

NWS Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock code: 659

Interim
Report
2021-2022

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CORPORATE PROFILE

NWS Holdings Limited (the “Company”, together with its subsidiaries, the “Group”; Hong Kong stock code: 659), headquartered in Hong Kong, invests and operates a wide range of businesses predominantly in Hong Kong and the Mainland. Our core business includes toll roads, commercial aircraft leasing, construction and insurance, while we also manage a strategic portfolio spanning sectors from logistics to facilities management.

As the diversified industries flagship of New World Development Company Limited (“NWD”, together with its subsidiaries, the “New World Group”; Hong Kong stock code: 17), the Group seeks to foster long-term and sustainable growth that benefits our employees, investors and stakeholders.



CHAIRMAN'S STATEMENT

Dear Shareholders,

Despite the pandemic of COVID-19 and its variants still hazing the world burdened with the challenges of looming inflation, interest rates hike and supply chain disruptions, the global economy shimmered to recover more than consensus expectation. It was the achievement of the world and the global citizens. The Group had been facing the same challenges and uncertainties throughout the period and yet could achieve certain growth underpinned by the belief of creating values for its stakeholders. This represented the concerted efforts of the Group and its directors, officers and partners in contriving for the stability of business operations without compromising potential business opportunities.

With all the efforts in optimizing its business portfolio over the past years, the Group is now ready to transit into a growth phase equipped with a stronger balance sheet and recurring cash flow, while staying cautious amid volatility in the market and uncertainties in the business environment. Having stakeholders' interests at heart, the Group believes its relentless efforts in optimizing its

business portfolio will deliver long term value to shareholders and continue to support and foster its sustainable and progressive dividend policy. The Group's dividend has increased twice since last final results is also a vote of confidence for the Group's outlook and to share the rewards with our stakeholders.

Sustainable growth of the Group goes beyond simply business but also the society benefits that brings along. Besides nurturing and supporting community partners, with stronger and closer collaborations within New World Group, and leveraging our business strengths and resources, the Group will continue to make positive social impact through our Creating Shared Value initiatives and community engagement. Echoing the Government of Hong Kong's Climate Action Plan 2050 to achieve carbon neutrality by 2050, the Group is in full support of Hong Kong and the Mainland's goal towards a carbon neutral economy. Together, we thrive to creating shared value among the Group, the community and the environment at large.

Dr Cheng Kar Shun, Henry

Chairman

Hong Kong, 25 February 2022



FINANCIAL HIGHLIGHTS

	For the six months ended	
	31 December	
	2021	2020
	HK\$'m	HK\$'m
Revenue ⁽¹⁾	16,304.2	14,232.5
Profit attributable to shareholders of the Company	1,595.3	611.8
Attributable Operating Profit	2,326.3	3,336.3
Interim dividend per share	HK\$0.30	HK\$0.29
Dividend payout ratio ⁽²⁾	74%	185%

	At	At
	31 December	30 June
	2021	2021
	HK\$'m	HK\$'m
Total assets	157,240.4	152,572.9
Net assets ⁽³⁾	64,832.6	58,454.0
Net assets per share ⁽⁴⁾	HK\$16.58	HK\$14.95
Cash and bank balances	11,674.4	10,804.6
Unutilized committed banking facilities	18,100.0	19,400.0
Net debt ⁽⁵⁾	8,672.1	14,543.4
Net gearing ratio ⁽⁶⁾	13%	25%

Remarks:

- (1) Revenue from continuing operations
- (2) Dividend divided by profit attributable to shareholders of the Company
- (3) Total assets less total liabilities
- (4) Net assets divided by number of issued shares at the end of the period/year
- (5) The aggregate of borrowings and other interest-bearing liabilities less cash and bank balances and short-term deposits
- (6) Net debt divided by total equity

MANAGEMENT DISCUSSION AND ANALYSIS

Group overview

For the six months ended 31 December 2021 (“the Current Period”), the Group delivered a strong result with its recurring businesses remaining solid and its profit attributable to shareholders of the Company registering a remarkable improvement by 161% to HK\$1,595.3 million. The increase in the Group’s profit attributable to shareholders was mainly due to the substantial reduction in non-operating losses in relation to remeasurement, impairments and provisions to HK\$288.7 million from HK\$1,904.4 million for the six months ended 31 December 2020 (“the Last Period”) and the disposal gain of HK\$213.0 million arising from non-core asset disposals versus a disposal loss of HK\$50.7 million in the Last Period, partially offset by the decline in Attributable Operating Profit (“AOP”) contribution from the Strategic Investments segment due to the significant net fair value gain from certain investments in the Last Period and the recognition of net fair value loss and expected credit loss provision on certain investments in the Current Period, as well as the decline in AOP contributions from assets which were reclassified as held-for-sale or fully/partially disposed of during the financial year of 2021 or the Current Period (“Disposed/Held-for-sale Assets”), namely SUEZ NWS Limited (“SUEZ NWS”), Chongqing Derun Environment Co., Ltd. (“Derun Environment”), Xiamen Container Terminal Group Co., Ltd. (“XCTG”), Wai Kee Holdings Limited (“Wai Kee”) and the Transport segment.

The overall AOP of the Group’s recurring businesses, excluding Strategic Investments segment and Disposed/Held-for-sale Assets, grew 5% year-on-year. However, due to the decline in AOP contribution from Strategic Investments segment and Disposed/Held-for-sale Assets, the Group’s overall AOP decreased 30% to HK\$2,326.3 million as compared to the Last Period.

AOP of Core Business dropped by 8% year-on-year to HK\$2,141.5 million, primarily attributable to the aforementioned AOP impact from Wai Kee in the Construction segment as well as the drop in Roads segment’s AOP resulted from the temporary partial prohibition of type 5 and 6 trucks on Hangzhou Ring Road in the Current Period, partly offset by (i) the robust performance of FTLife Insurance Company Limited (“FTLife Insurance”), (ii) steady contribution from NWS Construction Limited and its subsidiaries (collectively, “Hip Hing Group”) and (iii) stabilized performance of Goshawk Aviation Limited (“Goshawk”). Excluding the impact of the Disposed/Held-for-sale Assets, AOP of the recurring businesses of Core Business declined slightly by 3% year-on-year in the Current Period.

Among Strategic Portfolio, while the rapid ramp up of Gleneagles Hospital Hong Kong (“GHK Hospital”), gradual recovery of Hong Kong Convention and Exhibition Centre (“HKCEC”) and cost-saving efforts and new business initiatives of Free Duty have all contributed to the improvement in Facilities Management segment with narrowing losses, the decrease in contribution from Strategic Investments segment due to the lack of significant net fair value gain as well as the recognition of net fair value loss and expected

credit loss provision on certain investments in the Current Period as compared to Last Period, along with the abovementioned reclassification of XCTG which led to a drop in Logistics segment’s AOP, resulted in a decrease in Strategic Portfolio’s AOP by 82% to HK\$184.8 million during the Current Period. Excluding the impact of the Disposed/Held-for-sale Assets and Strategic Investments segment, AOP from recurring businesses within Strategic Portfolio in the Current Period surged by 381% year-on-year.

The non-operating losses incurred in the Current Period, which was significantly lower than the Last Period, was primarily the result of the Group’s share of provision totalled HK\$274.0 million (Last Period: HK\$415.9 million) from assets impairments, provision for expected credit loss and aircraft repossession/recovery costs from Goshawk, partially offset by the gain of HK\$269.0 million from the disposal of SUEZ NWS.

Finance costs decreased in the Current Period owing to lower interest rate and average loan balance due to deleveraging through using some of the proceeds from the non-core asset disposals. In addition, the Group recorded a net gain on fair value of derivative financial instruments during the Current Period versus a net loss recorded in the Last Period.

Profit attributable to shareholders for the Current Period, after the deduction of profit attributable to holders of perpetual capital securities, increased by 161% to HK\$1,595.3 million. The basic earnings per share was HK\$0.41, increased by 161%.

Contribution from operations in Hong Kong accounted for 42% of the AOP in the Current Period (Last Period: 48%), while Mainland China and other regions contributed 41% and 17% of the AOP, respectively (Last Period: 42% and 10%, respectively). Adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) was down by 19% to HK\$3,245.8 million.

During the Current Period, the Group completed the disposal of XCTG and SUEZ NWS in October and November 2021, respectively, generating a total cash amount of approximately HK\$6.2 billion. The proceeds from the abovementioned disposals will be used to fund our future investments as well as foster our sustainable and progressive dividend policy.

The Group further strengthened its financial position during the Current Period. The decrease in net debt balance to HK\$8.7 billion (30 June 2021: HK\$14.5 billion; 31 December 2020: HK\$15.3 billion), together with the increase in total equity during the Current Period brought about by the share of revaluation gain by the Group upon reclassification of a logistics property held by a joint venture from property, plant and equipment to investment property, resulted in a substantial reduction in net gearing ratio to 13% (30 June 2021: 25%; 31 December 2020: 26%).

As at 31 December 2021, the Group had over HK\$4 billion sustainability-linked facilities. We will continue to look for other sustainable and green finance option going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

Contribution by Division

For the six months ended 31 December

	2021	2020
	HK\$m	HK\$m
Core Business	2,141.5	2,322.2
Strategic Portfolio		
Continuing operations	63.8	764.9
Discontinued operations	121.0	249.2
Attributable Operating Profit	2,326.3	3,336.3
<i>Corporate office and non-operating items</i>		
Loss on fair value of investment properties	–	(14.3)
Remeasurement, impairments and provisions	(288.7)	(1,904.4)
Net gain/(loss) on disposal of projects, net of tax	213.0	(50.7)
Net gain/(loss) on fair value of derivative financial instruments	21.9	(54.1)
Interest income	27.0	14.7
Finance costs	(226.9)	(249.9)
Expenses and others	(185.8)	(174.3)
	(439.5)	(2,433.0)
Profit for the period after tax and non-controlling interests	1,886.8	903.3
Profit attributable to:		
Shareholders of the Company	1,595.3	611.8
Holders of perpetual capital securities	291.5	291.5
	1,886.8	903.3
Adjusted EBITDA#	3,245.8	(Restated) 3,989.3

Adjusted EBITDA is calculated as operating profit excluding depreciation/amortization, gain/(loss) on disposal of projects (before tax), remeasurement/impairments/provisions and fair value change of investment properties, plus dividends received from associated companies and joint ventures, and any other relevant adjustments.

MANAGEMENT DISCUSSION AND ANALYSIS

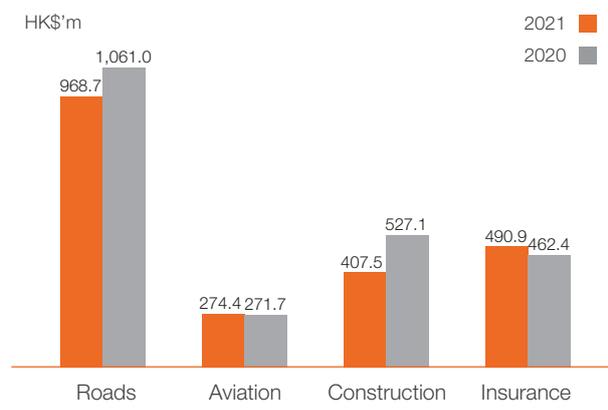
Operational Review – Core Business

AOP of Core Business was HK\$2,141.5 million during the Current Period, representing 92% of the Group's AOP.

AOP Contribution by Segment

For the six months ended 31 December	2021 HK\$m	2020 HK\$m	Change % Fav./(Unfav.)
Roads	968.7	1,061.0	(9)
Aviation	274.4	271.7	1
Construction ^Ω	407.5	527.1	(23)
Insurance	490.9	462.4	6
Total	2,141.5	2,322.2	(8)

Ω Wai Kee was reclassified as an asset held-for-sale in December 2020 and the Group no longer shares its profit since then



Roads

Roads segment's performance remained largely stable amid all the negative external impacts and our efforts in enriching our roads portfolio have been bearing fruits. During the Current Period, contribution from the three expressways in Central region of the Mainland that the Group acquired in the past few years, including Suiyuenan Expressway, Sui-Yue Expressway and Changliu Expressway, continued to grow. Excluding the financial incentives associated with the investments in Changliu Expressway and Sui-Yue Expressway, AOP contribution from these three roads grew 3% year-on-year and accounted for over 11% of the Roads segment's AOP. Meanwhile, negative impact from resurgence of COVID-19 in various provinces, power crunch and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road have prompted a slight drop of 2% in overall traffic volume and a drop of 7% in toll revenue of our road portfolio. AOP of the Roads segment in the Current Period dropped by 9% to HK\$968.7 million. Excluding the impact of Renminbi appreciation, underlying AOP from operation of the Roads segment declined by 14% over the Last Period.

In the Current Period, the Group's major expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road, Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and the three expressways in Central region, collectively contributed over 80% of the Roads segment's AOP. Excluding Hangzhou Ring Road, overall traffic volume of the remaining major expressways continued to see steady growth of 1% year-on-year. Including Hangzhou Ring Road, overall traffic flow recorded a 3% year-on-year decline due to the aforesaid challenge faced by Hangzhou Ring Road.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Aviation

The Group's Aviation segment engages in commercial aircraft leasing business through our full service leasing platform Goshawk. During the Current Period, thanks to the gradual recovery in domestic flights and continued border reopening around the world, overall aviation industry has been stabilizing. Against the background of industry stabilization, Goshawk's AOP during the Current Period was steady at HK\$274.4 million, despite negative impact from certain lease restructurings and airline reorganizations. A mark-to-market accounting gain of HK\$26.4 million (Last Period: gain of HK\$12.5 million) from interest rate swap contracts was shared by the Group in the Current Period.

Included in the non-operating items of the Current Period, a provision of HK\$274.0 million (Last Period: HK\$415.9 million) was shared by the Group for impairment on assets and provision for expected credit loss, as well as aircraft repossession/recovery costs resulted from lease restructurings and airline reorganizations driven by the impact of COVID-19.

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

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

Construction

Our Construction segment comprises mainly our wholly-owned interest in Hip Hing Group. In the Current Period, performance of Hip Hing Group remained resilient with AOP remaining steady at HK\$401.1 million, notwithstanding challenges from keen competition and rising material costs. Driven by the absence of share of profit by the Group from Wai Kee (Last Period: HK\$125.4 million) following the reclassification from an associated company to an asset held-for-sale in December 2020 and only dividend income was recognized afterwards, overall Construction segment's AOP saw a 23% drop to HK\$407.5 million. Major projects of Hip Hing Group during the Current Period included construction management services for Kai Tak Sports Park, foundation works for New Acute Hospital at Kai Tak (Sites A & B), commercial development for AIRSIDE at Kai Tak, Two Taikoo Place at Quarry Bay and Inland Revenue Centre at Kai Tak.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Insurance

While continued border closure due to COVID-19 outbreak has prevented Mainland visitors from coming to Hong Kong and affected the performance of the entire insurance industry, FTLife Insurance has outperformed the market with a steady growing trend, partially offset by the negative impact from the increase in medical claims during the Current Period. In the Current Period, FTLife Insurance recorded a year-on-year growth of 6% in AOP to HK\$490.9 million.

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

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

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

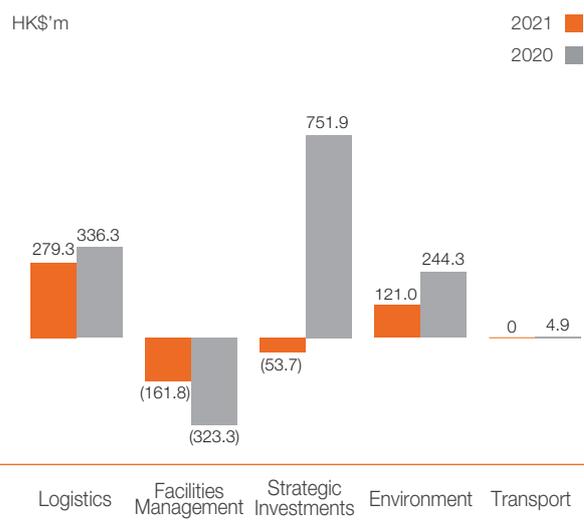
Operational Review – Strategic Portfolio

The Strategic Portfolio reported an AOP of HK\$184.8 million in the Current Period.

