Group were stated at fair value of HK$195,883.5 million with fair value gain of HK$1,135.6 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 2021. 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 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 2021, the carrying values of the Group's properties for development, properties under development and properties held for sale amounted to HK$23,070.9 million, HK$68,255.8 million and HK$21,052.2 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 2021 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
Impairment of the Group's interests in joint ventures and associated companies	
Refer to notes 5(d), 23 and 24 to the consolidated financial statements.	Our procedures in assessing the management's judgements and estimates applied in the impairment assessments of the Group's interests in joint ventures and associated companies included:
As at 30 June 2021, the carrying values of the Group's interests in joint ventures and associated companies amounted to HK$47,361.6 million and HK$13,877.5 million respectively. Management reviewed regularly whether there are any indicators of impairment of the investments by reference to the requirements of HKAS 28 (2011) "Investments in Associates and Joint Ventures" and HKAS 36 "Impairment of Assets". For investments where impairment indicators exist, management estimated the recoverable amounts of those investments, being higher of value in use or fair value less costs of disposal. The value in use 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 certain value in use assessments, where management considered necessary. 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 2021 was appropriate. As the impairment assessment involves significant judgement and estimates uncertainty, we regard this as a key audit matter.	• We obtained an understanding of the management's controls and processes of impairment assessment of the Group's interests in joint ventures and associated companies and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated the competence, capabilities and objectivity of the independent external valuers, where applicable; • With the support of our in-house valuation experts, we assessed the appropriateness of the valuation methodology and the reasonableness of the key assumptions adopted in the cash flow projections; • We assessed the reasonableness of the discount rates applied by the management in the discounted cash flow models by comparing to external market data and publicly available information; • We checked, the key assumptions to external market data or other supporting evidence where available; and • We performed sensitivity analysis on the key assumptions adopted in the impairment assessments to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts. Based on the procedures performed, we found management's impairment assessments of the Group's interests in joint ventures and associated companies 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 **(a) Valuation of insurance contract liabilities** *Refer to notes 3(ae), 4(g), 5(l), 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$39,645.0 million as at 30 June 2021, representing approximately 12% 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(m), 21 and 22 to the consolidated financial statements.* As at 30 June 2021, the carrying value of value of business acquired ("VOBA") and deferred acquisition costs ("DAC") amounting to HK$5,395.1 million and HK$1,711.5 million respectively. Amortisation of VOBA and DAC amounting to HK$256.4 million and HK$367.0 million, respectively, was recognised in the consolidated income statement for the year ended 30 June 2021. 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 VOBA and DAC 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 2021

Consolidated Income Statement

For the year ended 30 June 2021

	Note	2021 HK$m	2020 HK$m
Revenues	6	**68,233.2**	59,007.8
Cost of sales		**(49,082.0)**	(39,076.6)
Gross profit		**19,151.2**	19,931.2
Other income	7	**262.7**	243.8
Other (losses)/gains, net	8	**(324.5)**	344.5
Selling and marketing expenses		**(2,413.6)**	(1,937.2)
Expenses of department store's operation		**(1,335.4)**	(1,286.8)
Administrative and other operating expenses		**(6,676.5)**	(7,121.5)
Overlay approach adjustments on financial assets	3(ae)(xi)	**(1,270.6)**	208.2
Changes in fair value of investment properties	16	**1,135.6**	1,653.2
Operating profit	9	**8,528.9**	12,035.4
Financing income		**3,148.0**	2,827.0
Financing costs	10	**(3,094.7)**	(4,837.9)
		8,582.2	10,024.5
Share of results of			
Joint ventures		**1,318.0**	1,007.3
Associated companies		**465.3**	(237.4)
Profit before taxation		**10,365.5**	10,794.4
Taxation	11	**(5,661.6)**	(7,528.0)
Profit for the year		**4,703.9**	3,266.4
Attributable to:			
Shareholders of the Company	39	**1,171.6**	1,096.2
Holders of perpetual capital securities		**2,282.6**	1,688.3
Non-controlling interests		**1,249.7**	481.9
		4,703.9	3,266.4
Earnings per share	12		
Basic		**HK$0.46**	HK$0.43
Diluted		**HK$0.46**	HK$0.43

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	2021 HK$m	2020 HK$m
Profit for the year		**4,703.9**	3,266.4
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets		**1,591.9**	11.4
— deferred tax arising from revaluation thereof		**(26.7)**	(1.9)
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income		**8.4**	(1,011.1)
Remeasurement of post-employment benefit obligation		**25.2**	32.0
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		**(1,754.3)**	1,768.6
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income		**(40.7)**	(306.6)
Release of reserves upon disposal of subsidiaries		**14.5**	(68.4)
Release of reserves upon disposal of interests in a joint venture and associated companies		**(147.5)**	(13.9)
Release of reserves upon deconsolidation of a subsidiary		**(10.3)**	—
Share of other comprehensive income of joint ventures and associated companies		**2,520.7**	(1,499.0)
Cash flow/fair value hedges		**156.3**	147.3
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	3(ae)(xi)	**1,270.6**	(208.2)
Translation differences		**13,362.4**	(3,837.3)
Other comprehensive income for the year		**16,970.5**	(4,987.1)
Total comprehensive income for the year		**21,674.4**	(1,720.7)
Attributable to:			
Shareholders of the Company		**16,117.7**	(3,490.6)
Holders of perpetual capital securities		**2,282.6**	1,688.3
Non-controlling interests		**3,274.1**	81.6
		21,674.4	(1,720.7)

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	**2021 HK$m**	2020 HK$m
Assets			
Non-current assets			
Investment properties	16	**195,883.5**	169,717.5
Property, plant and equipment	17	**22,300.0**	30,099.9
Right-of-use assets	18	**8,117.9**	8,514.7
Intangible concession rights	19	**14,281.0**	14,005.1
Intangible assets	20	**8,245.9**	8,427.6
Value of business acquired	21	**5,395.1**	5,651.5
Deferred acquisition costs	22	**1,711.5**	688.2
Interests in joint ventures	23	**47,361.6**	43,013.3
Interests in associated companies	24	**13,877.5**	21,143.7
Financial assets at fair value through profit or loss	31	**18,370.9**	13,488.4
Financial assets at fair value through other comprehensive income	32	**42,888.9**	39,131.2
Derivative financial instruments	25	**659.4**	2,154.2
Properties for development		**23,070.9**	35,424.0
Deferred tax assets	26	**1,742.3**	1,120.0
Other non-current assets	27	**15,106.3**	25,344.7
		419,012.7	417,924.0
Current assets			
Properties under development	28	**68,255.8**	48,657.7
Properties held for sale		**21,052.2**	17,724.1
Inventories	29	**597.9**	685.1
Debtors, prepayments, premium receivables and contract assets	30	**34,683.3**	35,188.9
Investments related to unit-linked contracts	33	**10,770.2**	9,053.6
Financial assets at fair value through profit or loss	31	**1,584.5**	1,140.5
Financial assets at fair value through other comprehensive income	32	**1,898.1**	528.1
Derivative financial instruments	25	**897.6**	0.7
Restricted bank balances	34	**340.1**	144.4
Cash and bank balances	34	**61,615.0**	67,291.2
		201,694.7	180,414.3
Non-current assets classified as assets held for sale	35	**6,370.0**	1,857.6
		208,064.7	182,271.9
Total assets		**627,077.4**	600,195.9

	Note	2021 HK$m	2020 HK$m
Equity			
Share capital	36	**78,373.3**	78,225.7
Reserves	39	**144,955.5**	134,797.6
Shareholders' funds		**223,328.8**	213,023.3
Perpetual capital securities	37	**48,938.2**	37,092.0
Non-controlling interests	38	**31,925.4**	29,629.8
Total equity		**304,192.4**	279,745.1
Liabilities			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	40	**137,828.7**	134,787.9
Lease liabilities	41	**5,204.4**	5,759.4
Insurance and investment contract liabilities	42	**18,143.5**	14,454.8
Liabilities related to unit-linked contracts	33	**180.8**	168.2
Deferred tax liabilities	26	**11,128.5**	11,545.6
Derivative financial instruments	25	**670.8**	943.4
Other non-current liabilities	43	**167.0**	182.1
		173,323.7	167,841.4
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	44	**63,977.8**	54,101.2
Current portion of long-term borrowings and other interest-bearing liabilities	40	**12,569.0**	36,434.5
Short-term borrowings and other interest-bearing liabilities	40	**25,619.2**	20,166.6
Lease liabilities	41	**1,639.2**	1,227.9
Insurance and investment contract liabilities	42	**24,359.3**	20,445.3
Liabilities related to unit-linked contracts	33	**10,770.2**	9,053.6
Derivative financial instruments	25	**0.3**	104.8
Current tax payable		**10,626.3**	11,067.4
		149,561.3	152,601.3
Liabilities directly associated with non-current assets classified as assets held for sale	35	**—**	8.1
		149,561.3	152,609.4
Total liabilities		**322,885.0**	320,450.8
Total equity and liabilities		**627,077.4**	600,195.9

Dr. Cheng Kar-Shun, Henry
Director

Dr. Cheng Chi-Kong, Adrian
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
At 30 June 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	–	1,171.6	–	1,171.6	2,282.6	1,249.7	4,703.9
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	–	–	11,954.0	11,954.0	–	1,408.4	13,362.4
Other comprehensive income for the year	–	212.0	14,734.1	14,946.1	–	2,024.4	16,970.5
Total comprehensive income for the year	–	1,383.6	14,734.1	16,117.7	2,282.6	3,274.1	21,674.4

	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	–	(5,194.6)	–	(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	125,032.8	19,922.7	223,328.8	48,938.2	31,925.4	304,192.4

	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 2019	77,875.3	134,897.7	9,259.2	222,032.2	21,505.5	29,715.7	273,253.4
Profit for the year	—	1,096.2	—	1,096.2	1,688.3	481.9	3,266.4
Other comprehensive income							
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	—	—	(713.0)	(713.0)	—	(298.1)	(1,011.1)
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	—	—	1,032.3	1,032.3	—	736.3	1,768.6
Release of reserve upon disposal of debt instruments as financial assets at fair due through other comprehensive income	—	—	(185.4)	(185.4)	—	(121.2)	(306.6)
Release of reserves upon disposal of subsidiaries	—	—	8.2	8.2	—	(76.6)	(68.4)
Release of reserves upon disposal of interests in joint ventures and associated companies	—	—	(8.2)	(8.2)	—	(5.7)	(13.9)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	—	—	8.1	8.1	—	1.4	9.5
Release of reserve upon disposal of equity instruments as financial assets at fair value through other comprehensive income	—	(666.1)	666.1	—	—	—	—
Share of other comprehensive income of joint ventures and associated companies	—	(13.1)	(1,037.6)	(1,050.7)	—	(448.3)	(1,499.0)
Remeasurement of post-employment benefit obligation	—	19.5	—	19.5	—	12.5	32.0
Cash flow/fair value hedges	—	—	(24.3)	(24.3)	—	171.6	147.3
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	—	—	(126.7)	(126.7)	—	(81.5)	(208.2)
Translation differences	—	—	(3,546.6)	(3,546.6)	—	(290.7)	(3,837.3)
Other comprehensive income for the year	—	(659.7)	(3,927.1)	(4,586.8)	—	(400.3)	(4,987.1)
Total comprehensive income for the year	—	436.5	(3,927.1)	(3,490.6)	1,688.3	81.6	(1,720.7)

	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	—	(5,216.5)	—	(5,216.5)	—	(1,153.9)	(6,370.4)
Contributions from non-controlling interests	—	—	—	—	—	706.2	706.2
Issue of new shares upon exercise of share options	350.4	—	—	350.4	—	—	350.4
Employees' share-based payments	—	—	29.8	29.8	—	—	29.8
Share options lapsed	—	177.9	(177.9)	—	—	—	—
Issuance of perpetual capital securities	—	—	—	—	15,449.3	—	15,449.3
Transaction costs in relation to the issuance of perpetual capital securities	—	(110.8)	—	(110.8)	—	(8.7)	(119.5)
Distribution to perpetual capital securities holders	—	—	—	—	(1,551.1)	—	(1,551.1)
Repayment of capital to a non-controlling shareholder	—	—	—	—	—	(103.3)	(103.3)
Buyback of shares	—	(614.8)	—	(614.8)	—	—	(614.8)
Transfer of reserves	—	(94.7)	94.7	—	—	—	—
	350.4	(5,858.9)	(53.4)	(5,561.9)	13,898.2	(559.7)	7,776.6
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	—	—	—	—	—	340.4	340.4
Acquisition of additional interest in a subsidiary	—	—	(0.9)	(0.9)	—	0.9	—
Disposal of a subsidiary	—	43.4	—	43.4	—	50.2	93.6
Deemed disposal of interest in a subsidiary	—	1.1	—	1.1	—	0.7	1.8
	—	44.5	(0.9)	43.6	—	392.2	435.8
Total transactions with owners	350.4	(5,814.4)	(54.3)	(5,518.3)	13,898.2	(167.5)	8,212.4
At 30 June 2020	78,225.7	129,519.8	5,277.8	213,023.3	37,092.0	29,629.8	279,745.1

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 HK$m	2020 HK$m
Cash flows from operating activities			
Net cash generated from operations	48(a)	**27,071.4**	1,339.3
Hong Kong profits tax paid		**(1,603.2)**	(1,222.5)
Mainland China and overseas taxation paid		**(6,658.4)**	(7,576.1)
Net cash from/(used in) operating activities before net purchases of financial assets in relation to insurance business		**18,809.8**	(7,459.3)
Purchases of financial assets in relation to insurance business		**(12,965.4)**	(12,632.9)
Disposal of financial assets in relation to insurance business		**3,801.9**	9,802.5
Net purchase of financial assets in relation to insurance business		**(9,163.5)**	(2,830.4)
Net cash from/(used in) operating activities		**9,646.3**	(10,289.7)
Cash flows from investing activities			
Interest received		**3,378.7**	2,784.3
Dividends received from			
Joint ventures		**919.7**	2,256.7
Associated companies		**438.9**	348.8
Financial assets at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVPL”)		**121.5**	243.8
Additions of investment properties, property, plant and equipment, intangible assets and intangible concession rights		**(7,160.8)**	(16,795.9)
(Increase)/decrease in interests in joint ventures and advances to joint ventures		**(6,272.4)**	1,178.8
Decrease/(increase) in interests in associated companies and advances to associated companies		**599.2**	(396.4)
Decrease/(increase) in short-term bank deposits maturing after more than three months		**3,010.9**	(2,749.9)
Acquisition of subsidiaries (net of cash and cash equivalents)	48(d)	**(43.5)**	(10,611.7)
Deconsolidation of a subsidiary	48(e)	**(1,104.5)**	—
Purchase of financial assets at FVOCI and financial assets at FVPL		**(4,722.6)**	(3,251.4)
Increase in other non-current assets		**(881.3)**	(56.7)
Proceeds from disposal/partial disposal of			
Associated companies		**821.9**	1,103.2
Financial assets at FVOCI and financial assets at FVPL		**3,209.2**	2,711.1
Investment properties, property, plant and equipment and intangible concession rights		**2,911.4**	4,338.7
Joint ventures		**268.1**	—
Subsidiaries (net of cash and cash equivalents)	48(f)	**7,547.5**	1,822.2
Net cash from/(used in) investing activities		**3,041.9**	(17,074.4)

	Note	2021 HK$m	2020 HK$m
Cash flows from financing activities			
Issue of fixed rate bonds, net of transaction costs		**4,335.6**	14,361.2
Redemption of fixed rate bonds and notes payable		**(5,958.3)**	(10,337.8)
Drawdown of bank and other loans		**44,253.1**	69,826.3
Repayment of bank and other loans		**(56,941.1)**	(45,508.6)
Repayment of financing received under a financial reinsurance arrangement		**(91.1)**	(32.7)
Increase/(decrease) in loans from non-controlling shareholders		**66.9**	(281.3)
Principal elements of lease liabilities payments		**(1,113.8)**	(874.7)
(Decrease)/increase in cash collateral received from counterparties		**(948.0)**	423.9
Decrease in restricted bank balances		**(195.7)**	(141.9)
Payments to acquire additional interests in subsidiary companies		**(267.0)**	—
Issue of shares		**147.6**	350.4
Contributions from non-controlling interests		**985.7**	706.2
Interest paid		**(4,907.5)**	(6,647.9)
Dividends paid to shareholders of the Company		**(5,194.6)**	(5,216.5)
Dividends paid to non-controlling shareholders		**(1,133.5)**	(1,153.9)
Repayment of capital to non-controlling interests		**—**	(103.3)
Proceeds from issuance of perpetual capital securities, net of transaction costs		**14,692.4**	15,329.8
Repurchase of perpetual capital securities		**(2,973.8)**	—
Distribution to holders of perpetual capital securities		**(2,282.8)**	(1,551.1)
Buyback of shares		**(379.2)**	(614.8)
Net cash (used in)/from financing activities		**(17,905.1)**	28,533.3
Net (decrease)/increase in cash and cash equivalents		**(5,216.9)**	1,169.2
Cash and cash equivalents at beginning of the year		**63,317.3**	62,389.6
Translation differences		**2,435.3**	(241.5)
Cash and cash equivalents at end of the year		**60,535.7**	63,317.3
Analysis of cash and cash equivalents			
Cash at banks and on hand	34	**44,269.1**	36,628.4
Cash and bank balances attributable to investments related to unit-linked contracts	33	**53.1**	169.4
Short-term bank deposits maturing within three months	34	**16,213.5**	26,519.5
		60,535.7	63,317.3

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, commercial aircraft leasing, construction and insurance, and other businesses (including facilities management, transport, 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 2021.

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 and interpretation

The Group has adopted the following amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2021:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Return – Phase 1
Amendments to HKFRS 3	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the amendments to standards and interpretation 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 2021 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 HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
HKFRSs Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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

HKFRS 17 will replace the current HKFRS 4 "Insurance Contracts". HKFRS 17 includes some fundamental differences to current accounting treatment in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, HKFRS 17 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures. In October 2020, HKICPA issued HKFRS 17 (Amendments) which defer the effective date of the standard to accounting period beginning on or after 1 January 2023 and provide additional transition relief when applying HKFRS 17 for the first time. The Group is undertaking an assessment of the new standard.

The Group has already commenced an assessment of the impact of 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.

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, except for the accounting policies described in notes 3(w)(xiii), 3(w)(xiv), 3(ad) and 3(ae) applied from 1 November 2019, 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 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 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.

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.

(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.

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.

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 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 rental and other 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 arrangements ("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. Investment properties classified as assets held for sale are stated at fair value at the end of reporting period.

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.

(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.

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.

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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (continued)

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.

(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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of investments in subsidiaries, joint ventures, associated companies and 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.

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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

(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.

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 hedging, 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 hedge 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 the other reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are transferred to the consolidated income statement in the periods when 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.

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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities (continued)

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.

(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 basis. 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).

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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. Deferred income tax is also 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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(u) Current and deferred income tax (continued)

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.

(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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(ii) Property sales (continued)

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.

(vii) Fare revenue

Fare revenue from bus and ferry services is recognised at a point in time when the services are rendered.

