New World Development Company Limited
(Stock Code: 0017)

2023 ANNUAL REPORT

we create
we are artisan
we are csv.

THE ARTISANAL MOVEMENT

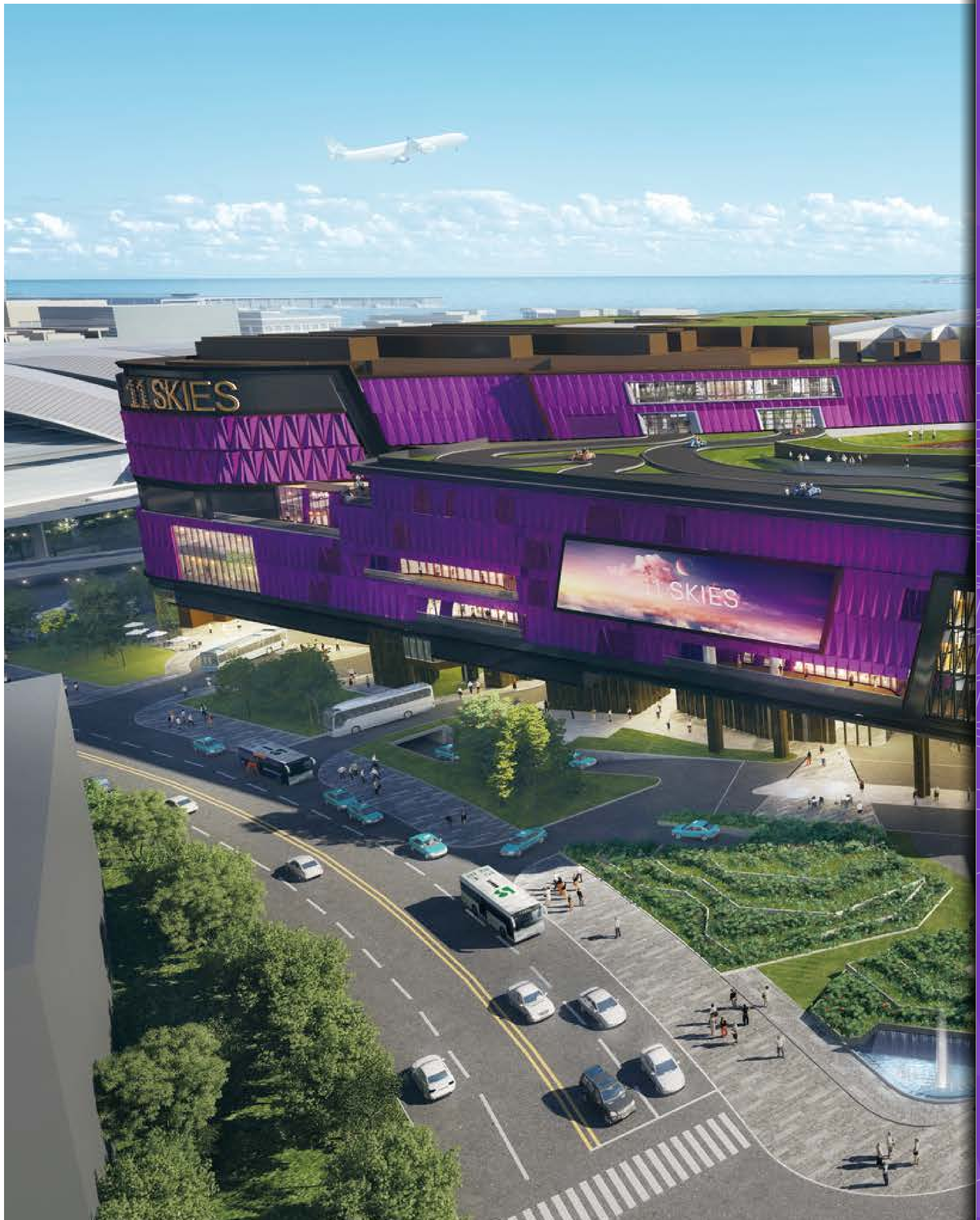
THE ARTISANAL MOVEMENT IS A CULTURAL VISION, A CELEBRATION OF THE HUMAN VALUES OF CRAFTSMANSHIP, HERITAGE AND IMAGINATION.

TODAY, AS OUR BUSINESS EVOLVES IN STEP WITH THE SOCIETY, WE LOOK AHEAD TO BRING A NEW PURPOSE TO THIS VISION: CREATE SHARED VALUE FOR ALL STAKEHOLDERS IN COMMUNITIES THAT WE SERVE, IN ORDER TO MAKE A POSITIVE IMPACT ON THE WORLD.

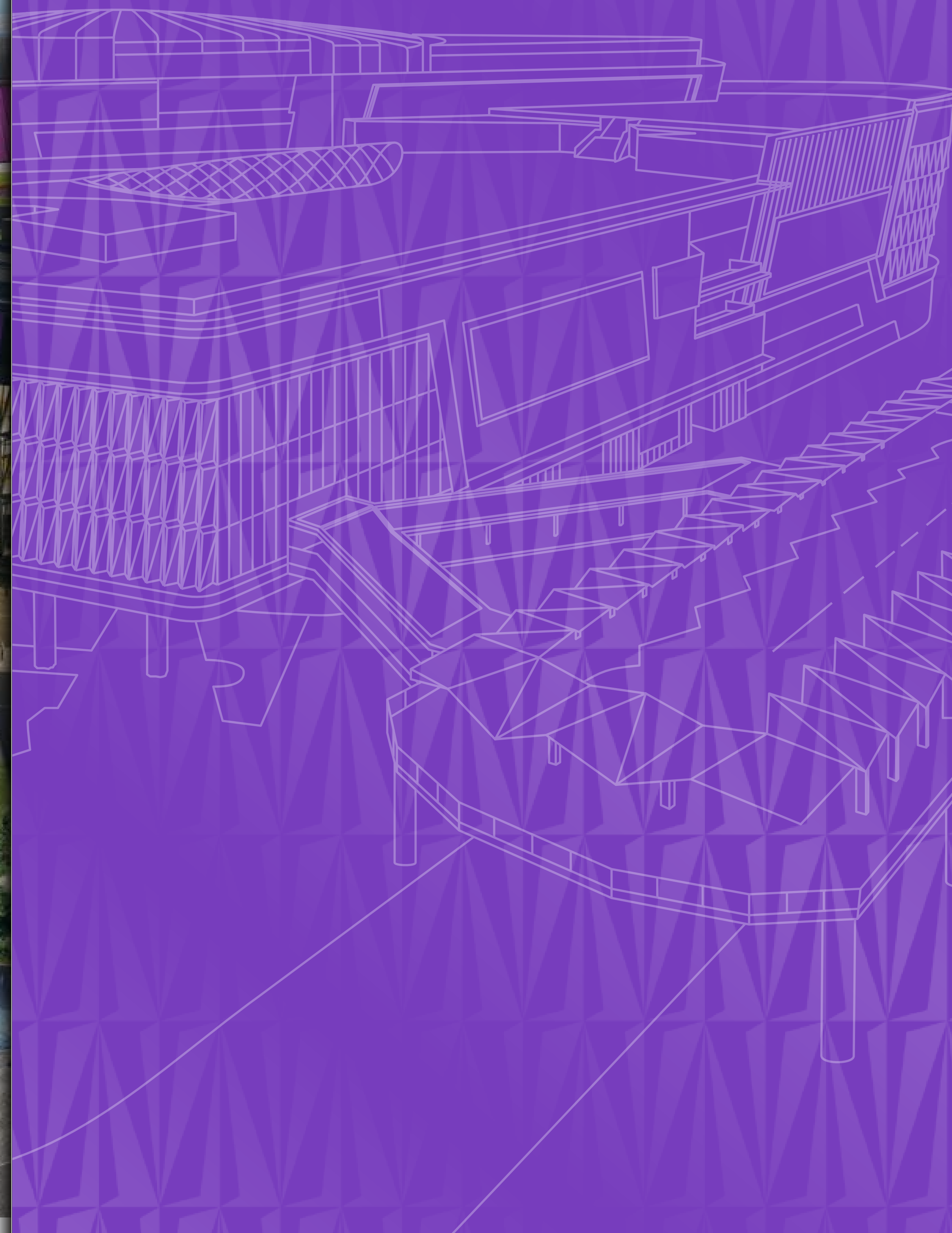
IT IS OUR BELIEF OF USING THE POWER OF BUSINESS AND INNOVATION TO GIVE BACK TO THE SOCIETY. THROUGH THREE CORE AREAS - CULTURE AND CREATIVITY, SUSTAINABILITY, AND SOCIAL INNOVATION - WE WILL FORGE NEW PATHS THAT TIE OUR BUSINESS SUCCESS TO SOCIAL PROGRESS.

BECAUSE TOGETHER
WE CREATE,
WE ARE ARTISANS,
WE ARE CSV.

Content



11 SKIES

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ATELIER


11 SKIES

K11

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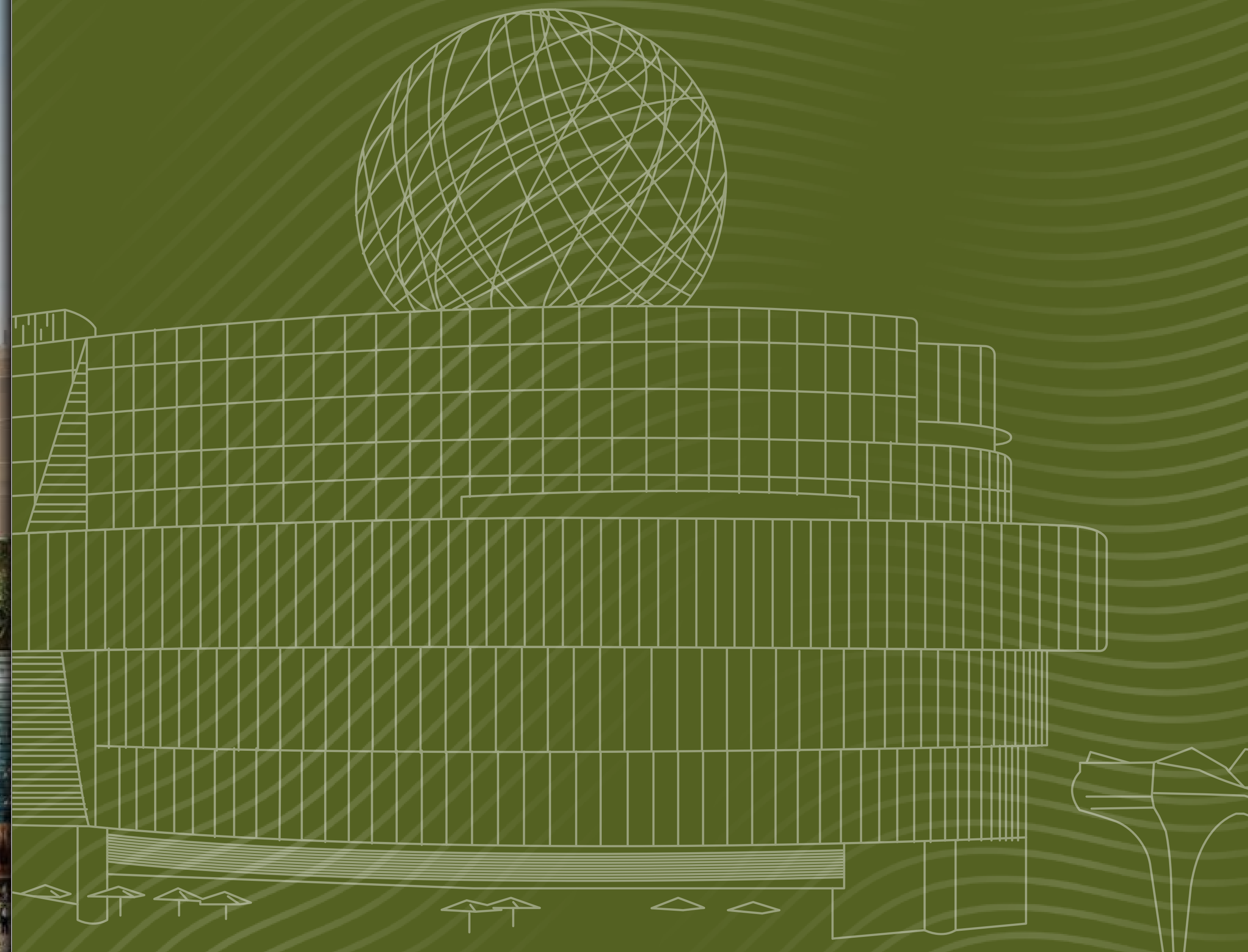


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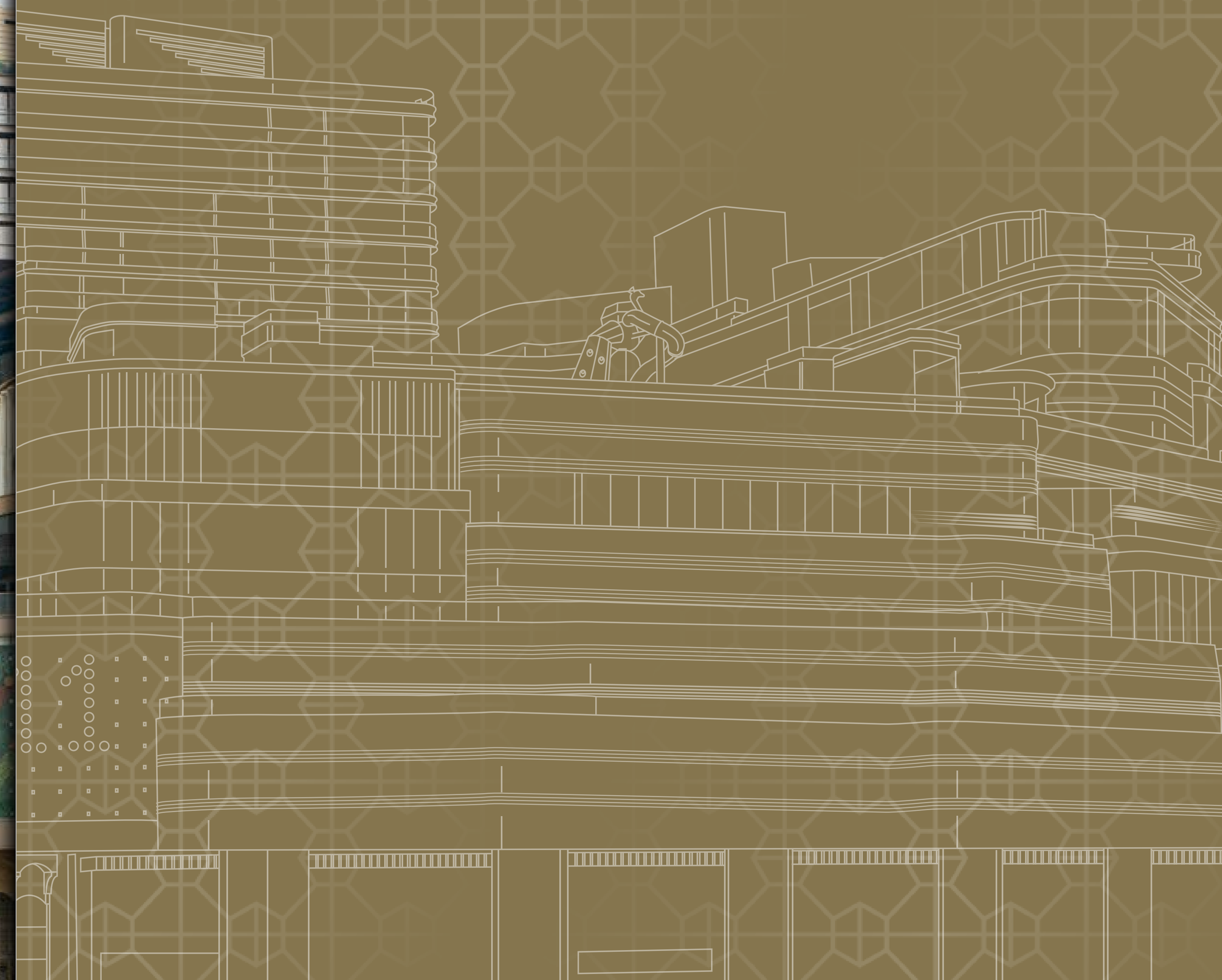


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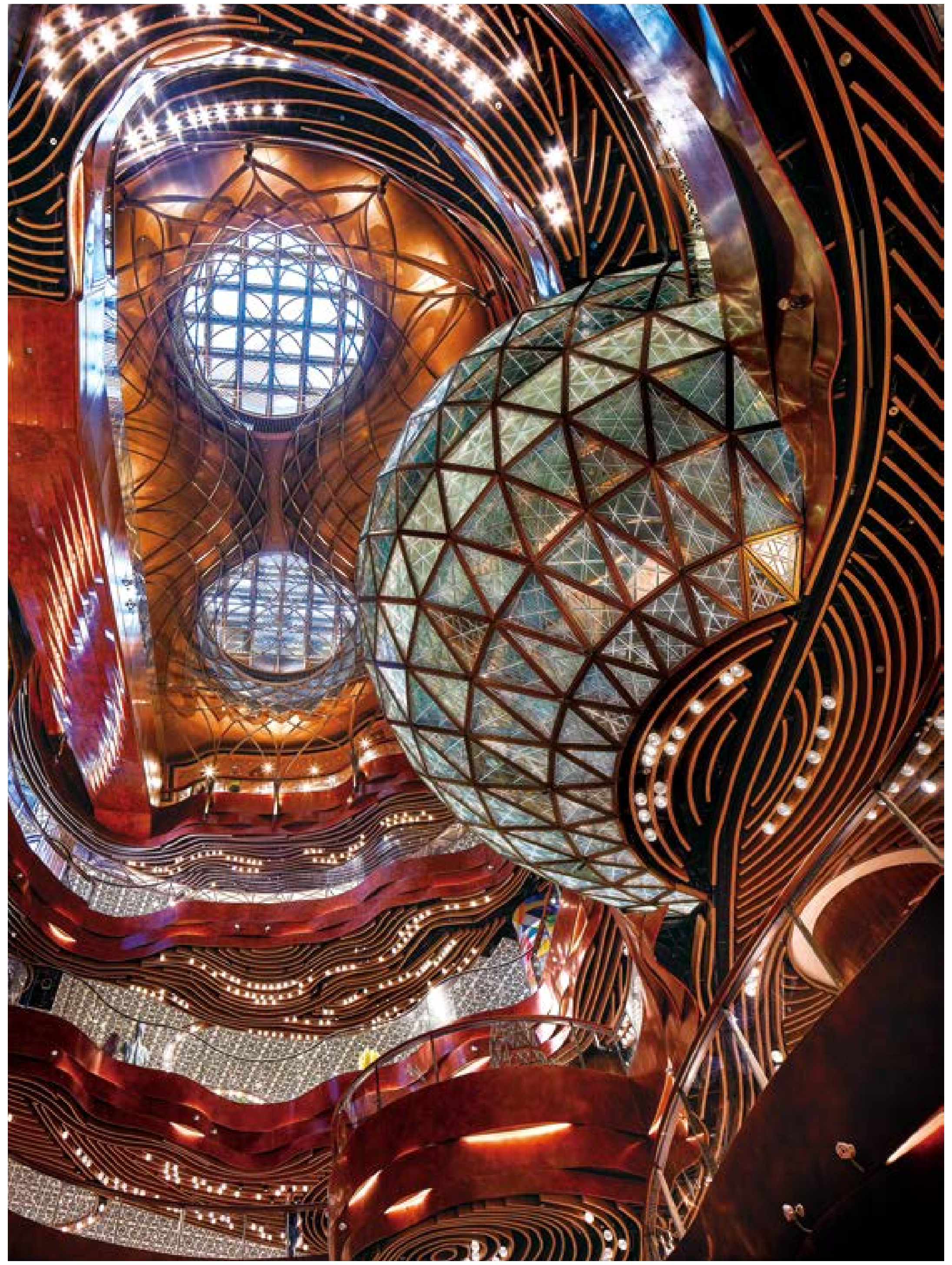


Corporate Structure

New World Group

New World Development Company Limited
(HK Stock Code: 0017)

Property Development and Investment in Hong Kong

NWS Holdings Limited
(HK Stock Code: 0659)

61%*

Roads
Construction
Insurance

New World China Land Limited

100%

Property Development and Investment in Mainland China

* The percentage of interest held by the Group as at 30 June 2023

Financial Highlights

	FY2023 HK$m	FY2022 HK$m
Revenues	**95,213.8**	68,212.7
Segment results[1]	**14,550.6**	13,835.4
Core profit	**11,011.0**	9,082.3
Dividend per share (HK$)		
Interim	**0.46**	0.56
Final	**0.30**	1.50
Conditional Special Dividend	**1.59**	–

	As at 30 June 2023 HK$m	As at 30 June 2022 HK$m
Total assets	**616,483.2**	635,883.9
Cash and bank balances (including restricted bank balances)	**54,517.9**	62,210.1
Undrawn facilities from banks	**39,446.7**	42,761.9
Consolidated net debt[2]	**130,755.9**	124,349.3
Net gearing ratio[3]	**48.7%**	43.2%

RESULTS HIGHLIGHTS

- The group recorded consolidated revenues of HK$95,213.8 million, recorded a year-on-year increase of 40%. segment results was HK$14,550.6 million and core profit was HK$11,011.0 million, up by 5% and 21% respectively
- The Group's attributable contracted sales in Hong Kong amounted to about HK$8,859.0 million
- The Group's overall property contracted sales in Mainland China amounted to approximately RMB15.13 billion, with the Southern Region led by the Greater Bay Area and the Eastern Region led by the Yangtze River Delta, accounting for over 94%
- Revenues of property investment in Hong Kong was HK$3,087.0 million, and the segment results was HK$2,262.7 million, up by 10% and 7% respectively. The growth is mainly attributed to the improvement in operational efficiency and occupancy rate of K11 MUSEA and K11 Art Mall in Tsim Sha Tsui, as well as K11 ATELIER King's Road, a Grade A office building in Quarry Bay
- Revenues of property investment in mainland China was HK$1,908.7 million, and the segment results was HK$930.9 million, benefiting from the steady occupancy rates of major projects in the investment property portfolio
- Continuous stringent cost control efforts as evidenced by an approximately 4% YOY decrease in recurring administrative and other operating expenses
- Upon completion of the disposal of all interests in NWSH, the Group will receive gross proceeds (before conditional special dividend) amounting to approximately HK$21,754.3 million
- In response to the rapidly-evolving industry landscape, the Group continues to actively explore strategic options for its various businesses in order to (i) unlock value of individual business units; (ii) sharpen the respective strategic focus of our group companies; and (iii) maximise return for our shareholders. Such options, if pursued by the Group, may take place together or at different times considering the respective business plans and prevailing market conditions
- Total capital resources amounted to approximately HK$93.9 billion, including cash and bank balances of approximately HK$54.5 billion and undrawn facilities from banks of approximately HK$39.4 billion. With the Group's robust financial position, there is no need or plan by the Group for any equity capital raising from shareholders in the foreseeable future, including rights issuance and share placement
- FY2023 final dividend: HK$0.3 per share, or HK$0.76 per share for the whole year
- A conditional special dividend: HK$1.59 per share in cash, payment of which is conditional upon the completion of the Disposal (as defined in the section headed "Connected Transactions" on pages 136 to 141 of this annual report)

Remarks:

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

(2) The aggregate of bank loans, other loans, fixed rate bonds and notes payable less cash and bank balances (including restricted cash balances)

(3) Net debt divided by total equity

Chairman's Statement

The Group has always adhered to the development strategy of "Pursuing the Path of High-Quality Development with Steady and Sustainable Growth". We believe that only with high-quality projects can we resonate with the times and leave our footprints in the long span of history.

The Group has overcome various difficulties and challenges, completing a glorious chapter in its history. Thanks to the dedication and efforts of the entire Group and the longterm trust and support of shareholders, New World has become a benchmark company in the industry. Going forward, we will work hand in hand, braving the wind and waves to achieve steady and sustainable growth.

TO OUR SHAREHOLDERS,

With the gradual easing of pandemic control measures in FY2023, the economy gradually recovered and the market regained vitality. However, the economic environment remained complex and volatile. Despite the uncertainty in the macro-environment, New World Group, leveraging its strong resilience and innovation capabilities, has remained alert to the external environment to promptly respond to market uncertainties.

The Group has always adhered to the development strategy of "Pursuing the Path of High-Quality Development with Steady and Sustainable Growth". We believe that only with high-quality projects can we resonate with the times and leave our footprints in the long span of history. Our development strategy fully aligns with the national policy set out in the 20th National Congress of the Communist Party of China ("CPC") report, which states that "to build a modern socialist country in all respects, we must first and foremost pursue high-quality development". Meanwhile, in response to the national call, New World has been committed to developing high-quality projects and building exquisite urban landmarks in key cities in the Greater Bay Area and major areas in the Yangtze River Delta, which have made valuable contributions to the high-quality economic and urban development of Mainland China and a better life for its people. This is also the goal that the Group has been working tirelessly to achieve.

Adhering to the concept of quality development, New World will continue to build high-quality urban landmark complex projects. In Hong Kong, we are actively working on the "11 SKIES" SKYCITY complex, a one-stop landmark for retail, dining and entertainment at the airport. This new tourist attraction in Hong Kong will become a regional hub for retail, entertainment, leisure, wellness and financial services, bringing a distinctive experience to people from Hong Kong, other cities in the Greater Bay Area and around the world. We are also actively working on the conversion of agricultural land and the development of the Northern Metropolis to begin a new chapter for Hong Kong.

In Mainland China, as our urban renewal business entered the harvesting stage, we continued to bring "the soul of the city" to life through our city-industry integration model. Meanwhile, "K11 ECOAST", the first K11 flagship project in Mainland China, is expected to open by the end of 2024. The project has been guided by the concept of green and sustainable development since its initial planning stage, actively responding to the circular economy development plan in the 14th Five-Year Plan and the "Zero-Waste City" construction pilot program in Shenzhen, which, when completed, will become a new cultural and retail landmark on the waterfront of the Greater Bay Area, enhancing cultural and retail enjoyment in the area.

As mentioned in "An Exhortation to Learning" by Xunzi, a philosopher of the Warring States period in Mainland China, "Without the accumulation of many a half-step, one can never walk a thousand miles; without the accumulation of many a stream, rivers and seas can never be formed; without patience in carving, even a piece of rotten wood cannot be broken; with perseverance in carving, even metal and stone can be engraved". For more than half a century, we have insisted on upholding the concept of "high-quality development", building one prestigious landmark after another with consistently high quality standards from product design and construction to management, contributing to the prosperity of the city. The Group has overcome various difficulties and challenges, completing a glorious chapter in its history. Thanks to the dedication and efforts of the entire Group and the long-term trust and support of shareholders, New World has become a benchmark company in the industry. Going forward, we will work hand in hand, braving the wind and waves to achieve steady and sustainable growth.

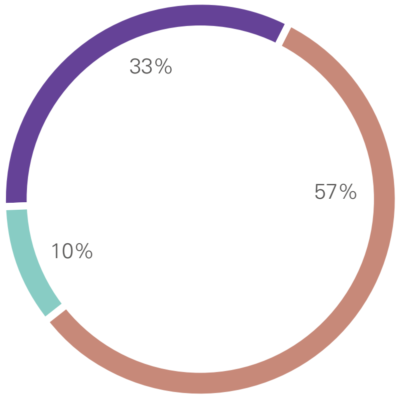
Dr. Cheng Kar-Shun, Henry
Chairman
Hong Kong, China, 29 September 2023

CEO's Report

BUSINESS REVIEW

Hong Kong Property Development

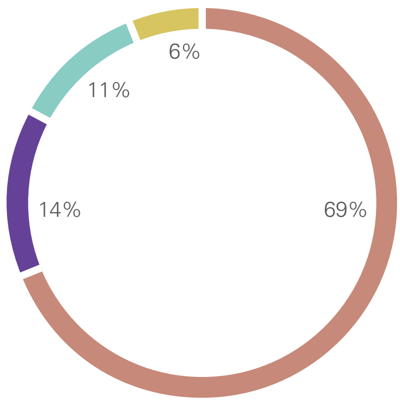
Driven by the gradual recovery of local economy as the border of Hong Kong fully reopened, Hong Kong's residential market saw a short rebound in early 2023, while it is going through a consolidation phase owing to the uncertain stance of US Fed on rate hikes and the gloomy global investment market. During the year under review, housing sentiment was dampened by the fact that one-month HIBOR concerning the property market reached to a new high which led to a further drop in local housing prices and transaction volume. According to public data from the Land Registry, Hong Kong recorded a year-on-year decrease of 17% in the agreements for primary sale and purchase of residential building units and a year-on-year decline of 26% in the consideration of such agreements from July 2022 to June 2023.



Hong Kong Landbank Total Attributable GFA
As at 30 June 2023

Approximately 8,135,200 sq ft

Hong Kong Island
Kowloon
New Territories



Hong Kong Agricultural Landbank Total Attributable Land Area
As at 30 June 2023

Approximately 16,356,100 sq ft

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

During the year under review, the Group's revenues and segment results of property development in Hong Kong were HK$16,754.9 million and HK$3,394.3 million, respectively. The major contributions were attributed by residential projects including THE PAVILIA FARM I & II.

During the year under review, the Group achieved attributable contracted sales in Hong Kong of approximately HK$8,859.0 million, mainly contributed by the units of NCB Innovation Centre and residential projects including THE KNIGHTSBRIDGE, MIAMI QUAY, and the units of NCB Innovation Centre. As at 30 June 2023, the Group had a total of 1,681 residential units available for sale in Hong Kong, of which 519 residential units were under the lead of the sales team of the Group.

As at 30 June 2023, among the unrecognised attributable income of the Group from contracted sales of properties in Hong Kong, HK$4,634.8 million would be booked in FY2024 and HK$7,218.5 million would be booked in FY2025. Key projects expected to be booked in FY2024 include MOUNT PAVILIA and FLEUR PAVILIA. Key projects expected to be booked in FY2025 include The PAVILIA FARM III.

NCB Innovation Centre, the Group's grade-A office project at 888 Lai Chi Kok Road, Cheung Sha Wan, was completed in May 2022. Comprising a 28-storey building with a total GFA of approximately 520,000 sq ft. As at 30 June 2023, more than 80% of the attributable GFA of the project were sold, contributing HK$6.5 billion to the attributable contracted sales.

Hong Kong Property Investment and Others

As Hong Kong border fully reopened, a significant increase in the number of visitor arrivals in Hong Kong and strong recovery of local demands were seen. Against this backdrop, the Hong Kong Government launched "Hello Hong Kong" campaign to stimulate tourists' spending. Coupled with the new round of Consumption Voucher Scheme and "Happy Hong Kong" campaign, overall consumption sentiment and business environment witnessed notable improvement. The retail property portfolio of the Group achieved solid performance, with increase in both footfall and rental activities.

During the year under review, the Group's revenues and segment results of property investment in Hong Kong amounted to HK$3,087.0 million and HK$2,262.7 million, respectively. The growth in segment results was mainly due to the improvement in operational efficiency and occupancy rate of K11 MUSEA and K11 Art Mall in Tsim Sha Tsui, Kowloon.

Buoyed by the rebound of the tourism industry and K11's unique "Cultural Commerce" business model, K11 MUSEA and K11 Art Mall had achieved overall sales performance far surpassing the pre-pandemic era, recorded to historic highs. During the year under review, both malls had recorded high occupancy rate. K11 MUSEA recorded a year-on-year increase of 39% in sales mainly driven by luxury spending, popular F&B offerings and cultural activities, with total footfall amounted to over 24 million, representing a year-on-year increase of 22%. Leveraging on unique marketing strategies as well as a variety of cultural and art events, tenant mix and footfall improved constantly, making the malls become must-go hotspots for locals and travellers.

K11 Art Mall, loved by Generation Z and being connected with MTR Tsim Sha Tsui Station, is benefitting from the convenience of several MTR lines, which appeals to young locals and tourists alike who constitute a solid customer base. During the year under review, K11 Art Mall maintained the overall occupancy rate at around 100% with over 40% sales growth, and its footfall surged to new highs since opening. The Group has been optimising tenant mix and brought in new sought-after brands and pop-up stores including trendy lifestyle brands and specialty cuisines. On top of this, a wide array of cultural exhibitions and customer experience activities are organised that unceasingly attract "Gen Z" to experience and spend in our malls.

The Group's loyalty programme – "KLUB 11" is widely welcome as evidenced by the significant increase in number of registered members. By launching a series of promotions with major payment platforms, business partners and tenants, it continuously offers customers with better experience and enhances its reward plan. "KLUB 11" never stops enlarging its member base, among which the size and total amount of spending of the Black Card Members, the largest spenders, both recorded significant increase.

During the year under review, despite the challenges in office leasing market in Hong Kong, the sentiment gradually recovered in tandem with the overall recovery of economy and the border reopening between Hong Kong and Mainland China. Both leasing enquiry and activities of the Group's office buildings recorded growth, as supported by the solid performance due to the renewal of most existing tenants and the ways of attracting new customers.

Hong Kong Landbank

During the year under review, the Hong Kong Government actively launched a series of land and housing supply initiatives, which included, among other things, the implementation of New Development Areas and New Town Extension projects, the Northern Metropolis Development Strategy and Site Rezoning. In the long-term, the Northern Metropolis will be the foothold for Hong Kong's strategic development and the development of New Development Areas will be one of the key land supply sources as well as the new engine for Hong Kong to scale new heights.

The Group will continue to expedite its farmland conversion to unlock value and leverage on the government's policies and measures when replenishing land bank to meet housing demands in Hong Kong.

As at 30 June 2023, the Group had a landbank with a total attributable GFA of approximately 8.14 million sq ft in Hong Kong available for immediate development, of which approximately 3.37 million sq ft was for property development use. Meanwhile, the Group had an agricultural landbank with a total attributable land area of approximately 16.36 million sq ft pending land use conversion in the New Territories, approximately 90% of which was located within the Northern Metropolis.

Landbank by District

As at 30 June 2023	Property Development Total Attributable GFA (sq ft'000)	Property Investment and Others Total Attributable GFA (sq ft'000)	Total Attributable GFA (sq ft'000)
Hong Kong Island	819.2	–	819.2
Kowloon	1,646.3	998.2	2,644.5
New Territories	904.1	3,767.4	4,671.5
Total	**3,369.6**	**4,765.6**	**8,135.2**

Agricultural Landbank by District

As at 30 June 2023	Total Land Area (sq ft'000)	Total Attributable Land Area (sq ft'000)
Yuen Long District	12,297.2	11,298.4
North District	2,476.0	2,177.7
Sha Tin District and Tai Po District	1,910.8	1,856.7
Sai Kung District	1,195.0	1,023.3
Total	**17,879.0**	**16,356.1**

Committed to the corporate vision of Creating Shared Value, the Group established the charitable social housing enterprise "New World Build for Good" in 2021 and it became a charitable institution of a public character. It brings together experts from different professional fields to support Hong Kong in alleviating its housing problems with innovative solutions, including the launch of the city's first ever non-profit, subsidised private housing project which aims to build and sell flats at a below-market price, thereby enabling young families to purchase their ideal homes at affordable price.

Upon thorough research, the professional team has identified a plot of land on Lam Hi Road in Yuen Long that can accommodate around 300 residential units. The project is currently making good progress. Moreover, the Group will fully support and study the policy framework for Private Subsidised Sale Flat – Pilot Scheme, which was recently announced by the HKSAR Government.

The Group also provided some of its land lots to the HKSAR Government for transitional housing projects that will help lower housing cost for the underprivileged. Four projects, which are expected to create a total of approximately 3,000 units, have been approved by the Town Planning Board. The projects are now making good progress; residents will move in this year and the following year. The Group will continue to liaise closely with NGOs and relevant government departments, inject unique and innovative elements into social housing projects, and build better communities for Hong Kong's next generation.

Mainland China Property Development

In FY2023, the Chinese Central Government reiterated the pillar status of the real estate industry and stressed the importance of preventing and resolving risks in key sectors to promote the steady and healthy development of the real estate market. It concluded that “significant changes have occurred in the relationship between supply and demand in the country’s real estate market”, and developed the policy themes of “Stabilising the Pillar”, “Boosting Demand” and “Preventing Risks” for the real estate industry in 2023. In particular, the government focused on the implementation of city-specific and targeted policies that increase financial assistance to prevent and resolve risks faced by real estate enterprises, reduce the cost of housing for the public, and protect buyers’ rights. However, the implementation of policies, along with efforts to improve sales, acquire land, replenish inventory, and stimulate construction and investment, is expected to require a significant amount of time. Consequently, it is anticipated that the recovery of the property market may proceed at a slower pace.

Data released by the National Bureau of Statistics revealed that investment in real estate development in Mainland China amounted to RMB5,855 billion in 1H2023, representing a year-on-year decrease of 7.9%, of which investment in residential property amounted to RMB4,443.9 billion, representing a year-on-year decrease of 7.3%. The sales area of commercial housing amounted to 595 million sq m, representing a year-on-year decrease of 5.3%, while the sales proceeds of commercial housing amounted to RMB6,309.2 billion, representing a year-on-year increase of 1.1%.

Leveraging its visionary strategic layout, high-quality development strategy and brand advantages, the Group has launched quality projects in various locations, gained market recognition for its project offerings and achieved steady performance growth. During the year under review, the Group’s revenue and segment results from property development in Mainland China, including joint development projects, amounted to HK$10,553.2 million and HK$5,311.9 million, respectively. The contributions were mainly from residential projects in Guangzhou, Hangzhou and Shenyang.

Amid the challenges faced by the real estate industry and the economic development in Mainland China, the Group has adhered to its strategy of high-quality development by developing exquisite and high-quality projects and seizing the best timing for project launches, which yielded remarkable results against the downturn during the industry adjustment period. In particular, the cumulative sales proceeds of the sole project of New World Arts Centre in Hangzhou exceeded RMB11 billion; and the sales proceeds of the sole project of the Shanghai City Gather residential properties, which was jointly developed by New World, China Merchants Shekou and Poly Development and Holdings, exceeded RMB5.3 billion, with units selling out in each of the sales campaigns held in April and August 2023 respectively. The cumulative sales proceeds of Guangzhou New Metropolis • New Metropolis Mansion has exceeded RMB3.0 billion since the first round of sales in March 2023. All these impressive results have demonstrated New World’s established brand reputation and market appeal, and further highlighted the huge potential that exists in cities in the Greater Bay Area and Yangtze River Delta.

During the year under review, the Group achieved its annual target with strong overall contracted sales of properties in Mainland China, with total contracted sales proceeds of RMB15.13 billion. The contracted sales area was approximately 302,000 sq m. The average price of the total contracted sales has exceeded RMB50,000 per sq m. In terms of the geographical distribution of contracted sales proceeds, the Southern Region, led by the Greater Bay Area, and the Eastern Region, led by the Yangtze River Delta Region, were the largest contributors, accounting for over 94%. Contributions were mainly derived from projects in the Greater Bay Area and Yangtze River Delta, such as New World Arts Centre in Hangzhou, Shanghai City Gather, Guangzhou New Metropolis • New Metropolis Mansion and Guangzhou Covent Garden.

Contracted Sales by Region

FY2023 Region	Area (sq m'000)	Proceeds (RMB m)
Southern Region (i.e., the Greater Bay Area)	106.8	3,933
Eastern Region (i.e., the Yangtze River Delta Region)	149.6	10,284
Central Region	0.5	26
Northern Region	14.4	254
North-eastern Region	30.4	629
Total	**301.7**	**15,126**

As at 30 June 2023, the Group's unrecognised gross revenue from contracted sales of properties in Mainland China amounted to approximately RMB12.89 billion, of which RMB10.57 billion and RMB2.32 billion will be recognised in FY2024 and FY2025, respectively.

The Group maintained its non-core asset disposal strategy by identifying suitable opportunities, optimising its portfolio, and investing in its core businesses with higher growth and potential. During the year under review, the Group disposed of commercial and office buildings and carparks in Mainland China, which generated proceeds of approximately RMB1.01 billion.

During the year under review, the Group's total GFA of projects completed in Mainland China (excluding carparks) was approximately 530,000 sq m, most of which was in the Greater Bay Area. The total GFA of completion (excluding carparks) is expected to reach approximately 1,456,000 sq m in FY2024.

FY2023 Project Completion in Mainland China – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Office	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Park Paradise District 3 Batch E	43,680	–	–	43,680	58,764
	Zengcheng Comprehensive Development Project	–	11,505	26,874	38,379	115,041
Shenzhen	Qianhai CTF Financial Tower Project	–	1,000	47,998	48,998	61,184
Foshan	Guangzhou Foshan Canton First Estate CF-32	82,149	1,093	–	83,242	122,692
	Guangzhou Foshan Canton First Estate CF-03	54,667	–	–	54,667	54,667
Shenyang	Shenyang New World Garden Phase 2C-2	88,647	–	–	88,647	88,647
	Total	**269,143**	**13,598**	**74,872**	**357,613**	**500,995**

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

Region	Project/Total GFA (sq m)	Commercial	Office	Hotel	Total (excluding carpark)	Total (including carpark)
Guangzhou	Panyu International School Project Phase 1	42,169	–	–	42,169	42,169
	Zengcheng Comprehensive Development Project	4,759	94,847	24,337	123,943	123,943
Shenzhen	Qianhai CTF Financial Tower Project	6,723	–	–	6,723	47,203
	Total	**53,651**	**94,847**	**24,337**	**172,835**	**213,315**

FY2024 Project Completion Plan in Mainland China – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Office	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Park Paradise District 3 Batch E	46,767	–	–	46,767	46,767
	Guangzhou Zengcheng International Community Project	276,780	34,710	–	311,490	455,156
Foshan	Guangzhou Foshan Canton First Estate CF-21B	52,854	–	–	52,854	81,596
	Guangzhou Foshan Canton First Estate CF-28	30,993	–	–	30,993	43,390
Hangzhou	Hangzhou River Opus	149,451	–	–	149,451	149,451
	Hangzhou New World Centre Project	–	75,147	37,930	113,077	285,979
Shenyang	Shenyang New World Garden Phase 2C-2	122,953	10,886	–	133,839	133,839
	Shenyang New World Centre-SA3	75,354	–	–	75,354	75,354
	Shenyang New World Centre-SA1	107,589	–	–	107,589	107,589
	Shenyang New World Centre-SA2	104,142	–	–	104,142	104,142
Wuhan	Wuhan New World • Times Land A	–	6,713	–	6,713	6,713
Huizhou	Huizhou Changhuyuan Phase 4	50,362	5,405	–	55,767	80,030
Anshan	Anshan New World Bozhu Phase B3	15,643	466	–	16,109	16,109
	Total	**1,032,888**	**133,327**	**37,930**	**1,204,145**	**1,586,115**

FY2024 Project Completion Plan in Mainland China – Property Investment, Hotel and Others

Region	Project/GFA (sq m)	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou	Panyu International School Project Phase 2	20,365	–	20,365	20,365
	Panyu International School Project Phase 3	26,331	–	26,331	26,331
	Panyu International School Project Phase 4	62,196	–	62,196	62,196
Shenzhen	Qianhai CTF Financial Tower Project	19,542	99,391	118,933	118,933
Shenyang	Shenyang New World Garden Phase 2C-2	–	–	–	41,687
Beijing	Beijing New View Commercial Centre	9,941	13,180	23,121	27,573
	Total	**138,375**	**112,571**	**250,946**	**297,085**

Mainland China Property Investment and Others

Starting from 2HFY2023, pent-up demand was released following the lifting of pandemic prevention and control measures in Mainland China. The consumer market and retail industry gradually recovered and footfall improved. The Chinese Central Government also introduced policies to support enterprise development and stimulate domestic demand, aiming to promote employment and income growth. Data released by the National Bureau of Statistics showed that total retail sales of consumer goods amounted to RMB22,758.8 billion for 1H2023, representing a year-on-year increase of 8.2%.

However, due to the impact of the COVID-19 pandemic in 2H2022, the Group's revenue and segment results from property investment in Mainland China amounted to HK$1,908.7 million and HK$930.9 million respectively during the year under review. The occupancy rates of major projects in the investment property portfolio remained stable.

With the unique brand positioning of K11 under the Group, K11 Art Malls owned or managed by the Group in Mainland China have reported an excellent sales performance.

During the partial closure of public areas for brand upgrading, Guangzhou K11 capitalised on the economic recovery momentum by hosting art exhibitions featuring well-known international artists. Meanwhile, Guangzhou K11 leveraged its brand appeal for online platforms such as Tiktok, Dianping and Xiaohongshu to convert traffic to offline consumption. By broadening revenue streams, reducing expenditure and leveraging synergies through cross-industry cooperation, the Group made continuous efforts to identify new channels to drive sales. In terms of promotion, Guangzhou K11 completed four large-scale exhibitions during the year under review, attracting nearly 100 million viewers, while marketing expenses were partially offset by additional advertising sponsorships through collaborations.

Wuhan K11, with a keen focus on luxury sports products, introduced new brands and sport luxe pop-up stores to enrich the brand mix, set new trends and expand the target customer base. During the year under review, Wuhan K11 achieved an 85% acquisition and conversion rate by organising a masterclass coffee culture festival. KOLs on Xiaohongshu and Tiktok were invited to store check-in events, which attracted massive online traffic to the stores and contributed to a surge in sales. Wuhan Guanggu K11 Select, targeting Gen Z, continued to introduce popular brands and offered targeted promotions and assistance for newly opened stores, improving the consumption conversion rate through online channels.

Driven by the dual forces of K11 Art Karnival and the consumption recovery, Shanghai K11 enjoyed a surge in ticket sales for events and exhibitions as well as footfall. Both sales and footfall recorded over 100% year-on-year growth in 2HFY2023. Meanwhile, the occupancy rate of Shanghai K11 rapidly recovered to 91% after the pandemic.

Shenyang K11 Select made a quick recovery after the pandemic, with double-digit year-on-year growth in both sales and footfall. During the year under review, Shenyang K11 Select held nine large-scale offline events, yielding double-digit year-on-year growth in income from various licensing activities.

Targeting Gen Z and young families, Tianjin K11 Select focused on membership development and loyalty. Positioning itself as an artistic, trendy and futuristic life experience site, Tianjin K11 Select focused on boosting sales while dedicating itself to pursuing exclusive artistic experiences and expanding reach and interaction to refine the traditional physical retail model and create a brand-new cultural and retail concept.

THE PARK by K11 Select in the Ningbo New World was officially launched at the end of 2022. Combining trendy and intriguing lifestyle elements of PARK with the artistic, cultural and natural features of Ningbo, the project is a one-stop complex of diverse businesses and experiences, offering immersive experiences, trendy sports, universal entertainment, luxurious retailing and art exhibitions. It is expected to become another flagship project of the Group in the Yangtze River Delta and will further consolidate the comprehensive commercial competency and competitiveness of Ningbo New World complexes.

With the successive completion and opening of several projects operated or managed by K11, the Group will continue to adhere to its strategic vision of "Improving Integration and Connectivity in First-Tier Cities in the Greater Bay Area and the Yangtze River Delta Region" and diversifying its businesses to increase recurring rental income.

Mainland China Landbank

As at 30 June 2023, the Group had a land bank (excluding carparks) with a total GFA of approximately 4,773,000 sq m available for immediate development in Mainland China, of which approximately 2,641,000 sq m was zoned for residential use. Of the total GFA of the Group's land bank (excluding carparks), approximately 4,069,000 sq m were core property development projects mainly located in Guangzhou, Shenzhen, Foshan, Wuhan, Shanghai, Ningbo, Hangzhou, Beijing and Shenyang, around 60% of which were located in the Greater Bay Area and the Yangtze River Delta Region, with approximately 2,067,000 sq m zoned for residential use.

Landbank by Region

As at 30 June 2023	Total GFA (excluding carpark) (sq m'000)	Residential Total GFA (sq m'000)
Southern Region (i.e. the Greater Bay Area)	1,909.6	1,269.9
Eastern Region (i.e. the Yangtze River Delta Region)	731.4	200.4
Central Region	688.1	349.8
Northern Region	604.9	254.5
North-eastern Region	838.8	566.8
Total	**4,772.8**	**2,641.4**
Of which, Core Projects	**4,068.8**	**2,066.5**

Leveraging its solid development and strategy of strengthening its presence in Mainland China, the Group continued to replenish its land bank through channels such as urban renewal, tender auctions, joint development and mergers and acquisitions to provide adequate resources for the sustainable development of the Group in the future.

Hotel Operations

In January 2023, the 3-year global travel restrictions caused by Covid-19 finally came to an end, leading to a strong recovery in the hotel and tourism sector worldwide, including in South East Asia ("SEA"), Hong Kong, and Mainland China where the Group's hotels operate. However, the pace of recovery varied across regions. The Group's four hotels in SEA achieved an overall revenue growth of over 150% YoY, surpassing even the performance in FY2019.

In Hong Kong, FY2023 began with significant challenges for the tourism industry. The market started to show signs of revival with the abolition of quarantine requirements in September 2022 and the subsequent easing of social distancing rules in October. Notably, there was a significant increase in visitor numbers from late February to early May 2023, and the market saw a significant increase in travel activity since March. The Group's hotels in Hong Kong recorded over 60% YoY growth in revenue.