AOP Contribution by Segment

For the six months ended 31 December	2021 HK\$m	2020 HK\$m	Change % Fav./Unfav.)
Logistics ^Φ	279.3	336.3	(17)
Facilities Management	(161.8)	(323.3)	50
Strategic Investments	(53.7)	751.9	(107)
Discontinued operations			
Environment	121.0	244.3	(50)
Transport	–	4.9	(100)
Total	184.8	1,014.1	(82)

Φ XCTG was reclassified as an asset held-for-sale as at 30 June 2021 and the Group no longer shares its profit since then



MANAGEMENT DISCUSSION AND ANALYSIS

Logistics

The performance of the Logistics segment (excluding XCTG which was reclassified as an asset held-for-sale as at 30 June 2021) remained solid, with AOP decreasing 1% year-on-year. Taking into account the lack of profit contribution from XCTG (Last Period: HK\$54.7 million) after its disposal, overall Logistics segment witnessed a drop in AOP by 17% to HK\$279.3 million during the Current Period.

ATL Logistics Centre Hong Kong Limited (“ATL”) continued to report resilient results in the Current Period and accounted for over 85% of the segment’s AOP. Demand for ATL’s prime warehouse space and sign up of new renowned quality tenants have defied the challenges posed on the warehouse leasing market due to COVID-19 outbreak in Hong Kong, fuelling ATL’s average rent to grow by 2% with occupancy rate maintaining at an almost fully let level of 99.0%.

In the Current Period, in order to reflect the latest income mix and business model of the property, as well as the relevant market trend, the Group reclassified ATL Logistics Centre from property, plant and equipment to investment property. A revaluation gain equalling to the difference between the fair value and carrying value of the property shared by the Group amounted to HK\$6,312.1 million (net of tax) and such amount was dealt with in the property revaluation reserve. Following the reclassification, the Group’s share of the net asset value of ATL increased to approximately HK\$7.3 billion, representing approximately 11% of the Group’s net asset value as at 31 December 2021.

Propelled by the robust growth in ancillary logistics services, AOP of China United International Rail Containers Co., Limited (“CUIRC”) increased by 9% year-on-year despite its throughput took a hit from the resurgence of COVID-19, adverse weather condition and power shortage that affected factory production in some parts of the Mainland and declined by 8% to 2,300,000 TEUs in the Current Period. The new Guangzhou terminal has commenced operation in late December 2021, while doubling of handling capacity of Wuhan terminal was completed in the Current Period and expansion of Zhengzhou terminal capacity is underway.

The Group completed the disposal of the entire 20% stake in XCTG in October 2021 and this marked the full exit of all investments in port-related projects by the Group.

The Group has made progress in expanding in modern logistics sector in the Current Period through investing in various companies such as 全球捷運(上海)供應鏈科技有限公司 (Worldex (Shanghai) Supply Chain Technology Limited*), an integrated logistics service provider with network covering major ports in the Mainland including Qingdao, Shanghai, Ningbo, Shenzhen and Xiamen, as well as ANE (Cayman) Inc., a leading player in the Mainland’s less-than-truckload market (currently included under Strategic Investments segment). Together with ATL and CUIRC, we aim to build an ecosystem within Logistics segment which is anticipated to generate synergies and is expected to benefit the whole Logistics segment in the coming future.

Facilities Management

Thanks to the improvement in performance of all the three businesses within the Facilities Management segment, Attributable Operating Loss (“AOL”) further narrowed by 50% to HK\$161.8 million during the Current Period.

GHK Hospital continued to generate positive EBITDA after achieving breakeven since May 2021. Thanks to our first-rate healthcare service and advanced equipment efforts, revenue grew markedly in the Current Period, with number of outpatients growing by 49% and number of inpatients increasing by 20%. As at 31 December 2021, number of regularly utilized beds was 238 (31 December 2020: 204), while average occupancy rate during the Current Period was 64%. In supporting the social initiatives on fighting COVID-19, GHK Hospital participated in Hong Kong Government’s COVID-19 Vaccination Programme to provide vaccination service which demonstrated our dedication in serving the public.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

HKCEC's AOL narrowed noticeably during the Current Period upon the scaling back of the social-distancing measures imposed by the Hong Kong Government and the resumption of local and smaller-scale events. Our adoption of a series of stringent preventive measures, introduction of new technology and close communication with event organizers have successfully fuelled the growth of the number of events held by 219% to 335 while patronage increased by 611% to around 2.6 million. In recognition of HKCEC's endeavours to provide world-class services and facilities to our customers, HKCEC was voted the "Best Convention Centre (North Asia)" for the second time in a row in the M&C Asia 2021 Stella Awards organised by Northstar Meetings Group as well as the "Exhibition Venue of the Year – Hong Kong" in the 2021 APAC Business Awards organised by APAC Insider magazine. During the Current Period, HKCEC's AOL represented approximately 21% of the segment's AOL.

Operating environment for Free Duty remained muted in the Current Period amid border closure due to COVID-19, and our three outlets at Lo Wu, Hung Hom and Lok Ma Chau MTR stations remained closed. Yet, with our cost-saving efforts, increase in AOP from our only operating outlet at Hong Kong-Zhuhai-Macao Bridge and positive contribution from our other new business initiatives such as pop-up stores at D-PARK and THE FOREST as well as our e-commerce website, FDMALL, AOL of Free Duty narrowed in the Current Period.

Strategic Investments

This segment includes investments with strategic value to the Group and with growth potential which will enhance and create value for our shareholders. AOL in the Current Period, which mainly comprised the share of results, net fair value change, interest and dividends from certain investments, was HK\$53.7 million (Last Period AOP: HK\$751.9 million), mainly attributable to the lack of significant net fair value gain as well as the recognition of net fair value loss and expected credit loss provision on certain investments in the Current Period as compared with the Last Period.

Discontinued Operations Environment

On 15 November 2021, the Group completed the disposal of SUEZ NWS. The gain of approximately HK\$269.0 million was recognized and included in the non-operating items and a dividend income of HK\$121.0 million was received and recognized during the Current Period.

Business Outlook

COVID-19 and its variants have been taking their toll on the world, not only causing economic dislocation, but also disrupting the livelihood of human being. Thanks to the massive roll out of vaccination around the globe and the substantial fiscal and monetary policy measures from governments, the world's economy is well on track for recovery. That said, challenges such as new COVID-19 variants outbreak, geopolitical tension, inflation pressure, supply chain disruptions and impending interest rates hike continue to warrant our close attention.

On the Mainland front, notwithstanding all the headwinds it is encountering, it is expected to remain as one of the key growth drivers of the world, thanks to the Mainland Government's efforts in supporting the economy and controlling the COVID-19 outbreak in the past two years. Meanwhile, the expected resumption of cross border travel in 2022 is stand to be another booster to the economy of both the Mainland and Hong Kong.

Despite various negative external factors impacting the performance of our Roads segment in the Current Period, our positive long-term view on the business remains unscathed, underpinned by the continuous economic growth in the Mainland, growth in car-ownership and continued expansion in the logistics sector. We will continue to expand our roads portfolio, especially roads in the Mainland in areas with bright long-term growth prospect to capture the growth opportunities ahead. Meanwhile, negotiation with the Mainland Government in relation to the compensation measures for toll fee exemption period such as extension of concession period is still on-going. Recently, Hunan, Hubei, Guangdong and Shanxi provinces have already had compensation policies to extend concession period for at least 79 days while some other provinces are still pending. We will continue to seek the best solution to protect stakeholders' interest.

MANAGEMENT DISCUSSION AND ANALYSIS

While the aviation industry has seen recovery in the Current Period, the consecutive waves of COVID-19 driven by the variant outbreaks and looming interest rates hike have been casting shadow on the recovery path and reshaping the risk landscape of the industry. Against the backdrop of such lingering uncertainties, the Group will remain prudent and cautious, employing measured and disciplined business strategy as well as risk management strategy to minimize our risk exposure which are in the best long-term interest of our stakeholders.

While construction tenders offered in the market in Hong Kong were affected by the outbreak of COVID-19 over the past two years, in the wake of Hong Kong Government's commitment to boost housing supply in response to the housing shortage and plan to develop Northern Metropolis which would guarantee the mid- to longer-term supply of contracts from Government and the private sector, we expect these will benefit Hip Hing Group as a leading construction company in Hong Kong with strong track record. Meanwhile, Hip Hing Group is also exploring new income streams including tenders from civil-related projects such as site formation and deep excavation works which are part of its core competence. In the face of margin pressure arising from keen competition and edging up staff and material costs, Hip Hing Group will continue to utilize various means including optimizing building procedures and making use of different construction technologies to mitigate cost pressure and improve safety and working environment for our staff and workers.

In preparation for the release of pent-up demand from Mainland visitors once the border reopens, FTLife Insurance has been strengthening its agency force with higher productivity and MDRT qualification to grasp the opportunity. Meanwhile, FTLife Insurance will continue to innovate its insurance products to cater to the needs of not only upcoming Mainland visitors, but also Hong Kong locals who seek better insurance coverage. Exploration of new distribution channels is also ongoing to add new income streams. Being part of the ecosystem of New World Group, FTLife Insurance enjoys the competitive advantage versus peers through the business synergies within the New World Group. Through further integration and collaboration with the New World Group, we envisage further growth opportunities ahead.

Among Strategic Portfolio, keen demand for quality warehouse space at ATL Logistics Centre and strong demand in logistics in the Mainland that benefits CUIRC along with its terminal expansion will keep Logistics segment stable. The Group will continue to look for investment opportunities within Logistics segment, including quality logistics assets as well as technology-related and/or services based logistics projects, to capture the growth potential from the burgeoning logistics sector. The efforts of both the Mainland and Hong Kong Governments in containing the spread of COVID-19 and reopening the borders are stand to be the key drivers for the full recovery of HKCEC and Free Duty within Facilities Management segment, coupled with GHK Hospital's continuous ramp up of operations, the segment is on track for its recovery.

With our prudent business and financial strategies, we are proactively identifying, assessing, and mitigating our risks, in particular Environmental, Social and Governance and climate-related risks. In addition to our group-wide carbon intensity reduction target of 50% by 2030, decarbonization roadmaps are also being established at the group level and at our business segments. Going forward, we will continue to drive business growth through innovation and incubating the culture of operational excellence as well as collaboration throughout our value chain to explore growth opportunities, thriving positive impacts with our stakeholders and the community at large.