(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 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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(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 profit or loss over the insurance coverage to policyholders.

(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.

(x) Leases

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.

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.

(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.

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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(aa) Foreign currencies (continued)

(iii) Group companies (continued)

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.

(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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ae) Insurance and investment contracts (continued)

(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.

(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.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ae) Insurance and investment contracts (continued)

(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.

(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.

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 2021, the Group's entities with functional currency of Hong Kong dollar had aggregate United States dollar net monetary assets of HK$12,039.5 million (2020: HK$7,070.2 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 2021, the Group's entities with functional currency of Hong Kong dollar had aggregate Renminbi net monetary assets of HK$2,421.5 million (2020: HK$2,402.0 million). If Hong Kong dollar had strengthened/weakened by 5% (2020: 5%) against Renminbi with all other variables unchanged, the Group's profit before taxation would have been HK$121.1 million (2020: HK$120.1 million) lower/higher.

At 30 June 2021, the Group's entities with functional currency of Renminbi had aggregate United States dollar net monetary assets of HK$134.4 million (2020: HK$299.3 million). If Renminbi had strengthened/weakened by 5% (2020: 5%) against United States dollar with all other variables unchanged, the Group's profit before taxation would have been HK$6.7 million (2020: HK$15.0 million) lower/higher.

At 30 June 2021, the Group's entities with functional currency of Renminbi had aggregate Hong Kong dollar net monetary liabilities of HK$743.2 million (2020: HK$575.1 million). If Renminbi had strengthened/weakened by 5% (2020: 5%) against Hong Kong dollar with all other variables unchanged, the Group's profit before taxation would have been HK$37.2 million (2020: HK$28.8 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 2021 and 2020 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 (2020: 100 basis points) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK$176.0 million (2020: HK$129.7 million) higher/lower respectively and the Group's FVOCI reserve would have been HK$6.3 billion (2020: HK$5.5 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 (2020: 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 2021, if the price of listed and unlisted investments in financial assets at FVOCI had been 25% (2020: 25%) higher/lower with all other variables held constant, the Group's financial assets at FVOCI reserve would have been HK$11,196.8 million (2020: HK$9,914.8 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 2021, if the price of listed and unlisted investments in financial assets at FVPL had been 25% (2020: 25%) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK$4,988.9 million (2020: HK$3,657.2 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.

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.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk (continued)

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 2021, the amount of the non-investment grade bonds held by the Group was approximately 3.2% (2020: 1.5%) 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 2021 and 2020, 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 2021						
Creditors, accrued charges and payables to policyholders	**44,969.8**	**44,969.9**	**43,743.4**	**1,226.4**	**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**	**—**
At 30 June 2020						
Creditors, accrued charges and payables to policyholders	39,862.2	39,862.2	36,429.8	3,380.7	51.7	—
Short-term borrowings and other interest-bearing liabilities	20,166.6	20,871.6	20,727.8	143.8	—	—
Long-term borrowings and other interest-bearing liabilities	171,222.4	191,597.6	41,377.1	113,729.5	36,491.0	—
Liabilities related to unit-linked contracts (note 33)	8,554.9	8,554.9	—	—	—	8,554.9
Lease liabilities	6,987.3	8,050.9	1,341.8	4,032.5	2,676.6	—

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 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**	**—**
At 30 June 2020				
Derivative financial instruments (net settled)	911.1	206.7	543.3	161.1
Derivative financial instruments (gross settled)				
cash inflow	(1,127.9)	(249.4)	(647.8)	(230.7)
cash outflow	1,141.4	250.5	657.4	233.5
	13.5	1.1	9.6	2.8

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 2021				
Insurance contract liabilities (note 42)	**42,497.5**	**3,861.4**	**(2,280.9)**	**40,917.0**
At 30 June 2020				
Insurance contract liabilities (note 42)	34,894.7	3,200.5	(2,332.1)	34,026.3

(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 gearing ratios were as follows:

	2021 **HK$m**	2020 HK$m
Consolidated total borrowings*	**170,149.9**	183,894.2
Less: cash and bank balances and restricted bank balances	**(61,955.1)**	(67,435.6)
Consolidated net debt	**108,194.8**	116,458.6
Total equity	**304,192.4**	279,745.1
Gearing ratio	**35.6%**	41.6%

* 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 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**
As at 30 June 2020			
Type of products			
Whole life	29,069.6	(23.8)	29,045.8
Term	97.0	(0.3)	96.7
Dread disease	1,890.3	(0.1)	1,890.2
Medical	226.1	—	226.1
Disability	11.1	(0.1)	11.0
Accident	21.6	(0.1)	21.5
	31,315.7	(24.4)	31,291.3
Coinsurance liabilities	244.7	—	244.7
	31,560.4	(24.4)	31,536.0

(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:

As at 30 June 2021 and 2020

Mortality rates	For products with full underwriting, 62% of 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, 62% of 2001 Hong Kong Assured Life Mortality tables for males and females.
Discount rates	Range between 2.00% to 4.10%, depending on the insurance plan policies
Lapse rates	Based on Group's experience.
Expenses	Based on 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 73% (2020: 114%).

(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 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)**

As at 30 June 2020

	Assumption change	(Decrease)/ increase in profit for the year and equity HK$m
Mortality rates	+10%	(217.7)
Discount rates	–50 basis points	(2,378.5)
Lapse rates	+20%	221.1
Expenses	+10%	(56.4)

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 collateralization 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. 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 (2020: 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 (2020: 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 2021 and 30 June 2020:

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)**

As at 30 June 2020

	Level 1 HK$m	Level 2 HK$m	Level 3 HK$m	Total HK$m
Financial assets at FVOCI	23,253.9	14,462.4	1,943.0	39,659.3
Financial assets at FVPL	5,433.4	1,517.0	7,678.5	14,628.9
Investments related to unit-linked contracts				
Investment funds	8,884.2	—	—	8,884.2
Derivative financial instruments				
Derivative financial assets	—	1,676.0	478.9	2,154.9
	37,571.5	17,655.4	10,100.4	65,327.3
Investment contract liabilities	—	(5.4)	—	(5.4)
Liabilities related to unit-linked contracts				
Investment contract liabilities	—	(8,554.9)	—	(8,554.9)
Derivative financial instruments				
Derivative financial liabilities	—	(1,046.8)	(1.4)	(1,048.2)
	—	(9,607.1)	(1.4)	(9,608.5)

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

During the year, there were transfer of financial assets at FVOCI (debt instruments) relating to the Group's insurance business with fair value of HK$3,106.8 million from level 2 to level 1 (2020: HK$1,650.5 million from level 1 to level 2) 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 2021 and 30 June 2020:

	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	**89.7**	**312.0**	**—**	**—**
Net 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	**1,976.6**	**8,392.8**	**801.8**	**—**

	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 2019	1,950.9	6,660.5	12.5	(7.3)
Additions	—	1,303.6	—	—
Acquisition of a subsidiary	—	471.2	283.0	—
Transfer to level 1 investments	—	(39.0)	—	—
Transfer to level 2 instruments	—	(169.6)	(12.5)	—
Net gain recognised in the consolidated statement of comprehensive income/ income statement	(7.9)	49.6	195.9	5.9
Disposals	—	(597.8)	—	—
At 30 June 2020	1,943.0	7,678.5	478.9	(1.4)

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 (2020: HK$928.5 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). Fair values of the investment funds are mainly determined based on the net asset value, representing the fair value of the funds reported by respective fund managers and relevant factors if deemed necessary. Fair value of unlisted debt and equity instruments is determined primarily based on the purchase price paid by the Group and taking into account of the analysis of the investees' financial position and results, risk profile, prospects, industry trend and other factors. Recent transaction prices, if any, are referenced or independent external valuer is involved, where appropriate, to determine the fair value.

Level 3 derivative financial asset represents a put option to sell or dispose of an investment in equity instrument held by the Group. The fair value of the put option is estimated by independent external valuers. Valuation techniques used involve 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.

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 independent 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 2021, if the market value of investment properties had been 5% (2020: 5%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK$9,794.2 million (2020: HK$8,485.9 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 (2011) "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 2021 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)

(i) Investment in Goshawk

The Group holds 50% equity interest in Goshawk Aviation Limited ("Goshawk"), a joint venture which is principally engaged in aircraft leasing. As at 30 June 2021, the Group's share of net assets was HK$1,542.2 million (before share of impairment provision as detailed below) and advances to Goshawk was HK$6,168.0 million.

The COVID-19 pandemic and international travel-related control measures continued to bring challenges to aviation industry. The management of Goshawk has carried out an impairment assessment on the carrying value of its aircraft portfolio. Impairment arises when an aircraft's carrying amount exceeds its recoverable amount (which is the higher of fair value less cost to sell and value in use).

The value in use of an aircraft is derived from discounted cash flow model after taking into account of assumptions, such as forecast rental income, terminal value and discount rate. The discount rate of 5.2% (2020: ranged between 5.0% and 6.0%) is derived with reference to the weighted average cost of capital of comparable companies that are engaged in aviation industry. Based on the assessment, the Group shared an impairment losses (net of tax) on aircraft portfolio of approximately HK$347.1 million for the year ended 30 June 2021 (2020: HK$64.3 million).

The assumptions used in the carrying value assessment are highly judgmental, and heavily dependent on the discount rate used and terminal value. For example, if the discount rate increases by 0.5% with other variable remain constant, if adopted, would result in an increase in impairment loss of approximately HK$25.7 million shared by the Group, as determined by the value in use calculation.

(ii) Investment in certain associated companies under the others segment

The Group has certain associated companies which are under the others segment with an aggregate carrying amount of HK$420.6 million, before taking into account the impairment loss detailed below, where relevant impairment indicators existed as at 30 June 2021. Taking into consideration the prolonged COVID-19 pandemic and the uncertainties associated with the US-China trade war as well as the underperformance of the associated companies concerned, management has carried out assessments on the recoverability of the Group's carrying value of these associated companies. Based on the assessments, an aggregate impairment loss of HK$248.0 million (note 6(e)) was recognised or shared by the Group for the year ended 30 June 2021.

Included in the aggregate carrying amount of HK$420.6 million abovementioned are (i) the Group's investment in a company engaged in manufacturing and sale of sapphire substrate and wafer, LED packaging and application business with a carrying value of HK$120.0 million, where an impairment loss of full amount was shared by the Group based on an assessment using fair value less cost of disposal approach and taking into consideration the value of assets pledged and the uncertainty on the execution and realisation of asset pledge value by the Group; and (ii) the Group's investment in a company engaged in development and manufacturing of advanced robotics business with a carrying value of HK$300.6 million, where an impairment loss of HK$128.0 million (note 8) was recognised by the Group based on an assessment using value in use approach.

The value in use calculation requires the Group to estimate the present value of future cash flow over 5 years which has taken into account assumptions including revenue projection, terminal growth rate and discount rate. The discount rate of 14% is applied with reference to the weighted average cost of capital of comparable companies that are engaged in similar business. The assumptions used in the carrying value assessment are highly judgemental, and heavily dependent on the discount rate, terminal growth rate and revenue projection. For example, if the discount rate increases by 0.5% with other variable remain constant, if adopted, would result in an increase in impairment loss of approximately HK$9.2 million as determined by the value in use calculation.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Impairment of interests in joint ventures and associated companies (continued)

(iii) Investment in a joint venture under the Roads segment

In relation to the Group's investment in a joint venture which operates an expressway in Guangzhou, the PRC with carrying value amounting to HK$714.0 million as at 30 June 2021, management has carried out an updated assessment using a discounted cash flow method. In preparing the assessment, management has taken into consideration certain key assumptions such as traffic growth, toll rate growth and discount rate. The annual traffic growth rates of 2% - 7% for the first five projection years was adopted after taking into accounts the latest transportation network development and prevailing market condition. Discount rate of 8.5% was used to reflect specific risk relating to these investments. Based on the assessment, there was no further impairment for the Group's investments in the expressway as at 30 June 2021. If the discount rate increases by 0.5% with other variable remain constant, if adopted, would not result in any impairment losses to the Group.

(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 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 Group assesses whether there is objective evidence as stated in note 3(i) that 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.

(f) Fair value of financial assets at FVPL and financial assets at FVOCI

The fair value of financial assets at FVPL and financial assets at FVOCI that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and determine the fair values primarily based on the purchase price paid by the Group, net asset value and taking into account of the analysis of the investees' financial trends and results, risk profile, prospects, industry trends and other factors. Recent transaction prices, if any, are referenced and independent external valuer has been involved in determining fair value of certain unlisted investments. The key assumptions adopted on projected cash flow are based on management's best estimates.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(l) 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.

(m) 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:

	2021 HK$m	2020 HK$m
Revenues		
Property sales	**22,581.6**	19,207.5
Property investment	**4,700.7**	4,349.5
Roads	**3,033.2**	2,070.5
Construction	**22,074.0**	16,691.0
Insurance (note)	**9,639.3**	6,180.0
Hotel operations	**807.6**	1,212.2
Others	**5,396.8**	9,297.1
Total	**68,233.2**	59,007.8

Note:

Revenue from insurance business is further analysed as follows:

	2021 HK$m	2020 HK$m
Gross premiums on insurance contracts	**9,290.3**	5,991.9
Less: premiums ceded to reinsurers	**(385.3)**	(224.7)
Premiums, net of reinsurance	**8,905.0**	5,767.2
Fee income on insurance and investment contracts	**677.2**	411.2
Reinsurance commission income and refund	**46.1**	(2.0)
Fee on referral business and commission income for general insurance and MPF	**10.6**	3.6
Others	**0.4**	—
Fee and commission income	**734.3**	412.8
	9,639.3	6,180.0

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, transport, 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
2021									
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	777.6	723.5	(705.8)	(2,261.5)	11,519.4
Other (losses)/gains, net (notes (c) and (e))	(555.9)	103.4	4.2	–	(160.7)	1,654.3	(244.0)	(1,125.8)	(324.5)
Changes in fair value of investment properties	–	1,135.6	–	–	–	–	–	–	1,135.6
Overlay approach adjustments on financial assets	–	–	–	–	–	(1,270.6)	–	–	(1,270.6)
Unallocated items									
Corporate expenses									(1,201.7)
Financing income (note (a))									1,719.7
Financing costs (note (a))									(2,995.7)
									8,582.2
Share of results									
Joint ventures (note (d))	673.9	(113.9)	647.7	(49.3)	0.3	–	(501.8)	661.1	1,318.0
Associated companies (note (e))	54.6	(8.8)	201.9	–	146.1	–	–	71.5	465.3
Profit before taxation									10,365.5
Taxation									(5,661.6)
Profit for the year									4,703.9
Segment assets	132,622.5	200,463.0	15,131.1	6,168.0	16,895.9	65,291.4	13,783.3	39,458.5	489,813.7
Interests in joint ventures	18,997.5	10,915.6	4,312.4	1,198.7	–	–	4,076.2	7,861.2	47,361.6
Interests in associated companies	6,394.6	1,371.5	2,808.1	–	69.8	–	–	3,233.5	13,877.5
Unallocated assets									76,024.6
Total assets									627,077.4
Segment liabilities	41,939.7	2,728.0	472.4	–	9,551.4	46,324.6	648.5	11,826.6	113,491.2
Unallocated liabilities									209,393.8
Total liabilities									322,885.0
Additions to non-current assets (note (f))	2,193.2	12,045.6	121.5	–	3,819.6	114.2	1,081.7	1,199.8	20,575.6
Depreciation and amortisation	58.0	90.0	1,099.8	–	110.3	455.6	509.5	1,526.8	3,850.0
Impairment charge and provision	680.3	31.3	–	–	214.7	29.2	244.8	918.2	2,118.5

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
2020									
Total revenues	19,208.7	4,521.9	2,070.5	—	24,832.2	6,180.0	1,212.2	9,453.4	67,478.9
Inter-segment	(1.2)	(172.4)	—	—	(8,141.2)	—	—	(156.3)	(8,471.1)
Revenues – external	19,207.5	4,349.5	2,070.5	—	16,691.0	6,180.0	1,212.2	9,297.1	59,007.8
Revenues from contracts with customers:									
— Recognised at a point in time	18,089.4	—	2,070.5	—	—	—	565.7	6,615.7	27,341.3
— Recognised over time	1,118.1	—	—	—	16,691.0	412.8	646.5	2,681.4	21,549.8
	19,207.5	—	2,070.5	—	16,691.0	412.8	1,212.2	9,297.1	48,891.1
Revenues from other source:									
— Rental income	—	4,349.5	—	—	—	—	—	—	4,349.5
— Insurance revenue	—	—	—	—	—	5,767.2	—	—	5,767.2
	—	4,349.5	—	—	—	5,767.2	—	—	10,116.7
	19,207.5	4,349.5	2,070.5	—	16,691.0	6,180.0	1,212.2	9,297.1	59,007.8
Segment results (note (a))	10,504.2	2,175.1	811.1	(24.2)	674.7	611.0	(907.6)	(1,995.0)	11,849.3
Other gains/(losses), net (notes (b) and (c))	1,218.1	(111.1)	(27.2)	—	(8.8)	48.0	—	(774.5)	344.5
Changes in fair value of investment properties	—	1,676.1	—	—	—	—	—	(22.9)	1,653.2
Overlay approach adjustments on financial assets	—	—	—	—	—	208.2	—	—	208.2
Unallocated items									
Corporate expenses									(1,222.4)
Financing income (note (a))									1,949.7
Financing costs (note (a))									(4,758.0)
									10,024.5
Share of results									
Joint ventures (note (d))	482.8	(117.7)	276.1	316.5	—	—	(384.4)	434.0	1,007.3
Associated companies (note (e))	14.8	(329.0)	97.5	—	308.9	—	—	(329.6)	(237.4)
Profit before taxation									10,794.4
Taxation									(7,528.0)
Profit for the year									3,266.4
Segment assets	131,858.2	178,379.4	14,991.4	6,332.7	14,283.0	54,973.2	19,289.0	36,167.9	456,274.8
Interests in joint ventures	14,038.3	10,201.4	3,984.3	978.1	—	—	4,789.7	9,021.5	43,013.3
Interests in associated companies	5,471.3	1,791.1	2,530.9	—	2,009.4	—	—	9,341.0	21,143.7
Unallocated assets									79,764.1
Total assets									600,195.9
Segment liabilities	31,389.9	3,150.5	765.4	—	10,755.6	37,948.4	728.0	11,441.0	96,178.8
Unallocated liabilities									224,272.0
Total liabilities									320,450.8
Additions to non-current assets (note (f))	19,763.9	4,511.6	5,387.6	—	2,264.3	3,446.4	1,586.0	783.6	37,743.4
Depreciation and amortisation	104.4	45.2	756.4	—	94.1	316.5	519.7	1,859.0	3,695.3
Impairment charge and provision	16.8	26.0	—	—	7.0	42.9	—	1,627.8	1,720.5

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	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 (f))	**163,091.7**	**115,325.0**	**1,282.1**	**279,698.8**

	Hong Kong HK$m	Mainland China HK$m	Others HK$m	Total HK$m
2020				
Revenues				
Property development	4,541.9	14,665.6	—	19,207.5
Property investment	2,590.5	1,759.0	—	4,349.5
Roads	—	2,070.5	—	2,070.5
Construction	16,416.1	271.8	3.1	16,691.0
Insurance	6,180.0	—	—	6,180.0
Hotel operations	708.0	278.9	225.3	1,212.2
Others	6,139.3	2,934.4	223.4	9,297.1
	36,575.8	21,980.2	451.8	59,007.8
Non-current assets (note (f))	169,232.5	110,854.9	1,355.7	281,443.1

Notes:

(a) For the year ended 30 June 2021, segment results of insurance segment included insurance related financing income of HK$1,428.3 million (2020: HK$877.3 million) and financing costs of HK$99.0 million (2020: HK$79.9 million).

