

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

HIGHLIGHTS[^]

- **The Group's AOP of recurring businesses declined slightly by 3%**
- **Overall AOP was HK\$2,100.9 million, decreased by 11%**
 - Core Business' AOP was HK\$1,640.7 million, decreased by 25%. Excluding the impact of the Aviation segment and Wai Kee, AOP of recurring businesses of Core Business recorded a decline of 13%
 - Strategic Portfolio's AOP increased by 149% to HK\$460.2 million. Excluding the impact of the Strategic Investments segment and SUEZ NWS, AOP of Strategic Portfolio's recurring businesses rose by 147%
- **The profit attributable to shareholders of the Company declined by 27% to HK\$1,162.4 million**
- **Interim dividend is HK\$0.30 per share (FY2022: interim dividend of HK\$0.30 per share), aligning with the Group's prevailing sustainable and progressive dividend policy**
- **Net gearing ratio further decreased to 11% (30 June 2022: 19%)**
- **The Group's business portfolio was further optimized with the completion of the disposal of aircraft leasing platform and the investments in various value accretive projects within our Roads and Logistics segments**

[^]

Unless otherwise stated, all comparison in this summary box are between the Current Period and the Last Period

The board of directors (the "Board") of NWS Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2022 (the "Current Period"), together with comparative figures for the six months ended 31 December 2021 (the "Last Period").

BUSINESS REVIEW

Group overview

For the Current Period, Attributable Operating Profit (“AOP”) of the Group was HK\$2,100.9 million, representing a slight decline of 11% compared with the Last Period. Although a number of factors contributed positively to the AOP, namely, (i) the inclusion of five logistics properties in Chengdu and Wuhan acquired in June 2022 which added to the AOP in the Logistics segment; (ii) the continuous reduction in Attributable Operating Loss (“AOL”) of the Facilities Management segment as losses of the three businesses within the segment further narrowed; (iii) the AOP contribution from the Insurance segment; and (iv) the turnaround to AOP of the Strategic Investments segment (Last Period: AOL of HK\$53.7 million), these positive factors were partly offset by (i) the absence of AOP contributions from both Goshawk Aviation Limited (“GAL” or “Goshawk”) and SUEZ NWS Limited (“SUEZ NWS”) since the announcement of the sale of Goshawk Management Limited (“GML”) by GAL and after the completion of the disposal of SUEZ NWS by the Group, respectively; and (ii) the decrease in AOP of the Roads segment mainly caused by the containment measures against COVID-19 and the reduction in toll fee by 10% for trucks in the fourth quarter of 2022 in the Mainland. As a result of the above, together with the mixed impact of the recognition of a net gain on the partial redemption of senior notes, the reduction in impairment loss on investments, the loss on disposal of a legacy project and the increase in finance costs due to the surge in interest rates, profit attributable to shareholders of the Company for the Current Period was HK\$1,162.4 million, representing a decline of 27% compared with the Last Period.

During the Current Period, the Group continued to expand and invest in value accretive projects which include the acquisition of 40% interest in Guigang-Wuzhou Expressway (“Guiwu Expressway”) (貴港至梧州高速公路(「貴梧高速公路」)), the signing of the agreement to acquire the remaining 60% stake in Sui-Yue Expressway and the commencement of the expansion of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section). Together with the completion of the disposal of the commercial aircraft leasing business in December 2022, the Group’s business portfolio has been further strengthened with enhanced earnings and cash flow visibility and lower risk profile.

Fundamentals of the Group’s recurring businesses remained resilient and solid notwithstanding short-term headwinds encountered in the Roads segment in the Current Period due to the unexpected and widely adopted containment measures against COVID-19 in the Mainland. With the recent change in policy in the Mainland, a rapid recovery is expected in the Roads segment. Excluding Aviation and Strategic Investments segments, Wai Kee Holdings Limited (“Wai Kee”) and SUEZ NWS, AOP of the Group’s recurring businesses declined merely by 3% year-on-year, primarily driven by the drop in Roads segment’s AOP.

Owing mainly to the decline in AOP of Roads segment as explained above and the absence of AOP contribution from Aviation segment during the Current Period, Core Business’ AOP dropped by 25% year-on-year to HK\$1,640.7 million. If not considering Aviation segment and Wai Kee, AOP of the recurring businesses of Core Business recorded a decline of 13% in the Current Period.

Within Strategic Portfolio, the respectable increase in AOP of the Logistics segment and the narrowing of AOL of the three businesses under Facilities Management segment, along with the turnaround of the Strategic Investments segment to an AOP of HK\$170.3 million (Last Period: AOL of HK\$53.7 million), partially offset by the lack of AOP contribution from SUEZ NWS, have led to a surge in Strategic Portfolio's AOP by 149% year-on-year to HK\$460.2 million. Excluding Strategic Investments segment and SUEZ NWS, AOP of Strategic Portfolio's recurring businesses rose by 147% year-on-year.

The increase in non-operating losses incurred in the Current Period versus the Last Period was mainly due to the loss realized on the disposal of a legacy project related to coal trading in the Mainland (Last Period: net gain on disposal of projects recognized), partly offset by the decrease in impairment loss on investments recognized.

With the recent sharp rise in interest rates, finance costs from bank loans have increased during the Current Period, which were mitigated by the interest savings from the partial redemption of US\$650 million 4.25% senior notes due 2029 ("Senior Notes") in the last quarter of the financial year ended 30 June 2022 ("FY2022"). In addition, a net gain on redemption of the Senior Notes (Last Period: nil) was recognized in the Current Period.

For the Current Period, the basic earnings per share was HK\$0.30, decreased by 27% year-on-year.

Contribution from operations in Hong Kong accounted for 53% of the AOP in the Current Period (Last Period: 43%), while Mainland China and other regions contributed 43% and 4% of the AOP, respectively (Last Period: 40% and 17%, respectively). Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") was down by 8% to HK\$2,984.0 million.

Financial position remained solid in the Current Period. Net debt balance as at 31 December 2022 decreased to approximately HK\$5.7 billion (30 June 2022: HK\$10.1 billion) and net gearing ratio decreased to 11% (30 June 2022: 19%).

During the Current Period, the Group redeemed US\$92.3 million in aggregate principal amount of the Senior Notes at a discount to par value (US\$243.6 million remained outstanding as at 31 December 2022) as well as US\$280.9 million in aggregate principal amount of the US\$1,300 million 5.75% senior perpetual capital securities at a discount to par value (US\$1,019.1 million remained outstanding as at 31 December 2022). Meanwhile, the Group continues to ramp up its efforts to pursue other sustainable, social and green finance options to show our commitment to Environmental, Social and Governance ("ESG") and to lower our finance costs through various means. As at 31 December 2022, the Group had over HK\$6.2 billion sustainability-linked facilities.

Contribution by Division

For the six months ended 31 December

	2022 HK\$'m	2021 HK\$'m (restated)
Core Business	1,640.7	2,182.7
Strategic Portfolio		
Continuing operations	460.2	63.8
Discontinued operations	-	121.0
Attributable Operating Profit	<u>2,100.9</u>	<u>2,367.5</u>
<i>Corporate office and non-operating items</i>		
Net loss on fair value of investment properties	(17.2)	-
Impairments and provisions, net	(149.1)	(341.7)
Net (loss)/gain on disposal of projects, net of tax	(46.5)	213.0
Gain on fair value of derivative financial instruments	37.1	21.9
Net gain on redemption of senior notes	88.6	-
Interest income	35.8	27.0
Finance costs	(311.5)	(226.9)
Share-based payment	(32.0)	-
Net exchange (loss)/gain	(38.8)	1.4
Expenses and others	(209.1)	(187.2)
	<u>(642.7)</u>	<u>(492.5)</u>
Profit for the period after tax and non-controlling interests	<u>1,458.2</u>	<u>1,875.0</u>
Profit attributable to:		
Shareholders of the Company	1,162.4	1,583.5
Holders of perpetual capital securities	295.8	291.5
	<u>1,458.2</u>	<u>1,875.0</u>
Adjusted EBITDA[#]	<u>2,984.0</u>	<u>3,239.4</u>

[#] *Adjusted EBITDA is calculated as operating profit excluding depreciation/amortization and other non-cash items, plus dividends received from associated companies and joint ventures, and any other relevant adjustments.*

OPERATIONAL REVIEW – CORE BUSINESS

AOP Contribution by Segment

For the six months ended 31 December

	2022 HK\$'m	2021 HK\$'m (restated)	Change % Fav./Unfav.)
Roads	684.5	968.7	(29)
Aviation	-	274.4	(100)
Construction ^Ω	416.3	448.7	(7)
Insurance	539.9	490.9	10
Total	<u>1,640.7</u>	<u>2,182.7</u>	(25)

^Ω Included share of profits from the Group's 11.49% attributable interest in Wai Kee in both periods. AOP of the Construction segment has been restated for the Last Period due to the change in classification of the Group's remaining interest in Wai Kee from an asset held-for-sale to an associated company in the second half of FY2022.