In Mainland China, many parts of the country remained under lockdown until late 2022, disrupting the recovery of tourism due to multiple Covid-19 outbreaks in Q3 and Q4 2022. These outbreaks resulted in successive lockdowns and travel restrictions in many cities. However, in early 2023, China began easing its travel curbs, leading to a surge in domestic travel demand from all segments, including corporate and MICE travellers. This trend continued until the Labour Day Golden Week in May. In FY2023, the Group maintained over 20% YoY growth in revenue.

Looking ahead, with the expectation of flight capacity returning to pre-pandemic levels by mid-2024, we anticipate the continued recovery of the hotel business. In FY2024, the Group's hotels in Hong Kong and Mainland China will be the main drivers of revenue growth.

As at 30 June 2023, the Group owned a total of 15 hotel properties in operation in Hong Kong, Mainland China and Southeast Asia, totally 5,958 rooms.

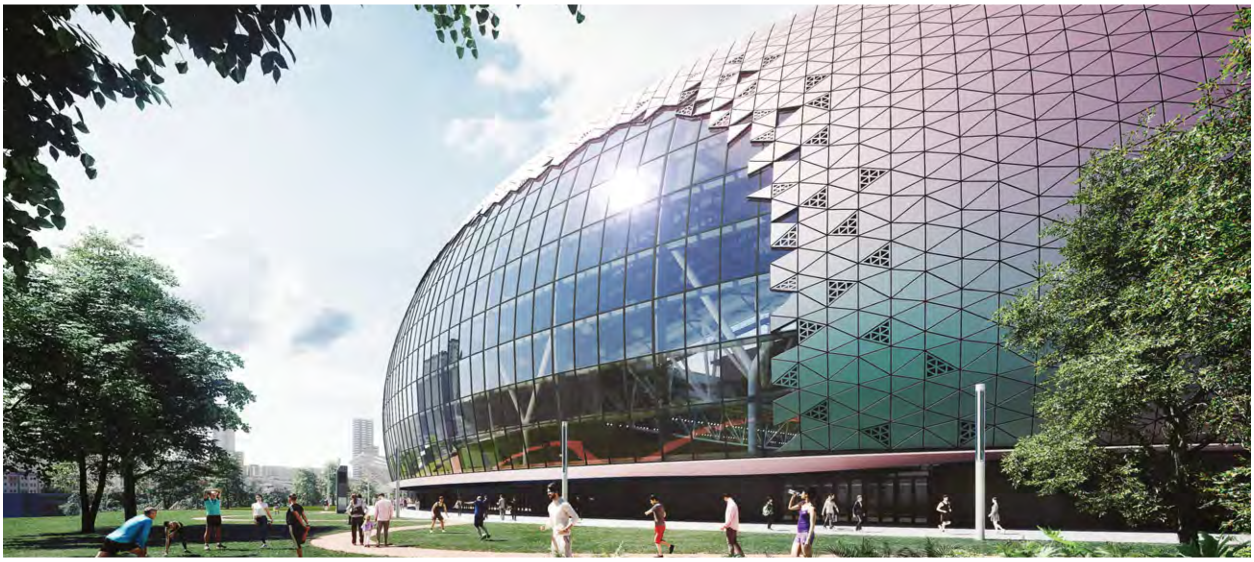
THREE CORE BUSINESSES UNDER NWS HOLDINGS LIMITED ("NWSH")

NWSH's core businesses are Roads, Construction and Insurance. In FY2023, NWSH delivered a solid result despite all the challenges encountered during the year under review.

Roads

RMB depreciation and a challenging first half of FY2023 driven by the COVID-19 containment measures in the Mainland and the cut in toll fee for trucks by 10% by the Mainland Government in the fourth quarter of 2022, collectively negatively impacted the performance of the Roads segment in FY2023. Yet, following the relaxation of COVID-19 containment measures and the gradual economic recovery in the Mainland, Roads segment saw a strong recovery in the second half of FY2023, with overall like-for-like traffic flow and toll revenue in the second half of FY2023 growing by 19% and 17% year-on-year, respectively, and both exceeding the pre-COVID-19 level (second half of FY2019). Thanks to the rapid recovery in the second half of FY2023, overall like-for-like traffic flow and toll revenue for the full year of FY2023 resumed to a growth of 3% and 4% year-on-year, respectively. The drop in total attributable operating profit ("AOP") of the Roads segment for the full year of FY2023 narrowed significantly from the 29% year-on-year decrease in the first half of FY2023, declining merely by 10% year-on-year to HK$1,532.8 million, with that in the second half of FY2023 rebounding by 14% year-on-year. Excluding the impact of RMB depreciation, underlying AOP of the Roads segment in FY2023 declined by 4% year-on-year. If further excluding the financial incentives received in relation to the investments in Changliu Expressway and Sui-Yue Expressway in FY2022 and investment in Guiwu Expressway in FY2023, the decline in AOP would be 2%.

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 Suiyuenan



Expressway, Sui-Yue Expressway and Changliu Expressway), altogether contributed close to 90% of the Roads segment's AOP. Overall full year like-for-like traffic flow grew by 2% year-on-year notwithstanding the negative impact in the first half due to the reasons mentioned above, with the help of a strong rebound in the second half of FY2023, which increased by 18% year-on-year.

To take advantage of the long-term growth prospect of the Mainland economy, the Group has been actively strengthening our road portfolio. In FY2023, the Group completed the acquisition of 40% interest in Guiwu Expressway (with remaining concession period of about 22 years) for RMB1,902.4 million in November 2022 and the remaining 60% interest in Sui-Yue Expressway (with remaining concession period of around 16 years) in April 2023 for RMB523.1 million, in addition to the expansion works of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) from dual 2-3 lanes to dual 3-5 lanes which commenced in November 2022. Together with the extension of the concession period of Shenzhen-Huizhou Expressway (Huizhou section) by 13 years, the overall average remaining concession period of our road portfolio as at 30 June 2023 increased by about 5% to approximately 11 years.

Construction

Construction segment encompasses our wholly-owned interest in NWS Construction Limited and its subsidiaries (collectively, "Hip Hing Group"), as well as our 11.5% interest in Wai Kee Holdings Limited ("Wai Kee"). In FY2023, the overall AOP of the Construction segment decreased by 18% year-on-year to HK$745.5 million, with that of Hip Hing Group declining by 7% year-on-year to HK$776.4 million due to lower gross margin recognised. Major projects of Hip Hing Group during FY2023 included Immigration Headquarters at Tseung Kwan O, office development at 2 Murray Road, Central, commercial development at Kai Tak (SOGO) and residential development at Yin Ping Road, Tai Wo Ping.

Challenged by the highly competitive environment driven by the reduction in project supply in the private sector and enhanced competition in the public sector, new contracts awarded to Hip Hing Group during FY2023 declined by 78% year-on-year to HK$5.2 billion. As a result, Hip Hing Group's gross value contracts on hand in FY2023 decreased by 9% year-on-year to approximately HK$56.5 billion, while remaining works to be completed dropped by 32% year-on-year to around HK$25.4 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. Key projects awarded in FY2023 included design and construction of expansion of the Legislative Council Complex, main contract works for office development at 20 Des Voeux Road Central, main contract works for composite development at 350 and 352 Nathan Road and design and construction of a new public market in Tin Shui Wai.

Insurance

The reopening of the border between Hong Kong and the Mainland buoyed the decent recovery of both the insurance industry in Hong Kong and FTLife Insurance Company Limited ("FTLife Insurance") in the second half of FY2023. Thanks to the rebound in business performance, effective expense control and change in valuation interest rate used in response to the increase in market interest rate, partially offset by the increase in expected credit loss provision related to certain bond investments in FY2023, Insurance segment registered a 12% year-on-year increase in AOP to HK$1,204.5 million in FY2023, with AOP increment in the second half of FY2023 reaching 14% year-on-year compared with the 10% in the first half of FY2023.

On top of the solid demand from local customers, strong pent-up demand released from Mainland visitors after border reopened spurred the noticeable growth in FTLife Insurance's overall Annual Premium Equivalent ("APE") in the second half of FY2023, which surged by 162% year-on-year to HK$1,841 million and almost doubled that of pre-COVID-19 level (second half of FY2019), resulting in full year APE growing by 47% year-on-year to HK$2,567.9 million, a reverse from a negative growth of 31% year-on-year in the first half of FY2023. In FY2023, Mainland visitors accounted for about 30% of the overall APE, comparable to pre-COVID-19 level, with that in June 2023 alone reaching over 50%. In the first half of 2023, FTLife Insurance improved its ranking to 9th among Hong Kong life insurance companies by APE. Gross written premium increased by 65% year-on-year to HK$21,992.4 million. Value of New Business ("VONB") surged by 71% year-on-year to HK$899.5 million in FY2023, propelled by the growth in APE and improvement in VONB margin (representing VONB as a percentage of APE) to 35% (FY2022: 30%), which was mainly prompted by the favourable product mix. Overall investment income of FTLife Insurance's investment portfolio (taking into account only dividend and interest income) was 3.8% in FY2023 (FY2022: 3.6%).

While it is FTLife Insurance's commitment to provide the most suitable life insurance products to cater to customer needs, FTLife Insurance continued to enrich its product offerings in FY2023. Besides "Your Choice" Insurance Plan, "Protect Starter" Critical Illness Protector, "Everglow 128" Insurance Plan and "Legend

2" launched in the first half of FY2023, FTLife Insurance further launched a number of products in the second half of FY2023, including "MediChamp" Insurance Plan, a whole life medical insurance plan targeting at mass affluent customers, "Your Choice" Insurance Plan 2, a short term endowment offering guaranteed maturity benefit after 5 years, and "Value Plus" Insurance Plan, which is a whole life savings plan with policy split feature and optional to add a value enhancer rider to pay up all premiums in one go. Aligning with the Group's aim to achieve a sustainable long-term development of the society for our next generation, FTLife Insurance is an early mover in the market to fully integrate ESG into its investment portfolio with six pillars, namely exclusion, inclusion, fundamental ESG research, portfolio ESG analytics, active stewardship, as well as disclosure and external communication.

As a testimony to FTLife Insurance's outstanding achievements in product development, distribution channel enhancement, talent development, digital marketing and ESG initiatives, in addition to the 11 awards received in the first half of FY2023, FTLife Insurance further received over 10 accolades in the second half of FY2023, in particular the prestigious "Insurance Company of the Year" at the Benchmark Wealth Management Awards.

FTLife Insurance's financial position remained healthy during FY2023. As at 30 June 2023, FTLife Insurance's solvency ratio stood at 325%, well above minimum industry regulatory requirement of 150%. Despite challenges from interest rate hikes and unfavourable equity performance, strong VONB and expected return on existing business prompted embedded value to grow by 9% year-on-year to HK$19.3 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.

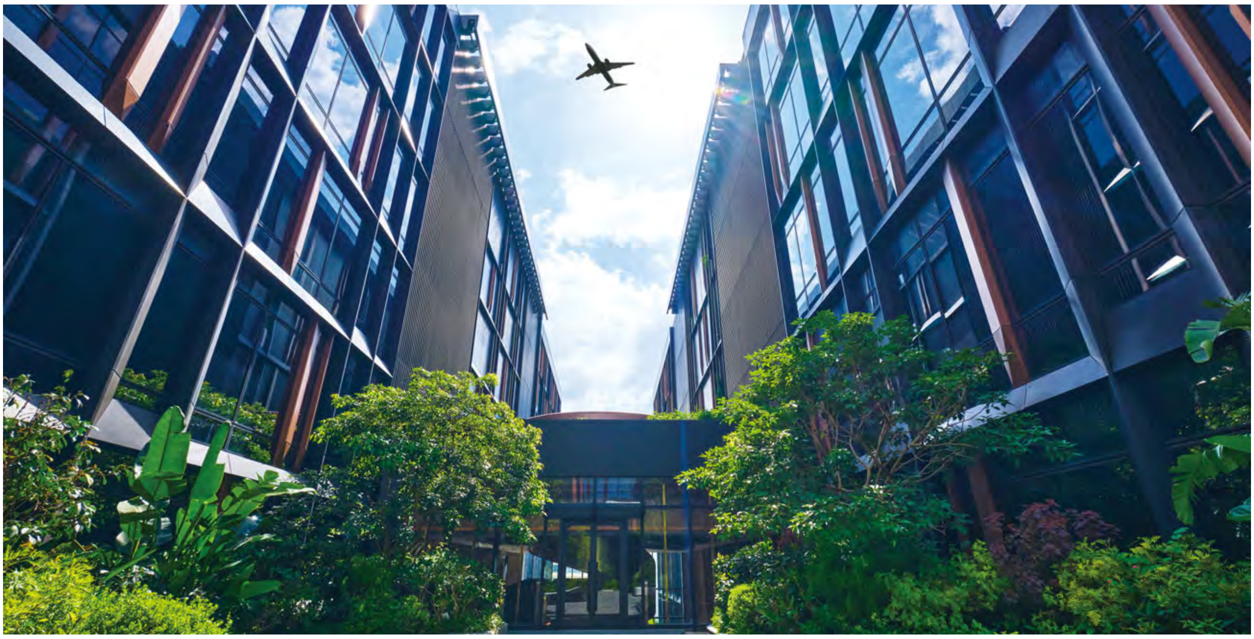
The solvency regime is expected to change from the existing Hong Kong Insurance Ordinance basis to Hong Kong Risk Based Capital ("HKRBC") basis in the second half of 2024. Based on FTLife Insurance's internal assessment, the HKRBC solvency ratio is estimated to be approximately 260% as at 30 June 2023, which is well above the 100% Prescribed Capital Requirement under HKRBC regime.

OUTLOOK

As the backbone of the national economy, the real estate industry will continue to play a key role in Mainland China's economic and social development for a considerable period of time. According to the Group's judgement on industry opportunities, it is expected that the value of prime locations in core cities will certainly be boosted by the huge development potential and talent pool, as well as the synergies of industrial clusters in first-tier cities. Meanwhile, the Chinese Central Government has reiterated the implementation of city-specific policies to meet both rigid and discretionary housing demand. A series of policies to promote the healthy development of the real estate market have been successively introduced, signalling a favourable environment for the industry. In September 2023, first-tier cities in Mainland China successively implemented further policies, such as "determination based on property ownership in the region instead of overall mortgage record (認房不認貸)" for first-time home buyers and mortgage interest rate reduction, which significantly increased the level of market activity.

The Group remains optimistic about Mainland China's economic development. At a time when the industry needs a lot of stimulation, the Group will adhere to its high-quality development strategy and push forward with its new development model of city-industry integration with the New World Ecosystem at its core. The Group's comprehensive ecosystem covers areas such as real estate, commercial operations, hospitality, retailing, education, finance and insurance, healthcare and technological innovation. The constant influx of resources into the ecosystem will continue to enhance the Group's brand value. In addition, the Group's flagship projects in Mainland China will also provide impetus for the expansion of the ecosystem, with all industries developing in tandem and enjoying mutual benefits.

Benefitting from the ongoing economic development in the Greater Bay Area and the strong backing of the Chinese Central Government, Hong Kong is actively driving the "eight hubs" development as underpinned by the "14th Five-Year Plan". This will reinforce the city's standing as an international financial centre, help the city develop into an international innovative technology



hub, and maintain the city's status as an influential cross-border trade and tourism hub. In order to enhance Hong Kong's competitiveness in the world and alleviate talent shortage, the Hong Kong Government launched an array of schemes to attract talents and enterprises worldwide. Such schemes have been well-received and are expected to provide further support for the housing demand of Hong Kong and in turn inject new momentum to the city.

Regarding Hong Kong property development, the rate-hike cycle may be close to an end against the background of uncertain global economic prospect. As at 30 June 2023, the primary market was expected to supply approximately 105,000 private residential units for the next three to four years, which is believed to be the mainstream of the market. In FY2024, the Group will successively launch six major residential projects in phases and provide over 3,000 units. The Group will also continuously solicit sales for its grade-A office projects including remaining units at NCB Innovation Centre and projects at both Wing Hong Street and King Lam Street, Cheung Sha Wan.

Regarding Hong Kong property investment, with the increase of newly completed office building supply, office market is expected to remain challenging in the future. Nonetheless, the Group's strategic penetration in non-traditional business districts in recent years is getting close to harvest time. The superior quality office buildings in Cheung Sha Wan, a district with well-developed infrastructure in support of its close connection with the Greater Bay Area, shall be in a better position to attract more tenants. At the Real Estate Awards 2023 held by Euromoney, K11 ATELIER was selected as the "Best Workspace Developer – Hong Kong" by over 2,000 developers, investment managers, and representatives of property consultation companies, banks and corporate users from around the world.

On the retail front, with social activities back to normalcy, Hong Kong has regained its easy access to Mainland China and the world, and the overall business environment has been constantly improving. The Hong Kong Government also launched several promotional campaigns to enchant tourists and enterprises with attractive offers. As robust local demand and tourists returned to the city, K11 MUSEA and K11 Art Mall of the Group will continue to benefit from the "Cultural Commerce" business model and create unique and innovative experience for customers. K11 MUSEA will capitalise on the synergy effects with Avenue of Stars and the dock area of Victoria Harbour to launch various cultural and marketing campaigns, and increase the gross floor area ("GFA") occupied by high-end brands and introduce more pop-up stores, so as to boost footfall and sales volume for tenants.

Situated in a prime location, K11 Art Mall gathers popular restaurants and trendy IG-hotspot stores which are favoured by "Gen Z" and attractive to visitors. The tenant mix of K11 Art Mall is also fully upgraded, as the mall is actively introducing new popular brands and keeps boosting the growth in sales volume of the existing tenants. Besides, the Group optimises its loyalty programme "KLUB 11" from time to time, contributing to a continuous growth in the number of newly registered members and active black card members, the largest spender. In the future, the Group will also strengthen the cooperation with business partners and mall tenants to offer customers with better shopping experience. The Group will continue to launch various types of cultural and arts activities and upgrade tenant mix. It is expected that the footfall and total sales volume will continue to rise.

Located close to the Hong Kong International Airport and the Hong Kong-Zhuhai-Macau Bridge, the Group's mega landmark project "11 SKIES" has become the new landmark in the Greater Bay Area with its total GFA of 3.8 million sq ft. It was selected as the global and Asia-Pacific's "Best Individual Development" in 2023 by the international authoritative financial magazine Euromoney. "11 SKIES" will have seamless connection to the expanded Terminal 2, adding convenience for the customers. In particular, certain area of three grade-A office towers has completed and commenced operation in current year as planned, while leasing enquiries also increased in number. Tenants are mainly comprised of financial and wealth management enterprises, healthcare services enterprises, as well as enterprises which plan to expand their business into the Greater Bay Area. "11 SKIES" will feature the largest indoor entertainment area in Hong Kong with a GFA of 570,000 sq ft, including eight world-class entertainment facilities, which are expected to hold their soft opening successively, providing tourists and residents with extraordinary entertainment experience. Currently, the entertainment facilities announced include: KidZania, a park offering fun and interactive experience, being the first of its kind in the Greater China Area and the only one in the Greater Bay Area; South Korea's immersive media art exhibition ARTE MUSEUM; Timeless Flight Hong Kong, the city's first motion flying theatre; and the world's first Paddington themed indoor family play experience "Paddington™ Play Adventures", where customers of all ages will be able to enjoy playful experiences filled with discovery and adventure.

In Mainland China, a number of heavyweight projects will be unveiled sequentially in 2H2023. For example, the New World White Swan Lake Project at the White Swan Lake of Guangzhou will be launched in late 2023, the commercial area of the New World Arts Centre in Hangzhou will be launched by the end of 2023, and the New Metropolis in Guangzhou, which was topped out in September 2023, is scheduled to commence operation in May 2025. These projects will effectively secure the Group's sustainable performance growth.

In addition, various urban renewal projects under the Group have made progress, including the urban renewal project of 188 Industrial Zone located in the Longgang District, Shenzhen, which commenced during the year under review and is likely to be launched in 2024. As the Group's first urban renewal project in Shenzhen to officially enter the development and construction phase, the commencement of this project marked a milestone for the Group's development in Shenzhen. Furthermore, the Group's other two urban renewal projects in Shenzhen, Xili Industrial Zone Project and Guangming Guangqiao Food Factory Project, have also made significant progress recently and are expected to commence full development. The Group will also continue to explore other urban renewal projects in the city.

K11 is the world's first original brand that combines "Art • People • Nature", reflecting the Group's relentless pursuit of innovation, creativity and culture. Located in Prince Bay Area, Nanshan, Shenzhen, "K11 ECOAST" is the first K11 flagship project in Mainland China. The project has a total GFA of 228,500 sq m, and includes a K11 Art Mall, K11 HACC multi-purpose art space, K11 ATELIER office building and Promenade. K11 ECOAST is expected to open by the end of 2024, and will serve as a new cultural and retail landmark on the waterfront and a pioneer of the circular economy in the Greater Bay Area, enhancing the cultural and retail enjoyment in the region. In addition, K11 Guangzhou will continue its reform and

brand upgrade, and the new brands are expected to be launched by the end of 2023, aiming to create another high-end landmark in Guangzhou. The members-only area of Shanghai K11 will be inaugurated in FY2024 after the renovation is completed, and its core customers will be able to enjoy a better environment and services with high standards. Shenyang K11 Select will enhance and enrich the portfolio of cosmetics and jewellery brands, making it more attractive to target customers. In addition, several K11 projects in Mainland China and Hong Kong have been precisely positioned to target Gen Z by pursuing exclusive artistic experiences and expanding the reach of and interaction with the brand-new cultural and retail concept.

In FY2026, K11 is expected to have a total of 38 projects with a total GFA of 2,970,000 sq m in 10 major cities across Greater China. With the gradual completion and opening of K11 projects across the country in the pipeline time frame, as well as the successive transformation and upgrading of individual projects, the Group's recurring rental income will continue to grow, which will serve as a key growth driver for its business.

Through disposal of the Group's non-core assets and businesses, the Group concentrates on developing its core businesses, continuously optimising its asset portfolio and returns, enhancing corporate efficiency and creating more value for shareholders. The Group completed the disposal of non-core assets worth about HK$5.9 billion in FY2023.

The Group noted certain social media article published in late August 2023 which contained allegations made under a pseudonym about an unnamed property development group that may imply the Group. The Group has sought legal advice and took action against those who circulate such untrue and unfounded statements and allegations.

The Group has maintained a sound financial position, with total capital resources of HK$93,964.6 million as at 30 June 2023, including approximately HK$54,517.9 million of cash and bank deposits and approximately HK$39,446.7 million of undrawn facilities from banks. The Group manages cash flow in an active and prudent manner, and strives to improve cost efficiency, diversify financing channels, balance risks and lower operating costs. As a result, its recurring administrative and other operating expenses decreased by approximately 4% during the year under review. All refinancing of borrowings due in FY2024 has been taken care of. There is no need or plan by the Group for any equity capital raising from shareholders in the foreseeable future, including rights issuance and share placement.

To commit to the corporate spirit of "Creating Shared Value", the Group will continue to be in close communication with the relevant non-profit organisations and government departments, inject unique and innovative elements into social housing projects, and build a better community for Hong Kong's next generation. In promoting preservation and city-industry integration, the Group endeavours to develop the State Theatre in Hong Kong and a number of urban renewal projects in Mainland China into prominent landmarks in the Greater Bay Area.

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

Dr. Cheng Chi-Kong, Adrian
Executive Vice-chairman and Chief Executive Officer
Hong Kong, China, 29 September 2023

Major Property Projects in Hong Kong

Major Property Development Projects

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

2 9-19 Lyndhurst Terrace

3 277-291 King's Road, North Point

4 The Southside Package 5

5 83 Wing Hong Street, New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan

6 PARK PENINSULA MIAMI QUAY I Lot No. 6574, 4BC Kai Tak

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

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

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

10 53-55A Kwun Tong Road

11 530-538 Canton Road, Jordan

12 52-56 Kwun Chung Street, Jordan

13 23-34 Rose Street, Kowloon Tong

14 43-49A Hankow Road, TST

15 Yau Tong Redevelopment Project, Kowloon East

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

17 Pak Shing Kok Ventilaton Building Property Development

18 Kam Tai Road (Site A)

19 Kam Tai Road (Site B)

20 Kam Tai Road (Site C)

21 Sha Po North (Phase 2), Yuen Long

22 Wu Nga Lok Yeung, Fanling

23 Tsat Sing Kong, Kam Tin, Yuen Long

24 Lung Tin Tsuen (Phase 2), Yuen Long

25 Lung Tin Tsuen (Phase 4), Yuen Long

26 Sha Ha, Sai Kung

27 Ma Shi Po, Fanling

28 Lin Barn Tsuen, Yuen Long

29 Wing Kei Tsuen, Yuen Long

30 Ngau Tam Mei, Yuen Long

31 Lau Fau Shan, Yuen Long

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

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

34 Tong Yan San Tsuen (Mountain) (Site A, B), Yuen Long

35 Lung Tin Tsuen (Phase 5), Yuen Long

Major Property Investment and Other Projects

1 Manning House, Central

2 New World Tower, Central

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

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

5 Grand Hyatt Hong Kong

6 Renaissance Harbour View Hotel

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

8 Methodist House, Wan Chai

9 K11 ATELIER of Victoria Dockside, Tsim Sha Tsui
Rosewood Hotel & Residences of Victoria Dockside, Tsim Sha Tsui
K11 MUSEA of Victoria Dockside, Tsim Sha Tsui
K11 ARTUS of Victoria Dockside, Tsim Sha Tsui

10 K11, Tsim Sha Tsui

11 Hyatt Regency Hong Kong, Tsim Sha Tsui

12 THE FOREST, Mong Kok

13 ARTISAN HUB, San Po Kong

14 TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin

15 ARTISAN LAB, 21 Luk Hop Street, San Po Kong

16 ATL Logistic Centre, Kwai Chung

17 D•PARK, Tsuen Wan

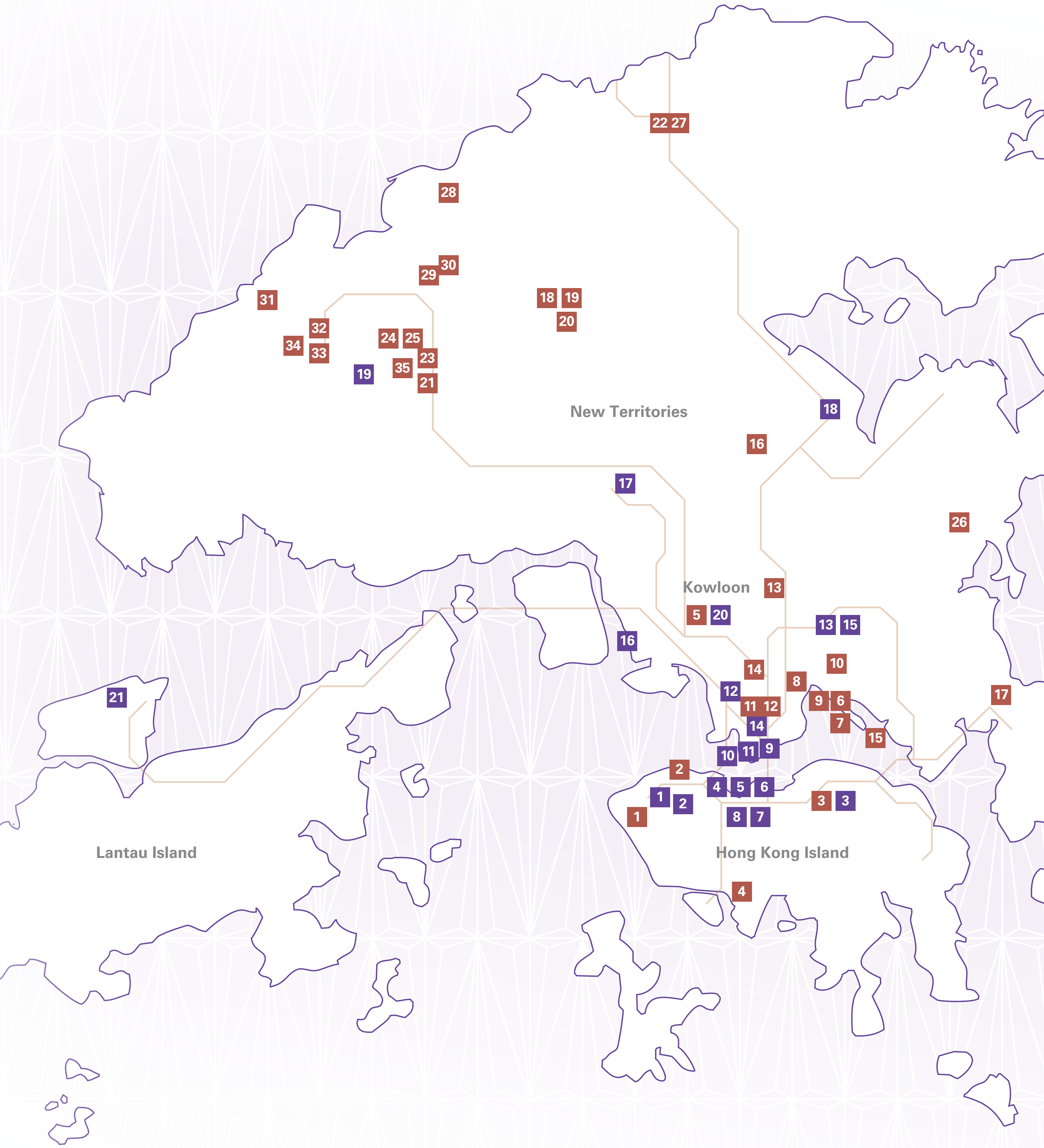
18 Hyatt Regency Hong Kong, Sha Tin

19 PARK SIGNATURE, Yuen Long

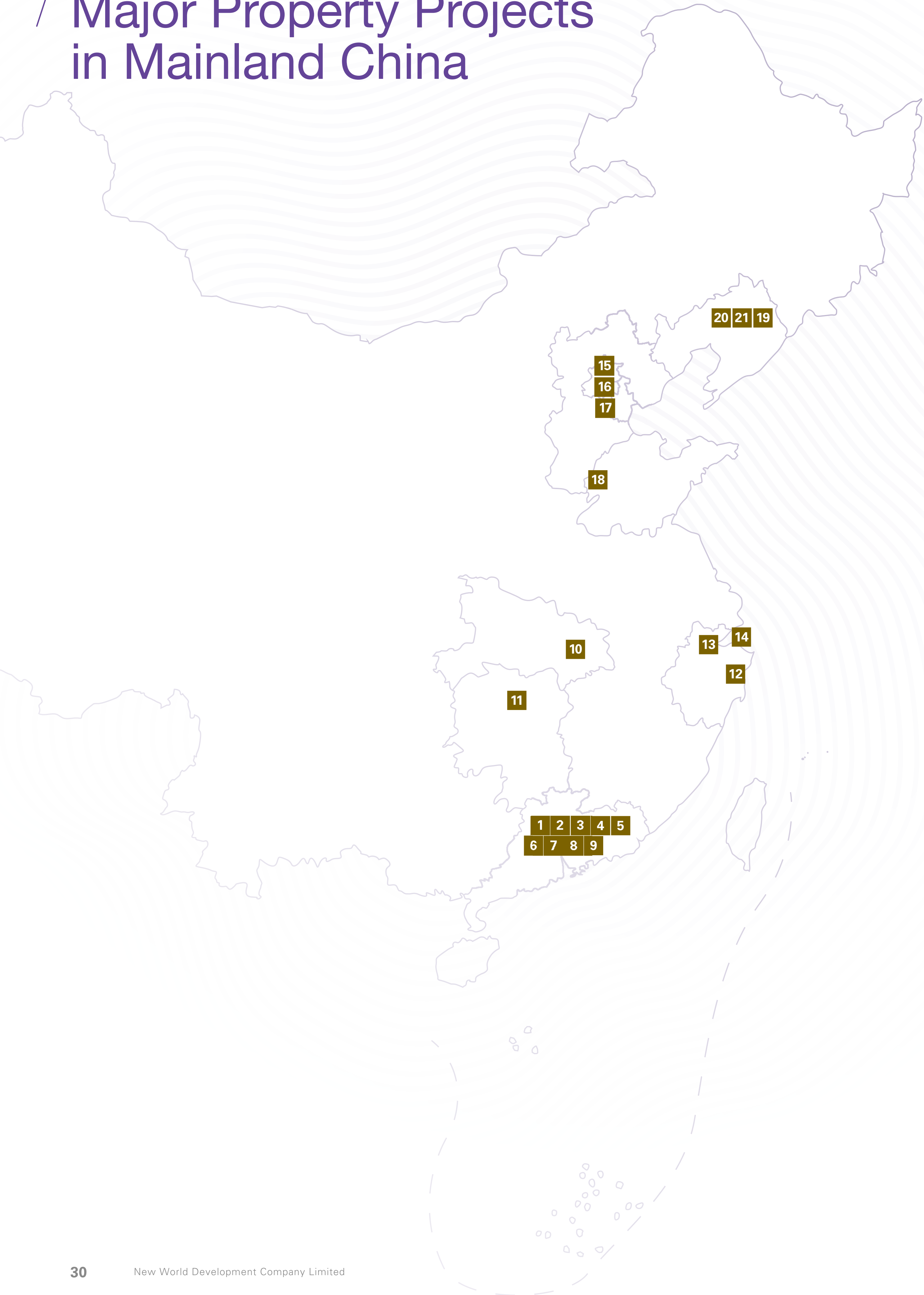
20 PORATS, New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan

21 11 SKIES, SKYCITY Project

Major Property Projects in Hong Kong



Major Property Projects in Mainland China



Major Property Development Projects

1 Guangzhou Covent Garden Remaining Phases

2 Guangzhou Park Paradise Remaining Phases

3 Guangzhou Hanxi Comprehensive Development Project

4 Guangzhou Zengcheng International Community Project

5 Guangzhou Panyu International School Project

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

7 Qianhai CTF Financial

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

9 Huizhou Changhuyuan Phase 4

10 Wuhan New World•Times Phase II

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

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

13 Hangzhou Wangjiang New Town Project

14 Shanghai Huangpu Huaihai Middle Road Land

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

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

17 Langfang New World Garden District 2

18 Jinan New World Sunshine Garden District BC

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

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

21 Anshan New World Garden Phase 2B3
Anshan New World Garden Po Ao Phase 1
Anshan New World Garden Po Ao Phase 2

Directors' Profile

Dr. Cheng Kar-Shun, Henry

GBM, GBS (Aged 76)

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

Mr. Doo Wai-Hoi, William

BBS, JP (Aged 79)

Appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is an independent non-executive director of Shanghai Industrial Urban Development Group Limited and an alternate director to Dr. Cheng Kar-Shun, Henry, the chairman and non-executive director of FSE Lifestyle Services Limited, all being listed public companies in Hong Kong. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited and a non-executive director of Lifestyle International Holdings Limited (a listed public company in Hong Kong until its delisting on 20 December 2022). Mr. Doo is a Justice of the Peace in Hong Kong and was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia, Mr. Cheng Chi-Ming, Brian and Mr. Cheng Chi-Heng.

Dr. Cheng Chi-Kong, Adrian

SBS, JP (Aged 43)

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

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

Dr. Cheng serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of The People's Republic of China, a vice-president of All-China General Chamber of Industry and Commerce, the chairman of the Mega Arts and Cultural Events Committee, a board member of the Hong Kong Financial Services Development Council, a non-official member of the Task Force on Promoting and Branding Hong Kong, and a member of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP) Sustainable Business Network (ESBN) Executive Council and the chair of the ESBN Task Force on Innovation. He is the vice chairman and group chief executive officer of CTF Education Group, the founder of The WEMP Foundation, and the chairman of China Young Leaders Foundation. Dr. Cheng is a Justice of Peace appointed by the Government of the Hong Kong Special Administrative Region since 2016 and was awarded the Silver Bauhinia Star in 2022. He was made an "Officier de l'Ordre des Arts et des Lettres" by the French Government in 2017, and an "Officier de l'Ordre National du Mérite" in 2022. Dr. Cheng holds a Bachelor of Arts Degree *(cum laude)* from Harvard University, and received the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. He was conferred an Honorary Fellowship by Lingnan University in 2014, an Honorary University Fellowship by the University of Hong Kong in 2022 and an Honorary Fellowship by the Hong Kong University of Science and Technology in 2023. Dr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. He is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Cheng Kar-Shing, Peter

(Aged 70)

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

Mr. Lee Luen-Wai, John

BBS, JP (Aged 74)

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

Mr. Cheng Chi-Heng

(Aged 45)

Appointed as an Executive Director in June 2010 and re-designated as Non-executive Director in December 2022. Mr. Cheng also acts as director of certain subsidiaries of the Group. He is a vice-chairman and executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of the Company. Mr. Cheng had worked at a Hong Kong-based investment management company as a corporate finance executive. He obtained his Bachelor of Arts Degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian.

Ms. Cheng Chi-Man, Sonia

(Aged 42)

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

Mr. Sitt Nam-Hoi

(Aged 69)

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

Mr. Ip Yuk-Keung, Albert
(Aged 71)

Appointed as an Independent Non-executive Director in June 2018. Mr. Ip is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of the Company. Mr. Ip is an independent non-executive director of Power Assets Holdings Limited and Hutchison Telecommunications Hong Kong Holdings Limited, both being listed public companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust (a listed real estate investment trust) and an independent non-executive director of Lifestyle International Holdings Limited (a listed public company in Hong Kong until its delisting on 20 December 2022). Mr. Ip is an international banking and real estate executive with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the United States. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr. Ip is a Senior Advisor to the President of Hong Kong University of Science and Technology; a Special Advisor to the Dean of the School of Business and Management at The Hong Kong University of Science and Technology; an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong, The University of Hong Kong, and the Faculty of Business Administration at The Chinese University of Hong Kong; an Adjunct Distinguished Professor in Practice of University of Macau; Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology; a Member of the Court at City University of Hong Kong; a Member of the Court at The Hong Kong University of Science and Technology; and a member of the Science and Technology Council, Macau SAR. Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis *(summa cum laude)* and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of City University of Hong Kong, Vocational Training Council and the Hong Kong University of Science and Technology.

Ms. Huang Shaomei, Echo

(Aged 54)

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

Ms. Chiu Wai-Han, Jenny

(Aged 52)

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

Mr. Chan Johnson Ow

(Aged 58)

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

Mr. Ma Siu-Cheung

GBS, JP (Aged 60)

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

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

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

Mr. Cheng Chi-Ming, Brian

(Aged 40)

Appointed as a Non-executive Director in December 2022. Mr. Cheng is an executive director of NWS Holdings Limited, a listed public company in Hong Kong and a subsidiary of the Company, and a director of certain subsidiaries of the Group. Mr. Cheng is the chairman and a non-executive director of Integrated Waste Solutions Group Holdings Limited and a non-executive director of Haitong International Securities Group Limited and Wai Kee Holdings Limited, all being listed public companies in Hong Kong.

Mr. Cheng is currently a member of the Fourteenth Shanghai Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Before joining the Group, he had been working as a research analyst in the infrastructure and conglomerates sector for CLSA Asia-Pacific Markets. Mr. Cheng holds a Bachelor of Science Degree from Babson College in Massachusetts in the U.S.A.

Mr. Cheng is the son of Dr. Cheng Kar-Shun, Henry, the brother of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mrs. Law Fan Chiu-Fun, Fanny

GBM, GBS, JP (Aged 70)

Appointed as an Independent Non-executive Director in December 2022. Mrs. Law is a member of the Sustainability Committee of the Board of Directors of the Company. Mrs. Law is an independent non-executive director of China Taiping Insurance Holdings Company Limited, China Unicom (Hong Kong) Limited, Nameson Holdings Limited and Minmetals Land Limited, all being listed public companies in Hong Kong. She was an independent non-executive director of CLP Holdings Limited (a listed public company in Hong Kong) up to her resignation in May 2023 and an external director of China Resources (Holdings) Co., Ltd. from 2016 to 2022.

Mrs. Law holds a Bachelor Degree (Honours) in Science from the University of Hong Kong, a Master Degree in Public Administration from Harvard University (named a Littauer Fellow) and a Master Degree in Education from the Chinese University of Hong Kong.

Mrs. Law was appointed as a Justice of Peace and awarded the Grand Bauhinia Medal and the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region ("HKSAR Government"). She was a Hong Kong Deputy to the National People's Congress and a member of the Executive Council of the HKSAR Government. During her 30 years in the civil service, Mrs. Law had worked in many fields, including medical and health, economic services, housing, land and planning, home affairs, social welfare, civil service, transport, education and manpower. Mrs. Law was the Commissioner of the Hong Kong Independent Commission Against Corruption before her retirement.

Ms. Lo Wing-Sze, Anthea

BBS, JP (Aged 52)

Appointed as an Independent Non-executive Director in December 2022. Ms. Lo is a member of the Audit Committee of the Board of Directors of the Company. Ms. Lo is an independent non-executive director of Virtual Mind Holding Company Limited, Goldlion Holdings Limited, China Resources Mixc Lifestyle Services Limited and Lee & Man Paper Manufacturing Limited, all being listed public companies in Hong Kong. She was an independent non-executive director of Finsoft Financial Investment Holdings Limited (a listed public company in Hong Kong) up to her resignation in July 2023.

Ms. Lo holds a Bachelor of Economics Degree from the University of Sydney and a Master of Commerce in Finance Degree from the University of New South Wales in Australia. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Fellow Certified Practicing Accountant of CPA Australia. She is the general manager and financial director of Million Tour Limited and the founder and financial director of M1 Hotel Group.

Ms. Lo was appointed as a Justice of the Peace in 2017 and awarded the Bronze Bauhinia Star in 2020 by the HKSAR Government. She is a member of the Election Committee 2021 (The Fourth Sector) of the Hong Kong Special Administrative Region and was a member of the Election Committee for the Fifth Government of the Hong Kong Special Administrative Region. Ms. Lo is a member of the Social Workers Registration Board, the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, the Advisory Committee on Admission of Quality Migrants and Professionals, the District Fire Safety Committee (Wan Chai District) and the Chief Executive's Policy Unit Social Development Expert Group. She is also an Honorary Court Member of the Lingnan University.

Ms. Wong Yeung-Fong, Fonia

(Aged 47)

Appointed as an Independent Non-executive Director in December 2022. Ms. Wong is a member of the Sustainability Committee of the Board of Directors of the Company. Ms. Wong holds a Bachelor of Arts in Marketing Degree from the Hong Kong Polytechnic University and a Degree in China Law from the Tsinghua University. She is a certified international wealth manager and a certified financial planner. Ms. Wong is a senior director and head of business development (South Pacific) at EBSI Private of China Everbright Securities International Company Limited.

Ms. Wong is a council member of the Lingnan University, the president and co-founder of the Hong Kong Digital Asset Society, founder of Hong Kong Youth Service Leader Award, charter president of Rotary Club of Central, Hong Kong, charter president of Rotary Alumni Association, Rotary International District 3450, founding convener of Investment Chat for Charity and an executive committee member of The Neighbourhood Advice-Action Council.

Ms. Wong won the Ten Outstanding Young Persons Award of the Junior Chamber International Hong Kong in 2016. She was also on the 2021 list of Kindness & Leadership, 50 Leading Lights Asia Pacific. In 2017, Ms. Wong was the winner of the Advanced Management and Leadership Program Outstanding Alumni Award of the University of Oxford for her exceptional services to the society.

Senior Management Profile

MR. WONG MAN-HOI

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

(Aged 64)

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

MS. LO PUI-YING

(Aged 73)

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

MR. LAU FU-KEUNG, EDWARD

MAcc(Distinction), BBA(Distinction)

(Aged 44)

Mr. Lau joined the Company in June 2020 and is currently the Chief Financial Officer of the Company. He is responsible for finance, accounting, treasury, tax, mergers & acquisitions and investor relations of the Group. Prior to joining the Company, Mr. Lau was the Chief Financial Officer of a Chinese property developer with business focus in Greater Bay Area. He held various senior positions in equity capital markets and global credit trading with global investment banks prior to his CFO career. Mr. Lau is a member of the inaugural Advisory Committee of the Accounting and Financial Reporting Council, Advisory Board of Hong Kong Investor Relation Association, Fundraising and Social Enterprise Committee of The Neighbourhood Advice-Action Council, Finance Committee of Scout Association of Hong Kong, HKI Regional Scout Foundation Fund and Finance and Strategy Committee of Hong Kong Football Association. Mr. Lau received his Bachelor of Business Administration in Finance (with Distinction) and Master of Accounting (with Distinction) from the Ross School of Business at the University of Michigan-Ann Arbor in 2001 and 2002 respectively. He is a U.S. (Delaware) Certified Public Accountant Certificate holder.

Mr. CHEUNG CHE-KIT, RICHARD

MBA (High Distinction), BCom(Hon)
(Aged 51)

Mr. Cheung joined the Company in July 2022 as Senior Director, Group Customer Ecosystem. He is responsible for the development of the Company's B2C ecosystem business model via leading the Group's Customer Relationship Management, Elite Client Management, Strategic Business Alliances, and Customer Digital Experience.

Mr. Cheung has years of experience in leading B2C businesses. Before joining the Company, Mr. Cheung worked as an Executive Director in The Hong Kong Jockey Club for 11 years, responsible for the wagering businesses in Hong Kong and overseas. Prior to that he worked as a principal in Cinven, a European based buyout firm with a focus on consumer sector, as well as the partner in charge of the Retail Practice in McKinsey & Company Greater China.

Mr. Cheung obtained his Master in Business Administration degree with High Distinction as Baker Scholar from Harvard Business School in 2001 and Bachelor of Commerce (First-class Honour) from Queen's University Canada in 1995.

MR. CHANG YAN-TUNG, LOUIS

(Aged 57)

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

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

Corporate Sustainability

Major Achievements and ESG Highlights

International Recognition for Our Sustainability Performance

MSCI[1] ESG Rating of **BBB**

Rated **Low ESG Risk** by Sustainalytics since 2019

- Global Real Estate Sustainability Benchmark ("GRESB") 2022 **Regional Sector Leader** for Asia in the Diversified Office/Retail category
- Received the maximum **5-star rating** since 2019

Achieved highest ever CDP scores in 2022:
- **A-** in Climate Change Assessment
- **A-** in Water Security Assessment

Sustainability Yearbook Member 2023
S&P Global ESG Score

- S&P Global's **Sustainability Yearbook Member** since 2021
- **Top 15%** of real estate industry globally

《可持续发展年鉴（中国版）》入选企业
中国企业标普全球 ESG 评分 2022

One of 88 companies to be included in the first edition of S&P Global's **Sustainability Yearbook (China)**

- Constituent of **Dow Jones Sustainability World Index** in 2022
- Constituent of **Dow Jones Sustainability Asia Pacific Index** since 2019

Constituent of **FTSE4Good Index Series** since 2020

Hang Seng Corporate Sustainability Index Series Member 2023-2024

- Constituent of **Hang Seng Corporate Sustainability Index** since 2014-2015
- Rated **AA** since 2022

NWD is a signatory/member of

TCFD — Task Force on Climate-related Financial Disclosures
wbcsd
We Support UN Global Compact
In support of Women's Empowerment Principles — Established by UN Women and the UN Global Compact Office
Urban Land Institute
Business Environment Council 商界環保協會 — Council Member since 2017
HKGBC 香港綠色建築議會 — Platinum Patron
Climate Governance Initiative Hong Kong
G·GHM Alliance 粤港澳大湾区绿色建筑产业联盟
中国城科会绿色建筑委员会 China Green Building Council of CSUS
CABEE

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

Climate Action Highlights

Continued to implement Climate Resilience Guideline to further incorporate climate resilience into assets

Reviewed our physical and transitional climate risks and opportunities to enhance our understanding of their potential business and financial implications

One of the first companies to purchase carbon credits on the HKEX Core Climate marketplace

Partnered with tenants, customers and startups to foster circular economy and energy efficiency initiatives and practices

Community Highlights

- More than 300,000 beneficiaries supported by the Share for Good crowd-donation platform, which has connected more than 200 enterprises and donors with 120 NGO partners

- More than 500 people ran 2,000 kilometres to raise HKD$540,000 for the Kai Tak Sports Initiative, which promotes physical and mental health through sports and fitness

- 37 startups supported through Impact Kommons, resulting in 38 successful business integrations across four cohorts

Governance Highlights

- 35.3% female representation on our Board, exceeding our 30% target

- Over 12,000 sustainability-related training hours

- Responsible Investment Policy approved to guide integration of sustainability into investment decisions

Sustainable Finance

- Issued NWD's first Social Loan to support Kai Tak Sports Park development
- Sustainable Finance Framework updated in July 2022 with Second-Party Opinion obtained
- Conducted limited assurance on green and social financing

Overview of SV2030

NEW WORLD SUSTAINABILITY VISION 2030

GREEN – Moving us towards a greener future

SDG 11.6 Reduce adverse environmental impact of cities

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

FY2023:

Energy intensity
(MWh/million HK$ revenue)
(FY2030 target: ↓ 50%)
↓ 22%

Carbon emissions intensity
(tCO_2e/million HK$ revenue)
(FY2030 target: ↓ 50%)
↓ 40%

New World Construction (against FY2015 baseline[2])

FY2023:

Waste-to-landfill intensity
(tonnes/million HK$ revenue)
(FY2030 target: ↓ 15%)
↓ 64%

Water intensity
(m^3/million HK$ revenue)
(FY2030 target: ↓ 25%)
↓ 62%

Green Buildings

- **39** LEED building certifications[3], of which **37** achieved Gold or above
- **32** BEAM Plus building certifications[4], of which **28** achieved Very Good/Gold or above
- **1** China Green Building Evaluation Labels[5] ('Two Star' or above)
- **2** SITES certificates at Gold level

WELLNESS – Promoting health in body and mind

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

Improved the well-being of **22 million** stakeholders[6] (FY2030 target: 20 million)

Lost-time injury rate[7] (LTIR) **0.4** (FY2030 target: at/below 3.0 annually)

WELL Buildings: **14** building certifications[8], with **13** rated Gold or above

CARING – Creating shared value for our communities and culture

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

Enhanced the quality of life of **156 million** stakeholders[6] (FY2030 target: 300 million)

Provided **>301,000** volunteering hours[6] (FY2030 target: >340,000)

SMART – Using innovation to unlock potential

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

> 400 active patents[9]

38 integrations via Impact Kommons[10]

1 Covers the SV2030 Green Targets Scope which focuses primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps. NWSH and NWDS also disclose their environmental targets in their annual sustainability report. Using revenue for the intensity metrics was due to the diverse business nature of the Group's portfolio as it is the common thread that can be adopted across sectors.
2 Covers New World Construction Company Limited only. With the disposal of NWCON in FY2023, NWCON data presented in this report is thus up to the close of transaction.
3 Includes both pre-certified and certified projects as at 30 June 2023 and excludes expired pre-certificates.
4 Includes Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as at 30 June 2023.
5 Excludes expired labels as at 30 June 2023.
6 Cumulative number from baseline year FY2015 to FY2023 covering the SV2030 Reporting Scope.
7 Lost-time injury rate represents the number of injuries per 100 employees per year.
8 Includes both pre-certified and certified projects as at 30 June 2023.
9 Includes the number of active patents granted since FY2015 and held by New World Group under the SV2030 Reporting Scope as at 30 June 2023, excluding design registrations/patents.
10 Cumulative integrations from FY2020 to FY2023 between Impact Kommons startups and New World Ecosystem.