(b) For the year ended 30 June 2020, property development segment included one-off gain on remeasuring previously held equity interest of a joint venture at fair value upon further acquisition as a subsidiary of HK$925.8 million.

(c) For the year ended 30 June 2021, others segment included remeasurement loss of HK$1,373.8 million upon reclassifying the investment in Wai Kee Holdings Limited from an associated company to an asset held-for-sale (2020: impairment loss on property, plant and equipment of HK$375.0 million and goodwill of HK$386.9 million in relation to transport business).

(d) For the year ended 30 June 2021, the share of results of joint ventures within aviation segment included the Group's share of impairment loss/loss allowance of HK$553.3 million (2020: HK$107.7 million) in relation to Goshawk Aviation Limited's assets impairment, provision for expected credit loss on receivables and aircraft repossession/recovery costs.

(e) For the year ended 30 June 2021, others segment included impairment losses related to associated companies of HK$248.0 million (2020: HK$330.0 million).

(f) 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

	2021 HK$m	2020 HK$m
Dividend income from financial assets at FVOCI and financial assets at FVPL	**262.7**	243.8

8 OTHER (LOSSES)/GAINS, NET

	2021 HK$m	2020 HK$m
Net losses on remeasuring on assets classified as held for sale and financial assets at FVPL	**(1,533.2)**	—
Gain on remeasuring of previously held interest of a joint venture at fair value upon further acquisition to become a subsidiary	**—**	925.8
Gain associated with investments related to unit-linked contracts	**2,174.1**	122.2
Charges related to unit-linked contracts	**(2,171.0)**	(133.9)
Net gain/(loss) on fair value of financial assets at FVPL (note)	**2,036.0**	(139.1)
Net (loss)/gain on fair value of derivative financial instruments	**(257.4)**	444.5
Write back the loss allowance on loans and other receivables	**168.0**	57.5
Reversal of construction cost accruals	**119.9**	—
Net gain/(loss) on disposal of		
Debt instruments as financial assets at FVOCI	**38.9**	306.6
Financial assets at FVPL	**164.1**	78.8
Investment properties, property, plant and equipment, right-of-use assets and intangible concession rights	**146.1**	82.0
Subsidiaries	**201.5**	357.4
Joint ventures	**104.7**	(35.2)
Associated companies	**76.4**	(110.0)
Impairment loss/loss allowance on		
Loans, debtors, premium receivables and other receivables	**(730.6)**	(131.3)
Debt instruments as financial assets at FVOCI	**(37.1)**	(32.2)
Interests in associated companies	**(128.0)**	(334.8)
Goodwill	**(329.4)**	(775.9)
Inventories	**(7.7)**	(47.1)
Properties held for sale	**(435.1)**	—
Properties under development	**(29.3)**	—
Property, plant and equipment	**(280.0)**	(386.9)
Right-of-use assets	**(141.3)**	(12.3)
Provision for onerous contract	**—**	(230.0)
Rent concession, government grants and subsidies	**255.8**	368.7
Gain on bargain purchase	**8.0**	—
Loss on lease modification of lease receivables	**—**	(34.1)
Net exchange gains	**262.1**	3.8
	(324.5)	344.5

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 amount includes a net fair value gain of HK$1,270.6 million (2020: net fair value loss of HK$208.2 million) which 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:

	2021 HK$m	2020 HK$m
Gross rental income from investment properties	**4,700.7**	4,349.5
Outgoings	**(1,605.9)**	(1,209.6)
	3,094.8	3,139.9
Cost of inventories sold	**(13,942.1)**	(10,458.1)
Cost of services rendered	**(24,588.7)**	(22,151.2)
Claims and benefits, net of reinsurance (note (a))	**(8,331.3)**	(5,084.1)
Insurance agency commission and allowances, net of change in DAC (note (b))	**(856.3)**	(640.0)
Depreciation		
Property, plant and equipment	**(1,502.2)**	(1,681.5)
Right-of-use assets	**(965.6)**	(1,055.4)
Amortisation		
Intangible concession rights	**(1,048.3)**	(710.7)
Intangible assets	**(77.5)**	(74.2)
VOBA	**(256.4)**	(173.5)
Other lease expense		
Short-term lease expense	**(77.7)**	(182.2)
Variable lease expenses not included in lease liabilities	**(177.2)**	(192.9)
Staff costs (note 14(a))	**(7,112.8)**	(9,212.4)
Auditors' remuneration		
Audit services	**(59.7)**	(62.8)
Non-audit services	**(10.8)**	(19.6)

Notes:

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

	2021 HK$m	2020 HK$m
Claims	**880.0**	519.9
Reinsurers' and coinsurers' share of claims	**(233.0)**	(236.1)
Claims, net of reinsurers' and coinsurers' share	**647.0**	283.8
Surrenders, annuities and maturities	**1,083.4**	886.0
Reinsurers' and coinsurers' share	**(7.9)**	(28.7)
	1,075.5	857.3
Policyholders' dividends and interests	**368.7**	239.3
Incentives to policyholders	**280.6**	103.1
Increase in insurance contract liabilities	**5,959.5**	3,600.6
Total claims and benefits, net of reinsurance	**8,331.3**	5,084.1

The increases were mainly due to full year consolidation of expenses associated with the Group's insurance business since the completion of acquisition of FTLife Insurance in November 2019.

(b) The amount includes amortisation of DAC of HK$367.0 million (2020: HK$136.1 million).

10 FINANCING COSTS

	2021 HK$m	2020 HK$m
Interest on bank loans and overdrafts	**2,558.2**	4,238.9
Interest on fixed rate bonds and notes payable	**2,432.9**	2,563.3
Interest on loans from non-controlling shareholders	**118.3**	171.5
Interest on lease liabilities (note 48(b))	**290.0**	298.7
	5,399.4	7,272.4
Capitalised as (note):		
Cost of properties for/under development	**(1,717.1)**	(1,813.4)
Cost of assets under construction and investment properties under development	**(587.6)**	(621.1)
	3,094.7	4,837.9

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% (2020: 3.7%) per annum.

11 TAXATION

	2021 HK$m	2020 HK$m
Current taxation		
Hong Kong profits tax	**979.2**	1,307.8
Mainland China and overseas taxation	**2,486.8**	3,120.8
Mainland China land appreciation tax	**3,553.1**	4,800.6
Deferred taxation (note 26)		
Valuation of investment properties	**353.5**	120.6
Other temporary differences	**(1,099.2)**	(1,821.8)
Mainland China land appreciation tax	**(611.8)**	—
	5,661.6	7,528.0

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% (2020: 12% to 28%).

Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2020: 5% or 10%).

11 TAXATION (CONTINUED)

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2020: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$593.7 million and HK$246.6 million (2020: HK$422.1 million and HK$156.1 million) respectively.

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:

	2021 HK$m	2020 HK$m
Profit before taxation and share of results of joint ventures and associated companies	**8,582.2**	10,024.5
Calculated at a taxation rate of 16.5% (2020: 16.5%)	**1,416.0**	1,654.0
Effect of different taxation rates in other countries	**769.0**	960.8
Tax on 5% of net premium of life insurance business	**73.1**	51.2
Results of life insurance business not taxable at the statutory rate	**(177.4)**	(143.3)
Income not subject to taxation	**(1,107.4)**	(1,419.6)
Expenses not deductible for taxation purposes	**2,293.0**	2,158.3
Tax losses not recognised	**208.7**	580.7
Temporary differences not recognised	**311.1**	39.1
Utilisation of previously unrecognised tax losses	**(104.2)**	(168.7)
Deferred taxation on undistributed profits	**29.7**	36.2
Recognition of previously unrecognised temporary differences	**(9.9)**	(32.8)
Recognition of previously unrecognised tax losses	**(70.0)**	(13.3)
(Over)/under provision in prior years	**(3.1)**	211.2
Land appreciation tax deductible for calculation of income tax purpose	**(908.3)**	(1,186.4)
	2,720.3	2,727.4
Mainland China land appreciation tax	**2,941.3**	4,800.6
Taxation charge	**5,661.6**	7,528.0

12 EARNINGS PER SHARE

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

	2021 HK$m	2020 HK$m
Profit attributable to shareholders of the Company for calculating basic and diluted earnings per share	**1,171.6**	1,096.2

	Number of shares (million)	
	2021	2020
Weighted average number of shares for calculating basic and diluted earnings per share	**2,545.3**	2,554.9

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

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

For the years ended 30 June 2021 and 30 June 2020, 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

	2021 HK$m	2020 HK$m
Interim dividend of HK$0.56 per share (2020: HK$0.56 per share)	**1,421.9**	1,431.3
Final dividend proposed of HK$1.50 per share (2020: HK$1.48 per share)	**3,774.9**	3,772.7
	5,196.8	5,204.0

At a meeting held on 30 September 2021, 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 2022.

Subject to the passing of the relevant resolutions at the annual general meeting of the Company to be held on 23 November 2021, it is expected that the proposed final dividend will be distributed to shareholders on or about 21 December 2021.

14 STAFF COSTS

(a) Staff costs

	2021 HK$m	2020 HK$m
Wages, salaries and other benefits	**7,966.5**	9,879.0
Pension costs – defined benefit plans	**6.3**	6.4
Pension costs – defined contribution plans	**359.6**	384.1
Share options (note (b))	**18.9**	29.8
	8,351.3	10,299.3
Less: Amounts capitalised in investment properties under development and properties for/under development	**(1,238.5)**	(1,086.9)
	7,112.8	9,212.4

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 2020	Exercised	Lapsed/ cancelled	Adjusted	At 30 June 2021	Number of share options exercisable as at 30 June 2021	Note
The Company	3 July 2017 to 22 May 2019	Note (i)	27,047,250	(3,673,250)	(3,881,750)	—	19,492,250	15,445,369	(i)
	Weighted average exercise price of each category (HK$)	—	44.988	40.144	44.869	—	45.928	45.588	

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.

All share options under the 2006 Scheme were either exercised or lapsed before the Share Consolidation took effect. Therefore, no Share Options Adjustments are made to these figures.

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 2021, the weighted average share price at the time of exercise was HK$40.144 per share (2020: HK$9.397 per share before Share Consolidation, no share option was exercised after Share Consolidation).

(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 (2020: 3 directors) whose emoluments are reflected in the analysis shown in note 15(a). The emoluments to the remaining 2 (2020: 2) individuals during the year are as follows:

	2021 HK$m	2020 HK$m
Wages, salaries and other benefits	**18.9**	35.8
Discretionary bonuses	**14.5**	28.2
Employer's contributions to retirement benefit schemes	**1.4**	0.7
Share options	**0.3**	0.1
	35.1	64.8

The emoluments of the individuals fell within the following bands:

	Number of individuals	
	2021	2020
Emolument band (HK$)		
15,500,001-16,000,000	**1**	—
19,000,001-19,500,000	**1**	—
25,000,001-25,500,000	**—**	1
39,000,001-39,500,000	**—**	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	
	2021	2020
Emolument band (HK$)		
5,500,001-6,000,000	**2**	1
6,000,001-6,500,000	**—**	1
	2	2

15 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Name of Directors	As director (note(i)) Fees HK$m	Salaries HK$m	Discretionary bonuses HK$m	Estimated money value of other benefits (note (iii)) HK$m	Employer's contribution to a retirement benefit scheme HK$m	As management (note (ii)) HK$m	Total HK$m
Year ended 30 June 2021							
Dr. Cheng Kar-Shun, Henry	1.9	–	–	0.5	–	43.6	46.0
Paid by the Company and its unlisted subsidiaries	1.0	–	–	0.5	–	35.2	36.7
Paid by NWSH	0.8	–	–	–	–	8.4	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	–	45.0	47.0
Paid by the Company and its unlisted subsidiaries	0.5	–	–	0.5	–	37.6	38.6
Paid by NWSH	0.8	–	–	–	–	7.4	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) (Note 1)	0.2	–	–	–	–	–	0.2
Paid by the Company and its unlisted subsidiaries	0.2	–	–	–	–	–	0.2
Mr. Cheng Kar-Shing, Peter	0.4	8.1	0.5	–	0.8	–	9.8
Paid by the Company and its unlisted subsidiaries	0.3	8.1	0.5	–	0.8	–	9.7
Paid by a subsidiary of 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*	0.2	3.2	–	–	0.2	–	3.6
Mr. Cheng Chi-Heng	0.4	–	–	–	–	2.1	2.5
Ms. Cheng Chi-Man, Sonia	0.4	–	–	–	–	16.8	17.2
Mr. Sitt Nam-Hoi	0.5	–	–	0.3	–	16.7	17.5
Ms. Huang Shaomei, Echo	0.4	–	–	0.7	–	21.8	22.9
Ms. Chiu Wai-Han, Jenny	0.4	–	–	0.1	–	5.2	5.7
Total	10.3	11.3	0.5	2.3	1.0	151.2	176.6

* resigned during the year

Note 1: Mr. Cha Mou-Zing, Victor as alternate director to Mr. Cha Mou-Sing, Payson.

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

	As director (note(i))						
Name of Directors	Fees HK$m	Salaries HK$m	Discretionary bonuses HK$m	Estimated money value of other benefits (note (iii)) HK$m	Employer's contribution to a retirement benefit scheme HK$m	As management (note (ii)) HK$m	Total HK$m
Year ended 30 June 2020							
Dr. Cheng Kar-Shun, Henry	1.8	—	—	0.5	—	54.3	56.6
Paid by the Company and its unlisted subsidiaries	0.9	—	—	0.5	—	38.3	39.7
Paid by NWSH	0.8	—	—	—	—	16.0	16.8
Paid by NWDS	0.1	—	—	—	—	—	0.1
Mr. Doo Wai-Hoi, William	0.4	—	—	—	—	—	0.4
Dr. Cheng Chi-Kong, Adrian	1.0	—	—	0.5	—	47.5	49.0
Paid by the Company and its unlisted subsidiaries	0.4	—	—	0.5	—	42.5	43.4
Paid by NWSH	0.4	—	—	—	—	5.0	5.4
Paid by NWDS	0.2	—	—	—	—	—	0.2
Mr. Yeung Ping-Leung, Howard	0.7	—	—	—	—	—	0.7
Mr. Cha Mou-Sing, Payson	0.8	—	—	—	—	—	0.8
Paid by the Company and its unlisted subsidiaries	0.7	—	—	—	—	—	0.7
Paid by a subsidiary of NWSH	0.1	—	—	—	—	—	0.1
Mr. Cheng Kar-Shing, Peter	0.4	8.0	0.7	—	0.8	—	9.9
Paid by the Company and its unlisted subsidiaries	0.3	8.0	0.7	—	0.8	—	9.8
Paid by a subsidiary of NWSH	0.1	—	—	—	—	—	0.1
Mr. Ho Hau-Hay, Hamilton	0.8	—	—	—	—	—	0.8
Mr. Lee Luen-Wai, John	0.9	—	—	—	—	—	0.9
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	0.4	6.2	0.5	—	0.6	—	7.7
Mr. Cheng Chi-Heng	0.4	—	—	—	—	2.1	2.5
Ms. Cheng Chi-Man, Sonia	0.4	—	—	—	—	17.8	18.2
Mr. Au Tak-Cheong*	0.4	—	—	0.1	—	8.5	9.0
Paid by the Company and its unlisted subsidiaries	0.3	—	—	0.1	—	8.5	8.9
Paid by NWDS	0.1	—	—	—	—	—	0.1
Mr. Sitt Nam-Hoi	0.5	—	—	0.3	—	18.7	19.5
Mr. So Chung-Keung, Alfred*	0.2	—	—	0.8	—	16.0	17.0
Ms. Huang Shaomei, Echo	0.1	—	—	0.7	—	20.8	21.6
Ms. Chiu Wai-Han, Jenny	0.1	—	—	0.1	—	4.7	4.9
Total	10.7	14.2	1.2	3.2	1.4	190.4	221.1

* resigned during the year ended 30 June 2020

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 2021 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 2021, the aggregate amount of the transactions amounted to approximately HK$2,080.0 million (2020: HK$1,567.8 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

	2021 HK$m	2020 HK$m
Completed investment properties	**161,397.7**	148,072.6
Investment properties under development	**34,485.8**	21,644.9
	195,883.5	169,717.5

	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**

	Completed investment properties HK$m	Investment properties under development HK$m	Total HK$m
At 1 July 2019	110,474.5	62,852.2	173,326.7
Translation differences	(1,546.5)	(313.2)	(1,859.7)
Acquisition of a subsidiary	—	320.5	320.5
Disposal of subsidiaries	(1,506.4)	—	(1,506.4)
Additions	2,653.9	1,213.3	3,867.2
Transfer between investment properties, property, plant and equipment and right-of-use assets	(40.3)	—	(40.3)
Transfer between investment properties and properties under development	21.9	(1,900.7)	(1,878.8)
Disposals	(4,164.9)	—	(4,164.9)
Changes in fair value	1,305.6	347.6	1,653.2
Transfer upon completion	40,874.8	(40,874.8)	—
At 30 June 2020	148,072.6	21,644.9	169,717.5

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, Savills Valuation and Professional Services Limited, Knight Frank Petty Limited and Cushman & Wakefield 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 2021 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 2021 and 2020, 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:

	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)

Information about fair value measurements using significant unobservable inputs: (continued)

	2020 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	86,233.6	Income capitalisation	HK$23-HK$450 per square feet	N/A	1.5%-5.2%
	16,362.7	Direct comparison	N/A	HK$9,500-HK$23,200 per square feet	N/A
Carparks	3,277.0	Income capitalisation	HK$2,700-HK$7,180 per carpark space	N/A	3.25%-4.0%
Mainland China and others					
Commercial	32,178.5	Income capitalisation	HK$11-HK$619 per square metre	N/A	2.0%-9.0%
	175.6	Direct comparison	N/A	HK$10,400-HK$17,000 per square metre	N/A
Serviced apartment	2,229.1	Income capitalisation	HK$107-HK$203 per square metre	N/A	3.0%-6.25%
Carparks	7,616.1	Direct comparison	N/A	HK$143,000-HK$659,000 per carpark space	N/A
Total	148,072.6				

	2020 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	21,591.2	Residual	N/A	HK$1,300-HK$58,500 per square feet	4.2%-15.0%
Carparks	53.7	Residual	N/A	HK$242,000 per carpark space	4.2%
Total	21,644.9				

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 2021. 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 2021.