Roads

During the Current Period, COVID-19 containment measures in the Mainland, compounded by the cut in toll fee for trucks by 10% by the Mainland Government in the fourth quarter of 2022 with the aim of supporting the economic and logistics industry growth, Renminbi (“RMB”) depreciation, as well as absence of financial incentives received in the Last Period associated with the investments in Changliu Expressway and Sui-Yue Expressway have altogether weighed on the AOP performance of the Roads segment. Though the financial support from the Mainland Government in relation to the 10% toll fee reduction for trucks partly mitigated the negative impacts, AOP fell by 29% year-on-year to HK\$684.5 million. Overall traffic flow and toll revenue in the Current Period dropped by 10% and 6% year-on-year, respectively. Excluding the impact of RMB depreciation, underlying AOP from operation of the Roads segment declined by 23% over the Last Period. Further excluding the financial incentives received in the Last Period, the AOP decline would be 20%.

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 (namely Suiyuan Expressway, Sui-Yue Expressway and Changliu Expressway), have collectively contributed over 90% of the Roads segment's AOP, with overall traffic flow declining 11% year-on-year mainly due to the impact of COVID-19 control measures in the Mainland as mentioned above.

Despite challenging environment, the Group managed to take the opportunity to further enrich our road portfolio. In December 2022, the Group announced the signing of the agreement to acquire the remaining 60% interest in Sui-Yue Expressway, while the acquisition of 40% interest in Guiwu Expressway (貴梧高速公路) was completed in November 2022. Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)'s expansion has also been approved by the Mainland Government and construction works have begun.

The overall average remaining concession period of our road portfolio as at 31 December 2022 was around 11 years, which will support the sustainable income and cash flow to the Group in the up-coming years.

Aviation

The Group's Aviation segment engages in commercial aircraft leasing business through our full service leasing platform GAL. In December 2022, GAL completed the disposal of all its commercial aircraft leasing business, except for six aircraft associated with Russian lessees, via the sale of GML. The total consideration was approximately US\$1.6 billion with an enterprise value of about US\$6.7 billion, 50% of which (approximately US\$0.8 billion) was attributable to the Group in accordance with its shareholding interest. Upon the completion of the disposal, the Group's risk profile has further improved with reduced interest rate and potential geopolitical exposures.

Construction

Construction segment encompasses our wholly-owned interest in NWS Construction Limited and its subsidiaries (collectively, "Hip Hing Group"), as well as our 11.49% interest in Wai Kee. In the Current Period, the overall AOP of the Construction segment decreased by 7% year-on-year to HK\$416.3 million, while Hip Hing Group performed steadily with AOP standing at HK\$403.0 million. Major projects of Hip Hing Group during the Current Period included Immigration Headquarters at Tseung Kwan O, commercial developments at Kai Tak (SOGO and AIRSIDE), residential development at Yin Ping Road, Tai Wo Ping and office development at 2 Murray Road, Central.

During the Current Period, Hip Hing Group's gross value contracts on hand increased by 6% year-on-year to approximately HK\$57.5 billion, and the remaining works to be completed grew by 17% year-on-year to around HK\$33.2 billion. About 68% of the remaining works to be completed were from private sector which included both commercial and residential, while the remaining 32% were from government and institutional related projects. New projects contracted for in the Current Period dropped by 53% year-to-year to around HK\$4.0 billion amid reduction in project supply in the private sector and hence more competition in the public sector. Key projects awarded included design and construction of expansion of the Legislative Council Complex, main contract works for office development at 20 Des Voeux Road Central and design and construction of a new public market in Tin Shui Wai.

Insurance

Insurance industry in Hong Kong was negatively impacted by a succession of challenges in the Current Period, from adverse economic environment and continuous border restriction in Hong Kong to surge in interest rates and volatility in the equity market, which took a toll on the overall operating performance. That said, AOP of our Insurance segment managed to increase by 10% year-on-year to HK\$539.9 million, thanks to its effective expense management, reduction in medical claims and change in valuation interest rate used in response to the increase in market interest rate.

Amid all the external challenges in the Current Period, FTLife Insurance Company Limited's ("FTLife Insurance") overall Annual Premium Equivalent ("APE") dropped by 31% year-on-year to HK\$726.9 million, maintaining its ranking of 12th among Hong Kong life insurance companies by APE as at 30 September 2022. Gross written premium declined by 12% year-on-year to HK\$6,347.4 million. Pressured by the drop in APE, Value of New Business ("VONB") was down by 39% to HK\$220.5 million, and VONB margin, representing VONB as a percentage of APE, decreased to 30% (Last Period: 34%) on product mix change and acquisition expense overruns impact resulting from reduced business volumes. Overall investment return of FTLife Insurance's investment portfolio was 3.4% in the Current Period (Last Period: 5.3%).

Despite headwinds confronting the market, FTLife Insurance continued to enhance its product offerings in the Current Period. In addition to "Your Choice" Insurance Plan, a short-term savings insurance product, and "Protect Starter", a new critical illness protection plan with new value proposition, launched in July and August 2022, respectively, FTLife Insurance further launched in November 2022 "Everglow 128" Insurance Plan, a savings plan which has annual distribution of cash coupons to provide stable income streams for maximum of 128 years and allowing change of insured to pass the legacy to next generations, and "Legend 2", a single pay investment linked product offering customers a spectrum of investment choices according to their needs and appetites. During the Current Period, in recognition of FTLife Insurance's efforts in offering innovative insurance products that take care of customers' needs, FTLife Insurance's products clinched three awards at insurance comparison platform 10Life 5-Star Insurance Award 2022 and Critical Illness Product – Outstanding Achiever at 2021 BENCHMARK Wealth Management Awards.

While strengthening its agency force via training and governance control, FTLife Insurance is also enhancing its distribution channel through expanding its partnership channel, and at the same time seeking to expand cooperation with banks to tap new business opportunities. Further collaboration within the ecosystem of New World Development Company Limited ("NWD") and its subsidiaries (collectively, "New World Group") also assisted in expanding FTLife Insurance's customer base. During the Current Period, FTLife Insurance's outstanding achievements in talent development, product development, branding and corporate social responsibility have garnered four accolades at the Bloomberg Businessweek/Chinese Edition Financial Institution Awards 2022.

Financial position of FTLife Insurance remained healthy during the Current Period. As at 31 December 2022, FTLife Insurance's solvency ratio stood at 364%, versus minimum industry regulatory requirement of 150%. Embedded value continued to be impacted by the interest rates hike and unfavourable equity performance, and decreased by 19% year-on-year to HK\$17.3 billion. Moody's has continued to maintain the insurance financial strength rating of FTLife Insurance at A3/Stable, while Fitch Ratings has affirmed FTLife Insurance's A- insurer financial strength rating with stable rating outlook.

OPERATIONAL REVIEW – STRATEGIC PORTFOLIO

AOP Contribution by Segment

For the six months ended 31 December

	2022	2021	Change %
	HK\$'m	HK\$'m	Fav./Unfav.)
Logistics	417.7	279.3	50
Facilities Management	(127.8)	(161.8)	21
Strategic Investments	170.3	(53.7)	417
Discontinued operations			
Environment	-	121.0	(100)
Total	<u>460.2</u>	<u>184.8</u>	149

Logistics

Sturdy performance of ATL Logistics Centre Hong Kong (“ATL”) and China United International Rail Containers Co., Limited (“CUIRC”), together with the contributions from the newly acquired logistics properties fostered the 50% year-on-year AOP growth of Logistics segment to HK\$417.7 million.