INDEPENDENT AUDITOR'S REVIEW REPORT



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 14 to 66, which comprises the interim condensed consolidated statement of financial position of NWS Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2021 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 February 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	(Unaudited) For the six months ended 31 December	
		2021 HK\$m	2020 HK\$m
Continuing operations			
Revenue	4	16,304.2	14,232.5
Cost of sales	5,7	(15,141.8)	(12,249.7)
Other income and gains, net	6	716.3	1,089.2
Selling and marketing expenses	5	(653.6)	(473.5)
General and administrative expenses	5	(925.0)	(865.9)
Overlay approach adjustments on financial assets	6(a)	1,175.8	(895.1)
Operating profit	5	1,475.9	837.5
Finance costs		(396.0)	(428.2)
Share of results of			
Associated companies	4(c)	102.6	234.4
Joint ventures	4(c)	649.2	564.5
Profit before income tax		1,831.7	1,208.2
Income tax expenses	8	(328.4)	(372.0)
Profit from continuing operations		1,503.3	836.2
Discontinued operations			
Profit from discontinued operations	22(a)	390.0	71.7
Profit for the period		1,893.3	907.9
Profit attributable to			
Shareholders of the Company			
From continuing operations		1,205.3	540.1
From discontinued operations	22(a)	390.0	71.7
Holders of perpetual capital securities		1,595.3	611.8
Non-controlling interests		291.5	291.5
		6.5	4.6
		1,893.3	907.9
Basic earnings per share attributable to the shareholders of the Company	9		
From continuing operations		HK\$0.31	HK\$0.14
From discontinued operations		HK\$0.10	HK\$0.02
		HK\$0.41	HK\$0.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	(Unaudited) For the six months ended 31 December	
		2021 HK\$'m	2020 HK\$'m
Profit for the period		1,893.3	907.9
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Net fair value change on equity instruments as financial assets at fair value through other comprehensive income ("FVOCI")		507.9	10.1
Remeasurement of post-employment benefit obligation		–	3.1
Share of gain arising from revaluation of a logistics property held by a joint venture upon reclassification to investment property, net of tax	25(b)	6,312.1	–
Items that have been reclassified/may be subsequently reclassified to profit or loss			
Net fair value change on debt instruments as financial assets at FVOCI and other net movement		701.9	332.8
Release of reserve upon disposal of subsidiaries		–	99.1
Release of reserves upon disposal of interests in associated companies		–	0.5
Release of reserve upon disposal of interest in a joint venture		–	(93.8)
Release of reserve upon deconsolidation of a subsidiary		–	(10.3)
Release of reserves upon disposal of assets held-for-sale		(81.9)	–
Share of other comprehensive income/(loss) of associated companies and joint ventures		1.3	(7.4)
Cash flow/fair value hedges		(667.3)	2.1
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	6(a)	(1,175.8)	895.1
Currency translation differences		358.0	2,345.2
Other comprehensive income for the period, net of tax		5,956.2	3,576.5
Total comprehensive income for the period		7,849.5	4,484.4
Total comprehensive income attributable to			
Shareholders of the Company			
From continuing operations		7,321.5	3,557.4
From discontinued operations	22(b)	229.3	610.6
		7,550.8	4,168.0
Holder of perpetual capital securities		291.5	291.5
Non-controlling interests		7.2	24.9
		7,849.5	4,484.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 31 December 2021 HK\$m	(Audited) At 30 June 2021 HK\$m
	Note		
ASSETS			
Non-current assets			
Investment properties	10	1,681.5	1,681.4
Property, plant and equipment	11	1,237.6	1,186.0
Intangible concession rights	12	14,030.0	14,355.6
Intangible assets	13	5,916.7	5,916.2
Value of business acquired	14	5,300.4	5,395.1
Right-of-use assets		1,235.2	1,359.9
Deferred acquisition costs	15	2,149.8	1,711.5
Associated companies	16	6,101.7	5,673.6
Joint ventures	17	17,636.2	10,806.0
Financial assets at FVOCI	18	45,707.1	42,889.2
Financial assets at fair value through profit or loss ("FVPL")	19	10,582.7	12,551.8
Derivative financial instruments		230.5	658.2
Other non-current assets		1,792.7	1,947.7
		113,602.1	106,132.2
Current assets			
Inventories		191.4	207.0
Trade, premium and other receivables	20	14,944.7	15,162.2
Investments related to unit-linked contracts	21(a)	10,205.3	10,770.2
Financial assets at FVOCI	18	4,262.6	1,898.1
Financial assets at FVPL	19	2,025.4	471.9
Derivative financial instruments		-	801.8
Cash and bank balances		11,674.4	10,804.6
		43,303.8	40,115.8
Assets held-for-sale	23	334.5	6,324.9
Total assets		157,240.4	152,572.9
EQUITY			
Share capital	24	3,911.1	3,911.1
Reserves	25	50,379.8	44,002.3
Shareholders' funds		54,290.9	47,913.4
Perpetual capital securities	26	10,528.5	10,528.5
Non-controlling interests		13.2	12.1
Total equity		64,832.6	58,454.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited)	(Audited)
		At	At
		31 December	30 June
		2021	2021
	Note	HK\$'m	HK\$'m
LIABILITIES			
Non-current liabilities			
Borrowings and other interest-bearing liabilities	27	19,254.3	23,229.4
Deferred tax liabilities		1,892.6	1,925.4
Insurance and investment contract liabilities	28	18,411.2	18,143.5
Liabilities related to unit-linked contracts	21(b)	188.0	180.8
Derivative financial instruments		112.0	102.5
Lease liabilities		981.4	1,079.4
Other non-current liabilities		97.3	102.5
		40,936.8	44,763.5
Current liabilities			
Borrowings and other interest-bearing liabilities	27	1,092.2	2,118.6
Insurance and investment contract liabilities	28	28,571.5	24,359.3
Liabilities related to unit-linked contracts	21(b)	10,202.7	10,770.2
Trade, other payables and payables to policyholders	29	10,747.5	11,333.2
Lease liabilities		227.8	227.3
Taxation		629.3	546.8
		51,471.0	49,355.4
Total liabilities		92,407.8	94,118.9
Total equity and liabilities		157,240.4	152,572.9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)									
For the six months ended 31 December 2021									
HK\$m	Note	Shareholders' funds				Total	Perpetual capital securities	Non- controlling interests	Total
		Share capital	Share premium	Revenue reserve	Other reserves				
At 1 July 2021		3,911.1	17,821.5	24,948.6	1,232.2	47,913.4	10,528.5	12.1	58,454.0
Total comprehensive income for the period		-	-	1,947.1	5,603.7	7,550.8	291.5	7.2	7,849.5
<i>Contributions by/(distribution to) owners</i>									
<i>Dividend paid to</i>									
Shareholders of the Company	25,30	-	-	(1,173.3)	-	(1,173.3)	-	-	(1,173.3)
Non-controlling interests		-	-	-	-	-	-	(6.1)	(6.1)
<i>Distribution to perpetual capital securities</i>									
holders		-	-	-	-	-	(291.5)	-	(291.5)
Transfer of reserves		-	-	(9.2)	9.2	-	-	-	-
Total transactions with owners		-	-	(1,182.5)	9.2	(1,173.3)	(291.5)	(6.1)	(1,470.9)
At 31 December 2021		3,911.1	17,821.5	25,713.2	6,845.1	54,290.9	10,528.5	13.2	64,832.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)									
For the six months ended 31 December 2020									
HK\$m	Note	Shareholders' funds				Total	Perpetual capital securities	Non-controlling interests	Total
		Share capital	Share premium	Revenue reserve	Other reserves				
At 1 July 2020		3,911.1	17,821.5	25,749.3	(1,114.9)	46,367.0	10,528.5	562.2	57,457.7
Total comprehensive income for the period		-	-	614.9	3,553.1	4,168.0	291.5	24.9	4,484.4
<i>Contributions by/(distribution to) owners</i>									
<i>Dividend paid to</i>									
Shareholders of the Company	30	-	-	(1,134.3)	-	(1,134.3)	-	-	(1,134.3)
Non-controlling interests		-	-	-	-	-	-	(26.3)	(26.3)
<i>Distribution to perpetual capital securities holders</i>									
Deconsolidation of a subsidiary		-	-	-	-	-	(291.5)	-	(291.5)
<i>Release of reserve upon disposal of subsidiaries</i>									
Transfer of reserves		-	-	260.6	(260.6)	-	-	-	-
		-	-	(8.4)	8.4	-	-	-	-
Total transactions with owners		-	-	(882.1)	(252.2)	(1,134.3)	(291.5)	(582.5)	(2,008.3)
At 31 December 2020		3,911.1	17,821.5	25,482.1	2,186.0	49,400.7	10,528.5	4.6	59,933.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	(Unaudited) For the six months ended 31 December	
		2021 HK\$'m	2020 HK\$'m
Cash flows from operating activities			
Net cash generated from operations	33	4,599.5	5,455.8
Finance costs paid		(363.4)	(455.6)
Interest received		949.7	858.9
Dividends received from financial assets in relation to insurance business and investments related to unit-linked contracts		177.3	147.4
Hong Kong profits tax paid		(163.2)	(180.8)
Mainland China and overseas taxation paid		(160.7)	(148.9)
<hr/>			
Net cash generated from operating activities before net purchases of financial assets in relation to insurance business		5,039.2	5,676.8
<hr/>			
Purchases of financial assets in relation to insurance business		(11,700.2)	(7,146.1)
Disposal of financial assets in relation to insurance business		9,128.8	1,332.1
<hr/>			
		(2,571.4)	(5,814.0)
<hr/>			
Net cash generated from/(used in) operating activities		2,467.8	(137.2)
<hr/>			
Cash flows from investing activities			
Dividends received from associated companies and joint ventures		720.3	778.5
(Increase)/decrease in investments in and advances to associated companies		(325.3)	763.8
(Increase)/decrease in investments in and advances to joint ventures		(14.5)	231.9
Additions of intangible assets and property, plant and equipment		(230.4)	(228.7)
Purchases of financial assets at FVOCI		(142.4)	–
Purchases of financial assets at FVPL		(2,276.9)	(242.2)
Disposal of financial assets at FVOCI		66.2	–
Disposal of financial assets at FVPL		1,257.6	351.0
Disposal of subsidiaries, net of cash disposed of		–	2,723.4
Deconsolidation of a subsidiary		–	(1,104.5)
Settlement of derivative financial instruments		21.8	(157.5)
Proceeds received from disposals of interests in associated companies and joint ventures		6,006.1	490.9
Disposal of intangible assets and property, plant and equipment		0.3	8.7
Dividends received from financial assets at FVOCI and financial assets at FVPL		45.2	10.5
Increase in short-term bank deposits maturing after more than three months		–	(0.1)
Decrease in pledged deposits		–	10.0
Increase in other non-current assets		(134.6)	(5.3)
<hr/>			
Net cash generated from investing activities		4,993.4	3,630.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	(Unaudited) For the six months ended 31 December	
		2021 HK\$'m	2020 HK\$'m
Cash flows from financing activities			
New bank loans and other borrowings		750.0	1,374.7
Repayment of bank loans and other borrowings		(5,378.9)	(5,031.4)
Repayment of financing received under a financial reinsurance arrangement		(43.5)	(58.5)
Distribution to perpetual capital securities holders		(291.5)	(291.5)
Capital elements of lease liabilities payments		(108.6)	(127.5)
Dividend paid to shareholders of the Company	30	(1,173.3)	(1,134.3)
Dividend paid to non-controlling interests		(6.1)	(26.3)
Decrease in cash collateral received from counterparties		(414.1)	(745.7)
Repayment of loans from non-controlling interests		-	(6.4)
Net cash used in financing activities		(6,666.0)	(6,046.9)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		795.2	(2,553.7)
Currency translation differences		10,844.0	13,367.6
		60.0	192.4
Cash and cash equivalents at the end of the period		11,699.2	11,006.3
Analysis of cash and cash equivalents			
Cash and bank balances		11,674.4	10,987.6
Cash and bank balances attributable to investments related to unit-linked contracts	21(a)	38.5	32.2
Short-term bank deposits maturing after more than three months		(13.7)	(13.5)
		11,699.2	11,006.3

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

NWS Holdings Limited is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include:

- (i) the development of, investment in and/or operation of roads, commercial aircraft leasing, construction and insurance; and
- (ii) the investment in and/or operation of logistics and facilities management projects.

The Company has its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The unaudited condensed consolidated interim financial statements (the "interim financial statements") were approved for issuance by the board of directors of the Company (the "Board") on 25 February 2022.

2. Basis of preparation and accounting policies/critical accounting estimates and judgement

The interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). The interim financial statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2021 ("FY2021").

As analyzed in note 4(b), the Group is in net current liabilities position of HK\$7,832.7 million as at 31 December 2021 which is mainly due to the classification of the full surrender value of insurance and investment contract liabilities of HK\$28,571.5 million (note 28) as current liabilities at the reporting date. The Group, before taking into account of the insurance business, is in net current assets positions as at 31 December 2021.

Under Hong Kong Accounting Standard 1 "Presentation of Financial Statements", liability is classified as current if there is no unconditional right by the issuer to defer the settlement for at least 12 months after the reporting period. The unavoidable payment obligation exists if all the policyholders choose to exercise their surrender option at the reporting date and accordingly the full surrender value of insurance and investment contract liabilities is classified as current liabilities as at the period end. However, management considered the likelihood for all policyholders to exercise the surrender option and leading to the settlement of the aforesaid liabilities within one year is low. Based on historical pattern, management considered the amount of insurance contract liabilities expected to be settled within one year is approximately HK\$3,642.8 million (note 28(a)).

Taking into consideration the expected settlement pattern for insurance contract liabilities, it is reasonable to expect that the Group will have adequate resources to meet its liabilities in the next 12 months as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the interim financial statements.

The accounting policies used in the preparation of the interim financial statements are consistent with those set out in the annual report for FY2021 except as described in note 2(a) below.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Basis of preparation and accounting policies/critical accounting estimates and judgement (continued)**(a) Adoption of amendments to standards**

During the Current Period, the Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2022 ("FY2022"):

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

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

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

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

HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Basis of preparation and accounting policies/critical accounting estimates and judgement (continued)**(b) Standard, amendments to standards and interpretation which are not yet effective (continued)*****HKFRS 17 “Insurance Contracts” (“HKFRS 17”) and HKFRS 17 (Amendments)***

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, HKFRS 17 (Amendments) was issued to address concerns and implementation challenges that were identified after HKFRS 17 was published and to defer the effective date of HKFRS 17 (incorporating the amendments) to accounting period beginning on or after 1 January 2023. The Group is undertaking assessments and taking steps to get ready for adoption of HKFRS 17 in accordance with the required timeline.

The Group has already commenced an assessment of the impact of these new standard, amendments to standards and interpretation, certain of which may be relevant to the Group’s operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

(c) Critical accounting estimates and judgements

The critical accounting estimates and judgements used in preparation of the interim financial statements are consistent with those set out in the annual report for FY2021 except for judgement in relation to classification of property, plant and equipment and investment properties.

During the Current Period, a logistic property held by a joint venture was reclassified from property, plant and equipment to investment property based on the assessment of the directors of the Company which has considered a property is more likely to earn rental and the ancillary services are no longer significant to the arrangement as a whole by taking into account the latest income mix and business model of the property, and the relevant market trend. The logistic property was revalued by an independent, professionally qualified valuer, Colliers International (Hong Kong) Limited, based on income approach. Upon reclassification, the difference between the fair value and the carrying value of the property shared by the Group was dealt with in the interest in joint ventures and the property revaluation reserve.

3. Financial and insurance risks management and fair value estimation**(a) Financial and insurance risks**

The Group’s activities expose it to a variety of financial risks: market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group is also exposed to insurance risk relating to the activities of its insurance business.

The interim financial statements do not include all financial and insurance risks management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s FY2021 annual financial statements.

There has been no significant change in any risk management policies since the last year end.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Financial and insurance risks management and fair value estimation (continued)

(b) Fair value estimation

The carrying amounts and fair value disclosures of the financial instruments of the Group are as follows:

- (i) 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. Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market is not readily available.
- (ii) 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.
- (iii) The carrying values of bank balances, receivables, payables and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.
- (iv) 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 31 December 2021 and 30 June 2021 respectively:
 - 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).

At 31 December 2021

HK\$m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVOCI				
– Equity instruments	2,216.9	–	55.6	2,272.5
– Debt instruments	35,622.8	12,074.4	–	47,697.2
Financial assets at FVPL				
– Equity instruments	1,510.0	117.0	276.5	1,903.5
– Debt instruments	253.4	340.0	918.1	1,511.5
– Investment funds	5,927.4	–	3,265.7	9,193.1
Derivative financial instruments	–	230.5	–	230.5
Investments related to unit-linked contracts				
– Investment funds	10,166.8	–	–	10,166.8
	55,697.3	12,761.9	4,515.9	72,975.1
Liabilities				
Derivative financial instruments	–	(112.2)	–	(112.2)
Investment contract liabilities	–	(5.3)	–	(5.3)
Liabilities related to unit-linked contracts				
– Investment contract liabilities	–	(9,619.3)	–	(9,619.3)
	–	(9,736.8)	–	(9,736.8)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Financial and insurance risks management and fair value estimation (continued)**(b) Fair value estimation (continued)**

(iv) (continued)

At 30 June 2021

HK\$m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVOCI				
– Equity instruments	2,404.1	–	72.7	2,476.8
– Debt instruments	29,260.2	13,050.3	–	42,310.5
Financial assets at FVPL				
– Equity instruments	333.6	117.0	276.5	727.1
– Debt instruments	–	385.1	1,361.2	1,746.3
– Investment funds	7,213.7	–	3,336.6	10,550.3
Derivative financial instruments	–	658.2	801.8	1,460.0
Investments related to unit-linked contracts				
– Investment funds	10,717.1	–	–	10,717.1
	49,928.7	14,210.6	5,848.8	69,988.1
Liabilities				
Derivative financial instruments	–	(102.8)	–	(102.8)
Investment contract liabilities	–	(5.3)	–	(5.3)
Liabilities related to unit-linked contracts				
– Investment contract liabilities	–	(10,142.5)	–	(10,142.5)
	–	(10,250.6)	–	(10,250.6)

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Financial and insurance risks management and fair value estimation (continued)**(b) Fair value estimation (continued)**

(iv) (continued)

The following table presents the changes/transfer of financial instruments categorized within Level 3 fair value hierarchy for the Current Period:

HK\$m	Assets			Total
	Financial assets at FVOCI	Financial assets at FVPL	Derivative financial instruments	
At 1 July 2021	72.7	4,974.3	801.8	5,848.8
Translation differences	–	5.5	–	5.5
Purchases	–	1,237.5	–	1,237.5
Disposals/settlement/derecognized	–	(1,892.4)	–	(1,892.4)
Net fair value change recognized in other comprehensive income	(17.1)	–	(801.8)	(818.9)
Net fair value change recognized in condensed consolidated income statement	–	135.4	–	135.4
At 31 December 2021	55.6	4,460.3	–	4,515.9
Net unrealized fair value change recognized in condensed consolidated income statement relating to balances held as at 31 December 2021	–	92.4	–	92.4

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Financial and insurance risks management and fair value estimation (continued)

(b) Fair value estimation (continued)

(iv) (continued)

As at 31 December 2021, financial instruments categorized within Level 3 fair hierarchy comprise investment funds and unlisted debt and equity instruments. Fair values of the investment funds are mainly determined based on the net asset value, representing the fair value of the funds reported by respective fund managers and relevant factors if deemed necessary. Fair value of unlisted debt and equity instruments is determined primarily based on the purchase price paid by the Group and taking into account 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.

4. Revenue and segment information

The Group's revenue from continuing operations is analyzed as follows:

HK\$m	For the six months ended 31 December 2021		
	Hong Kong	Mainland China	Total
Roads	–	1,481.9	1,481.9
Construction	7,518.5	–	7,518.5
Insurance	6,820.6	–	6,820.6
Facilities Management	455.7	27.5	483.2
	14,794.8	1,509.4	16,304.2

HK\$m	For the six months ended 31 December 2020		
	Hong Kong	Mainland China	Total
Roads	–	1,646.1	1,646.1
Construction	7,812.6	–	7,812.6
Insurance	4,583.7	–	4,583.7
Facilities Management	165.6	24.5	190.1
	12,561.9	1,670.6	14,232.5

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Revenue and segment information (continued)

Revenue from insurance business is further analyzed as follows:

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

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decisions. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Committee considers the businesses of the Group from product and service perspectives, which comprised (i) Roads; (ii) Aviation; (iii) Construction; (iv) Insurance; (v) Logistics; (vi) Facilities Management; (vii) Strategic Investments; (viii) Environment; and (ix) Transport. The results of the "Environment" segment and "Transport" segment are presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("HKFRS 5") as detailed in note 22.