At 30 June 2021, the aggregate fair value of completed investment properties and investment properties under development pledged as securities for the Group's borrowings amounted to HK$38,147.1 million (2020: HK$41,419.0 million) and HK$1,690.4 million (2020: HK$1,145.0 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 30 June 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 30 June 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**

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 30 June 2019	265.7	19,626.0	14,145.6	4,157.9	38,195.2
Translation differences	—	(207.6)	(115.0)	(146.9)	(469.5)
Acquisition of subsidiaries	—	—	111.3	—	111.3
Additions	—	309.6	1,326.4	1,189.2	2,825.2
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	57.7	(2.7)	(143.6)	(88.6)
Transfer between property, plant and equipment and property for/under development	—	67.8	—	656.6	724.4
Transfer upon completion	—	—	89.3	(89.3)	—
Disposal of subsidiaries	—	(25.8)	(262.6)	—	(288.4)
Disposals	—	—	(445.7)	—	(445.7)
At 30 June 2020	265.7	19,827.7	14,846.6	5,623.9	40,563.9
Accumulated depreciation and impairment					
At 30 June 2019	—	2,555.9	6,477.6	—	9,033.5
Translation differences	—	(63.8)	(97.4)	—	(161.2)
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(4.3)	(1.0)	—	(5.3)
Depreciation	—	569.9	1,111.6	—	1,681.5
Impairment	—	84.5	302.4	—	386.9
Disposal of subsidiaries	—	(7.5)	(101.0)	—	(108.5)
Disposals	—	—	(362.9)	—	(362.9)
At 30 June 2020	—	3,134.7	7,329.3	—	10,464.0
Net book value (note (b))					
At 30 June 2020	265.7	16,693.0	7,517.3	5,623.9	30,099.9

Notes:

(a) Others mainly represented leasehold improvements, plant and machinery, buses, vessels, motor vehicles, furniture and fixtures, office equipment and computer.

(b) At 30 June 2021, the aggregate net book value of property, plant and equipment pledged as securities for the Group's borrowings amounted to HK$4,267.2 million (2020: HK$6,004.8 million).

18 RIGHT-OF-USE ASSETS

	2021 **HK$m**	2020 HK$m
Leasehold land (note (a))	**1,188.8**	2,329.7
Land use rights (note (a))	**2,116.6**	1,431.6
Buildings, plant and equipment	**4,189.5**	4,045.1
Others	**623.0**	708.3
	8,117.9	8,514.7

Notes:

(a) As at 30 June 2021, the aggregate net book value of leasehold land and land use rights pledged as securities for the Group's borrowings amounted to HK$151.2 million and HK$415.5 million (2020: HK$151.4 million and HK$668.8 million) respectively.

(b) For the year ended 30 June 2021, additions to the right-of-use assets were HK$1,642.7 million (2020: HK$1,162.1 million) and total cash outflows for leases was HK$1,648.6 million (2020: HK$1,574.6 million).

(c) Depreciation of right-of-use assets

	2021 **HK$m**	2020 HK$m
Leasehold land	**(81.2)**	(172.1)
Land use rights	**(43.0)**	(29.3)
Buildings, plant and equipment	**(757.4)**	(768.2)
Others	**(84.0)**	(85.8)
	(965.6)	(1,055.4)

Rental contracts are typically made for fixed periods range from 21 months to 19 years (2020: 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 (2020: 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% (2020: ranging from 3% to 34%).

19 INTANGIBLE CONCESSION RIGHTS

	2021 HK$m	2020 HK$m
Cost		
At beginning of the year	**20,458.5**	16,193.6
Translation differences	**2,153.2**	(669.3)
Additions	**—**	5,167.4
Disposals	**—**	(233.2)
At end of the year	**22,611.7**	20,458.5
Accumulated amortisation and impairment		
At beginning of the year	**6,453.4**	6,220.6
Translation differences	**829.0**	(269.9)
Amortisation	**1,048.3**	710.7
Disposals	**—**	(208.0)
At end of the year	**8,330.7**	6,453.4
Net book value		
At end of the year	**14,281.0**	14,005.1

20 INTANGIBLE ASSETS

	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**

20 INTANGIBLE ASSETS (CONTINUED)

	Goodwill HK$m	Trademarks HK$m	Operating right and others HK$m	Total HK$m
Cost				
At 1 July 2019	3,635.6	73.6	760.2	4,469.4
Translation differences	(13.1)	—	—	(13.1)
Additions	—	—	45.5	45.5
Acquisition of subsidiaries	5,814.9	—	90.5	5,905.4
Disposal of subsidiaries	(38.8)	—	(122.9)	(161.7)
Disposal	(8.9)	—	—	(8.9)
At 30 June 2020	9,389.7	73.6	773.3	10,236.6
Accumulated amortisation and impairment				
At 1 July 2019	607.1	14.5	383.3	1,004.9
Translation differences	(10.2)	—	—	(10.2)
Amortisation	—	5.2	69.0	74.2
Impairment	775.9	—	—	775.9
Disposal of subsidiaries	(29.0)	—	(6.8)	(35.8)
At 30 June 2020	1,343.8	19.7	445.5	1,809.0
Net book value				
At 30 June 2020	8,045.9	53.9	327.8	8,427.6

Impairment test for goodwill

A summary of the goodwill allocation is presented below:

	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**

	Hong Kong HK$m	Mainland China HK$m	Total HK$m
2020			
Property development	2.5	238.6	241.1
Property investment	—	248.4	248.4
Insurance	5,576.3	—	5,576.3
Others	994.5	985.6	1,980.1
	6,573.3	1,472.6	8,045.9

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% (2020: 12.4%).

For the segment of insurance, annual growth rates for premium from new business being 14% to 25% (2020: 15% to 25%) for the first five projection years and steady growth rate of 5% (2020: 5%) for the next five projection years are determined by considering both internal and external factors. Discount rate of 7.75% (2020: 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 2021.

Included in others segment is an amount of HK$840.3 million (2020: HK$982.3 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 not more than 16% (2020: not more than 19%); average gross margin ratios ranging from 13% to 16% (2020: from 9% to 19%), are determined by considering both internal and external factors relating to department stores operation of each CGU; the long term growth rate of 3% (2020: 3%) is consistent with the forecast of the businesses and the discount rate of 12.4% (2020: 12.4%) is post-tax and reflects specific risks relating to the relevant businesses. If the annual gross revenue had been 10% (2020: 10%) or gross margin ratios had been 1% (2020: 1%) lower than management's current estimates, the profit before taxation for the year would have been approximately HK$365.1 million and HK$225.1 million lower (2020: HK$158.7 million and HK$70.6 million) respectively. If the discount rate had been 0.5% (2020: 0.5%) higher than management's current estimates, the profit before taxation for the year would have been approximate HK$185.1 million lower (2020: HK$36.7 million). The estimated recoverable amount of the CGUs were approximately HK$418.0 million (2020: HK$391.0 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% (2020: 15.6%). 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$897.8 million (2020: HK$994.5 million) which are relating to roads and construction 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 2021, goodwill impairment of HK$329.4 million (2020: HK$775.9 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 (2020: department store operation and transport business) within others segment.

21 VALUE OF BUSINESS ACQUIRED

	2021 **HK$m**	2020 HK$m
At beginning of the year	**5,651.5**	—
Acquisition of a subsidiary (note 48(c))	**—**	5,825.0
Amortisation	**(256.4)**	(173.5)
At end of the year	**5,395.1**	5,651.5

22 DEFERRED ACQUISITION COSTS

	2021 HK$m	2020 HK$m
At beginning of the year	**688.2**	—
Additions of new business	**1,390.3**	824.3
Amortisation	**(367.0)**	(136.1)
At end of the year	**1,711.5**	688.2

23 INTERESTS IN JOINT VENTURES

	2021 HK$m	2020 HK$m
Equity joint ventures/joint ventures in wholly foreign owned enterprises		
Group's share of net assets	**3,602.0**	3,444.6
Goodwill on acquisition	**89.4**	89.4
Amounts receivable less provision (note (a))	**435.0**	425.6
	4,126.4	3,959.6
Co-operative joint ventures		
Cost of investments less provision	**4,283.3**	4,649.9
Share of undistributed post-acquisition results	**2,498.5**	1,476.4
Amounts receivable less provision (note (a))	**7,541.8**	7,541.0
	14,323.6	13,667.3
Companies limited by shares		
Group's share of net assets	**5,657.2**	8,378.9
Goodwill on acquisition	**212.9**	441.0
Amounts receivable less provision (note (a))	**23,041.5**	16,566.5
	28,911.6	25,386.4
	47,361.6	43,013.3

Notes:

(a) Amounts receivable less provisions are analysed as follows:

	2021 HK$m	2020 HK$m
Interest bearing		
Fixed rates (note (i))	**5,163.9**	4,905.5
Floating rates (note (ii))	**12,919.0**	5,291.1
Non-interest bearing	**12,935.4**	14,336.5
	31,018.3	24,533.1

note (i) Carry interest rates ranging from 4.0% to 10.0% (2020: 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 (2020: 1.5% below Hong Kong Prime rate to 2.0% over HIBOR) per annum.

23 INTERESTS IN JOINT VENTURES (CONTINUED)

Notes: (continued)

(a) Amounts receivable less provisions are analysed as follows: (continued)

As at 30 June 2021, the net carrying value of amounts receivable included provision of HK$2,912.9 million (2020: HK$2,946.2 million).

The amounts were unsecured. As at 30 June 2021, 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 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:

	2021 **HK$m**	2020 HK$m
For the year ended 30 June		
Profit for the year	**1,318.0**	1,007.3
Other comprehensive income for the year	**1,426.9**	(853.9)
Total comprehensive income for the year	**2,744.9**	153.4

The share of results of joint ventures in the current year includes the Group's share of impairment loss (net of tax) for Goshawk on aircraft portfolio of HK$347.1 million (2020: HK$64.3 million). The key assumptions used in the impairment assessment are detailed in note 5(d)(i). Besides, the share of results of joint ventures also includes the Group's share of an expected credit loss provision on account receivables and aircraft repossession/recovery costs of HK$206.2 million (net of tax) (2020: HK$43.4 million) from Goshawk. The key assumptions used in the expected credit loss assessment include credit rating of airlines and provision rate.

(c) 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(d).

(d) Details of principal joint ventures are stated in note 52.

24 INTERESTS IN ASSOCIATED COMPANIES

	2021 **HK$m**	2020 HK$m
Group's share of net assets		
Hong Kong listed shares	**1,271.8**	3,149.9
Overseas listed shares	**628.1**	633.6
Unlisted shares	**9,159.8**	13,187.3
	11,059.7	16,970.8
Goodwill	**511.4**	703.3
Amounts receivable less provision (note (a))	**2,306.4**	3,469.6
	13,877.5	21,143.7
Market value of listed shares	**2,710.2**	2,938.7

24 INTERESTS IN ASSOCIATED COMPANIES (CONTINUED)

Notes:

(a) Amounts receivable less provision are analysed as follows:

	2021 HK$m	2020 HK$m
Interest bearing		
Fixed rate (note (i))	**104.7**	109.7
Floating rate (note (ii))	**125.3**	2,458.6
Non-interest bearing	**2,076.4**	901.3
	2,306.4	3,469.6

note (i) Carry interest rate of 8.0% (2020: 8.0%) per annum.

note (ii) An aggregate amount of HK$125.3 million (2020: HK$2,351.8 million) which carries interest at HIBOR plus a margin of 1.3% (2020: HIBOR plus a margin of 1.025% to 1.3%) per annum. The balance as at 30 June 2020 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 2021, the net carrying value of amounts receivable included provision of HK$1,483.2 million (2020: HK$1,288.5 million).

The amounts were unsecured and not repayable within 12 months from the end of the reporting period. As at 30 June 2021, 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's certain investment in associated companies were reclassified to assets held for sale. Details were set out in note 35.

(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).

(d) The directors of the Company were of the view that as at 30 June 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:

	2021 HK$m	2020 HK$m
For the year ended 30 June		
Profit/(loss) for the year	**465.3**	(237.4)
Other comprehensive income for the year	**1,093.8**	(645.1)
Total comprehensive income for the year	**1,559.1**	(882.5)

(e) Details of principal associated companies are stated in note 53.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	2021 HK$m	2020 HK$m
Non-current assets		
Foreign currency and interest rate swaps		
– cash flow hedges (notes (a) and (b))	**659.4**	1,526.5
– others	**—**	148.8
Put option (note (c))	**—**	478.9
	659.4	2,154.2
Current assets		
Foreign currency forward contracts, foreign currency, interest rate and fuel price swaps		
– cash flow hedges (note (a))	**77.2**	0.7
– others	**18.6**	—
Put option (note (c))	**801.8**	—
	897.6	0.7
	1,557.0	2,154.9
Non-current liabilities		
Fuel price and interest rate swaps		
– cash flow hedges (note (a))	**(316.7)**	(813.7)
– others	**(354.1)**	(129.7)
	(670.8)	(943.4)
Current liabilities		
Interest rate swaps	**—**	(8.5)
Foreign currency and fuel price swaps		
– cash flow hedges (note (a))	**(0.3)**	(96.3)
	(0.3)	(104.8)
	(671.1)	(1,048.2)

The total notional principal amounts of the outstanding derivative financial instruments as at 30 June 2021 was HK$27,204.8 million (2020: HK$27,229.3 million).

Notes:

(a) The total notional principal amount of the outstanding financial instruments designated as cash flow hedges as at 30 June 2021 was US$150.7 million (2020: US$122.9 million) and HK$12,182.8 million (2020: HK$14,819.3 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 2021 and 2020, there were insignificant ineffectiveness in relation to these hedging instruments.

25 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Notes: (continued)

(b) As at 30 June 2021, 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$295.0 million (2020: US$450.0 million). The cash flow hedge was assessed to be highly effective and the related cumulative gains in reserve amounted to HK$47.5 million (2020: HK$477.9 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 2021, the Group's insurance business received HK$640.9 million (2020: HK$1,582.0 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 holds a put option which is carried at fair value of HK$801.8 million (2020: HK$478.9 million). The Group has 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 instrument which is classified as financial assets at FVOCI amounted to HK$220.4 million (2020: HK$252.3 million).

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.

	2021 HK$m	2020 HK$m
Deferred tax assets	**1,742.3**	1,120.0
Deferred tax liabilities	**(11,128.5)**	(11,545.6)
	(9,386.2)	(10,425.6)
At beginning of the year	**(10,425.6)**	(9,587.2)
Translation differences	**(587.0)**	211.2
Acquisition of subsidiaries	**—**	(2,800.7)
Written off upon disposal of intangible concession rights	**—**	4.6
Disposal of subsidiaries	**295.6**	47.2
Credited to consolidated income statement	**1,357.5**	1,701.2
Charged to reserves	**(26.7)**	(1.9)
At end of the year	**(9,386.2)**	(10,425.6)

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	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	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	**1,330.0**	13.2	**28.7**	25.2	**1,097.4**	760.5	**39.6**	4.6	**149.0**	152.6	**2,644.7**	956.1
Translation differences	**137.8**	(26.2)	**0.1**	(0.6)	**16.5**	(1.9)	**–**	—	**13.0**	(7.8)	**167.4**	(36.5)
Acquisition of subsidiaries	**–**	342.6	**–**	—	**–**	—	**–**	—	**–**	—	**–**	342.6
Credited/(charged) to consolidated income statement	**211.3**	1,000.4	**(5.1)**	4.1	**193.9**	338.8	**39.7**	35.0	**(46.5)**	4.2	**393.3**	1,382.5
At end 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

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	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	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	**(3,058.2)**	(3,322.1)	**(3,420.5)**	(3,401.4)	**(3,643.1)**	(1,134.8)	**(1,377.7)**	(1,492.6)	**(1,174.8)**	(1,133.3)	**(396.0)**	(59.1)	**(13,070.3)**	(10,543.3)
Translation differences	**(32.3)**	12.6	**(328.0)**	103.4	**(160.7)**	41.1	**(131.5)**	49.0	**(97.9)**	34.4	**(4.0)**	7.2	**(754.4)**	247.7
Acquisition of subsidiaries	**–**	—	**–**	—	**–**	(2,844.3)	**–**	—	**–**	—	**–**	(299.0)	**–**	(3,143.3)
Disposal of subsidiaries	**291.6**	47.2	**–**	—	**–**	—	**–**	—	**4.0**	—	**–**	—	**295.6**	47.2
Written back upon disposal of intangible concession rights	**–**	—	**–**	—	**–**	—	**–**	4.6	**–**	—	**–**	—	**–**	4.6
Credited/(charged) to consolidated income statement	**90.9**	204.1	**(353.5)**	(120.6)	**1,017.4**	294.9	**132.3**	61.3	**118.0**	(75.9)	**(40.9)**	(45.1)	**964.2**	318.7
Charged to reserves	**–**	—	**(26.7)**	(1.9)	**–**	—	**–**	—	**–**	—	**–**	—	**(26.7)**	(1.9)
At end 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)

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$16,906.8 million (2020: HK$16,938.5 million) to carry forward for offsetting against future taxable income. These tax losses have no expiry dates except for the tax losses of HK$5,698.9 million (2020: HK$4,845.8 million) which will expire at various dates up to and including 2026 (2020: 2025).

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 2021, 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$13.6 billion (2020: HK$13.2 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

	2021 **HK$m**	2020 HK$m
Long-term loans and receivables (note)	**5,824.6**	8,370.5
Long-term prepayments and deposits	**975.7**	1,241.5
Deposits and other prepayments for development projects	**1,800.0**	12,969.5
Policy loans	**506.4**	478.4
Contract assets related to construction services (note 30(d))	**5,999.6**	2,284.8
	15,106.3	25,344.7

Note:

	2021 **HK$m**	2020 HK$m
Mortgage loans receivables (note (i))	**4,067.4**	8,220.3
Mortgage loans receivables within one year included in debtors, prepayments, premium receivables and contract assets	**(104.9)**	(210.0)
Consideration receivable	**698.0**	—
Other receivables	**1,164.1**	360.2
	5,824.6	8,370.5

(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$3,683.2 million (2020: HK$7,736.8 million).

The mortgage loans receivables are repayable by monthly with various tenors not more than 30 years (2020: not more than 30 years) at the year end date and carrying interest at floating rates.

During the year ended 30 June 2021, the cash inflow in relation to the repayment and disposal of mortgage loans receivables amounted to HK$5,328.9 million (2020: HK$1,710.2 million) and additions to the mortgage loans receivables amounted to HK$1,177.1 million (2020: HK$1,379.1 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 (2020: nil).

28 PROPERTIES UNDER DEVELOPMENT

	2021 HK$m	2020 HK$m
Properties under development		
Expected to be completed after 12 months	**39,772.4**	22,272.9
Expected to be completed within 12 months	**28,483.4**	26,384.8
	68,255.8	48,657.7

At 30 June 2021, the aggregate carrying value of properties under development pledged as securities for the Group's borrowings amounted to HK$20,405.3 million (2020: HK$6,930.4 million).