Among Logistics Asset & Management (“LA&M”), ATL’s performance remained solid during the Current Period and continued to be the key AOP contributor of the Logistics segment, contributing over 70% of the segment’s AOP. Keen demand for ATL’s warehouse space, as evidenced by the almost fully let occupancy rate of 99.2% as at 31 December 2022 (31 December 2021: 99.1%), supported ATL’s average rent to grow by 2% during the Current Period. In the Mainland, the five newly acquired logistics properties have continued to ramp up, with overall occupancy rate reaching 90.8% as at 31 December 2022 (30 June 2022: 86.7%) and accounted for close to 15% of the segment’s AOP, while the completion of the acquisition of the sixth logistics property took place in January 2023. During the Current Period, a revaluation gain of less than 1% of the total valuation of properties under LA&M was shared by the Group, and such revaluation gain (net of tax) accounted for about 18% of the segment’s AOP.

For CUIRC, strong demand for multimodal transportation service and the increase in terminal capacity from the new Guangzhou terminal underpinned its 18% year-on-year growth in throughput to approximately 2,725,000 TEUs in the Current Period, which spurred the AOP to surge by 43% year-on-year. Doubling of handling capacity of Zhengzhou terminal is completed and the expansion of Xi’an terminal’s handling capacity is in progress and is expected to complete in the first quarter of 2023.

Facilities Management

Continuous improvement in the operating performance of the three businesses within the Facilities Management segment fuelled the narrowing of AOL by 21% year-on-year to HK\$127.8 million.

Powered by its premium healthcare service, Gleneagles Hospital Hong Kong (“GHK Hospital”) is fortifying its reputation in Hong Kong and sees its operation gathering momentum, driving its solid revenue growth and AOL improvement. Compared with the Last Period, revenue grew by 16% with the number of inpatients and day cases growing steadily by 1% and 3%, respectively, while the number of outpatients edged down by 2% in the Current Period. Since achieving EBITDA breakeven in May 2021, GHK Hospital’s EBITDA continued to grow during the Current Period and increased by 285% compared with the Last Period, with EBITDA margin continuing to improve. As at 31 December 2022, number of regular utilized beds was 264 (31 December 2021: 238), with an average occupancy rate of 66%. In the Current Period, GHK Hospital took the privilege within the New World Group’s ecosystem to further expand its operation. In addition to opening Gleneagles Pro-HEART Cardiac Centre at New World Tower in August 2022 to provide professional and premium service for patients with cardiac-related health problems, GHK Hospital also provides management services for Humansa on its flagship Humansa | Victoria Dockside which offers integrated preventive healthcare and wellness services from October 2022. To further support the Hong Kong Government in battling COVID-19, GHK Hospital is one of the private hospitals to collaborate with the Hospital Authority to provide teleconsultation with medication delivery and counselling services to COVID-19 patients aged 60 or above.

Performance of Hong Kong Convention and Exhibition Centre (“HKCEC”) during the Current Period continued to improve, thanks to the recovery in number of events and exhibitions following the relaxation of social-distancing measures in Hong Kong. AOL further narrowed and accounted for approximately 17% of the segment’s AOL. Number of events held at HKCEC improved by 22% year-on-year to 409 and number of patronage rose by 24% to approximately 3.3 million in the Current Period.

Free Duty’s operation continued to be disrupted by border closure and our three outlets at Lo Wu, Hung Hom and Lok Ma Chau MTR stations remained closed during the Current Period. Yet, AOP of our only operating outlet at Hong Kong-Zhuhai-Macao Bridge almost tripled, together with the positive contributions from our other business initiatives such as pop-up stores at D-PARK, THE FOREST and within the New World Group’s ecosystem, as well as our e-commerce website, FDMALL, along with our efforts in saving costs, AOL of Free Duty further narrowed.

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. AOP in the Current Period, which mainly comprised the share of results, net fair value change, interest and dividend income from various investments, rose to HK\$170.3 million (Last Period: AOL of HK\$53.7 million), mainly due to the recognition of unrealized fair value gain on certain investments, the positive contributions from certain businesses with improvement in operating performance within the segment as well as the decrease in expected credit loss provision recorded.

BUSINESS OUTLOOK

Ushered into 2023, unresolved geopolitical tension, high interest rate environment and uncertain economic prospects of various developed countries are still overshadowing the overall global business environment. Yet in the Mainland, as the Government pledged to achieve a steady growth in 2023, it has supercharged its efforts in reopening the economy through relaxing its COVID-19 containment policies to guide the society to return to normalcy and rolled out a raft of stimulative policies. Therefore, the Group maintains its positive view on the Mainland's long-term economic prospects and anticipates the Mainland's economy will return to healthy growth swiftly once these economic stimulus measures take effect. The reopening of border between Hong Kong and the Mainland is also raising the economic outlook for both Hong Kong and the Mainland and providing a strong boost to the Group's business over the short- to medium-term.

Short-term disruption on Roads segment performance caused by COVID-19 in the Mainland would not derail our strategic plan to further enrich our road portfolio. Following the relaxation of many of the COVID-19 restrictions in the Mainland, the Group expects the performance of our Roads segment will have meaningful improvement and will continue to benefit from the constructive long-term economic outlook and growth in logistics industry in the Mainland.

For the Construction segment, expected increase in tender supply from the Hong Kong Government and the private sector, driven by the increase in land supply from the Hong Kong Government and development of Northern Metropolis will underpin the positive mid- to long-term outlook for the construction sector in Hong Kong and Hip Hing Group as a premium construction company. Hip Hing Group's strategic expansion into civil-related projects such as site formation and deep excavation works, as well as continuous efforts in optimizing building procedures and use of technologies and robotics in construction procedures are set to allow Hip Hing Group to enjoy a stable margin, reduce onsite construction energy and waste consumption, and continue to improve safety for our staff and workers.

Long-term growth outlook for FTLife Insurance remains unscathed as demand for FTLife Insurance's products induced by the rising awareness of healthcare protection stays solid and the strong pent-up demand from Mainland visitors is stand to be released after border between Hong Kong and the Mainland fully reopened, notwithstanding the short-term headwinds brought about by the spike in interest rates and economic uncertainties in Hong Kong. FTLife Insurance is well prepared to capture the opportunities through its diversified products offerings and marketing initiatives. At the same time, FTLife Insurance will continue to explore new distribution channel and further collaborate with the New World Group to fuel growth.

Regarding the upcoming replacement of current accounting practice by HKFRS 17 "Insurance Contracts" ("HKFRS 17") for insurance contracts for our financial year ending 30 June 2024, the implementation of the new standard would involve significant enhancements to the information technology, actuarial and finance systems and FTLife Insurance is undertaking active assessments with the assistance of external consultants and taking steps to get ready for the adoption in accordance with the required timeline. HKFRS 17 significantly reduces accounting mismatch between financial assets and insurance contract liabilities, with mechanisms to adjust insurance contract liabilities considering market fluctuation from assets. We preliminary estimate, based on the financial position as at 31 December 2022, the total equity of the Group's insurance business would be notably increased with the transition to HKFRS 17. The assessment of other impacts on the Group's consolidated financial statements is still in progress and it is expected to have impacts on revenue and results of the Group's insurance business. Although the work is well advanced as of the date of this announcement, it is not yet practicable to reliably quantify them.

For Logistics segment, expected acceleration of economic growth in the Mainland propelled by the relaxation of many of its COVID-19 containment measures, and all the pro-growth policies rolled out by the Mainland Government to shore up the economy will lead to a sustainable long-term growth of the logistics sector. Against this background, the Group will remain active in growing our Logistics segment, proactively look for new investment opportunities in the modern logistics sector and further expand our logistics properties portfolio, which is evidenced by the execution of a sale and purchase agreement to acquire 90% stake in a premium logistics property in Suzhou with a valuation of RMB570 million in February 2023 by the Group. This logistics property is located in the core area of semi-conductor, high-end manufacturing and bio-pharmaceutical in the Suzhou Industrial Park which has rare supply of logistics property. While ATL is expected to maintain stable performance, further ramp up of the occupancy of the five logistics properties in Chengdu and Wuhan as well as new contributions from both the sixth logistics property in Chengdu and the new logistics property in Suzhou upon completion of the acquisition will add further growth element within LA&M. Along with the positive outlook for CUIRC driven by its strong demand benefitting from economic recovery, logistics preference shift from sea to container trains and new contribution from the expansion of terminals, combined with other logistics-related investments, the Group envisages a positive boost to the Logistics segment. In view of the sanguine outlook and the synergies to be generated from the ecosystem built within the Logistics segment, the Group sees Logistics segment as one of the business focuses and expects this segment will continue to grow.