Corporate Sustainability

Leadership and Governance

Message from Management

Sustainability remains an important focus for NWD despite cyclical fluctuations in our operating environment, the property sector and the broader economy. Our sustainability efforts and investments today are for the long-term – their benefits extend well beyond market cycles and create lasting value for our investors, communities, partners and stakeholders.

Our corporate mission of Creating Shared Value ("CSV") is ingrained in how we do business and is enriching the lives of communities where we operate. Our sustainability strategy gives effect to this commitment, with our targets embedded in our ways of working so that we can create shared value for all stakeholders. We continue to participate in the UN Global Compact and support its ten principles for responsible business. The oversight of our Board, dedication of our leadership team, and the efforts of our employees are essential to our progress towards these common goals.

Addressing climate change remains integral to our long-term growth and is a critical area of focus. Reducing our emissions is an important contribution to government action plans to achieve carbon neutrality in Mainland China by 2060 and HKSAR by 2050. We disclose our climate-related risks and opportunities within this chapter, aligned with the recommendations of the Task Force for Climate-related Financial Disclosures ("TCFD"). We are known for our climate ambition and have plans in place to reduce our emissions, increase renewable energy use, and collaborate with suppliers, customers, and stakeholders to achieve our sustainability targets. The decarbonisation of our assets is an important contribution to the transition to a low-carbon future. Our approved near-term 1.5°C science-based targets ("SBTs") cement that ambition and will further accelerate our drive to decarbonise.

Innovative thinking is central to finding new solutions to challenges like climate change. I am proud of our passion for innovation and our desire to explore and co-create ideas within the New World ecosystem through our Impact Kommons and GBA Accelerator initiatives. We will continue to collaborate with startups and scaleups to cultivate innovation and partnerships that empower younger generations.

For NWD to perform strongly, we must foster a work environment in which our people feel included, trusted and valued – and work safely each day. We surpassed our target of 30% female representation on our Board during the year, enhancing the diversity of our boardroom. We know that a diverse workforce that operates equitably and inclusively will elevate our business. We have trialled a range of flexible work practices to enhance the employee experience and will continue to explore new approaches to work-life integration to improve the physical and mental wellbeing of our employees.

Contributing to the communities we operate in is part of our CSV mission and sustainability strategy. Our Share for Good crowd-donation platform has joined hands with 120 NGOs, 200 enterprises and logistic partners to provide support to over 300,000 beneficiaries. NWD continued to support initiatives that nurture future leaders in the fields of sport, culture and sustainability. Looking forward, we will focus more efforts on impact measurement and development of a social value framework to better deliver outcomes.

In the year ahead, the opening of 11 SKIES will showcase how our CSV mindset, sustainability strategy, and passion for innovation combine to create spectacular places that communities enjoy and support economic development. We plan to further develop our decarbonisation plan and deliver initiatives that improve our environmental performance. We are deepening our understanding of the climate-related risks and opportunities across our property portfolio, to guide our efforts to increase portfolio resilience. We continue to embed sustainability across all aspects of our strategy and operations.

I would like to thank our employees for their dedication and commitment to delivering our sustainability targets, and our partners and stakeholders for their collaboration and support. The year ahead will be an exciting one, as we continue to show that we can be both ambitious and impactful by living our CSV principles for both business success and social progress.

Dr. Cheng Chi-Kong, Adrian
Executive Vice-chairman and Chief Executive Officer
Chairperson, Sustainability Committee
Hong Kong, China, 29 September 2023

Governance Structure

The management of ESG matters is integrated into the Group's corporate governance structure, from board-level committees to management-level group functions and business units ("BUs").

The Board is responsible for overseeing the Group's material ESG issues and delegates five board-level committees to manage the Group's business operations. Details of each committee are included in the Corporate Governance Report section of this Annual Report.

NWD complies with the HKEX Revised Corporate Governance Code and Listing Rules. NWD closely monitors the latest market trends and regulations in corporate governance to ensure compliance and provides recommendations and international best practice updates to the Board on priority topics, including board independence, refreshment and diversity. The Board is committed to ensuring ongoing compliance and takes appropriate actions in line with best practice.

MATERIAL TOPICS:

- Bribery and Corruption
- Corporate Governance
- Ethics and Integrity
- Product Safety and Quality
- Risk and Crisis Management

The Sustainability Committee oversees the Group's sustainability issues and risks and the delivery of targets. It assists the Board in overseeing our sustainability management approach and policies, ESG reporting strategy and management, any non-compliance with policies, procedures and regulations, and identifying sustainability improvement areas. It makes appropriate recommendations to and seeks advice from the Board. Directors are appointed to the Sustainability Committee by the Board. The Committee is chaired by the NWD CEO and comprises four independent non-executive directors and one executive director. Management reports progress against sustainability goals and targets to the Committee when it meets twice each year.

BOARD OF DIRECTORS

- **Audit Committee**
  - Risk Management & Internal Control
    - Group Risk Management Committee
    - Group Audit and Management Services Department
    - NWD Departments & Heads of Business Units
- **Sustainability Committee**
  - Sustainability Governance & ESG Risk Management
    - Group Sustainability Steering Committee
    - Group Sustainability Department
    - NWD Departments & Heads of Business Units

Governance Structure

Chaired by Group Head of Sustainability, the Group Sustainability Steering Committee assists the Sustainability Committee in realising the Group's sustainability targets and is responsible for driving the implementation of sustainability initiatives. It oversees the training provided to all employees and supports action planning and budgeting across the business. Progress is reported to the Sustainability Committee by management.

CEO and employee remuneration are linked to sustainability performance to encourage everyone to contribute to our targets. Sustainability is integrated into the business plans for subsidiary CEOs, department heads and employees to guide their contributions to the Group's sustainability performance.

In view of the urgent need for climate action and the Group's responsibilities to mitigate climate impacts in our operations, the Board fully supports the ongoing assessment and disclosure of the Group's climate-related risks and opportunities in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. The Board is updated twice a year on climate-related risks and opportunities to provide guidance on the overall ESG strategies. Find our climate-related disclosure in Ensuring a Climate-resilient Future section on page 66.

Board Renewal Increases Diversity

A programme of Board renewal has brought new perspectives, experience, and skills to the Group's corporate governance and increased female representation on the Board to 35.3%. As a result of these changes, we exceeded our target for 30% female Board representation by FY2023.

Four directors joined the Board in December 2022, Mrs. Fanny Law Fan Chiu-Fun, Ms. Anthea Lo Wing-Sze and Ms. Fonia Wong Yeung-Fong as independent non-executive directors, and Mr. Brian Cheng Chi-Ming as a non-executive director. Mr. Cheng Chi-Heng was redesignated from an executive director to a non-executive director. Three independent non-executive directors concluded their terms in late 2022, each having served on the Board for more than 15 years.

Together, the newly appointed directors bring different experience and fresh perspectives to the Board, in fields such as civil service, finance, marketing, and business management. Enhanced Board diversity will allow the Group to identify new business opportunities, enhance the corporate sustainability agenda and create shared value for society.

Director biographies can be found in the Directors' Profile section of this Annual Report.

> ***"A diverse boardroom can bring together talent from different age groups, backgrounds and perspectives, which can significantly strengthen management and decision-making capability, bringing great benefits in terms of corporate sustainability."***
>
> ***– Dr. Adrian Cheng, Executive Vice-chairman and CEO***

Managing ESG Risks and Opportunities

NWD actively manages material environmental and social risks and opportunities, and monitors and responds to emerging economic challenges. We believe that integrating sustainability into our business practices creates a long-term competitive advantage.

Our enterprise risk management ("ERM") framework governs our approach to managing risks. Enhancements to the ERM framework in FY2021 and FY2022 integrated sustainability and climate resilience considerations across the property lifecycle. The ERM framework has adopted "Applying enterprise risk management to environment, social and governance-related risks" guidelines published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and the World Business Council for Sustainable Development ("WBCSD"). It is regularly reviewed to ensure ongoing alignment with NWD's strategic direction, sustainability commitments, regulatory obligations, and market practice.

Our Climate Resilience Guideline was established with reference to our ERM framework, bringing climate mitigation and adaptation measures into the consideration of risk across our asset locations and across the property lifecycle. This Guideline also forms part of our Sustainable Building Policy and standardises our climate resilience approach across our portfolio.

Our Responsible Investment Policy was approved and guides how we integrate sustainability commitments, standards, guidelines and risk considerations into investment decisions across the Group.

Visit our website for details of our Responsible Investment Policy.

Approach to Identify, Assess and Manage ESG Risks

We have a robust system for identifying, assessing and managing the ESG risks and opportunities that may impact our business, shown in the process diagram below. This includes climate-related risks that have potentially extensive implications for our assets and our business. ESG risks are integrated into our ERM risk analysis process either as a stand-alone risk and/or cross-referenced with business risks, such as insurance and crisis management.

ESG risks are identified and evaluated using the same criteria as other key risks as part of our standardised approach. ESG risks are managed through:

- Governance – management oversight across the Group and regular communication with the Board, in accordance with our risk governance structure and risk management process
- Strategic focus – delivering our sustainability strategy in alignment with TCFD recommendations, regulatory requirements, best practices and stakeholder expectations
- Operations – having policies and procedures in place to avoid or mitigate risks, including Anti-Fraud Policy, Whistleblowing Policy, and Climate Change Policy, and using our Issue Alert System to identify emerging issues or crises.

Find out more about our risk management structure and approach in the Risk Management and Internal Control section of this Annual Report.

Managing ESG Risks and Opportunities

ESG Opportunities

NWD is well positioned to capitalise on ESG opportunities. Our corporate mission and innovative spirit provide the foundation for identifying and developing new lines of business and increasing the environmental and social outcomes we create for society.

ESG opportunities are identified through our ERM and materiality assessment processes, as well as through engagement with the Sustainability Committee, internal and external stakeholders.

Our sustainability commitments and ambitions encourage us to both operate more efficiently and create new business opportunities. Goals such as our near-term science-based targets ("SBTs"), which were approved by the Science Based Targets initiative ("SBTi") in FY2022, focus our innovative efforts to develop new solutions and approaches that result in lower emissions.

Sustainability education and training ensures that our Board, management and employees are equipped with the knowledge to identify ESG opportunities and consider how we can benefit from or contribute to them. We are a founding member of the Climate Governance Initiative Hong Kong Chapter, detailed in Driving Decarbonisation section on page 73.

Culture

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

Together with our mission, our corporate vision – "we create, we are artisans, we are CSV" – inspires creative thinking and expression, encouraging our people to explore new ideas. People and culture are integral to achieving this vision and creating innovative solutions that improve environmental and social outcomes for future generations. Our culture of continuous learning and development empowers our employees to collaborate, innovate and realise their potential.

Programmes such as the New World Innovation Challenge and Group VOC (Voice-of-Customer) Innovation Programme encourage employees to develop innovative solutions and test their feasibility and appeal with customers. Since launching in 2022, these programmes have generated more than 300 new business ideas from employees, with 20% moving to development and prototyping. Find out more in the Our Collaborative Ecosystem section on page 79.

Creating Shared Value

Creating Shared Value is a critical component of NWD's corporate mission. It demonstrates our commitment to understanding the needs of the communities where we operate and leveraging our assets and strengths for their benefit. CSV creates new business opportunities for the Group by encouraging continuous innovation and shapes the overall business strategy. "Shared Value" is the outcome of the combination of three drivers: social and environmental needs, corporate assets and business opportunities.

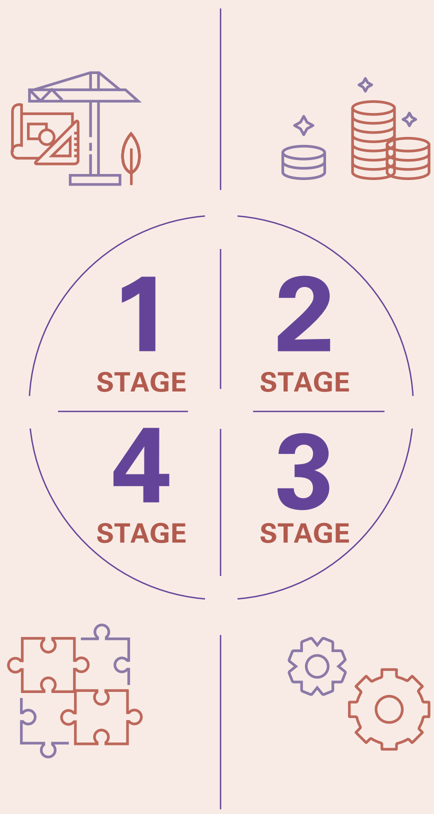
CSV guides our business strategy and activities. Our efforts to create shared value are underpinned by our focus on ecosystem, partnership, innovation, and digitalisation. Case studies and initiatives described in this Chapter illustrate the role these drivers play in our progress towards our sustainability goals.

Creating Shared Value through NWD's Property Lifecycle

Standardised sustainable practices drive the four key stages of property development, advancing our sustainability strategy and creating shared value.

DESIGN & BUILD

NWD's policies and guidelines set out our commitment to sustainable development for new and existing projects, including sustainable building certifications. Policies such as our Responsible Investment Policy, Sustainable Building Policy, and Sustainable Procurement Policy govern our approach to managing climate risks, environmental and social impacts throughout the supply chain.



SUSTAINABLE FINANCE

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

ENGAGEMENT

Collaboration is vital to creating shared value. We actively engage tenants, customers and other stakeholders to promote and support the adoption of sustainable practices within the communities we serve.

OPERATIONS

We are determined to reduce the adverse environmental and social impacts of our property operations. Our building operations and resource efficiency measures are refined and enhanced to improve the health and wellbeing of our customers, tenants and users.

Stakeholder Engagement and Materiality Assessment

The expectations and needs of our stakeholders play a critical role in NWD's sustainability strategy, helping us to identify and prioritise current and emerging risks and opportunities across our business and the communities in which we operate.

We maintain ongoing, open and transparent dialogue with our stakeholders to provide opportunities to discuss their perceptions and experiences. We carry out this engagement in a range of ways, including surveys, interviews, focus groups, site visits, mobile apps, email newsletters, meetings and forums, events, hotlines, and through media and social media channels. Find out more about how we engage with key stakeholder groups on our sustainability website.

Materiality Assessment

NWD regularly conducts a comprehensive materiality assessment to determine the importance and relevance of ESG matters to our business. The assessment gathers information through detailed research and engagement with internal and external stakeholders to identify where ESG topics may have changed in importance to NWD.

Participating internal stakeholders represent significant business units and varying levels of seniority, while participating external stakeholders may include customers, tenants, suppliers, service providers, academic and professional institutions, NGO partners, financial institutions, and government. Assessment outcomes give insight into emerging ESG risks and opportunities and inform the continuous improvement of our sustainability approach and reporting.

Global standards and best practice in assessing materiality continue to evolve as international ESG disclosure standards develop. In line with those developments, we have expanded our materiality approach to identify ESG topics that are material to our business (financial materiality) and topics that materially impact people, the environment and the economy (impact materiality). This aligns with best practice guidance from the International Financial Reporting Standards ("IFRS"), Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), COSO and WBCSD.

We engaged an external consultant to complete a double materiality assessment, which was underway as at the reporting date. The preliminary results will be presented to the Group Sustainability Steering Committee and Sustainability Committee for validation. Insights gathered during the assessment informed our review of material ESG topics and reporting for FY2023, with the assessment outcomes to be reported in FY2024.

Material ESG Topics (in alphabetical order)	How The Topic is Addressed in This Chapter
Bribery and Corruption	Leadership and Governance
Climate Change Actions	Accelerating Towards Net Zero
Community Development and Engagement	Creating Sustainable Communities
Community Wellness	Creating Sustainable Communities
Corporate Governance	Leadership and Governance
Customer and Tenant Engagement	Our Collaborative Ecosystem
Customer Wellness, Health and Safety	Our Collaborative Ecosystem
Diversity and Equal Opportunities	Our People
Employee Wellness and Engagement	Our People
Energy Efficiency and Carbon Reduction	Accelerating Towards Net Zero
Ethics and Integrity	Leadership and Governance
Green Building Construction and Renovation	Green Building Leadership
Innovation	Affirming our Pioneering Efforts
Occupational Health and Safety	Our People
Privacy and Data Security/Information Privacy	Our Collaborative Ecosystem
Product Safety and Quality	Leadership and Governance
Responsible Supply Chain Management	Our Collaborative Ecosystem
Risk and Crisis Management	Leadership and Governance
Talent Management	Our People
Waste Reduction and Recycling	Accelerating Towards Net Zero

Affirming Our Pioneering Efforts

Sustainable Development

NWD strives to be a sustainability leader, pioneering new approaches to enhance social and environmental wellbeing in the communities in which we operate. Sustainability considerations shape our projects at each stage of the project lifecycle. The following projects show this commitment in action.

MATERIAL TOPICS:

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

11 SKIES

We are proud to present 11 SKIES, a mixed-use game-changing destination that embodies our commitment to sustainable development. Strategically located near Hong Kong International Airport and the Hong Kong-Zhuhai-Macao Bridge, 11 SKIES is set to become a premier retailtainment and commercial landmark, fostering greater connectivity within the Greater Bay Area and driving economic prosperity in the SKYCITY precinct.

Spanning across 3.8 million square feet, 11 SKIES features Hong Kong's largest indoor entertainment hub, catering to visitors of all ages. It will house over 800 shops, offering a diverse range of shopping experiences. Comprising three state-of-the-art Grade A office buildings, K11 ATELIER 11 SKIES encompasses a total of over 570,000 square feet themed around professional services. Both 11 SKIES and K11 ATELIER 11 SKIES have earned esteemed green and healthy building credentials, with the retail portion achieving triple Gold pre-certifications through BEAM Plus, LEED, and WELL, and the K11 ATELIER 11 SKIES office towers receiving final Platinum certifications from BEAM Plus and WELL, along with a LEED Platinum pre-certification.

The retail centre will launch in phases. K11 ATELIER 11 SKIES had its grand opening in July 2022, and tenants there can adopt the CSV Lease and partner with NWD to reduce their environmental impact and enhance their sustainability practices. Find out more on page 74.

1 **Designed for the whole development**
Sustainable development is central to the design and construction of 11 SKIES, with innovative solutions used to reduce its environmental impact. 11 SKIES is utilising new adaptive comfort temperature model developed by Hong Kong Polytechnic University ("PolyU"), which adjusts indoor temperatures based on outdoor weather conditions to provide comfort while minimising energy used for heating, ventilation and cooling.

2 **Designed for car park**
Through another collaboration between NWD and PolyU, 11 SKIES' car park adopts artificial intelligence (AI) to power electric vehicle charging points. The load management system improves charging point energy efficiency using AI, enabling 12 fast and 232 medium EV chargers to operate simultaneously. The system is estimated to result in a 53% electricity provision saving and deliver almost 100% energy utilisation.

3 **Designed for skylight**
High performance glazing allows natural daylight in while limiting the solar heat impacts to reduce energy use for lighting, heating and cooling. An innovative electrochromic skylight, with a total area of 953 square metres in the retail centre adjusts its tint throughout the day to utilise natural daylight and save energy, in the technology's first large-scale commercial application in Hong Kong.

4 **Designed for the office towers**
The precinct is home to Asia's largest hybrid solar photovoltaic and thermal ("PVT") system, in which panels spanning over 400 square metres generate both electricity and hot water for greater efficiency. The system can generate around 200,000 kWh of energy per year, equivalent to approximately 1.2% of the office buildings' operations and enough to charge 2,500 electric vehicles per year.

NEW METROPOLIS

New Metropolis is creating places for people to live, work, shop and connect with nature in easy walking distance. A joint venture between NWCL and Guangzhou Metro, New Metropolis is a premium transport-oriented development in Guangzhou's Panyu district, part of the Greater Bay Area, that aims to seamlessly integrate residential, commercial, and public facilities with well-designed leisure spaces.

New Metropolis will bring together a variety of green spaces, ranging from the urban green park to the towering office building with extensive green terraces and meticulously designed gardens. The New Metropolis Mansion residential building and New Metropolis Centre commercial building will benefit from ground-level landscaping, rooftop and vertical gardens that integrate nature into the built environment.

New Metropolis Mansion will deliver around 1,300 homes overlooking green parklands including the Chimelong Tourist Resort. The development is the first to adopt NWCL's"smart cabinet" shoe sanitisation technology. The cabinet uses Nano Confined Catalytic Oxidation ("NCCO"), which is integrated into the Smart Home System by LifeSmart to improve the lives of residents.

At the Grade A New Metropolis Centre, the 33-storey tower's unique 'zig zag' design brings nature into the workplace, with sky gardens for tenants to enjoy. The K11 Select retail mall will host retailers across four levels with large skylights and atrium drawing in natural light and minimising energy consumption.

Sustainable development principles shape the project, with high performance glazing to reduce indoor heat and a 'sponge city' to manage rainfall and stormwater. The project is targeting LEED Gold and China Green Building Evaluation Label (Three Star) in recognition of its high-quality sustainable features and initiatives.

Construction is currently underway with the project expected to be completed in May 2025.

Enriching Life through Culture

MATERIAL TOPICS:

- Community Development and Engagement
- Energy Efficiency and Carbon Reduction
- Green Building Construction and Renovation
- Innovation

STATE THEATRE

The iconic State Theatre is returning as a new cultural performing arts landmark. Its restoration and development showcases NWD's dedication to enriching life through art, culture and sustainable development.

Located in North Point, the Theatre became an instant landmark when it opened in 1952. Its bridge-like arched external concrete roof trusses are unique in Hong Kong and enhanced the interior acoustics. The Theatre was the heart of Hong Kong pop culture until a major fire in 1995. Its conversion into a billiards hall in 2000 destroyed many of the historic site's original features. It is currently one of the few remaining international-class theatres in Hong Kong. NWD acquired the site in 2020 as the first private developer to conserve a Grade I historic site in Hong Kong. As a cultural and heritage preservation project, the Theatre is eligible for sustainable finance under our Sustainable Finance Framework.

Uncovering the Theatre's history has been central to both ensuring its conservation and inspiring its future use. Dozens of oral history interviews have been conducted and hundreds of artefacts salvaged for further study. The Theatre's history will be displayed for visitors when completed, sitting alongside the work of local craftspeople that will feature in the interiors.

We are marrying the Theatre's original design and structure with modern building standards to create a sustainable, enjoyable and innovative theatre experience for patrons. Comprehensive engagement with the artistic and local community has explored how the space can be enhanced. The restored Theatre is targeting triple Platinum certifications from BEAM Plus, LEED and WELL to solidify its sustainability credentials.

Two new buildings will sit alongside the Theatre, a 10,000 square metre office building and a 19,000 square metre residential tower, on top of a 6,600 square metre retail podium. Both are designed to meet high sustainability standards, with the residential building targeting a Gold BEAM Plus rating and the retail and office building targeting Gold or above BEAM Plus, LEED and WELL ratings. Rooftop solar panels will generate onsite renewable energy while efficient building systems will minimise energy and water use. The project is expected to be completed in 2026.

We recreated the Theatre's golden era with an event celebrating its 70th anniversary in November 2022. Held at K11 MUSEA, the evening showcased the Theatre's entertainment history in a vintage Hong Kong experience that fostered an appreciation of its historical cultural value and the future that lies ahead.

To deepen community understanding of conservation, we co-hosted the Heritage Innovation Symposium with the United Nations Educational, Scientific and Cultural Organization (UNESCO) at The University of Hong Kong in June 2023. The event brought together policymakers, industry experts and scholars to explore innovation and trends in heritage conservation and exchange ideas.

> *With our conservation project, the State Theatre will return once again as a culture and arts landmark with more riveting stories to tell.*
>
> *– Dr. Adrian Cheng, Executive Vice-chairman and CEO*

Investing in Purposeful Tech Innovation

MATERIAL TOPICS:
- Customer Wellness, Health and Safety
- Employee Wellness and Engagement
- Energy Efficiency and Carbon Reduction
- Innovation

We support and collaborate with startups and creators through our Eureka Nova open innovation platform and accelerator programmes to invest in and incubate new sustainable products and solutions in the NWD ecosystem.

Impact Kommons – Asia's first UNSDGs-focused accelerator programme – continues to support startups developing solutions to global sustainability challenges. Impact Kommons offers startups and emerging technology companies the opportunity to collaborate with New World Group businesses to develop and test their products.

Startups selected for Cohort 4 address topics such as energy storage, wastewater treatment, low embodied carbon constructions materials, waste solutions and upcycling. This year, seven startups were selected from 75 applications across 12 countries. Now in its fourth year, Impact Kommons has supported 37 startups and generated 38 successful integrations into the New World ecosystem.

Powering Up the Low-carbon Transition with Electric Vehicles and Robotics

K11 collaborated with a battery company to pilot robotic electric vehicle ("EV") chargers to simplify and streamline the charging experience. The autonomous robotic charger can fast charge EVs, providing 150 km runway in just 10 minutes. The technology eliminates the need for drivers to seek out available EV charging stations by providing a smooth experience at the customer's location, supporting them in using low-carbon transport options.

Piloted at a retail site's car park, EV users scanned a QR code on arrival to place a charging order through a mobile app, which then shares the car's location as well as communicates with the autonomous charging arm via Bluetooth. The robot automatically disconnects when charging is complete and notifies the EV user via the app. NWD tested the solution's customer appeal, with 878 customers using 17,033 kWh of electricity to charge their EVs during the three-month pilot.

In addition to being quick and convenient for EV users, this robotic innovation contributes to NWD's sustainability goals and our commitment to develop smart technologies that enhance customer experience.

Keeping Temperatures Cool Using Innovative Paint Technology

An innovative paint technology is reducing our energy use for air-conditioning while maintaining indoor comfort. The radiative cooling paint technology is inspired by the Saharan silver ant (Cataglyphis bombycina), which thrives in the desert under extreme temperatures. Developed by a member of Impact Kommons' fourth cohort, the paint replicates the ant's heat resilient hair structure, reflecting solar radiation and emitting mid-infrared radiation to achieve cooling effects.

NWD piloted the innovative paint on the exterior of several construction site offices to test its effect on indoor temperatures. Over two weeks, we recorded indoor cooling of up to 7.8°C below ambient temperatures while it was 25°C to 31°C outside, reducing demand for air-conditioning. This initiative highlights our commitment to decarbonisation through innovation, exploring new solutions and supporting new businesses.

Green Building Leadership

MATERIAL TOPIC:

- Green Building Construction and Renovation

NWD is committed to reducing the environmental impact of our buildings and enhancing the health and wellbeing of their users. We design, build and renovate new and existing buildings to meet this ambition, utilising innovative technologies and solutions to optimise building construction and performance. Our efforts contribute to creating sustainable cities and communities, preparing them to be more climate-resilient.

Our Sustainable Building Policy applies our commitment to sustainability and climate resilience considerations to the building lifecycle, from the identification and acquisition of project sites to building design, construction and property management. The Policy also incorporates stakeholder engagement and risk management practices.

Our Responsible Investment Policy guides how we integrate the Group's sustainability commitments, standards, guidelines and risks into our investment decisions. This includes identifying capital expenditure, retrofitting, building certifications or other initiatives required to ensure that new investments contribute to our goals.

NWD received the prestigious Pioneer Award for Green Building Leadership at the biennial Green Building Award 2021, co-organised by the Hong Kong Green Building Council and the Professional Green Building Council. The award recognised our efforts and leading practice in integrating our sustainability targets into our corporate and business strategy at all levels.

Our Green Building Benchmarks

Building ratings and certifications provide independent verification of our buildings' performance on a range of environmental and social factors. They are an important part of our Sustainable Building Policy and enable us to benchmark building performance.

NWD strives to achieve:

- BEAM Plus Gold-level or above for new projects in Hong Kong
- LEED Gold-level or above for new K11 commercial/retail projects in Hong Kong and the Mainland

Where feasible, we seek certifications under:

- China Green Building Evaluation Labels ('Two Star' or above) for Mainland China projects
- WELL Building Standard at any level
- Sustainable SITES Initiative at any level for climate-resilient landscaping

Visit our website for details of our Sustainable Building Policy.

Find out more about our green buildings in the Affirming our Pioneering Efforts section on page 58.

Stepping up Our Sustainable Finance Ambition

NWD utilises sustainable finance to fund projects that aim to improve the environmental performance and social impact of our buildings and landscapes, creating value with our financial partners.

Sustainable finance instruments incentivise NWD to continue to improve our sustainability performance. Funding from green and social instruments directly supports eligible projects such as green buildings, energy efficiency and renewable energy, access to basic infrastructure and essential services, and socio-economic advancement and employment generation. Sustainability-linked loans incentivise us to achieve agreed targets, such as the development of green buildings, environmental impact reduction, and our performance in global sustainability ratings and benchmarks.

Our Sustainable Finance Framework sets out how NWD uses sustainable finance and is informed by international principles and guidelines. The Framework is regularly reviewed, most recently in July 2022, to ensure we continue to meet partner and stakeholder expectations. It is supported by a positive Second-Party Opinion. Applicable performance metrics are externally verified.

Sustainable Finance Review Panels are formed to assess and recommend eligible projects for sustainable finance under our Framework, and evaluate and manage their environmental and social risks. Review Panels consist of representatives of the Finance and Accounts, Group Audit and Management Services, and Sustainability functions. Representatives of other functions and BUs, including NWCL and K11, also participate where relevant. Review Panels are involved in selecting and proposing eligible projects for funding to the CFO or CEO for approval. The Sustainability Committee is informed of funding decisions and oversees their implementation.

We list our sustainable finance offerings on the HKEX Sustainable and Green Exchange ("STAGE"), which was Asia's first multi-asset sustainable investment product platform – continuing our support for the development of sustainable financing markets in the region.

We share sustainable finance best practice with our listed subsidiaries. NWSH has created its own sustainable finance opportunities which are detailed in its annual report.

Find out more about selected eligible projects funded by sustainable finance on the following page.

Key Milestones

NWD issued six sustainable finance instruments in FY2023, capitalising on continued investor and financier demand and commitment to financing environmental and social objectives and outcomes.

In November 2022, the Group issued our first social loan with proceeds allocated to Kai Tak Sports Park ("KTSP"), the largest sports infrastructure project ever undertaken in Hong Kong. The three-year, revolving trade facility of up to HK$800 million loan supports the development of the 28-hectare sports and entertainment precinct, which will include recreation, retail, wellness and community spaces that enhance sports participation and social inclusion when completed. Loan proceeds may fund the construction, development, and refurbishment of KTSP's public sports ground and neighbourhood park, as well as facilities with hiring charges such as badminton and basketball courts. This social loan has obtained external pre-issuance review to assess the loan's compliance with the criteria of our Sustainable Finance Framework.

Two green loans were issued in October 2022 and May 2023 with proceeds allocated to 11 SKIES, our 3.8 million square foot mixed-use development, including retail and office assets, next to Hong Kong International Airport at the gateway to the Greater Bay Area.

During FY2023, we conducted our first external post-issuance limited assurance on proceeds allocated to eligible green and social projects via active green and social bonds and loans as at 30 June 2023.

Visit our website for our financing frameworks, details of our sustainable finance transactions, and our sustainable finance limited assurance report.

Sustainable Finance Transaction Summary

Green and Social Bonds

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

Green and Social Loans

Instrument Number	Execute Date	Borrower	Loan Amount	Maturity Date
Green Loans				
GL9	May 2023	New World Finance Company Limited	HK$4,000 million	May 2028
GL8	April 2023	New World Finance Company Limited	HK$500 million	April 2026
GL7	October 2022	New World Finance Company Limited	HK$300 million	October 2027
GL6	May 2022	Super Record Limited	HK$5,700 million	March 2024
GL5	March 2022	Spotview Development Limited	HK$500 million	March 2027
GL4	December 2021	Spotview Development Limited	HK$6,000 million	December 2026
GL3	May 2021	New World Finance Company Limited	HK$1,400 million	May 2026
GL2	March 2021	New World Finance Company Limited	HK$300 million	March 2024
GL1	December 2019	Full Asset Enterprises Limited	HK$5,000 million	December 2024
Social Loan				
SL1	November 2022	Kai Tak Sports Park Limited	HK$800 million	November 2025

Proceeds Allocation[2]

As at 30 June 2023, 100% of green bond and green loan proceeds have been allocated to green buildings in Hong Kong and Mainland China that meet the eligibility criteria of our sustainable financing frameworks. Key eligible project details are regularly updated on the Sustainable Finance section of the NWD Sustainability Website.

Social bond proceeds will be allocated to eligible projects in accordance with the terms of the offer documents. Please refer to our website for regular updates.

Eligible Projects: Green Buildings	Instrument	Allocated Amount
New World Canton Centre, The New Canton Mansion	GB1	US$207.7 million
Qianhai CTF Finance Tower	GB1	US$102.3 million
K11 ATELIER King's Road	GL1	HK$4,000 million
NCB Innovation Centre	GB3	HK$780.0 million
	GB2	HK$550.0 million
	GL5	HK$27.0 million
	GL4	HK$1,000.0 million
	GL2	HK$300.0 million
	GL1	HK$1,000.0 million
Wing Hong Street, Cheung Sha Wan	GL8	HK$500.0 million
	GL3	HK$1,400.0 million
11 SKIES	GL9	HK$4,000.0 million
	GL7	HK$300.0 million
	GL5	HK$473.0 million
	GL4	HK$5,000.0 million
PORTAS	GL6	HK$5,700.0 million
	GPB1	US$500.0 million

Eligible Projects: Access to Basic Infrastructure and Essential Services	Instrument	Allocated Amount
Kai Tak Sports Park	SL1[3]	HK$311.9 million

1 As at 30 June 2023, the proceeds of SB1 have yet to be allocated.

2 Unless otherwise specified, all bonds and loans have been 100% allocated. All issued green and social bonds and loans listed in this section were outstanding as of 30 June 2023.

3 As at 30 June 2023, HK$311.9 million of SL1 was allocated, with HK$488.1 million unallocated.

Sustainable Finance Transaction Summary

Sustainability-linked Loans and Bonds

Date	Amount	Issuer/Borrower	Term	Purpose/Use of Proceeds
Sustainability-linked Loan				
February 2023	HK$2,000 million	Spotview Development Limited	5-year	• Linked to S&P CSA performance and CSV Lease adoption
July 2022	HK$4,110 million	Spotview Development Limited	3-year	• Linked to selected environmental impact reduction targets, S&P CSA performance, and CSV Lease adoption
June 2022	HK$500 million	New World Finance Company Limited	3-year	• Linked to S&P CSA performance
April 2022	HK$1,500 million	New World Finance Company Limited	3-year	• Linked to selected environmental impact reduction targets and S&P CSA performance
September 2021	HK$500 million	Spotview Development Limited	3-year	• Linked to S&P CSA performance
June 2021	HK$1,500 million JP¥13,500 million	Spotview Development Limited	5-year 7-year	• Linked to S&P CSA performance
December 2020	HK$2,000 million	Legarleon Finance Limited	5-year	• Linked to selected environmental impact reduction targets and GRESB performance
November 2019	HK$1,000 million	Spotview Development Limited	5-year	• Linked to selected environmental impact reduction targets and GRESB performance • Interest rate swap linked to the UN SDGs (November 2020), hedging against the interest rate risk of the loan
Sustainability-linked Bond (Private)				
February 2021	HK$1,500 million (coupon rate: 3.50%)	NWD (MTN) Limited	10-year	• Driving NWD's Renewable Energy Roadmap and linked to FY2026 progress
Sustainability-linked Bond (Public)				
January 2021	US$200 million (coupon rate: 3.75%)	NWD (MTN) Limited	10-year	• Driving NWD's Renewable Energy Roadmap and linked to FY2026 progress

Accelerating towards Net Zero

Ensuring a Climate-resilient Future

Increasingly frequent extreme weather events such as typhoons and flooding in Mainland China and Hong Kong show the significant threat that climate change poses to humanity. Companies are expected to contribute to global efforts to identify, plan for and mitigate the adverse impacts of climate change, and lead by example in their markets.

Our stakeholders see climate action as a material topic for NWD to address, reflected in our latest materiality assessment. This aligns with our accelerated efforts to implement our Climate Resilience Guideline and enhance our approach to integrate climate-related risks and opportunities into our strategy, investments and operations. Identifying and assessing climate-related risks and opportunities equips NWD in better understanding the associated financial effects, such as potential financial losses and returns, and make informed financial decisions and strategic plans for sustainable business growth.

MATERIAL TOPICS:

- Climate Change Actions
- Energy Efficiency and Carbon Reduction

We have taken action to mitigate and adapt to the risks brought on by climate change. This includes progressively conducting climate risk assessments across our investment portfolio, developing our Renewable Energy Roadmap and continuing to further integrate climate-related risks into our investment decision-making.

This section contains our climate-related disclosure against the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. We have been disclosing our efforts in alignment with the TCFD since FY2019 and aim to satisfy the incoming HKEX climate reporting requirements.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance

Board Oversight

The NWD Board is responsible for overseeing the management of climate-related risks and opportunities, as part of its oversight of the Group's material ESG issues and key risks. The Board considers these risks when reviewing our corporate strategy, budgets and business planning, and when making major capital investment and acquisition decisions in accordance with our Responsible Investment Policy, approved by the Sustainability Committee.

The **Sustainability Committee** is a subcommittee of the Board tasked with overseeing the Group's sustainability issues and risks and the delivery of our sustainability targets. This includes the risks and opportunities presented by climate change.

Details of the Board's oversight of sustainability-related risks and opportunities are in the Leadership and Governance section on page 52.

The Role of Management

Our sustainable governance management structure monitors ESG risk and performance across the Group. Under the Sustainability Committee, our Group Sustainability Steering Committee and Group Sustainability Department drive the ESG initiatives across the Group.

Ensuring a Climate-resilient Future

Reporting to the Sustainability Committee twice a year, the **Group Sustainability Steering Committee** is responsible for the implementation of sustainability initiatives and assisting the Sustainability Committee in realising the Group's sustainability targets. It supports climate action planning and internal policy setting, monitors and incentivises progress towards sustainability targets and coordinates responses across our business units for the disclosure of climate-related risks and opportunities. The Steering Committee closely monitors the enforcement of NWD's sustainability-related practices across the Group and regularly reviews policy updates. The Steering Committee is chaired by our Group Head of Sustainability, the executive with ultimate responsibility for the delivery of our climate-related actions, and directly reports to our CEO.

The **Group Sustainability Department** is responsible for steering our sustainability strategy and relevant Group-wide policies and initiatives across major businesses and functions. The Department coordinates BUs to assess and monitor the climate risks and opportunities for strategic planning, contributing to developing sustainable property lifecycles.

Find out more about management's role in assessing and managing sustainability-related risks and opportunities in the Leadership and Governance section on page 52.

Strategy

Our Climate Commitment

We are committed to managing our impacts on the climate and the changing climate's impact on our business. Our Climate Change Policy guides how we manage climate-related risks and opportunities in our operations and states our "no coal" commitment. We have received approval of near-term SBTs with the 1.5°C pathway and have committed to SBTi's Net-Zero Standard.

We have integrated ESG and climate-related risks into the Group's ERM framework. By embedding climate risks into our robust risk management process, we assess, monitor and manage climate risks through the Group and all BUs. For detailed description of the climate change risk, please refer to Risk Management and Internal Control section of this Annual Report.

Identification of Key Climate-related Risks and Opportunities

In addition to our ongoing management under the ERM, in FY2023, we completed a comprehensive review of the climate risks and opportunities material to our business. Informed by recent publications from international organisations and benchmarking, we updated our list of material climate-related risks and opportunities for our property development and investment businesses in key operating locations in Hong Kong, Mainland China and Southeast Asia. A summary of the key climate-related risks and opportunities is provided in the table on the following two pages.

We also assessed the business implications and potential financial impacts of the material risks and opportunities, which will serve as key inputs to our scenario analysis exercise planned for FY2024.

Ensuring a Climate-resilient Future

Type of Risk/ Opportunity	Material Risk/Opportunity	Business Implications	Potential Financial Impacts	Resilience Measures
Physical: Acute	**Drought** Prolonged period of dry weather conditions.	• Shortage of water supply affecting or suspending business operations	• Increased operational and insurance costs • Increased capital expenditure to install water efficient and storage devices	**Strategy** • Conducted market review of preliminary climate risk assessment solutions to enhance our enterprise-wide approach to risk categorisation and identification **Risk Management** • Group-wide Climate Resilience Guideline covers climate risks relevant to major business locations, such as flooding, water stress, extreme temperatures, and extreme wind, and suggests resilience improvement measures • Incorporated key aspects of the Climate Resilience Guideline into Responsible Investment Policy, Climate Change Policy, Sustainable Procurement Policy and Sustainable Building Policy to standardise implementation • Conducted detailed physical climate risk assessments across selected major projects in planning, development and operational phases • Implemented mitigation and adaptation measures into building designs and operational plans where relevant • Properties and assets with high physical risk exposure to conduct detailed asset-level assessment for better resilience planning
	Flood Flooding caused by overflowing rivers and streams, extreme rainfall events or ineffective drainage. **Storm surge** Coastal flooding due to extreme rise in sea level during typhoons, typhoon tracks, elevation and climate change. **Tropical cyclone** Strong gusts and heavy rainstorms caused by intense storms originating over warm tropical oceans.	• Increased potential for damage to property and assets • More frequent and severe disruption to business continuity	• Reduced asset values due to increased damage to property • Reduced revenue from rental portfolio • Increased operational and insurance costs • Increased capital expenditure for features resilient to floods and strong winds • Increased market valuation due to adoption of climate resilience measures	
Physical: Chronic	**Heat stress** Prolonged period of high temperature and humidity.	• Lowered labour productivity • Increased health hazards to workforce • Higher demand for cooling and energy	• Increased cooling cost • Reduced productivity leading to increased labour cost	
	Change in precipitation patterns Changing temperature leading to long-term shift in precipitation patterns.	• Shortage of water supply in areas with reduced precipitation	• Increased capital expenditure associated with building upgrades related to water retention and efficiency • Increased operational costs for alternative water sources in areas with reduced precipitation	
	Rising sea level Rise in average sea level due to climate change.	• Increased potential for damage to property and assets • Need to relocate assets	• Reduced asset values due to increased damage to property • Increased potential for stranded assets	
Transition: Policy and Legal	**Carbon pricing** Increased use of policy instruments to apply an explicit price on GHG emissions, through carbon taxes or emission trading schemes.	• Increased need to optimise operational efficiency to reduce resource consumption • Increased need to optimise building construction to reduce resource consumption and materials use	• Increased operational costs • Increased capital expenditure to install energy-efficient facilities and green retrofits • Lower operational costs associated with improved energy efficiency • Increased procurement cost for low carbon alternatives for construction materials	**Strategy** • Building organisational understanding of laws and regulations (including HKEX climate disclosure obligations) associated with climate-related risks and opportunities for our industry • Commenced development of green transition plan for our company vehicle fleet • Explored the use of eco-friendly refrigerant • Investigated phase-out of carbon-intensive fossil fuels, such as coal and diesel, in operations by adopting alternative energy sources **Risk Management** • Conducted carbon pricing sensitivity analysis pilots on selected new investment opportunities and on existing operational asset energy profiles

Ensuring a Climate-resilient Future

Type of Risk/ Opportunity	Material Risk/Opportunity	Business Implications	Potential Financial Impacts	Resilience Measures
Transition: Policy and Legal (cont'd)	**Building codes and standards** More stringent regulations on building energy performance and emissions in a lifecycle approach.	• Increased need to optimise operational efficiency to reduce resource consumption • Increased need to obtain green building certifications across the portfolio	• Increased capital expenditure to install energy-efficient facilities and green retrofits • Lower operational costs associated with improved energy efficiency	**Governance** • Continuously monitor upcoming environmental regulations on the built environment • Regularly review Group-wide Sustainable Building Policy and retrofitting guideline in anticipation of future policy change **Risk Management** • Engaged with government and industry organisations to understand, align and advocate for internationally consistent industry standards **Metrics and Targets** • Leveraged proceeds from sustainable finance instruments to support green retrofit projects • Conducted cradle-to-grave lifecycle assessments on representative new projects to manage building lifecycle emissions
Transition: Reputation	**Stakeholder concern and feedback** Higher expectation on ESG and climate risk management and disclosure.	• Comprehensive disclosures expected on climate change actions and metrics, including alignment with the ISSB and other emerging standards	• Increased operational costs to implement changes in climate risk management and disclosure	**Governance** • Continuously monitor upcoming climate disclosure requirements • Increased transparency in reporting on sustainability performance and further alignment with relevant standards
Transition: Market	**Consumer preference** Increased market demand for low-carbon and resilient buildings.	• Increased demand for buildings with lower carbon footprint and higher energy efficiency • Increased need to assess and improve existing buildings' energy and environmental performance • Increased need to obtain green building certifications across the portfolio	• Increased revenue due to rental and sales premium of green buildings • Increased capital expenditure to install green retrofits and climate-resilient features	**Strategy** • Engaged tenants and residents to understand their needs and support their low-carbon transition journeys **Metrics and Targets** • Launched CSV Lease to support tenants' energy saving and carbon reduction efforts • Commenced profiling the corporate sustainability and decarbonisation targets of our tenants and partners to better understand this market risk and opportunity
	Increased cost of raw material Cost premium for low-carbon materials and increased price for traditional materials due to supply chain disruption from changing climate conditions and policy.	• Increased fluctuations in cost and supply of raw materials	• Increased procurement cost for traditional construction materials due to policy transition • Increased procurement cost for low-carbon alternatives for construction materials	**Risk Management** • Explored the use of low-carbon alternative construction materials such as recycled steel • As part of Renewable Energy Roadmap, we regularly monitor renewable energy pricing, solutions and options for adoption across the portfolio **Metrics and Targets** • Developed a low-carbon material specification and implemented during tendering on selected Hong Kong projects to better understand material pricing, availability and suitability for use

Ensuring a Climate-resilient Future

Scenario Analysis

Climate science and regulation are developing at pace. Following the publication of Intergovernmental Panel on Climate Change's ("IPCC") Sixth Assessment Report and rapid market changes due to the low-carbon transition, we are currently refreshing the scenario analysis[1] conducted in FY2019 to test our resilience to the key climate-related risks and opportunities we have identified.

The scenario analysis is assessing physical and transition risks using both qualitative narratives and quantitative modelling, supplemented by the latest literature and data. The scope of properties considered under the analysis includes over 100 key asset locations in Hong Kong, Mainland China and Southeast Asia[2].

The scope and scenarios to be adopted in this scenario analysis are outlined below. To allow a meaningful analysis, we have selected scenarios with high contrast, as they demonstrate the best-case and worst-case in which to consider and assess climate-related risks. We have started considering the potential impacts to our business under the different climate scenarios at the regional level and will continue to refine this at the asset level. We anticipate sharing our findings and analysis in our FY2024 report.