29 INVENTORIES

	2021 HK$m	2020 HK$m
Raw materials	**30.5**	110.2
Finished goods	**567.4**	574.9
	597.9	685.1

30 DEBTORS, PREPAYMENTS, PREMIUM RECEIVABLES AND CONTRACT ASSETS

	Note	2021 HK$m	2020 HK$m
Trade debtors	(a)	**2,833.2**	3,102.1
Premium receivables		**288.4**	344.4
Retention receivables for contract works		**1,519.8**	1,646.5
Contract assets	(d)	**5,473.8**	3,505.6
Prepayment for purchase of land and land preparatory costs		**723.4**	251.3
Deposits, prepayments and other debtors	(f)	**16,045.3**	18,588.7
Amounts due from associated companies	(g)	**166.1**	215.1
Amounts due from joint ventures	(h)	**7,014.4**	7,084.5
Amount due from non-controlling shareholders	(i)	**618.9**	450.7
	(b), (c), (e)	**34,683.3**	35,188.9

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:

	2021 HK$m	2020 HK$m
Less than 30 days	**2,056.3**	2,229.7
31 to 60 days	**349.4**	252.9
Over 60 days	**427.5**	619.5
	2,833.2	3,102.1

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$864.7 million (2020: HK$511.4 million). The movement of loss allowance is as follows:

2021

	Note	Trade debtors HK$m	Retention receivables for contract works HK$m	Deposits and other debtors HK$m	Amounts due from associated companies HK$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**

2020

	Note	Trade debtors HK$m	Retention receivables for contract works HK$m	Deposits and other debtors HK$m	Amounts due from associated companies HK$m	Amounts due from joint ventures HK$m	Total HK$m
As at 1 July 2019		119.3	—	474.2	—	—	593.5
Translation differences		(3.7)	—	(3.9)	—	—	(7.6)
Increase in loss allowance recognised in consolidated income statement	8	106.3	—	18.0	7.0	—	131.3
Amounts recovered	8	(6.8)	—	(50.7)	—	—	(57.5)
Amounts written off		(65.6)	—	(71.3)	(7.0)	—	(143.9)
Disposal of a subsidiary		(4.4)	—	—	—	—	(4.4)
As at 30 June 2020		145.1	—	366.3	—	—	511.4

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$34.5 million expected credit loss provision has been made. For non-performing assets including (i) 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$480.2 million expected credit loss provision has been made; and (ii) certain interest receivable amounting to HK$215.9 million (before provision), management has assessed the expected credit loss based on lifetime expected credit loss approach with reference to the creditability of the counterparties and provided full amount of expected credit loss provision during 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:

	2021 HK$m	2020 HK$m
Hong Kong dollar	**16,808.7**	16,507.5
Renminbi	**8,754.0**	9,997.2
United States dollar	**9,077.7**	8,585.6
Others	**42.9**	98.6
	34,683.3	35,188.9

30 DEBTORS, PREPAYMENTS, PREMIUM RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

Notes: (continued)

(d) The Group has recognised the following revenue-related contract assets:

	2021 HK$m	2020 HK$m
Current portion:		
Contract acquisition cost related to property sales (note (i))	**1,904.9**	871.9
Contract assets related to construction services (note (ii))	**3,568.9**	2,633.7
	5,473.8	3,505.6
Non-current portion:		
Contract assets related to construction services (note (ii))	**5,999.6**	2,284.8
	11,473.4	5,790.4

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 2021, the balances included construction-related receivables amounted to HK$1,280.5 million (2020: HK$2,789.2 million) which have not yet been billed at year end.

As at 30 June 2021, the balances included an amount of HK$1,024.1 million (2020: HK$1,136.4 million), which carried interest at 4.75% (2020: 4.75%) per annum, is unsecured and due in December 2021.

(g) As at 30 June 2021, the amounts due from associated companies of the Group are interest free, unsecured and repayable on demand.

(h) As at 30 June 2021, 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$498.0 million (2020: HK$280.8 million) due from a joint venture which carries compound interest at 5% per annum (2020: carries interest at 12-month London Interbank Offered Rate plus a margin of 12.2% 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. As at 30 June 2021, loss allowance of HK$8.0 million is recognised.

(i) The balances are interest-free, unsecured and repayable on demand.

31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$m	2020 HK$m
Non-current		
Equity securities		
Unlisted (note (a))	**899.7**	1,131.7
Listed		
Hong Kong	**562.4**	203.7
Overseas	**93.2**	82.1
Debt securities		
Unlisted (note (a))	**2,411.9**	2,814.6
Listed		
Hong Kong	**1,383.0**	254.6
Overseas	**564.3**	568.1
Investment funds (notes (b) and (c))		
Unlisted (note (a))	**8,446.8**	4,943.7
Listed		
Hong Kong	**210.7**	261.6
Overseas	**3,798.9**	3,228.3
	18,370.9	13,488.4
Current		
Equity securities		
Listed		
Hong Kong	**300.9**	—
Overseas	**646.0**	—
Debt securities		
Unlisted (note (a))	**436.2**	833.3
Listed		
Hong Kong	**117.3**	15.9
Overseas	**48.4**	258.1
Investment funds (note (b))		
Unlisted (note (a))	**35.7**	29.2
Listed		
Hong Kong	**—**	0.4
Overseas	**—**	3.6
	1,584.5	1,140.5
	19,955.4	14,628.9

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 2021, the Group holds certain investment funds with fair value of HK$4,055.9 million (2020: HK$3,976.5 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 2021, the Group holds participating shares of an investment fund with fair value of HK$776.7 million (2020: 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:

	2021 HK$m	2020 HK$m
Equity securities	**107.4**	97.6
Investment funds	**7,863.2**	3,922.0
	7,970.6	4,019.6

During the year, the total amount of overlay approach adjustments reclassified between consolidated income statement and other comprehensive income was derived from:

	2021 HK$m	2020 HK$m
The amount of gains/(losses) reported in profit or loss and presented in consolidated income statement within other (losses)/gains, net for the designated financial assets under HKFRS 9	**1,462.6**	(202.3)
Overlay approach adjustments on financial assets in consolidated income statement	**(1,270.6)**	208.2
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	**192.0**	5.9

(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:

	2021 HK$m	2020 HK$m
United States dollar	**16,644.5**	12,317.4
Hong Kong dollar	**2,102.6**	1,135.9
Renminbi	**842.8**	819.9
Others	**365.5**	355.7
	19,955.4	14,628.9

32 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HK$m	2020 HK$m
Non-current		
Equity securities		
Unlisted (note)	**1,978.6**	2,302.7
Listed		
Hong Kong	**1,706.9**	3,188.8
Overseas	**109.8**	49.1
Debt securities		
Unlisted (note)	**3,101.0**	3,338.5
Listed		
Hong Kong	**6,693.6**	5,736.6
Overseas	**29,299.0**	24,515.5
	42,888.9	39,131.2
Current		
Equity securities		
Listed		
Hong Kong	**1,375.0**	—
Debt securities		
Unlisted (note)	**—**	80.6
Listed		
Hong Kong	**320.1**	262.5
Overseas	**203.0**	185.0
	1,898.1	528.1
	44,787.0	39,659.3

Note: Unlisted investments are stated at fair values which are determined by the recent transaction price or estimated using a variety of valuation methods or assessed the reasonableness with reference to market comparables, with the assistance of independent external valuer when necessary.

Maturity profile of the debt securities is as follows:

	2021 HK$m	2020 HK$m
Within one year	**523.1**	528.1
In the second to fifth year	**1,788.0**	1,439.4
After the fifth year	**37,305.6**	32,151.2
	39,616.7	34,118.7

The financial assets at FVOCI are denominated in the following currencies:

	2021 HK$m	2020 HK$m
United States dollar	**38,786.7**	32,853.9
Hong Kong dollar	**6,000.2**	6,805.3
Others	**0.1**	0.1
	44,787.0	39,659.3

33 INVESTMENTS/LIABILITIES RELATED TO UNIT-LINKED CONTRACTS

Investments related to unit-linked contracts as analysed as follows:

	2021 HK$m	2020 HK$m
Financial assets at FVPL – Investment funds, at fair value	**10,717.1**	8,884.2
Cash and bank balances	**53.1**	169.4
	10,770.2	9,053.6

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:

	2021 HK$m	2020 HK$m
Insurance contract liabilities	**808.5**	666.9
Investment contract liabilities	**10,142.5**	8,554.9
	10,951.0	9,221.8
Represented by		
Non-current liabilities	**180.8**	168.2
Current liabilities	**10,770.2**	9,053.6
	10,951.0	9,221.8

34 CASH AND BANK BALANCES

	2021 HK$m	2020 HK$m
Cash at banks and on hand	**44,269.1**	36,628.4
Bank deposits – unrestricted and maturing within three months	**16,213.5**	26,519.5
	60,482.6	63,147.9
Bank deposits – unrestricted and maturing after more than three months	**1,132.4**	4,143.3
Cash and bank balances	**61,615.0**	67,291.2
Bank deposits – restricted	**340.1**	144.4
	61,955.1	67,435.6

The effective interest rates on bank deposits range from 0.01% to 6.0% (2020: 0.01% to 4.45%) per annum and these deposits have maturities ranging from 1 to 365 days (2020: 1 to 366 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:

	2021 HK$m	2020 HK$m
Renminbi	**29,285.0**	30,754.3
Hong Kong dollar	**22,511.0**	15,448.2
United States dollar	**9,941.0**	20,834.6
Others	**218.1**	398.5
	61,955.1	67,435.6

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

	2021 HK$m	2020 HK$m
Interests in associated companies (note)	**6,324.9**	112.2
Properties for/under development and other assets classified as held for sale	**—**	1,745.4
Investment properties	**45.1**	—
	6,370.0	1,857.6

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

	2021 HK$m	2020 HK$m
Liabilities classified as held for sale	**—**	(8.1)

Note: Interests in associated companies classified as assets held for sale included the following projects.

In January 2021, the Group entered into conditional sale and purchase agreements for the disposal of the Group's entire interest in SUEZ NWS Limited ("SUEZ NWS"). The carrying value of SUEZ NWS of HK$4,054.5 million was as an asset held for sale as at 30 June 2021.

In June 2021, the Group entered into a framework agreement for the proposed disposal of the 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. No remeasurement loss was recognised for the year ended 30 June 2021 in accordance with the provisions under HKFRS 5. A conditional sale and purchase agreement for this disposal was subsequently entered into in August 2021.

Apart from the above, the Group reclassified its investment in Wai Kee Holdings Limited ("Wai Kee") from an associated company to an asset held for sale on 31 December 2020 as the Group intended to recover the carrying amount through sales. Upon reclassification, the investment was measured at the lower of carrying amount and fair value less costs to sell. Based on the fair value of the investment, a remeasurement loss of HK$1,373.8 million (notes 6(c) and 8) was recognised as "other (losses)/gains, net" in the consolidated income statement during the year ended 30 June 2021. In April 2021, the Group disposed of half of its shareholding interest in Wai Kee with a profit of HK$63.7 million recognised as "other (losses)/gains, net" in the consolidated income statement. The fair value of the remaining interest in the investment of HK$379.2 million continued to be classified as an asset held for sale as at 30 June 2021.

36 SHARE CAPITAL

	2021 Number of shares (million)	2021 HK$m	2020 Number of shares (million)	2020 HK$m
Issued and fully paid (note (c)):				
At beginning of the year	**2,549.1**	**78,225.7**	10,222.8	77,875.3
Buyback of shares (note (a))	**(10.4)**	**—**	(72.1)	—
Issue of new shares upon exercise of share options	**3.7**	**147.6**	45.8	350.4
Share Consolidation (note (b))	**—**	**—**	(7,647.4)	—
At end of the year	**2,542.4**	**78,373.3**	2,549.1	78,225.7

Notes:

(a) Buyback of shares

During the year ended 30 June 2021, the Company bought back and cancelled a total of 10,357,000 (2020: 72,089,000 (before Share Consolidation)) shares at an aggregate consideration of HK$377,963,700 (2020: HK$612,671,700) (before expenses) on the Stock Exchange at share price ranging from HK$35.80 to HK$37.00 (2020: from HK$7.46 to HK$10.42 (before Share Consolidation)).

During the year ended 30 June 2020 and 2021, 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
December 2019	4,000,000	10.42	10.16	41.1
March 2020	42,767,000	9.50	7.46	354.9
April 2020	25,322,000	9.10	8.22	216.7
	72,089,000			612.7
December 2020	10,357,000	37.00	35.80	378.0
	82,446,000			990.7

(b) On 23 June 2020, every four issued shares of the Company were consolidated into one 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.

(c) The shares have no par value.

37 PERPETUAL CAPITAL SECURITIES

	2021 HK$m	2020 HK$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	**6,516.3**	9,490.1
US$1,300.0 million 6.25% guaranteed senior perpetual securities issued in 2019	**10,431.6**	10,431.6
US$850.0 million 5.25% guaranteed senior perpetual securities issued in 2020	**6,641.8**	6,641.8
US$700.0 million 4.80% guaranteed senior perpetual securities issued in 2020	**5,460.0**	—
US$1,200.0 million 4.125% guaranteed senior perpetual securities issued in 2021	**9,360.0**	—
	38,409.7	26,563.5
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
	48,938.2	37,092.0

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. US$818.7 million (equivalent to approximately HK$6,386.2 million) in aggregate principal amount of the Securities remains outstanding as at 30 June 2021.

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 Dec 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 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 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 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.

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 2021 is HK$31,925.4 million (2020: HK$29,629.8 million), of which HK$18,751.9 million (2020: HK$18,662.6 million) is attributable to NWSH. The total comprehensive income attributable to non-controlling interests for the year ended 30 June 2021 is HK$3,274.1 million (2020: HK$81.6 million), of which HK$1,561.3 million (2020: HK$127.3 million) is attributable to NWSH. The non-controlling interests in respect of other subsidiaries are not material to the Group.

38 NON-CONTROLLING INTERESTS (CONTINUED)

Set out below is the summarised financial information for NWSH which is a subsidiary with material non-controlling interest to the Group.

Summarised consolidated statement of financial position of NWSH as at 30 June 2021 and 2020 are as follows:

	2021 HK$m	2020 HK$m
Non-current assets	**106,132.2**	110,226.3
Current assets	**40,115.8**	39,713.5
Assets held for sale	**6,324.9**	112.2
Total assets	**152,572.9**	150,052.0
Current liabilities	**(49,355.4)**	(46,888.6)
Non-current liabilities	**(44,763.5)**	(45,705.7)
Net assets	**58,454.0**	57,457.7
Perpetual capital securities	**(10,528.5)**	(10,528.5)
Non-controlling interests	**(12.1)**	(562.2)
Net assets after perpetual capital securities and non-controlling interests	**47,913.4**	46,367.0

Summarised consolidated statement of comprehensive income of NWSH for the year ended 30 June 2021 and 2020 are as follows:

	2021 HK$m	2020 HK$m (restated)
Continuing operations		
Revenues	**28,197.3**	22,612.2
Profit before taxation	**2,476.0**	1,700.4
Taxation	**(691.2)**	(589.6)
Profit from continuing operations	**1,784.8**	1,110.8
Discontinued operations		
Loss from discontinued operations	**(43.8)**	(283.3)
Other comprehensive income for the year, net of tax	**2,689.3**	(543.4)
Total comprehensive income for the year	**4,430.3**	284.1
Total comprehensive income attributable to:		
– Holders of perpetual capital securities	**(583.1)**	(581.9)
– Non-controlling interests	**(32.3)**	16.1
Total comprehensive income after holders of perpetual capital securities and non-controlling interests	**3,814.9**	(281.7)
Dividends paid to non-controlling interests	**26.3**	35.2

38 NON-CONTROLLING INTERESTS (CONTINUED)

Note: Restatements due to discontinued operations

During the year ended 30 June 2021, the NWSH has disposed of its entire interest in the transport business and plans to recover a significant part of the carrying amount of environment business principally through sale rather than through continuing use. Their results for the year are presented separately as one-line item below profit from continuing operations as "discontinued operations" in the consolidated income statement. The comparative figures in the consolidated income statement and the consolidated statement of comprehensive income have been restated to present their operations as "discontinued operations". The comparative figures in consolidated statement of financial position and consolidated statement of cash flows were not represented.

Summarised consolidated statement of cash flows of NWSH for the year ended 30 June 2021 and 2020 are as follows:

	2021 **HK$m**	2020 HK$m
Net cash used in operation activities	**(106.6)**	(228.7)
Net cash from/(used in) investing activities	**5,940.1**	(13,388.7)
Net cash (used in)/from financing activities	**(8,579.5)**	12,059.2
Net decrease in cash and cash equivalents	**(2,746.0)**	(1,558.2)
Translation differences	**222.4**	(119.6)
Cash and cash equivalents at beginning of the year	**13,367.6**	15,045.4
Cash and cash equivalents at end of the year	**10,844.0**	13,367.6

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 30 June 2020	7,596.6	1,265.1	720.2	309.6	133.5	(4,747.2)	129,519.8	134,797.6
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)
Profit attributable to shareholders	–	–	–	–	–	–	1,171.6	1,171.6
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	–	–	–	–	–	11,954.0	–	11,954.0
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	8,681.8	125,032.8	144,955.5

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	Retained profits HK$m	Total HK$m
At 30 June 2019	7,588.5	1,320.7	—	417.0	281.6	(348.6)	134,897.7	144,156.9
Net fair value changes of equity instruments as financial assets at FVOCI	—	(713.0)	—	—	—	—	—	(713.0)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	—	—	1,032.3	—	—	—	—	1,032.3
Employees' share-based payments	—	—	—	—	29.8	—	—	29.8
Share options lapsed	—	—	—	—	(177.9)	—	177.9	—
Acquisition of additional interests in subsidiaries	—	—	—	(0.9)	—	—	—	(0.9)
Disposal of subsidiaries	—	—	—	—	—	—	43.4	43.4
Deemed disposal of interests in subsidiaries	—	—	—	—	—	—	1.1	1.1
Release of reserve upon disposal of subsidiaries	—	(1.1)	—	16.2	—	(6.9)	—	8.2
Release of reserves upon disposal of interests in joint ventures and associated companies	—	—	—	(5.2)	—	(3.0)	—	(8.2)
Profit attributable to shareholders	—	—	—	—	—	—	1,096.2	1,096.2
Share of other comprehensive income of joint ventures and associated companies	—	(7.6)	—	(187.9)	—	(842.1)	(13.1)	(1,050.7)
Cash flow/fair value hedges	—	—	—	(24.3)	—	—	—	(24.3)
Remeasurement of post-employment benefit obligation	—	—	—	—	—	—	19.5	19.5
Transfer of reserves	—	—	—	94.7	—	—	(94.7)	—
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	8.1	—	—	—	—	—	—	8.1
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	—	—	(126.7)	—	—	—	—	(126.7)
Release of reserve upon disposal of equity instruments as financial assets at FVOCI	—	666.1	—	—	—	—	(666.1)	—
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	—	—	(185.4)	—	—	—	—	(185.4)
Transaction costs in relation to the issuance of perpetual capital securities	—	—	—	—	—	—	(110.8)	(110.8)
Translation differences	—	—	—	—	—	(3,546.6)	—	(3,546.6)
2019 final dividend paid	—	—	—	—	—	—	(3,785.2)	(3,785.2)
2020 interim dividend paid	—	—	—	—	—	—	(1,431.3)	(1,431.3)
Buyback of shares	—	—	—	—	—	—	(614.8)	(614.8)
At 30 June 2020	7,596.6	1,265.1	720.2	309.6	133.5	(4,747.2)	129,519.8	134,797.6