Improvement in performance of Facilities Management segment within Strategic Portfolio is expected to stay on track, prompted by the continuous improvement in the three business within the segment. Loss from GHK Hospital is anticipated to further narrow as it continues to ramp up and engage more collaborations within the New World Group, while HKCEC will continue to recover following the relaxation of COVID-19 containment measures and removal of travel restrictions for arrivals into Hong Kong. Free Duty is well prepared to capture sales from pent-up travellers following the reopening of border between Hong Kong and the Mainland. As of January 2023, Lok Ma Chau shop has reopened and the ramp up is on track, while outlet at Lo Wu was also reopened in February 2023.

Climate change has reached a critical magnitude, posing physical, transitional, and liability risks to our business. The ability to identify relevant risks is essential for the Group to mitigate the risks and leveraging the opportunities arising therefrom. To this end, the Group has proactively integrated those risks into our Enterprise Risk Management (“ERM”) framework in order to stay agile in the changing world. Coupling with the Group’s commitment to environmental sustainability as demonstrated through our Sustainability Target 2030, the Group will continue to incorporate ESG and climate-related risk considerations into investment decisions and explore the opportunities associated therewith, in a move to enhance sustainable growth for our stakeholders in a sustainable world. While adhering to the strategy of investing in value accretive assets, particularly in roads and modern logistics, the Group will continue to uphold its risk management strategy in its investment decisions as well as in the operations of the businesses.

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, debt issuance in the capital markets and bank borrowings, for which the proportion will change depending on financial market conditions. The capital structure of the Group was 32% debt and 68% equity as at 31 December 2022, compared with 30% debt and 70% equity as at 30 June 2022.

As a means to optimize capital structure and cost of financing, the Group has continued to redeem (at 13.5% discount to par value) and cancel US\$92.3 million in aggregate principal amount of the Senior Notes during the Current Period. After the redemption, US\$243.6 million in aggregate principal amount of the Senior Notes remains outstanding. The Group has also redeemed (at 4.5% discount to par value) and cancelled US\$280.9 million in aggregate principal amount of the US\$1,300 million 5.75% senior perpetual capital securities. After the redemption, US\$1,019.1 million in aggregate principal amount of the perpetual capital securities remains outstanding. At the same time, the Group issued US\$268.2 million in aggregate principal amount of senior perpetual capital securities with floating coupon referenced to Term Secured Overnight Financing Rate to a private investor. Besides, the Company repurchased 710,000 shares under its share repurchase program during the Current Period. The share repurchase program has a duration of 12 months from 18 May 2022 and pursuant to which the Company can repurchase up to the monetary value of US\$300 million.

In addition, with an aim to further broaden the Group's funding source and to hedge against the currency exchange fluctuations in Renminbi whereby a significant portion of the Group's assets are denominated, the Company had made an application to the National Association of Financial Market Institutional Investors (the "Association") for registration of debt financing instruments in aggregate amount of not more than RMB5 billion (the "Panda Bonds") to be issued by the Company in multiple tranches as and when appropriate within two years from the receipt of the notice of acceptance of registration from the Association. For the purpose of such application and subsequent issuance of the Panda Bonds, the Company has applied for, and subsequently received, a credit rating of "AAA" from China Lianhe Credit Rating Co., Ltd. (聯合資信評估股份有限公司), being the highest credit rating level in the Mainland.

The Group manages its financial risks including interest rate exposure and foreign exchange risks. Interest rate swaps 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 swaps 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 swaps and forward starting swaps 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 2022, the Group's total cash and bank balances amounted to HK\$17,691.9 million, compared with HK\$13,452.6 million as at 30 June 2022. Cash and bank balances as at 31 December 2022 were mainly denominated as to 65% in United States Dollar, 22% in Hong Kong Dollar and 12% in Renminbi. The Group's net debt as at 31 December 2022 was HK\$5,686.9 million, compared with HK\$10,138.3 million as at 30 June 2022. The decrease in net debt was mainly due to repayment from Goshawk following its receipt of proceeds from the disposal of its commercial aircraft leasing business, disposal of certain non-core investments as well as net operating cash inflow and dividends received from associated companies and joint ventures, net of investments made and payments of dividends. The Group's net gearing ratio (calculated as net debt over total equity) reduced from 19% as at 30 June 2022 to 11% as at 31 December 2022. The Group had unutilized committed banking facilities of approximately HK\$9.3 billion as at 31 December 2022.

Debt profile and maturity

As at 31 December 2022, the Group's total debt reduced slightly to HK\$23,378.8 million from HK\$23,590.9 million as at 30 June 2022. 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\$17,628.3 million as at 31 December 2022, 22% will mature in the second year, 56% will mature in the third to fifth year and 22% will mature after the fifth year. Bank loans were mainly denominated in Hong Kong Dollar and Renminbi bearing interest at floating rates while fixed rate bonds were denominated in United States Dollar. As at 31 December 2022, the Group has provided a pledge over the concession right of operation of an expressway in Hunan as security for bank loan made to the subsidiary company which owns and operates the expressway.

Commitments

The Group's total commitments for capital expenditures was HK\$4,729.0 million as at 31 December 2022, compared with HK\$4,786.5 million as at 30 June 2022. These comprised commitments for step up acquisition of a road project of HK\$624.4 million, an acquisition of a logistics property under development in Chengdu of HK\$532.1 million (which was subsequently completed in January 2023), capital contributions to certain associated companies, joint ventures as well as investment funds, financial and other investments of HK\$3,381.4 million together with additions of property, plant and equipment of HK\$191.1 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\$2,191.5 million as at 31 December 2022, compared with HK\$3,470.4 million as at 30 June 2022. 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 Kai Tak Sports Park Limited (“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 2022 and 30 June 2022. KTSPL is an associated company of the Group in which the Group has a 25% interest.

Under the main transaction agreement and the related transaction documents in relation to the disposal of aircraft leasing business by Goshawk to SMBC Aviation Capital Limited (“SMBC”), the Group provides a financial guarantee to support the performance of Goshawk of its payment obligation to satisfy claims that may be brought by SMBC against Goshawk. The Group’s potential liability under the financial guarantee is limited to a total amount of US\$197.1 million (equivalent to HK\$1,537.4 million) as at 31 December 2022 and 30 June 2022.

MAJOR ACQUISITIONS AND DISPOSALS

1. On 26 April 2022, NWS (Guangdong) Investment Co. Ltd.* (“NWS Guangdong”), an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Logan Transport Group Co., Ltd* and its subsidiary, which was superseded by a new conditional sale and purchase agreement on 5 September 2022, pursuant to which the Group agreed to acquire 40% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd* (which wholly owns the concession right to operate Guiwu Expressway) and related creditor’s right and dividend receivable at the total consideration of RMB1,902.4 million. Completion of the acquisition took place in November 2022 and the Group accounted for its 40% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd as a joint venture since then.
2. On 16 May 2022, Goshawk, a joint venture whose equity interest is held as to 50% indirectly by the Company, entered into a main transaction agreement with SMBC pursuant to which Goshawk agreed to dispose of its substantially all of the commercial aircraft leasing platform to SMBC via the sale of entire equity interest in GML (the main wholly-owned operating subsidiary of Goshawk) together with all assets, liabilities and contracts held by Goshawk which relate to the commercial aircraft leasing business operated by entities held or controlled by GML, except for entities which own six aircraft associated with Russian lessees. Completion of the disposal took place on 21 December 2022. The aggregate sum of the consideration received by Goshawk on completion is approximately US\$1.6 billion (the Group’s attributable portion: US\$0.8 billion).
3. On 1 December 2022, NWS Guangdong entered into an equity transfer agreement with Huayu Expressway Group Limited and its related parties, pursuant to which the Group agreed to acquire 60% equity interest in Hunan Daoyue Expressway Industry Co., Ltd.* (a 40% indirect associated company of the Company and which is principally engaged in the management and operation of Hunan Sui-Yue Expressway) at the total consideration of RMB555.7 million, subject to adjustments. The acquisition is yet to complete up to the date of this announcement. Upon completion, Hunan Daoyue Expressway Industry Co., Ltd. will become an indirect wholly-owned subsidiary of the Company.