The Executive Committee assesses the performance of the operating segments based on a measure of Attributable Operating Profit (including share of results from associated companies and joint ventures). This measurement basis excludes the effects of corporate office and non-operating items. Corporate interest income, finance costs and expenses are not allocated to segments.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Revenue and segment information (continued)

- (a) The information of the reportable segments provided to the Executive Committee for the Current Period and related comparative figures is as follows:

HK\$m	Continuing operations			
	Roads	Aviation	Construction	Insurance
For the six months ended 31 December 2021				
Total revenue	1,481.9	-	7,518.5	6,820.6
Inter-segment	-	-	-	-
Revenue – external	1,481.9	-	7,518.5	6,820.6
Revenue from contracts with customers:				
Recognized at a point in time	1,481.9	-	-	-
Recognized over time	-	-	7,518.5	401.6
	1,481.9	-	7,518.5	401.6
Revenue from other source:				
Insurance revenue	-	-	-	6,419.0
	1,481.9	-	7,518.5	6,820.6
Attributable Operating Profit/(Loss)				
Company and subsidiaries	482.6	-	386.3	490.9
Associated companies	110.6	-	21.2	-
Joint ventures	375.5	274.4	-	-
	968.7	274.4	407.5	490.9
Reconciliation – corporate office and non-operating items				
Remeasurement, impairments and provisions				
Net gain on disposal of projects, net of tax				
Gain on fair value of derivative financial instruments				
Interest income				
Finance costs				
Expenses and others				
Profit for the period after tax and non-controlling interests				
Profit attributable to holders of perpetual capital securities				
Profit attributable to shareholders of the Company				

- (i) The amount mainly represents share of impairment losses, expected credit loss provision and aircraft repossession/recovery costs for Goshawk of HK\$274.0 million (net of tax) (included in “share of results of joint ventures” and detailed in note 17(b)) and remeasurement loss for investment in Wai Kee of HK\$44.7 million (included in “other income and gains, net” and detailed in notes 6 and 23).
- (ii) The finance costs recognized in the condensed consolidated income statement for the Current Period from continuing operations is HK\$396.0 million, in which HK\$226.9 million represents corporate office finance costs above and HK\$169.1 million is recognized as part of Attributable Operating Profit in various reportable segments.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Continuing operations				Discontinued operation	
Logistics	Facilities Management	Strategic Investments	Subtotal	Environment	Total
-	483.6	-	16,304.6	-	16,304.6
-	(0.4)	-	(0.4)	-	(0.4)
-	483.2	-	16,304.2	-	16,304.2
-	110.3	-	1,592.2	-	1,592.2
-	372.9	-	8,293.0	-	8,293.0
-	483.2	-	9,885.2	-	9,885.2
-	-	-	6,419.0	-	6,419.0
-	483.2	-	16,304.2	-	16,304.2
(8.6)	(76.0)	(104.8)	1,170.4	121.0	1,291.4
1.3	(87.3)	73.3	119.1 (c)	-	119.1
286.6	1.5	(22.2)	915.8 (c)	-	915.8
279.3	(161.8)	(53.7)	2,205.3	121.0	2,326.3
					(288.7) (i)
					213.0
					21.9
					27.0
					(226.9) (ii)
					(185.8)
					1,886.8
					(291.5)
					1,595.3

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Revenue and segment information (continued)

- (a) The information of the reportable segments provided to the Executive Committee for the Current Period and related comparative figures is as follows (continued):

HK\$m	Continuing operations			
	Roads	Aviation	Construction	Insurance
For the six months ended 31 December 2021				
Depreciation of property, plant and equipment	27.0	-	26.0	22.0
Depreciation of right-of-use assets	0.4	-	17.0	58.9
Amortization of intangible concession rights	582.4	-	-	-
Amortization of intangible assets	-	-	-	24.9
Amortization of value of business acquired ("VOBA")	-	-	-	94.7
Interest income	(18.8)	-	(0.7)	(785.6)
Finance costs	79.4	-	26.7	47.3
Income tax expenses/(credits)	217.7	-	59.6	54.1
Overlay approach adjustments on financial assets	-	-	-	(1,175.8)
Net loss on fair value of financial assets at FVPL	-	-	-	373.2
Additions to non-current assets (remark)	165.2	-	13.5	49.4
At 31 December 2021				
Company and subsidiaries	16,134.4	6,167.7	6,862.3	87,683.7
Associated companies	2,956.5	-	69.0	-
Joint ventures	4,676.2	1,359.8	-	-
Total assets	23,767.1	7,527.5	6,931.3	87,683.7 (b)
Total liabilities	6,143.4	3.0	6,608.9	63,590.2 (b)

Remark: Being additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, VOBA and deferred acquisition costs.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Continuing operations					Discontinued operation	Consolidated
Logistics	Facilities Management	Strategic Investments	Corporate	Subtotal	Environment	
0.1	51.3	-	3.3	129.7	-	129.7
0.5	47.9	-	6.9	131.6	-	131.6
-	-	-	-	582.4	-	582.4
-	15.6	-	-	40.5	-	40.5
-	-	-	-	94.7	-	94.7
(0.4)	(13.4)	(46.2)	(27.0)	(892.1)	-	(892.1)
0.1	14.5	1.1	226.9	396.0	-	396.0
(0.2)	(5.6)	2.6	0.2	328.4	-	328.4
-	-	-	-	(1,175.8)	-	(1,175.8)
-	-	33.6	-	406.8	-	406.8
3.1	6.0	0.2	0.1	237.5	-	237.5
12.5	3,649.4	7,866.4	5,126.1	133,502.5	-	133,502.5
332.3	223.3	2,518.0	2.6	6,101.7	-	6,101.7
9,370.0	7.4	2,207.4	15.4	17,636.2	-	17,636.2
9,714.8	3,880.1	12,591.8	5,144.1	157,240.4	-	157,240.4
4.3	1,276.5	115.2	14,666.3	92,407.8	-	92,407.8

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Revenue and segment information (continued)

- (a) The information of the reportable segments provided to the Executive Committee for the Current Period and related comparative figures is as follows (continued):

HK\$m	Continuing operations			
	Roads	Aviation	Construction	Insurance
For the six months ended 31 December 2020				
Total revenue	1,646.1	–	7,812.6	4,584.9
Inter-segment	–	–	–	(1.2)
Revenue – external	1,646.1	–	7,812.6	4,583.7
Revenue from contracts with customers:				
Recognized at a point in time	1,646.1	–	–	–
Recognized over time	–	–	7,812.6	310.8
	1,646.1	–	7,812.6	310.8
Revenue from other source:				
Insurance revenue	–	–	–	4,272.9
	1,646.1	–	7,812.6	4,583.7
Attributable Operating Profit/(Loss)				
Company and subsidiaries	563.0	–	395.9	462.4
Associated companies	114.8	–	131.2	–
Joint ventures	383.2	271.7	–	–
	1,061.0	271.7	527.1	462.4
Reconciliation – corporate office and non-operating items				
Loss on fair value of investment properties				
Remeasurement, impairments and provisions				
Net loss on disposal of projects, net of tax				
Net loss on fair value of derivative financial instruments				
Interest income				
Finance costs				
Expenses and others				
Profit for the period after tax and non-controlling interests				
Profit attributable to holders of perpetual capital securities				
Profit attributable to shareholders of the Company				

- (iii) The amount mainly represented remeasurement loss for investment in Wai Kee of HK\$1,330.0 million (included in “other income and gains, net” and detailed in notes 6 and 23) and for the investment in SUEZ NWS together with Derun Environment of HK\$112.7 million (included in “profit from discontinued operations” and detailed in note 22(a)) reclassified as held-for-sale respectively as well as share of impairment losses, expected credit loss provision and aircraft repossession/recovery costs for Goshawk of HK\$415.9 million (included in “share of results of joint ventures” and detailed in note 17(b)).
- (iv) The finance costs recognized in the condensed consolidated income statement for the Last Period from continuing operations and discontinued operations were HK\$428.2 million and HK\$5.7 million respectively, in which HK\$249.9 million represented corporate office finance costs above and HK\$184.0 million was recognized as part of Attributable Operating Profit in various reportable segments.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Continuing operations				Discontinued operations		Total
Logistics	Facilities Management	Strategic Investments	Subtotal	Environment	Transport	
-	190.1	-	14,233.7	-	655.1	14,888.8
-	-	-	(1.2)	-	-	(1.2)
-	190.1	-	14,232.5	-	655.1	14,887.6
-	54.7	-	1,700.8	-	614.7	2,315.5
-	135.4	-	8,258.8	-	40.4	8,299.2
-	190.1	-	9,959.6	-	655.1	10,614.7
-	-	-	4,272.9	-	-	4,272.9
-	190.1	-	14,232.5	-	655.1	14,887.6
-	(223.5)	656.9	1,854.7	5.0	(3.5)	1,856.2
54.7	(105.2)	41.9	237.4 (c)	144.4	8.4	390.2
281.6	5.4	53.1	995.0 (c)	94.9	-	1,089.9
336.3	(323.3)	751.9	3,087.1	244.3	4.9	3,336.3
						(14.3)
						(1,904.4) (iii)
						(50.7)
						(54.1)
						14.7
						(249.9) (iv)
						(174.3)
						903.3
						(291.5)
						611.8

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Revenue and segment information (continued)

- (a)** The information of the reportable segments provided to the Executive Committee for the Current Period and related comparative figures is as follows (continued):

HK\$m	Continuing operations			
	Roads	Aviation	Construction	Insurance
For the six months ended 31 December 2020				
Depreciation of property, plant and equipment	27.1	–	23.8	21.0
Depreciation of right-of-use assets	0.4	–	17.2	59.8
Amortization of intangible concession rights	514.1	–	–	–
Amortization of intangible assets	–	–	–	18.6
Amortization of VOBA	–	–	–	156.1
Interest income	(17.9)	–	(1.3)	(692.9)
Finance costs	83.9	–	27.9	50.0
Income tax expenses/(credits)	290.9	–	62.5	32.0
Overlay approach adjustments on financial assets	–	–	–	895.1
Net gain on fair value of financial assets at FVPL	–	–	–	(941.0)
Additions to non-current assets (remark)	50.6	–	84.9	49.8
At 30 June 2021				
Company and subsidiaries	16,351.4	6,168.0	6,659.2	84,705.6
Associated companies	2,808.1	–	69.8	–
Joint ventures	4,312.4	1,198.7	–	–
Total assets	23,471.9	7,366.7	6,729.0	84,705.6
Total liabilities	6,175.0	–	6,679.6	60,509.6

Remark: Being additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, VOBA and deferred acquisition costs.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Continuing operations					Discontinued operations		Consolidated
Logistics	Facilities Management	Strategic Investments	Corporate	Subtotal	Environment	Transport	
-	58.5	0.1	3.2	133.7	-	111.1	244.8
-	50.2	-	11.3	138.9	-	31.9	170.8
-	-	-	-	514.1	-	-	514.1
-	15.6	-	-	34.2	-	-	34.2
-	-	-	-	156.1	-	-	156.1
-	(20.9)	(71.5)	(14.7)	(819.2)	(5.0)	(0.2)	(824.4)
-	16.4	0.1	249.9	428.2	-	5.7	433.9
-	(30.5)	13.1	4.0	372.0	-	(52.7)	319.3
-	-	-	-	895.1	-	-	895.1
-	-	(629.9)	-	(1,570.9)	-	-	(1,570.9)
-	10.2	1.7	13.8	211.0	-	66.7	277.7
1,851.8	3,936.1	7,608.0	4,758.7	132,038.8	4,054.5	-	136,093.3
-	310.7	2,482.5	2.5	5,673.6	-	-	5,673.6
3,029.0	5.9	2,249.7	10.3	10,806.0	-	-	10,806.0
4,880.8	4,252.7	12,340.2	4,771.5	148,518.4	4,054.5	-	152,572.9
65.3	1,340.2	122.7	19,226.5	94,118.9	-	-	94,118.9

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Revenue and segment information (continued)**(b)** Additional information of assets and liabilities by the following line items:**At 31 December 2021**

HK\$m	Non-insurance and corporate	Insurance	Total
Assets			
Intangible concession rights	14,030.0	–	14,030.0
Intangible assets	172.5	5,744.2	5,916.7
Value of business acquired	–	5,300.4	5,300.4
Deferred acquisition costs	–	2,149.8	2,149.8
Associated companies	6,101.7	–	6,101.7
Joint ventures	17,636.2	–	17,636.2
Financial assets at FVOCI	1,607.2	48,362.5	49,969.7
Financial assets at FVPL	4,899.7	7,708.4	12,608.1
Trade, premium and other receivables	13,567.4	1,377.3	14,944.7
Investments related to unit-linked contracts	–	10,205.3	10,205.3
Cash and bank balances	6,457.0	5,217.4	11,674.4
Others	5,085.0	1,618.4	6,703.4
	69,556.7	87,683.7	157,240.4
Represented by			
Non-current assets	46,925.7	66,676.4	113,602.1
Current assets	22,631.0	21,007.3	43,638.3
	69,556.7	87,683.7	157,240.4
Liabilities			
Borrowings and other interest-bearing liabilities	17,909.9	2,436.6	20,346.5
Insurance and investment contract liabilities	–	46,982.7	46,982.7
Liabilities related to unit-linked contracts	–	10,390.7	10,390.7
Trade, other payables and payables to policyholders	7,843.2	2,904.3	10,747.5
Others	3,064.5	875.9	3,940.4
	28,817.6	63,590.2	92,407.8
Represented by			
Non-current liabilities	19,545.4	21,391.4	40,936.8
Current liabilities	9,272.2	42,198.8	51,471.0
	28,817.6	63,590.2	92,407.8
Net current assets/(liabilities) (note 2)	13,358.8	(21,191.5)	(7,832.7)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Revenue and segment information (continued)

- (c) Reconciliation of Attributable Operating Profit from continuing operations of associated companies and joint ventures to the condensed consolidated income statement:

HK\$m	Note	Associated companies		Joint ventures	
		For the six months ended 31 December		For the six months ended 31 December	
		2021	2020	2021	2020
Attributable Operating Profit		119.1	237.4	915.8	995.0
Corporate and non-operating items					
Impairment losses, expected credit loss provision and aircraft repossession/recovery costs	17(b)	-	-	(274.0)	(415.9)
Others		(16.5)	(3.0)	7.4	(14.6)
Share of results of associated companies and joint ventures		102.6	234.4	649.2	564.5

- (d) Information by geographical areas:

HK\$m	Non-current assets (remark)	
	At 31 December 2021	At 30 June 2021
	Hong Kong	9,527.6
Mainland China	14,540.7	14,722.6
Others	32.7	32.7
	24,101.0	24,499.1

The operations of the Group's infrastructure businesses in Mainland China are undertaken mainly through associated companies and joint ventures, the results of which are accounted for by the equity method of accounting.