39 RESERVES (CONTINUED)

Note:

Effect on net transfer to the non-controlling interests of the Group:

	2021 HK$m	2020 HK$m
Total comprehensive income for the year attributable to the shareholders of the Company	**16,117.7**	(3,490.6)
Transfer between shareholders' funds and non-controlling interests		
Acquisition of additional interests in subsidiaries	**5.4**	(0.9)
Deemed disposal of interests in subsidiaries	**—**	1.1
Net transfer to the non-controlling interests	**5.4**	0.2
Total comprehensive income for the year attributable to the shareholders of the Company and net transfer to the non-controlling interests	**16,123.1**	(3,490.4)

40 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	2021 HK$m	2020 HK$m
Long-term borrowings and other interest-bearing liabilities		
Secured bank loans	**19,746.2**	20,646.3
Unsecured bank loans	**76,396.5**	94,141.0
Other unsecured loans	**0.1**	0.2
Fixed rate bonds and notes payable	**49,916.6**	51,473.1
Loans from non-controlling shareholders (note (b))	**4,141.3**	4,712.2
Financing received under a financial reinsurance arrangement (note (c))	**197.0**	249.6
	150,397.7	171,222.4
Current portion of long-term borrowings and other interest-bearing liabilities	**(12,569.0)**	(36,434.5)
	137,828.7	134,787.9
Short-term borrowings and other interest-bearing liabilities		
Secured bank loans	**3,200.7**	998.1
Unsecured bank loans	**20,884.7**	16,630.5
Other unsecured loans	**5.1**	5.0
Loans from non-controlling shareholders (note (b))	**801.3**	835.8
Financing received under a financial reinsurance arrangement (note (c))	**86.5**	115.2
Cash collateral received for cross currency swap and forward starting interest rate swap agreements (note 25(b))	**640.9**	1,582.0
	25,619.2	20,166.6
Current portion of long-term borrowings and other interest-bearing liabilities	**12,569.0**	36,434.5
	38,188.2	56,601.1
Total borrowings and other interest-bearing liabilities	**176,016.9**	191,389.0

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	
	2021 HK$m	2020 HK$m	**2021 HK$m**	2020 HK$m	**2021 HK$m**	2020 HK$m
Within one year	**34,592.9**	48,272.1	**5.2**	5.1	**2,061.4**	5,790.9
In the second year	**20,864.0**	14,566.8	**—**	0.1	**9,851.6**	2,008.6
In the third to fifth year	**57,281.1**	63,211.3	**—**	—	**9,781.1**	18,273.9
After the fifth year	**7,490.1**	6,365.7	**—**	—	**28,222.5**	25,399.7
	120,228.1	132,415.9	**5.2**	5.2	**49,916.6**	51,473.1

(b) Loans from non-controlling shareholders

Except for the loans of HK$2,383.0 million (2020: HK$2,985.5 million), that are interest bearing at 6.4% (2020: 2.9% to 6.5%) per annum, the remaining loans are interest free. All the loans from non-controlling shareholders are unsecured. An amount of HK$4,141.3 million (2020: HK$4,712.2 million) is not repayable within the next 12 months and the remaining balances have no specific repayment term.

(c) In 2021 and 2020, 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

	2021				2020			
	Hong Kong dollar	**Renminbi**	**United States dollar**	**Others**	Hong Kong dollar	Renminbi	United States dollar	Others
Bank loans	**1.2%**	**3.7%**	**3.0%**	**1.1%**	2.5%	4.5%	3.1%	2.3%
Fixed rate bonds and notes payable	**4.8%**	**—**	**4.4%**	**—**	5.0%	—	4.6%	—
Loans from non-controlling shareholders	**—**	**6.4%**	**—**	**—**	2.9%	6.5%	—	—
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$53,399.6 million (2020: HK$53,208.5 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:

	2021 HK$m	2020 HK$m
Hong Kong dollar	**126,416.2**	134,978.4
United States dollar	**35,965.2**	41,297.9
Renminbi	**13,487.1**	14,943.6
Others	**148.4**	169.1
	176,016.9	191,389.0

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
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**
2020					
Within five years	126,050.2	5.2	26,073.4	2,985.5	155,114.3
After the fifth year	6,365.7	—	25,399.7	—	31,765.4
	132,415.9	5.2	51,473.1	2,985.5	186,879.7

(h) As at 30 June 2021, save as disclosed in notes 16, 17, 18 and 28, the Group has aggregate net book value of properties for development pledged as securities for borrowings amounted to nil (2020: HK$204.6 million).

41 LEASE LIABILITIES

The maturity of lease liabilities is as follows:

	2021 HK$m	2020 HK$m
Current		
Within 1 year	**1,639.2**	1,227.9
Non-current		
In the second to fifth year	**3,361.6**	3,614.6
After the fifth year	**1,842.8**	2,144.8
	5,204.4	5,759.4
	6,843.6	6,987.3

As at 30 June 2021, the weighted average lessee's incremental borrowing rates applied was 4.64% (2020: 4.49%).

As at 30 June 2021, the balance included the lease liabilities payable to joint ventures and related companies of HK$261.8 million (2020: HK$288.5 million).

42 INSURANCE AND INVESTMENT CONTRACT LIABILITIES

	2021 HK$m	2020 HK$m
Insurance contract liabilities (notes (a) and (b))	**42,497.5**	34,894.7
Investment contract liabilities	**5.3**	5.4
	42,502.8	34,900.1
Represented by:		
Non-current liabilities	**18,143.5**	14,454.8
Current liabilities	**24,359.3**	20,445.3
	42,502.8	34,900.1

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:

	2021 HK$m	2020 HK$m
Payable within one year	**3,861.4**	3,200.5
Payable after one year	**38,636.1**	31,694.2
	42,497.5	34,894.7

(b) Insurance contract liabilities comprised:

	2021 HK$m	2020 HK$m
Liabilities for guaranteed benefits	**38,404.1**	31,246.0
Liabilities for coinsurance payments	**363.0**	244.7
Provision for annual dividends	**69.4**	69.7
Insurance contract liabilities excluding policyholders' dividends and bonuses (note 4(g))	**38,836.5**	31,560.4
Policyholders' dividends and bonuses	**3,661.0**	3,334.3
Total insurance contract liabilities	**42,497.5**	34,894.7

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 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

	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 2019	—	—	—	—	—
Acquisition of subsidiaries	28,099.3	245.6	28,344.9	(107.0)	28,237.9
Premiums received	4,119.9	(33.8)	4,086.1	(168.9)	3,917.2
Liabilities incurred for death, surrender and maturity	(1,507.5)	19.8	(1,487.7)	153.1	(1,334.6)
Benefit and claim experience variations	188.1	0.2	188.3	98.7	287.0
Investment income variations	(334.4)	5.2	(329.2)	—	(329.2)
Investment income	880.2	—	880.2	(1.0)	879.2
Financing cost for coinsurance	—	7.7	7.7	—	7.7
Adjustment due to change in reserve assumptions	112.3	—	112.3	—	112.3
Translation differences	(242.2)	—	(242.2)	0.7	(241.5)
At 30 June 2020	31,315.7	244.7	31,560.4	(24.4)	31,536.0

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

	2021 HK$m	2020 HK$m
Deferred income	**107.1**	70.3
Provision for long service payments	**9.7**	50.4
Long-term accounts payable	**50.2**	61.4
	167.0	182.1

44 CREDITORS, ACCRUED CHARGES, PAYABLES TO POLICYHOLDERS AND CONTRACT LIABILITIES

	2021 HK$m	2020 HK$m
Trade creditors (note (a))	**12,519.1**	10,597.8
Payables to policyholders (note (b))	**1,709.6**	1,468.8
Contract liabilities (note (c))	**18,356.4**	13,532.7
Amounts due to joint ventures (note (f))	**1,346.9**	570.1
Amounts due to associated companies (note (f))	**5,682.7**	3,620.8
Other creditors and accrued charges	**24,363.1**	24,311.0
	63,977.8	54,101.2

Notes:

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

	2021 HK$m	2020 HK$m
Less than 30 days	**6,065.2**	6,079.1
31 to 60 days	**289.1**	201.1
Over 60 days	**6,164.8**	4,317.6
	12,519.1	10,597.8

(b) Payables to policyholders are as follows:

	2021 HK$m	2020 HK$m
Claims payable	**274.2**	254.1
Premium deposits	**1,262.6**	1,094.1
Other payables	**172.8**	120.6
	1,709.6	1,468.8

The carrying amounts disclosed above reasonably approximate their fair values as at 30 June 2021.

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:

	2021 HK$m	2020 HK$m
Contract liabilities related to property sales (note)	**17,411.4**	11,636.8
Contract liabilities related to construction services (note)	**545.5**	1,390.4
Contract liabilities related to other operations	**399.5**	505.5
	18,356.4	13,532.7

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.

	2021 HK$m	2020 HK$m
Revenue recognised that was included in contract liabilities at the beginning of the year		
– Property sales	**9,845.6**	8,762.4
– Construction services	**1,290.1**	1,064.5
– Other operations	**250.2**	182.9
	11,385.9	10,009.8
Revenue recognised from performance obligations satisfied/partially satisfied in previous periods		
– Construction services	**289.8**	272.2

(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:

	2021 HK$m	2020 HK$m
Expected to be recognised within one year	**40,031.0**	38,302.2
Expected to be recognised after one year	**57,333.6**	20,560.3
	97,364.6	58,862.5

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:

	2021 HK$m	2020 HK$m
Hong Kong dollar	**34,746.6**	28,059.6
Renminbi	**28,064.5**	24,161.4
United States dollars	**976.5**	1,640.2
Others	**190.2**	240.0
	63,977.8	54,101.2

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:

	2021 **HK$m**	2020 HK$m
In the first year	**3,207.1**	3,247.5
In the second to fifth year	**4,650.0**	4,723.4
After the fifth year	**1,177.5**	1,485.0
	9,034.6	9,455.9

The Group's operating leases are for terms ranging from 1 to 10 years (2020: 1 to 12 years).

46 COMMITMENTS (CONTINUED)

(b) Other commitments

(i) The outstanding commitments for capital expenditure are as follows:

	2021 HK$m	2020 HK$m
Contracted but not provided for		
Property, plant and equipment	**560.6**	428.3
Investment properties	**1,845.3**	934.9
Intangible assets	**620.5**	—
Intangible concession rights	**178.8**	3.3
Capital contributions to associated companies and joint ventures (note)	**320.3**	1,065.6
Other investments	**1,839.3**	1,405.1
	5,364.8	3,837.2

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$320.3 million (2020: HK$1,065.6 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:

	2021 HK$m	2020 HK$m
Contracted but not provided for	**8,832.6**	11,676.2

(ii) Future aggregate lease payments under non-cancellable operating leases are as follows:

	2021 HK$m	2020 HK$m
Land and buildings		
In the first year	**10.3**	10.4

The commitments represented the future aggregate lease payments under short-term leases or committed but not commenced leases.

47 FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

	2021 HK$m	2020 HK$m
Financial guarantee contracts:		
Mortgage facilities for certain purchasers of properties	**3,555.9**	4,518.9
Guarantees for credit facilities granted to		
Joint ventures	**5,721.0**	5,274.4
Associated companies	**1,736.8**	1,662.9
	11,013.7	11,456.2

48 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash generated from operations

	2021 HK$m	2020 HK$m
Operating profit	**8,528.9**	12,035.4
Depreciation	**2,467.8**	2,736.9
Amortisation	**1,382.2**	958.4
Changes in fair value of investment properties	**(1,135.6)**	(1,653.2)
Write back the loss allowance on loans and other receivables	**(168.0)**	(57.5)
Reversal of construction cost accruals	**(119.9)**	—
Net losses on remeasuring on assets classified as held for sale and financial assets at fair value through profit or loss	**1,533.2**	—
Gain on remeasuring of previously held interest of a joint venture at fair value upon further acquisition to become a subsidiary	**—**	(925.8)
Gain associated with investments related to unit-linked contracts	**(2,174.1)**	(122.2)
Net gain on fair value of financial assets at FVPL and derivative financial instruments	**(1,778.6)**	(305.4)
Net gain on disposal of		
Debt instruments as financial assets at FVOCI	**(38.9)**	(306.6)
Financial assets at FVPL	**(164.1)**	(78.8)
Investment properties, property, plant and equipment, right-of-use assets and intangible concession rights	**(146.1)**	(82.0)
Subsidiaries, joint ventures and associated companies	**(382.6)**	(212.2)
Impairment loss/loss allowance on		
Loans, debtors, premium receivables and other receivables	**730.6**	131.3
Debt instruments as financial assets at FVOCI	**37.1**	32.2
Interests in associated companies	**128.0**	334.8
Goodwill	**329.4**	775.9
Inventories	**7.7**	47.1
Properties held for sale	**435.1**	—
Properties under development	**29.3**	—
Property, plant and equipment	**280.0**	386.9
Right-of-use assets	**141.3**	12.3
Dividend income from financial assets at FVOCI and financial assets at FVPL	**(262.7)**	(243.8)
Share option expenses	**18.9**	29.8
Provision for onerous contract	**—**	230.0
Loss on lease modification of lease receivables	**—**	34.1
Net exchange gains	**(262.1)**	(3.8)
Gain on bargain purchase	**(8.0)**	—
Overlay approach adjustments on financial assets	**1,270.6**	(208.2)
Operating profit before working capital changes	**10,679.4**	13,545.6
Decrease in inventories	**9.1**	42.9
Increase in properties for/under development and properties held for sale	**(1,572.2)**	(1,170.0)
Increase in debtors, prepayments, premium receivables and contract assets and other non-current assets	**(239.6)**	(12,267.9)
Increase/(decrease) in creditors, accrued charges, payables to policyholders and contract liabilities	**9,368.4**	(2,052.6)
Increase in DAC	**(1,023.3)**	(688.2)
Increase in insurance and investment contract liabilities	**7,555.8**	3,618.4
Dividends received from financial assets in relation to insurance business and investment related to unit-linked contracts	**223.4**	33.8
Increase/(decrease) in liabilities related to unit-linked contracts	**1,695.3**	(18.1)
Additions of financial assets at FVPL associated with investments related to unit-linked contracts	**(5,892.2)**	(4,600.1)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	**6,267.3**	4,895.5
Net cash generated from operations	**27,071.4**	1,339.3

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 30 June 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**
At 30 June 2019	140,479.8	15,854.8	6,452.6	162,787.2
Changes from cash flows				
Proceeds from new borrowings	66,458.4	17,745.6	—	84,204.0
Repayment of borrowings	(41,263.5)	(14,913.4)	—	(56,176.9)
Increase in cash collateral received from counterparties	—	423.9	—	423.9
Other changes				
Acquisition of subsidiaries	5,584.8	1,071.5	559.8	7,216.1
Disposal of subsidiaries	—	—	(4.2)	(4.2)
Principal elements of lease liabilities payments	—	—	(874.7)	(874.7)
New leases entered/lease modified	—	—	979.3	979.3
Interest expenses (note 10)	—	—	298.7	298.7
Interest elements of lease liabilities payments	—	—	(293.9)	(293.9)
Translation differences	(133.6)	(89.6)	(130.3)	(353.5)
Amortisation of front-end fee	96.5	73.8	—	170.3
At 30 June 2020	171,222.4	20,166.6	6,987.3	198,376.3

48 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Acquisition of subsidiaries

	2021 HK$m	2020 HK$m
Net assets acquired		
Investment properties	**53.0**	320.5
Property, plant and equipment	**0.6**	111.3
Right-of-use assets	**2.2**	557.5
Intangible assets, other than goodwill	**–**	90.5
VOBA	**–**	5,825.0
Financial assets at FVOCI	**–**	33,569.5
Financial assets at FVPL	**–**	2,803.6
Derivative financial instruments	**–**	1,512.3
Properties for development	**–**	1,087.1
Deferred tax assets	**–**	342.6
Other non-current assets	**–**	724.3
Properties under development	**–**	13,568.4
Debtors, prepayments, premium receivables and contract assets	**–**	2,374.2
Investments related to unit-linked contracts	**–**	9,168.3
Cash and bank balances	**0.3**	13,215.3
Borrowings and other interest-bearing liabilities	**–**	(6,656.4)
Lease liabilities	**–**	(559.8)
Insurance and investment contract liabilities	**–**	(31,543.4)
Liabilities related to unit-linked contracts	**–**	(9,330.8)
Deferred tax liabilities	**–**	(3,143.3)
Other non-current liabilities	**–**	(64.5)
Creditors, accrued charges, payable to policyholders and contract liabilities	**(4.3)**	(8,285.6)
Current tax payable	**–**	(81.2)
Net assets acquired	**51.8**	25,605.4
Interests originally held by the Group as a joint venture	**–**	(3,223.1)
	51.8	22,382.3
Goodwill on acquisition	**–**	5,814.9
Gain on remeasurement of previously held interest of a joint venture at fair value upon further acquisition to become a subsidiary	**–**	(925.8)
Gain on bargain purchase	**(8.0)**	–
Non-controlling interests	**–**	(324.4)
Cash consideration	**43.8**	26,947.0

(d) Analysis of net cash flows of cash and cash equivalents in respect of acquisition of subsidiaries

	2021 HK$m	2020 HK$m
Cash consideration	**(43.8)**	(26,947.0)
Deposits paid in last year	**–**	3,120.0
Cash and cash equivalents acquired	**0.3**	13,215.3
	(43.5)	(10,611.7)

(e) Deconsolidation of a subsidiary

This amount represents cash and cash equivalents of the deconsolidated subsidiary.