Physical Risk Scenarios[3]	**IPCC SSP1-2.6 – limit warming to 2°C** A low GHG emissions scenario with CO_2 emissions declining to net zero around or after 2050, followed by varying levels of net negative CO_2 emissions. This scenario aligns with NWD's decarbonisation commitment to reach science-based net zero by 2050. **IPCC SSP5-8.5 – exceed warming of 4°C** A very high GHG emissions scenario with CO_2 emissions roughly doubling from current levels by 2050. This is a pessimistic scenario portraying the conditions where physical risks are the most severe to assess our resilience and exposure against extreme climate change.
Transition Risk Scenarios[4]	**NGFS Net Zero 2050 – limit warming to 1.5°C** Global warming is limited to 1.5°C through stringent climate policies and innovation, reaching global net zero CO_2 emissions around 2050. This scenario aligns with NWD's decarbonisation commitment to reach science-based net zero by 2050. **NGFS Current Policies – exceed warming of 3°C** This scenario assumes that only currently implemented policies are preserved, leading to low transition risks to assess impacts in business-as-usual settings.
Time Horizons	**Short-term:** 2030 – This short timeframe aligns with the target year of our SV2030 and near-term SBTs. **Medium-term:** 2050 – This medium timeframe aligns with NWD's net zero commitment and the Paris Agreement. **Long-term:** 2080 – This longer timeframe extends beyond our net zero commitment, the Paris Agreement and Mainland China's commitment to achieve carbon neutrality by 2060.
Geographical Coverage	Over 100 key NWD asset locations will be further assessed for exposure to physical risks. Distribution of asset locations: – 66% in Mainland China – 32% in Hong Kong – 2% in Southeast Asia

1 The FY2019 scenario analysis exercise examined the impact of four major climate-related physical risks (flooding, extreme wind, water stress and extreme temperatures) on 14 major properties in the Greater Bay Area.

2 Including Vietnam, Thailand and the Philippines.

3 IPCC published a new set of climate scenarios which consider both emissions level and socio-economic developments in different future states in its Sixth Assessment Report. The scenarios are referred to as SSPx-y, where 'SSPx' refers to the Shared Socio-economic Pathway describing the socio-economic trends underlying the scenario, and 'y' refers to the approximate level of radiative forcing.

4 The Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") partnered with an expert group of climate scientists and economists to design a set of hypothetical scenarios to demonstrate how climate change (physical risk), climate policy and technology trends (transition risk) could evolve in different futures.

Ensuring a Climate-resilient Future

Preliminary Assessment of Climate-related Risks

As a preliminary assessment, we have researched indicators at a regional level (including macro-economic, climate-related, or impact-level indicators) to evaluate how selected climate-related risks may change in each scenario compared to current inherent risk. Results of this preliminary assessment are summarised in the table below, providing a snapshot of the potential future change in each risk across regions against the current inherent risk. For example, riverine flood risk in Hong Kong is currently considered insignificant, however a major increase in this risk is expected by 2050 under the SSP5-8.5 scenario. Across all risk types, we expect some degree of increase in risk level under the climate scenarios, and some more than others.

The absolute value of each risk's impact is not included in this exercise. We will further understand the risks and opportunities and their implications to our business and financial performance in the FY2024 scenario analysis currently underway.

How current inherent risks may change under different scenarios

Inherent risk: Insignificant, Minor, Moderate, Major

Rate of change of risk: Insignificant, Minor, Moderate, Major

Type of Risk/ Opportunity	Material Risk[1]	Location	Current Inherent Risk[2]	SSP1-2.6/Net Zero 2050			SSP5-8.5/Current Policies		
				2030	2050	2080	2030	2050	2080
Physical: Acute	Drought	Hong Kong	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant
		Mainland China	Insignificant	Insignificant	Minor	Minor	Insignificant	Minor	Moderate
		Southeast Asia	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant
	Flood	Hong Kong	Insignificant	Insignificant	Major	Major	Insignificant	Major	Major
		Mainland China	Insignificant	Insignificant	Minor	Major	Insignificant	Major	Major
		Southeast Asia	Insignificant	Insignificant	Major	Major	Minor	Major	Major
	Storm surge	Hong Kong	Insignificant	Major	Major	Major	Major	Major	Major
		Mainland China	Insignificant	Moderate	Major	Major	Moderate	Major	Major
		Southeast Asia	Insignificant	Major	Major	Major	Major	Major	Major
	Tropical cyclone	Hong Kong	Insignificant	Minor	Minor	Minor	Minor	Moderate	Moderate
		Mainland China	Insignificant	Minor	Minor	Minor	Minor	Moderate	Moderate
		Southeast Asia	Insignificant	Minor	Minor	Minor	Minor	Minor	Moderate
Physical: Chronic	Heat stress	Hong Kong	Minor	Minor	Minor	Moderate	Minor	Moderate	Major
		Mainland China	Insignificant	Minor	Moderate	Moderate	Minor	Major	Major
		Southeast Asia	Moderate	Minor	Minor	Minor	Minor	Moderate	Major
Transition: Policy and Legal	Carbon pricing	Hong Kong	Insignificant	Major	Major	Major	Minor	Minor	Major
		Mainland China	Minor	Major	Major	Major	Minor	Minor	Major
		Southeast Asia	Insignificant	Major	Major	Major	Minor	Minor	Minor
Transition: Market	Increased cost of raw material	Hong Kong	Moderate	Major	Major	Major	Minor	Minor	Minor
		Mainland China	Moderate	Major	Major	Major	Minor	Minor	Minor
		Southeast Asia	Moderate	Major	Major	Major	Minor	Minor	Minor

[1] List of indicators reviewed include annual Standardised Precipitation-Evapotranspiration Index (SPEI) (drought), annual expected urban damage of riverine flood (flood), annual expected affected GDP of coastal flood (storm surge), annual expected damage from tropical cyclone (tropical cyclone), cooling degree days (heat stress), carbon price (carbon pricing) and cement price (increased cost of raw materials).

[2] Inherent risk is determined using risk assessment criteria of the Group's ERM whenever applicable. In cases where the risk assessment criteria do not apply to the particular risk, macro data is used as substitute.

Ensuring a Climate-resilient Future

Risk Management

To enhance our readiness for emerging climate-related risks, we regularly monitor and review our risk management approach. Our ERM framework incorporates environmental considerations into risk management procedures to help identify, assess and manage these risks. We conduct due diligence in our planning against various climate-related issues, including water and energy supplies and natural hazards such as floods and extreme storm events.

Our Climate Resilience Guideline strengthens our risk management approach by ensuring new development projects incorporate sustainability and climate resilience into their design. Eight development projects including both new and existing buildings have adopted these guidelines, including State Theatre.

To fulfil our Scope 3 capital goods reduction target, we have completed comprehensive cradle-to-grave lifecycle assessments on representative projects from different asset classes (such as commercial, residential, hotel) to baseline the embodied carbon of our developments. We will continue to apply this method to estimate the embodied carbon emission profile and strategy to achieve our ambitious targets while we expand our Scope 3 emissions data.

We have developed a set of sustainability guidelines for development projects to standardise sustainable practices across our portfolio and BUs, which complement our existing Climate Resilience Guideline. These guidelines are currently being piloted.

The ongoing integration of climate-related risks into our corporate strategy, governance and disclosure during FY2024 will provide further performance metrics for our assessment of likelihood and impact within the ERM. The results are expected to strengthen our efforts to prioritise, quantify and manage climate-related risks and other enterprise risks.

Metrics and Targets

We have been working towards our sustainability targets, which contribute to the UN SDGs, since 2018. Our SV2030 Green targets include halving the Group's energy and carbon emissions intensity by FY2030 against a FY2015 baseline.

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

- Absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 46.2%
- Scope 3 GHG emissions from capital goods by 22.0% per square metre of construction floor area
- Scope 3 GHG emissions from downstream leased assets by 29.8% per square metre of gross floor area

Our Renewable Energy Roadmap supports the transition to a low-carbon economy and implements our commitment to reduce Scope 2 emissions by adopting 100% renewable energy in our Greater Bay Area rental properties by FY2026 and our Greater China rental properties by FY2031. We are progressively installing renewable energy systems such as PV, solar thermal, and wind at assets including K11 ATELIER 11 SKIES, K11 ATELIER King's Road, and PORTAS, with further installations planned.

For details of our Scope 1, 2 and 3 emissions, please refer to the Driving Decarbonisation section on the following page and to our Sustainability Performance Data Table 2023, available on our website.

FY2021
Committed to Business Ambition for 1.5°C and setting SBTs

FY2022
Near-term 1.5°C aligned SBTs approved and committed to the SBTi Net-Zero Standard

FY2026
100% renewable energy in Greater Bay Area rental properties

FY2030
Meet near-term SBTs and SV2030 targets

FY2031
100% renewable energy in Greater China rental properties

FY2050
Achieve science-based net zero

Driving Decarbonisation

MATERIAL TOPICS:

- Energy Efficiency and Carbon Reduction
- Innovation

NWD has set ambitious goals to decarbonise and strives to accelerate the low-carbon transition. Our Climate Change Policy outlines our commitments to reduce energy consumption and emissions throughout the property lifecycle, use renewable energy, and support responsible practices along our supply chain. ISO 14001 accredited Environmental Management Systems for our construction businesses support our systematic approach.

Our SV2030 target is to halve NWD's energy and emissions intensity by FY2030 against a FY2015 baseline. We are reducing our energy footprint by installing and utilising energy-saving measures, such as the recent LED lighting upgrade at Youth Square, which will save around 13,000 kWh in energy each year. We are also optimising our existing buildings' performance, including a retro-commissioning project to enhance New World Tower's energy efficiency.

Central to our decarbonisation efforts are our near-term 1.5ºC aligned SBTs, which cover our major properties and construction activities in Hong Kong and Mainland China. With the targets approved by the SBTi in June 2022, we are developing our net zero strategy and long-term SBT-aligned targets. To manage our Scope 3 emissions from capital goods, we apply the Construction Industry Council Carbon Assessment Tool to track embodied carbon in construction materials for our new developments, including the State Theatre development.

FY2023 Performance of SV2030[1] Compared to FY2015

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

↓ **40%**

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

↓ **22%**

This year, we have disclosed additional metrics for Scope 1, 2 and 3 emissions. We have adjusted our reporting scope to better align with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards ("GHG Protocol"), with NWSH and NWDS reclassified as investments contributing to our Scope 3 emissions. Detailed energy and emissions performance reporting can be found in our Sustainability Performance Data Table 2023, available on our website.

NWD participates in industry groups and initiatives to support climate action. We are a founding member of the Climate Governance Initiative Hong Kong Chapter, which aims to advance knowledge, action and board practice in climate governance, and a HKSAR Environmental Bureau Carbon Neutrality Partner, taking the lead to deepen and accelerate the low-carbon transition.

Visit our website for details of our Climate Change Policy.

Reducing Our Construction Site Carbon Emissions

Approximately
3,200
tonnes of carbon emissions reduced in FY2023

We're leveraging technology to electrify our construction sites. We have extended the use of battery-based energy storage systems ("BESS") to reduce onsite diesel generator use and carbon emissions. BESS store energy from different sources and discharge it when needed.

19 BESS units are in use across our construction businesses, replacing diesel fuel in powering tower cranes, material hoists and other key plant and equipment. The BESS units have helped to avoid more than 1,700,000 litres of diesel fuel consumption and approximately 3,200 tonnes of carbon emissions. At some sites, BESS are used alongside a smart system in mobile electricity to synchronise load sharing across multiple onsite generators to further reduce energy and fuel use. BESS also deliver additional benefits, including improved site productivity and reduced noise impacts for workers and neighbours.

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

Driving Decarbonisation

Collaborating with Tenants through Our CSV Lease

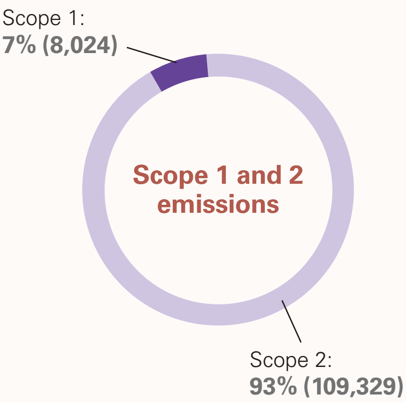
>70% of leased floors at K11 ATELIER Victoria Dockside have signed our CSV Lease

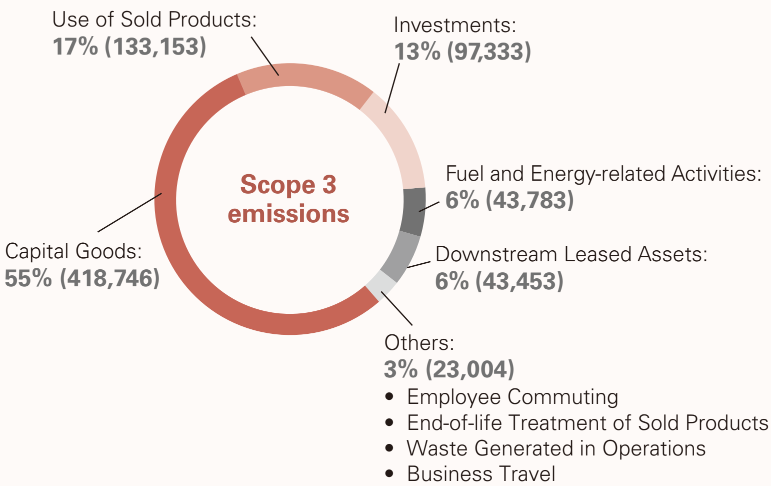
Collaboration is key to our decarbonisation efforts. Through our CSV Lease, we continue to support and incentivise the carbon reduction and sustainability practices of our tenants to reduce our Scope 3 emissions.

The CSV Lease includes agreed targets for tenants to reduce their environmental impact and rewards their achievement with incentives from NWD. CSV Lease has been introduced to K11 ATELIER tenants, including at Victoria Dockside, King's Road, and 11 SKIES – several of whom initially joined our Sustainable Tenancy Pledge. More than 70% of K11 ATELIER Victoria Dockside's leased floors has a CSV lease in place, with pledged tenants reducing their energy consumption by approximately 64,000 kWh in FY2023. Our engagement programme supports our CSV Lease tenants in making further sustainability gains and furthers our efforts to manage Scope 3 emissions.

FY2023 Performance

Sustainability Reporting Scope – Total Carbon Emissions (tCO_2e)



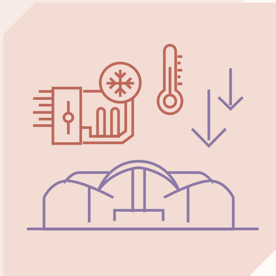


We enhanced our emissions reporting in FY2023 to include Scope 3 emissions from our activities. This includes improvements to our data collection methods and calculation approach, and a revised reporting scope in which NWSH and NWDS are reclassified as investments contributing to our Scope 3 emissions to better align with the GHG Protocol. We report against nine of the 15 Scope 3 emissions categories in the GHG Protocol. We are currently refining the calculation methodology for our Scope 3 emissions in Downstream Leased Assets, and will continue to enhance our disclosure in our future reports.

Our calculation methods are detailed in the Sustainability Performance Data Table 2023, with our selected environmental data subject to independent limited assurance. Both the Sustainability Performance Data Table 2023 and limited assurance report are available on our website.

Driving Decarbonisation

Enhancing Operational Efficiency at Hong Kong Convention and Exhibition Centre

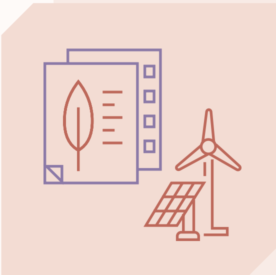


With sustainability integrated across our property lifecycle, capital equipment upgrades can improve the efficiency of our existing properties. Heating, ventilation and cooling, or HVAC, system upgrades enable us to reduce our energy consumption and costs.

20% increase in energy efficiency

Located on a prime waterfront site, HKCEC completed the first phase of chiller replacement with seawater-cooled models in FY2022, with the remaining five chillers replaced in FY2023. With this initiative, the system's energy efficiency is expected to increase by 20% with an annual energy saving of approximately 2.84 million kWh. The new chillers use less refrigerant more efficiently, eliminating the use of drinking-quality water for cooling and contributing to our total Scope 3 emissions reduction.

Supporting the New Hong Kong Carbon Credit Market



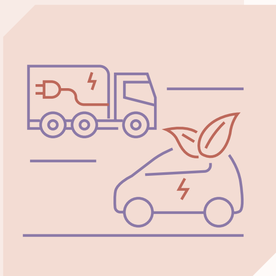
NWD was one of the first companies to purchase voluntary carbon credits on Core Climate, the international carbon marketplace launched by HKEX in October 2022.

The Core Climate platform connects capital with climate-related products and opportunities in Hong Kong, Mainland China and across the region. Carbon credits available on the platform are independently verified and generated from forestry, solar, wind, hydropower and biomass initiatives.

In NWD's first carbon trade, we sourced and purchased high-quality voluntary carbon credits verified against the Verra Verified Carbon Standard. The purchased credits support forestry initiatives in Mainland China that also benefit local biodiversity and environmental systems. The projects also create employment opportunities for local farmers and communities.

As at 30 June 2023, NWD held and has yet to retire all purchased carbon credits.

Enabling Greater Electric Vehicle Use



The New World Green Transport Alliance ("NWGTA") leverages NWD's property portfolio and strengths in fostering collaboration and building ecosystems to support increased electric vehicle ("EV") use and reduce vehicular emissions.

Formed by NWD and partners, the NWGTA is a HK$50 million initiative to scale up EV usage and advocate for greener lifestyles. The NWGTA supports the HKSAR Government's Roadmap on Popularisation of Electric Vehicles, which targets zero vehicular emissions in Hong Kong before 2050 along with other measures.

The Alliance will equip the NWD portfolio with more than 100 multi-model EV charging points over three to five years at selected locations. The first charging points were installed at K11 MUSEA, K11 Art Mall, and K11 ATELIER King's Road in November 2022, with over 40 charging points now installed across the portfolio through this initiative alone.

Water Management

MATERIAL TOPIC:

- Climate Change Actions

Water is an essential resource for our business activities and customers. Our Water Policy sets out our commitments and practices that ensure water is responsibly managed across the Group.

We seek to reduce our water footprint by installing and utilising water-saving features, such as low-flow taps and toilets, and encouraging our tenants to implement water-saving initiatives. Rainwater and freshwater recycling systems and rooftop rainwater harvesting reduce our use of drinking-quality water, including at several NWCL sites and K11 developments. We regularly monitor water consumption to identify efficiency improvements to reduce water use across our portfolio and throughout the property lifecycle.

We also focus on ensuring that high quality water is supplied to our tenants and customers. Guidelines and policies support our property management teams to identify potential contamination risks and implement measures to safeguard drinking water quality. Most of our core commercial properties participate in the HKSAR Government's voluntary Quality Water Supply Scheme for Buildings, which assesses maintenance and performance of building water systems.

Policies and guidelines are also in place to ensure wastewater from our offices, properties and sites satisfy all regulatory and licensing requirements. We regularly monitor our wastewater discharge procedures to avoid contamination. No material non-compliant wastewater discharge was recorded in FY2023.

NWD continues to enhance the water data collected across the portfolio. We intend to develop a Group-wide water target informed by our growing water dataset. Detailed water performance reporting can be found in our Sustainability Performance Data Table 2023, available on our website.

Visit our website for details of our Water Policy.

FY2023 Performance of SV2030[1] Compared to FY2015

Our SV2030 target is to reduce the water intensity of NWCON by 25% by FY2030 against a FY2015 baseline. NWCON achieved a 62% reduction in water intensity in FY2023, an improvement over FY2022 due to the completion of several construction phases. We will set and report against a new water target to reflect our updated reporting scope following the sale of NWCON effective FY2023.

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

↓ **62%**

Ensuring High Water Quality at Youth Square

New World Facilities Management Company has adopted a Water Safety Plan for Buildings ("WSPB") to safeguard drinking water quality for the users who perform, visit and stay at Youth Square.

The WSPB is a Hong Kong Water Supplies Department initiative that assists property owners and managers in maintaining water quality through regular monitoring and maintenance. Plans set risk management measures to identify and control potential contamination risks in internal plumbing systems to safeguard drinking water quality. They include regular system inspection and maintenance and require regular external audit and review.

The Youth Square WSPB obtained a Gold Certificate in recognition of our continuing participation and tenure in the scheme.

[1] SV2030 Water Targets cover NWCON only and is a subset of our Sustainability Reporting Scope.

Waste Management

MATERIAL TOPICS:

- Responsible Supply Chain Management
- Waste Reduction and Recycling

We use resources and generate waste through our diverse business activities. Our Waste Management Policy captures our commitments to waste reduction, diversion and management across the Group's operations. The Policy guides our engagement with employees, suppliers, contractors and tenants on waste reduction and our partnerships to develop innovative solutions for the transition to a circular economy.

The Waste Management Policy requires all BUs to act in accordance with regulatory requirements. This includes the Solid Waste Law in Mainland China, which requires that entities generating solid wastes (such as construction, industrial, and domestic waste) establish and improve measures to prevent and treat pollution, and the HKSAR Government's Waste Disposal Ordinance. To prepare for the upcoming Municipal Solid Waste Charging Scheme, our Hong Kong operations teams are piloting tenant waste collection and recording methods in collaboration with our external waste contractors.

The use of building information modelling ("BIM") by NWCON and NWCL has increased the materials efficiency of construction projects by simulating and optimising resource requirements. This is complemented by our adoption of the 4R principles – Reduce, Reuse, Recycle and Replace – to minimise waste impacts throughout the property lifecycle.

We are focused on reducing waste in our corporate operations and supply chain. Digitalisation of business processes has reduced our paper use across the Group. Our Sustainable Procurement Policy encourages suppliers to minimise waste in corporate activities and product and service delivery. The Policy also encourages the use of local suppliers and manufacturers to reduce transport emissions. Find out more in the Collaborating with Supply Chain Partners section on page 82.

Through our Impact Kommons accelerator, we partner with a range of startups to explore innovative circular economy solutions and increase awareness of environmental sustainability. Our partnership with social enterprise V Cycle started in FY2022 and has produced 1,500 branded umbrellas using over 1,900kg of upcycled plastic waste collected from over 60 K11 MUSEA and K11 ATELIER Victoria Dockside tenants who participated in this initiative.

Detailed waste performance reporting can be found in the Sustainability Performance Data Table 2023, available on our website.

Visit our website for details of our Waste Management Policy.

FY2023 Performance of SV2030[1] Compared to FY2015

Our target is to reduce the waste-to-landfill intensity of NWCON by 15% by FY2030 against a FY2015 baseline. We achieved a 64% reduction in FY2023, an improvement over FY2022 due to the completion of several construction phases. We will set and report against a new waste target to reflect our updated reporting scope following the sale of NWCON effective FY2023.

Waste-to-landfill intensity
(tonnes/million HK$ revenue): ↓ 64%
(FY2030 target: ↓ 15%)

Encouraging NWDS Customers to be Part of the Circular Economy

Promoting sustainable lifestyles is an important part of NWD's sustainability strategy. NWDS' Northern China Region locations launched the "Be the Earth's Probiotics" programme to encourage customers to participate in the circular economy and support the health of the environment.

Launched in June 2022, the programme's "Empties" Scheme encouraged recycling in collaboration with beverage brands. Customers recycled disposable cups and empty plastic cosmetic and drink bottles at participating retailers in exchange for store coupons. More than 4,000 bottles were recycled, with some stores transforming them into creative artworks to further encourage recycling.

The programme's "Old for New" Book Exchange encouraged the sharing and reuse of books and a love of reading. More than 3,500 NWDS customers donated over 4,000 books to reading corner charities for children and young people, and received a reading app access pass in return. The initiative raised environmental awareness while encouraging a culture of reading and sharing.

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

Conserving Biodiversity

Preserving the natural environment and maintaining healthy ecosystems is our shared responsibility for future generations, and critical to our economy and society. NWD is committed to minimising the impact of our developments on natural habitats and protecting biodiversity.

Our Biodiversity Policy states our commitments and guides our actions to protect the natural environment and prevent potential biodiversity loss. It applies across the property lifecycle and to our corporate operations. The Policy affirms our commitment to avoid development activity in World Heritage areas[1] and International Union for Conservation of Nature Category I-IV protected areas[2].

We meet or exceed relevant statutory requirements and refer to international developments and guidelines to ensure that we continue to support sustainable development and meet stakeholder expectations. Ecological assessments are conducted at the project pre-development stage, where applicable, to understand the local natural environment and biodiversity. We are actively monitoring developments regarding the Taskforce on Nature-related Financial Disclosures ("TNFD") and the management and disclosure of nature-related risks and opportunities.

NWCL is conserving and enhancing the biodiversity of 13 residential communities across the Greater Bay Area, through maintaining or enhancing local species diversity through landscaping, tree planting targets and regular tree surveys, and expanding community planting programmes to encourage greater appreciation of biodiversity and nature.

Visit our website for details of our Biodiversity Policy.

Encouraging Biodiversity Conservation

NWD promotes the need for greater biodiversity conservation with our stakeholders. Nature Discovery Park ("NDP") brings biodiversity into the urban environment. Sitting atop K11 MUSEA, the park is home to rare local plants, tropical and native plants, an aquarium and naturally attracted butterflies to showcase Hong Kong's ecological value and importance. It entices its visitors to appreciate the beauty of nature and learn more about conservation.

NDP provides tours, workshops, and educational experiences for our tenants, customers and visitors to encourage sustainable living and biodiversity conservation. The Little Nature Ambassador Programme promotes local biodiversity to young children.

1 For listed World Heritage Areas, visit: https://whc.unesco.org/en/list/

2 For International Union for Conservation of Nature Category I-IV protected areas, visit: https://www.iucn.org/our-work/protected-areas-and-land-use

Our Collaborative Ecosystem

Caring for Our Customers

MATERIAL TOPICS:

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

NWD's holistic ecosystem of sustainable communities, infrastructure, services and lifestyle-related businesses enriches the lives of our stakeholders.

Promoting Customer Health, Safety and Wellbeing

We aim to lead the property development industry in product and service quality. NWD complies with all relevant regulations, codes, and guidelines for buildings and planning in Hong Kong and the Mainland. This ensures our buildings are safe, user-friendly, and have minimal negative environmental and social impact. Building certifications recognise our efforts to embed green and wellness features into building design and construction to deliver safe and healthy places and promote customer wellbeing.

Building certifications assess features that enhance customers' experience as well as their environmental credentials. For example, the WELL Building Standard assesses how buildings support occupant health, including mental and emotional health, nourishment, and fitness. We provide comfortable indoor environments in our WELL-certified buildings, with monitoring sensors providing real-time air quality data at the Gold certified Qianhai CTF Finance Tower and Platinum certified K11 ATELIER King's Road. We attain WELL Building Standard certifications to demonstrate our efforts to promote customer health, safety and wellbeing. Recommended certifications are set out in our Sustainable Building Policy. Find out more in the Green Building Leadership section on page 62.

Our Customer Relationship Management ("CRM") approach enhances the customer experience by delivering tailored information that aligns with their interests and preferences. Leveraging AI and big data, our CRM solutions offer personalised customer programmes through the various platforms within our ecosystem.

Group Customer Ecosystem Team has conducted our first cross-BU campaign focused on customer wellness in FY2023, extending our health and wellbeing offer for our customers. The campaign supported customers' wellness journey with health and fitness offers from Humansa; wellness product offers from K11 retailers; services from Gleneagles Hospital, etc. Two online wellness webinars provided customers with insights into nutrition, health and medical protection. The campaign reached more than 1.1 million customers and generated HK$45 million in sales, with over 330 customers attending the webinars. Meanwhile, to better understand customers' diverse needs and expectations at different life stages and develop persona so as to inform our future products and communications, the team conducted and completed a life stage survey with three key business units and more than 9,500 respondents.

The continued development of our innovative CSV Lease promotes sustainable lifestyles to our customers, raising awareness and effort towards a more sustainable future. Find out more on page 74.

Connecting Tenants with Startups to Promote Sustainable Lifestyles

Our ecosystem provides opportunities to connect and collaborate with our stakeholders to deliver on our CSV mission. We brought our K11 tenants together with two Impact Kommons startups in workshops exploring sustainable practices that can reduce our collective environmental impact.

The team behind food-saving app CHOMP, a startup working to reduce food waste, spoke with tenants about food consumption and sustainable living at a workshop held at K11 MUSEA's Nature Discovery Park. Part of Impact Kommons' third cohort, CHOMP connects food and beverage businesses with consumers to manage food surpluses and avoid sending it to landfill. Workshop participants took away tips to reduce their own food waste and sampled food surplus products.

Sustainable fashion brand Earthero, a member of Impact Kommons' fourth cohort, hosted two workshops showcasing how to repurpose old or unwanted clothes using embroidery for participating tenants. Participants successfully created stylish embroidered coasters as a demonstration of how to avoid sending clothes to landfill, with several planning to continue using these upcycling techniques at home.

Caring for Our Customers

Upholding Business Responsibility

NWD is committed to a high level of business ethics for the benefit of our stakeholders. Being a responsible business is the foundation for our business activities and essential to our future performance. We have formalised this commitment as a member of the United Nations Global Compact ("UNGC").

PERSONAL DATA PRIVACY AND CYBERSECURITY

Data privacy and cybersecurity considerations are central to the new technologies and innovations we explore and use to enhance the customer experience. During FY2023, Key Risk Indicators were set for both data privacy and cybersecurity to provide any early signals of increasing risk exposures.

Our Privacy Policy Statement describes our approach to managing the personal data of our stakeholders in compliance with Hong Kong's Personal Data (Privacy) Ordinance ("PDPO") and Mainland China Personal Information Protection Law ("PIPL").

In September 2023, a Data Protection and Compliance Committee was established to enhance governance and oversight of our compliance with data privacy and protection laws and regulations. The Committee comprises NWD Personal Data Privacy Officer and executives from our Technology, Group Audit and Management Services, Finance and Accounts, Group Customer Ecosystem and Relationship Management, and Human Resources functions. The Committee is overseeing the development and implementation of a Privacy Management Programme to foster a culture that protects and respects personal data, and reports to the Audit Committee of the Board of Directors.

Cybersecurity has been identified as one of the top ten risks through our latest ERM assessment during FY2023, and therefore remains a key risk that we monitor and manage. The Group-wide Cybersecurity Committee includes senior IT management representatives from each BU and acts as a single channel for discussion and handling of cybersecurity matters, as well as setting our long-term strategy and goals.

Our data security management systems were certified against the ISO/IEC 27001:2022 Information Security Management Systems standards during FY2023, satisfying international standards for secure data handling.

During the year, we introduced a Corporate Services IT Policy to protect NWD's information assets and guide employees' responsible use of information technology. The policy applies to all employees across the Group. We have a comprehensive employee training programme that was further enhanced in FY2023, with regular webinars, simulations and quizzes used to ensure ongoing awareness of cyber threats and responses as a supplement to annual training.

We engage suppliers to support our cybersecurity efforts, assessing the suitability of technology solutions through our cyber-related procurement procedure. Where a solution's structure or security measures do not meet our requirements, we work with the supplier to address gaps to our satisfaction before proceeding with the engagement.

In the past three years, NWD has not experienced any cybersecurity breaches. In FY2023, we received no complaints regarding customer privacy, and no customer data leaks, thefts or losses were identified. We identified no instances of non-compliance with relevant laws and regulations during the year.

We continuously review the Group's cybersecurity position and framework to ensure our IT defences remain sustainable and effective.

RESPONSIBLE MARKETING

We are committed to marketing responsibly and in accordance with advertising standards and relevant legislation across our marketing, advertising and sales activities. Loyalty club members receive privileges, events and newsletters from internal and external partners in accordance with the applicable terms and conditions. Relevant employees completed more than 10,000 training hours on responsible marketing to ensure they understand these requirements.

>10,000 hours of
Responsible Marketing training

Visit our website for our Privacy Policy Statement, which includes details of our commitment to customer data privacy.

Caring for Our Customers

Delivering Quality Products and Services through Innovation and Sustainability

Our passion for innovation is underpinned by our commitment to quality and continuous improvement. We develop solutions and enhance them over time to meet the needs of our customers and encourage them to make sustainable choices.

Through our PropTech platform, the property-purchase blockchain creates efficiencies for our customers and is an example of our innovative spirit. The platform enhances our customers' property purchase journey by integrating mortgage services into the purchase process. Seven banks are participating in the platform alongside lawyers, property management teams and other parties for selected NWD residential projects. The platform saved an estimated 5,118 hours in FY2023 when compared to traditional property purchase administration.

PROTECTING PATENTS AND INTELLECTUAL PROPERTY RIGHTS

As an innovative organisation, NWD develops solutions that include Intellectual Property and co-Intellectual Property opportunities when suitable. We continue to monitor the status of our intellectual property to ensure they remain protected. We respect the intellectual property rights of others and are always looking for new approaches to enhance wellness and performance, and partnerships to develop and scale new solutions that support our CSV mission.

Engaging our Customers and Valuing their Feedback

We engage with our customers to understand their expectations and use their feedback to improve our products, services and customer experience.

We conduct regular tenant and customer surveys across the Group, with more than 52,000 customers and tenants taking part during FY2023. Most customer-facing BUs conducted customer satisfaction surveys in FY2023, and we achieved an average 90% satisfaction rating. In addition, K11 engages daily with its club members to obtain "Voice-of-Customer" insights.

New World CLUB, our loyalty programme, conducted online surveys to better understand members' interests and preferences. More than 850 members completed the profile enrichment survey, with insights used to match our activities, offers and communications with their interests and preferences.

Standardised complaint handling procedures ensure customer feedback is addressed in a timely manner. We received around 2,900 valid complaints during the year, a slight reduction compared with previous year. Complaints received are investigated by dedicated staff within a reasonable timeframe and they regularly update the customer throughout the process.

Enhancing Customer Experience and Driving Behavioural Change

We focus on delivering great in-person customer service and great online customer experiences to generate revenue by satisfying and retaining customers. The application of new technologies is also enhancing our customer experience. We use a range of mobile applications and digital tools across our BUs to support customers with property access, products and services, ecommerce, activity registration, loyalty points management, and more.

In the Kai Tak Sports Park project, we developed a digital twin to bring the future KTSP to life for our stakeholders during its construction. The digital twin is a virtual replica of the entire development that uses real-time data from the projects' building information modelling ("BIM") system to create the twin in the "Unreal 4" gaming engine. We use the digital twin on screen and through virtual reality ("VR") goggles to give customers and stakeholders a sense of the scale, features and experience of the future KTSP.

Our Group-wide Customer Committee meets monthly and draws on the insights and creativity of our employees to explore and develop innovations that meet our customers' needs. Shortlisted ideas are presented to senior management to further explore their application and potential integration across our ecosystem. In FY2023, 35 ideas were discussed by the Committee, with three showing imminent potential for Intellectual Property development to meet customer needs and contribute to our ecosystem.

Our Group VOC ("Voice-of-Customer") Innovation programme continues to generate ideas to enhance the customer experience and support our CSV mission. Using the insights from customer feedback, employees are encouraged to apply their entrepreneurial skills and identify ideas that benefit both NWD and our customers. Workshops on design thinking and other training materials help employees to turn their ideas into functioning products and eventually commercialise them. Since the programme launched in 2022, our employees have submitted 300 new business ideas, 20% of which have progressed to prototype development. As a next step, the prototypes will be evaluated for commercialisation.

Collaborating with Supply Chain Partners

MATERIAL TOPIC:

- Responsible Supply Chain Management

Collaborating with our suppliers is important to delivering our CSV mission, achieving our Scope 3 emissions reduction goals, and demonstrating leading practice in sustainability.

Our Sustainable Procurement Policy sets out how NWD's sustainability commitments and goals shape our procurement decisions. This includes our preference to support local economies through local procurement and reducing transportation emissions. NWD has a total of 3,812 suppliers, 1,399 from Hong Kong, 2,395 from Mainland China, and 18 from other countries.

Visit our website for details of our Sustainable Procurement Policy.

Supply Chain Management

Sustainability considerations are incorporated throughout our supply chain management approach, from supplier screening and tendering to engagement, performance monitoring and evaluation. Our Group Sustainability Policy complements the Sustainable Procurement Policy to outline the new supplier selection process requirements.

Our Supplier Code of Conduct sets out the minimum standards we expect from suppliers and contractors on topics including ethical conduct, labour rights, privacy and data protection, and environmental impacts. Through procurement, we encourage the use of environmentally preferable products and services in our scopes of work, proposal and tendering processes. This includes products certified by the Forest Stewardship Council ("FSC") or Marine Stewardship Council ("MSC"), that are from fair trade organisations, and that use biodegradable packaging.

We assess supplier performance against a range of factors, including quality, environmental protection, occupational health and safety and product sustainability beyond regulatory compliance requirements. We provide suppliers with quality assurance training to support them in this evaluation process, which includes details of our environmental and social sustainability requirements.

We evaluate supplier performance quarterly or annually for long-term relationships and at least once during shorter term supplier engagements. Consequences of poor supplier performance include verbal and written warnings, having goods returned or exchanged with compensation, removal from our vendor list, and the development of an improvement plan with NWD. Contracts may be terminated where supplier performance fails to improve after these measures.

Visit our website for details of our Supplier Code of Conduct.

Our Group-wide ERM considers supply chain, outsourcing and third-party management and supports our monitoring of external audits and due diligence activities on new and existing suppliers. We maintain records of suppliers' compliance status, including that they have appropriate policies and systems in place. We check for continued compliance, including current certificates or accreditations, through our supplier performance assessment process.

Collaborating to Reduce Scope 3 Emissions

Our development activities require construction materials, and we engage with their suppliers to review production processes and raw materials selection to identify opportunities to reduce carbon emissions. We monitor Scope 3 emissions from embodied carbon in construction materials by using the Construction Industry Council ("CIC") Carbon Assessment Tool in Hong Kong and continue to obtain embodied carbon footprint data from suppliers in Mainland China.

Tender requirements include lifecycle assessments for major components of building structures, such as concrete and steel, to enable examination of the embodied carbon footprint in accordance with green building certification requirements. Where materials do not have primary data available, we reference the National Standard for Building Carbon Emission Calculation (GBT 51366–2019) and international standards and databases such as ISO 14067:2018 Carbon Footprint of Products and the Bath Inventory of Carbon and Energy (ICE). We continue to enhance our monitoring requirements to further reduce Scope 3 emissions and enhance the sustainable procurement of our construction businesses.

Find out more about our Scope 3 emissions in the Driving Decarbonisation section on page 73 and the Sustainability Performance Data Table 2023, available on our website.

Sustainable Procurement Charter

NWD was a founding member of the Sustainable Procurement Charter in 2018, when it was established by the Green Council to promote sustainable procurement in Hong Kong. As of FY2023, NWD continues to meet the Sustainable Procurement Charter Level 3 criteria, demonstrating leading performance. All NWD employees involved in purchasing were trained in sustainable procurement. The Sustainable Procurement Charter is recognised by the United Nations' One Planet Network as an initiative supporting SDG 12 Responsible Consumption and Production.

Our People

Talent Attraction, Retention and Development

MATERIAL TOPICS:

- Diversity and Equal Opportunities
- Talent Management

The success of NWD is a result of the skill and dedication of our people. We seek to employ a diverse team that works collaboratively and fosters a culture of continuous learning – empowering our employees to be industry-leading professionals.

Building an organisation with the right people is essential to NWD's growth and continuity. We integrate diversity and inclusion considerations into our recruitment and talent development processes. As an equal opportunity employer, we recruit people from all backgrounds and experiences regardless of age, gender, race, nationality, religion, family status, background, expertise, or any other characteristics protected by law.

EMPLOYEE ENGAGEMENT

Having held our comprehensive Group-wide Employee Satisfaction Survey in FY2022, this year we conducted a Learning Needs Survey in early 2023 to explore how we can best support our peoples' performance. 82% of our employees responded to our 2023 survey. Employees were eager to build their professional skills in areas such as communication, leadership and time management, and to learn from our management team. Leadership and influence were also identified as key skills for further development by heads of departments and senior leaders across the Group. These insights will inform our learning initiatives in FY2024.

Our Employee Satisfaction Taskforce continued during the year. The Taskforce brings together representatives of different departments and BUs and is consulted on proposals to better align our employee experience with business requirements. Taskforce members from frontline staff to managers and leaders provided valuable insights to inform new incentives and measures prior to their launch – validating that our approach is aligned with the needs of our employees and ultimately creating a better place to work.

Detailed workforce data, including workforce characteristics and turnover, can be found in the Sustainability Performance Data Table 2023, available on our website.

SKILLS DEVELOPMENT

Professional development builds the capabilities of our employees while ensuring NWD has the skills we need for the future. We offer training and development suited to different skill levels and interests across our BUs, with an average 18.2 training hours completed per employee in FY2023. These include operational programmes about our CSV mission, corporate culture, and policies such as Anti-Fraud Policy and Health and Safety Policy. Our employees and directors completed more than 2,700 hours of anti-corruption training in FY2023, covering topics such as business integrity and ethical business practices delivered by external trainers including the Community Relations Department of ICAC.

Our Group-wide sustainability training programme supports all employees and directors to understand our sustainability policies, SV2030 targets and sustainable business practices. Increased understanding of our sustainability focus also supports the delivery of our sustainability strategy. Sustainability is also part of the mandatory orientation training module for new employees. In FY2023, employees and directors completed over 12,000 hours of sustainability training.

Average training hours per employee:

18.2 hours

Sustainability-related training hours:

>12,000 hours

Career development programmes, such as our High Potential ("HiPo"), Entrepreneur Trainee and Technopreneur Trainee, and Management Associate internship programmes support advancement of new and existing talent. Find out more in the case study on the following page.

Talent Attraction, Retention and Development

Annual performance appraisals are essential to employee development. Our structured and open appraisal system includes 360-degree feedback and encourages employees to reflect on their performance and identify growth opportunities. Sustainability-related KPIs are included in our employees' objectives and key results ("OKR"), with performance evaluated in the year-end review. We periodically review and enhance our appraisal system to align with leading practice. Voluntary turnover was 13% in FY2023, a decrease on FY2022.

Employees are also encouraged to engage with customers and develop innovative solutions through our Voice-of-Customer initiatives. Find out more in the Our Collaborative Ecosystem section on page 79.

Detailed training data can be found in the Sustainability Performance Data Table 2023, available on our website.

Building Careers within the NWD Ecosystem

Our development programme provides new and existing talent with opportunities to gain new skills, experience new businesses, and progress their careers within the NWD ecosystem – increasing attraction and retention while building capability.

Fostering innovative thinking, our two-year Entrepreneur Trainee and Technopreneur Trainee Programme continued in FY2023. Thirteen trainees from Hong Kong and nine trainees from Mainland China in this cohort are completing job rotations in various BUs to broaden their horizons and gain a comprehensive understanding of our ecosystem. Through work experience, learning workshops and projects, trainees actively develop their entrepreneurial leadership skills.

More than 69 mentors participated in this year's HiPo programme, which supports talented future leaders on their New World career journey. The HiPo programme combines on-the-job learning, mentorship and group-based learning with individual development plans for each participant. HiPo participants reported a satisfaction rating of over 90% with the programme.

In 2023, we kickstarted "Open Dialogues with Senior Leaders", where our employees have the opportunity to engage in frank and open discussions about our organisation's values and culture, enable our employees to gain a deeper understanding of our values to be embodied in daily work. They are also empowered to share their ideas and perspectives, helping to shape our organisation's culture and direction. As of June 2023, a total of 5 sessions have been held with over 150 participating employees.

Our Young Artisan Club guides younger employees as they explore our corporate culture. More than 230 employees participated in 38 Club events during FY2023, including site tours, activities exploring our values and ecosystem, dialogues with senior leaders, and networking events. The Young Artisan Club fosters connection and nurtures young employees to embody and uphold our values.

Attracting new talent to the Group, the New World Management Associate internship offers higher education students practical work experience and the chance to explore what we offer as an employer. Students completed a 6-8 week internship in 2023, visiting iconic projects, learning from senior executives and contributing to special projects. The programme provided unique exposure and opportunities to students from a variety of backgrounds representing a wide range of perspectives and skills, which allows us to foster an inclusive, innovative culture and tap into undiscovered potential.

By investing in our people and helping them reach their full potential, we are building a stronger and more resilient organisation that is better equipped to enrich our customers' daily lives and create shared value with society.

Diversity in the Workplace

Prioritising Human Rights

NWD upholds the fundamental principles of human rights in places where we operate. We are a signatory to the UNGC principles on Human Rights and Labour and guided by international human rights principles and standards, such as the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Our Group-wide Human Rights Policy aligns with these principles and international standards. The Policy lays out our human rights commitments to employees, suppliers and other stakeholders to maintain equitable and safe workplaces and engage in business conduct free from discrimination and harassment. The Policy forbids the employment of illegal and forced labour, including child labour. We are committed to complying with applicable local laws and regulations in the locations where we operate.

Respect for human rights is expected throughout our business and supply chain. Human rights risk factors are part of our Risk Management Policy and assessment checklist to monitor human rights impacts arising from our business activities and relationships. Risks are evaluated every six months and reported to the Audit Committee and Sustainability Committee in a timely manner. Key executives are informed if issues or violations arise, in accordance with our Human Rights Policy.

Our Supplier Code of Conduct incorporates human rights principles and applies to all supply chain partners, including suppliers, contractors, subcontractors, vendors, and service providers. Find out more in the Collaborating with Supply Chain Partners section on page 82.

Visit our website for details of our Human Rights Policy.

Promoting Diversity, Equity and Inclusion

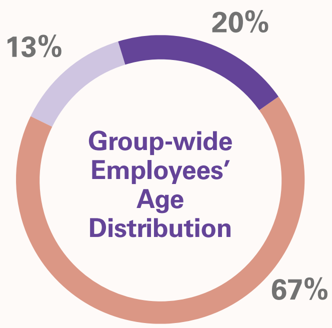
NWD has made public commitments to express our support for diversity and inclusion. We endorsed the UN Women's Empowerment Principles in 2020 and are a signatory to the Racial Diversity and Inclusion Charter for Employers, which is governed by Hong Kong's Equal Opportunities Commission.

We support the principles of racial diversity and promote diversity in terms of age, gender, race, nationality, religion, family status, background, expertise and other characteristics in our workforce. We monitor and disclose our efforts to achieve greater diversity, such as the gender diversity of the Board and workforce, in addition to indicators such as the gender pay gap. Our workforce is 53% female and the average gender pay ratio is 1.2 as at 30 June 2023. We will strive to maintain a gender balanced workforce. Female Board member representation exceeded our 30% target during FY2023, increasing to 35.3%.

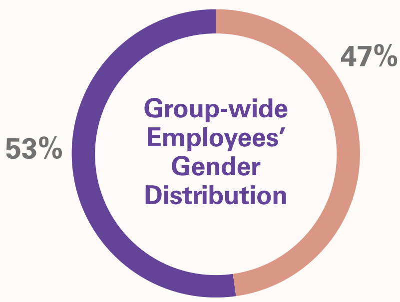
Five senior leaders from across the Group were members of the Male Allies Initiative during the 2022–2023 cycle, The Initiative is convened by The Women's Foundation to advance workplace gender diversity and support women in decision-making roles. As part of the initiative, senior male leaders commit to actively create a more inclusive community and advocate for gender equality in their organisation.

Our parenting policies strive to enable all parents to pursue fulfilling and successful careers while raising children. For Hong Kong employees, we offer parents 14 weeks of full-pay maternity leave and five days of full-pay paternity leave, both exceeding statutory requirements. Our Family Care for Good initiative piloted new measures to further support our family-friendly culture. Find out more in the Promoting Employee Wellness section on the following page.

Detailed diversity data can be found in the Sustainability Performance Data Table 2023, available on our website.



- Under 30 years old
- 30-50 years old
- Over 50 years old



- Female
- Male

- Female
- Male

Promoting Employee Wellness

MATERIAL TOPICS:

- Employee Wellness and Engagement
- Occupational Health and Safety

Wellness is a pillar of our sustainability strategy, and the wellbeing of our employees is an important priority. We consider wellness at work to include occupational health and safety and wellbeing, the key elements of employee satisfaction, productivity and sustainable business growth.

Ensuring Healthy and Safe Workplaces

Lost-time Injury Rate (per 100 employees) ▼ 0.3

The safety of our employees is our number one priority, and we endeavour to always provide a safe and healthy work environment. In FY2023, the Group recorded a Lost-time Injury Rate (per 100 employees) ("LTIR") of 0.3 within the reporting scope. We are fully committed to achieving zero fatalities at our workplace.

Our Health and Safety Policy guides our actions to ensure that our employees, contractors, tenants and visitors are safe at our buildings, facilities and construction sites in compliance with all applicable laws and regulations. The policy is regularly updated and available to all visitors to our premises.

We have robust mechanisms in place that measure, monitor and evaluate our safety performance and that of our suppliers, aligned to industry-specific standards and referencing international best practice. Hazard identification and risk assessments are carried out using standardised procedures, including hazard identification, mitigation measures, hazardous materials assessment and audit. We are as transparent as possible in our investigation and reporting of incidents, as well as on any remedial and improvement actions that have been taken. NWCL's safety management system is ISO 45001 accredited for its office management and construction activities to support both office and frontline employees and stakeholders and has achieved its target to attain certification by the end of 2022.

Regular health and safety training for employees and contractors is conducted at all construction sites to ensure common safety practices. Our employees regularly attend training in topics such as first aid, fire safety and prevention, and avoiding back injuries to upskill asset teams. We also supported the Labour Department and the Occupational Safety and Health ("OSH") Council's joint Heart Caring Campaign this year to raise awareness of the prevention of cerebro-cardiovascular diseases.

Detailed health and safety data can be found in the Sustainability Performance Data Table 2023, available on our website.

Visit our website for details of our Health and Safety Policy.