The Group's share of revenue of associated companies and joint ventures from continuing operations are as follows:

HK\$m	Associated companies		Joint ventures	
	For the six months ended 31 December		For the six months ended 31 December	
	2021	2020	2021	2020
Hong Kong	1,056.2	1,638.1	370.4	369.0
Mainland China	434.9	611.3	4,865.2	4,783.5
Global and others	350.3	340.9	2,802.8	2,712.1
	1,841.4	2,590.3	8,038.4	7,864.6

Remark: Being balance of non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, VOBA and deferred acquisition costs.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Operating profit

Operating profit of the Group from continuing operations is arrived at after crediting and charging the following:

	Note	For the six months ended 31 December	
		2021 HK\$m	2020 HK\$m
Crediting			
Gross rental income from investment properties		28.9	24.2
Less: outgoings		(6.5)	(5.4)
		22.4	18.8
Charging			
Cost of inventories sold		30.9	8.9
Cost of construction		6,354.0	6,766.7
Claims and benefits, net of reinsurance		6,868.9	3,791.2
Depreciation of property, plant and equipment	11	129.7	133.7
Depreciation of right-of-use assets		131.6	138.9
Amortization of intangible concession rights	12	582.4	514.1
Amortization of intangible assets	13	40.5	34.2
Amortization of VOBA	14	94.7	156.1
Agency commission and allowances, net of change in deferred acquisition costs	(a)	593.5	406.3
Expenses on short-term leases		6.4	2.5
Expenses on variable lease payments		51.7	37.5
Staff costs (including directors' emoluments)	(b)	1,234.9	1,038.0
Other costs and expenses		601.2	561.0
		16,720.4	13,589.1
Represented by			
Cost of sales	7	15,141.8	12,249.7
Selling and marketing expenses		653.6	473.5
General and administrative expenses		925.0	865.9
		16,720.4	13,589.1

(a) The amount includes amortization of deferred acquisition costs of HK\$223.0 million (2020: HK\$149.2 million) (note 15).

(b) In the Last Period, subsidies received from Employment Support Scheme launched by the Hong Kong Government amounting to HK\$131.1 million were net off in total staff costs.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Other income and gains, net

	Note	For the six months ended 31 December	
		2021 HK\$m	2020 HK\$m
Continuing operations			
Credits/(charges) associated with liabilities related to unit-linked contracts		474.0	(1,584.6)
Net profit on disposal of debt instruments as financial assets at FVOCI		142.9	1.8
Profit on disposal of interest in a joint venture		–	40.4
Profit on disposal of interest in an associated company		–	5.1
Reversal of provision for onerous contract		30.0	–
Interest income			
Debt instruments as financial assets at FVOCI		781.6	668.5
Bank deposits and others		110.5	150.7
Dividend income		220.4	60.9
Other income		59.6	17.4
Net exchange gain		68.3	3.5
(Loss)/gain associated with investments related to unit-linked contracts		(474.2)	1,592.7
Net (loss)/gain on fair value of financial assets at FVPL	(a)	(406.8)	1,570.9
Loss on disposal of an asset held-for-sale	23	(56.0)	–
Remeasurement loss on assets classified as held-for-sale	4(a)(i), 4(a)(iii), 23	(44.7)	(1,330.0)
Net gain/(loss) on fair value of derivative financial instruments		21.9	(54.1)
Loss on fair value of investment properties		–	(14.3)
Expected credit loss provision			
Debt instruments as financial assets at FVOCI		(202.2)	(35.6)
Trade, premium and other receivables		(9.0)	(4.1)
		716.3	1,089.2

- (a) 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 condensed consolidated income statement to other comprehensive income for those designated eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 “Financial Instruments: Recognition and Measurement” but currently classified as financial assets at FVPL under HKFRS 9 “Financial Instruments”. The designated financial assets applying the overlay approach are equity instruments and investment funds that are managed as underlying assets backing the insurance contracts issued.

The net loss on fair value of financial assets at FVPL of HK\$406.8 million (2020: net gain of HK\$1,570.9 million) includes (i) a net fair value loss of HK\$1,175.8 million (2020: net gain of HK\$895.1 million) arising from those designated financial assets held by insurance business applying the overlay approach; and (ii) the remaining net fair value gain of HK\$769.0 million (2020: HK\$675.8 million) arising from other financial assets held by insurance business which are not eligible for the overlay approach or financial assets not related to insurance business. The net fair value loss of HK\$1,175.8 million (note 25) (2020: net gain of HK\$895.1 million) was then reclassified from condensed consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Cost of sales

The Group's cost of sales from continuing operations is analyzed as follows:

	Note	For the six months ended 31 December	
		2021 HK\$m	2020 HK\$m
Cost of inventories sold		30.9	8.9
Cost of construction	(a)	6,354.0	6,766.7
Cost of services rendered		1,793.3	1,526.8
Claims and benefits, net of reinsurance	(b)	6,868.9	3,791.2
Amortization of VOBA	14	94.7	156.1
	5	15,141.8	12,249.7

(a) Cost of construction mainly represents subcontractor's costs and material costs.

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

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

The increase is mainly due to (i) growth of in-force business with regard to higher premium received during the Current Period, (ii) higher net claims incurred compared to Last Period as well as (iii) additional increase in insurance contract liabilities with respect to increase in realized investment income. The increase in insurance contract liabilities includes an estimate of future dividend payments to the policyholders of participating products which is partly determined based on the investment income arising from participating fund assets, whereas the investment income is recognized in "other income and gains, net" and is not netted in the "cost of sales" for presentation purpose.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the Current Period. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the Current Period at the rates of tax prevailing in the regions 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%).

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.

The amount of income tax from continuing operations charged to the condensed consolidated income statement represents:

	For the six months ended 31 December	
	2021 HK\$m	2020 HK\$m
Current income tax		
Hong Kong profits tax	123.7	91.0
Mainland China and overseas taxation	268.8	353.0
Deferred income tax credit	(64.1)	(72.0)
	328.4	372.0

Share of taxation of associated companies and joint ventures from continuing operations of HK\$43.2 million (2020: HK\$69.2 million) and HK\$120.6 million (2020: HK\$200.8 million) respectively are included in the condensed consolidated income statement as share of results of associated companies and joint ventures respectively.

Dividends withholding tax from continuing operations of HK\$23.9 million (2020: HK\$69.0 million) is included in the above income tax charge.

9. Earnings per share

The calculation of basic earnings per share from continuing operations is based on profit attributable to shareholders of the Company arising from the continuing operations of HK\$1,205.3 million (2020: HK\$540.1 million) and on the weighted average of 3,911,137,849 (2020: 3,911,137,849) ordinary shares outstanding during the Current Period.

The calculation of basic earnings per share from discontinued operations is based on profit attributable to shareholders of the Company arising from the discontinued operations of HK\$390.0 million (2020: HK\$71.7 million) and on the weighted average of ordinary shares outstanding during the Current Period as abovementioned.

There are no dilutive potential ordinary share outstanding during the Current Period and the Last Period.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Investment properties

HK\$m	Commercial properties in Hong Kong	Commercial properties in Macau	Residential properties in Mainland China	Total
At 1 July 2021	1,644.0	31.4	6.0	1,681.4
Translation differences	–	–	0.1	0.1
At 31 December 2021	1,644.0	31.4	6.1	1,681.5

The investment properties were revalued on 31 December 2021 by independent, professionally qualified valuer, Knight Frank Petty Limited, based on market value assessment or income approach.

11. Property, plant and equipment

HK\$m	Note	Land and properties	Other plant and equipment	Motor vehicles	Total
Cost					
At 1 July 2021		107.4	2,888.0	28.2	3,023.6
Additions		–	184.4	–	184.4
Disposals		–	(11.1)	(0.1)	(11.2)
Translation differences		0.2	9.5	0.1	9.8
At 31 December 2021		107.6	3,070.8	28.2	3,206.6
Accumulated depreciation and impairment					
At 1 July 2021		22.0	1,792.1	23.5	1,837.6
Depreciation	5	1.6	126.6	1.5	129.7
Impairment		–	8.9	–	8.9
Disposals		–	(10.8)	(0.1)	(10.9)
Translation differences		–	3.7	–	3.7
At 31 December 2021		23.6	1,920.5	24.9	1,969.0
Net book value					
At 31 December 2021		84.0	1,150.3	3.3	1,237.6
At 30 June 2021		85.4	1,095.9	4.7	1,186.0

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Intangible concession rights

	Note	HK\$m
Cost		
At 1 July 2021		24,571.2
Translation differences		450.7
At 31 December 2021		25,021.9
Accumulated amortization and impairment		
At 1 July 2021		10,215.6
Amortization	5	582.4
Translation differences		193.9
At 31 December 2021		10,991.9
Net book value		
At 31 December 2021		14,030.0
At 30 June 2021		14,355.6

13. Intangible assets

HK\$m	Note	Goodwill	Operating right and others	Total
Cost				
At 1 July 2021		5,595.0	780.7	6,375.7
Additions		–	46.0	46.0
Disposals		–	(6.2)	(6.2)
At 31 December 2021		5,595.0	820.5	6,415.5
Accumulated amortization and impairment				
At 1 July 2021		15.4	444.1	459.5
Amortization	5	–	40.5	40.5
Disposals		–	(1.2)	(1.2)
At 31 December 2021		15.4	483.4	498.8
Net book value				
At 31 December 2021		5,579.6	337.1	5,916.7
At 30 June 2021		5,579.6	336.6	5,916.2

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Value of business acquired

	Note	HK\$m
At 30 June 2021 and 1 July 2021		5,395.1
Amortization	5,7	(94.7)
At 31 December 2021		5,300.4

15. Deferred acquisition costs

	Note	HK\$m
At 30 June 2021 and 1 July 2021		1,711.5
Additions of new business		661.3
Amortization	5(a)	(223.0)
At 31 December 2021		2,149.8

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Associated companies

	Note	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Group's share of net assets, including goodwill			
Listed shares – Hong Kong	(a)	1,129.4	1,078.1
Listed shares – overseas	(a)	600.8	628.1
Unlisted shares	(b)	4,223.5	3,737.4
		5,953.7	5,443.6
Amounts receivable			
Gross amount		1,704.7	1,704.7
Less: provision		(1,556.7)	(1,474.7)
	(c),(d)	6,101.7	5,673.6

- (a)** As at 31 December 2021, the share of market value of the Group's listed associated companies amounts to HK\$1,798.7 million (30 June 2021: HK\$2,094.3 million).
- (b)** As at 31 December 2021, the Group has provided a pledge over its 30% equity interest in an associated company which owns and operates the Suiyuenan Expressway with carrying amount of approximately HK\$1,750.6 million (30 June 2021: HK\$1,679.9 million) as security for a bank loan made by that associated company.
- (c)** As at 31 December 2021, the carrying amount mainly represents the Group's investments in various roads, logistics, healthcare, strategic investments and other projects.
- (d)** Management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies. Management is of the view that there is no impairment of the Group's investments in associated companies as at 31 December 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. Joint ventures

	Note	At 31 December 2021 HK\$m	At 30 June 2021 HK\$m
Co-operative joint venture			
Cost of investment less provision, including goodwill		854.0	860.6
Share of undistributed post-acquisition results		2,605.7	2,285.8
Amounts receivable		34.8	30.1
		3,494.5	3,176.5
Equity joint ventures			
Group's share of net assets, including goodwill		3,653.1	3,459.3
Companies limited by shares			
Group's share of net assets, including goodwill	(c)	8,897.6	2,624.5
Amounts receivable			
Gross amount		2,976.5	2,953.7
Less: provision		(1,385.5)	(1,408.0)
		10,488.6	4,170.2
	(a),(b)	17,636.2	10,806.0

- (a)** As at 31 December 2021, the carrying amount mainly represents the Group's investments in various roads, logistics, commercial aircraft leasing and other projects.
- (b)** The share of results of joint ventures from continuing operations in the Current Period includes the Group's share of impairment loss (net of tax) for Goshawk (in which the Group holds 50% equity interest) on aircraft portfolio of HK\$93.5 million (2020: HK\$307.2 million). Goshawk is principally engaged in aircraft leasing industry. The COVID-19 pandemic and international travel-related control measures continued to bring challenges to aviation industry. The management has carried out an impairment assessment on the carrying value of Goshawk's aircraft portfolio. Impairment arises when an aircraft's carrying amount exceeds its recoverable amount (which is the higher of fair value less cost to sell and value in use). The key assumptions used in the impairment assessment include discount rate applied, terminal value and forecast rental income. Besides, the share of results of joint ventures from continuing operations in the Current Period also includes the Group's share of an expected credit loss provision on account receivables and aircraft repossession/recovery costs (net of tax) of HK\$180.5 million (2020: HK\$108.7 million) from Goshawk. The key assumptions used in the expected credit loss assessment include credit rating of airlines and provision rate.

Except for this, management is of the view that there is no impairment of the Group's investments in joint ventures as at 31 December 2021.

- (c)** As detailed in notes 2(c) and 25(b), a logistics property held by a joint venture was reclassified by the Group from property, plant and equipment to investment property during the Current Period. The Group's share of net assets of the joint venture was increased by the share of revaluation gain (net of tax) of the logistics property.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. Financial assets at fair value through other comprehensive income

	At 31 December 2021 HK\$m	At 30 June 2021 HK\$m
Equity instruments		
Listed in Hong Kong	2,170.3	2,363.6
Listed in overseas	46.6	40.5
Unlisted	55.6	72.7
	2,272.5	2,476.8
Debt instruments		
Listed in Hong Kong	8,606.1	8,428.0
Listed in overseas	33,203.1	30,781.3
Unlisted	5,888.0	3,101.2
	47,697.2	42,310.5
	49,969.7	44,787.3
Represented by		
Non-current assets	45,707.1	42,889.2
Current assets	4,262.6	1,898.1
	49,969.7	44,787.3

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. Financial assets at fair value through profit or loss

	At 31 December 2021 HK\$m	At 30 June 2021 HK\$m
Equity instruments		
Listed in Hong Kong	1,279.3	134.4
Listed in overseas	230.7	199.2
Unlisted	393.5	393.5
	1,903.5	727.1
Debt instruments		
Listed in Hong Kong	95.3	–
Listed in overseas	139.4	–
Unlisted	1,276.8	1,746.3
	1,511.5	1,746.3
Investment funds		
Listed	3,618.1	4,009.5
Unlisted	5,575.0	6,540.8
	9,193.1	10,550.3
	12,608.1	13,023.7
Represented by		
Non-current assets	10,582.7	12,551.8
Current assets	2,025.4	471.9
	12,608.1	13,023.7

Financial assets at FVPL related to unit-linked contracts are detailed in note 21(a).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. Trade, premium and other receivables

	Note	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Trade receivables	(a)	1,177.3	1,313.2
Premium receivables		344.3	288.4
Other receivables, deposits and prepayments	(b)	3,189.5	4,055.0
Retention money receivables		1,717.4	1,533.6
Contract assets		1,469.7	870.6
Amounts due from associated companies		241.2	246.2
Amounts due from joint ventures	(c)	6,805.3	6,855.2
	(d)	14,944.7	15,162.2

(a) The ageing analysis of trade receivables based on invoice date is as follows:

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Under 3 months	1,081.6	1,205.6
4 to 6 months	41.9	28.5
Over 6 months	53.8	79.1
	1,177.3	1,313.2

(b) The balance includes construction related receivables amounting to HK\$992.3 million (30 June 2021: HK\$1,280.5 million) which have not yet been billed at period/year end.

(c) The balance mainly includes advances to Goshawk amounting to HK\$6,167.7 million (30 June 2021: HK\$6,168.0 million) which are interest free, unsecured and repayable on demand, except for HK\$6,166.6 million (30 June 2021: HK\$6,166.6 million) which are repayable within the next 12 months from the end of reporting period.

(d) 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 money receivables in respect of construction services are settled in accordance with the terms of respective contracts.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21. Investments/liabilities related to unit-linked contracts**(a)** Investments related to unit-linked contracts are analyzed as follows:

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Financial assets at FVPL – Investment funds, at fair value	10,166.8	10,717.1
Cash and bank balances	38.5	53.1
	10,205.3	10,770.2

The classification and measurement of financial assets at FVPL related to unit-linked contracts are in accordance with HKFRS 9 “Financial Instruments”.

(b) Liabilities related to unit-linked contracts are analyzed as follows:

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Insurance contract liabilities	771.4	808.5
Investment contract liabilities	9,619.3	10,142.5
	10,390.7	10,951.0
Represented by		
Non-current liabilities	188.0	180.8
Current liabilities	10,202.7	10,770.2
	10,390.7	10,951.0

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. Discontinued operations

During the Last Period, the Group had completed the disposal of its entire interest in the transport business and planned to recover a significant part of the carrying amount of environment business principally through sale rather than through continuing use, as detailed below. Their condensed results are presented separately as one-line item below profit from continuing operations as “discontinued operations” in the condensed consolidated income statement in accordance with HKFRS 5.