RESULTS

The unaudited consolidated interim results of the Group for the Current Period together with comparative figures for the Last Period are set out as follows:

Condensed Consolidated Income Statement

		(Unaudited)	
		For the six months ended	
		31 December	
	<i>Note</i>	2022	2021
		HK\$'m	HK\$'m
			(restated)
Continuing operations			
Revenue	2	17,569.9	16,304.2
Cost of sales	3,5	(15,494.1)	(15,141.8)
Other income and gains, net	4	459.8	656.9
Selling and marketing expenses	3	(644.4)	(653.6)
General and administrative expenses	3	(980.4)	(925.0)
Overlay approach adjustments on financial assets	4(a)	552.0	1,175.8
Operating profit	3	1,462.8	1,416.5
Finance costs		(464.4)	(396.0)
Share of results of			
Associated companies	2(c)	106.6	150.2
Joint ventures	2(c)	645.4	649.2
Profit before income tax		1,750.4	1,819.9
Income tax expenses	6	(281.7)	(328.4)
Profit from continuing operations		1,468.7	1,491.5
Discontinued operations			
Profit from discontinued operations		-	390.0
Profit for the period		1,468.7	1,881.5
Profit attributable to			
Shareholders of the Company			
From continuing operations		1,162.4	1,193.5
From discontinued operations		-	390.0
		1,162.4	1,583.5
Holders of perpetual capital securities		295.8	291.5
Non-controlling interests		10.5	6.5
		1,468.7	1,881.5
Basic and diluted earnings per share			
attributable to shareholders of the Company			
From continuing operations	7	HK\$0.30	HK\$0.31
From discontinued operations		-	HK\$0.10
		HK\$0.30	HK\$0.41

Condensed Consolidated Statement of Comprehensive Income

	(Unaudited)	
	For the six months ended	
	31 December	
Note	2022	2021
	HK\$'m	HK\$'m (restated)
Profit for the period	<u>1,468.7</u>	<u>1,881.5</u>
Other comprehensive (loss)/income		
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”)	(238.4)	507.9
Remeasurement of post-employment benefit obligation	(0.3)	-
Share of gain arising from revaluation of a logistics property held by a joint venture upon reclassification to investment property, net of tax	-	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	(1,733.6)	701.9
Release of reserve upon disposal of interest in a joint venture	(6.4)	-
Release of reserves upon disposal of assets held-for-sale	-	(81.9)
Share of other comprehensive (loss)/income of associated companies	(8.5)	2.8
Cash flow/fair value hedges	17.8	(667.3)
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	4(a) (552.0)	(1,175.8)
Currency translation differences	(1,176.9)	368.3
Other comprehensive (loss)/income for the period, net of tax	<u>(3,698.3)</u>	<u>5,968.0</u>
Total comprehensive (loss)/income for the period	<u>(2,229.6)</u>	<u>7,849.5</u>
Total comprehensive (loss)/income attributable to Shareholders of the Company		
From continuing operations	(2,534.8)	7,321.5
From discontinued operations	-	229.3
	<u>(2,534.8)</u>	<u>7,550.8</u>
Holders of perpetual capital securities	295.8	291.5
Non-controlling interests	9.4	7.2
	<u>(2,229.6)</u>	<u>7,849.5</u>

Condensed Consolidated Statement of Financial Position

	(Unaudited) At 31 December 2022	(Audited) At 30 June 2022
<i>Note</i>	HK\$'m	HK\$'m
ASSETS		
Non-current assets		
	4,778.2	4,842.2
	1,343.9	1,315.7
	12,127.9	13,081.9
	5,883.7	5,890.1
	5,148.9	5,239.8
	1,268.0	1,360.7
	2,425.0	2,335.0
	5,500.6	6,443.4
	17,988.7	15,413.5
	1,320.3	-
	37,836.7	38,500.3
	10,619.9	11,052.2
	22.0	64.5
	1,382.9	1,728.5
	<u>107,646.7</u>	<u>107,267.8</u>
Current assets		
	163.7	170.0
	9,593.3	14,217.1
	8,630.8	8,649.2
	52.0	-
	3,291.3	3,083.5
	1,446.1	1,903.2
	32.2	27.4
	17,691.9	13,452.6
	<u>40,901.3</u>	<u>41,503.0</u>
Total assets	<u>148,548.0</u>	<u>148,770.8</u>
EQUITY		
Share capital	3,910.4	3,911.1
Reserves	35,781.8	39,397.4
Shareholders' funds	39,692.2	43,308.5
Perpetual capital securities	10,353.6	10,528.5
Non-controlling interests	36.9	50.1
Total equity	<u>50,082.7</u>	<u>53,887.1</u>

Condensed Consolidated Statement of Financial Position

	(Unaudited) At 31 December 2022 Note	(Audited) At 30 June 2022
	HK\$'m	HK\$'m
LIABILITIES		
Non-current liabilities		
Borrowings and other interest-bearing liabilities	17,628.3	18,323.2
Deferred tax liabilities	1,629.6	1,787.2
Insurance and investment contract liabilities	16,033.6	16,470.0
Liabilities related to unit-linked contracts	192.2	190.8
Derivative financial instruments	120.3	172.3
Lease liabilities	809.9	901.6
Other non-current liabilities	93.6	95.8
	36,507.5	37,940.9
Current liabilities		
Borrowings and other interest-bearing liabilities	5,750.5	5,267.7
Insurance and investment contract liabilities	34,681.2	31,734.4
Liabilities related to unit-linked contracts	8,627.7	8,645.1
Trade, other payables and payables to policyholders	11,997.4	10,403.1
Derivative financial instruments	73.9	0.4
Lease liabilities	228.5	223.1
Taxation	598.6	669.0
	61,957.8	56,942.8
Total liabilities	98,465.3	94,883.7
Total equity and liabilities	148,548.0	148,770.8

Notes:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements (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 Stock Exchange of Hong Kong Limited (the “Listing Rules”). The interim financial statements should be read in conjunction with the annual financial statements for FY2022.

As analyzed in note 2(b), the Group is in net current liabilities position of HK\$21,056.5 million as at 31 December 2022 which is mainly due to the classification of the full surrender value of insurance and investment contract liabilities of HK\$34,681.2 million as current liabilities at the reporting date. The Group, before taking into consideration the insurance business, is in net current assets position as at 31 December 2022.

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 considers 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 considers the amount of insurance contract liabilities expected to be settled within one year is HK\$4,573.0 million.

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 FY2022 except as described in note 1(a) below.

1. Basis of preparation and accounting policies (continued)

(a) Adoption of amendments to standards

During 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 2023 ("FY2023"):

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRSs Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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 2023 or later periods but which the Group has not early adopted:

HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
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
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

1. Basis of preparation and accounting policies (continued)

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

HKFRS 17 and HKFRS 17 (Amendments)

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

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

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

- (i) Insurance segment revenue presented in consolidated income statement under HKFRS 17 excludes any investment component, an amount that the policyholder will be repaid in all circumstances as required by the insurance contract, regardless of whether an insured event occurs.
- (ii) In accordance with HKFRS 17, the estimated unearned future profits from in-force insurance contracts will be included in the measurement of insurance contract liabilities in the consolidated statement of financial position as the contractual service margin and will be gradually recognized as Insurance segment revenue in the consolidated income statement based on the services provided over the coverage period of the insurance contract.

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

Except for HKFRS 17 above, the Group has commenced the assessment on the impact of adoption of all other amendments to standards and 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.

1. Basis of preparation and accounting policies (continued)

(c) Restatements of comparative figures

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

During the second half of FY2022, the Group ceased to classify its remaining interest held in Wai Kee as held-for-sale since the criteria in HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (“HKFRS 5”) were no longer met. As such, the Group retrospectively as from the date of its classification as held-for-sale accounted for the remaining interest held in Wai Kee as an associated company using equity method in accordance with HKAS 28 “Investment in Associates and Joint Ventures”.