Supporting Employee Wellness and Wellbeing

Workplace wellbeing continues to increase in importance for our employees, customers and across society. We promote workplace wellness by providing physical and virtual programmes that encourage healthy and active lifestyles.

During the year, more than 400 employees participated in physical wellness activities. The New World Sports Club encourages employees to take part in sports activities organised by the Group, providing opportunities to experience the benefits of exercise, work-life balance, trust, and team spirit.

BUs also coordinated physical wellness activities to release stress and appreciate the importance of exercise to mental and physical health. Highlights in FY2023 include a seven-a-side soccer tournament for 180 employees and partners, and a Muay Thai Experience for 59 employees that motivated many to start a regular exercise routine.

To keep employees safe and prevent heat stroke during the record-breaking hot summer, we distributed over 5,880 bottles of iced, heat-relieving herbal teas to frontline construction employees on particularly hot days.

Supporting a Family-Friendly Culture

Acting on feedback from our FY2022 Employee Satisfaction Survey, we launched the Family Care for Good initiative in July 2022 as a three-month pilot programme to explore new approaches to work arrangements. The initiative offered both office and frontline employees range of work arrangements that best suit their circumstances.

The pilot provided useful insights into employee preferences regarding work arrangements. We will continue to explore new approaches to work-life integration to improve the physical and mental wellbeing of our employees, and are now trialling a wellness initiative that allows employees more autonomy and flexibility in selecting physical and mental wellness benefits, activities and support that best suit their needs.

Corporate Sustainability

Creating Sustainable Communities

Caring through Sharing

MATERIAL TOPICS:

- Community Development and Engagement
- Community Wellness

We strive to create vibrant, resilient communities that celebrate the convenience, beauty and creativity of their people and environment, and improve quality of life. We invest in and engage with local communities to support their wellbeing and ongoing development through programmes and initiatives. By developing strong partnerships and fostering creativity and innovation for a brighter future, we aim to achieve long-term positive community impacts.

>11,000
Volunteering hours

>300,000
Share for Good beneficiaries

Caring is a pillar of our sustainability strategy and reflects our focus on creating shared value for our communities and culture. Sharing our time and resources to support those in need is an important contribution we can make, and one that our employees enthusiastically support. We focus on areas including art and culture promotion, health and wellbeing, social mobility and youth development.

Now in its second year, more than 300,000 beneficiaries have benefitted from the Share for Good crowd-donation platform, which has connected more than 200 enterprises with 120 NGO partners. Launched in March 2022 during the pandemic, support from across society has expanded the platform's reach to a wider group of beneficiaries.

Employee volunteering is another contribution we make to our communities and society. Employees completed more than 11,000 hours of volunteering in FY2023 through initiatives coordinated by our BU volunteering teams. In December 2022, our Volunteering Day brought more than 100 employees and their families together to support community groups and organisations. Find out more about our volunteering efforts in the case studies on the following page.

We support community groups through charitable foundations, donations and partnerships. NWCL continued several successful partnerships during FY2023, including with Wilber Foundation to deliver a series of Wonderful Star Market events to support critically ill children in Guangzhou. NWCL also supports the St. James Settlement Green Smart Warrior programme, which provides STEM and sustainability education to children from low-income families in Hong Kong. 90 students completed the two-year programme in FY2023, with 81% reporting improved problem-solving and decision-making skills, and increased motivation to learn.

Kai Tak Sports Park hosted the 100KM Treadmill Charity Challenge, Hong Kong's first large-scale indoor treadmill ultra-marathon, to raise funds for the Kai Tak Sports Initiative. More than 500 runners came together to run 2,000 kilometres, including elite athletes, celebrities as well as representatives from enterprises, institutions, and running clubs. The two-day event raised more than HK$540,000 for the Kai Tak Sports Initiative, which promotes physical and mental health through sports and fitness.

We believe everyone can contribute to the sustainable development of society. We apply our passion for innovation to social challenges and community causes to empower future generations.

Creating Sustainable Communities through Innovative Housing Solutions

New World Build for Good is our not-for-profit social housing enterprise working to address the housing affordability challenge in Hong Kong. The enterprise brings together experts from different fields to develop innovative housing solutions.

New World Build for Good is developing Hong Kong's first ever not-for-profit privately subsidised housing project, which aims to build and sell around 300 flats at a below-market price to assist young families in purchasing an affordable home.

Four transitional housing projects are now in different planning and construction phases and will create approximately 3,000 affordable units on land donated by NWD to the HKSAR Government. Among them, the first two projects are scheduled for completion and move-in between Q4 2023 and Q1 2024.

Adhering to our vision of CSV, we also created Hong Kong's first "Smart Community" in transitional housing projects, collaborating with four major corporations and organisations. This initiative will bring together enterprises and NGOs in the fields of innovative technology, education, healthcare and emergency support, and introduce a range of next-generation solutions to address the housing needs and promote the upward mobility of the grassroots community.

NWD will continue to collaborate with NGOs and government to improve housing opportunities. Our leading position in the real estate market and focus on social impact provide a unique opportunity to advance housing initiatives and create shared value for future generations.

Caring through Sharing

Solidarity through Volunteering

We celebrated International Volunteering Day by joining together for a Group-wide Volunteering Day. The event echoed the UN theme "solidarity through volunteering" and our collective power to drive positive change through volunteerism. More than 100 employees and their families provided volunteer services for 320 beneficiary groups across Hong Kong.

Some volunteers visited Impact Kommons social enterprise V Cycle's headquarters in Tuen Mun, where they helped sort plastic waste and joined a sharing session by V Cycle and their elderly employees, who were formerly waste pickers, on their daily sorting work and green tips. Through this volunteering activity, our employees also learned about plastic waste and upcycling and the challenges faced by underprivileged elderly, highlighting the importance of sustainable development.

Another group of volunteers participated in a Community Cultural Tour and Folk Cuisine Workshop at the Blue House with ten underprivileged families from Hong Kong Christian Service. Docents from St. James Settlement shared the Blue House Cluster's history, the lives of its early residents, and community development during the tour. The families and our volunteers then learned about Wan Chai's social history as they prepared authentic local folk cuisine.

Contributing to Communities in Need

Our volunteering efforts include smaller local acts of caring to make a difference to the communities where we operate.

NWDS employees shared messages and care packages with the elderly residents in Beijing to celebrate the Dragon Boat Festival. Store employees volunteered to support sanitation workers, expressing our respect for their hard work and contribution to our cities. The NWDS Beijing Chongwen Store coordinated with the local authority to donate 800 sets of clothes to a small remote community in Inner Mongolia, assisting the community to withstand below freezing winter temperatures.

Through its "Love ASAP" initiative, NWCON provided 22,000 hot meals from social enterprise Holy Café to local elderly across six months and funded four festive activities at the café for locals to enjoy. The NWCON team also offered door-to-door repair services, warm clothes and daily essentials for underprivileged elderly in Cheung Sha Wan, providing support, conversation and care for residents.

We continue to provide diverse volunteering opportunities for our employees to promote volunteerism and create shared value for the communities we serve.

Combining Upcycling and Upskilling to Create Shared Value

In collaboration with V Visionary Design Studio, a startup under Cohort 3 of Impact Kommons, we co-created a social inclusion programme to upskill underprivileged women and promote genuine sustainability in the fashion industry.

Together with retired professionals and volunteers from New World Group, more than 200 underprivileged women and students have gained skills in sewing, weaving and upcycling since February 2022. The programme has produced more than 300 crossbody bags made from upcycled materials, which was launched on the K11 eShop in March 2023.

Empowering the Next Generation through Creative Thinking

Nurturing Future Leaders

Education and leadership development are important elements to encourage young people to contribute to sustainable development. We support sporting, educational and cultural initiatives that nurture future leaders and develop young people. We continue to partner with a host of sporting organisations and events, including the New World Harbour Race organised by the Hong Kong China Swimming Association.

Through the New World Springboard programme, over 1,200 students from under-resourced families have benefitted from professional sports training, life skills and career planning advice since 2012. Find out more in the case study below.

We support the HKSAR Government's Strive and Rise Programme promoting upward mobility of teenagers and addressing intergenerational poverty. More than 120 employees acted as mentors in this year's programme, paired with student mentees to support them in navigating development opportunities and establishing positive life goals. As a programme partner, we also hosted Art Tech Experience Day, inviting industry professionals to share industry developments and job opportunities. Through Strive and Rise, we hope to inspire young people, unleash their potential and develop them into inspiring leaders and positive forces for society.

Supporting Young People through Sport

Sports participation provides young people with valuable life skills, including building self-confidence, teamwork, resilience, and leadership. We support initiatives across a range of sports that develop the skills and talents of young people. New World Springboard's Rope Skipping Programme provides enriching development opportunities for students with special education needs. After training online through the pandemic, seven Springboard students qualified to participate in-person at the All Hong Kong Age Group Rope Skipping Competition held by Hong Kong Rope Skipping Association, China, in October 2022. Students relished the opportunity to showcase their talent and years of hard work at the competition, which strengthened their self-esteem and confidence.

Springboard participants from the swimming programme also joined 1,200 fellow swimmers for the annual New World Harbour Race in October 2022.

Young people are building their snooker skills thanks to a collaboration between D•PARK and Cheers Up Foundation. The child-friendly snooker room is part of the mall's Multiple Intelligence Zone, which launched in October 2022 to host activities to increase community health and wellbeing through sport. More than 64,000 young people have benefitted from the programme, including the snooker workshops developed with international snooker star Marco Fu.

Showcasing Career Pathways for the Workers of Tomorrow

During the year, New World Facilities Management ("NWFM") participated in the Business-School Partnership Programme ("BSPP"), an initiative of the Hong Kong Education Bureau, to encourage students to consider a career in facilities management. The programme introduces students to the management and operation of our buildings and the job opportunities available in our industry.

More than 450 students took part in this programme at Youth Square and Y Loft in FY2023, gaining insight into how we run our facilities, venues and hostels. Our employees supported the students as they completed work experience tasks and learning activities that built their confidence, communication skills, and work ethic.

Enriching Life through Art

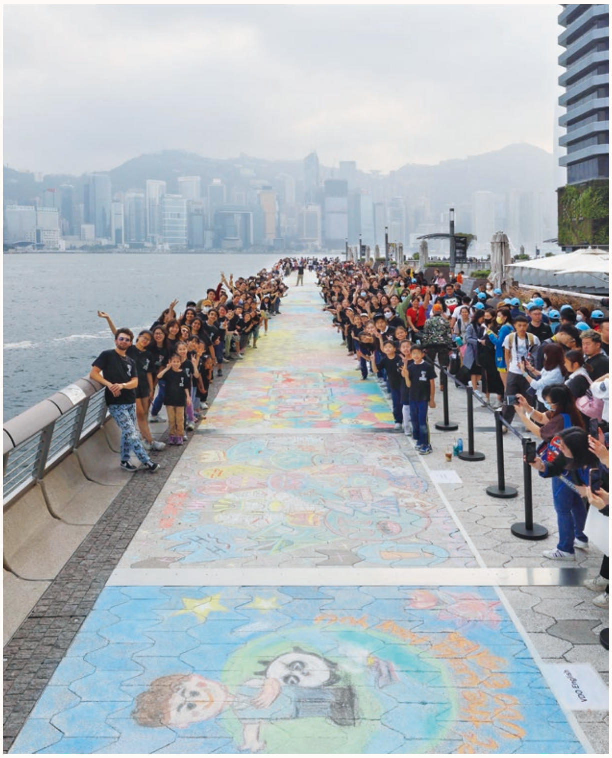
Grounded in The Artisanal Movement, our philosophy celebrates art and the artistic process as a means of enriching the inner lives of our stakeholders. We create platforms to nurture and incubate artists through exhibitions, artist residences, and educational programmes. We celebrate art and traditional crafts in our buildings, places and public spaces.

Children explored art creation and appreciation in the Go Art-Tech Leadership Programme 2022, led by K11 with Origin Charity Foundation and Hong Kong Multimedia Design Association. Around 600 schoolchildren and teenagers enjoyed art tours and art-tech workshops at K11 MUSEA, creating their own NFT or digital artworks guided by experienced tutors and enhancing their interest in artistic endeavours. The launch of the programme was supported by representatives of the HKSAR Government.

Impact Kommons Cohort 4 startup Earthero Studio co-organised a sustainable fashion exhibition, *K11 Presents: Daydream Believer – Art-isan Collective by Earthero Studio*. Eight local artists hand painted artworks onto deadstock fabric leftover from the manufacturing process, with each dissected into nine squares to form a puzzle. The deconstructed artworks were scattered across Nature Discovery Park, challenging visitors to imagine each artwork reassembled. A portion of the profits made from artwork t-shirts were donated to a charity that focuses on raising environmental consciousness.

The K11 Art Foundation fosters the development of Chinese contemporary art and champions emerging Asian artists to reflect the diversity and dynamism of the continent's art scene and to support the global art ecosystem. The Foundation hosted *City As Studio*, a major exhibition of internationally renowned street art at K11 MUSEA in early 2023. Talks, screenings, audio guides and guided tours accompanied the exhibition, with visitors encouraged to create their own art on the interactive graffiti wall and explore their artistic talents in the education corner.

Ahead of the exhibition, Avenue of Stars, K11 MUSEA and K11 Art Foundation co-organised the first-ever chalk drawing at the Victoria Dockside Promenade. Over 200 diverse participants including schools, NGOs and artists co-created a 60-metre-long chalk drawing to demonstrate the creators' pursuit of diversity and inclusivity in the community.



"This community art event will not only help to cultivate an appreciation for street art, but also echoes K11 Group's social commitment on inclusion and diversity."

– Dr. Adrian Cheng, Founder of K11 Art Foundation

About this Section

Reporting Period

This Corporate Sustainability section of the Annual Report provides an overview of the Group's ESG performance during the reporting period of 1 July 2022 to 30 June 2023 and the latest initiatives after FY2023 where specified.

Reporting Boundary

This section covers NWD's businesses over which NWD has operational control. This coverage includes our businesses under NWD, NWCL and K11 Concepts Limited.

In FY2023, we adjusted our reporting scope including environmental and social aspects to better align with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Individually listed subsidiaries NWSH and NWDS have been reclassified as investments contributing to our Scope 3 emissions and more comprehensive sustainability disclosures can be found in their respective reports. The disclosures of NWSH and NWDS within this refined reporting scope reflect the boundaries of our operational control.

In addition, due to the disposal of the NWCON business effective FY2023, we have further updated the social aspect of our reporting scope to exclude NWCON data. We will continue to update our reporting scope in FY2024.

SV2030 Targets Boundary

The scope of our SV2030 Green, Wellness and Caring targets focuses primarily on our key businesses with more mature performance data. Our SV2030 targets also include NWSH and NWDS. Our SV2030 targets use revenue to calculate intensity metrics due to the diverse business nature of the Group's portfolio, as revenue is the common thread that can be adopted across sectors. Performance against our SV2030 targets for FY2023 can be found in the Overview of SV2030 section.

Our SV2030 targets were developed and announced in FY2018 to demonstrate our ambition and commitment to sustainable development. Due to the disposal of NWCON effective FY2023, and reclassification of NWDS and NWSH as investments contributing to Scope 3 emissions, we are updating our SV2030 targets with improved scoping methodology to better reflect our current business activities, which we aim to disclose and report from FY2024 onwards.

Sustainability Website

Supplementary information, such as the Sustainability Performance Data Table 2023, content index and limited assurance report, is available on the NWD Sustainability Website (https://sustainability.nwd.com.hk/).

ESG Reporting Standards

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

This section also references the following ESG standards and principles:

- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"),
- SASB Real Estate Standards, and
- The Ten Principles of the UNGC, as an annual Communication on Progress.

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

Reporting Principles

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

- Materiality: Informed by a structured materiality assessment process involving both internal and external stakeholders, such as investors, customers and employees. Please refer to our Materiality section for more information.
- Quantitative: Gives updates on targets and key performance indicators ("KPIs"). Please refer to our Sustainability Performance Data Table 2023 for more information.
- Balance: Offers unbiased disclosure of the Company's performance.
- Consistency: Uses consistent methodologies on performance disclosure to support meaningful comparisons over time.

Report Assurance

The Board of Directors oversees the content of this section. This Corporate Sustainability section has been reviewed and approved by the Board.

Selected data and information contained in the Sustainability Performance Data Table 2023 on our website have been independently verified by PricewaterhouseCoopers in accordance with the ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board to ensure accuracy and credibility. The limited assurance report can be found on our website.

Contact Us

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

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

Corporate Governance Report

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

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2023, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules, with the exception of code provisions C.1.3 and F.2.2.

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

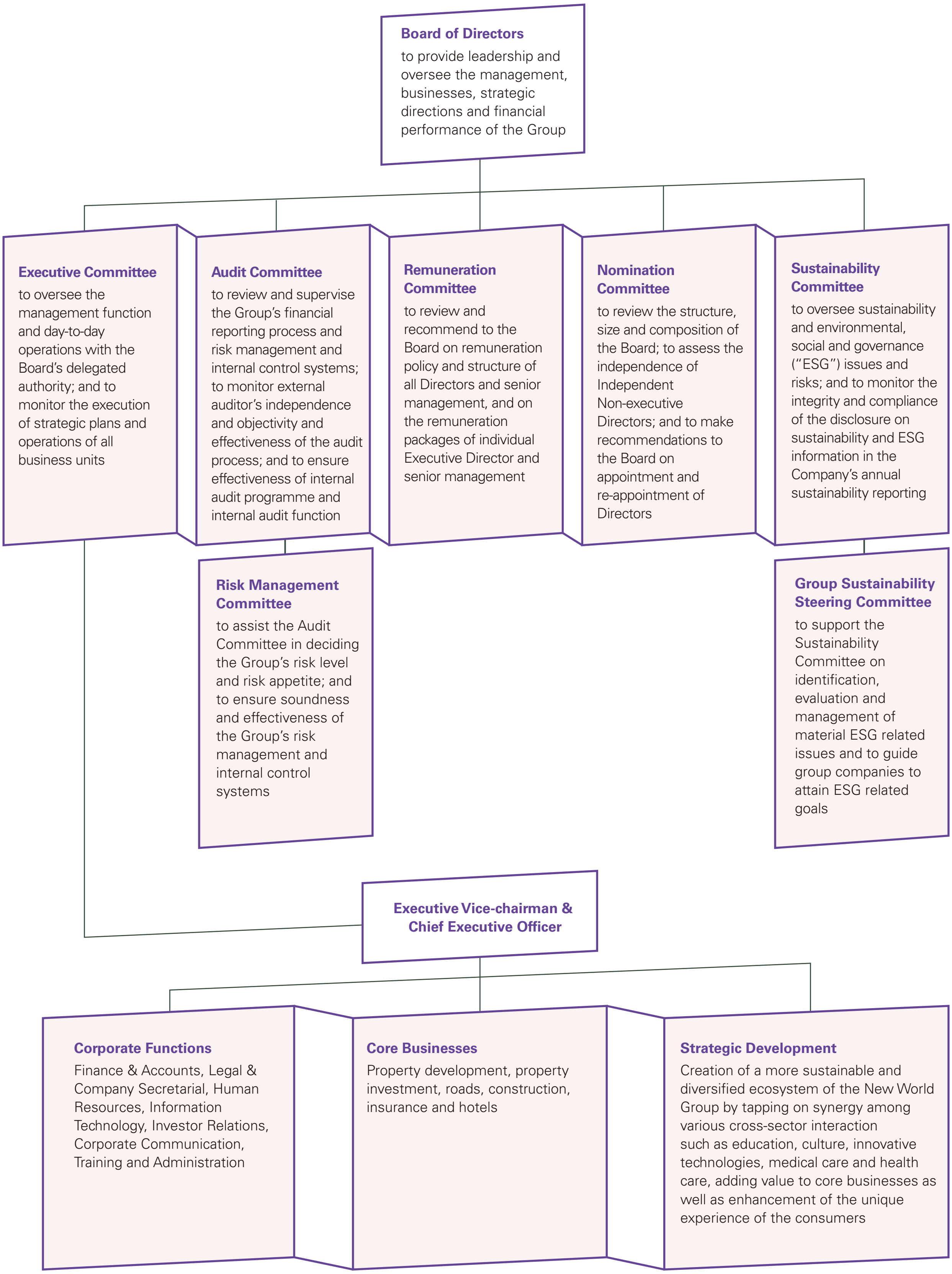
Code provision F.2.2 provides that the chairman of the board should attend the annual general meeting. Dr. Cheng Kar-Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 22 November 2022 (the "2022 AGM") due to COVID-19 infection. Dr. Cheng Chi-Kong, Adrian, Executive Vice-chairman and Chief Executive Officer 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 calibre for answering questions at the 2022 AGM and had answered questions at the 2022 AGM competently.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiries of all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 30 June 2023.

BOARD GOVERNANCE



BOARD OF DIRECTORS

Composition

As at the date of this report, the Board comprises a total of 17 Directors, being seven Executive Directors, four Non-executive Directors and six Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules. Details of the composition of the Board are set out in the section headed "Directors" in the report of the directors of this annual report. The biographies of the Directors are set out in the section "Directors' Profile" of this annual report. Dr. Cheng Kar-Shun, Henry is the father of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng. Save as aforesaid, none of the members of the Board is related to one another.

Board Refreshment

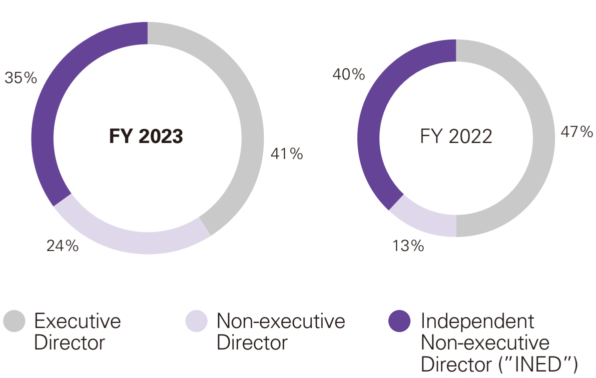
The composition of the Board has been refreshed during the year and thereby enhanced both diversity and independence of the Board.

1 July 2022	–	Appointment of Mr. Ma Siu-Cheung as Executive Director
22 November 2022	–	Retirement of Mr. Liang Cheung-Biu, Thomas as Independent Non-executive Director
1 December 2022	–	Retirement of Mr. Yeung Ping-Leung, Howard as Independent Non-executive Director
		Retirement of Mr. Ho Hau-Hay, Hamilton as Independent Non-executive Director
		Re-designation of Mr. Cheng Chi-Heng from Executive Director to Non-Executive Director
		Appointment of Mr. Cheng Chi-Ming, Brian as Non-Executive Director
		Appointment of Mrs. Law Fan Chiu-Fun, Fanny as Independent Non-executive Director
		Appointment of Ms. Lo Wing-Sze, Anthea as Independent Non-executive Director
		Appointment of Ms. Wong Yeung-Fong, Fonia as Independent Non-executive Director

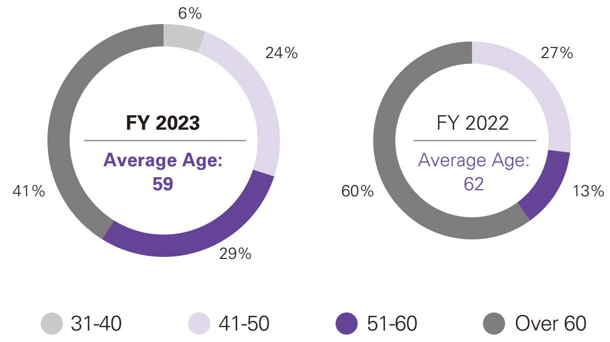
The Board refreshment has also enabled the Company to be evergreen and benefitted from the new Board members with fresh ideas and diverse expertise in order to support the sustainable growth of the Group.

Diversity Mix

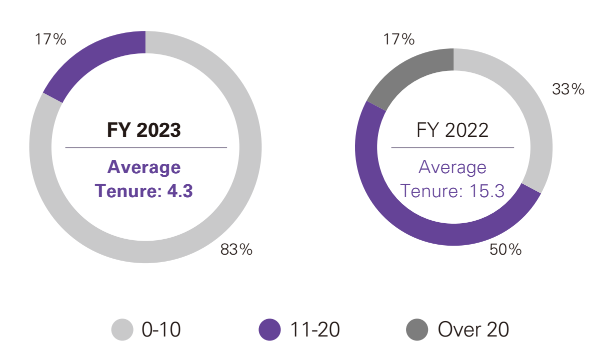
Designation



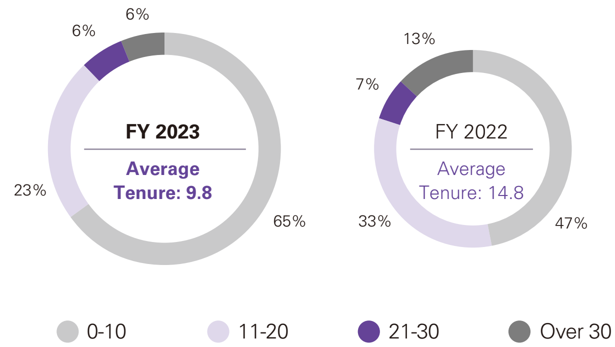
Age Group



Length of Service – INED (No. of years)



Length of Service – Board (No. of years)

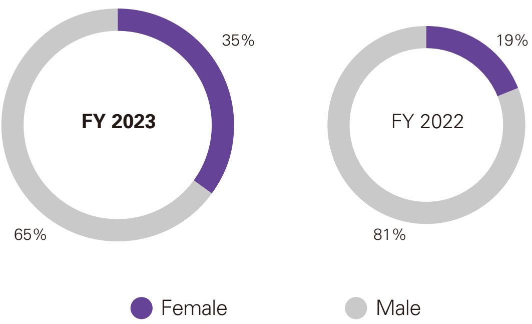


Board Diversity

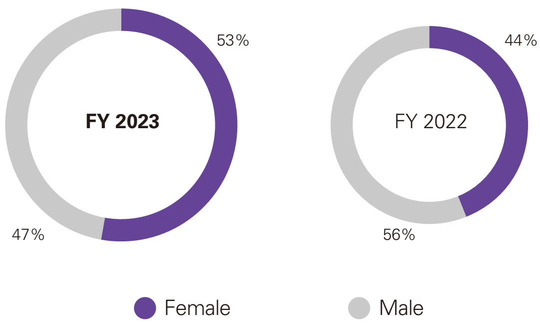
The Board has adopted a Board diversity policy (the "Diversity Policy") since August 2013 which sets out the approach by the Company to achieve diversity on the Board. Under the Diversity Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity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

Currently, out of 17 Directors, six are female representing 35.29% of the Board, which exceeds the target of 30% female Board member as set for gender diversity at Board level. The Company is committed to maintaining a diverse Board with female representation at above 30%. The Nomination Committee will select appropriate candidates through multiple channels and make recommendation to the Board based on the Diversity Policy and nomination policy. Gender diversity is also promoted across all levels of the Group through a series of diversity and inclusion focused activities. The Company will strive to maintain a gender balanced workforce. More details on the gender ratio in the workforce (including senior management) of the Group can be found in the "Corporate Sustainability" section of this annual report.

Gender Ratio – Board



Gender Ratio – Workforce (including senior management)



Board Expertise

Appointment and Re-election

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

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

Board Evaluation

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

During the year, the Company has engaged an independent external facilitator specialising in corporate governance, Practising Governance Limited ("PGL"), to conduct a board evaluation exercise to solicit views from the Directors on the performance and effectiveness of the Board by means of questionnaire to the Directors supplemented by interviews with selected individual Directors. After receiving and analysing the responses received, PGL has compiled a report summarising its findings. The results and recommendations were presented by PGL and discussed at a meeting of Independent Non-executive Directors, then considered by the Nomination Committee and the Board.

The following areas have been covered in the assessment of the board evaluation:

– Board performance in core responsibilities

– Board priorities for the next 1-2 years

– Quality of board effectiveness enablers (including board composition, meetings, provision of information, etc.)

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

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

Non-executive Directors

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

Independence of Independent Non-executive Directors

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

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

Role of the Board

The Board is the ultimate decision making body of the Company except for matters requiring the approval of the shareholders in accordance with the Articles of Association, the Listing Rules or other applicable laws and regulations. It oversees the management, businesses, strategic directions and financial performance of the Group. It is collectively responsible for the management and operation of the Company. Day-to-day businesses of the Company are delegated to the management team which works under the leadership and supervision of the Executive Vice-chairman & Chief Executive Officer and the Executive Committee of the Board as discussed in sections below.

The Board strives to foster and promote a desired culture down to all levels of the Company, and ensure the desired culture is reflected in the Company's strategy, business models and operating practices towards sustainable growth of the Group. Through Town Hall, e-learning, workshops and various initiatives, our corporate vision "we create, we are artisans, we are CSV" is cultivated across the workforce. Employees are encouraged to voice out their practical innovative ideas which are fully integrated into the Group's business development. For further details of the Group's culture, please refer to the "Corporate Sustainability" section of this annual report.

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

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

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

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

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

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

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

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

Board Meetings

Regular Board meetings are held at least four times a year with at least 14 days' notices, and additional meetings with reasonable notices are held as and when the Board considers appropriate. The Board held four regular meetings and one ad hoc board meeting during the year ended 30 June 2023. The Company Secretary assists the Chairman in preparing agenda for each meeting. Draft agenda for each regular Board meeting is circulated to all Directors to enable them to include other matters into the agenda. Agenda accompanying board papers are sent to all Directors at least three days before each regular Board meeting. Board decisions are voted upon at the Board meetings. The Company Secretary records all matters considered by the Board, decisions reached and any concerns raised or dissenting views expressed by the Directors. Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors for information and records.

Directors' Training

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

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

All Directors are encouraged to participate in continuous professional development activities to develop and refresh their knowledge and skills. From time to time, the Company has arranged in-house trainings for the Directors in the form of seminars/webinars and reading materials.

The attendance records of the Directors at the Board and Board committee meetings, general meetings and the continuous professional development for the year ended 30 June 2023 are set out below:

Name of Directors	Number of Meetings Attended/ Eligible to attend for the year ended 30 June 2023							
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Sustainability Committee Meeting	Annual General Meeting	Extraordinary General Meeting	Continuous Professional Development
Executive Directors								
Dr. Cheng Kar-Shun, Henry	4/5	–	1/1	1/1	–	0/1	0/1	A
Dr. Cheng Chi-Kong, Adrian	5/5	–	–	–	2/2	1/1	0/1	A, B
Ms. Cheng Chi-Man, Sonia	4/5	–	–	–	–	1/1	1/1	A
Mr. Sitt Nam-Hoi	5/5	–	–	–	2/2	1/1	1/1	A, B
Ms. Huang Shaomei, Echo	4/5	–	–	–	–	0/1	0/1	A, B
Ms. Chiu Wai-Han, Jenny	5/5	–	–	–	–	1/1	1/1	A, B
Mr. Ma Siu-Cheung	5/5	–	–	–	–	1/1	1/1	A, B
Non-executive Directors								
Mr. Doo Wai-Hoi, William	4/5	–	–	–	–	1/1	1/1	A
Mr. Cheng Kar-Shing, Peter	4/5	–	–	–	–	1/1	1/1	A
Mr. Cheng Chi-Heng(1)	4/5	–	–	–	–	1/1	1/1	A
Mr. Cheng Chi-Ming, Brian(2)	3/4	–	–	–	–	–	1/1	A
Independent Non-executive Directors								
Mr. Yeung Ping-Leung, Howard(3)	0/1	0/1	–	–	–	0/1	–	A
Mr. Ho Hau-Hay, Hamilton(4)	1/1	1/1	–	–	–	0/1	–	A
Mr. Lee Luen-Wai, John	5/5	3/3	1/1	1/1	–	1/1	1/1	A, B
Mr. Liang Cheung-Biu, Thomas(5)	1/1	1/1	–	1/1	1/1	1/1	–	A
Mr. Ip Yuk-Keung, Albert	5/5	3/3	–	1/1	2/2	1/1	1/1	A, B
Mr. Chan Johnson Ow(6)	5/5	3/3	1/1	–	2/2	1/1	1/1	A, B
Mrs. Law Fan Chiu-Fun, Fanny(7)	4/4	–	–	–	1/1	–	0/1	A, B
Ms. Lo Wing-Sze, Anthea(8)	4/4	2/2	–	–	–	–	1/1	A, B
Ms. Wong Yeung-Fong, Fonia(7)	4/4	–	–	–	1/1	–	1/1	A, B

Notes:

(1) re-designated from Executive Director to Non-executive Director with effect from 1 December 2022
(2) appointed as Director with effect from 1 December 2022
(3) retired as Director and ceased to be member of Audit Committee and Remuneration Committee with effect from 1 December 2022
(4) retired as Director and ceased to be chairman and member of Remuneration Committee and member of Audit Committee with effect from 1 December 2022
(5) retired as Director and ceased to be member of Audit Committee, Nomination Committee and Sustainability Committee with effect from 22 November 2022
(6) became member of Remuneration Committee with effect from 1 December 2022
(7) appointed as Director and became member of Sustainability Committee with effect from 1 December 2022
(8) appointed as Director and became member of Audit Committee with effect from 1 December 2022

A – Training on corporate governance, regulatory development and other relevant topics
B – Attending corporate events or visits

BOARD COMMITTEES

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

Executive Committee

Members:

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

ceased to be member with effect from 1 December 2022
* became member with effect from 1 July 2022

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

Audit Committee

Members:

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

* ceased to be member with effect from 1 December 2022

\# ceased to be member with effect from 22 November 2022

^ became member with effect from 1 December 2022

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

During the year, the Audit Committee held three meetings and the work performed by the Audit Committee included the following:

(i) reviewed the audited financial statements of the Company for the year ended 30 June 2022 and the unaudited interim financial statements of the Company for the six months ended 31 December 2022 with recommendations to the Board for approval;

(ii) reviewed reports on risk management and internal control systems of the Group;

(iii) discussed with the management and the external auditors on the accounting policies and practices which may affect the Group and the financial reporting matters;

(iv) reviewed the continuing connected transactions; and

(v) reviewed the proposed revision to the risk management policy.

Remuneration Committee

Members:

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

* ceased to be chairman and member with effect from 1 December 2022

\# ceased to be member with effect from 1 December 2022

@ became chairman with effect from 1 December 2022

^ became member with effect from 1 December 2022

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

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

During the year, the Remuneration Committee held a meeting and passed a written resolution. The work performed by the Remuneration Committee during the year included the following:

(i) reviewed the proposed updates to its terms of reference by adding the new code provision of the CG Code in relation to the responsibility for reviewing and/or approving matters relating to the share schemes under Chapter 17 of the Listing Rules and recommended the same to the Board for approval;

(ii) reviewed the remuneration policy of the Company, including that for the Directors and senior management of the Company; and

(iii) reviewed and approved the remuneration package for the Executive Directors and senior management of the Company.

The remuneration for the Executive Directors comprises basic salary, pensions and discretionary bonus. Share options may be granted to all Directors and senior management to subscribe for shares in the Company under the Company's share option scheme. Details of the remuneration paid to the Directors and members of senior management for the financial year ended 30 June 2023 are disclosed in the notes to the financial statements.

Nomination Committee

Members:

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

* ceased to be member with effect from 11 November 2022

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

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

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

The Nomination Committee held a meeting and passed a written resolution during the year. The work performed by the Nomination Committee during the year included the following:

(i) made recommendation to the Board on the proposed appointment of Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia as Independent Non-executive Directors, the proposed appointment of Mr. Cheng Chi-Ming, Brian as Non-executive Director and the proposed re-designation of Mr. Cheng Chi-Heng from Executive Director to Non-executive Director (collectively, the "Board Refreshment");

(ii) reviewed the structure, size and composition of the Board in accordance with the Listing Rules, the Diversity Policy, and the Nomination Policy and considered that the Board, subsequent to the Board Refreshment, consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the business needs of the Group;

(iii) reviewed the Diversity Policy and the Nomination Policy and considered they remain effective and appropriate for the Company;

(iv) reviewed the re-election of retiring Directors and recommended the same to the Board for putting forward to the shareholders for approval at the 2022 AGM and the extraordinary general meeting held on 27 June 2023 respectively; and

(v) reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board.

Taking into account the following channels, the Nomination Committee considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- A sufficient number of six Independent Non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;

- All Independent Non-executive Directors share their views and opinions through regular quarterly meetings with heads of core departments and particular business units which would be invited to join such meetings on Independent Non-executive Directors' requests;

- Annual presentation sessions on business segments performance from core business units are arranged for Independent Non-executive Directors providing opportunities for them to share and express their views and inputs;

- Site visits are arranged for Independent Non-executive Directors from time to time to enhance their understanding of the Company's new and on-going projects;

- Annual meeting between the Chairman and all Independent Non-executive Directors without presence of other Directors provides effective platform for the Chairman to listen independent views on various issues concerning the Group; and

- Independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

Sustainability Committee

Members:

Executive Directors	Dr. Cheng Chi-Kong, Adrian *(Chairman)* Mr. Sitt Nam-Hoi
Independent Non-executive Directors	Mr. Liang Cheung-Biu, Thomas* Mr. Ip Yuk-Keung, Albert Mr. Chan Johnson Ow Mrs. Law Fan Chiu-Fun, Fanny# Ms. Wong Yeung-Fong, Fonia#

* ceased to be member with effect from 22 November 2022

\# became member with effect from 1 December 2022

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

The Sustainability Committee met twice during the year. It discussed and endorsed the Group's sustainability strategy, policies and targets set under the "New World Sustainability Vision 2030". It also reviewed the process of sustainability reporting and ESG disclosures and monitored the progress of targets achievement and sustainability performance. In addition, the Sustainability Committee discussed relevant global trends including sustainable finance, climate risks, the evolution of sustainability disclosures, including the standards issued by the International Sustainability Standards Board ("ISSB"), and governance of sustainability matters.

AUDITORS' REMUNERATION

During the year ended 30 June 2023, the total fee paid/payable in respect of assurance and non-assurance services provided by the Group's external auditors is set out below:

Type of services	Fee paid/payable for the year ended 30 June	
	2023 HK$m	2022 HK$m
Assurance services	**74.9**	61.5
Non-assurance services	**47.2**	51.1
Total	**122.1**	112.6

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

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

INTERNAL CONTROL

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

Control Environment

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

Risk Assessment

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

Objectives

Operations

Effectiveness and efficiency

Reporting

Reliability, timeliness and transparency

Compliance

Adherence to laws and regulations

Control Activities

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

Information & Communication

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

Monitoring Activities

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

Policies, Guidelines and Practices

Enterprise Risk Management Policy

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

Whistleblowing Policy

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

Anti-Fraud Policy

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

Conflict of Interest Policy

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

Guide on Disclosure of Price-Sensitive Information*

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

  (* The PSI Policy was replaced by a Disclosure Policy and a Disclosure Procedure Manual, both became effective from 28 August 2023.)

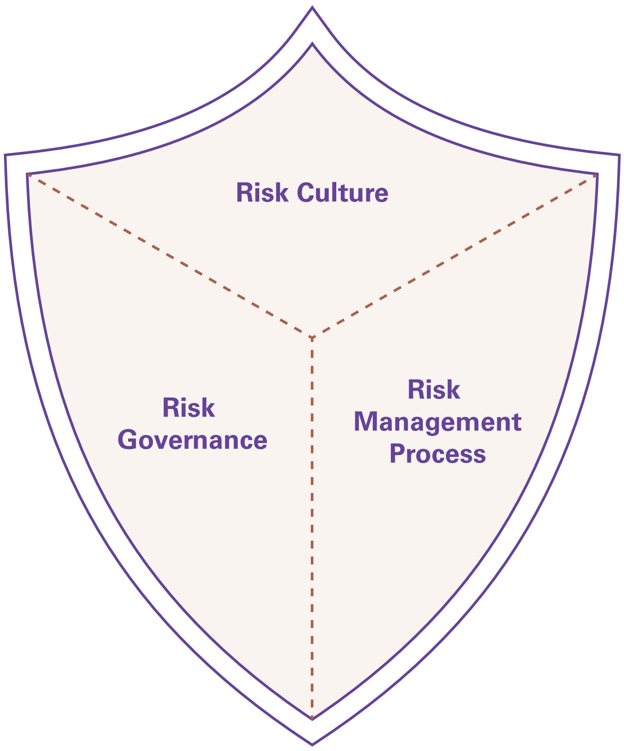
RISK MANAGEMENT

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

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

Enterprise Risk Management Framework

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



Risk Culture

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

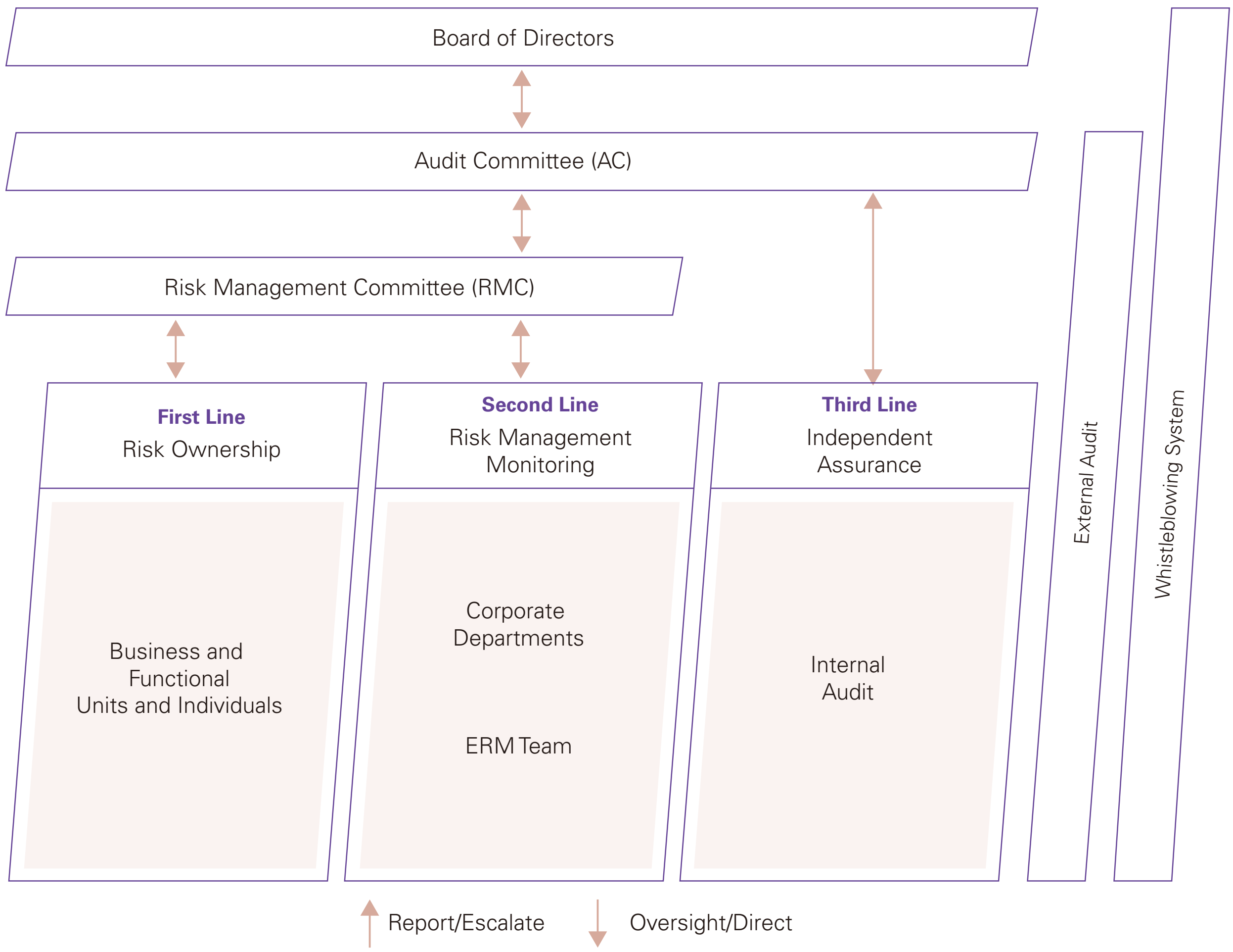
– Everyone is able to identify, understand, openly discuss and efficiently act on current and future risks

– Risks are efficiently and clearly communicated to the relevant stakeholders

– Policies, guidelines and rules are adhered to by everyone

Risk Governance Structure

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



Risk Oversight

Board of Directors

- Set forth proper risk management culture and risk appetite for the Group.
- Evaluate and determine the level of risk that the Group should take and monitor regularly.
- Set the strategic direction by putting forward strategies that are focusing on all key strategic, operational, technology, sustainability, financial, as well as political and regulatory risks, and such strategies should reflect and align with the Group's values and core business.
- Ensure that annual disclosure (including but not limited to ESG-related risks) is compliant with relevant regulations.
- Demonstrate openness, integrity, and accountability to stakeholders in the decision-making process.

Audit Committee

- Review the effectiveness of the Group's risk management system which identifies, assesses, monitors and reports risks.
- Evaluate and ensure that appropriate and effective business, operation and risk management and internal control systems are in place.
- Provide market insights and advices on enhancing the Group's business performance and risk management.
- Assess strategic risks and related reporting from respective risk owners.

Risk Management Committee

- Review ERM activities and the Group's risk profile, and ensure timely communication of both to the Audit Committee at least twice a year and to the Board of Directors where appropriate.
- Ensure a comprehensive approach to manage risks across the Group.
- Assess the ERM framework on a regular basis to ensure that it is fit for purpose with business, operational and regulatory requirements.
- Ensure that all key risks (including but not limited to strategic, operational, technology, sustainability, financial, as well as political and regulatory risks) are properly identified, managed and monitored.

First Line

Business and Functional Units and Individuals

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

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

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

Second Line

Corporate Departments

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

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

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

ERM Team

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

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

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

– Support the Group to proactively identify emerging risks.

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

– Facilitate the integration of ERM with strategy.

Third Line

Internal Audit

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

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

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

External Audit

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

Whistleblowing System

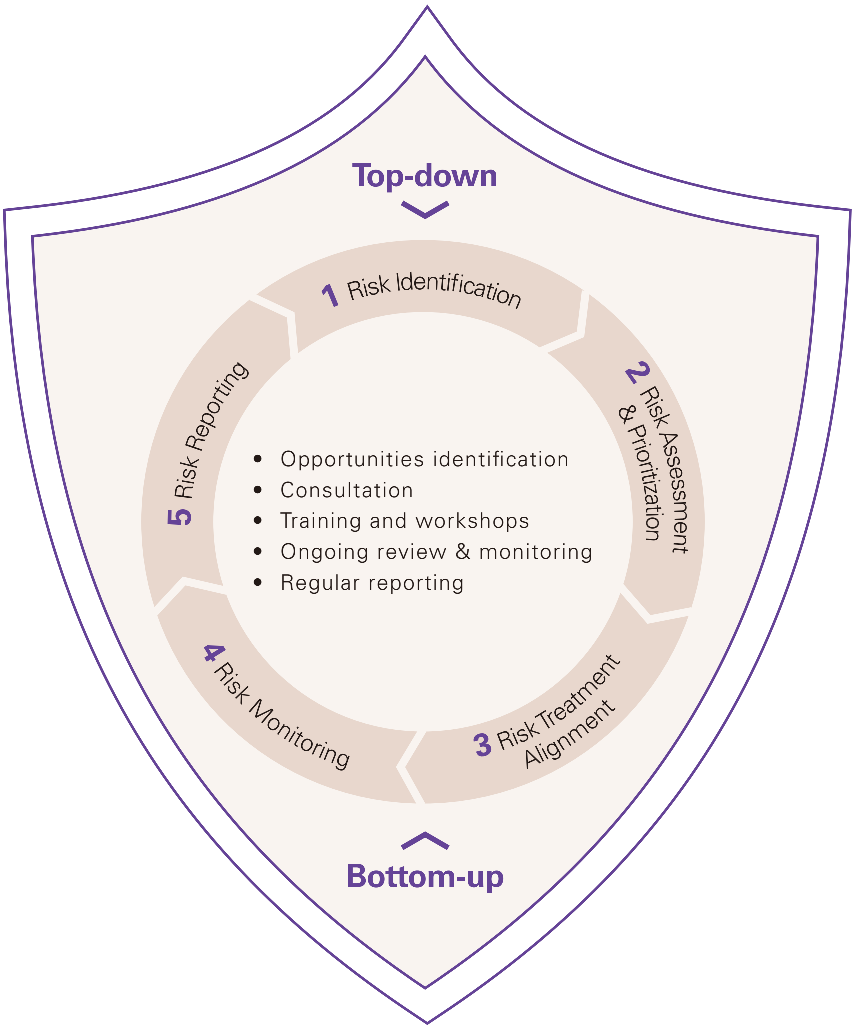
– Established for staff and other relevant parties to raise concerns including suspected fraud, malpractice, misconduct or irregularity cases. Every reported case will be handled in confidentiality and followed through in accordance with the Whistleblowing Policy and its related procedures.

Risk Management Process

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

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

The ERM process is illustrated in the diagram below.



Risk Identification

Our ERM process allows management to identify new and emerging risks, including medium – to long-term sustainability risks (such as climate risks). The interconnectivity of sustainability risks has also been taken into account, in which sustainability factors have been integrated in all key risk areas.