As at 31 December 2020, the Group reached an advanced stage of negotiation of the disposal of the Group’s 42% interest in SUEZ NWS (an associated company of the Group) and 100% interest in NWS Hong Kong Investment Limited (“NWS HKI” which indirectly holds 12.55% effective interest in Derun Environment) (collectively, the “Environment Disposal Group”) and the interest in the Environment Disposal Group was reclassified as assets held-for-sale. The Group recognized a remeasurement loss of HK\$112.7 million in the condensed consolidated income statement in the Last Period. In January 2021, the Group entered into conditional sale and purchase agreements for the disposal of the Environment Disposal Group together with the inter-company payable by NWS HKI to the Company at an aggregate consideration of HK\$6,533.0 million. Given the Environment Disposal Group accounts for a significant part of the Group’s environment business, the disposal constituted a discontinued operation under HKFRS 5. The disposal related to NWS HKI was completed in May 2021 and the carrying value of SUEZ NWS of HK\$4,054.5 million (note 23) continued to be classified as an asset held-for-sale as at 30 June 2021.

The disposal of interest in SUEZ NWS was completed in November 2021 and the Group has recognized a disposal gain of HK\$269.0 million, and together with the dividend income received from SUEZ NWS of HK\$121.0 million, the “profit from discontinued operations” in the condensed consolidated income statement during the Current Period amounted to HK\$390.0 million.

During the Last Period, the Group entered into (i) a sale and purchase agreement to dispose of the entire issued share capital of NWS Transport Services Limited at a consideration of HK\$3,200.0 million (subject to instalment arrangements and adjustments); and (ii) a sale and purchase agreement to dispose of its remaining 40% interest in New World First Ferry Services Limited (collectively, “Transport Disposal”). Both transactions were completed during the Last Period and the Group ceased to operate the transport business. The Group recognized an aggregated net loss on Transport Disposal of HK\$64.8 million in the condensed consolidated income statement in the Last Period.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. Discontinued operations (continued)

An analysis of the results, total comprehensive income and cash flows relating to the discontinued operations is set out below:

(a) Profit from discontinued operations

	For the six months ended 31 December	
	2021 HK\$m	2020 HK\$m
Revenue	–	655.1
Cost of sales	–	(791.8)
Other income and gains, net	121.0	126.1
Selling and marketing expenses	–	(1.5)
General and administrative expenses	–	(33.4)
Operating profit/(loss)	121.0	(45.5)
Finance costs	–	(5.7)
Share of results of		
Associated companies	–	152.8
Joint venture	–	94.9
Profit before income tax	121.0	196.5
Income tax credit	–	52.7
	121.0	249.2
Remeasurement loss upon reclassified as held-for-sale	–	(112.7)
Net profit/(loss) on disposal of discontinued operations	269.0	(64.8)
Profit for the period from discontinued operations	390.0	71.7

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. Discontinued operations (continued)**(b) Total comprehensive income from discontinued operations**

	For the six months ended 31 December	
	2021 HK\$m	2020 HK\$m
Profit for the period from discontinued operations	390.0	71.7
Other comprehensive income/(loss)		
Net fair value change on equity instruments as financial assets at FVOCI	-	1.9
Remeasurement of post-employment benefit obligation	-	3.1
Release of reserve upon disposal of subsidiaries	-	99.1
Release of reserves upon disposal of interests in an associated company	-	(1.5)
Release of reserve upon disposal of an asset held-for-sale	(160.7)	-
Cash flow hedges	-	41.6
Currency translation differences	-	394.7
Other comprehensive (loss)/income for the period, net of tax	(160.7)	538.9
Total comprehensive income for the period from discontinued operations	229.3	610.6

(c) Cash flows from discontinued operations

	For the six months ended 31 December	
	2021 HK\$m	2020 HK\$m
Net cash (used in)/generated from operating activities	(140.0)	151.1
Net cash generated from investing activities	4,293.9	698.9
Net cash generated from financing activities	-	17.8
Net cash from discontinued operations	4,153.9	867.8

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. Assets held-for-sale

The Group's assets held-for-sale as at 31 December 2021 represent the Group's investment in Wai Kee.

The Group reclassified its investment in Wai Kee from an associated company to an asset held-for-sale in December 2020 since 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\$1,330.0 million (notes 4(a)(iii) and 6) was recognized as "other income and gains, net" from continuing operations in the condensed consolidated income statement in the Last Period. In April 2021, the Group disposed of half of its shareholding interest in Wai Kee. The carrying amount of the investment classified as an asset held-for-sale as at 30 June 2021 was HK\$379.2 million.

As at 31 December 2021, the fair value of remaining interest in the investment in Wai Kee of HK\$334.5 million continued to be classified as an asset held-for-sale since the Group's intention to recover the carrying amount of investment through sales remained unchanged, although the timing of disposal plan is behind schedule owing to market conditions. The change in fair value of HK\$44.7 million (notes 4(a)(i) and 6) was recognized as further remeasurement loss on assets held-for-sale as "other income and gain, net" from continuing operations in the condensed consolidated income statement in the Current Period.

In June 2021, the Group entered into a framework agreement for the proposed disposal of its entire 20% interest in XCTG (an associated company of the Group), at a cash consideration of RMB1,568.0 million (equivalent to approximately HK\$1,877.8 million). Accordingly, the Group's interest in XCTG was reclassified as an asset held-for-sale as at 30 June 2021 and was measured at the lower of carrying amount and fair value less costs to sell. A conditional sale and purchase agreement for this disposal was subsequently entered into in August 2021 and the disposal of interest in XCTG was completed in October 2021 with a disposal loss of HK\$56.0 million (note 6) recognized as "other income and gain, net" from continuing operations in the condensed consolidated income statement in the Current Period.

In addition, as set out in note 22, the Group's entire interest in SUEZ NWS was classified as an asset held-for-sale as at 30 June 2021 with carrying value of HK\$4,054.5 million. The disposal of interest in SUEZ NWS was completed in November 2021.

The assets classified as held-for-sale, which have been presented separately in the condensed consolidated statement of financial position, are as follows:

	At 31 December 2021 HK\$m	At 30 June 2021 HK\$m
Assets		
Associated companies	334.5	6,324.2
Trade and other receivables	–	0.7
	334.5	6,324.9

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

24. Share capital

	Ordinary shares	
	No. of shares	HK\$m
Authorized		
At 1 July 2021 and 31 December 2021	6,000,000,000	6,000.0
Issued and fully paid		
At 1 July 2021 and 31 December 2021	3,911,137,849	3,911.1

Share Option Scheme

The share option scheme of the Company, which was adopted on 21 November 2011, is valid and effective for a period of ten years from the date of adoption and expired on 21 November 2021. A new share option scheme of the Company has been approved by the shareholders of the Company and NWD and became effective on 23 November 2021.

There were no share options of the Company granted during the Current Period or outstanding as at 31 December 2021 and 30 June 2021 under the share option scheme of the Company.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

25. Reserves

HK\$m	Note	Share premium	Special reserves	Property revaluation reserve	Hedge reserves	FVOCI reserve (non-recycling)	FVOCI reserve (recycling)	Exchange reserve	Revenue reserve	Total
At 1 July 2021		17,821.5	492.7	23.2	74.9	(1,028.7)	915.8	754.3	24,948.6	44,002.3
Profit attributable to shareholders of the Company		-	-	-	-	-	-	-	1,595.3	1,595.3
Dividend paid to shareholders of the Company	30	-	-	-	-	-	-	-	(1,173.3)	(1,173.3)
Release of reserves upon disposal of assets held-for-sale		-	-	-	-	-	-	(82.9)	1.0	(81.9)
Release of reserves upon disposal of equity instruments as financial assets at FVOCI		-	-	-	-	(649.7)	-	-	649.7	-
Net fair value change on equity instruments as financial assets at FVOCI		-	-	-	-	510.8	-	-	-	510.8
Company and subsidiaries		-	-	-	-	510.8	-	-	-	510.8
Associated company		-	-	-	-	(2.9)	-	-	-	(2.9)
Net fair value change on debt instruments as financial assets at FVOCI and other net movement	(a)	-	-	-	-	-	701.9	-	-	701.9
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	6(a)	-	-	-	-	-	(1,175.8)	-	-	(1,175.8)
Currency translation differences		-	-	-	-	-	-	224.3	-	224.3
Company and subsidiaries		-	-	-	-	-	-	224.3	-	224.3
Associated companies		-	-	-	-	-	-	55.3	-	55.3
Joint ventures		-	-	-	-	-	-	77.7	-	77.7
Share of gain arising from revaluation of a logistics property held by a joint venture upon reclassification to investment property, net of tax	(b)	-	-	6,312.1	-	-	-	-	-	6,312.1
Share of other comprehensive income of associated companies and joint ventures		-	1.3	-	-	-	-	-	-	1.3
Cash flow/fair value hedges		-	-	-	(528.6)	-	-	-	(298.9)	(827.5)
Company and subsidiaries		-	-	-	(528.6)	-	-	-	(298.9)	(827.5)
Joint venture		-	-	-	160.2	-	-	-	-	160.2
Transfer of reserves		-	9.3	-	(0.1)	-	-	-	(9.2)	-
At 31 December 2021		17,821.5	503.3	6,335.3	(293.6)	(1,170.5)	441.9	1,028.7	25,713.2	50,379.8

(a) The amount for the Current Period is mainly related to the Group's insurance business.

(b) As detailed in notes 2(c) and 17(c), a logistic property held by a joint venture was reclassified by the Group from property, plant and equipment to investment property during the Current Period. Upon reclassification, the difference between the fair value and carrying value of the property shared by the Group was HK\$6,312.1 million (net of tax) and has been dealt with in property revaluation reserve.

Special reserves include statutory reserves which are created in accordance with the relevant laws of the Mainland and/or terms of the joint venture agreements of subsidiaries and joint ventures established in the Mainland and are required to be retained in the financial statements of these subsidiaries and joint ventures for specific purposes. Special reserves also include capital redemption reserve and contributed surplus. Hedge reserves include (i) cash flow hedge reserve arising from interest rate swap and cross currency swap contracts and (ii) fair value hedge reserve arising from a put option.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

26. Perpetual capital securities

The balance represents US\$1,000 million and US\$300 million 5.75% senior perpetual capital securities issued by the Group in January 2019 and July 2019 respectively which were consolidated as a single series. The senior perpetual capital securities are listed on the Hong Kong Stock Exchange and have no maturity date. The Group has the right to redeem the securities from the holders and the payments of distribution can be deferred at the discretion of the Group. The securities are classified as equity in the condensed consolidated financial statements of the Group.

27. Borrowings and other interest-bearing liabilities

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Non-current		
Unsecured long-term bank loans	12,229.1	16,167.7
Unsecured fixed rate bonds	6,871.3	6,864.7
Financing received under a financial reinsurance arrangement	153.9	197.0
	19,254.3	23,229.4
Current		
Current portion of unsecured long-term bank loans	772.5	1,297.1
Unsecured short-term bank loans	–	94.0
Financing received under a financial reinsurance arrangement	91.2	86.5
Cash collateral received for cross currency swap and forward starting interest rate swap contracts	228.4	640.9
Unsecured other borrowings	0.1	0.1
	1,092.2	2,118.6
	20,346.5	25,348.0

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

28. Insurance and investment contract liabilities

	Note	At 31 December 2021 HK\$m	At 30 June 2021 HK\$m
Insurance contract liabilities	(a),(b)	46,977.4	42,497.5
Investment contract liabilities		5.3	5.3
		46,982.7	42,502.8
Represented by			
Non-current liabilities		18,411.2	18,143.5
Current liabilities	2	28,571.5	24,359.3
		46,982.7	42,502.8

Insurance and investment contract liabilities related to unit-linked contracts are detailed in note 21(b).

- (a)** The maturity profile of insurance contract liabilities, which is presented on 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:

	Note	At 31 December 2021 HK\$m	At 30 June 2021 HK\$m
Payable within one year	2	3,642.8	3,861.4
Payable after one year		43,334.6	38,636.1
		46,977.4	42,497.5

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

28. Insurance and investment contract liabilities (continued)**(b)** Insurance contract liabilities comprised:

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Liabilities for guaranteed benefits	42,722.3	38,404.1
Liabilities for coinsurance payments	363.6	363.0
Provision for annual dividends	70.0	69.4
Insurance contract liabilities excluding policyholders' dividends and bonuses	43,155.9	38,836.5
Policyholders' dividends and bonuses	3,821.5	3,661.0
Total insurance contract liabilities	46,977.4	42,497.5

29. Trade, other payables and payables to policyholders

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
	Note	
Trade payables	(a) 90.8	627.9
Payables to policyholders	1,880.5	1,709.6
Other payables and accruals	(b) 6,519.3	6,976.7
Retention money payables	1,444.1	1,362.8
Contract liabilities	654.7	447.3
Derivative financial instruments	0.2	0.3
Amounts due to non-controlling interests	143.3	146.2
Amounts due to associated companies	14.6	6.0
Amounts due to joint ventures	–	56.4
	10,747.5	11,333.2

(a) The ageing analysis of trade payables based on invoice date is as follows:

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Under 3 months	74.6	606.4
4 to 6 months	1.9	4.0
Over 6 months	14.3	17.5
	90.8	627.9

(b) The balance includes construction related accruals and provisions amounting to HK\$3,825.7 million (30 June 2021: HK\$3,496.3 million).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30. Dividend

A final dividend of HK\$1,173.3 million that related to FY2021 was paid in December 2021 (final dividend for the financial year ended 30 June 2020 paid: HK\$1,134.3 million).

On 25 February 2022, the Board resolved to declare an interim dividend for FY2022 of HK\$0.30 per share (interim dividend for FY2021 paid: HK\$0.29 per share), payable on or about 7 April 2022 to the shareholders whose names appear on the register of members of the Company on 23 March 2022. This interim dividend, amounting to HK\$1,173.3 million, has not been recognized as liability in the interim financial statements but will be reflected as an appropriation of the retained profits in the annual financial statements for FY2022 (interim dividend for FY2021 paid: HK\$1,134.2 million).

31. Commitments

(a) The outstanding commitments for capital expenditure are as follows:

	Note	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Contracted but not provided for			
Intangible concession rights		70.4	178.8
Investment properties/property, plant and equipment	(i)	1,487.1	178.9
Capital contributions to associated companies and joint ventures	(ii)	219.1	287.4
Investment funds, financial and other investments		1,304.8	1,564.5
		3,081.4	2,209.6

- (i) The amount as at 31 December 2021 includes the Group's commitment of HK\$1,298.8 million in relation to the acquisition of office units on the 18th to 21st floors located at No. 888 Lai Chi Kok Road, Kowloon, Hong Kong.
- (ii) 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\$219.1 million (30 June 2021: HK\$287.4 million) which represents the attributable portion of the capital and loan contributions to be made to the associated companies and joint ventures.