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

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

	As previously stated HK\$'m	Adjustments HK\$'m	As restated HK\$'m
Condensed consolidated income statement (extract)			
For the six months ended 31 December 2021			
Continuing operations			
Other income and gains, net	716.3	(59.4)	656.9
Share of results of associated companies	102.6	47.6	150.2
Condensed consolidated statement of comprehensive income (extract)			
For the six months ended 31 December 2021			
Other comprehensive income			
Share of other comprehensive income of associated companies	1.3	1.5	2.8
Currency translation differences	358.0	10.3	368.3

2. Revenue and segment information

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

HK\$m	For the six months ended 31 December 2022		
	Hong Kong	Mainland China	Total
Roads	-	1,317.4	1,317.4
Construction	9,840.8	-	9,840.8
Insurance	5,817.9	-	5,817.9
Logistics	-	63.4	63.4
Facilities Management	512.5	17.4	529.9
Strategic Investments	-	0.5	0.5
	16,171.2	1,398.7	17,569.9

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

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; and (viii) Environment. The results of the "Environment" segment were presented as discontinued operations in accordance with HKFRS 5 in the Last Period.

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.

2. 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							Total
	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	
For the six months ended 31 December 2022								
Total revenue	1,317.4	-	9,861.7	5,818.3	63.4	530.2	0.5	17,591.5
Inter-segment	-	-	(20.9)	(0.4)	-	(0.3)	-	(21.6)
Revenue - external	1,317.4	-	9,840.8	5,817.9	63.4	529.9	0.5	17,569.9
Revenue from contracts with customers:								
Recognized at a point in time	1,317.4	-	-	-	-	124.3	-	1,441.7
Recognized over time	-	-	9,840.8	302.5	-	405.6	0.5	10,549.4
	1,317.4	-	9,840.8	302.5	-	529.9	0.5	11,991.1
Revenue from other source:	-	-	-	5,515.4	63.4	-	-	5,578.8
	1,317.4	-	9,840.8	5,817.9	63.4	529.9	0.5	17,569.9
Attributable Operating Profit/(Loss)								
Company and subsidiaries	372.5	-	384.9	539.9	55.4	(33.4)	41.0	1,360.3
Associated companies	85.5	-	31.4	-	(1.2)	(94.0)	93.9	115.6
Joint ventures	226.5	-	-	-	363.5	(0.4)	35.4	625.0
	684.5	-	416.3	539.9	417.7	(127.8)	170.3	2,100.9
Reconciliation – corporate office and non-operating items								
Net loss on fair value of investment properties								(17.2)
Impairments and provisions								(149.1)
Net loss on disposal of projects, net of tax								(46.5)
Gain on fair value of derivative financial instruments								37.1
Net gain on redemption of senior notes								88.6
Interest income								35.8
Finance costs								(311.5)
Share-based payment								(32.0)
Net exchange loss								(38.8)
Expenses and others								(209.1)
Profit for the period after tax and non-controlling interests								1,458.2
Profit attributable to holders of perpetual capital securities								(295.8)
Profit attributable to shareholders of the Company								1,162.4

- (i) The amount represents impairment loss for investment in Wai Kee of HK\$90.6 million (included in “other income and gains, net” under note 4) and share of impairment loss of Hyva Global B.V. of HK\$58.5 million (included in “share of results of joint ventures”).
- (ii) The finance costs recognized in the condensed consolidated income statement for the Current Period is HK\$464.4 million, in which the above HK\$311.5 million represents corporate office finance costs and HK\$152.9 million is recognized as part of Attributable Operating Profit in various reportable segments.

2. 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								Total
	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Corporate	
For the six months ended 31 December 2022									
Depreciation of property, plant and equipment	40.9	-	25.7	22.2	0.3	50.5	0.2	5.2	145.0
Depreciation of right-of-use assets	0.4	-	17.4	56.2	0.5	46.0	-	3.9	124.4
Amortization of intangible concession rights	509.4	-	-	-	-	-	-	-	509.4
Amortization of intangible assets	-	-	-	31.2	-	15.6	-	-	46.8
Amortization of value of business acquired (“VOBA”)	-	-	-	90.9	-	-	-	-	90.9
Interest income	(31.8)	-	(4.4)	(986.9)	(0.1)	(31.2)	(56.5)	(35.8)	(1,146.7)
Finance costs	63.9	-	25.3	49.9	-	13.6	0.2	311.5	464.4
Income tax expenses	134.4	-	77.0	46.4	9.2	2.0	12.5	0.2	281.7
Overlay approach adjustments on financial assets	-	-	-	(552.0)	-	-	-	-	(552.0)
Net loss/(gain) on fair value of financial assets at FVPL	-	-	1.2	584.1	-	-	(31.4)	-	553.9
Additions to non-current assets (remark)	233.0	-	34.7	86.7	6.0	9.0	6.0	37.9	413.3
At 31 December 2022									
Company and subsidiaries	14,461.9	-	8,684.1	79,430.9	2,216.1	3,629.8	5,860.2	10,775.7	125,058.7
Associated companies	2,801.5	-	289.0	-	302.8	230.1	1,874.6	2.6	5,500.6
Joint ventures	5,814.3	348.4	-	-	9,350.6	10.8	2,449.8	14.8	17,988.7
Total assets	23,077.7	348.4	8,973.1	79,430.9 (b)	11,869.5	3,870.7	10,184.6	10,793.1	148,548.0
Total liabilities	5,170.5	286.2	7,984.9	65,250.6 (b)	126.1	1,030.5	130.9	18,485.6	98,465.3

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

2. 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								Discontinued operations	Total
	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Subtotal	Environment	
For the six months ended 31 December 2021 (restated)										
Total revenue	1,481.9	-	7,518.5	6,820.6	-	483.6	-	16,304.6	-	16,304.6
Inter-segment	-	-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Revenue - external	1,481.9	-	7,518.5	6,820.6	-	483.2	-	16,304.2	-	16,304.2
Revenue from contracts with customers:										
Recognized at a point in time	1,481.9	-	-	-	-	110.3	-	1,592.2	-	1,592.2
Recognized over time	-	-	7,518.5	401.6	-	372.9	-	8,293.0	-	8,293.0
	1,481.9	-	7,518.5	401.6	-	483.2	-	9,885.2	-	9,885.2
Revenue from other source:										
	-	-	-	6,419.0	-	-	-	6,419.0	-	6,419.0
	1,481.9	-	7,518.5	6,820.6	-	483.2	-	16,304.2	-	16,304.2
Attributable Operating Profit/(Loss)										
Company and subsidiaries	482.6	-	379.9	490.9	(8.6)	(76.0)	(104.8)	1,164.0	121.0	1,285.0
Associated companies	110.6	-	68.8	-	1.3	(87.3)	73.3	166.7	(c)	166.7
Joint ventures	375.5	274.4	-	-	286.6	1.5	(22.2)	915.8	(c)	915.8
	968.7	274.4	448.7	490.9	279.3	(161.8)	(53.7)	2,246.5	121.0	2,367.5
Reconciliation – corporate office and non-operating items										
Impairments and provisions, net										(341.7)
Net gain on disposal of projects, net of tax										213.0
Gain on fair value of derivative financial instruments										21.9
Interest income										27.0
Finance costs										(226.9)
Net exchange gain										1.4
Expenses and others										(187.2)
Profit for the period after tax and non-controlling interests										1,875.0
Profit attributable to holders of perpetual capital securities										(291.5)
Profit attributable to shareholders of the Company										1,583.5

(iii) The amount mainly represented 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 impairment loss for investment in Wai Kee of HK\$97.7 million (restated, included in “other income and gains, net” under note 4).

(iv) The finance costs recognized in the condensed consolidated income statement for the Last Period from continuing operations was HK\$396.0 million, in which the above HK\$226.9 million represented corporate office finance costs and HK\$169.1 million was recognized as part of Attributable Operating Profit in various reportable segments.