48 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(f) Disposal of subsidiaries

	2021 HK$m	2020 HK$m
Net assets disposed		
Investment properties	**1,100.0**	1,506.4
Property, plant and equipment	**3,665.5**	179.9
Right-of-use assets	**401.8**	4.2
Intangible assets, other than goodwill	**—**	116.1
Goodwill	**—**	9.8
Interests in joint ventures	**2,143.2**	—
Other non-current assets	**—**	4.5
Non-current assets classified as assets held for sale	**1,890.9**	—
Financial assets at FVPL	**468.0**	—
Financial assets at FVOCI	**267.9**	1.8
Properties for development	**—**	704.8
Properties under development	**—**	1,023.0
Properties held for sale	**—**	728.7
Inventories	**70.4**	30.6
Debtors, prepayments, premium receivables and contract assets	**455.9**	1,966.9
Cash and bank balances	**247.5**	199.4
Long-term borrowings and other interest-bearing liabilities	**(598.8)**	—
Creditors, accrued charges, payable to policyholders and contract liabilities	**(942.3)**	(1,725.8)
Derivative financial instruments	**(118.8)**	(24.7)
Current tax payable	**(5.8)**	(16.5)
Liabilities directly associated with non-current assets classified as assets held for sale	**(8.8)**	—
Other non-current liabilities	**(47.1)**	(15.9)
Deferred tax liabilities	**(299.2)**	(47.2)
Lease liabilities	**(405.5)**	(4.2)
Net assets disposed	**8,284.8**	4,641.8
Release of reserves upon disposal of subsidiaries	**(254.9)**	(68.4)
Interest retained by the Group as an associated company	**—**	(140.5)
Net gain on disposal of subsidiaries	**201.5**	357.4
Consideration	**8,231.4**	4,790.3
Represented by		
Cash consideration	**8,479.9**	4,790.3
Transaction cost payable	**(248.5)**	—
	8,231.4	4,790.3

(g) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2021 HK$m	2020 HK$m
Cash consideration	**8,479.9**	4,790.3
Consideration receivable	**(684.9)**	(2,768.7)
Cash and cash equivalents disposed	**(247.5)**	(199.4)
	7,547.5	1,822.2

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:

	2021 HK$m	2020 HK$m
Joint ventures and associated companies		
Provision of construction work services (note (a))	**27.7**	44.5
Interest income (note (b))	**379.6**	428.7
Interest expense on lease liabilities (note (b))	**13.1**	14.8
Rental expenses (note (c))	**112.7**	110.4
Additions to right-of-use assets (note (c))	**—**	2.1
Management services fee income (note (d))	**18.2**	32.3

	2021 HK$m	2020 HK$m
Related companies (note (h))		
Provision of construction work services (note (a))	**10.3**	7.9
Rental income (note (c))	**108.5**	125.1
Rental expense (note (c))	**26.3**	30.1
Additions to right-of-use assets (note (c))	**—**	12.5
Management services fee expenses (note (d))	**74.9**	30.8
Concessionaires commissions (note (e))	**54.9**	46.7
Sales of goods, prepaid shopping cards and vouchers (note (f))	**13.7**	51.3
Engineering and mechanical services (note (g))	**1,804.8**	1,292.5
Security services expenses (note (g))	**98.7**	29.6
Cleaning and landscaping services (note (g))	**87.6**	33.3

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 and additions to right-of-use assets are measured 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 CTF and its subsidiaries (collectively "CTF Group"), CTFJ Group and companies owned by Mr. Doo.

(g) Engineering and mechanical services, security services expenses and cleaning and landscaping expenses are charged in accordance with relevant contracts.

(h) Related companies are subsidiaries and joint ventures of CTF Group, CTFJ Group and companies owned by Mr. Doo.

(i) The balances with joint ventures and associated companies are disclosed in notes 23, 24, 30 and 44.

(j) 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

	2021 HK$m	2020 HK$m
Assets		
Non-current assets		
Intangible assets	**9.1**	—
Investment property	**137.0**	140.0
Property, plant and equipment	**10.5**	12.9
Right-of-use assets	**9.2**	25.8
Interests in subsidiaries	**95,532.7**	95,034.0
Interests in joint ventures	**191.2**	171.8
Interests in associated companies	**15.9**	14.2
Amounts receivable from associated companies and joint ventures	**766.4**	4,402.8
Financial assets at FVPL	**1,298.4**	1,061.6
Financial assets at FVOCI	**1.0**	1.0
	97,971.4	100,864.1
Current assets		
Properties held for sale	**34.5**	52.9
Debtors, prepayments and contract assets	**164.2**	1,000.8
Amounts receivable from subsidiaries	**98,810.6**	81,755.1
Financial assets at FVPL	**59.1**	35.2
Cash and bank balances	**1,265.0**	2,435.0
	100,333.4	85,279.0
Total assets	**198,304.8**	186,143.1
Equity		
Share capital	**78,373.3**	78,225.7
Reserves (note)	**23,178.2**	23,526.4
Total equity	**101,551.5**	101,752.1
Liabilities		
Non-current liabilities		
Lease liabilities	**—**	10.2
Current liabilities		
Creditors, accrued charges and contract liabilities	**779.4**	348.0
Amounts payable to subsidiaries	**95,964.0**	84,015.9
Lease liabilities	**9.9**	16.9
	96,753.3	84,380.8
Total liabilities	**96,753.3**	84,391.0
Total equity and liabilities	**198,304.8**	186,143.1

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 30 June 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**

	Financial assets at FVOCI reserve (non-recycling) HK$m	Employees' share-based compensation reserve HK$m	Retained profits HK$m	Total HK$m
At 30 June 2019	(9.8)	205.4	23,924.8	24,120.4
Employees' share-based payment	—	29.8	—	29.8
Share options lapsed	—	(101.7)	101.7	—
Buyback of shares	—	—	(614.8)	(614.8)
Fair value changes of equity instruments as financial assets at FVOCI	(0.2)	—	—	(0.2)
Profit for the year	—	—	5,207.7	5,207.7
2019 final dividend paid	—	—	(3,785.2)	(3,785.2)
2020 interim dividend paid	—	—	(1,431.3)	(1,431.3)
At 30 June 2020	(10.0)	133.5	23,402.9	23,526.4

51 PRINCIPAL SUBSIDIARIES

As at 30 June 2021

	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	
Adwin Top Limited	2	2	100	Property investment
All Speed Investment Limited	2	2	100	Property investment
Anway Limited	1	1	61	Duty free operation and general trading
Artistoni Company Limited	100	100	100	Operation of restaurant
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 investment
Bounty Gain Limited	1	1	61	Investment holding
Bright Moon Company, Limited	100,000	1,000,000	75	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
Care U Professional Nursing Service Limited	10,000	10,000	75	Provision of healthcare and nursing 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
Fook Hang Trading Company Limited	100	10,000	85	Property development
Fook Hong Enterprises Company, Limited	10,000	1,000,000	100	Property investment
Fortune Kingdom Development Limited	2	2	100	Property development
Fortune Land Development Limited	1	1	100	Property investment
Full Asset Enterprises Limited	1	1	100	Property investment
Good Sense Development Limited	1	1	100	Property investment
Grace Crystal Limited	1	1	61	Investment holding

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	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)				
Grace Sky Creation Limited	10,000	10,000	100	Investment holding
Gracejoy Investments Limited	1	1	100	Property development
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
Highness Land Investment Company Limited	10	100	100	Property investment
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 (formerly New World Construction Management Company)	1	1	100	Construction
Hip Seng Facade Engineering Company Limited (formerly New World 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	Operation 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
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 2021

	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
La Tune Limited	2	200	100	Property investment
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
Magic Sign Limited	2	2	100	Property development
Million Noble Investments Limited	1	1	100	Investment holding
Million World Development Limited	100	100	100	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 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
New World (Xiamen) Port Investments Limited	2	2	61	Investment holding
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 (formerly China Century 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
Peterson Investment Company Limited	10,000	10,000	100	Property investment
Pine Harvest Limited	1	1	80	Property development

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	Share capital issued# Number of shares	Share capital issued# 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	
Pontiff Company Limited	10,000,000	10,000,000	100	Property development
Pridemax Limited	2	2	100	Property investment
Profit Now Limited	1	1	61	Investment holding
Queen's Land Investment Limited	1,000	1,000	100	Property development
Rainbow Dream Limited	1	1	100	Property investment
Realray Investments Limited	2	2	100	Property investment
Regent Star Investment Limited	1,000	1,000	100	Property development
Richglows Limited	2	2	100	Property investment
Rosy Page Limited	15,000,000	15,000,000	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 Rich Holdings Limited	2	2	85	Property development
Sky Connection Limited	100	100	61	Duty free operation and general trading
Speed Star Development Limited	2	2	100	Property investment
Spotview Development Limited	10	10	100	Financial services
Super Memory Limited	2	2	100	Property investment
Super Record Limited	1	1	100	Property investment
Super Value Development Limited	10,000	10,000	100	Property investment
The Town Club (HK) Limited	1	1	100	Operation of club house
Top Flash Investments Limited	10,000	10,000	100	Property investment
Trade Jet Investments Limited	1	1	100	Provision of wellness and rehabilitation services
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
Ultimate Vantage Limited	100	100	80	Property development
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
Waygent Investment Limited	2	2	100	Property investment
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 2021

	Share capital issued#			
	Number of shares	Par value per share	Attributable interest to the Group (%)	Principal activities
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$0.1	100	Investment holding
New World Department Store China Limited	1,686,145,000	HK$0.1	75	Investment holding
New World TMT Limited	952,180,007	HK$1	100	Investment holding
NWS Service Management Limited	1,323,943,165	HK$0.1	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

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	Registered/ fully paid capital	Attributable interest[ø] 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 Enjia Youpin Business Management Co., Ltd.	RMB1,000,000[W]	75	Household goods shop operation
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[α]	75	Department store operation
Beijing Xinpeng Enjia Business Management Co., Ltd.	RMB3,900,000[α]	75	Convenience store operation
Beijing Xintong Media & Advertising Co., Ltd.	RMB100,000,000[E]	83	Provision of advertising and media related services
Beijing Yixi New World Department Store Co., Ltd.	RMB65,000,000[W]	75	Department store operation
Chaoming (Chongqing) Investment Company Limited	US$78,000,000[W]	61	Investment holding
Changsha New World Trendy Plaza Co., Ltd.	RMB60,000,000[W]	75	Department store operation
Chengdu New World Department Store Co., Ltd.	RMB70,000,000[W]	75	Department store operation
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.	RMB700,000,000[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 Xinrui Enterprises Development Co., Ltd.	RMB100,000,000[L]	51	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 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

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	Registered/ fully paid capital	Attributable interest[ø] to the Group (%)	Principal activities
Incorporated and operate in the PRC (continued)			
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.	RMB10,000,000[W]	100	Property development
Hangzhou Xinyu Industrial Development Co. Ltd.	RMB10,200,000,000[W]	100	Property development
Harbin New World Department Store Co., Ltd.	RMB126,000,000[W]	75	Department store operation
Hip Seng Facade Engineering (Guangzhou) Company Limited	RMB1,000,000[W]	100	Facade engineering
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
Jiangsu New World Department Store Co., Ltd.	RMB16,000,000[W]	75	Department store operation
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
New World Login (Shenzhen) Co., Ltd. (formerly Login SCM (Shenzhen) Co. Ltd.)	RMB50,000,000[W]	100	Supply chain management
Mianyang New World Department Store Co., Ltd.	RMB14,000,000[W]	75	Department store operation
Miaogou (Beijing) Department Store Co., Ltd.	RMB1,000,000[α]	75	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) Investment Limited	US$130,000,000[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	RMB53,000,000[W]	100	Construction
New World New Land Real Estate (Wuhan) Co., Ltd.	US$590,900,000[W]	100	Property development
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$856,000,000[W]	100	Property development
NWS (Guangong) Investment Company Limited	RMB3,184,853,600[W]	61	Investment holding

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	Registered/ fully paid capital	Attributable interest[α] to the Group (%)	Principal activities
Incorporated and operate in the PRC (continued)			
NWS Modern Logistics (Shenzhen) Limited	RMB5,000,000[E]	61	Investment holding
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
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 Caizi Department Store Co., Ltd.	RMB50,000,000[W]	75	Department store operation
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
Shanghai Nplus Catering Management Co., Ltd.	RMB16,000,000[α]	75	Catering
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 Top One Real Estate Development Co., Ltd.	HK$150,000,000[C]	100	Property development
Shenzhen Topping Real Estate Development Co., Ltd.	HK$291,800,000[W]	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 New World Trendy Plaza Co., Ltd.	RMB30,000,000[W]	75	Department store operation
Tianjin Xin Guang Development Co., Ltd.	US$4,500,000[W]	100	Property investment
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[α]	75	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

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	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 the Netherlands			
New World Hotels Marketing Services Corporation B.V.	EUR18,200	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

L Registered as other type of limited company under PRC law

\+ Registered as limited company under PRC law

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	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				
NWS Holdings Limited	3,911,137,849	HK$1	61	Investment holding
Incorporated in Bermuda and operates in Hong Kong and Mainland China				
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				
Beauty Ocean Limited	1	US$1	61	Investment holding
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
Flying Gravity Limited	1	US$1	61	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$0.1	61	Investment holding
	7,225A	US$0.1	—	
	6,022B	US$0.1	—	
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

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	Share capital issued#			
	Number of shares	Par value per share	Attributable interest to the Group (%)	Principal activities
Incorporated in the British Virgin Islands (continued)				
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
Winner World Group Limited	10	US$1	100	Investment holding
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
Park New Astor Hotel Limited	101	US$1	100	Property investment
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

51 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2021

	Share capital issued#		Attributable interest to the Group (%)	Principal activities
	Number of shares	Par value per share		
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

52 PRINCIPAL JOINT VENTURES

As at 30 June 2021

	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. (formerly Guodian 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 Co., 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 2021

	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
China Aerospace New World Technology Limited	30,000,000	165,000,000	50	Investment holding
Chow Tai Fook Qianhai Investments Company Limited	700	700	29	Shopping mall operation
Earning Yield Limited	1	1	51&	Property development
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
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 World Harbourview Hotel Company Limited	1,001	109,109,750	50	Hotel operation
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 2021

	Share capital issued#			
	Number of shares	Par value per share	Attributable interest to the Group (%)	Principal activities
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	1	US$1	40	Loyalty programme
Landso Investment Limited	100	—	35	Investment holding
Newfoundworld Investment Holdings Limited	5	US$1	20	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 operate in Singapore				
Cuscaden Homes Pte. Ltd.	2,000,000	—	45	Property development
FEC Skyline Pte. Ltd.	4,000,000	—	30	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 2021

	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	7,291,017,794	HK$12,546,847,000	7^	Investment holding
Sky Treasure Development Limited	10	HK$10	30	Investment holding
Incorporated in Hong Kong and operates in Hong Kong, Macau and Mainland China				
SUEZ NWS Limited[H]	20,256,429	HK$5,134,005,207	26	Investment holding and operation of water, wastewater and waste management business
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 2021

	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[H]	793,124,034	HK$0.1	7	Construction
Incorporated in Bermuda and operates in Hong Kong and Mainland China				
DTXS Silk Road Investment Holdings Company Limited	111,187,538	HK$0.5	17	Investment holding
Incorporated in Cyprus and operates in South Africa				
Tharisa plc	269,157,056	US$0.001	9[^]	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			
Chongqing Silian Optoelectronics Science And Technology Co., Ltd.	RMB500,000,000	12	Manufacturing and sale of sapphire substrate and wafer, LED packaging and application
Hangzhou Ring Road Expressway Petroleum Development Co., Ltd.	RMB10,000,000	24	Operation of gasoline station
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
Xiamen Container Terminal Group Co., Ltd.[H]	RMB2,436,604,228	12[^]	Operation of container terminals
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 of each of these companies

H The Group's interest in this company was reclassified as assets held-for-sale as at 30 June 2021

Five-year Financial Summary

CONSOLIDATED INCOME STATEMENT

For the years ended 30 June

	2021 HK$m	2020 HK$m	2019 HK$m	2018 HK$m	2017 HK$m
Revenues	**68,233.2**	59,007.8	76,763.6	60,688.7	56,628.8
Operating profit	**8,528.9**	12,035.4	25,202.1	30,975.3	11,751.3
Net financing income/(costs)	**53.3**	(2,010.9)	(756.3)	(704.3)	(446.1)
Share of results of joint ventures and associated companies	**1,783.3**	769.9	4,683.1	3,082.6	3,925.1
Profit before taxation	**10,365.5**	10,794.4	29,128.9	33,353.6	15,230.3
Taxation	**(5,661.6)**	(7,528.0)	(7,489.8)	(6,272.4)	(4,755.6)
Profit for the year	**4,703.9**	3,266.4	21,639.1	27,081.2	10,474.7
Profit attributable to holders of perpetual capital securities	**(2,282.6)**	(1,688.3)	(803.0)	(536.6)	(395.9)
Profit attributable to non-controlling interests	**(1,249.7)**	(481.9)	(2,676.0)	(3,206.5)	(2,403.1)
Profit attributable to shareholders of the Company	**1,171.6**	1,096.2	18,160.1	23,338.1	7,675.7
Dividend per share (HK$)					
Interim	**0.56**	0.56	0.56	0.56	0.52
Final	**1.50**	1.48	1.48	1.36	1.32
Full year	**2.06**	2.04	2.04	1.92	1.84
Earnings per share (HK$)					
Basic	**0.46**	0.43	7.11	9.36	3.21
Diluted	**0.46**	0.43	7.11	9.34	3.21

Dividend per share and earnings per share for the years ended 30 June 2017, 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

	2021 HK$m	2020 HK$m	2019 HK$m	2018 HK$m	2017 HK$m
Assets					
Investment properties, property, plant and equipment and land use rights, right-of-use assets and intangible concession rights	**240,582.4**	222,337.2	215,537.7	192,135.4	150,125.1
Intangible assets, value of business acquired and deferred acquisition costs	**15,352.5**	14,767.3	3,464.5	3,782.0	3,423.8
Interests in joint ventures, associated companies, other investments and other non-current assets	**163,077.8**	180,819.5	134,118.0	113,482.3	104,526.4
Current assets	**208,064.7**	182,271.9	150,164.7	172,055.1	178,981.0
Total assets	**627,077.4**	600,195.9	503,284.9	481,454.8	437,056.3
Equity					
Share capital	**78,373.3**	78,225.7	77,875.3	77,525.9	73,233.6
Reserves	**144,955.5**	134,797.6	145,989.2	138,724.0	112,857.6
Shareholders' funds	**223,328.8**	213,023.3	223,864.5	216,249.9	186,091.2
Perpetual capital securities	**48,938.2**	37,092.0	21,505.5	9,451.8	9,451.8
Non-controlling interests	**31,925.4**	29,629.8	29,994.5	29,480.2	25,401.5
Total equity	**304,192.4**	279,745.1	275,364.5	255,181.9	220,944.5
Current liabilities	**149,561.3**	152,609.4	101,256.6	94,689.3	79,500.6
Non-current liabilities	**173,323.7**	167,841.4	126,663.8	131,583.6	136,611.2
Total equity and liabilities	**627,077.4**	600,195.9	503,284.9	481,454.8	437,056.3

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	pentahotel Hong Kong, Kowloon	695
5	Hyatt Regency Hong Kong, Sha Tin	562
6	Novotel Citygate Hong Kong	440
	Subtotal	**3,478**
	Mainland China	
7	Rosewood Beijing	283
8	New World Beijing Hotel	309
9	pentahotel Beijing	307
10	New World Shunde Hotel	370
11	New World Wuhan Hotel	327
12	KHOS Langfang	294
13	KHOS Qingyuan	217
14	KHOS Shenyang	400
	Subtotal	**2,507**
	Southeast Asia	
15	New World Makati Hotel, The Philippines	578
16	New World Saigon Hotel, Vietnam	533
17	Renaissance Riverside Hotel Saigon, Vietnam	336
18	Rosewood Phuket, Thailand	71
	Subtotal	**1,518**
	Grand Total	**7,503**