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

Risk Assessment and Prioritization

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

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

Risk Treatment

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

Risk Monitoring

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

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

Key Risk Indicator ("KRI")

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

Early Risk Flagging Mechanism

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

Risk Reporting

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

Key Risks of the Group

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

Risk Description	Key Risk Treatments
Macroeconomic Adverse changes in macroeconomic environment due to the uncertainties of local and global financial conditions.	• Closely monitor economic conditions and respond with suitable strategies • Identify opportunities for business collaboration and partnership to leverage the synergies within the New World Group ecosystem • Perform sensitivity assessment on potential impacts in relation to economic conditions

Risk Description	Key Risk Treatments
Competition Keen industry competition and the need to transform existing business models to cope with adverse changes in the environment and market.	• Regularly reinvent our brand concept to differentiate from competitors • Closely monitor the changes of market trends, and constantly enhance quality of products and services to strengthen our brand and market position • Utilize technology to enhance customer experience and to increase operational efficiency and effectiveness
Customer Change in customers' needs, wants and behaviour, impacting company's market share target and/or sale revenue target.	• Conduct market update to monitor consumer trends • Review and act on the Voice of the Customer (VoC) • Leverage New World Group ecosystem to increase customer lifetime value
Business Investment Return of investment in capital expenditure, assets, other companies or businesses, or long-term commitment.	• Emphasize the return on investment, and implement effective controls on cost and delivery timeline • Conduct due diligence by consultants and review by management • Post-deal monitoring and improvement
Change Readiness Response to the internal and external changes or implementation of change actions impacting the company's attractiveness to the stakeholders.	• Establish governance structure to assess and monitor the development and implementation processes of changes • Focus on translating the strategy into an aligned and easily communicated action plan, foster communication and collaboration across business units • Review and adjust the current organizational structure as needed to support strategic directions
Interest Rate and Inflation Fluctuation of interest rate impacting the future cost of business.	• Maintain an appropriate mix of fixed rate and floating rate debts • Enter into interest rate swaps to hedge against interest rate movements
Product and Service Safety and Quality Changing market landscape, current regulatory requirements, growing customer needs and our constant strive for excellence may have amplified the impacts of possible sub-optimal product and/or service safety and quality.	• Standard operating procedures along with training are available to promote an "Artisanal" and a sound safety culture across the Group and with contractors and sub-contractors • Regular project meetings across functions were held to monitor project quality and subsequent action plans • Supplier due diligence and site inspections are regularly conducted • Early risk flagging mechanisms in place to enable proactive approach on risk handling

Risk Description	Key Risk Treatments
Cyber Security Cyber-attacks on networks and systems that could cause business interruption.	• Purchase cyber-insurance covering all subsidiaries except those who have their own insurance policies • Perform regular assessment of the group cyber security posture, IT infrastructure and systems • Adopt the latest cutting-edge technologies to strengthen the monitoring and early detection of groups' network and systems from attacks • Collaboration with industry leading cyber security experts for formulating a bespoke sustainable defense system • Provide regular training to staff for enhancing their information security awareness
Climate Change Actions Climate change risks are embedded in our risk management process. Physical risks Increased severity and frequency of physical events (rainfall, sea-level rise, heat stress and wind), both acute and chronic resulting from climate change impact the value of our portfolio. Either through physical damage resulting in losses or replacement costs, or operational disruptions impacting revenue generating activities. Transition risks Financial impacts derived by markets shifting under the pressure presented by climate change. Includes costs associated with: • changes in market preferences, • the onboarding of new technologies, • responding to increased policy regulation, and • reputational shifts and investor sentiments.	• Adoption of TCFD recommendations and relevant disclosure requirements (including HKEX climate-related disclosure) • Continued to implement Climate Resilience Guideline to further incorporate climate resilience into assets • Engage both in-house expertise and external consultants to evaluate risks and quantify possible climate financial impacts • Adopt a consistent and practical assessment and prioritisation process to climate risks across the wider NWD portfolio • Implementation of site mitigation measures, including flood protection hardware e.g. flood gate • Sustainability Committee is responsible for overseeing the Group's sustainability risks and opportunities, including those presented by climate change • Climate change training workshops with latest updates on climate change and risk • Regular climate risk scenario analysis, review insurance coverage, update resilience plan and monitor accordingly For details of How NWD Identifies, Assesses and Manages Climate Risks, please refer to Annual Report, Corporate Sustainability Section – pages 48 to 91.
Environmental Protection and Decarbonisation Measures of environmental protection, energy efficiency and carbon reductions impacting company's operation cost and performance, and reducing impact on environment.	• Company policies are in place to minimise our adverse impact on the environment • Continually enhance energy efficiency and adopt use of technology to enhance energy management and lower consumption • Implement renewable energy systems where feasible • Launched Renewable Energy Roadmap to enhance adoption of renewables in businesses • Collaborate with upstream and downstream partners for supply chain decarbonisation • Conduct energy and waste audits in order to develop/revise the decarbonization roadmap

Risks including sustainability considerations

Review of Risk Management and Internal Control Systems Effectiveness

On behalf of the Board, the Audit Committee reviews the effectiveness of the Group's risk management and internal control systems at least half-yearly and for the financial year ended 30 June 2023.

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

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

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

COMPANY SECRETARY

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

CONSTITUTIONAL DOCUMENTS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

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

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting ("EGM")

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

Putting Forward Proposals at General Meetings

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

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

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

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

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

Proposing a Person for Election as Director

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

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

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

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

Enquiries to the Board

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

DIVIDEND POLICY

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

- Any restrictions under the Hong Kong Companies Ordinance;
- Any banking or other funding covenants by which the Company is bound from time to time;
- The capital expenditure and operating requirements of the Group; and
- The external economic and market situation.

COMMUNICATION WITH SHAREHOLDERS

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

The Company has reviewed its prevailing Shareholders' Communication Policy during the year under review, and believes the Shareholders' Communication Policy is still appropriate and effective.

INVESTOR RELATIONS

To ensure that the investors have a comprehensive and thorough understanding of the Group, with the establishment of timely and effective two-way communications, the management and the investor relations department of the Group participate in different international investment conferences and arrange local and overseas non-deal roadshows on a regular basis to elaborate the Group's business development and market movement to investors in different locations. During the year under review, the Group reaped over 30 domestic and international awards for investor relations, corporate governance and annual report in recognition of the management's efforts to maintain a high level of investor relations and corporate governance. For details, please refer to the "Investor Relations" section of this annual report.

Investor Relations

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

BOARD'S EMPHASIS ON INVESTOR RELATIONS

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

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

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

SWIFT, IMPARTIAL AND TIMELY DISCLOSURE OF INFORMATION

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

Garnered over
30 investor relations awards

Hosted over
40 non-deal roadshows and investors activities

Joined over
15 international investment forums

Engaged in over
400 online meetings and conference calls

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

MULTI-CHANNEL INVESTOR COMMUNICATION

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

During the year under review, as the pandemic came to an end, the investor relations team received numerous investors and analysts for on-site visit on the Group's projects located in key cities in the GBA and the YRD, including Hong Kong, Guangzhou, Shenzhen, Shanghai and others. The Group shared the Group's future development strategies and maintained close communication with everyone.

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

EXCEPTIONAL MARKET RECOGNITION

The Group has been enjoying longstanding market recognition for its outstanding performance in investor relations. During the year under review, the Group reaped over 30 domestic and international awards for investor relations, corporate governance and annual report in recognition of the management's efforts to maintain a high level of investor relations and corporate governance.

Corporate Information

BOARD OF DIRECTORS

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

Non-executive Directors
Mr. Doo Wai-Hoi, William BBS JP
(Non-executive Vice-chairman)
Mr. Cheng Kar-Shing, Peter
Mr. Cheng Chi-Heng
Mr. Cheng Chi-Ming, Brian

Independent Non-executive Directors
Mr. Lee Luen-Wai, John BBS JP
Mr. Ip Yuk-Keung, Albert
Mr. Chan Johnson Ow
Mrs. Law Fan Chiu-Fun, Fanny GBM GBS JP
Ms. Lo Wing-Sze, Anthea BBS JP
Ms. Wong Yeung-Fong, Fonia

COMPANY SECRETARY

Mr. Wong Man-Hoi

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

SOLICITORS

Woo, Kwan, Lee & Lo
Simmons & Simmons
Mayer Brown
Kao, Lee & Yip
Howse Williams
Dentons Hong Kong LLP

SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

PRINCIPAL BANKERS

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

STOCK CODE

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

INFORMATION FOR INVESTORS

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

WEBSITE

www.nwd.com.hk

Report of the Directors

The Directors have pleasure in presenting their annual report and financial statements for the year ended 30 June 2023.

GROUP ACTIVITIES

The principal activities of the Company remain investment holding and property development and investment. The principal activities of the principal subsidiaries, joint ventures and associated companies are shown in notes 52, 53 and 54 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 30 June 2023 are set out in the consolidated income statement on page 162 of this annual report.

The Directors have resolved to recommend a final cash dividend for the year ended 30 June 2023 of HK$0.30 per share (2022: HK$1.50 per share) to shareholders whose names appear on the register of members of the Company on 24 November 2023. Together with the interim dividend of HK$0.46 per share (2022: HK$0.56 per share), the total dividend for the financial year ended 30 June 2023 is HK$0.76 per share (2022: HK$2.06 per share).

Subject to the passing of the relevant resolution at the annual general meeting of the Company (the "2023 AGM") to be held on 21 November 2023, it is expected that the proposed final dividend will be distributed to shareholders on or about 20 December 2023.

In addition to the final cash dividend, the Directors have also declared a conditional special cash dividend in the amount of HK$1.59 per share to the shareholders whose names appear on the register of members of the Company on 24 November 2023 (the "Conditional Special Dividend"). Payment of the Conditional Special Dividend is conditional upon completion of the Disposal (as defined below in the section headed "Major Acquisitions and Disposals"), which in turn is conditional upon, among other things, the passing of an ordinary resolution by the independent shareholders of the Company at an extraordinary general meeting of the Company to be convened (the "EGM").

If the ordinary resolution approving the Disposal is not passed by the independent shareholders of the Company at the EGM or if completion of the Disposal does not take place for any reason, the Conditional Special Dividend will not be paid to the shareholders. Shareholders and holders of other securities of and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

The Conditional Special Dividend (if made) is expected to be distributed to the shareholders on the same day as the distribution of the aforesaid final cash dividend, which will be on or about 20 December 2023.

BUSINESS REVIEW

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

SHARES ISSUED

During the year, there were no movement in issued share capital of the Company.

Details of the shares issued during the year are set out in note 37 to the financial statements.

DEBENTURES ISSUED

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

1. On 16 December 2022, Celestial Miles Limited, an indirect wholly-owned subsidiary of NWS Holdings Limited ("NWSH"), issued U.S.$268.2 million (equivalent to approximately HK$2,092.0 million) Guaranteed Senior Perpetual Capital Securities at the price of 100.000% of the principal amount. The gross proceeds of the capital securities of US$268.2 million (equivalent to approximately HK$2,092.0 million) and net proceeds of US$265.7 million (equivalent to approximately HK$2,072.5 million) are for partial repurchase of perpetual capital securities of NWSH and its subsidiaries (the "NWSH Group").

2. On 11 April 2023, Guangzhou Xinsui Tourism Centre Ltd., the Company's indirect wholly-owned subsidiary, established the Zhongjin-New World Yunmen Commercial Asset-Backed Scheme due March 2035, under which senior asset-backed securities in the principal amount of RMB1,000.0 million (equivalent to approximately HK$1,081.0 million) and subordinated asset-backed securities in the principal amount of RMB1.0 million (equivalent to HK$1.1 million) were issued. The senior asset-backed securities with interest rate of 3.500% per annum were subscribed by qualified investors and are listed on the Shenzhen Stock Exchange. The subordinated asset-backed securities were subscribed by New World China Land Investments Company Limited ("NWCLI"), the Company's indirect wholly-owned subsidiary. The issuance of the senior asset-backed securities was secured by several undertakings provided by NWCLI, and the Company in turn provided guarantee in respect of these undertakings. The net proceeds, after deducting the expenses in connection with the issuance of the asset-backed securities, amount to approximately RMB996.9 million (equivalent to HK$1,077.0 million).

3. On 29 May 2023, NWSH completed the issue of RMB1.5 billion (equivalent to approximately HK$1.6 billion) in aggregate principal amount of 3.900% 2023 Medium-term Notes Series 1 (Bond Connect) (the "Notes") with a maturity date of 29 May 2026 in the PRC at the issue price of 100.000% of the principal amount. The Notes were registered with the National Association of Financial Market Institutional Investors in the PRC. The gross proceeds of the Notes of RMB1,500.0 million (equivalent to approximately HK$1,685.4 million) and net proceeds of RMB1,489.9 million (equivalent to approximately HK$1,674.1 million) are for repayment of bank loans of the NWSH Group.

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

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as set out on pages 133 and 134, no equity-linked agreements were entered into by the Company, or existed during the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 June 2023, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$23,143.4 million (2022: HK$23,043.7 million).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 295 and 296.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2023, around 28,000 staff were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Certain non-listed subsidiaries which are not principal subsidiaries (as defined under Rule 17.14 of the Listing Rules) of the Company have share award schemes under which certain employees may be awarded shares of the respective subsidiaries. Under the share option schemes of the Company and its listed subsidiaries namely, NWSH and New World Department Store China Limited ("NWDS") which are not principal subsidiaries (as defined under Rule 17.14 of the Listing Rules) of the Company, share options may be granted to certain directors and employees of the Group to subscribe for shares in the Company and/or NWSH and/or NWDS.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

New World Capital Finance Limited (a wholly-owned subsidiary of the Company) redeemed HK$505,000,000 5.000% guaranteed notes due 2022 at principal amount upon maturity on 5 September 2022.

NWD (MTN) Limited (a wholly-owned subsidiary of the Company) redeemed US$820,647,000 (equivalent to approximately HK$6,401,046,600) 4.375% guaranteed notes due 2022 (stock code: 5582) at principal amount upon maturity on 30 November 2022. US$129,353,000 (equivalent to approximately HK$1,008,953,400) in aggregate principal amount of the said notes were redeemed previously in June 2022.

NWSH and Celestial Dynasty Limited (a wholly-owned subsidiary of NWSH) together as the offerors (the "CDL Offerors") launched a tender offer ("CDL Tender Offer") to purchase for cash the US$650,000,000 (equivalent to approximately HK$5,070,000,000) 4.250% guaranteed senior notes due 2029 issued by Celestial Dynasty Limited and unconditionally and irrevocably guaranteed by NWSH (stock code: 5594) (the "CDL Notes") at a price of 86.500% of the principal amount on 5 December 2022. Upon settlement of the CDL Tender Offer, US$92,301,000 (equivalent to approximately HK$719,947,800) in aggregate principal amount of the CDL Notes were purchased and redeemed by the CDL Offerors on 20 December 2022 and cancelled pursuant to the terms and conditions of the CDL Notes. US$243,649,000 (equivalent to approximately HK$1,900,462,200) in aggregate principal amount of the CDL Notes remains outstanding as at 30 June 2023.

NWSH and Celestial Miles Limited (a wholly-owned subsidiary of NWSH) together as the offerors (the "CML Offerors") launched a tender offer ("CML Tender Offer") to purchase for cash the US$1,300,000,000 (equivalent to approximately HK$10,140,000,000) 5.750% guaranteed senior perpetual capital securities issued by Celestial Miles Limited and unconditionally and irrevocably guaranteed by NWSH (stock code: 5706) (the "CML Securities") at a price of 95.500% of the principal amount on 5 December 2022. Upon settlement of the CML Tender Offer, US$280,856,000 (equivalent to approximately HK$2,190,676,800) in aggregate principal amount of the CML Securities were purchased and redeemed by the CML Offerors on 20 December 2022 and cancelled pursuant to the terms and conditions of the CML Securities. US$1,019,144,000 (equivalent to approximately HK$7,949,323,200) in aggregate principal amount of the CML Securities remains outstanding as at 30 June 2023.

The Company as the offeror launched a tender offer (the "Offer") to purchase for cash the US$600,000,000 (equivalent to approximately HK$4,680,000,000) 4.500% guaranteed notes due 2030 (stock code: 40223) (the "2030 Notes") and the US$200,000,000 (equivalent to approximately HK$1,560,000,000) 3.750% guaranteed sustainability-linked notes due 2031 (stock code: 40534) (the "2031 Notes"), each issued by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Company at a price of 81.400% and 77.000% of the principal amount respectively on 5 December 2022. Upon settlement of the Offer, US$37,183,000 (equivalent to approximately HK$290,027,400) in aggregate principal amount of the 2030 Notes and US$72,165,000 (equivalent to approximately HK$562,887,000) in aggregate principal amount of the 2031 Notes were purchased and redeemed by the Company on 20 December 2022 and cancelled pursuant to the terms and conditions of the respective notes. US$562,817,000 (equivalent to approximately HK$4,389,972,600) in aggregate principal amount of the 2030 Notes and US$127,835,000 (equivalent to approximately HK$997,113,000) in aggregate principal amount of the 2031 Notes remain outstanding as at 30 June 2023.

FTL Capital Limited (an indirect wholly-owned subsidiary of NWSH) redeemed in full the US$250,000,000 (equivalent to approximately HK$1,950,000,000) 4.125% notes due 2023 at principal amount upon maturity on 25 April 2023.

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

DONATIONS

The Group made charitable and other donations during the year of HK$289.1 million (2022: HK$89.0 million).

MAJOR ACQUISITIONS AND DISPOSALS

1. On 26 April 2022, the NWSH Group entered into a conditional sale and purchase agreement with Logan Transport Group Co., Ltd* and its subsidiary, which was superseded by a new conditional sale and purchase agreement on 5 September 2022, pursuant to which the NWSH Group agreed to acquire 40.0% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd* (which wholly owns the concession right to operate Guiwu Expressway) and related creditor's right and dividend receivable at the total consideration of RMB1,902.4 million (equivalent to approximately HK$2,137.5 million). Completion of the acquisition took place in November 2022 and the NWSH Group accounted for its 40.0% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd as a joint venture since then.

2. On 14 May 2022, Glorious Hope Limited, an indirect wholly-owned subsidiary of the NWSH Group, entered into share purchase agreements with Goodman Developments Asia, Goodman China Logistics Holding Limited and GCLP Core HoldCo (as the case may be) pursuant to which the NWSH Group agreed to acquire the entire equity interests in and shareholders' loan owed by certain target companies, which own the entire interest in a portfolio of six premium logistics real estate properties in Chengdu and Wuhan, at the aggregate consideration of RMB2,290.0 million (equivalent to approximately HK$2,663.0 million), subject to adjustments. Completion of the acquisitions of five logistics properties took place in the year ended 30 June 2022 while the completion of the acquisition of the sixth logistics property took place in January 2023.

3. On 16 May 2022, Goshawk Aviation Limited ("Goshawk"), a joint venture whose equity interest is held as to 50.0% indirectly by NWSH, entered into a main transaction agreement with SMBC Aviation Capital Limited ("SMBC") pursuant to which Goshawk agreed to dispose of its substantially all of the commercial aircraft leasing platform to SMBC via the sale of entire equity interest in Goshawk Management Limited ("GML") (the main wholly-owned operating subsidiary of Goshawk) together with all assets, liabilities and contracts held by Goshawk which relate to the commercial aircraft leasing business operated by entities held or controlled by GML, except for entities which own six aircraft associated with Russian lessees. 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 (equivalent to approximately HK$12.5 billion) (the NWSH Group's attributable portion: US$0.8 billion (equivalent to approximately HK$6.2 billion)).

4. On 1 December 2022, the NWSH Group entered into an equity transfer agreement with Huayu Expressway Group Limited and its related parties, pursuant to which the NWSH Group agreed to acquire 60.0% equity interest in Hunan Daoyue Expressway Industry Co., Ltd*. (a 40.0% indirect associated company of NWSH and which is principally engaged in the management and operation of Hunan Sui-Yue Expressway) at a consideration of RMB523.1 million (equivalent to approximately HK$587.7 million) (after adjustment). Completion of this acquisition took place in April 2023 and Hunan Daoyue Expressway Industry Co., Ltd was accounted for as an indirectly wholly-owned subsidiary of NWSH since then.

5. On 28 April 2023, New World Engineering Group Limited (the "Vendor", a direct wholly-owned subsidiary of the Company), Hip Seng Holdings Company Limited (the "Purchaser", a direct wholly-owned company of Mr. Choy Hon-Ping ("Mr. Choy")) and Mr. Choy as the guarantor entered into a conditional sale and purchase agreement (the "SP Agreement") in respect of the sale of the Hip Seng Group (being Hip Seng Construction Group Limited (the "Target Company"), its subsidiaries and its joint venture) by the Vendor to the Purchaser through the sale of the entire issued share capital of the Target Company on and subject to the terms and conditions contained in the SP Agreement at the total consideration of approximately HK$29.9 million (the "Hip Seng Disposal"). Completion of the Hip Seng Disposal took place on 30 June 2023 and the Hip Seng Group became wholly-owned by the Purchaser and the Company ceased to have any equity interest in the Hip Seng Group.

6. On 26 June 2023, Century Acquisition Limited (a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited) as the offeror announced to make a conditional voluntary general cash offer to acquire all the issued shares of NWSH not already beneficially owned by Chow Tai Fook (Holding) Limited and its subsidiaries (the "NWS Offer Shares") at an offer price of HK$9.15 per NWS Offer Share (the "NWS Share Offer") subject to the satisfaction or waiver (where applicable) of certain pre-conditions. The NWS Share Offer is also subject to, amongst others, the condition that the Group will dispose of all its shares in NWSH by accepting the NWS Share Offer (the "Disposal"). As at the date of this report, the Group holds approximately 60.87% of the issued shares of NWSH and the approval of the Disposal by the independent shareholders of the Company has yet to be obtained.

* *For identification purposes only*

CONNECTED TRANSACTIONS

Connected transactions of the Company during the year and up to the date of this report are set out on pages 136 to 141.

RULES 13.20 AND 13.22 OF THE LISTING RULES

The disclosure pursuant to Rules 13.20 and 13.22 of the Listing Rules is set out on page 147.

DIRECTORS

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

Executive Directors	
Dr. Cheng Kar-Shun, Henry *GBM GBS (Chairman)*	
Dr. Cheng Chi-Kong, Adrian *SBS JP (Executive Vice-chairman & Chief Executive Officer)*	
Ms. Cheng Chi-Man, Sonia	
Mr. Sitt Nam-Hoi	
Ms. Huang Shaomei, Echo	
Ms. Chiu Wai-Han, Jenny	
Mr. Ma Siu-Cheung *GBS JP*	(appointed on 1 July 2022)
Non-executive Directors	
Mr. Doo Wai-Hoi, William *BBS JP (Non-executive Vice-chairman)*	
Mr. Cheng Kar-Shing, Peter	
Mr. Cheng Chi-Heng	(re-designated on 1 December 2022)
Mr. Cheng Chi-Ming, Brian	(appointed on 1 December 2022)
Independent Non-executive Directors	
Mr. Yeung Ping-Leung, Howard	(retired on 1 December 2022)
Mr. Ho Hau-Hay, Hamilton	(retired on 1 December 2022)
Mr. Lee Luen-Wai, John *BBS JP*	
Mr. Liang Cheung-Biu, Thomas	(retired on 22 November 2022)
Mr. Ip Yuk-Keung, Albert	
Mr. Chan Johnson Ow	
Mrs. Law Fan Chiu-Fun, Fanny *GBM GBS JP*	(appointed on 1 December 2022)
Ms. Lo Wing-Sze, Anthea *BBS JP*	(appointed on 1 December 2022)
Ms. Wong Yeung-Fong, Fonia	(appointed on 1 December 2022)

Mr. Liang Cheung-Biu, Thomas, Mr. Yeung Ping-Leung, Howard and Mr. Ho Hau-Hay, Hamilton resigned as Director on 22 November 2022, 1 December 2022 and 1 December 2022 respectively. Each of them had confirmed that he has no disagreement with the Board and there are no matters in respect of his retirement that needs to be brought to the attention of the shareholders of the Company.

In accordance with Article 103(A) of the Company's Articles of Association, Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Heng, Mr. Sitt Nam-Hoi, Mr. Ip Yuk-Keung, Albert, Ms. Huang Shaomei, Echo and Ms. Chiu Wai-Han, Jenny will retire by rotation at the 2023 AGM and, being eligible, will offer themselves for re-election.

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

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

AUDIT COMMITTEE

An Audit Committee has been established and the members of the Committee as at the date of this report are Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow and Ms. Lo Wing-Sze, Anthea. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and risk management (including but not limited to business, operation as well as environmental, social and governance related risks) and internal control systems.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" on pages 136 to 141 of this annual report and contracts amongst group companies, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company and the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, interests of the Directors in shares, underlying shares and debentures of the Company and its associated corporations which were recorded in the register to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") are set out on pages 142 to 146.

PERMITTED INDEMNITY PROVISION

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONTINUED)

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONTINUED)

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

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

MANAGEMENT CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the share option schemes of the Company and its listed subsidiaries, namely NWSH and NWDS, which are not principal subsidiaries (as defined under Rule 17.14 of the Listing Rules) of the Company, certain Directors may be granted share options to subscribe for shares in the Company and/or NWSH and/or NWDS. Directors' interests in the share options granted by the Company and NWSH are disclosed under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures" in this report. No share option was granted by NWDS to the Directors since adoption of its share option scheme during the year. Other than such share option schemes, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME OF THE COMPANY

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

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

	The Scheme
Purpose of the Scheme	To reward directors and employees of the Group for past service or performance, to provide incentive, motivation or reward to eligible participants for increasing performance or making contribution to the Group, to attract and retain persons of right caliber with the necessary experience to work for or make contribution to the Group, to foster a sense of corporate identity and to allow the eligible participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the Scheme	Eligible participant may be a person or an entity belonging to any of the following classes: (i) any eligible employee (including directors) of the Group or any invested entity of the Group (the "Invested Entity"); (ii) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.
Total number of shares available for issue under the Scheme and percentage of issued shares it represents as at the date of this annual report	The Company had granted share options to subscribe for 34,812,500 shares of the Company under the Scheme up to the date of this report. The total number of shares available for issue under the Scheme is 226,834,911 representing approximately 9.01% of the Company's total number of issued shares as at the date of this report.

SHARE OPTION SCHEME OF THE COMPANY (CONTINUED)

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

The number of options available for grant under the Scheme mandate as at 1 July 2022 and 30 June 2023 is 214,841,911 and 226,834,911 respectively.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2023, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

	Number of shares held			
Name	**Beneficial interests**	**Corporate interests**	**Total**	**Approximate % of shareholding as at 30 June 2023**
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")[(1)]	—	**1,138,428,609**	**1,138,428,609**	**45.24**
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")[(2)]	—	**1,138,428,609**	**1,138,428,609**	**45.24**
Chow Tai Fook Capital Limited ("CTFC")[(3)]	—	**1,138,428,609**	**1,138,428,609**	**45.24**
Chow Tai Fook (Holding) Limited ("CTFHL")[(4)]	—	**1,138,428,609**	**1,138,428,609**	**45.24**
Chow Tai Fook Enterprises Limited ("CTF")[(5)]	**1,035,392,823**	**103,035,786**	**1,138,428,609**	**45.24**

Notes:

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

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

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

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

(5) CTF together with its subsidiaries.

OTHER PERSON'S INTERESTS IN SECURITIES

As at 30 June 2023, the interests or short positions of persons (other than Directors or chief executive or substantial shareholders (as defined in the Listing Rules) of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding as at 30 June 2023
BlackRock, Inc.	Interest of controlled corporation	**177,767,063**	**177,767,063**[(1)]	**7.06**

Short positions in shares

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding as at 30 June 2023
BlackRock, Inc.	Interest of controlled corporation	**380,000**	**380,000**[(2)]	**0.02**

Notes:

(1) The interests included interest in 4,186,000 underlying shares through its holding of certain cash settled unlisted derivatives.

(2) The interests included interest in 244,000 underlying shares through its holding of certain cash settled unlisted derivatives.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2023.

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITOR

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

On Behalf of the Board

Dr. Cheng Kar-Shun, Henry
Chairman
Hong Kong, China, 29 September 2023

CONNECTED TRANSACTIONS

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

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

For the year ended 30 June 2023, the aggregate amount of the transactions under the Master Concessionaire Counter Agreement amounted to approximately RMB31.2 million (equivalent to approximately HK$35.3 million), which is within the annual cap of RMB102.0 million (equivalent to approximately HK$115.3 million).

In anticipation of the expiry of its third renewed term on 30 June 2023, NWDS and CTFJ agreed to further renew the Master Concessionaire Counter Agreement for further three years commencing from 1 July 2023 up to and including 30 June 2026. Details of the fourth renewal of the Master Concessionaire Counter Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

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

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

For the year ended 30 June 2023, the aggregate amount of the transactions under the Mr. Doo MSA amounted to approximately HK$3,043.0 million, which is within the annual cap of HK$7,210.5 million.

CONNECTED TRANSACTIONS (CONTINUED)

(2) (CONTINUED)

On 28 April 2023, the Company and Mr. Doo entered into a new master services agreement (the "New Mr. Doo MSA") for a term of three years commencing from 1 July 2023 up to and including 30 June 2026 in respect of the provision of the contracting services, cleaning and landscaping services, facility management services, insurance, medical and health care services, property management services, security, guarding and event servicing services, rental and procurement services between members of the Group and members of the new Services Group (being (1) Mr. Doo and his immediate family members (as defined under the Listing Rules) and (2) any company in the equity capital of which Mr. Doo and/or his immediate family member(s) (individually or together) is/are or will be directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary) and agreed to terminate the Mr. Doo MSA on the commencement date of the New Mr. Doo MSA. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The New Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2026 were disclosed in the announcement of the Company dated 28 April 2023 and were approved by the independent shareholders of the Company on 27 June 2023.

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

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

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

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

For the year ended 30 June 2023, under the CTF MSA as supplemented by the Supplemental Agreement, (a) the aggregate amount of CTFE Services provided by members of the Group to members of the CTFE Services Group amounted to approximately HK$736.0 million, which is within the revised annual cap of HK$814.2 million; and (b) the aggregate amount of CTFE Services provided by members of the CTFE Services Group to members of the Group amounted to approximately HK$932.2 million, which is within the revised annual cap of HK$1,164.7 million.

CONNECTED TRANSACTIONS (CONTINUED)

(3) (CONTINUED)

On 28 April 2023, the Company and CTF entered into a new master services agreement (the "New CTF MSA") for a term of three years commencing from 1 July 2023 up to and including 30 June 2026 in respect of the provision of all the aforesaid services, and agreed to terminate the CTF MSA (as supplemented by the Supplemental Agreement) on the commencement date of the New CTF MSA. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the New CTF MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). Details of the New CTF MSA and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

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

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

For the year ended 30 June 2023, the aggregate amount of the transactions under the Master Leasing and Licensing Agreement amounted to approximately HK$78.0 million, which is within the annual cap of HK$166.3 million.

In anticipation of the expiry of its initial term on 30 June 2023, the Company and CTFJ agreed to renew the Master Leasing and Licensing Agreement for a further term of three years commencing from 1 July 2023 up to and including 30 June 2026. Details of the renewal of the Master Leasing and Licensing Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

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

CONNECTED TRANSACTIONS (CONTINUED)

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

The annual caps for the transactions under the Master Hotel Management Services Agreement were renewed for the three financial years ending 30 June 2023 as set out in the announcement of the Company dated 8 May 2020.

For the year ended 30 June 2023, the aggregate amount of the transactions under the Master Hotel Management Services Agreement amounted to approximately HK$180.5 million, which is within the annual cap of HK$313.8 million.

In anticipation of the expiry of the annual caps for the transactions under the Master Hotel Management Services Agreement on 30 June 2023, the Board has determined new annual caps for the three financial years ending 30 June 2026 as set out in the announcement of the Company dated 28 April 2023.

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

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

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

The annual caps for the transactions under the Master Hotel Leasing Agreement for the three financial years ending 30 June 2023 were determined by the Board and set out in the announcement of the Company dated 8 May 2020.

For the year ended 30 June 2023, the aggregate amount of the transactions under the Master Hotel Leasing Agreement amounted to approximately HK$236.5 million, which is within the annual cap of HK$367.2 million.

In anticipation of the expiry of the annual caps for the transactions under the Master Hotel Leasing Agreement on 30 June 2023, the Board has determined new annual caps for the three financial years ending 30 June 2026 as set out in the announcement of the Company dated 28 April 2023.

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

CONNECTED TRANSACTIONS (CONTINUED)

(7) On 28 April 2023, New World Engineering Group Limited (the "Vendor", a direct wholly-owned subsidiary of the Company), Hip Seng Holdings Company Limited (the "Purchaser", a direct wholly-owned company of Mr. Choy Hon-Ping ("Mr. Choy")) and Mr. Choy as the guarantor entered into a conditional sale and purchase agreement (the "SP Agreement") pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase entire issued share capital of Hip Seng Construction Group Limited (the "Target Company") on and subject to the terms and conditions contained in the SP Agreement at the total consideration (the "Consideration") of approximately HK$29.9 million (the "Hip Seng Disposal").

The Consideration shall be paid by the Purchaser in three installments as follows:

(i) approximately HK$8.9 million as the first installment on the Completion Date (as defined in the SP Agreement);

(ii) approximately HK$10.5 million on the date of the first anniversary of the Completion Date, together with the simple interest accrued on the outstanding amount of the Consideration from the Completion Date until the date of payment of this second installment (including the relevant interest) at the HK$ prime lending rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time (the "Prime Rate") as at the date of this payment (both days excluded); and

(iii) the remaining approximately HK$10.5 million on the date of the second anniversary of the Completion Date, together with the simple interest accrued on the outstanding amount of the Consideration from the date of payment of the second installment (including the relevant interest) as set out in (b) above until the date of payment of this third and last installment (including the relevant interest) at the Prime Rate as at the date of this payment (both days excluded).

The Target Company, its subsidiaries and its joint venture (the "Hip Seng Group") are principally engaged in the provision of building construction services, specialising in providing general contracting and construction management services in Hong Kong.

Details of the Hip Seng Disposal were disclosed in the announcement of the Company dated 28 April 2023. Completion of the Hip Seng Disposal took place on 30 June 2023 and thereafter, the Hip Seng Group became wholly-owned by the Purchaser and the Company ceased to have any equity interest in the Hip Seng Group.

In light of the Hip Seng Disposal, the existing and future transactions between members of the Group and members of the Construction Services Group (being (1) the Hip Seng Group; (2) Mr. Choy; (3) the immediate family members (as defined under the Listing Rules) of Mr. Choy; and (4) any company in the equity capital of which Mr. Choy and/or his immediate family member(s) (individually or together) is/are or will be directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary) in respect of the provision of the construction services by the Construction Services Group to the Group, on 28 April 2023, the Company and Mr. Choy entered into a master construction services agreement (the "Master Construction Services Agreement") for a term of three years commencing from 1 July 2023 up to and including 30 June 2026. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Construction Services Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The Master Construction Services Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were disclosed in the announcement of the Company dated 28 April 2023 and were approved by the independent shareholders of the Company on 27 June 2023.

Mr. Choy is a director of the Target Company and certain members of the Hip Seng Group, as well as a director of certain other subsidiaries of the Group. The Purchaser is a direct wholly-owned company of Mr. Choy. Accordingly, Mr. Choy and the Purchaser are connected persons of the Company and the entering into of the SP Agreement and the transactions contemplated under the Master Construction Services Agreement constitute a connected transaction and continuing connected transactions respectively for the Company under the Listing Rules.

CONNECTED TRANSACTIONS (CONTINUED)

(8) On 26 June 2023, Century Acquisition Limited (a wholly-owned subsidiary of CTF) as the offeror announced their intention to make a conditional voluntary general cash offer to acquire all the issued shares of NWSH not already beneficially owned by Chow Tai Fook (Holding) Limited and its subsidiaries (the "NWS Offer Share") at an offer price of HK$9.15 per NWS Offer Share (the "NWS Share Offer") and to cancel all the outstanding share options of NWSH (collectively the "NWS Offers"), subject to the satisfaction or waiver (where applicable) of certain pre-conditions.

As at the date of this report, the Group holds 2,380,495,938 shares in NWSH (representing approximately 60.87% of the total issued shares of NWSH) and the NWS Offers are subject, amongst others, to the condition that the Group will accept the NWS Share Offer in respect of all of its shares in NWSH, which will result in the disposal of such NWSH shares by the Group (the "Disposal"). As CTF is a substantial shareholder and hence a connected person of the Company, the Disposal, if it proceeds, will constitute a connection transaction for the Company under Chapter 14A of the Listing Rules. The Disposal will also constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

Details of the NWS Offers and the Disposal were disclosed in the joint announcement of the Offeror, CTF, the Company and NWSH dated 26 June 2023.

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

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

(ii) on normal commercial terms or better; and

(iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

Save as disclosed above, a summary of significant related party transactions that did not constitute connected transactions made during the year was disclosed in note 50 to the financial statements.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests of the Directors in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO were as follows:

(A) Long positions in shares

	Number of shares				Approximate % of shareholding as at 30 June 2023
	Personal interests	**Spouse interests**	**Corporate interests**	**Total**	
New World Development Company Limited					
(Ordinary shares)					
Dr. Cheng Kar-Shun, Henry	**5,168,909**	—	—	**5,168,909**	**0.21**
Dr. Cheng Chi-Kong, Adrian	**2,559,118**	—	—	**2,559,118**	**0.10**
Mr. Cheng Kar-Shing, Peter	**213,444**	**141,641**(1)	—	**355,085**	**0.01**
Mr. Cheng Chi-Heng	**133,444**	—	—	**133,444**	**0.01**
Ms. Cheng Chi-Man, Sonia	**825,672**	—	—	**825,672**	**0.03**
Ms. Chiu Wai-Han, Jenny	**29,899**	—	—	**29,899**	**0.00**
New World Department Store China Limited					
(Ordinary shares of HK$0.10 each)					
Ms. Cheng Chi-Man, Sonia	**92,000**	—	—	**92,000**	**0.01**
NWS Holdings Limited					
(Ordinary shares of HK$1.00 each)					
Dr. Cheng Kar-Shun, Henry	**18,349,571**	—	**12,000,000**(2)	**30,349,571**	**0.78**
Mr. Doo Wai-Hoi, William	—	**5,800,000**	—	**5,800,000**	**0.15**
Mr. Cheng Kar-Shing, Peter	**656,870**	**774,000**(1)	**6,463,227**(3)	**7,894,097**	**0.18**
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	**9,500,500**(4)	**9,500,500**	**50.00**

Notes:

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

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

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

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

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

(B) Long positions in underlying shares – share options

During the year ended 30 June 2023, certain Directors have interests in share options to subscribe for shares in the Company and one of its listed subsidiaries, namely NWSH which is not a principal subsidiary (as defined under Rule 17.14 of the Listing Rules) of the Company. Details of such interests and movement of share options granted by the Company and NWSH under their respective share option schemes are shown below.

(1) Long positions in underlying shares of the Company – share options

Share options granted to Directors

			Number of share options					
Name	**Date of grant**	**Exercisable period** (Note)	**Balance as at 1 July 2022**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Balance as at 30 June 2023**	**Exercise price per share HK$**
Mr. Sitt Nam-Hoi	6 July 2018	(1)	**150,000**	**–**	**–**	**(150,000)**	**–**	**44.160**
Mr. Ip Yuk-Keung, Albert	6 July 2018	(1)	**150,000**	**–**	**–**	**(150,000)**	**–**	**44.160**
Ms. Huang Shaomei, Echo	6 July 2018	(2)	**37,500**	**–**	**–**	**(37,500)**	**–**	**44.160**
Ms. Chiu Wai-Han, Jenny	6 July 2018	(1)	**75,000**	**–**	**–**	**(75,000)**	**–**	**44.160**
			412,500	**–**	**–**	**(412,500)**	**–**	

Notes:

(1) Details of the vesting schedule are as follows:

(i) 25% of the share options were vested on 6 July 2018 and are exercisable from 6 July 2018 to 5 July 2022;

(ii) 25% of the share options were vested on 6 July 2019 and are exercisable from 6 July 2019 to 5 July 2022;

(iii) 25% of the share options were vested on 6 July 2020 and are exercisable from 6 July 2020 to 5 July 2022; and

(iv) 25% of the share options were vested on 6 July 2021 and are exercisable from 6 July 2021 to 5 July 2022.

(2) Divided into 2 tranches which were vested on 6 July 2020 and 6 July 2021 respectively and are exercisable from 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

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

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

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

(1) Long positions in underlying shares of the Company – share options (continued)

Share options granted to other eligible employees

Date of grant	Exercisable period (Note)	Number of share options: Balance as at 1 July 2022	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 30 June 2023	Exercise price per share HK$
6 July 2018	(1)	**4,549,250**	**–**	**–**	**(4,549,250)**	**–**	**44.160**
22 May 2019	(2)	**7,031,250**	**–**	**–**	**(7,031,250)**	**–**	**49.376**
		11,580,500	**–**	**–**	**(11,580,500)**	**–**	

Notes:

(1) Details of the vesting schedule are as follows:

(i) 25% of the share options were vested on 6 July 2018 and are exercisable from 6 July 2018 to 5 July 2022;

(ii) 25% of the share options were vested on 6 July 2019 and are exercisable from 6 July 2019 to 5 July 2022;

(iii) 25% of the share options were vested on 6 July 2020 and are exercisable from 6 July 2020 to 5 July 2022; and

(iv) 25% of the share options were vested on 6 July 2021 and are exercisable from 6 July 2021 to 5 July 2022.

(2) Details of the vesting schedule are as follows:

(i) 25% of the share options were vested on 22 May 2019 and are exercisable from 22 May 2019 to 21 May 2023;

(ii) 25% of the share options were vested on 22 May 2020 and are exercisable from 22 May 2020 to 21 May 2023;

(iii) 25% of the share options were vested on 22 May 2021 and are exercisable from 22 May 2021 to 21 May 2023; and

(iv) 25% of the share options were vested on 22 May 2022 and are exercisable from 22 May 2022 to 21 May 2023.

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

(2) Long positions in underlying shares of NWSH – share options

Share options granted to Directors

Name	Date of grant	Exercisable period (Note)	Number of share options: Balance as at 1 July 2022	Granted during the year[2]	Exercised during the year	Lapsed during the year	Balance as at 30 June 2023	Exercise price per share HK$
Dr. Cheng Kar-Shun, Henry	25 July 2022	(1)	**–**	**10,990,000**	**–**	**–**	**10,990,000**	**7.83**
Dr. Cheng Chi-Kong, Adrian	25 July 2022	(1)	**–**	**5,495,000**	**–**	**–**	**5,495,000**	**7.83**
Mr. Ma Siu-Cheung	25 July 2022	(1)	**–**	**7,693,000**	**–**	**–**	**7,693,000**	**7.83**
Mr. Cheng Chi-Ming, Brian	25 July 2022	(1)	**–**	**6,868,750**	**–**	**–**	**6,868,750**	**7.83**
			–	**31,046,750**	**–**	**–**	**31,046,750**	

Notes:

(1) Details of the vesting schedule are as follows:

(i) 15% of the share options were vested on 25 August 2022 and are exercisable from 25 August 2022 to 24 July 2032;

(ii) 15% of the share options shall be vested on 25 July 2023 and become exercisable from 25 July 2023 to 24 July 2032;

(iii) 20% of the share options shall be vested on 25 July 2024 and become exercisable from 25 July 2024 to 24 July 2032; and

(iv) 50% of the share options shall be vested on 25 July 2025 and become exercisable from 25 July 2025 to 24 July 2032.

(2) The closing price per share on the trading day immediately before the date of grant was HK$7.75.

(3) The cash consideration paid by each of the above Directors for the grant of share options is HK$10.0.

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

(C) Long positions in debentures

(1) Celestial Dynasty Limited ("CDL")

Name	Amount of debentures in US$ issued by CDL				Approximate % to the total amount of debentures in issue as at 30 June 2023
	Personal interests US$	Spouse interests US$	Corporate interests US$	Total US$	
Mr. Doo Wai-Hoi, William	—	800,000	—	800,000	0.33

(2) Celestial Miles Limited ("CML")

Name	Amount of debentures in US$ issued by CML				Approximate % to the total amount of debentures in issue as at 30 June 2023
	Personal interests US$	Spouse interests US$	Corporate interests US$	Total US$	
Mr. Doo Wai-Hoi, William	—	34,600,000	—	34,600,000	2.69
Mr. Cheng Kar-Shing, Peter	4,500,000	1,000,000[(1)]	—	5,500,000	0.43
	4,500,000	35,600,000	—	40,100,000	

Note:

(1) These debentures are jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.

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

Name	Amount of debentures issued by NWCL				Approximate % to the total amount of debentures in issue as at 30 June 2023
	Personal interests HK$	Spouse interests HK$	Corporate interests HK$	Total HK$	
Mr. Doo Wai-Hoi, William	—	390,000,000[(1)]	—	390,000,000	5.49

Note:

(1) These debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

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

(C) Long positions in debentures (continued)

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

Name	Amount of debentures issued in US$ by NWD Finance				Approximate % to the total amount of debentures in issue as at 30 June 2023
	Personal interests US$	Spouse interests US$	Corporate interests US$	Total US$	
Mr. Doo Wai-Hoi, William	—	**87,875,000**	**10,000,000**(1)	**97,875,000**	**2.08**
Mr. Cheng Kar-Shing, Peter	**5,500,000**	—	—	**5,500,000**	**0.12**
Mr. Ip Yuk-Keung, Albert	—	**750,000**(2)	—	**750,000**	**0.02**
Ms. Lo Wing-Sze, Anthea	**250,000**	—	—	**250,000**	**0.01**
	5,750,000	**88,625,000**	**10,000,000**	**104,375,000**	

Notes:

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

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

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

Name	Amount of debentures issued by NWD (MTN)				Approximate % to the total amount of debentures in issue as at 30 June 2023
	Personal interests HK$	Spouse interests HK$	Corporate interests HK$	Total HK$	
Mr. Doo Wai-Hoi, William	—	**78,000,000**(1)	—	**78,000,000**	**0.26**
Mr. Ip Yuk-Keung, Albert	—	**3,900,000**(2)	—	**3,900,000**	**0.01**
	—	**81,900,000**	—	**81,900,000**	

Notes:

(1) These debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

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

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

At 30 June 2023, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively "affiliated companies") as set out below:

	2023 HK$m	2022 HK$m
Amounts due by affiliated companies (note)	**34,564.0**	37,849.6
Guarantees given for affiliated companies in respect of banking and other credit facilities	**10,974.6**	12,411.1
Commitments to capital injections and loan contributions	**1,643.6**	414.8
	47,182.2	50,675.5

Note:

The advances were unsecured and were interest free except for an aggregate amount of HK$19,755.7 million (2022: HK$17,869.4 million) which carried interest ranging from 1.3% over HIBOR to 12.15% above Secured Overnight Financing Rate per annum (2022: from 1.3% over HIBOR to 10% above LIBOR per annum). The advances had no fixed repayment terms.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 30 June 2023 are presented as follows:

	Combined statement of financial position HK$m	**Group's attributable interests HK$m**
Non-current assets	**81,920.7**	**41,204.3**
Current assets	**76,954.2**	**32,129.0**
Current liabilities	**(63,444.8)**	**(27,781.5)**
Total assets less current liabilities	**95,430.1**	**45,551.8**
Non-current liabilities	**(75,464.3)**	**(34,336.1)**
Net assets	**19,965.8**	**11,215.7**

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2023.

Management Discussion and Analysis

In FY2023, the Group recorded consolidated revenues of HK$95,213.8 million, an increase of 40% YoY.

During the year under review, after excluding mainly changes in the fair value of investment properties, taxation and net finance costs, the Group's core profit amounted to HK$11,011.0 million, an increase of 21% YoY.

As at 30 June 2023, the net gearing ratio was 48.7%, representing a slight increase of 1.8 percentage points from 31 December 2022.

In FY2023, the Group's EBITDA amounted to HK$15,418.8 million, of which EBITDA from Hong Kong and property-related segments accounted for 52% and 95% respectively.

The following provides analysis on performance of each segment.

REVENUES – ANALYSED BY BUSINESS SEGMENTS

	FY2023 HK$m	FY2022 HK$m
Property Development	**27,308.1**	17,369.6
Property Investment	**4,995.7**	4,823.5
Roads	**2,731.8**	2,717.5
Construction	**32,548.3**	25,759.1
Insurance	**20,986.2**	12,371.6
Hotel operations	**1,091.2**	823.5
Others	**5,552.5**	4,347.9
Total	**95,213.8**	68,212.7

REVENUES – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

	FY2023 HK$m	FY2022 HK$m
Property Development		
Hong Kong	**16,754.9**	5,842.8
Mainland China	**10,553.2**	11,526.8
Total	**27,308.1**	17,369.6

	FY2023 HK$m	FY2022 HK$m
Property Investment		
Hong Kong	**3,087.0**	2,795.6
Mainland China	**1,908.7**	2,027.9
Total	**4,995.7**	4,823.5

Revenues from overall property development segment increased by 57%, mainly due to booking of Pavilia Farm I&II.

In FY2023, Hong Kong property development segment revenue was mainly contributed by residential projects including THE PAVILIA FARM I&II.