(b) The Group's share of commitments for capital expenditure committed by the joint ventures not included above are as follows:

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Contracted but not provided for		
Property, plant and equipment	8,765.7	8,321.5

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

32. Financial guarantee contracts

The Group's financial guarantee contracts are as follows:

	At 31 December 2021 HK\$'m	At 30 June 2021 HK\$'m
Guarantees for credit facilities granted to		
Associated companies	1,740.7	1,736.8
Joint ventures	1,950.0	2,145.0
	3,690.7	3,881.8

In addition, the Company and NWD, through their respective wholly-owned subsidiaries, provided a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by Kai Tak Sports Park Limited ("KTSP") under the contract entered into between the Hong Kong Government and KTSP for the design, construction and operation of Kai Tak Sports Park. Taking into consideration the deed of counter-indemnity which has been entered into, the Group's guarantee towards KTSP is up to the extent of 25% of the contract sum or an amount of approximately HK\$7.5 billion as at 31 December 2021 and 30 June 2021. KTSP is an associated company of the Group in which the Group has a 25% interest.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

33. Notes to condensed consolidated statement of cash flows

Reconciliation of operating profit to net cash generated from operations:

	For the six months ended	
	31 December	
	2021	2020
	HK\$'m	HK\$'m
Operating profit from continuing and discontinued operations	1,865.9	614.5
Depreciation and amortization	978.9	1,120.0
Overlay approach adjustments on financial assets	(1,175.8)	895.1
Net profit on disposal of debt instruments as financial assets at FVOCI	(142.9)	(1.8)
Net (gain)/loss on fair value of derivative financial instruments	(21.9)	54.1
Net loss/(gain) on fair value of financial assets at FVPL	406.8	(1,570.9)
Loss/(gain) associated with investments related to unit-linked contracts	474.2	(1,592.7)
Interest income	(892.1)	(824.4)
Dividend income	(341.4)	(60.9)
Profit on disposal of interests in associated companies	(269.0)	(2.6)
Profit on disposal of interest in a joint venture	–	(40.4)
Loss on disposal of an asset held-for-sale	56.0	–
Loss on disposal of subsidiaries	–	87.7
Loss on fair value of investment properties	–	14.3
Remeasurement loss on assets classified as held-for-sale	44.7	1,442.7
Reversal of provision for onerous contract	(30.0)	–
Expected credit loss provision on debt instruments as financial assets at FVOCI and trade, premium and other receivables	211.2	39.7
Net exchange loss	0.8	37.4
Other non-cash items	14.8	(5.2)
Operating profit before working capital changes	1,180.2	206.6
Decrease in inventories	15.6	36.0
Decrease in security deposits	400.5	–
Decrease/(increase) in trade, premium and other receivables	351.9	(125.7)
(Decrease)/increase in trade, other payables and payables to policyholders	(603.1)	676.4
Decrease in amounts due to non-controlling interests	(4.9)	(19.1)
Increase in deferred acquisition costs	(438.3)	(510.9)
Increase in insurance and investment contract liabilities	4,324.2	3,798.4
(Decrease)/increase in liabilities related to unit-linked contracts	(573.9)	1,375.3
Purchases of financial assets at FVPL associated with investments related to unit-linked contracts	(1,771.2)	(3,047.7)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	1,848.9	3,120.9
Changes in balances with associated companies, joint ventures and related companies	(128.7)	(37.3)
Others	(1.7)	(17.1)
Net cash generated from operations	4,599.5	5,455.8

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

34. Related party transactions

- (a) Except for those disclosed, the following is a summary of significant related party transactions during the Current Period carried out in the normal course of the Group's business:

	Note	For the six months ended 31 December	
		2021 HK\$m	2020 HK\$m
Transactions with affiliated companies			
	(i)		
Provision of other services	(iii)	0.3	3.2
Interest income	(iv)	37.8	54.9
Management fee income	(v)	2.2	0.1
Rental and other related expenses	(vi)	(0.6)	–
Other expenses	(viii)	(31.5)	(131.1)
Transactions with other related parties			
	(i)		
Provision of construction work services	(ii)	96.3	480.9
Provision of other services	(iii)	23.0	20.7
Interest income	(iv)	61.1	37.0
Rental, other related expenses and additions to right-of-use assets	(vi)	(14.9)	(13.8)
Mechanical and electrical engineering services	(vii)	(396.5)	(452.4)
Other expenses	(viii)	(83.0)	(37.3)

- (i) Affiliated companies include associated companies and joint ventures of the Group. Related parties are subsidiaries, associated companies and joint ventures of NWD and Chow Tai Fook Enterprises Limited ("CTF Enterprises") as well as Mr Doo Wai Hoi, William ("Mr Doo") and his associates which are not companies within the Group. NWD is the ultimate holding company of the Company and CTF Enterprises is a substantial shareholder of NWD. Mr Doo is the Vice-chairman and a non-executive director of NWD and is the father of Mr William Junior Guilherme Doo, a non-executive director of the Company.
- (ii) Revenue from the provision of construction work services was charged in accordance with the relevant contracts. Revenue from provision of construction work services to KTSPL, which is both a subsidiary of NWD and an associated company of the Group, was presented under "Transactions with other related parties" only.
- (iii) The Group provided various kinds of services including facilities management, property management and other services to certain affiliated companies and related parties. The services were provided and charged in accordance with the relevant contracts.
- (iv) Interest income was charged at relevant interest rates on the outstanding balances due from the affiliated companies or relevant yield on investments in debt instruments.
- (v) Management fee was charged at rates in accordance with the relevant contracts.
- (vi) Rental and other related expenses were charged and additions to right-of-use assets were measured in accordance with the respective tenancy agreements.
- (vii) Mechanical and electrical engineering services were charged in accordance with the relevant contracts.
- (viii) Other expenses include purchase of construction materials, laundry, security and guarding, landscaping, cleaning, property management and other services. The services were charged in accordance with the relevant contracts.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

34. Related party transactions (continued)**(b) Key management compensation**

The aggregate amounts of emoluments of the directors of the Company (being the key management personnel) are as follows:

	For the six months ended 31 December	
	2021 HK\$m	2020 HK\$m
Remuneration	35.8	33.9

(c) The total amounts receivable (before provision) from associated companies and joint ventures are HK\$11,893.8 million (30 June 2021: HK\$11,789.9 million). These balances are unsecured, of which HK\$2,689.4 million (30 June 2021: HK\$2,675.8 million) are interest bearing. These balances also include an amount of HK\$197.5 million (30 June 2021: HK\$197.5 million) which has been subordinated to certain indebtedness of a joint venture. The total amounts payable to associated companies, joint ventures and non-controlling interests are HK\$183.4 million (30 June 2021: HK\$233.6 million). These balances are unsecured and interest free. The pledge of the Group's equity interest in an associated company as security for a bank loan made by that associated company is disclosed in note 16(b).

(d) As at 31 December 2021, FTLife Insurance, a wholly-owned subsidiary of the Company, held senior unsubordinated and unsecured notes in the aggregate principal amount of HK\$2,500.0 million (30 June 2021: HK\$2,500.0 million) issued by NWD (MTN) Limited, a wholly-owned subsidiary of NWD, as part of its investment portfolio. These notes are bearing coupon rates ranging from 4.79% to 4.89% per annum, having maturity of 30 years falling due on 2049 to 2051, and listed on the Hong Kong Stock Exchange.

As at 31 December 2021, the fair value of these notes included in the condensed consolidated statement of financial position of the Group as financial assets at FVOCI is HK\$2,473.1 million (30 June 2021: HK\$2,693.7 million).

(e) In September 2021, the Group entered into formal sale and purchase agreements with Good Sense Development Limited (an indirect wholly-owned subsidiary of NWD) for the acquisition of the office units on 18th-21st floors of No. 888 Lai Chi Kok Road, Kowloon, Hong Kong at the aggregate purchase price of approximately HK\$1,367 million. In addition, the Group shall be entitled to (i) priority to purchase up to nine parking spaces for each floor purchased at a price of not higher than HK\$1.5 million per parking space and (ii) leasing benefits offered by the vendor under which the Group entered into tenancy agreements as landlord for these properties at pre-determined annual rent and has the option to terminate the relevant tenancy agreement for a pre-determined amount to be received according to when the termination of the relevant tenancy agreement(s) occurs. The transaction are yet to complete up to the date of this report as the properties are still under construction and completion is expected to take place in the second quarter of 2022.

35. Comparative figures

Certain comparative figures for the Last Period have been reclassified or extended to conform with the presentation for the Current Period.

FINANCIAL RESOURCES

Treasury management and cash funding

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group operates a centralized treasury function to monitor its cash position, cash flow and debt profile as well as optimize its funding cost-efficiency. In order to maintain maximum financial flexibility with adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will continue to optimize our capital structure and expand our sources of funding which include perpetual capital securities and debt issuance in the capital markets as well as bank borrowings, for which the proportion will change depending on financial market conditions. The capital structure of the Group was 24% debt and 76% equity as at 31 December 2021, compared with 30% debt and 70% equity as at 30 June 2021.

The Group manages its financial risks including interest rate exposure and foreign exchange risks. Interest rate swap contracts are used to hedge against part of the Group's exposures to changes in interest rates, while foreign exchange forward contracts are used to hedge against foreign currency exposures of the Group's businesses which involve foreign currencies. Cross currency swap contracts are entered to manage the Group's overall cost of funding and the exposure from foreign currency translation. The Group's Insurance segment enters into cross currency swap and forward starting swap contracts to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. The Group did not have any material exposure to exchange risk other than Renminbi and United States Dollar during the Current Period. Certain subsidiaries, associated companies and joint ventures have local currency project loans in place, and these are naturally hedged against the investments in the same local currency of the entities concerned.

Liquidity and capital resources

As at 31 December 2021, the Group's total cash and bank balances amounted to HK\$11,674.4 million, compared with HK\$10,804.6 million as at 30 June 2021. Cash and bank balances were mainly denominated as to 39% in Hong Kong Dollar, 37% in United States Dollar and 24% in Renminbi. The Group's net debt as at 31 December 2021 was HK\$8,672.1 million, compared with HK\$14,543.4 million as at 30 June 2021. The decrease in net debt was mainly due to the proceeds received from the disposal of interests in SUEZ NWS, XCTG and certain non-core investments as well as operating cash inflow and dividends received from associated companies and joint ventures, net of investments made and payment of dividend and interest expenses. The Group's net gearing ratio (calculated as net debt over total equity) reduced from 25% as at 30 June 2021 to 13% as at 31 December 2021. The Group had unutilized committed banking facilities of approximately HK\$18.1 billion as at 31 December 2021.

Debt profile and maturity

As at 31 December 2021, the Group's total debt decreased to HK\$20,346.5 million from HK\$25,348.0 million as at 30 June 2021. The Group has managed to spread out its debt maturity profile to reduce refinancing risks. Amongst the non-current portion of the long-term loans and borrowings of HK\$19,254.3 million as at 31 December 2021, 24% will mature in the second year, 43% will mature in the third to fifth year and 33% will mature after the fifth year. Bank loans were mainly denominated in Hong Kong Dollar and Renminbi and bearing interest at floating rates while fixed rate bonds were denominated in United States Dollar. As at 31 December 2021, the Group has provided a pledge over its 30% equity interest in an associated company which owns and operates Suiyuenan Expressway as security for a bank loan made to that associated company.

FINANCIAL RESOURCES

Commitments

The Group's total commitments for capital expenditures was HK\$3,081.4 million as at 31 December 2021, compared with HK\$2,209.6 million as at 30 June 2021. These comprised commitments for capital contributions to certain associated companies, joint ventures as well as investment funds, financial and other investments of HK\$1,523.9 million as well as additions of intangible concession rights, investment properties and property, plant and equipment of HK\$1,557.5 million. Sources of funds for capital expenditures include internal resources of the Group and committed external financing from reputable international banks.

Financial guarantee contracts

Financial guarantee contracts of the Group were HK\$3,690.7 million as at 31 December 2021, compared with HK\$3,881.8 million as at 30 June 2021. These comprised guarantees for banking facilities of associated companies and joint ventures.

In addition, the Company and NWD, through their respective wholly-owned subsidiaries, provided a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by KTSPL under the contract entered into between the Hong Kong Government and KTSPL for the design, construction and operation of Kai Tak Sports Park. Taking into consideration the deed of counter-indemnity which has been entered into, the Group's guarantee towards KTSPL is up to the extent of 25% of the contract sum or an amount of approximately HK\$7.5 billion as at 31 December 2021 and 30 June 2021. KTSPL is an associated company of the Group in which the Group has a 25% interest.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.30 per share for FY2022 (the “Interim Dividend”) in cash to the shareholders whose names appear on the register of members of the Company on 23 March 2022. It is expected that the Interim Dividend will be paid on or about 7 April 2022.

Closure of Register of Members

For the purpose of determining shareholders’ entitlement to the Interim Dividend, the register of members of the Company will be closed with details as set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. on 22 March 2022
Closure of register of members	23 March 2022
Record date	23 March 2022
Interim Dividend payment date	on or about 7 April 2022

On the abovementioned closure date, no transfer of shares will be registered. In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than the aforementioned latest time.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2021, the Group has provided financial assistance, by way of shareholders' loans or advances, in the aggregate amount of HK\$11,893.8 million to its affiliated companies, guarantees given for bank loans and other credit facilities for the benefit of the affiliated companies and the guarantee towards KTSPL in the aggregate amount of HK\$11,190.7 million (included in the amounts disclosed in note 32 to the interim financial statements) and contracted to provide an aggregate amount of HK\$219.1 million in capital and/or loans to affiliated companies (included in the amount disclosed in note 31(a) to the interim financial statements). The said amounts, in aggregate, represent approximately 14.9% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. Affiliated companies include associated companies and joint ventures of the Group.

The advances are unsecured, interest free and have no definite repayment terms except for (i) an aggregate amount of HK\$104.7 million which carries interest at 8% per annum; (ii) an amount of HK\$34.8 million which carries interest at Hong Kong prime rate; (iii) an aggregate amount of HK\$1,600.0 million which carries interest at 6-month Hong Kong Interbank Offered Rate plus a margin of 1.3% per annum and is not repayable within the next 12 months from the end of the reporting period; (iv) an amount of HK\$510.7 million which carries compound interest at 5% per annum and is repayable on demand; (v) an amount of HK\$245.4 million which carries interest at 90% of over-five-year Renminbi benchmark lending rate published by the People's Bank of China and is not repayable within the next 12 months from the end of the reporting period; (vi) an amount of HK\$193.8 million which carries interest at 4% per annum; (vii) an aggregate amount of HK\$6,166.6 million which is interest free and is repayable within the next 12 months from the end of the reporting period; and (viii) an aggregate amount of HK\$131.2 million which is interest free and is not repayable within the next 12 months from the end of the reporting period. The advances also include an amount of HK\$197.5 million which has been subordinated to certain indebtedness of an affiliated company. Contracted capital and loan contributions to affiliated companies would be funded by internally generated resources and banking facilities of the Group.

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

	Proforma combined statement of financial position HK\$m	The Group's attributable interest HK\$m
Non-current assets	94,177.5	46,024.4
Current assets	13,567.1	6,109.2
Current liabilities	(26,005.2)	(12,412.7)
Non-current liabilities	(58,230.5)	(29,232.9)
	23,508.9	10,488.0

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

ADDITIONAL INFORMATION

Corporate Governance Practices

The Board firmly believes that good corporate governance is fundamental to delivering strategic goals, enhancing shareholder value and balancing stakeholders' interests. The Company has been committed to maintaining a high standard of corporate governance and to devoting considerable effort to improve its practices in light of the regulatory requirements and expectation of the investors.

Throughout the Current Period, the Company has complied with all the applicable code provisions under the Corporate Governance Code as contained in Appendix 14 of the Listing Rules.

Dealings in the Company's Securities by Directors and Relevant Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct for securities transactions by directors. Specific enquiry was made with all directors of the Company and it was established that they had all complied with the required standard of the Model Code during the Current Period.

The Company has also adopted the "Code for Securities Transactions by Relevant Employees", which is no less exacting than the Model Code, for governing the securities transactions of specified employees ("Relevant Employees") who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees had confirmed that they complied with the standard set out in the "Code for Securities Transactions by Relevant Employees" during the Current Period.