2. 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									Discontinued operations	Total
	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Corporate	Subtotal	Environment	
For the six months ended 31 December 2021											
Depreciation of property, plant and equipment	27.0	-	26.0	22.0	0.1	51.3	-	3.3	129.7	-	129.7
Depreciation of right-of-use assets	0.4	-	17.0	58.9	0.5	47.9	-	6.9	131.6	-	131.6
Amortization of intangible concession rights	582.4	-	-	-	-	-	-	-	582.4	-	582.4
Amortization of intangible assets	-	-	-	24.9	-	15.6	-	-	40.5	-	40.5
Amortization of VOBA	-	-	-	94.7	-	-	-	-	94.7	-	94.7
Interest income	(18.8)	-	(0.7)	(785.6)	(0.4)	(13.4)	(46.2)	(27.0)	(892.1)	-	(892.1)
Finance costs	79.4	-	26.7	47.3	0.1	14.5	1.1	226.9	396.0	-	396.0
Income tax expenses/(credit)	217.7	-	59.6	54.1	(0.2)	(5.6)	2.6	0.2	328.4	-	328.4
Overlay approach adjustments on financial assets	-	-	-	(1,175.8)	-	-	-	-	(1,175.8)	-	(1,175.8)
Net loss on fair value of financial assets at FVPL	-	-	-	373.2	-	-	33.6	-	406.8	-	406.8
Additions to non-current assets (remark)	165.2	-	13.5	49.4	3.1	6.0	0.2	0.1	237.5	-	237.5
At 30 June 2022											
Company and subsidiaries	15,987.9	6,166.6	7,342.3	78,746.1	2,248.3	3,516.1	7,583.6	5,323.0	126,913.9	-	126,913.9
Associated companies	2,855.3	-	381.8	-	318.2	294.1	2,591.4	2.6	6,443.4	-	6,443.4
Joint ventures	3,822.9	301.0	-	-	9,278.3	13.1	1,987.3	10.9	15,413.5	-	15,413.5
Total assets	22,666.1	6,467.6	7,724.1	78,746.1	11,844.8	3,823.3	12,162.3	5,336.5	148,770.8	-	148,770.8
Total liabilities	5,632.2	-	6,741.5	62,731.8	143.0	1,054.9	127.1	18,453.2	94,883.7	-	94,883.7

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

2. Revenue and segment information (continued)

(b) Additional information of assets and liabilities by the following line items:

At 31 December 2022

HK\$m	Non-insurance and corporate	Insurance	Total
Assets			
Investment properties	4,078.4	699.8	4,778.2
Intangible concession rights	12,127.9	-	12,127.9
Intangible assets	141.2	5,742.5	5,883.7
Value of business acquired	-	5,148.9	5,148.9
Deferred acquisition costs	-	2,425.0	2,425.0
Associated companies	5,500.6	-	5,500.6
Joint ventures	17,988.7	-	17,988.7
Financial assets at amortized cost	143.4	1,228.9	1,372.3
Financial assets at FVOCI	1,012.6	40,115.4	41,128.0
Financial assets at FVPL	3,919.4	8,146.6	12,066.0
Trade, premium and other receivables	8,680.0	913.3	9,593.3
Investments related to unit-linked contracts	-	8,630.8	8,630.8
Cash and bank balances	12,623.2	5,068.7	17,691.9
Others	2,901.7	1,311.0	4,212.7
	<u>69,117.1</u>	<u>79,430.9</u>	<u>148,548.0</u>
Represented by			
Non-current assets	46,127.1	61,519.6	107,646.7
Current assets	22,990.0	17,911.3	40,901.3
	<u>69,117.1</u>	<u>79,430.9</u>	<u>148,548.0</u>
Liabilities			
Borrowings and other interest-bearing liabilities	21,195.0	2,183.8	23,378.8
Insurance and investment contract liabilities	-	50,714.8	50,714.8
Liabilities related to unit-linked contracts	-	8,819.9	8,819.9
Trade, other payables and payables to policyholders	9,392.2	2,605.2	11,997.4
Others	2,627.5	926.9	3,554.4
	<u>33,214.7</u>	<u>65,250.6</u>	<u>98,465.3</u>
Represented by			
Non-current liabilities	19,572.5	16,935.0	36,507.5
Current liabilities	13,642.2	48,315.6	61,957.8
	<u>33,214.7</u>	<u>65,250.6</u>	<u>98,465.3</u>
Net current assets/(liabilities) (note 1)	<u>9,347.8</u>	<u>(30,404.3)</u>	<u>(21,056.5)</u>

2. 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	Associated companies		Joint ventures	
	For the six months ended		For the six months ended	
	31 December	2021	31 December	2021
	2022	(restated)	2022	2021
Attributable Operating Profit	115.6	166.7	625.0	915.8
Corporate and non-operating items				
- Net gain on disposal	-	-	92.7	-
- Impairment losses, expected credit loss provision and/or aircraft repossession/recovery costs	-	-	(58.5)	(274.0)
- Others	(9.0)	(16.5)	(13.8)	7.4
Share of results of associated companies and joint ventures	106.6	150.2	645.4	649.2

- (d) Information by geographical areas:

HK\$m	Non-current assets (remark)	
	At	At
	31 December	30 June
	2022	2022
Hong Kong	10,677.6	10,789.0
Mainland China	14,694.1	15,669.6
Others	30.0	32.0
	25,401.7	26,490.6

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.

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

3. Operating profit

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

	<i>Note</i>	For the six months ended	
		2022	2021
		HK\$'m	HK\$'m
Crediting			
Gross rental income from investment properties		103.0	28.9
Less: outgoings		(27.9)	(6.5)
		<u>75.1</u>	<u>22.4</u>
Charging			
Cost of inventories sold		42.2	30.9
Cost of construction		8,630.8	6,354.0
Claims and benefits, net of reinsurance		4,805.3	6,868.9
Depreciation of property, plant and equipment		145.0	129.7
Depreciation of right-of-use assets		124.4	131.6
Amortization of intangible concession rights		509.4	582.4
Amortization of intangible assets		46.8	40.5
Amortization of VOBA		90.9	94.7
Agency commission and allowances, net of change in deferred acquisition costs	(a)	591.4	593.5
Expenses on short-term leases		14.5	6.4
Expenses on variable lease payments		80.5	51.7
Staff costs (including directors' emoluments and share-based payment)		1,392.1	1,234.9
Other costs and expenses		645.6	601.2
		<u>17,118.9</u>	<u>16,720.4</u>
Represented by			
Cost of sales	5	15,494.1	15,141.8
Selling and marketing expenses		644.4	653.6
General and administrative expenses		980.4	925.0
		<u>17,118.9</u>	<u>16,720.4</u>

(a) The amount includes amortization of deferred acquisition costs arising from insurance business of HK\$307.6 million (2021: HK\$223.0 million).

4. Other income and gains, net

	Note	For the six months ended 31 December	
		2022 HK\$'m	2021 HK\$'m (restated)
Continuing operations			
Credits associated with liabilities related to unit-linked contracts		113.8	474.0
Gain on redemption of fixed rate bonds		90.5	-
Gain on fair value of derivative financial instruments		37.1	21.9
Net gain on fair value of investment properties		30.5	-
Reversal of provision for onerous contract		-	30.0
Interest income			
- Debt instruments as financial assets at FVOCI		955.6	781.6
- Financial assets at amortized cost		15.2	-
- Bank deposits and others		175.9	110.5
Dividend income		126.7	214.0
Other income		49.2	59.6
Net loss on fair value of financial assets at FVPL	(a)	(553.9)	(406.8)
Loss associated with investments related to unit-linked contracts		(120.5)	(474.2)
Net exchange (loss)/gain		(105.7)	68.3
Loss on disposal of interest in a joint venture		(101.9)	-
Loss on disposal of an asset held-for-sale		-	(56.0)
Impairment loss related to an associated company	2(a)(i),(iii)	(90.6)	(97.7)
Net (loss)/profit on disposal of debt instruments as financial assets at FVOCI		(3.7)	142.9
Expected credit loss provision, net of reversal			
- Debt instruments as financial assets at FVOCI		(187.3)	(202.2)
- Financial assets at amortized cost		(1.5)	-
- Trade, premium and other receivables		30.4	(9.0)
		<u>459.8</u>	<u>656.9</u>

- (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\$553.9 million (2021: HK\$406.8 million) includes (i) a net fair value loss of HK\$552.0 million (2021: HK\$1,175.8 million) arising from those designated financial assets held by insurance business applying the overlay approach; and (ii) the remaining net fair value loss of HK\$1.9 million (2021: net gain of HK\$769.0 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\$552.0 million (2021: HK\$1,175.8 million) was then reclassified from condensed consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

5. Cost of sales

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

	<i>Note</i>	For the six months ended 31 December	
		2022	2021
		HK\$m	HK\$m
Cost of inventories sold		42.2	30.9
Cost of construction		8,630.8	6,354.0
Cost of services rendered		1,924.9	1,793.3
Claims and benefits, net of reinsurance		4,805.3	6,868.9
Amortization of VOBA		90.9	94.7
	3	<u>15,494.1</u>	<u>15,141.8</u>

6. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2021: 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% (2021: 12% to 28%). Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2021: 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	
	2022	2021
	HK\$m	HK\$m
Current income tax		
Hong Kong profits tax	144.9	123.7
Mainland China and overseas taxation	245.6	268.8
Deferred income tax credit	(108.8)	(64.1)
	<u>281.7</u>	<u>328.4</u>

Share of taxation of associated companies and joint ventures from continuing operations of HK\$75.6 million (2021: HK\$43.2 million) and HK\$143.0 million (2021: HK\$120.6 million) respectively are included in the condensed consolidated income statement as share of results of associated companies and joint ventures respectively.