During the year under review, the Group's revenues of property development in Mainland China, amounted to HK$10,553.2 million. The contributions were mainly attributable to residential projects in Guangzhou, Hangzhou and Shenyang.

The Group's revenues of property investment in Hong Kong during the year under review was HK$3,087.0 million, representing an increase of 10%. Hong Kong K11 projects revenue increased by 16%, mainly attributable to the improvement in operational efficiency and occupancy rate of K11 MUSEA and K11 Art Mall in Tsim Sha Tsui, Kowloon.

Revenues of property investment in Mainland China reached HK$1,908.7 million, representing a decrease of 6%. The occupancy rates of major projects in the investment property portfolio remained stable.

Revenues from the roads segment amounted to HK$2,731.8 million, increased by 1%, mainly due to the rapid recovery in the second half of FY2023, overall like-for-like traffic flow and toll revenue for the full year of FY2023 resumed to a growth of 3% and 4% year-on-year, respectively.

Revenues from the construction segment amounted to HK$32,548.3 million, increased by 26%, mainly due to the increase in project revenue of Hip Hing Construction (under Contracting).

Revenues from the insurance segment amounted to HK$20,986.2 million, increased by 70%, mainly due to the strong sales of insurance premium products.

Revenues from the others segment increased by 28%, mainly due to the local events resumed during FY2023 and free duty shops in Lo Wu, Lok Ma Chau and Hung Hom outlets had been reopened since February 2023 and the resumption of local events benefited the performance of Hong Kong Convention and Exhibition Centre.

SEGMENT RESULTS – ANALYSED BY BUSINESS SEGMENTS

	FY2023 HK$m	FY2022 HK$m
Property Development	**8,706.2**	8,983.9
Property Investment	**3,193.6**	3,152.1
Roads	**1,938.4**	2,163.3
Construction	**360.0**	934.4
Insurance	**1,978.6**	418.5
Hotel operations	**(443.9)**	(885.3)
Others	**(1,182.3)**	(931.5)
Total	**14,550.6**	13,835.4

SEGMENT RESULTS – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

	FY2023 HK$m	FY2022 HK$m
Property Development		
Hong Kong	**3,394.3**	2,384.1
Mainland China	**5,311.9**	6,599.8
Total	**8,706.2**	8,983.9

	FY2023 HK$m	FY2022 HK$m
Property Investment		
Hong Kong	**2,262.7**	2,120.4
Mainland China	**930.9**	1,031.7
Total	**3,193.6**	3,152.1

The Group's consolidated segment results in FY2023 amounted to HK$14,550.6 million, increased by 5%, mainly due to the increase in Hong Kong property development, Hong Kong property investment, Insurance and narrowed loss from Hotel operation.

Property Development

The segment results of the Hong Kong property development segment increased by 42%, mainly due to more residential project completions.

In FY2023, the contribution from Hong Kong segment mainly derived from residential projects including THE PAVILIA FARM I&II.

As at 30 June 2023, the unrecognised attributable income from contracted sales of properties in Hong Kong to be recognised in FY2024 and FY2025 is HK$4,634.8 million and HK$7,218.5 million respectively.

Contracted Sales of Property Development in Hong Kong Expected to be Recognised in FY2024 As at 30 June 2023	Total Number of Units	Attributable Income HK$m
MOUNT PAVILIA	57	2,962.2
FLEUR PAVILIA	35	774.8
The Masterpiece	2	197.5
PARK PENINSULA MIAMI QUAY 1	50	146.2
PARK VILLA	1	48.6
Carparks		505.5
Total		**4,634.8**

Contracted Sales of Property Development in Hong Kong Expected to be Recognised in FY2025 As at 30 June 2023	Total Number of Units	Attributable Income HK$m
PAVILIA FARM III	395	5,882.5
MOUNT PAVILIA	16	899.8
THE KNIGHTSBRIDGE	23	203.5
FLEUR PAVILIA	6	174.2
Carparks		58.5
Total		**7,218.5**

During the year under review, the contributions from the Mainland China segment mainly derived from New World Arts Centre in Hangzhou, Guangzhou Park Paradise and Guangzhou Covent Garden.

As of 30 June 2023, the Group's unrecognised gross income from contracted sales of properties in Mainland China amounted to approximately RMB12.9 billion, of which RMB10.6 billion and RMB2.3 billion will be booked in FY2024 and FY2025 respectively.

Contracted Sales of Property Development in Mainland China Expected to be Recognised As at 30 June 2023 Region	FY2024 Gross Income RMB m	FY2025 Gross Income RMB m
Southern Region (i.e. the Greater Bay Area)	1,587	1,220
Eastern Region (i.e. Yangtze River Delta Region)	8,767	1,083
Others	219	14
Total	**10,573**	**2,317**

Property Investment

In FY2023, the overall property investment segment recorded a contribution of HK$3,193.6 million, increased by 1%, of which K11 increased by 14%.

Segment results of Hong Kong's investment properties increased by 7%, of which K11 increased by 21%, mainly attributable to K11 MUSEA and K11 Art Mall have achieved overall sales performance far surpassing the pre-pandemic era, recorded to historic highs. During the year under review, both malls have recorded high occupancy rate. K11 MUSEA recorded a year-on-year increase of 39% in sales, with total footfall amounted to over 24 million, representing a year-on-year increase of 22%. K11 Art Mall maintained the overall occupancy rate at around 100% with over 40% sales growth, and its footfall surged to new highs since opening.

During the year under review, the segment results of the property investment in Mainland China decreased by 10%. The occupancy rate of major projects in the investment property portfolio remained stable.

Roads

The roads segment's contribution decreased by 10% to HK$1,938.4 million, mainly due to the RMB depreciation and a challenging first half of FY2023 driven by the COVID-19 containment measures in the Mainland China and the cut in toll fee for trucks by 10% by the Mainland Government in the fourth quarter of 2022, collectively negatively impacted the performance of the Roads segment in FY2023.

Construction

The contribution from construction segment amounted to HK$360.0 million, decreased by 61%, mainly due to the highly competitive environment driven by the reduction in project supply in the private sector and enhanced competition in the public sector.

Insurance

The insurance segment's contribution was HK$1,978.6 million, increased by 373%, mainly due to the rebound in business performance, effective expense control, reduction in medical claims and change in valuation interest rate used in response to the increase in market interest rate.

Hotel Operations

Hotel operations segment recorded a loss of HK$443.9 million, loss reduced by 50%, mainly due to 3-year global travel restrictions caused by COVID-19 finally came to an end, leading to a strong recovery in the hotel and tourism sector worldwide, including in South East Asia, Hong Kong and Mainland China where our hotels operate.

Others

Others segment recorded a loss of HK$1,182.2 million, loss increased by 26% mainly due to effect of absence of share of results of Goshawk Aviation offset with reopening of the Free Duty shops such as Lo Wu, Lok Ma Chau and Hung Hom outlets since February 2023. For facility management business, the resumption of local events benefited the performance of Hong Kong Convention and Exhibition Centre.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	As at 30 June 2023 HK$m	As at 30 June 2022 HK$m
Consolidated net debt	**130,755.9**	124,349.3
NWS Holdings Limited ("NWSH") (stock code: 0659)	**4,325.9**	9,856.4
New World Department Store China Limited ("NWDS") (stock code: 0825)		
– net cash and bank balances	**(132.0)**	(302.9)
Net debt (exclude listed subsidiaries)	**126,562.0**	114,795.8

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group's debts were primarily denominated in Hong Kong Dollar, United States Dollar and Renminbi. In respect of the Group's operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging. The Renminbi currency exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in Mainland China with functional currency of Renminbi and the Renminbi deposits held for future development costs to Hong Kong Dollar. As at 30 June 2023, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a loss of HK$13,559.0 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were arranged on both floating rate and fixed rate basis. The Group used interest rate swaps and cross currency swaps to hedge part of the Group's underlying interest rate and foreign exchange exposure. The Group's Insurance segment enters into cross currency swaps and forward starting swaps to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. As at 30 June 2023, the Group had outstanding cross currency swaps in the amounts of approximately HK$13,218.1 million, and had outstanding interest rate swaps in the amounts of HK$29,170.9 million, RMB4,500.0 million (equivalent to approximately HK$4,864.9 million) and US$20.0 million (equivalent to approximately HK$156.0 million).

In September 2022, a wholly-owned subsidiary of the Group redeemed HK$505.0 million 5.000% guaranteed notes at principal amount upon maturity.

In November 2022, a wholly-owned subsidiary of the Group redeemed the US$820.6 million (equivalent to approximately HK$6,401.0 million) 4.375% guaranteed notes (stock code: 5582) at principal amount upon maturity. Together with the US$129.4 million (equivalent to approximately HK$1,009.0 million) guaranteed notes redeemed in June 2022, the 4.375% guaranteed notes of US$950.0 million (equivalent to approximately HK$7,410.0 million) were fully redeemed.

In December 2022, a wholly-owned subsidiary of NWSH purchased and redeemed the US$92.3 million (equivalent to approximately HK$719.9 million) 4.250% guaranteed notes (stock code: 5594) at a price of 86.5% of the principal amount. Notes of approximately US$243.6 million (equivalent to approximately HK$1,900.5 million) in aggregate principal amount remain outstanding.

In December 2022, a wholly-owned subsidiary of NWSH purchased and redeemed the US$280.9 million (equivalent to approximately HK$2,190.7 million) 5.750% guaranteed senior perpetual capital securities (stock code: 5706) at a price of 95.5% of the principal amount. Securities of approximately US$1,019.1 million (equivalent to approximately HK$7,949.3 million) in aggregate principal amount remain outstanding.

In December 2022, a wholly-owned subsidiary of the Group purchased and redeemed the US$37.2 million (equivalent to approximately HK$290.0 million) 4.500% guaranteed notes (stock code: 40223) and the US$72.2 million (equivalent to approximately HK$562.9 million) 3.750% guaranteed sustainability-linked notes (stock code: 40534) at a price of 81.400% and 77.000% of the principal amounts respectively. Notes of US$562.8 million (equivalent to approximately HK$4,390.0 million) and US$127.8 million (equivalent to approximately HK$997.1 million) in respective aggregate principal amounts remain outstanding.

In December 2022, the NWS Holdings Limited and its subsidiaries (the "NWSH Group") issued senior perpetual capital securities with principal amount of US$268.2 million (equivalent to approximately HK$2,092.0 million) with floating coupon reference to Term Secured Overnight Financing Rate to a private investor.

In April 2023, a wholly-owned subsidiary of the Group established the Zhongjin-New World Yunmen Commercial Asset-Backed Scheme due March 2035 and issued 3.50% senior asset-backed securities with principal amount of RMB1,000.0 million (equivalent to HK$1,081.0 million) and subordinated asset-backed securities with principal amount of RMB1.0 million (equivalent to HK$1.1 million). The senior asset-backed securities with interest rate of 3.50% per annum were subscribed by qualified investors and are listed on the Shenzhen Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the asset-backed securities, amount to approximately RMB996.9 million (equivalent to HK$1,077.0 million).

In April 2023, a wholly-owned subsidiary of NWSH redeemed the US$250.0 million (equivalent to approximately HK$1,950.0 million) 4.125% notes at principal amount upon maturity.

In May 2023, the NWSH Group issued 3.90% 2023 Medium term Notes Series 1 (Bond Connect) (the "Notes") due in May 2026 with principal amount of RMB1,500 million (equivalent to approximately HK$1,621.6 million) at the issue price of 100.0% of the principal amount. The Notes were registered with the National Association of Financial Market Institutional Investors in the Mainland China.

The proceeds from the issuance of the bonds were for refinancing and general working capital purposes including the acquisition and development of property projects and investments in Hong Kong and the Mainland China.

As at 30 June 2023, the Group's cash and bank balances (including restricted bank balances) stood at HK$54,517.9 million (2022: HK$62,210.1 million) and the consolidated net debt amounted to HK$130,755.9 million (2022: HK$124,349.3 million). The net debt to equity ratio was 48.7%; an increase of 5.5 percentage points as compared to 30 June 2022. Mainly due to the overall depreciation of Renminbi against Hong Kong dollar which resulted in a loss recognised in equity upon translation of non-current assets and liabilities in Mainland China from functional currency of Renminbi to presentation currency of Hong Kong dollar.

As at 30 June 2023, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$170,564.3 million (2022: HK$173,342.2 million). Short-term bank loans and other loans as at 30 June 2023 were HK$14,709.5 million (2022: HK$13,217.2 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 30 June 2023 and 30 June 2022 was as follows:

	As at 30 June 2023 HK$m	As at 30 June 2022 HK$m
Within first year	**49,234.8**	45,749.0
In the second year	**43,847.8**	36,163.6
In the third to fifth year	**67,990.0**	78,573.9
After the fifth year	**24,201.2**	26,072.9
	185,273.8	186,559.4

Equity of the Group as at 30 June 2023 was HK$268,491.4 million against HK$288,098.8 million as at 30 June 2022.

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

羅兵咸永道

Independent Auditor's Report
To the Members of New World Development Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of New World Development Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 162 to 294, comprise:

- the consolidated statement of financial position as at 30 June 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties held by the Group and its joint ventures and associated companies;
- Recoverability of properties for/under development and properties held for sale held by the Group and its joint ventures; and
- Assessment on (a) valuation of insurance contract liabilities and (b) amortisation of value of business acquired and deferred acquisition cost.

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KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties held by the Group and its joint ventures and associated companies	
Refer to notes 5(b), 6 and 16 to the consolidated financial statements. As at 30 June 2023, the investment properties held by the Group were stated at fair value of HK$209,478.8 million with fair value loss of HK$299.6 million recognised in the consolidated income statement. The Group also has significant investment properties held by its joint ventures and associated companies. Independent external valuers were engaged to determine the fair value of investment properties held by the Group and its joint ventures and associated companies as at 30 June 2023. For completed investment properties, fair value was generally derived by the income capitalisation method and where appropriate, by direct comparison method. Income capitalisation method was based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates and prevailing market rents. Direct comparison method was based on comparable market transactions, as adjusted by the property-specific qualitative factors. For investment properties under construction, fair value was derived using the residual method based on capitalising the rental income that would be generated from the investment property in its completed form and deducting development costs together with developer's profit and risk margins from the estimated capital value of the proposed development assuming completed as at the date of valuation. We focused on this area due to the fact that there are significant judgements and estimation uncertainty involved in the valuation of investment properties.	Our procedures in relation to the valuation of investment properties included: • We understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors; • We evaluated the competence, capability and objectivity of the independent external valuers; • We obtained the valuation reports and met the independent external valuers to discuss the valuation methodologies and key assumptions; • We involved our in-house valuation experts and assessed the appropriateness of the valuation methodologies and the reasonableness of the key assumptions used in the valuation of investment properties, based on our knowledge of the property industry, research evidence of capitalisation rates, prevailing market rents and comparable market transactions for similar properties, where applicable; • We tested, on a sample basis, the data used in the valuation of investment properties, including rental rates from existing tenancies and estimated cost to complete, by agreeing them to the underlying agreements with the tenants and approved budgets, respectively. We also compared the estimated developer's profit and risk margins to properties with comparable stage of development, where appropriate; and • We assessed the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRSs disclosure requirements. Based on the procedures performed, we found the methodologies used in preparing the valuations were appropriate and the key assumptions were supportable in light of available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of properties for/under development and properties held for sale held by the Group and its joint ventures	
Refer to notes 5(c) and 28 to the consolidated financial statements. As at 30 June 2023, the carrying values of the Group's properties for development, properties under development and properties held for sale amounted to HK$16,115.1 million, HK$56,424.6 million and HK$21,536.4 million respectively. The Group also has significant property development projects for sale held by its joint ventures. Management assessed the recoverability of the property portfolios held for sale by the Group and its joint ventures based on estimates of the net realisable values of the underlying properties. These involved the estimation of selling prices of the properties based on current market prices of properties of comparable locations and conditions, the costs necessary to make the sales and the construction costs to complete based on the existing development plans, where applicable. Based on the results of the recoverability assessments, management concluded that the current level of provision for the properties held for/under development and properties held for sale as at 30 June 2023 was appropriate. If the estimated net realisable values of the underlying properties were significantly different from their carrying values as a result of changes of market conditions and/or significant variation in the budgeted development costs, material reversal or impairment provision for properties for/under development and properties held for sale may result. Accordingly, the existence of significant estimates warrants specific audit focus and attention on this area.	Our procedures in relation to management's assessment of recoverability of properties for/under development and properties held for sale included: • We understood management's control and processes of the assessment of the recoverability of property portfolios and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated and tested the operating effectiveness of key controls around the property development cycle with particular focus on, but not limited to, controls over cost budgeting for estimated costs to completion, where applicable; • We evaluated management's assessment on the recoverability of property portfolios, with particular focus on properties with relatively low gross profit margins or those with cost exceeding the net realisable value; and • We assessed the reasonableness of key assumptions and estimates in management's assessment including: (i) For the estimated selling prices, we compared, on a sample basis, to the contracted selling prices of the underlying properties or current market prices of properties of comparable locations and conditions, where applicable; and (ii) For the estimated costs necessary to make the sales and costs to completion, we assessed the reasonableness of the costs necessary to make sales and the latest budgets of total construction costs and tested, on a sample basis, to committed contracts and other supporting documentation. Based on the procedures performed, we found the key assumptions in the recoverability assessment were supportable in light of available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment on valuation of insurance contract liabilities and amortisation of value of business acquired and deferred acquisition cost	
(a) Valuation of insurance contract liabilities	
Refer to notes 3(ae), 4(g), 5(l), 34 and 43 to the consolidated financial statements. The Group had insurance contract liabilities (including those classified as liabilities related to unit-linked contracts) of HK$58,740.6 million as at 30 June 2023, representing approximately 17% of the Group's total liabilities. The valuation of insurance contract liabilities requires the use of appropriate actuarial methodologies and various economic and operational assumptions that are subject to a high degree of management's judgements. The key assumptions used in measuring the insurance contract liabilities include discount rates, mortality rates, lapse rates and expenses. We focused on this area due to significant management judgements and estimates required in the valuation of insurance contract liabilities at the end of reporting period.	We involved our in-house actuarial experts in performing the following audit procedures: • We obtained an understanding of the management's controls and processes of valuation of insurance contract liabilities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated whether the methodologies were consistent with recognised actuarial practices in the insurance industry. We built independent models to test, on a sampling basis, the algorithm within the actuarial models applied; • We assessed the reasonableness of the key assumptions used by management including discount rates, mortality rates, lapse rates and expenses based on the Group's own historical data and experience study, market-observable data, and our industry knowledge and experience; • We performed analysis of the movements in insurance contract liabilities to assess whether the changes were in line with our understanding of the key assumptions and any developments and changes during the period; and • We reviewed the calculation of the liability adequacy test to assess the adequacy of insurance contract liabilities. Based on the procedures performed above, we found the methodologies and key assumptions used by management in the valuation of insurance contract liabilities to be reasonable.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment on valuation of insurance contract liabilities and amortisation of value of business acquired and deferred acquisition cost (continued) **(b) Amortisation of value of business acquired and deferred acquisition costs** *Refer to notes 3(ae), 5(m), 21 and 22 to the consolidated financial statements.* As at 30 June 2023, the carrying value of value of business acquired ("VOBA") and deferred acquisition costs ("DAC") amounting to HK$5,107.9 million and HK$2,498.2 million respectively. Amortisation of VOBA and DAC amounting to HK$131.9 million and HK$658.1 million, respectively, was recognised in the consolidated income statement for the year ended 30 June 2023. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis primarily based on expected future profits which involved significant management judgements and estimates. DAC of new business is amortised according to the expected future premiums or expected future profits, which are projected based on the Group's best estimate assumptions and actual persistency. We focused on this area due to the high degree of management judgements and estimates required.	• We obtained an understanding of the management's controls and processes of amortisation of value of business acquired and deferred acquisition costs and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • With the assistance of our in-house actuarial experts, we evaluated the basis of amortisation of VOBA and DAC determined by management and assessed the reasonableness of assumptions used by management, including discount rates, mortality rates, lapse rates and expenses in determining the expected future premiums or expected future profits. Based on the procedures performed above, we found the assumptions used in the amortisation of VOBA and DAC to be appropriate.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ho Chiu Ping, Dennis.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 September 2023

Consolidated Income Statement

For the year ended 30 June 2023

	Note	**2023 HK$m**	2022 HK$m
Revenues	6	**95,213.8**	68,212.7
Cost of sales		**(73,764.3)**	(49,967.0)
Gross profit		**21,449.5**	18,245.7
Other income	7	**338.0**	482.3
Other gains/(losses), net	8	**489.5**	(1,692.6)
Selling and marketing expenses		**(3,670.6)**	(2,430.4)
Expenses of department store's operation		**(1,030.3)**	(1,318.4)
Administrative and other operating expenses		**(6,852.8)**	(6,872.5)
Overlay approach adjustments on financial assets	3(ae)(xi)	**687.5**	1,845.9
Changes in fair value of investment properties	16	**(299.6)**	(127.0)
Operating profit	9	**11,111.2**	8,133.0
Financing income		**3,693.0**	2,868.3
Financing costs	10	**(5,390.2)**	(2,609.3)
		9,414.0	8,392.0
Share of results of			
Joint ventures		**462.2**	(619.4)
Associated companies		**220.1**	1,441.9
Profit before taxation		**10,096.3**	9,214.5
Taxation	11	**(6,015.4)**	(4,912.7)
Profit for the year		**4,080.9**	4,301.8
Attributable to:			
Shareholders of the Company	40	**900.9**	1,249.2
Holders of perpetual capital securities		**2,540.1**	2,377.2
Non-controlling interests		**639.9**	675.4
		4,080.9	4,301.8
Earnings per share	12		
Basic		**HK$0.39**	HK$0.50
Diluted		**HK$0.39**	HK$0.50

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	2023 HK$m	2022 HK$m
Profit for the year		**4,080.9**	4,301.8
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income		**(344.2)**	(87.6)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets		**45.8**	484.0
– deferred tax arising from revaluation thereof		**(2.0)**	(65.1)
Share of other comprehensive income arising from revaluation of investment properties from property, plant and equipment related to a joint venture, net of taxation		**—**	6,312.1
Remeasurement of post-employment benefit obligation		**2.2**	(6.2)
Items that had been reclassified/may be reclassified subsequently to profit or loss			
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income		**(348.1)**	(6,296.2)
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income		**6.1**	(137.6)
Release of reserves upon disposal of subsidiaries		**(168.9)**	(126.9)
Release of reserves upon disposal of interests in associated companies		**—**	1.3
Release of reserves upon disposal of interest in a joint venture		**(6.4)**	—
Release of reserves upon deregistration of a joint venture		**—**	(12.3)
Release of reserves upon disposal of non-current assets classified as assets held for sale		**—**	(81.9)
Share of other comprehensive (loss)/income of joint ventures and associated companies		**(1,463.1)**	179.7
Cash flow/fair value hedges		**505.4**	(40.4)
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	3(ae)(xi)	**(687.5)**	(1,845.9)
Translation differences		**(12,248.9)**	(3,851.5)
Other comprehensive loss for the year		**(14,709.6)**	(5,574.5)
Total comprehensive loss for the year		**(10,628.7)**	(1,272.7)
Attributable to:			
Shareholders of the Company		**(11,971.5)**	(2,859.5)
Holders of perpetual capital securities		**2,540.1**	2,377.2
Non-controlling interests		**(1,197.3)**	(790.4)
		(10,628.7)	(1,272.7)

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	**2023 HK$m**	2022 HK$m
Assets			
Non-current assets			
Investment properties	16	**209,478.8**	211,220.7
Property, plant and equipment	17	**15,566.3**	19,684.3
Right-of-use assets	18	**5,124.0**	6,298.2
Intangible concession rights	19	**13,236.5**	13,011.4
Intangible assets	20	**8,375.2**	8,395.2
Value of business acquired	21	**5,107.9**	5,239.8
Deferred acquisition costs	22	**2,498.2**	2,335.0
Interests in joint ventures	23	**54,527.4**	48,745.2
Interests in associated companies	24	**13,857.3**	16,193.1
Financial assets at amortised cost	31	**6,895.0**	–
Financial assets at fair value through profit or loss	32	**19,997.3**	18,684.0
Financial assets at fair value through other comprehensive income	33	**40,815.4**	39,133.8
Derivative financial instruments	25	**1,219.2**	781.6
Properties for development		**16,115.1**	23,310.6
Deferred tax assets	26	**2,342.4**	2,015.0
Other non-current assets	27	**28,929.3**	27,668.2
		444,085.3	442,716.1
Current assets			
Properties under development	28	**56,424.6**	62,066.2
Properties held for sale		**21,536.4**	21,770.6
Inventories	29	**497.4**	504.9
Debtors, prepayments, premium receivables and contract assets	30	**23,767.3**	32,235.2
Investments related to unit-linked contracts	34	**8,940.1**	8,649.2
Financial assets at fair value through profit or loss	32	**3,256.1**	2,529.9
Financial assets at fair value through other comprehensive income	33	**3,291.5**	3,154.2
Derivative financial instruments	25	**150.8**	27.4
Restricted bank balances	35	**1,254.0**	4,494.5
Cash and bank balances	35	**53,263.9**	57,715.6
		172,382.1	193,147.7
Non-current assets classified as assets held for sale	36	**15.8**	20.1
		172,397.9	193,167.8
Total assets		**616,483.2**	635,883.9

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	**2023 HK$m**	2022 HK$m
Equity			
Share capital	37	**78,382.1**	78,382.1
Reserves	40	**117,670.3**	134,978.0
Shareholders' funds		**196,052.4**	213,360.1
Perpetual capital securities	38	**47,439.3**	47,614.2
Non-controlling interests	39	**24,999.7**	27,124.5
Total equity		**268,491.4**	288,098.8
Liabilities			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	41	**138,222.9**	143,038.9
Lease liabilities	42	**4,013.8**	4,517.3
Insurance and investment contract liabilities	43	**16,049.1**	16,470.0
Liabilities related to unit-linked contracts	34	**192.0**	190.8
Deferred tax liabilities	26	**9,537.0**	10,318.2
Derivative financial instruments	25	**347.6**	221.6
Other non-current liabilities	44	**372.8**	215.5
		168,735.2	174,972.3
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	45	**59,613.7**	70,233.5
Current portion of long-term borrowings and other interest-bearing liabilities	41	**36,790.3**	36,175.1
Short-term borrowings and other interest-bearing liabilities	41	**15,388.5**	14,094.5
Lease liabilities	42	**1,160.4**	1,285.2
Insurance and investment contract liabilities	43	**46,219.6**	31,734.4
Liabilities related to unit-linked contracts	34	**8,936.5**	8,645.1
Derivative financial instruments	25	**12.7**	0.4
Current tax payable		**11,104.5**	10,614.1
		179,226.2	172,782.3
Liabilities directly associated with non-current assets classified as assets held for sale	36	**30.4**	30.5
		179,256.6	172,812.8
Total liabilities		**347,991.8**	347,785.1
Total equity and liabilities		**616,483.2**	635,883.9

Dr. Cheng Kar-Shun, Henry
Director

Dr. Cheng Chi-Kong, Adrian
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
At 1 July 2022	78,382.1	119,353.9	15,624.1	213,360.1	47,614.2	27,124.5	288,098.8
Profit for the year	**–**	**900.9**	**–**	**900.9**	**2,540.1**	**639.9**	**4,080.9**
Other comprehensive income							
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	–	–	42.3	42.3	–	1.5	43.8
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	–	–	(260.4)	(260.4)	–	(83.8)	(344.2)
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	–	–	(212.1)	(212.1)	–	(136.0)	(348.1)
Release of reserves upon disposal of subsidiaries	–	124.2	(293.1)	(168.9)	–	–	(168.9)
Release of reserves upon disposal of interest in a joint venture	–	–	(3.9)	(3.9)	–	(2.5)	(6.4)
Release of reserves upon disposal of equity instruments as financial assets at fair value through other comprehensive income	–	(273.1)	273.1	–	–	–	–
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income	–	–	3.7	3.7	–	2.4	6.1
Share of other comprehensive income/(loss) of joint ventures and associated companies	–	5.0	(1,132.2)	(1,127.2)	–	(335.9)	(1,463.1)
Remeasurement of post-employment benefit obligation	–	1.3	–	1.3	–	0.9	2.2
Cash flow/fair value hedges	–	–	435.3	435.3	–	70.1	505.4
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	–	–	(418.5)	(418.5)	–	(269.0)	(687.5)
Translation differences	–	–	(11,164.0)	(11,164.0)	–	(1,084.9)	(12,248.9)
Other comprehensive loss for the year	**–**	**(142.6)**	**(12,729.8)**	**(12,872.4)**	**–**	**(1,837.2)**	**(14,709.6)**
Total comprehensive income/(loss) for the year	**–**	**758.3**	**(12,729.8)**	**(11,971.5)**	**2,540.1**	**(1,197.3)**	**(10,628.7)**

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
Transactions with owners							
Contributions by/(distributions to owners)							
Dividends	–	(4,932.6)	–	(4,932.6)	–	(975.8)	(5,908.4)
Employees' share-based payments	–	–	44.4	44.4	–	–	44.4
Share options lapsed	–	61.5	(61.5)	–	–	–	–
Issuance of perpetual capital securities	–	–	–	–	2,092.0	–	2,092.0
Redemption of perpetual capital securities	–	75.5	–	75.5	(2,222.1)	48.6	(2,098.0)
Transaction costs in relation to the issuance of perpetual capital securities	–	(19.8)	–	(19.8)	–	–	(19.8)
Distribution to perpetual capital securities holders	–	–	–	–	(2,584.9)	–	(2,584.9)
Transfer of reserves	–	34.7	(34.7)	–	–	–	–
	–	(4,780.7)	(51.8)	(4,832.5)	(2,715.0)	(927.2)	(8,474.7)
Changes in ownership interests in subsidiaries							
Acquisition of a subsidiary	–	–	–	–	–	22.9	22.9
Acquisition of additional interest in subsidiaries	–	–	(503.7)	(503.7)	–	(23.5)	(527.2)
Deemed disposal of interest in a subsidiary	–	–	–	–	–	0.3	0.3
	–	–	(503.7)	(503.7)	–	(0.3)	(504.0)
Total transactions with owners	–	(4,780.7)	(555.5)	(5,336.2)	(2,715.0)	(927.5)	(8,978.7)
At 30 June 2023	78,382.1	115,331.5	2,338.8	196,052.4	47,439.3	24,999.7	268,491.4

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
At 1 July 2021 (restated)	78,373.3	125,012.7	19,942.8	223,328.8	48,938.2	31,925.4	304,192.4
Profit for the year	—	1,249.2	—	1,249.2	2,377.2	675.4	4,301.8
Other comprehensive income							
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	—	—	391.3	391.3	—	27.6	418.9
Share of other comprehensive income arising from revaluation of investment properties upon reclassification from property, plant and equipment related to a joint venture, net of taxation	—	—	3,841.5	3,841.5	—	2,470.6	6,312.1
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	—	—	(102.7)	(102.7)	—	15.1	(87.6)
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	—	—	(3,831.9)	(3,831.9)	—	(2,464.3)	(6,296.2)
Release of reserves upon disposal of non-current assets classified as assets held for sale	—	0.6	(50.4)	(49.8)	—	(32.1)	(81.9)
Release of reserves upon disposal of subsidiaries	—	—	(126.9)	(126.9)	—	—	(126.9)
Release of reserves upon disposal of interests in associated companies	—	—	0.8	0.8	—	0.5	1.3
Release of reserves upon deregistration of a joint venture	—	—	(12.3)	(12.3)	—	—	(12.3)
Release of reserves upon disposal of equity instruments as financial assets at fair value through other comprehensive income	—	385.9	(385.9)	—	—	—	—
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income	—	—	(83.8)	(83.8)	—	(53.8)	(137.6)
Share of other comprehensive income of joint ventures and associated companies	—	(25.4)	135.0	109.6	—	70.1	179.7
Remeasurement of post-employment benefit obligation	—	(3.8)	—	(3.8)	—	(2.4)	(6.2)
Cash flow/fair value hedges	—	(181.8)	472.0	290.2	—	(330.6)	(40.4)
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	—	—	(1,123.4)	(1,123.4)	—	(722.5)	(1,845.9)
Translation differences	—	—	(3,407.5)	(3,407.5)	—	(444.0)	(3,851.5)
Other comprehensive income/(loss) for the year	—	175.5	(4,284.2)	(4,108.7)	—	(1,465.8)	(5,574.5)
Total comprehensive income/(loss) for the year	—	1,424.7	(4,284.2)	(2,859.5)	2,377.2	(790.4)	(1,272.7)

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
Transactions with owners							
Contributions by/(distributions to owners)							
Dividends	—	(5,184.3)	—	(5,184.3)	—	(929.1)	(6,113.4)
Contributions from non-controlling interests	—	—	—	—	—	32.5	32.5
Issue of new shares upon exercise of share options	8.8	—	—	8.8	—	—	8.8
Employees' share-based payments	—	—	4.9	4.9	—	—	4.9
Share options lapsed	—	65.8	(65.8)	—	—	—	—
Issuance of perpetual capital securities	—	—	—	—	5,140.9	—	5,140.9
Redemption of perpetual capital securities	—	—	—	—	(6,420.7)	—	(6,420.7)
Transaction costs in relation to the issuance of perpetual capital securities	—	(132.6)	—	(132.6)	—	—	(132.6)
Distribution to perpetual capital securities holders	—	—	—	—	(2,421.4)	—	(2,421.4)
Buyback of shares	—	(966.8)	—	(966.8)	—	—	(966.8)
Transfer of reserves	—	(38.4)	38.4	—	—	—	—
	8.8	(6,256.3)	(22.5)	(6,270.0)	(3,701.2)	(896.6)	(10,867.8)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	—	—	—	—	—	(8.5)	(8.5)
Acquisition of additional interest in subsidiaries	—	(827.2)	(12.0)	(839.2)	—	(3,250.0)	(4,089.2)
Deregistration of a subsidiary	—	—	—	—	—	30.9	30.9
Disposal/partial disposal of subsidiaries	—	—	—	—	—	113.7	113.7
	—	(827.2)	(12.0)	(839.2)	—	(3,113.9)	(3,953.1)
Total transactions with owners	8.8	(7,083.5)	(34.5)	(7,109.2)	(3,701.2)	(4,010.5)	(14,820.9)
At 30 June 2022	78,382.1	119,353.9	15,624.1	213,360.1	47,614.2	27,124.5	288,098.8

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 HK$m	2022 HK$m
Cash flows from operating activities			
Net cash generated from operations	49(a)	**31,441.4**	20,340.8
Hong Kong profits tax paid		**(558.9)**	(1,549.8)
Mainland China and overseas taxation paid		**(5,368.6)**	(4,783.9)
Net cash from operating activities before net purchases of financial assets in relation to insurance business		**25,513.9**	14,007.1
Purchases of financial assets in relation to insurance business		**(36,440.0)**	(18,742.0)
Disposal of financial assets in relation to insurance business		**21,916.7**	12,186.5
Net purchase of financial assets in relation to insurance business		**(14,523.3)**	(6,555.5)
Net cash from operating activities		**10,990.6**	7,451.6
Cash flows from investing activities			
Interest received		**3,347.9**	3,003.2
Dividends received from			
Joint ventures		**1,623.5**	1,939.8
Associated companies		**258.6**	463.5
Financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVPL")		**58.9**	105.9
Additions of investment properties, property, plant and equipment, intangible assets and intangible concession rights		**(7,228.3)**	(5,550.8)
Decrease in interests in/advances to joint ventures		**762.2**	111.3
Increase in interests in/advances to associated companies		**(2,079.1)**	(1,198.7)
(Increase)/decrease in short-term bank deposits maturing after more than three months		**(266.7)**	658.8
Acquisition of subsidiaries (net of cash and cash equivalents)	49(d)	**(339.4)**	7.1
Purchase of financial assets at FVOCI and financial assets at FVPL		**(1,990.5)**	(8,233.0)
Purchase of financial assets at amortised cost		**(1,738.8)**	—
Increase in other non-current assets		**(3,817.7)**	(8,933.9)
Proceeds from settlement of derivative financial instruments		**92.7**	28.2
Deemed disposal of interest in a subsidiary		**0.5**	—
Proceeds from disposal/partial disposal of			
Associated companies		**1,828.6**	—
Joint ventures		**594.8**	2,788.0
Assets held for sale		**—**	6,022.0
Financial assets at FVOCI and financial assets at FVPL		**2,697.2**	4,038.5
Financial assets at amortised cost		**88.9**	—
Investment properties, property, plant and equipment and intangible assets		**1,180.9**	725.4
Subsidiaries (net of cash and cash equivalents)	49(f)	**6,593.6**	764.0
Net cash from/(used in) investing activities		**1,667.8**	(3,260.7)

	Note	2023 HK$m	2022 HK$m
Cash flows from financing activities			
Issue of fixed rate bonds, net of transaction costs		**3,900.2**	1,547.6
Redemption of fixed rate bonds and notes payable		**(11,324.3)**	(5,211.6)
Drawdown of bank and other loans		**60,349.2**	57,975.5
Repayment of bank and other loans		**(54,226.3)**	(37,686.4)
Repayment of financing received under a financial reinsurance arrangement		**(53.1)**	(59.2)
Increase in loans from non-controlling shareholders		**0.6**	1,468.4
Principal elements of lease liabilities payments		**(789.2)**	(938.9)
Decrease in cash collateral received from counterparties		**(26.7)**	(598.1)
Decrease/(increase) in restricted bank balances		**3,240.5**	(4,154.4)
Payments to acquire additional interests in subsidiary companies		**(803.6)**	(4,085.7)
Issue of shares		**—**	8.8
Contributions from non-controlling interests		**—**	32.5
Interest paid		**(6,531.7)**	(3,106.6)
Dividends paid to shareholders of the Company		**(4,932.6)**	(5,184.3)
Dividends paid to non-controlling shareholders		**(975.8)**	(929.1)
Proceeds from issuance of perpetual capital securities, net of transaction costs		**2,072.2**	5,008.3
Redemption of perpetual capital securities		**(2,098.0)**	(6,420.7)
Distribution to holders of perpetual capital securities		**(2,584.9)**	(2,421.4)
Buyback of shares		**—**	(966.8)
Net cash used in financing activities		**(14,783.5)**	(5,722.1)
Net decrease in cash and cash equivalents		**(2,125.1)**	(1,531.2)
Cash and cash equivalents at beginning of the year		**57,269.3**	60,535.7
Translation differences		**(2,604.9)**	(1,735.2)
Cash and cash equivalents at end of the year		**52,539.3**	57,269.3
Analysis of cash and cash equivalents			
Cash at banks and on hand	35	**34,808.1**	42,122.5
Cash and bank balances attributable to investments related to unit-linked contracts	34	**15.7**	27.3
Short-term bank deposits maturing within three months	35	**17,715.5**	15,119.5
		52,539.3	57,269.3

Notes to the Financial Statements

1 GENERAL INFORMATION

New World Development Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is 30/F, New World Tower, 16-18 Queen's Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together the "Group") are principally engaged in property development and investment, development of, investment in and/or operation of roads, construction and insurance, hotel operations and other businesses (including facilities management, logistic, department store, healthcare, technology and other strategic businesses).

These consolidated financial statements have been approved by the Board of Directors on 29 September 2023.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, certain financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 below.

As analysed in note 6(d), the Group is in net current liabilities position of HK$6,858.7 million as at 30 June 2023 which is mainly due to the classification of the full surrender value of insurance and investment contract liabilities of HK$46,219.6 million (note 43) as current liabilities at the reporting date. The Group, before taking into account the insurance business, is in net current assets position as at 30 June 2023.

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 year 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 HK$4,837.6 million as detailed in the liquidity risk table in note 4(c).

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 consolidated financial statements.

2 BASIS OF PREPARATION (CONTINUED)

(a) Adoption of amendments to standards

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2023:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
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) New standard, amendments to standards and interpretations which are not yet effective

The following new standard, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 July 2023 or later periods but which the Group has not early adopted:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 21	Lack of Exchangeability
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

2 BASIS OF PREPARATION (CONTINUED)

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

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

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

Under HKFRS 17, a comprehensive model (general model) is introduced to measure insurance contracts liabilities based on the estimate of the present value of future cash flows with a risk adjustment (the fulfilment cash flows) and the unearned profits (the contractual service margin).

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 HKFRS 17 involves significant enhancements to the information technology, actuarial and finance systems. The Group has formulated the accounting policies and developed the model and systems to accommodate the transition.

The Group has preliminary estimated the key financial impact on the adoption of HKFRS 17 as follows:

(i) Insurance segment revenue presented in the consolidated income statement under HKFRS 17 represents the changes in the insurance contract liabilities for the remaining coverage that relates to services for which the Group expects to receive consideration. Investment component in insurance contracts, an amount that the policyholder will be repaid in all circumstances as required by the insurance contract, regardless of whether an insured event occurs, are excluded from profit or loss.

The recognition of insurance revenue and insurance service expenses in the consolidated income statement is based on the concept of services provided during the reporting period.

Under HKFRS 17, the Group's insurance segment revenue from long-term life insurance contracts and the Group's Attributable Operating Profit of insurance segment for the year ended 30 June 2023 are expected to be decreased when compare with the current HKFRS 4 basis.

(ii) Insurance contract liabilities in the consolidated statement of financial position comprise the fulfillment cash flows and the contractual services margin. The fulfilment cash flows, including the expected present value of future cash flows and explicit risk adjustment, are remeasured in every reporting period while the contractual service margin, representing the estimate of unearned profitability of the insurance contracts, is gradually recognised in Insurance segment revenue in the consolidated income statement based on the services provided over the coverage period of the insurance contract. Certain changes in the expected present value of future cash flows are adjusted against the contractual service margin and thereby recognised in profit or loss over the remaining coverage period.

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. Based on the financial position as at 30 June 2022 and 30 June 2023, the Group preliminary estimate that the total equity of the Group's insurance business would increase with the transition to HKFRS 17.

The preliminary estimate of the key financial impact are based on the information available and underlying assumptions made at the date of this report which are subject to review or audit by independent auditor of the Company. Actual results may differ from these estimates.

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.

3 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of these consolidated financial statements, which have been consistently applied to all the years presented are set out below:

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 June.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice, on the basis of each acquisition to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amount of acquiree's identifiable net assets. If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the carrying amount for the purposes of subsequently accounting for the retained interest as associated companies, joint ventures or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the interests in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(ii) Joint arrangements

Under HKFRS 11 "Joint Arrangements", investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations each investor has.

(1) Joint ventures

The Group recognises its interests in joint ventures using equity method of accounting. Interests in joint ventures are stated in the consolidated financial statements at cost (including goodwill on acquisition) plus the share of post-acquisition results and movements in other comprehensive income less provision for impairment losses. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired joint ventures at the date of acquisition.

The Group's interests in joint ventures include the loans and advances to the joint ventures which, in substance, form part of the Group's net investments in the joint ventures. The loans and advances to the joint ventures are a form of commercial arrangement between the parties to the joint ventures to finance the development of projects and viewed as means by which the Group invests in the relevant projects. These loans and advances have no fixed repayment terms and will be repaid when the relevant joint venture has surplus cash flow. Please refer to note 3(i) for the impairment of loans and advances to joint ventures.

The share of post-acquisition results and other comprehensive income is based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

(a) Equity joint ventures/joint ventures in wholly foreign owned enterprises

Equity joint ventures/joint ventures in wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios and share of net assets of the venturers are in proportion to the capital contribution ratios.

(b) Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

(c) Companies limited by shares

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(ii) Joint arrangements (continued)

(1) Joint ventures (continued)

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investments in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss. For equity accounting purpose, accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in joint ventures are stated at cost less provision for impairment losses. The results of joint ventures are accounted for by the Company on the basis of dividend received and receivable.

(2) Joint operations

The assets that the Group has the rights and the liabilities that the Group has the obligations in relation to the joint operations are recognised in the consolidated statement of financial position on an accrual basis and classified according to the nature of the item. The share of expenses that the Group incurs and its share of income that it earns from the joint operations are included in the consolidated income statement.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) Associated companies

An associated company is a company other than a subsidiary and a joint venture, in which the Group has significant influence, but not control, exercised through representatives on the board of directors.

Interests in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's interests in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associated companies at the date of acquisition. The interests in associated companies also include long-term receivables that, in substance, form part of the Group's net investments in the associated companies. Please refer to note 3(i) for the impairment of long-term receivables.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interests in the associated company, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred legal and constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interests in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend income received and receivable.

Gains or losses on deemed disposal on dilution arising from interests in associated companies are recognised in the consolidated income statement.

The cost of an associated company acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

The Group ceases to use the equity method from the date an investment ceases to be an associated company that is the date on which the Group ceases to have significant influence over the associated company or on the date it is classified as held for sale.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iv) Transactions with non-controlling interests

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling shareholders are also recorded in equity.

(b) Intangible assets

(i) Goodwill

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of joint ventures and associated companies is included in interests in joint ventures and associated companies respectively and is tested for impairment as part of overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of testing for impairment. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(ii) Trademarks

Separately acquired trademarks are initially recognised at initial cost. Trademarks acquired in a business combination are recognised at fair value at the date of acquisition. Trademarks have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

(iii) Operating right

Operating right primarily resulted from the acquisition of right to operate facilities rental and other businesses. Separately acquired operating rights are initially recognised at cost. Operating rights acquired in a business combination are initially recognised at fair value at the acquisition date. Operating right is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over the period of the operating right.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets (continued)

(iv) Intangible concession rights

The Group has entered into various service arrangements ("Service Concessions") with local government authorities for its participation in the development, financing, operation and maintenance of infrastructural projects ("Infrastructures"). The Group carries out the construction or upgrade work of Infrastructures from the granting authorities in exchange for the right to operate the Infrastructures concerned and the right to change users of the respective Infrastructures. The fees collected during the operating periods are attributable to the Group. The relevant Infrastructures are required to be returned to the local government authorities upon the expiry of the operating rights without significant compensation to the Group.

The Group applies the intangible asset model to account for the Infrastructures where they are paid by the users of the Infrastructures and the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable. The consideration to be received during the construction or upgrade period is classified as contract assets and reclassified as intangible concession rights upon completion.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

Amortisation of intangible concession rights is calculated to allocate their costs, where applicable, on an economic usage basis for roads whereby the amount of amortisation is provided based on the ratios of actual volume compared to the total projected volume. The total projected volume of the respective Infrastructures is reviewed regularly with reference to both internal and external sources of information and appropriate adjustments will be made should there be a material change.

(v) Other intangible assets

Other intangible assets mainly represent computer software. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to consolidated income statement on a straight-line basis over the assets' estimated useful lives or 3 to 5 years, whichever is shorter.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Non-current assets classified as assets held for sale

Non-current assets are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. For assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are measured at fair value, would continue to be measured in accordance with the policies set-out elsewhere in note 3.

A remeasurement loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset but not in excess of any cumulative remeasurement loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

(d) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met.

Property held by the lessee as a right-of-use asset for long-term rental yields or for capital appreciation or both is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional qualified valuers on an open market value basis at the end of each reporting period. Changes in fair value are recognised in the consolidated income statement.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (continued)

Property that is being constructed or developed for future use as investment property is stated at fair value.

Subsequent expenditure is included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to properties for/under development. The property's deemed cost for subsequent accounting as properties for/under development is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if the fair value of the property at the date of transfer which results in a reversal of the previous impairment loss, the write-back is recognised in the consolidated income statement.

For a transfer from properties for/under development or property held for sale to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in the consolidated income statement. Transfers to investment properties shall be made when, and only when, there is a change in use. The inception of a lease to another party is generally an evidence of a change in use. A change in use has occurred is based on an assessment of all relevant facts and circumstances. The relevant facts include but not limited to the Group's business plan, financial resources and legal requirements.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged in the consolidated income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

(i) Assets under construction

All direct costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

(ii) Depreciation

No depreciation is provided on assets under construction until such time when the relevant assets are completed and available for intended use. No depreciation is provided on freehold land.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	20 to 40 years
Other assets	2 to 25 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Gain or loss on disposal

The gain or loss on disposal of property, plant and equipment is determined by comparing the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

(f) Impairment of investments in subsidiaries, joint ventures, associated companies and non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use. Impairment losses on goodwill are not reversed. For the purpose of assessing impairment, assets are grouped as CGUs for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment testing of the interests in subsidiaries, joint ventures or associated companies is required upon receiving dividends from these interests if the dividend exceeds the total comprehensive income of the subsidiaries, joint ventures or associated companies in the period the dividend is declared or if the carrying amount of the interest in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and

(b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated income statement or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Except for trade debtors that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest method.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest method.

(c) Financial assets at fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in the consolidated income statement and presented net in the period in which it arises.

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on investments in equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investments. Dividends from such investments continue to be recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of investments in equity instruments at FVPL are recognised in the consolidated income statement. Investments in equity instruments at FVOCI are not subject to impairment assessment.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges) or the changes in fair value of recognised assets or liabilities (fair value hedges).

At the inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that quantity for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated in the other reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised in OCI and accumulated in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised in OCI and accumulated in the costs of hedging reserve within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in OCI and accumulated in the cash flow hedge reserve within equity.