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	445,776	63.52%
3	The Southside Package 5	95,563	636,152	50.00%
	Subtotal	**184,206**	**1,554,122**	
	Kowloon			
4	888 Lai Chi Kok Road, New Kowloon Inland Lot No. 6582, Cheung Shun Street, Cheung Sha Wan	44,897	529,185	100.00%
5	New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan	30,925	363,392	100.00%
6	New Kowloon Inland Lot No. 6574, 4B3, Kai Tak	104,475	574,615	29.30%
7	New Kowloon Inland Lot No. 6552, 4C2, Kai Tak	105,110	641,168	18.00%
8	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak	103,151	722,060	10.00%
9	Yau Tong Redevelopment Project, Kowloon East	808,397	3,982,722	10.88%
	Subtotal	**1,196,955**	**6,813,142**	
	New Territories			
10	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%
11	DD221, Sha Ha, Sai Kung	593,635	890,452	76.00%
12	Lung Tin Tsuen (Phase 2), Yuen Long	88,157	440,785	100.00%
13	Lung Tin Tsuen (Phase 4), Yuen Long	56,284	281,422	100.00%
14	Tong Yan San Tsuen (Phase 3), Yuen Long	88,658	88,658	100.00%
15	Tong Yan San Tsuen (Phase 4), Yuen Long	232,083	232,083	100.00%
16	Sha Po North (Phase 2), Yuen Long	TBD	373,240	34.81%
17	DD110, Kam Tin, Yuen Long	169,855	67,942	100.00%
	Subtotal		**4,424,909**	
	Grand Total		**12,792,173**	

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
(3) Others include public carpark, children care centre and elderly care centre

	Attributable GFA				
Residential (sq ft)	**Retail (sq ft)**	**Office (sq ft)**	**Others (sq ft)**	**Total Attributable GFA (sq ft)**	**Stage of Completion[1]**
77,691				77,691	S
87,577				87,577	S
123,139	65,795	94,224		283,158	D
318,076				318,076	S
606,483	**65,795**	**94,224**	**–**	**766,502**	
	415	492,333	36,437[3]	529,185	S
	6,008	353,064	4,320	363,392	S
168,362				168,362	S
111,523	3,888			115,411	F
72,206				72,206	S
422,607	10,793	–	–	433,400	LE
774,698	**21,104**	**845,397**	**40,757**	**1,681,956**	
495,323				495,323	S
871,965				871,965	S
683,039				683,039	S
676,744				676,744	
440,785				440,785	
281,422				281,422	
88,658				88,658	
232,083				232,083	
129,925				129,925	
67,942				67,942	
3,967,886				**3,967,886**	
5,349,067	**86,899**	**939,621**	**40,757**	**6,416,344**	

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	435,157	435,157
	Rosewood Hotel & Residences of Victoria Dockside, Tsim Sha Tsui	1,106,202	1,106,202
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,156,787	1,156,787
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,866	379,866
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
	Subtotal	**4,310,351**	**4,139,575**
	New Territories		
16	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518
17	D • PARK, Tsuen Wan	466,400	466,400
18	Hyatt Regency Hong Kong, Sha Tin(1)	538,000	538,000
19	Citygate, Tung Chung(4)	659,693	131,939
	Novotel Citygate Hong Kong	236,763	47,353
20	Tung Chung Town Lot No. 11, Tung Chung	472,815	94,563
21	PARK SIGNATURE, Yuen Long	24,155	24,155
	Subtotal	**11,726,826**	**4,492,928**
	Grand Total	**18,526,805**	**10,554,785**
	TO BE COMPLETED/UNDER CONSTRUCTION		
22	21 Luk Hop Street, San Po Kong	120,292	120,292
23	New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan	998,210	998,210
24	11 SKIES, SKYCITY Project(1)	3,767,400	3,767,400
	Grand Total	**23,412,707**	**15,440,687**

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; TBD = To be determined
(2) Meeting rooms
(3) Logistics centre
(4) Includes Tung Chung Crescent
(5) Industrial
(6) Total number of carpark of Victoria Dockside
(7) 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
	8,708	478,796			165	2083/2088/2090
	69,173			18,826(2)	1,070	2060
			262,464			2060
			272,259			2060
	21,476					2868
		40,405				2084
	240,688	**1,128,045**	**534,723**	**18,826**	**1,620**	
		435,157				2052
				1,106,202(7)		2052
	1,156,787				1,116(6)	2052
				379,866(7)		2052
	335,939				240	2057
			138,939			2057
			285,601			2057
	1,567	202,947			28	2047
	26,669				7	2062
	31,086	33,433				2047
	5,382					2081
	1,557,430	**671,537**	**424,540**	**1,486,068**	**1,391**	
				3,190,518(3)		2047
	466,400				1,000	2047
			538,000		100	2047
	99,759	32,180			1,213	2047
			47,353		25	2047
	68,105		26,350	108	127	2063
	24,155					2058
	658,419	**32,180**	**611,703**	**3,190,626**	**2,465**	
	2,456,537	**1,831,762**	**1,570,966**	**4,695,520**	**5,476**	
				120,292(5)		2047
	38,062	960,148				2067
	TBD	TBD		TBD		2066
	2,494,599	**2,791,910**	**1,570,966**	**4,815,812**	**5,476**	

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 Phase 1D	Subsidiary	100%
	Guangzhou	Guangzhou Covent Garden Remaining Phases	Subsidiary	100%
2	Guangzhou	Guangzhou Park Paradise Remaining Phases	Subsidiary	100%
3	Guangzhou	New World Zhengcheng Comprehensive Development Project	Subsidiary	100%
4	Guangzhou	Guangzhou Panyu Hanxi Comprehensive Development Project	Subsidiary	65%
5	Guangzhou	Guangzhou Zengcheng International Community Project	Subsidiary	100%
6	Guangzhou	Guangzhou Panyu International School Project	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 CF35	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 Remaining Phases	Subsidiary	90%
8	Shenzhen	Shenzhen Qianhai Project	Associated company	30%
9	Shenzhen	Shenzhen Prince Bay Project DY02-04	Associated company	49%
10	Shenzhen	Shenzhen Prince Bay Project DY04-01	Subsidiary	51%
	Shenzhen	Shenzhen Prince Bay Project DY04-04	Subsidiary	51%
	Shenzhen	Shenzhen Prince Bay Project DY04-02	Subsidiary	51%
11	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
105,590	95,302	10,288	–	–	27,834	Under development	Jan 2022
239,936	220,737	19,199	–	–	28,315	Under planning	Jun 2025
112,372	87,339	25,033	–	–	15,518	Under development	Jun 2023
284,328	99,077	13,787	142,305	29,159	104,399	Under development	Jun 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
–	–	–	–	–	153,744	Under development	Dec 2023
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	May 2022
6,325	6,325	–	–	–	714	Under development	Jun 2022
30,993	30,993	–	–	–	12,397	Under development	Oct 2023
53,213	53,213	–	–	–	21,285	Under planning	Oct 2023
18,701	18,701	–	–	–	7,480	Under planning	Aug 2024
3,771	3,771	–	–	–	–	Under planning	Feb 2024
23,009	23,009	–	–	–	–	Under planning	Apr 2024
16,563	16,563	–	–	–	–	Under planning	Jun 2023
3,130	3,130	–	–	–	–	Under planning	Jun 2023
15,225	15,225	–	–	–	–	Under planning	Oct 2023
28,766	28,766	–	–	–	11,506	Under planning	Jun 2023
15,123	15,123	–	–	–	–	Under planning	Jun 2023
23,814	23,814	–	–	–	9,526	Under planning	Apr 2024
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	Apr 2024
105,959	21,068	–	–	84,891	46,995	Under planning	TBC
175,671	–	27,937	147,734	–	55,491	Under development	Jul 2022
79,566	54,726	24,840	–	–	39,802	Under development	Aug 2021
122,749	–	98,000	24,749	–	61,551	Under development	Apr 2024
96,307	–	96,307	–	–	48,593	Under development	Apr 2024
6,900	–	6,900	–	–	2,100	Under development	Apr 2024
55,882	50,362	5,520	–	–	24,148	Under planning	TBC
2,616,232	**1,681,248**	**444,614**	**376,320**	**114,050**	**1,180,624**		

MAJOR PROPERTY DEVELOPMENT PROJECTS IN MAINLAND CHINA (CONTINUED)

No	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Central Region		
12	Wuhan	Wuhan New World • Times Phase II	Subsidiary	100%
13	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 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)		
14	Ningbo	Ningbo New World Plaza Land No.5	Subsidiary	100%
	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%
15	Hangzhou	Hangzhou Wangjiang New Town Project	Subsidiary	100%
16	Shanghai	Shanghai Huangpu Huaihai Middle Road Land	Subsidiary	100%
		Subtotal		
		Northern Region		
17	Beijing	Beijing New View Garden Commercial Centre	Joint venture	70%
	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%
20	Jinan	Jinan New World Sunshine Garden District BC	Subsidiary	100%
		Subtotal		
		North-eastern Region		
21	Shenyang	Shenyang New World Garden Phase 2C1	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2C2	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2FG	Subsidiary	100%
22	Shenyang	Shenyang New World Centre SA3	Subsidiary	100%
	Shenyang	Shenyang New World Centre SA1	Subsidiary	100%
	Shenyang	Shenyang New World Centre SA2	Subsidiary	100%
	Shenyang	Shenyang New World Centre O1	Subsidiary	100%
	Shenyang	Shenyang New World Centre O2	Subsidiary	100%
23	Anshan	Anshan New World Garden Phase 2B3	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
272,444	–	31,950	240,494	–	140,307	Under planning	Jun 2026
17,990	17,990	–	–	–	–	Under planning	TBC
11,124	11,124	–	–	–	–	Under planning	TBC
56,897	–	56,897	–	–	–	Under planning	TBC
7,334	7,334	–	–	–	–	Under planning	TBC
112,969	106,391	6,578	–	–	–	Under planning	TBC
145,436	145,436	–	–	–	48,570	Under planning	TBC
624,194	**288,275**	**95,425**	**240,494**	**–**	**188,877**		
127,975	–	1,400	85,306	41,269	41,492	Under development	Aug 2021
57,115	–	23,331	33,784	–	24,727	Under development	Apr 2022
7,983	–	7,983	–	–	58,565	Under development	Apr 2022
14,633	–	14,633	–	–	19,384	Under development	Jul 2023
28,132	–	19,692	8,440	–	18,149	Planning completed	Jul 2023
18,223	–	18,223	–	–	13,572	Planning completed	Jul 2023
11,360	–	5,510	5,850	–	5,026	Planning completed	Jul 2023
451,955	151,316	166,082	89,625	44,932	288,229	Under development	Mar 2024
95,800	–	53,200	42,600	–	35,000	Under development	Apr 2025
813,176	**151,316**	**310,054**	**265,605**	**86,201**	**504,144**		
21,294	–	9,063	12,231	–	13,513	Under development	Aug 2021
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	TBC
62,404	–	5,697	37,162	19,545	18,433	Under development	TBC
610,197	**254,450**	**257,869**	**78,333**	**19,545**	**428,773**		
75,298	75,298	–	–	–	–	Under development	Aug 2021
229,510	218,859	10,651	–	–	40,232	Under development	Nov 2023
42,202	–	42,202	–	–	51,375	Planning completed	Aug 2025
75,354	75,354	–	–	–	–	Under development	Mar 2022
107,589	107,589	–	–	–	–	Under development	May 2022
104,142	104,142	–	–	–	–	Under development	Apr 2022
94,616	–	–	94,616	–	–	Under planning	TBC
94,616	–	–	94,616	–	–	Under planning	TBC
16,249	16,249	–	–	–	–	Planning completed	Apr 2024
189,000	189,000	–	–	–	–	Under planning	TBC
1,028,576	**786,491**	**52,853**	**189,232**	**–**	**91,607**		
5,692,375	**3,161,780**	**1,160,815**	**1,149,984**	**219,796**	**2,394,025**		

MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA

No.	Region	Name of Completed 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%
3	Guangzhou	Guangzhou Xintang New World Garden	Joint venture	63%
4	Guangzhou	Guangzhou Central Park-view Area L8	Subsidiary	91%
5	Guangzhou	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%
6	Guangzhou	Guangzhou Dong Yi Garden Phase 4	Subsidiary	100%
7	Foshan	Canton First Estate CF19A (T5, T6)	Subsidiary	90%
8	Huizhou	Huizhou Changhuyuan Phase 1	Joint venture	63%
		Huizhou Changhuyuan Phase 3	Joint venture	63%
9	Shunde	Shunde New World Centre	Joint venture	42%
10	Shunde	New World Shunde Hotel	Joint venture	25%
11	Qingyuan	KHOS Qingyuan	Subsidiary	100%
		Subtotal		
		Central Region		
12	Wuhan	Wuhan Guanggu New World A	Subsidiary	100%
		Wuhan Guanggu New World B	Subsidiary	100%
13	Wuhan	Wuhan K11 Select	Subsidiary	100%
14	Wuhan	Wuhan New World International Trade Tower 1	Subsidiary	100%
		Wuhan New World International Trade Tower 2	Subsidiary	100%
15	Wuhan	Wuhan New World Centre	Subsidiary	100%
16	Wuhan	Wuhan K11	Subsidiary	100%
17	Wuhan	New World Wuhan Hotel	Joint venture	60%
		Subtotal		
		Eastern Region (The Yangtze River Delta Region)		
18	Shanghai	Shanghai Hong Kong New World Tower	Subsidiary	50%
19	Nanjing	Nanjing New World Centre	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)
	23,751	–	23,751	–	–	25,146
	142,964	22,112	57,446	–	63,406	89,832
	27,299	–	27,299	–	–	10,142
	47,277	29,869	17,408	–	–	5,157
	6,906	–	6,906	–	–	438
	221	–	221	–	–	1,429
	11,043	11,043	–	–	–	–
	303	–	303	–	–	6,952
	51	–	51	–	–	10,242
	26,899	–	26,899	–	–	14,940
	36,524	–	–	–	36,524	–
	47,667	–	–	–	47,667	3,842
	370,905	**63,024**	**160,284**	**–**	**147,597**	**168,120**
	58,714	–	–	–	58,714	21,363
	2,159	–	2,159	–	–	–
	57,155	–	56,354	801	–	55,437
	104,556	–	–	104,556	–	17,237
	10,005	–	–	10,005	–	–
	4,424	–	2,449	1,975	–	–
	146,330	–	95,011	51,319	–	64,875
	29,974	–	–	563	29,411	5,639
	413,317	**–**	**155,973**	**169,219**	**88,125**	**164,551**
	116,023	–	35,474	80,549	–	14,362
	41,712	–	41,712	–	–	–
	157,735	**–**	**77,186**	**80,549**	**–**	**14,362**

MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA (CONTINUED)

No.	Region	Name of Completed Project	The Group's Accounting Classification	The Group's Interest
		Northern Region		
20	Beijing	Beijing New World Centre Phase 1	Joint venture	70%
		Beijing New World Centre Phase 2	Subsidiary	100%
21	Beijing	Beijing New View Garden	Joint venture	70%
22	Beijing	Beijing Xin Yu Garden	Joint venture	70%
23	Beijing	Beijing Xin Kang Garden	Joint venture	70%
24	Beijing	Beijing Baoding Building Shopping Arcade	Subsidiary	100%
25	Beijing	pentahotel Beijing	Joint venture	55%
26	Beijing	New World Beijing Hotel	Joint venture	70%
27	Beijing	Beijing Jing Guang Centre	Subsidiary	52%
28	Beijing	Rosewood Beijing	Subsidiary	82%
29	Tianjin	Tianjin Xin An New World Plaza	Subsidiary	100%
30	Tianjin	Tianjin Xin Hui Hua Ting	Subsidiary	100%
31	Langfang	KHOS Langfang	Subsidiary	100%
32	Langfang	Langfang New World Centre B	Subsidiary	100%
33	Tangshan	Tangshan New World Centre Phase 2	Subsidiary	100%
34	Jinan	Jinan New World Sunshine Garden East District 2	Subsidiary	100%
		Jinan New World Sunshine Garden West	Subsidiary	100%
		Subtotal		
		North-eastern Region		
35	Shenyang	Shenyang New World Garden Phase 1E	Subsidiary	100%
		Shenyang New World Garden Phase 2A	Subsidiary	100%
		Shenyang New World Garden Phase 1XA	Subsidiary	100%
		Shenyang New World Garden Phase 2D1	Subsidiary	100%
		Shenyang New World Garden Phase 2D2	Subsidiary	100%
		Shenyang New World Garden Phase 2C1	Subsidiary	100%
36	Shenyang	Shenyang New World Centre	Subsidiary	100%
37	Shenyang	Shenyang K11	Subsidiary	100%
38	Shenyang	KHOS Shenyang	Subsidiary	100%
39	Anshan	Anshan New World Garden	Subsidiary	100%
40	Dalian	Dalian New World Plaza	Subsidiary	88%
41	Dalian	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)
74,232	–	74,232	–	–	19,956
47,345	–	47,345	–	–	27,014
4,030	–	4,030	–	–	15,988
3,603	–	3,603	–	–	21,197
12,011	–	12,011	–	–	28,185
40,286	–	40,286	–	–	22,000
23,988	–	–	–	23,988	–
53,998	–	–	–	53,998	–
50,538	22,545	–	27,993	–	–
58,262	–	–	–	58,262	–
87,055	–	80,441	6,614	–	11,284
25,876	–	25,876	–	–	–
46,421	–	–	–	46,421	–
7,016	–	7,016	–	–	–
86,060	–	37,775	48,285	–	–
1,009	–	1,009	–	–	10,247
4,000	–	4,000	–	–	–
625,730	**22,545**	**337,624**	**82,892**	**182,669**	**155,871**
5,038	–	5,038	–	–	22,517
4,602	–	4,602	–	–	125,033
5,862	–	3,859	2,003	–	–
852	–	852	–	–	43,714
6,661	–	6,661	–	–	48,757
18,987	–	18,987	–	–	43,810
29,924	–		–	29,924	237,934
264,038	–	264,038	–	–	–
69,751	–	–	–	69,751	–
2,349	–	2,349	–	–	149,249
49,413	–	49,413	–	–	19,783
52,835	–	–	–	52,835	21,915
510,312	**–**	**355,799**	**2,003**	**152,510**	**712,712**
2,077,999	**85,569**	**1,086,866**	**334,663**	**570,901**	**1,215,616**

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	Hunan Sui-Yue Expressway	24.08 km	40.00%	EJV	December 2011	2038
16	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

B. Aviation

No.	Name of Company	No. of Aircraft Owned	NWSH's Attributable Interest	NWSH's Form of Investment
1	Goshawk Aviation Limited	2019: 154 2020: 162 2021: 162	50.00%	Equity

C. Construction

No.	Name of Company	Services Offered	NWSH's Attributable Interest	Total Value of Contracts
1	Hip Hing Group	General contracting, construction management, civil engineering works and foundation works	100.00%	Contracts awarded this year: HK$7 billion Contracts on hand: HK$49.4 billion (works to be completed: HK$28.2 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%	Over 3,000	524%

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)

New World Development Company Limited
30/F, New World Tower, 18 Queen's Road Central, Hong Kong
Tel: (852) 2523 1056 Fax: (852) 2810 4673
www.nwd.com.hk

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