Update on Directors' Information

Changes in the information of directors of the Company since the disclosure made in the 2021 annual report of the Company and up to the date of this report, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- (1) Dr Cheng Kar Shun, Henry was re-designated from the Vice Chairman to the Chairman of i-CABLE Communications Limited, a listed public company in Hong Kong, on 30 November 2021.
- (2) Mr Ho Gilbert Chi Hang was appointed as the chief operating officer of the Company on 1 February 2022.
- (3) Dr Cheng Chi Kong, Adrian was appointed as the Chairman and a non-executive director of Arta TechFin Corporation Limited, a listed public company in Hong Kong, on 29 October 2021.
- (4) Mr Chow Tak Wing resigned as an executive director of the Company on 1 January 2022 and ceased to act as a member of each of the Executive Committee and the Corporate Governance Committee of the Company on the same day.
- (5) Mr Kwong Che Keung, Gordon ceased to act as the Chairman and a member of the Corporate Governance Committee of the Company, and a member of each of the Nomination Committee and the Remuneration Committee of the Company on 1 January 2022. As from 1 January 2022, he is entitled to annual director's fee of HK\$300,000, Audit Committee Chairman's fee of HK\$160,000 plus meeting allowance of HK\$8,000 for each of the Board meetings, Committee meetings and general meetings attended.

ADDITIONAL INFORMATION

Update on Directors' Information (continued)

- (6) Dr Cheng Wai Chee, Christopher resigned as an independent non-executive director of the Company on 1 January 2022 and ceased to act as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company on the same day.
- (7) Mr Shek Lai Him ceased to serve as a member of the Legislative Council from 1 January 2022.
- (8) Mr Lee Yiu Kwong, Alan was appointed as a member of each of the Nomination Committee and the Remuneration Committee of the Company on 1 January 2022. As from 1 January 2022, he is entitled to annual director's fee of HK\$300,000, Audit Committee member's fee of HK\$80,000, Remuneration Committee member's fee of HK\$50,000, Nomination Committee member's fee of HK\$40,000, Sustainability Committee member's fee of HK\$50,000 plus meeting allowance of HK\$8,000 for each of the Board meetings, Committee meetings and general meetings attended.
- (9) Mr Wong Kwai Huen, Albert was appointed as a director of HKBU Chinese Medicine Hospital Company Limited on 23 November 2021 and became the chairman of its board on 29 December 2021. He was also appointed as the Chairman of the Corporate Governance Committee of the Company on 1 January 2022. As from 1 January 2022, he is entitled to annual director's fee of HK\$300,000, Corporate Governance Committee Chairman's fee of HK\$80,000 plus meeting allowance of HK\$8,000 for each of the Board meetings, Committee meetings and general meetings attended.
- (10) Professor Chan Ka Keung, Ceajer was appointed as an independent non-executive director of the Company, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company on 1 January 2022. As from 1 January 2022, he is entitled to annual director's fee of HK\$300,000, Audit Committee member's fee of HK\$80,000, Remuneration Committee member's fee of HK\$50,000, Nomination Committee member's fee of HK\$40,000 plus meeting allowance of HK\$8,000 for each of the Board meetings, Committee meetings and general meetings attended. Prof. K.C. Chan was also appointed as an independent non-executive director of Hong Kong Aerospace Technology Group Limited, a listed public company in Hong Kong, on 3 January 2022.

Audit Committee and Review of Interim Results

The Audit Committee of the Company was set up by the Board with specific terms for the purpose of reviewing and providing supervision over the Group's financial reporting process, and risk management and internal control. It currently comprises four independent non-executive directors and a non-executive director of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the Current Period with the management and the external auditor. The Audit Committee has also reviewed this interim report.

The unaudited consolidated interim results of the Group for the Current Period have been reviewed by the Company's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

ADDITIONAL INFORMATION

Directors' Interests in Securities

As at 31 December 2021, the directors of the Company had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

(a) Long position in shares

Name	Number of shares			Total	Approximate percentage of shareholding as at 31.12.2021
	Personal interests	Family interests	Corporate interests		
The Company					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	18,349,571	–	12,000,000 ⁽¹⁾	30,349,571	0.776%
Mr William Junior Guilherme Doo	–	–	128,869 ⁽²⁾	128,869	0.003%
Mr Kwong Che Keung, Gordon	1,207,077	–	–	1,207,077	0.031%
Dr Cheng Wai Chee, Christopher ⁽³⁾	2,875,786	–	–	2,875,786	0.074%
Mr Lam Wai Hon, Patrick	1,446,207	–	7,608 ⁽⁴⁾	1,453,815	0.037%
NWD					
(Ordinary shares)					
Dr Cheng Kar Shun, Henry	5,168,909	–	–	5,168,909	0.205%
Dr Cheng Chi Kong, Adrian	2,559,118	–	–	2,559,118	0.102%
Mr Cheung Chin Cheung	31,100	–	–	31,100	0.001%
Mr William Junior Guilherme Doo	–	10,000 ⁽⁵⁾	–	10,000	0.000%
Mr Kwong Che Keung, Gordon	10,000	–	–	10,000	0.000%

Notes:

- (1) The shares were held by a company wholly owned by Dr Cheng Kar Shun, Henry.
- (2) The shares were held by a company wholly owned by Mr William Junior Guilherme Doo.
- (3) Dr Cheng Wai Chee, Christopher resigned as an independent non-executive director of the Company on 1 January 2022.
- (4) The shares were held by a company wholly owned by Mr Lam Wai Hon, Patrick.
- (5) The shares were held by the spouse of Mr William Junior Guilherme Doo.

ADDITIONAL INFORMATION

Directors' Interests in Securities (continued)**(b) Long position in underlying shares – share options**

Under the share option scheme of NWD, the holding company of the Company, the following director of the Company had personal interest in options to subscribe for shares of NWD. Details of the share options of NWD granted to him are as follows:

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31.12.2021	Exercise price per share ⁽²⁾ HK\$
			Balance as at 01.07.2021	Granted during the period	Exercised during the period	Lapsed during the period		
			Dr Cheng Kar Shun, Henry	3 July 2017	(1)	500,000		

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) The exercise price per share immediately before the date of lapse of the share options.
- (3) The cash consideration paid by the director for each grant of the share options was HK\$10.

(c) Long position in debentures

Name	Amount of debentures				Total	Approximate percentage to the total amount of debentures in issue as at 31.12.2021
	Personal interests	Family interests	Corporate interests	Trust interests		
New World China Land Limited						
Mr William Junior Guilherme Doo	–	–	HK\$7,800,000 ⁽¹⁾	–	HK\$7,800,000	0.095%
NWD Finance (BVI) Limited						
Mr William Junior Guilherme Doo	–	US\$660,000 ⁽²⁾	US\$6,000,000 ⁽³⁾	–	US\$6,660,000	0.159%
NWD (MTN) Limited						
Dr Cheng Wai Chee, Christopher ⁽⁴⁾	–	–	–	US\$3,000,000 ⁽⁴⁾	US\$3,000,000	0.063%

Notes:

- (1) The debentures, which were issued in US\$, were held by a company wholly owned by Mr William Junior Guilherme Doo and had been translated into HK\$ using the rate of US\$1 = HK\$7.8.
- (2) The debentures were held by a company wholly owned by the spouse of Mr William Junior Guilherme Doo.
- (3) The debentures were held by a company wholly owned by Mr William Junior Guilherme Doo.
- (4) The debentures were owned by a controlled corporation of a trust and Dr Cheng Wai Chee, Christopher is a beneficiary under the trust. Dr Cheng Wai Chee, Christopher resigned as an independent non-executive director of the Company on 1 January 2022.

ADDITIONAL INFORMATION

Directors' Interests in Securities (continued)

Save as disclosed above, as at 31 December 2021, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations as defined in the SFO which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Share Option Scheme

The previous share option scheme adopted by the Company on 21 November 2011 (the "2011 Share Option Scheme"), which was valid and effective for a period of 10 years from the date of adoption, expired on 21 November 2021. A new share option scheme of the Company (the "2021 Share Option Scheme") has been approved by the shareholders of the Company and NWD at their respective annual general meetings and the 2021 Share Option Scheme became effective on 23 November 2021.

During the Current Period, no share option of the Company has been granted under the 2011 Share Option Scheme and the 2021 Share Option Scheme.

Substantial Shareholders' Interests in Securities

As at 31 December 2021, so far as are known to the directors of the Company, the following parties (other than a director or chief executive of the Company) would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO, or were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of shares			Approximate percentage to the issued share capital of the Company as at 31.12.2021
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	2,477,530,362 ⁽¹⁾	2,477,530,362	63.35%
Cheng Yu Tung Family (Holdings II) Limited	–	2,477,530,362 ⁽²⁾	2,477,530,362	63.35%
Chow Tai Fook Capital Limited ("CTFC")	–	2,477,530,362 ⁽³⁾	2,477,530,362	63.35%
Chow Tai Fook (Holding) Limited ("CTFH")	–	2,477,530,362 ⁽⁴⁾	2,477,530,362	63.35%
CTF Enterprises	97,034,424	2,380,495,938 ⁽⁵⁾	2,477,530,362	63.35%
NWD	1,588,468,276	792,027,662 ⁽⁶⁾	2,380,495,938	60.86%
Mombasa Limited	718,384,979	–	718,384,979	18.37%

ADDITIONAL INFORMATION

Substantial Shareholders' Interests in Securities (continued)

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC held approximately 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the shares deemed to be interested by CTFH.
- (4) CTFH held 100% direct interest in CTF Enterprises and was accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises.
- (5) CTF Enterprises, together with its subsidiaries, held more than one-third of the issued shares of NWD and was accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.
- (6) NWD held 100% indirect interest in Mombasa Limited and was accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD was also deemed to be interested in 2,979,975 shares held by Financial Concepts Investment Limited, 35,331,354 shares each held by Hing Loong Limited and Fine Reputation Incorporated respectively, all of them being subsidiaries of NWD.
- (7) All the interests stated above represented long positions.

Save as disclosed above, as at 31 December 2021, there was no other person (other than the directors or chief executive of the Company whose interests in shares, underlying shares and debentures of the Company or any of its associated corporations are set out on pages 73 and 74) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Employees and Remuneration Policies

As at 31 December 2021, approximately 13,600 staff were employed by entities under the Group's management, of which approximately 4,200 staff were employed in Hong Kong. Total staff related costs, including provident funds, staff bonus and deemed share option benefits but excluding directors' remunerations during the Current Period were HK\$1.199 billion (2020: HK\$1.004 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

Continuing Connected Transactions

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

ADDITIONAL INFORMATION

Continuing Connected Transactions (continued)

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

Categories	For the financial year ending 30 June	
	2022 HK\$'m	2023 HK\$'m
Original Annual Caps	136.0	161.0
Revised Annual Caps	815.0	937.0

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

Categories	For the financial year ending 30 June	
	2022 HK\$'m	2023 HK\$'m
Operational Services by members of the Group to members of the CTF Enterprises Group	104.0	113.0
Operational Services by members of the CTF Enterprises Group to members of the Group	711.0	824.0

Major Acquisitions and Disposals

On 11 January 2021, Beauty Ocean Limited, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with SUEZ (Asia) Limited for the disposal of its entire 42% interest in SUEZ NWS, an associated company of the Group, to SUEZ (Asia) Limited at the cash consideration of HK\$4,173.0 million. Completion of the disposal took place on 15 November 2021.

On 20 August 2021, New World (Xiamen) Port Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Xiamen International Port Co., Ltd. ("XIPC") for the disposal of its entire 20% interest in XCTG, an associated company of the Group, to XIPC at the cash consideration of RMB1,568.0 million (equivalent to approximately HK\$1,877.8 million). Completion of the disposal took place on 8 October 2021.

ADDITIONAL INFORMATION

Major Acquisitions and Disposals (continued)

On 31 August 2021, certain indirect wholly-owned subsidiaries of the Company entered into the preliminary agreements with Good Sense Development Limited (the “Vendor”, an indirect wholly-owned subsidiary of NWD) and further entered into the formal sale and purchase agreements with the Vendor on 7 September 2021 for the acquisition of the office units on 18th-21st floors of No. 888 Lai Chi Kok Road, Kowloon, Hong Kong at the aggregate purchase price of approximately HK\$1,367 million. In addition, the Group shall be entitled to (i) priority to purchase up to nine parking spaces for each floor purchased at a price of not higher than HK\$1.5 million per parking space and (ii) leasing benefits offered by the Vendor under which the Group entered into tenancy agreements as landlord for these properties at pre-determined annual rent and has the option to terminate the relevant tenancy agreement(s) for a pre-determined amount to be received according to when the termination of the relevant tenancy agreement(s) occurs. The transactions are yet to complete up to the date of this report as the properties are still under construction and completion is expected to take place in the second quarter of 2022.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Current Period.

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 25 February 2022

CORPORATE INFORMATION

Board of Directors

Executive Directors

Dr Cheng Kar Shun, Henry (*Chairman*)
 Mr Ma Siu Cheung (*Chief Executive Officer*)
 Mr Ho Gilbert Chi Hang (*Chief Operating Officer*)
 Dr Cheng Chi Kong, Adrian
 Mr Cheung Chin Cheung
 Mr Cheng Chi Ming, Brian
 Mr Cheng Chi Leong, Christopher

Non-executive Directors

Mr To Hin Tsun, Gerald
 Mr Dominic Lai
 Mr William Junior Guilherme Doo
 Mr Lam Wai Hon, Patrick (*alternate director to
 Mr William Junior Guilherme Doo*)

Independent Non-executive Directors

Mr Kwong Che Keung, Gordon
 Mr Shek Lai Him, Abraham
 Mr Lee Yiu Kwong, Alan
 Mrs Oei Fung Wai Chi, Grace
 Mr Wong Kwai Huen, Albert
 Professor Chan Ka Keung, Ceajer

Board Committees

Executive Committee

Dr Cheng Kar Shun, Henry (*Chairman*)
 Mr Ma Siu Cheung
 Mr Ho Gilbert Chi Hang
 Dr Cheng Chi Kong, Adrian
 Mr Cheung Chin Cheung
 Mr Cheng Chi Ming, Brian
 Mr Cheng Chi Leong, Christopher

Audit Committee

Mr Kwong Che Keung, Gordon (*Chairman*)
 Mr Dominic Lai
 Mr Shek Lai Him, Abraham
 Mr Lee Yiu Kwong, Alan
 Professor Chan Ka Keung, Ceajer

Remuneration Committee

Mr Shek Lai Him, Abraham (*Chairman*)
 Mr Ma Siu Cheung
 Mr Lee Yiu Kwong, Alan
 Professor Chan Ka Keung, Ceajer

Nomination Committee

Dr Cheng Kar Shun, Henry (*Chairman*)
 Mr Ma Siu Cheung
 Mr Shek Lai Him, Abraham
 Mr Lee Yiu Kwong, Alan
 Professor Chan Ka Keung, Ceajer

Sustainability Committee

Mr Ma Siu Cheung (*Chairman*)
 Mr Cheung Chin Cheung
 Mr Cheng Chi Ming, Brian
 Mr Dominic Lai
 Mr William Junior Guilherme Doo
 Mr Lee Yiu Kwong, Alan
 Mrs Oei Fung Wai Chi, Grace

Corporate Governance Committee

Mr Wong Kwai Huen, Albert (*Chairman*)
 Mr Ma Siu Cheung
 Mr Cheung Chin Cheung
 Mrs Oei Fung Wai Chi, Grace

Company Secretary

Mr Tang Wai Yau

CORPORATE INFORMATION

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2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

28/F, New World Tower
18 Queen's Road Central
Hong Kong

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China Merchants Bank Co., Ltd., Beijing Branch
Crédit Agricole Corporate and Investment Bank
DBS Bank Ltd. Hong Kong Branch
Hang Seng Bank, Limited
Mizuho Bank, Ltd. Hong Kong Branch
MUFG Bank, Ltd. Hong Kong Branch
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Sumitomo Mitsui Banking Corporation
Hong Kong Branch
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