7. 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\$1,162.4 million (2021 restated: HK\$1,193.5 million) and on the weighted average of 3,910,601,490 (2021: 3,911,137,849) ordinary shares outstanding during the Current Period.

For Last Period, the calculation of basic earnings per share from discontinued operations was based on profit attributable to shareholders of the Company arising from the discontinued operations of HK\$390.0 million and on the weighted average of 3,911,137,849 ordinary shares outstanding during the Last Period.

The share options of the Company had an anti-dilutive effect on the basic earnings per share for the Current Period and therefore were not included in the calculation of diluted earnings per share. There was no dilutive potential ordinary share outstanding during the Last Period.

8. Dividend

A final dividend of HK\$1,212.2 million related to FY2022 was paid in December 2022 (final dividend for the financial year ended 30 June 2021 paid: HK\$1,173.3 million).

On 23 February 2023, the Board resolved to declare an interim dividend for FY2023 of HK\$0.30 per share (interim dividend for FY2022 paid: HK\$0.30 per share), payable on or about 6 April 2023 to the shareholders whose names appear on the register of members of the Company on 22 March 2023. This interim dividend, amounting to HK\$1,173.1 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 FY2023 (interim dividend for FY2022 paid: HK\$1,173.4 million).

9. Joint ventures

- (a) In May 2022, Goshawk (a joint venture principally engaged in aircraft leasing industry in which the Group holds 50% equity interest) and SMBC entered into an agreement (“Transaction Agreement”) and pursuant to which Goshawk has agreed to, at completion, effectively dispose of its interest in its commercial aircraft leasing platform to SMBC, comprising substantially all of the assets, liabilities and contracts of the business, excluding the six aircraft leased to Russian airlines. Goshawk reclassified the assets and liabilities to be sold to SMBC as held-for-sale during FY2022. Upon the reclassification, the carrying values were remeasured by Goshawk with reference to the sale consideration under the Transaction Agreement.

The transaction was completed on 21 December 2022 at a consideration of approximately US\$1.6 billion (the Group’s attributable portion: US\$0.8 billion) with a disposal gain of HK\$92.7 million shared by the Group and included in “share of results of joint ventures” during the Current Period.

- (b) The completion of the acquisition of 40% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd (which wholly owns the concession right to operate Guiwu Expressway) and related creditor’s right and dividend receivable by the Group at the total consideration of RMB1,902.4 million took place in November 2022. The Group accounted for this equity interest as a joint venture.

10. Trade, premium and other receivables

- (a) Included in trade, premium and other receivables are trade receivables which are analyzed based on invoice date as follows:

	At 31 December 2022 HK\$m	At 30 June 2022 HK\$m
Under 3 months	2,017.8	1,572.1
4 to 6 months	18.1	81.3
Over 6 months	41.2	70.3
	<u>2,077.1</u>	<u>1,723.7</u>

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

- (b) Included in the balance as at 30 June 2022 of HK\$6,166.6 million was advances to Goshawk which was fully settled in December 2022 upon the completion of disposal of aircraft leasing business by Goshawk as detailed in note 9(a).

11. Trade, other payables and payables to policyholders

Included in trade, other payables and payables to policyholders are trade payables which are analyzed based on invoice date as follows:

	At 31 December 2022 HK\$m	At 30 June 2022 HK\$m
Under 3 months	126.7	615.2
4 to 6 months	2.2	5.2
Over 6 months	19.6	13.4
	<u>148.5</u>	<u>633.8</u>

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.30 per share for FY2023 (the “Interim Dividend”) in cash to the shareholders whose names appear on the register of members of the Company on 22 March 2023. It is expected that the Interim Dividend will be paid on or about 6 April 2023.

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 pm on 21 March 2023
Closure of register of members	22 March 2023
Record date	22 March 2023
Interim Dividend payment date	on or about 6 April 2023

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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than the aforementioned latest time.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, approximately 13,300 staff were employed by entities under the Group’s management of which approximately 3,600 staff were employed in Hong Kong. Total staff related costs from continuing operations including provident funds, staff bonus and deemed share option benefits but excluding directors’ remunerations and their deemed share option benefits during the Current Period were HK\$1.345 billion (2021: HK\$1.199 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.

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 three 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 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.

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, with the exception of code provision F.2.2.

Code provision F.2.2 provides that the chairman of the board should attend the annual general meeting. Dr Cheng Kar Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 21 November 2022 (the "2022 AGM") due to indisposition arising from COVID-19 infection. Dr Cheng Chi Kong, Adrian, the Executive Director of the Company who took the chair of the 2022 AGM, together with other members of the Board who attended the 2022 AGM, were of sufficient caliber for answering questions at the 2022 AGM and had answered questions at the 2022 AGM competently.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Current Period, the Company bought back a total of 710,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) at an aggregate consideration of HK\$5,582,910 (before expenses). All shares bought back were subsequently cancelled during the period. As at 31 December 2022, the total number of shares of the Company in issue was 3,910,427,849.

Details of the shares bought back during the Current Period are as follows:

Date	Number of shares bought back	Price paid per share		Aggregate Consideration (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
18 July 2022	460,000	7.90	7.78	3,615,890
19 July 2022	250,000	7.90	7.84	1,967,020
	710,000			5,582,910

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

A tender offer was made by Celestial Dynasty Limited (“CDL”, an indirect wholly-owned subsidiary of the Company) to purchase for cash the Senior Notes in the outstanding amount of US\$335,950,000, which are listed on the Hong Kong Stock Exchange, issued by CDL and unconditionally and irrevocably guaranteed by the Company, at the price of US\$865 per US\$1,000 of the principal amount of the Senior Notes. An aggregate principal amount of US\$92,301,000 of the Senior Notes were purchased and redeemed, representing approximately 27 per cent. of the outstanding principal amount of the Senior Notes, on 20 December 2022. US\$243,649,000 in aggregate principal amount of the Senior Notes remains outstanding as at the date of this announcement.

A tender offer was made by Celestial Miles Limited (“CML”, an indirect wholly-owned subsidiary of the Company) to purchase for cash the US\$1,300,000,000 5.75 per cent. guaranteed senior perpetual capital securities (the “CML Securities”), which are listed on the Hong Kong Stock Exchange, issued by CML and unconditionally and irrevocably guaranteed by the Company, at the price of US\$955 per US\$1,000 of the principal amount of the CML Securities. An aggregate principal amount of US\$280,856,000 of the CML Securities were purchased and redeemed, representing approximately 22 per cent. of the outstanding principal amount of the CML Securities, on 20 December 2022. US\$1,019,144,000 in aggregate principal amount of the CML Securities remains outstanding as at the date of this announcement.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Current Period.

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.

THE BOARD

As at the date of this announcement, (a) the executive directors of the Company are Dr Cheng Kar Shun, Henry, Mr Ma Siu Cheung, Mr Ho Gilbert Chi Hang, Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher; (b) the non-executive directors of the Company are Mr To Hin Tsun, Gerald, Mr Dominic Lai and Mr William Junior Guilherme Doo (alternate director to Mr William Junior Guilherme Doo: Mr Lam Wai Hon, Patrick); and (c) the independent non-executive directors of the Company are Mr Shek Lai Him, Abraham, Mr Lee Yiu Kwong, Alan, Mrs Oei Wai Chi Grace Fung, Mr Wong Kwai Huen, Albert, Professor Chan Ka Keung, Ceajer and Ms Ng Yuen Ting, Yolanda.

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 23 February 2023

** For identification purposes only*