Amounts accumulated in equity are transferred to the consolidated income statement in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of such asset. The deferred amounts are ultimately recognised in consolidated income statement as the hedged item affects profit or loss. The gain or loss relating to the effective portion of the hedging instrument is recognised in the consolidated income statement at the same time as the expense on the hedged items.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

Cash flow hedges that quantity for hedge accounting (continued)

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to the consolidated income statement.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

- the credit/debit value adjustment on the hedging instrument which is not matched by the hedged item; and
- differences in critical terms between the hedged item and hedging instrument.

Fair value hedges

Change in the fair value on hedging instrument is recognised in OCI when the hedged item is an equity instrument for which the Group has elected to present changes in fair value in OCI.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

(i) Impairment of financial assets

The Group's financial assets measured at amortised cost, including trade and other debtors, deposits, premium receivables, retention receivables for contract works, amounts due from associated companies, amounts due from joint ventures and amounts due from non-controlling shareholders, cash and bank balances, and other debt instruments at FVOCI as well as contract assets are subject to expected credit loss model under HKFRS 9 "Financial Instruments" ("HKFRS 9").

For trade debtors, retention receivables and contract assets, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision.

For all other instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4(b) details how the Group determines whether there has been a significant increase in credit risk.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) Properties for/under development

Properties for/under development comprise leasehold land and land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Net realisable value takes into account the proceeds ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to complete. Upon completion, the properties are transferred to properties held for sale. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

(k) Properties held for sale

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average or first-in first-out basis depending on the operating segments. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(m) Trade and other debtors

Trade and other debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Details of impairment of trade debtors is disclosed in note 3(i).

(n) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in the consolidated income statement exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in the consolidated income statement.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade debtors as described in notes 3(i) and 4(b). Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(o) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the consolidated statement of financial position.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

(r) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(u) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(v) Borrowings and other interest-bearing liabilities

Borrowings and other interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Borrowings and other interest-bearing liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement or capitalised as stated in note 3(y) over the period of the borrowings using the effective interest method.

Borrowings and other interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors after eliminating sales within the Group.

Revenue is recognised when it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Rental

Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

(ii) Property sales

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(iii) Construction revenue

Revenue from construction service contract is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

(iv) Toll revenue

Toll revenue from road operations is recognised at a point in time when services are rendered.

(v) Service fee income

Property and facilities management service fees and property letting agency fee are recognised over time and at a point in time respectively when services are rendered.

(vi) Sales of goods

Income from sales of goods is recognised at a point in time when the goods are delivered to customers and title has passed.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(vii) Hotel operations

Revenue from hotel and restaurant operations is recognised upon provision of the services.

(viii) Department store operations

Revenue from sale of goods to retail customers is recognised when the Group sells the product to the customers and the revenue from sale of goods to wholesalers is recognised when control of the products has transferred, being when the products are delivered to the wholesaler. The Group recognises commission income from concessionaire sales upon sale of goods or provision of services by counter suppliers. Payments received in advance that are related to sales of goods or provision of services not yet delivered to customers are deferred and recognised as contract liabilities. Revenue is recognised when goods or services are delivered to customers.

Marketing or promotional offer made to customers at the time of the sale of goods is a separate performance obligation, and the likelihood of settlement of the outstanding performance obligation must be estimated and allocated to the consideration received.

(ix) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(x) Dividend income

Dividend income is recognised when the right to receive payment is established.

(xi) Premiums related to insurances business

Premiums arising from insurance contracts in respect of traditional policies and group policies are recognised as income when they fall due, whereas those in respect of universal life and unit-linked contracts are accounted for as they are received.

Premiums on reinsurance contracts held which related to direct insurance contracts are recognised in the consolidated income statement in the same accounting period as the premiums for the direct insurance contracts to which they relate.

(xii) Fees and commission income related to insurance business

Insurance and investment contract policyholders are charged for policy administration services and investment management services. The policy administration fee is recognised as revenue over time when services are rendered. Investment management fees related to asset management services are recognised over time when services are rendered.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(x) Leases

The Group leases various land, office buildings and premises. Rental contracts are made for a range of fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Some leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the consolidated income statement in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(y) Borrowing cost

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

(z) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the Mandatory Provident Fund (“MPF”) Scheme and employee pension schemes established by municipal government in The People’s Republic of China (“PRC”) are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(z) Employee benefits (continued)

(iv) Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the consolidated income statement.

(v) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

On lapse of share options according to the plan, corresponding amount recognised in employees' share-based compensation reserve is transferred to retained profits.

The grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, with a corresponding credit to equity in the parent entity accounts.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(aa) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the end of the reporting period are recognised in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each consolidated statement of financial position presented are translated at the exchange rate ruling at the date of that consolidated statement of the financial position;

(2) income and expenses for each consolidated income statement are translated at the average exchange rate during the period covered by the consolidated income statement; and

(3) all resulting translation differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate ruling at the end of the reporting period.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(aa) Foreign currencies (continued)

(iv) Disposal of foreign operation and partial disposal

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the translation differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated translation differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated translation difference is reclassified to the consolidated income statement.

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors of the Company has appointed an Executive Committee which assess the financial performance and position of the Group, and makes strategic decisions. The Executive Committee, which has been identified as being the chief operating decision-maker, consists of executive directors of the Company.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible concession rights, intangible assets, value of business acquired ("VOBA"), deferred acquisition costs ("DAC"), financial assets at FVOCI, financial assets at FVPL, properties for development, other non-current assets, properties under development, properties held for sale, inventories, receivables and non-current assets classified as assets held for sale and exclude interests in joint ventures and associated companies, investments related to unit – linked contracts, derivative financial instruments, deferred tax assets, restricted bank balances and cash and bank balances. Segment liabilities comprise operating liabilities and exclude items such as current tax payable, deferred tax liabilities, liabilities related to unit-linked contracts and borrowings.

(ac) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the financial period when the dividends are approved by the Company's shareholders/directors, where appropriate.

(ad) Financial guarantee contracts

The Group accounts for its financial guarantee contracts as insurance contracts.

The Group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the consolidated income statement.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ae) Insurance and investment contracts

(i) Product classification

The Group's insurance business issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts for which the Group has accepted significant insurance risk from policyholders providing insurance coverage at the inception of the contract. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. The Group also accepts financial risk on insurance contracts. Financial risk is the risk of a possible future change in a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables.

Investment contracts are those contracts for which the Group has not accepted significant insurance risk but accepts financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

(ii) Insurance contract liabilities

Insurance contract liabilities represent net future policy liabilities as determined by the appointed actuary of the Group using a net level premium approach.

The provision for life insurance contracts with fixed level premiums is calculated on the basis of the prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing. The liability is determined as the sum of the expected discounted value of the benefit payments, less the expected discounted value of the theoretical premiums that would be required to meet the benefits, based on the valuation assumptions as to discount rates, mortality and morbidity rates, lapse and partial lapse rates, persistency, expenses, inflation, policy dividend and fund growth rate that are appropriate at the time of valuation. Changes to the liabilities at each reporting date are recorded in the consolidated income statement or other comprehensive income for the year as appropriate.

For insurance contracts that are yearly renewable, which mainly correspond to products with pure risk coverage such as accident benefit, dread disease, medical insurance and disability insurance, the liabilities for the unexpired risks carries at the end of the reporting period are determined using unearned gross premiums approach.

The liability is derecognised when the contract expires, is discharged or is cancelled.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ae) Insurance and investment contracts (continued)

(iii) Investment contract liabilities

Liabilities for investment contracts are carried at fair values.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statements of financial position.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business for its insurance contracts. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contract and are accounted for in the same period as the underlying claim.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the consolidated income statement for the year.

Reinsurance arrangements do not relieve the Group from its obligations to policyholders.

(v) VOBA

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of in-force contracts in acquisition of an insurance company and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis primarily based on expected future profits. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ae) Insurance and investment contracts (continued)

(vi) DAC

The direct acquisition costs and a portion of indirect acquisition costs relating to the production of new business are deferred so far as there are sufficient margins in the future profits of the new business to fund the amortisation of DAC. DAC include first year commissions and other costs related to the acquisition of new business. All other acquisition costs and all maintenance costs are expensed as and when incurred. The Group has adopted an approach by which DAC of new business is amortised according to the expected future premiums or expected future profits, which are projected based on the Group's best estimate assumptions and actual persistency.

(vii) Liability adequacy test

A liability adequacy test is performed at each reporting date to verify whether the insurance contract liabilities, net of DAC and VOBA, are adequate using current estimates of future cash flows under the insurance contracts. The liability value is adjusted if insufficient to meet future obligations, taking into account the future premiums, investment income, benefits and expenses and cash flows from embedded options and guarantees. If the test shows that a deficiency exists, the shortfall is immediately recorded in the consolidated income statement for the year.

(viii) Benefits and insurance claims

Death claims and surrenders are recorded when notifications have been received. Maturities and annuity payments are recorded when due.

Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

(ix) Commissions and bonuses

Commissions and bonuses payable to agents for the first policy year are included as a component of DAC.

Commissions from reinsurance policies that transfer underwriting risk are recognised as income at the same time as the reinsurance premiums are accounted for.

(x) Premium receivables

Premium receivables represent premiums which are due for payment. The Group normally allows policyholders to make payment within a grace period of one month from the due date. The grace period may be extended by management purely on a discretionary basis. Insurance policies continue in force if default premiums are settled before the expiry of the grace period.

Premium receivables are stated at amortised cost using the effective interest rate method less provision for impairment.

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ae) Insurance and investment contracts (continued)

(xi) Application of overlay approach in accordance with HKFRS 4 "Insurance Contracts" ("HKFRS 4") (Amendment)

The Group elected to apply an "overlay approach" in accordance with HKFRS 4 (Amendments) "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts" which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those designated eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") but currently classified as financial assets at FVPL under HKFRS 9.

(af) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

(ag) Deferred Income

Deferred income is included in both current and non-current liabilities and is credited to the consolidated income statement on a straight-line basis over the concession periods.

(ah) Non-controlling interests

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling shareholders are also recorded in equity.

4 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group is also exposed to insurance risk relating to the activities of its insurance business. The Group has centralised treasury function for all of its subsidiaries except for listed subsidiaries which arrange their financial and treasury affairs on a stand-alone basis and in a manner consistent with the overall policies of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are mainly in Hong Kong and Mainland China. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into foreign exchange forward contracts and foreign exchange swaps to reduce the exposure should the need arises.

At 30 June 2023, the Group's entities with functional currency of Hong Kong dollar had aggregate United States dollar net monetary liabilities of HK$5,891.1 million (2022: HK$337.6 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there are no significant foreign exchange risk with respect to the United States dollar.

At 30 June 2023, the Group's entities with functional currency of Hong Kong dollar had aggregate Renminbi net monetary assets of HK$1,970.5 million (2022: HK$3,161.6 million). If Hong Kong dollar had strengthened/weakened by 5% (2022: 5%) against Renminbi with all other variables unchanged, the Group's profit before taxation would have been HK$98.5 million (2022: HK$158.1 million) lower/higher.

At 30 June 2023, the Group's entities with functional currency of Renminbi had aggregate United States dollar net monetary assets of HK$73.1 million (2022: HK$233.7 million). If Renminbi had strengthened/weakened by 5% (2022: 5%) against United States dollar with all other variables unchanged, the Group's profit before taxation would have been HK$3.7 million (2022: HK$11.7 million) lower/higher.

At 30 June 2023, the Group's entities with functional currency of Renminbi had aggregate Hong Kong dollar net monetary liabilities of HK$889.3 million (2022: HK$542.9 million). If Renminbi had strengthened/weakened by 5% (2022: 5%) against Hong Kong dollar with all other variables unchanged, the Group's profit before taxation would have been HK$44.5 million (2022: HK$27.1 million) higher/lower.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period from the end of the reporting period until the end of next reporting period. There are no other significant monetary balances held by group companies at 30 June 2023 and 2022 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 "Financial Instruments: Disclosures" ("HKFRS 7") arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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

(a) Market risk (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets on a floating rate basis mainly include deposits at bank and amounts due from joint ventures and associated companies. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. The Group's borrowings issued at fixed rates exposed the Group to fair value interest rate risk.

The Group is also exposed to fair value interest risk mainly in relation to the financial assets at FVOCI (debt instruments) and derivative financial instruments. Fair value interest rate risk is the risk that the fair value of the future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

To mitigate the risk, the Group has maintained an appropriate mix of fixed and floating rate interests. To match with underlying risk faced by the Group, the level of fixed rate instrument for the Group is decided after taking into consideration the potential impact of higher interest rates on the consolidated income statement, interest cover and the cash flow cycles of the Group's businesses and investments. Variance interest bearing financial assets and liabilities are mainly subject to an interest repricing risk of one year or below.

If interest rates had been 100 basis points (2022: 100 basis points) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK$44.9 million (2022: HK$269.9 million) higher/lower respectively and the Group's FVOCI reserve would have been HK$4.9 billion (2022: HK$5.0 billion) lower/higher respectively. The sensitivity analysis has been determined assuming that the change in rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the end of the reporting period. The 100 basis points (2022: 100 basis points) increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

(iii) Price risk

The Group is exposed to securities price risk arising from the listed and unlisted investments held by the Group. Gains or losses arising from changes in the fair value of financial assets at FVOCI and financial assets at FVPL are dealt with in equity and the consolidated income statement respectively. The performance of the Group's listed and unlisted investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is also exposed to other price risk arising from fair value of certain interest rate swaps which is determined based on the in-house indexes of banks. Changes in fair value of these interest rate swaps are dealt with in the consolidated income statement. The Group is not exposed to commodity price risk.

At 30 June 2023, if the price of listed and unlisted investments in financial assets at FVOCI had been 25% (2022: 25%) higher/lower with all other variables held constant, the Group's financial assets at FVOCI reserve would have been HK$11,026.7 million (2022: HK$10,571.9 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

At 30 June 2023, if the price of listed and unlisted investments in financial assets at FVPL had been 25% (2022: 25%) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK$5,813.3 million (2022: HK$5,303.5 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months and assumed no impact from overlay approach adjustments.

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

(b) Credit risk

The credit risk of the Group mainly arises from trade and other receivables, contract assets, other non-current assets, balances receivable from investee companies, joint ventures and associated companies, deposits with banks, and debt instruments at FVOCI.

The Group considers the probability of default from initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis by close monitoring against established credit policies in each of its core business. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets, generally on individual basis, as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are generally incorporated:

- external credit rating (if any);
- average default rate by independent external parties;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' ability to meet their obligations; and
- significant actual and expected changes in the performance and behaviour of the counterparties, including changes in the payment status of counterparties in the Group and changes in the operating results of the counterparties.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. Financial assets are considered to be credit-impaired and written off when there is no reasonable expectation of recovery.

For trade debtors, retention receivables and contract assets in relation to provision of services and infrastructure operations, expected credit loss allowance has been provided under lifetime expected credit loss assessment with reference to the historical credit loss experience with counterparties and ageing analysis, adjusted for forward-looking factors specific to the counterparties and the economic environment.

For trade debtors in relation to property sales, the Group normally receives deposits or progress payments from individual customers and possesses the control of the property unit prior to the completion of sales transaction. Taking into account the historical settlement of contractual payment and forward-looking factors, management considered the lifetime expected credit loss surrounding property sales receivables is immaterial.

For trade debtors in relation to rental income, the Group carries out regular review on these balances and follow-up action on any overdue amounts to minimise exposures to credit risk. The Group measures the lifetime expected credit losses based on the outstanding balances with debtors, offset with the deposit placed to the Group by the counterparties or the assets held by the counterparties expected to be frozen by the court for confiscation, and historical credit loss experience adjusted by the current and forecast economic conditions that may affect the ability of the counterparties to settle receivables.

There is no concentration of credit risk with respect to trade debtors and contract assets from third party customers as the customer bases are widely dispersed in different sectors and industries.

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

(b) Credit risk (continued)

For mortgage loans receivables, similar to other financial institutions, credit assessments are part of the normal process before approving loans to applicants. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. At the end of each reporting period, the Group reviews the recoverable amount of each individual receivable, taking into account the historical settlement of contractual payments and forward-looking factors under general approval, to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any.

In relation to premium receivables from insurance business, the credit risk in respect of policyholder balances, incurred on the non-payment of premiums or contributions, will only persist during the grace period specified in the policy documents or trust deed on the expiry of which either the premium is paid or the policy will be terminated or changed to reduced paid-up or term cover according to the provision of the policy.

Impairment on financial assistance provided to investee companies, joint ventures and associated companies, other debtors and other non-current assets such as loans receivables, is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition, through the management's critical assessment on the recoverable amounts based on underlying assets, historical repayment pattern, the actual and expected changes in business performance and general market default rate. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to investee companies, associated companies and joint ventures through exercising joint control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. The Group determines the probability of default and recovery rate based on the underlying financial information, the actual and expected changes in business performance and general market default and recovery rate. The Group has also considered the forward-looking information by incorporating a set of different economic scenarios.

Deposits with banks mainly placed with high-credit-quality financial institutions, such balances are considered to be of low credit risk. Debt securities are limited to financial institutions or investment counterparties with high quality. Aaa and AAA are the highest credit ratings in the Moody's and Standard & Poor's credit rating systems, respectively. The Group classifies its investment in bonds below ratings of Baa3 and BBB – in the Moody's and Standard & Poor's credit rating systems respectively as non-investment grade bonds. As at 30 June 2023, the amount of the non-investment grade bonds held by the Group was approximately 1.8% (2022: 1.9%) of its invested assets.

The Group provides guarantees to banks in connection with certain property purchasers' borrowing of mortgage loans to finance their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the Mainland China. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchaser's deposit and sell the property to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at the end of each reporting period the liabilities based on the current estimates of future cash flows. As at 30 June 2023 and 2022, no provision on the above guarantees to banks had been made in the consolidated financial statements.

The maximum exposure to credit risk is represented by the carrying amounts of financial assets in the consolidated statement of financial position after deducting any loss allowance.

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

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities, renewal of loan facilities upon maturity and the ability to close out market positions. It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities by performing cash flow forecast at least for the next twelve months of the Group. Such forecast facilities management to actively monitor, in compliance of and prevent any breach of loan covenants or any borrowing overdue. The Group maintains significant flexibility to respond to opportunities and events by ensuring that committed credit lines are available to meet future funding requirements. The Group also maintains adequate undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements (including financing for the Group's capital commitments as detailed in note 47(b). The Directors of the Company are of the view that the Group has sufficient resources to meet the Group's commitments and liabilities as and when they fall due.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. Except for the liabilities related to unit-linked contracts where these unit-linked contracts typically include options for policyholders to surrender early, often subject to surrender or other penalties. The Group's investment related to unit-linked contracts are held to back the liabilities to the policyholders. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Carrying amount HK\$m	Total contractual undiscounted cash flow HK\$m	Within 1 year or on demand HK\$m	Over 1 year but within 5 years HK\$m	After 5 years HK\$m	Unit-linked HK\$m
At 30 June 2023						
Creditors, accrued charges and payables to policyholders	**43,671.5**	**43,671.5**	**39,624.9**	**2,606.1**	**1,440.5**	**—**
Short-term borrowings and other interest-bearing liabilities	**15,388.5**	**17,774.7**	**17,774.7**	**—**	**—**	**—**
Long-term borrowings and other interest-bearing liabilities	**175,013.2**	**193,195.8**	**38,714.9**	**118,690.5**	**35,790.4**	**—**
Liabilities related to unit-linked contracts (note 34)	**8,445.5**	**8,445.5**	**—**	**—**	**—**	**8,445.5**
Lease liabilities	**5,174.2**	**6,375.2**	**1,142.5**	**3,136.0**	**2,096.7**	**—**
At 30 June 2022						
Creditors, accrued charges and payables to policyholders	43,892.7	43,892.7	42,758.2	1,132.5	2.0	—
Short-term borrowings and other interest-bearing liabilities	14,094.5	14,311.1	14,311.1	—	—	—
Long-term borrowings and other interest-bearing liabilities	179,214.0	195,510.6	39,190.3	124,149.9	32,170.4	—
Liabilities related to unit-linked contracts (note 34)	8,160.9	8,160.9	—	—	—	8,160.9
Lease liabilities	5,802.5	7,279.5	1,360.8	3,401.8	2,516.9	—

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

(c) Liquidity risk (continued)

Derivative financial liabilities:

	Total contractual undiscounted cash flow HK$m	Within 1 year or on demand HK$m	Over 1 year but within 5 years HK$m	After 5 years HK$m
At 30 June 2023				
Derivative financial instruments (net settled)	**149.9**	**52.3**	**123.9**	**(26.3)**
Derivative financial instruments (gross settled)				
cash inflow	**(206.5)**	**(132.0)**	**(74.5)**	**–**
cash outflow	**217.4**	**142.9**	**74.5**	**–**
	10.9	**10.9**	**–**	**–**
At 30 June 2022				
Derivative financial instruments (net settled)	610.1	188.2	393.7	28.2
Derivative financial instruments (gross settled)				
cash inflow	(1,241.1)	(58.6)	(363.3)	(819.2)
cash outflow	1,264.1	62.0	363.9	838.2
	23.0	3.4	0.6	19.0

The major liquidity risks the Group's insurance business confronts are the daily calls on its available cash resources in respect of claims arising from insurance and investment contracts and the maturity of debt instruments.

The Group's insurance business manages liquidity through its liquidity risk policy which includes determining what constitutes liquidity risk and the minimum proportion of funds to meet emergency calls, the setting up of contingency funding plans, specifying the sources of funding and the events that would trigger the plan, specifying the concentration of funding sources, the reporting of liquidity risk exposures and breaches to the monitoring authority, monitoring the compliance with liquidity risk policy and the reviewing of liquidity risk policy for pertinence and changing environment.

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

(c) Liquidity risk (continued)

The table below presents the estimated amounts (on a discounted basis) and timing of cash outflow/(inflow) arising from liabilities under insurance contracts, projected based on the Group's best estimate assumptions. The Group's insurance business has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts and early surrender of policies for surrender value. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Group's insurance business manages this risk by monitoring and setting an appropriate level of cash position to settle these liabilities.

	Total discounted cash flow HK$m	**Within 1 year HK$m**	**Over 1 year but within 5 years HK$m**	**After 5 years HK$m**
At 30 June 2023				
Insurance contract liabilities (note 43)	**62,263.5**	**4,837.6**	**2,296.8**	**55,129.1**
At 30 June 2022				
Insurance contract liabilities (note 43)	48,199.0	4,120.1	(343.0)	44,421.9

(d) Asset liability management framework

The Group's insurance business exposes to financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risks that the Group's insurance business faces due to the nature of its investments and liabilities are interest rate risk and duration risk. The Group's insurance business manages these positions within an asset liability management ("ALM") framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders.

ALM also forms an integral part of the insurance risk management policy in order to ensure in each period sufficient cash flows are available to meet liabilities arising from insurance and investment contracts.

(e) Regulatory framework of the Group's insurance business

The operations of the Group's insurance business are subject to local regulatory requirements in Hong Kong. The Group's insurance business is required to maintain an appropriate solvency position to meet unforeseen liabilities arising from economic shocks and/or natural disasters.

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

(f) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group generally obtains long-term financing to on-lend or contribute as equity to its subsidiaries, joint ventures and associated companies to meet their funding needs in order to provide more cost efficient financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue or repurchase shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's gearing ratio and makes adjustments to it in light of changes in economic conditions and business strategies. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total long-term and short-term borrowings and other interest-bearing liabilities (excluding loans from non-controlling shareholders) less cash and bank balances and restricted bank balances.

The Group's insurance business has an internal risk management framework for identifying risks to its business it exposed to. The internal framework estimates and indicates how much capital is needed to mitigate the risk of insolvency.

The Group's insurance business always maintains a solvency position higher than 150% of the solvency margin required by the Insurance Authority ("IA") to ensure an adequate surplus position. Further objectives are set by the Group's insurance business to maintain a strong credit rating and healthy capital ratios in order to support its business.

The Group's insurance business manages its capital requirements by assessing probable shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's insurance business activities.

The Group's insurance business fully complied with capital requirements imposed by the IA throughout the reporting period.

The gearing ratios were as follows:

	2023 **HK$m**	2022 HK$m
Consolidated total borrowings*	**185,273.8**	186,559.4
Less: cash and bank balances and restricted bank balances	**(54,517.9)**	(62,210.1)
Consolidated net debt	**130,755.9**	124,349.3
Total equity	**268,491.4**	288,098.8
Gearing ratio	**48.7%**	43.2%

* Excluding loans from non-controlling shareholders, financing received under a financial reinsurance arrangement and cash collateral received for cross currency swap and forward starting interest rate swap contracts.

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

(g) Insurance risk

The Group's insurance business is in the business of insuring against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. The Group's insurance business retains a maximum of US$150,000 for each risk it insures, with the excess being reinsured through surplus treaties, coinsurance treaties, facultative reinsurance, catastrophe treaties and quota share arrangements with reputable international reinsurers. Consequently, total claims payable in any given year can be predicted with a higher degree of precision. As part of the quality control process, the Group's insurance business regularly invites reinsurers to audit its underwriting and claim practices and procedures, to ensure that it meets the highest industry standards.

	Insurance contract liabilities excluding policyholders' dividends and bonuses (note 43(b)) HK$m	Reinsurer's share of insurance contract liabilities HK$m	Net liabilities excluding policyholders' dividends and bonuses HK$m
As at 30 June 2023			
Type of products			
Whole life	**54,837.2**	**(1.3)**	**54,835.9**
Term	**99.0**	**(0.3)**	**98.7**
Dread disease	**2,492.6**	**(0.1)**	**2,492.5**
Medical	**292.2**	**—**	**292.2**
Disability	**9.3**	**—**	**9.3**
Accident	**26.1**	**—**	**26.1**
	57,756.4	**(1.7)**	**57,754.7**
Coinsurance liabilities	**301.2**	**—**	**301.2**
	58,057.6	**(1.7)**	**58,055.9**
As at 30 June 2022			
Type of products			
Whole life	41,125.2	(1.3)	41,123.9
Term	103.2	(0.3)	102.9
Dread disease	2,337.2	—	2,337.2
Medical	270.6	—	270.6
Disability	10.1	(0.1)	10.0
Accident	25.5	—	25.5
	43,871.8	(1.7)	43,870.1
Coinsurance liabilities	345.0	—	345.0
	44,216.8	(1.7)	44,215.1

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

(g) Insurance risk (continued)

(i) Key assumptions

Liabilities on insurance contracts offered by the Group are predominantly conventional whole life insurance for which premiums are paid for a limited period of time or the whole of life, with fixed benefits paid upon death and surrender benefits increasing with the duration of policy.

Some plans provide for guaranteed periodic payments. Most of the whole life insurance products are entitled to annual dividends and some with terminal dividend upon policy termination.

The key assumptions used for the determination of future liabilities for most products is detailed below:

As at 30 June 2023

Mortality rates	For products with full underwriting, 85% 2018 Hong Kong Assured Life Mortality tables for males and females, with selection factor 50% at year 1 and 75% at year 2. For products without full underwriting, 85% 2018 Hong Kong Assured Life Mortality tables for males and females.
Discount rates	Range between 2.20% and 4.25%, depending on the insurance plan policies
Lapse rates	Based on Group's experience
Expenses	Based on Group's experience

As at 30 June 2022

Mortality rates	For products with full underwriting, 59% 2001 Hong Kong Assured Life Mortality tables for males and females, with selection factor 50% at year 1 and 75% at year 2. For products without full underwriting, 59% 2001 Hong Kong Assured Life Mortality tables for males and females.
Discount rates	Range between 2.10% and 4.25%, depending on the insurance plan policies
Lapse rates	Based on Group's experience
Expenses	Based on Group's experience

The method of calculating the liabilities is the net level premium reserve, with an adjustment to remove premium deficiency.

The Group's actual claims compared to the mortality experience assumed in the calculation of future insurance contract liabilities, for the current year, is 78% (2022: 83%).

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

(g) Insurance risk (continued)

(ii) Sensitivities

The sensitivity analyses below have been determined based on reasonably possible changes in the respective key assumptions occurring at the end of the reporting period, while holding all the other assumptions constant.

As at 30 June 2023

	Assumption change	**(Decrease)/ increase in profit for the year and equity HK$m**
Mortality rates	**+10%**	**(237.3)**
Discount rates	**–50 basis points**	**(2,617.8)**
Lapse rates	**+20%**	**265.1**
Expenses	**+10%**	**(74.2)**

As at 30 June 2022

	Assumption change	(Decrease)/ increase in profit for the year and equity HK$m
Mortality rates	+10%	(232.0)
Discount rates	–50 basis points	(2,463.9)
Lapse rates	+20%	253.7
Expenses	+10%	(65.3)

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

(h) Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Management determined the fair value of these financial assets within level 2 and level 3 as follows:

- The fair value of forward starting swap contracts and forward exchange contracts is determined by discounting the contractual future cash flows. The discount rate used is derived from the relevant swap curve as at the reporting date with potential adjustment made for various collateralisation agreement when appropriate;

- The fair value of cross currency swap contracts is determined by discounting the contractual future cash flows. The exchange rate and discount rate used are derived from the relevant foreign exchange forward rates and swap curve as at the reporting date, with potential adjustment made for various collateralization agreement when appropriate;

- For investments in unlisted investment funds, management discussed with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund managers in order to evaluate whether the fair values as stated in the fund statements at the end of reporting period is appropriate;

- For investments in unlisted equity and debt instruments with recent transactions, management determined the fair value at the end of reporting period with reference to recent transaction prices of these financial assets; investments in bonds are classified as level 2 financial instruments if there was no active market for such investments;

- For investments in unlisted equity and debt instruments without recent transactions, management has established fair values of these investments by using appropriate valuation techniques such as discounted cash flow with the credit risk of the issuer taken into consideration for investments in bonds and the purchase price paid by the Group with consideration to the latest financial information, movement of market comparable/ market indices and the latest business development of the investee companies, where applicable. Independent external valuer has been involved in determining the fair value, when appropriate;

- The fair values of the investment contract liabilities and liabilities related to unit-linked contracts are determined with reference to the accumulation value.

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

(h) Fair value estimation (continued)

The carrying amounts of the financial instruments of the Group are as follows. See note 16 for disclosure relating to the investment properties which are measured at fair value.

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

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available.

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

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

The carrying value of debt instruments as financial assets at amortised cost approximates its fair value.

The carrying amounts of mortgage loans receivables, which carry interest rates with reference to bank's lending rates, approximate their fair values that are determined based on the discounted cash flow projections with reference to the unobservable inputs, including lending rates from financial institutions, ranging from Hong Kong Prime rate minus 2.85% to Hong Kong Prime rate (2022: Hong Kong Prime rate minus 2.85% to Hong Kong Prime rate) per annum, and loan repayment pattern and dates over the terms not more than 30 years (2022: 30 years).

The following table presents the Group's financial instruments, including financial assets at FVOCI, financial assets at FVPL, derivative financial instruments, financial assets at FVPL under investments related to unit-linked contracts, investment contract liabilities and investment contract liabilities under liabilities related to unit-linked contracts, that are measured at fair value at 30 June 2023 and 30 June 2022:

As at 30 June 2023

	Level 1 HK$m	Level 2 HK$m	Level 3 HK$m	Total HK$m
Financial assets at FVOCI	**30,296.8**	**11,765.5**	**2,044.6**	**44,106.9**
Financial assets at FVPL	**10,739.4**	**249.0**	**12,265.0**	**23,253.4**
Investments related to unit-linked contracts				
Investment funds	**8,924.4**	**—**	**—**	**8,924.4**
Derivative financial instruments				
Derivative financial assets	**—**	**1,370.0**	**—**	**1,370.0**
	49,960.6	**13,384.5**	**14,309.6**	**77,654.7**
Investment contract liabilities	**—**	**(5.2)**	**—**	**(5.2)**
Liabilities related to unit-linked contracts				
Investment contract liabilities	**—**	**(8,445.5)**	**—**	**(8,445.5)**
Derivative financial instruments				
Derivative financial liabilities	**—**	**(360.3)**	**—**	**(360.3)**
	—	**(8,811.0)**	**—**	**(8,811.0)**

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

(h) Fair value estimation (continued)

As at 30 June 2022

	Level 1 HK$m	Level 2 HK$m	Level 3 HK$m	Total HK$m
Financial assets at FVOCI	30,458.0	9,754.3	2,075.7	42,288.0
Financial assets at FVPL	8,149.6	633.7	12,430.6	21,213.9
Investments related to unit-linked contracts				
Investment funds	8,621.9	—	—	8,621.9
Derivative financial instruments				
Derivative financial assets	—	809.0	—	809.0
	47,229.5	11,197.0	14,506.3	72,932.8
Investment contract liabilities	—	(5.4)	—	(5.4)
Liabilities related to unit-linked contracts				
Investment contract liabilities	—	(8,160.9)	—	(8,160.9)
Derivative financial instruments				
Derivative financial liabilities	—	(222.0)	—	(222.0)
	—	(8,388.3)	—	(8,388.3)

During the year, there were transfer of debt instruments financial assets at FVOCI relating to the Group's insurance business with fair value of HK$2,280.6 million from level 1 to level 2 (2022: HK$427.6 million from level 2 to level 1) fair value hierarchy classifications. Assets are transferred into or out of level 1 based on whether they are transacted with sufficient frequency and volume in an active market.

The following table presents the changes/transfers in level 3 financial instruments for the year ended 30 June 2023 and 30 June 2022:

	Financial assets at FVOCI HK$m	**Financial assets at FVPL HK$m**	**Derivative financial assets HK$m**
At 1 July 2022	**2,075.7**	**12,430.6**	**—**
Additions	**51.3**	**2,397.3**	**—**
Transfer to level 1 instruments	**—**	**(378.7)**	**—**
Net loss recognised in the consolidated statement of comprehensive income/income statement	**(31.5)**	**(558.0)**	**—**
Disposals	**(50.9)**	**(1,626.2)**	**—**
At 30 June 2023	**2,044.6**	**12,265.0**	**—**

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

(h) Fair value estimation (continued)

	Financial assets at FVOCI HK$m	Financial assets at FVPL HK$m	Derivative financial assets HK$m
At 1 July 2021	1,976.5	8,392.8	801.8
Additions	153.4	4,951.9	—
Transfer to level 1 instruments	—	(34.9)	—
Net (loss)/gain recognised in the consolidated statement of comprehensive income/income statement	(54.2)	1,377.0	(801.8)
Disposals	—	(2,256.2)	—
At 30 June 2022	2,075.7	12,430.6	—

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

- The fair value of financial assets relating to property investment industry of HK$813.3 million (2022: HK$890.5 million) will be determined with reference to the reported net asset value at the end of the reporting period;

- Majority of other level 3 financial instruments comprise investment funds, unlisted debt and equity instruments and derivative financial assets. Fair values of the investment funds are mainly determined based on the net asset value, representing the fair value of the funds reported by respective fund managers and relevant factors if deemed necessary. Fair value of unlisted debt and equity instruments is determined primarily based on the purchase price paid by the Group and taking into account of the analysis of the investees' financial position and results, risk profile, prospects, industry trend and other factors. Recent transaction prices, if any, are referenced or independent external valuer is involved, where appropriate, to determine the fair value.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities are as follows:

(a) Revenue recognition

Revenue from property development activities is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The properties contracted for pre-sale to customers have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue should be recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts and the relevant local laws, considered the local regulators' views and obtained legal advice, where necessary.

For property development revenue that is recognised over time, the Group recognises such property development revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the Group's costs incurred up to the reporting date and budgeted costs which depict the Group's performance towards satisfying the performance obligation. Significant estimates and judgements are required in determining the accuracy of the budgets, the extent of the costs incurred and the allocation of costs to each property unit. In making the above estimation, the Group conducts periodic review on the budgets and make reference to past experience and work of contractors and surveyors.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the underlying completed property unit is legally and/or physically transferred to the customer.

(b) Valuation of investment properties

The fair value of each completed investment property is individually determined at the end of each reporting period by independent valuers based on a market value assessment. The valuers have relied on the capitalisation of income approach as their primary methods, supported by the direct comparison method. Management also determines fair value based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset, and uses alternative valuation methods such as recent prices on less active markets. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cash flow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The fair values of investment properties under development are determined by reference to independent valuations. For majority of the Group's investment properties under development, their fair value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include value of completed properties, period of development, outstanding construction costs, finance costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or cost.

At 30 June 2023, if the market value of investment properties had been 3% (2022: 5%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK$6,284.4 million (2022: HK$10,561.0 million) higher/lower.

(c) Recoverability of properties for/under development and properties held for sale

The Group assesses the carrying amounts of properties for/under development and properties held for sale according to their estimated net realisable value based on the realisability of these properties, taking into account construction costs to completion based on the existing development plans and the estimation of selling prices of the properties of comparable locations and conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of significant estimates.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

The Group determines whether interests in joint ventures and associated companies are impaired by regularly review whether there are any indicators of impairment of the investments by reference to the requirements under HKAS 28 (2011) "Investments in Associates and Joint Ventures" and HKAS 36 "Impairment of Assets".

For investments where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use. The value in use of the underlying businesses is determined based on the discounted cash flow projections. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, unit price and discount rates. Independent external valuers were also involved in the fair value and value in use assessments, where appropriate. Based on the results of these impairment assessments, management concluded that the current level of impairment provision for the Group's interests in joint ventures and associated companies as at 30 June 2023 was appropriate.

For the measurement of expected credit losses of the amounts receivable from joint ventures and associated companies, please refer to Note 4(b).

(e) Impairment of assets

The Group tests annually whether goodwill has suffered any impairment according to their recoverable amounts determined by the CGUs based on either fair value less cost of disposal or value in use calculations whichever is higher. These calculations require the use of estimates which are subject to change of economic environment in future. Details are set out in note 20.

Property, plant and equipment and right-of-use assets are regularly reviewed for impairment whenever there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its estimated recoverable amount. The recoverable amounts of property, plant and equipment have been determined based on the higher of their fair values less costs of disposal and value in use, taking into account the latest market information and past experience.

In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

The Group assesses whether there is objective evidence as stated in note 3(i) that trade and other debtors, deposits, premium receivables, contract assets, retention receivables for contract works, amounts due from associated companies, amounts due from joint ventures, amounts due from non-controlling shareholders, cash and bank balances and debt instruments at amortised cost are impaired.

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(g) Estimate of revenue for construction contracts

For revenue from construction work that is recognised over time, the Group recognised such revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the Group's costs incurred up to the reporting date and budgeted costs which depict the Group's performance towards satisfying the performance obligation. Significant estimates and judgements are required in determining the accuracy of the budgets. In making the above estimation, the Group conducts periodic review on the budgets and makes reference to past experience and work of internal quantity surveyors.

(h) Estimated volume of Infrastructures of public services

The amortisation for intangible concession rights and impairment assessment of Infrastructures for public services using discounted cash flow model are affected by the estimated volume for public services, such as toll roads. Management performs annual reviews to assess the appropriateness of estimated volume by making reference to independent professional studies, if necessary.

The traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads and the existence of other means of transportation. The growth of the traffic flow is also highly tied to the future economic and transportation network development of the area in which the Infrastructures serve. The growth in future traffic flow projected by the management is highly dependent on the realisation of the aforementioned factors.

(i) Distinction between property development projects, investment properties and owner-occupied properties

When the Group determines whether a property qualifies as an investment property, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Properties for/under development and properties held for sale are assets under development and held for sale in the ordinary course of business. The Group shall reclassify a property when, and only when, there is evidence of a change in use.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold or leased out separately, the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

(j) Judgement in determining the lease term for lease contracts with renewal option

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(k) Product classification of insurance business

Contracts are classified as insurance contracts where they transfer significant insurance risk from the holder of the contract to the Group. The Group's accounting policy for the classification of insurance and investment contracts is discussed in more detail in note 3(ae)(i).

There are a number of contracts sold where the Group exercises judgement about the level of insurance risk transferred. Typically, these are contracts which contain a significant savings component. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Group is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured event were to occur. These additional amounts include claims liability and assessment costs, but exclude the loss of the ability to charge the holder of the contract for future services.

(l) Estimate of life insurance contract liabilities

The estimation of the ultimate liabilities arising from claims made under life insurance contracts is one of the most critical accounting estimate for the Group's insurance business. There are sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately pay for those claims.

The valuation of insurance contract liabilities requires the use of appropriate actuarial methodologies and also various economic and operational assumptions. The assumptions used in measuring the insurance contract liabilities include discount rates, mortality and morbidity rates, lapse and partial lapse rates, persistency, expenses, inflation, policy dividend and fund growth rate. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and national mortality tables that reflect historical mortality experience, adjusted, where appropriate, to reflect the Group's unique risk exposure. The estimated number of deaths determines the value of possible future benefits to be paid out which will be factored into ensuring sufficient cover by reserves, which in return is monitored against the current and future premiums. Lapse rates are based on the historical experience of the Group. Expenses are based on the renewal compensation cost structure and the maintenance expenses level of the Group. Discount rates are based on the investment strategy of the Group. Discount rates are based on the investment strategy of the Group, with due regard to the expected recurring return on assets backing the insurance contracts.

Estimates for discount rates, mortality rates, lapse rates and expenses are determined at the date of acquisition, where applicable, and at the inception of the contract and are used to calculate the liability over the term of the contract. At each reporting date, these estimates are reassessed for adequacy with margin and changes will be reflected in adjustments to the liability.

(m) Amortisation of DAC and VOBA

The Group adopted an approach by which DAC of new business is amortised according to the expected future premiums or expected future profits, which are projected based on the Group's best estimate assumptions and actual persistency. Assumptions as to projected future premiums or expected future profits are made at the date of policy issue and are applied during the lives of the contracts consistently. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis primarily based on expected future profits. Judgements are exercised in making appropriate estimate of future premiums or expected future profits.

6 REVENUES AND SEGMENT INFORMATION

Revenues recognised during the year are as follows:

	2023 HK$m	2022 HK$m
Revenues		
Property sales	**27,308.1**	17,369.6
Property investment	**4,995.7**	4,823.5
Roads	**2,731.8**	2,717.5
Construction	**32,548.3**	25,759.1
Insurance (note)	**20,986.2**	12,371.6
Hotel operations	**1,091.2**	823.5
Others	**5,552.5**	4,347.9
Total	**95,213.8**	68,212.7

Note:

Revenue from insurance business is further analysed as follows:

	2023 HK$m	2022 HK$m
Gross premiums on insurance contracts	**20,795.5**	12,039.1
Less: premiums ceded to reinsurers	**(424.8)**	(391.7)
Premiums, net of reinsurance	**20,370.7**	11,647.4
Fee income on insurance and investment contracts	**558.1**	628.6
Reinsurance commission income and refund	**52.8**	85.4
Fee on referral business and commission income for general insurance and MPF	**4.6**	10.2
Fee and commission income	**615.5**	724.2
	20,986.2	12,371.6

The Executive Committee of the Company, being the chief operating decision-maker, determines and reviews the Group's internal reporting in order to assess performance and allocate resources. The operating segments are determined based on the afore-mentioned internal reporting and are reviewed regularly.

During the year ended 30 June 2023, following the completion of the disposal of Goshawk Management Limited and to better reflect the nature of the income streams and group strategies, the Group reclassified its reporting segments. The Executive Committee considers the business from products and services perspectives, which comprises property development, property investment, roads, construction, insurance, hotel operations and others (including facilities management, logistic, department store, healthcare, technology and other strategic businesses) segments. The comparative segment information for the year ended 30 June 2022 has been restated to conform with the current year presentation accordingly.

The Executive Committee assesses the performance of the operating segments based on each segment's operating profit. The measurement of segment operating profit excludes the effect of unallocated items (including corporate expenses, corporate financing income and corporate financing costs). In addition, taxation is not allocated to segments.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Property development HK$m	Property investment HK$m	Roads HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2023								
Total revenues	27,311.8	5,134.0	2,731.8	39,518.2	20,988.2	1,091.2	6,180.8	102,956.0
Inter-segment	(3.7)	(138.3)	–	(6,969.9)	(2.0)	–	(628.3)	(7,742.2)
Revenues – external	27,308.1	4,995.7	2,731.8	32,548.3	20,986.2	1,091.2	5,552.5	95,213.8
Revenues from contracts with customers:								
– Recognised at a point in time	25,243.8	–	2,731.8	–	–	438.2	3,840.5	32,254.3
– Recognised over time	2,064.3	–	–	32,548.3	615.5	653.0	1,712.0	37,593.1
	27,308.1	–	2,731.8	32,548.3	615.5	1,091.2	5,552.5	69,847.4
Revenues from other source:								
– Rental income	–	4,995.7	–	–	–	–	–	4,995.7
– Insurance revenue	–	–	–	–	20,370.7	–	–	20,370.7
	–	4,995.7	–	–	20,370.7	–	–	25,366.4
	27,308.1	4,995.7	2,731.8	32,548.3	20,986.2	1,091.2	5,552.5	95,213.8
Segment results (note (a))	8,669.3	3,161.7	1,220.7	341.8	1,978.6	(225.2)	(1,491.8)	13,655.1
Other gains/(losses), net	2,673.7	394.9	–	34.1	(1,267.0)	–	(1,346.2)	489.5
Changes in fair value of investment properties	–	(299.6)	–	–	–	–	–	(299.6)
Overlay approach adjustments on financial assets	–	–	–	–	687.5	–	–	687.5
	11,343.0	3,257.0	1,220.7	375.9	1,399.1	(225.2)	(2,838.0)	14,532.5
Unallocated items								
Corporate expenses								(1,397.8)
Financing income (note (a))								1,578.8
Financing costs (note (a))								(5,299.5)
								9,414.0
Share of results								
Joint ventures (note (b))	(1.5)	(46.8)	528.6	–	–	(218.9)	200.8	462.2
Associated companies	38.4	(1.8)	189.0	18.2	–	0.2	(23.9)	220.1
Profit before taxation								10,096.3
Taxation								(6,015.4)
Profit for the year								4,080.9
Segment assets	113,815.1	214,341.0	14,831.4	26,616.3	74,409.0	9,658.5	27,256.8	480,928.1
Interests in joint ventures	31,938.5	6,647.7	5,638.8	–	–	3,327.1	6,975.3	54,527.4
Interests in associated companies	7,055.6	2,064.1	2,190.7	255.3	–	–	2,291.6	13,857.3
Unallocated assets								67,170.4
Total assets								616,483.2
Segment liabilities	36,740.3	4,449.7	684.7	9,121.2	65,854.9	299.2	10,309.8	127,459.8
Unallocated liabilities								220,532.0
Total liabilities								347,991.8
Additions to non-current assets (note (c))	1,853.3	6,846.4	2,538.2	3,792.0	150.1	354.0	860.5	16,394.5
Depreciation and amortisation	70.0	41.5	1,131.0	109.6	340.8	371.5	1,180.8	3,245.2
Impairment charge and provision	329.9	–	–	88.6	489.5	–	1,368.0	2,276.0

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Property development HK$m	Property investment HK$m	Roads HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2022								
Total revenues	18,726.4	5,030.4	2,717.5	33,899.2	12,373.6	823.5	4,528.6	78,099.2
Inter-segment	(1,356.8)	(206.9)	—	(8,140.1)	(2.0)	—	(180.7)	(9,886.5)
Revenues – external	17,369.6	4,823.5	2,717.5	25,759.1	12,371.6	823.5	4,347.9	68,212.7
Revenues from contracts with customers:								
– Recognised at a point in time	15,699.2	—	2,717.5	—	—	364.1	3,854.6	22,635.4
– Recognised over time	1,670.4	—	—	25,759.1	724.2	459.4	493.3	29,106.4
	17,369.6	—	2,717.5	25,759.1	724.2	823.5	4,347.9	51,741.8
Revenues from other source:								
– Rental income	—	4,823.5	—	—	—	—	—	4,823.5
– Insurance revenue	—	—	—	—	11,647.4	—	—	11,647.4
	—	4,823.5	—	—	11,647.4	—	—	16,470.9
	17,369.6	4,823.5	2,717.5	25,759.1	12,371.6	823.5	4,347.9	68,212.7
Segment results (note (a))	7,671.6	3,042.6	1,351.6	820.4	418.5	(461.1)	(1,990.1)	10,853.5
Other (losses)/gain, net	(371.7)	(9.5)	—	(311.3)	(1,377.4)	47.3	330.0	(1,692.6)
Changes in fair value of investment properties	—	(127.0)	—	—	—	—	—	(127.0)
Overlay approach adjustments on financial assets	—	—	—	—	1,845.9	—	—	1,845.9
	7,299.9	2,906.1	1,351.6	509.1	887.0	(413.8)	(1,660.1)	10,879.8
Unallocated items								
Corporate expenses								(1,202.4)
Financing income (note (a))								1,229.3
Financing costs (note (a))								(2,514.7)
								8,392.0
Share of results								
Joint ventures (note (b))	264.4	(129.7)	630.2	—	—	(494.2)	(890.1)	(619.4)
Associated companies	1,047.9	46.9	181.5	114.0	—	—	51.6	1,441.9
Profit before taxation								9,214.5
Taxation								(4,912.7)
Profit for the year								4,301.8
Segment assets	130,901.1	213,128.3	14,636.5	21,748.5	61,785.4	10,913.5	44,149.0	497,262.3
Interests in joint ventures	18,802.0	7,982.6	3,822.9	—	—	3,825.1	14,312.6	48,745.2
Interests in associated companies	7,941.1	1,366.7	2,855.3	393.4	—	—	3,636.6	16,193.1
Unallocated assets								73,683.3
Total assets								635,883.9
Segment liabilities	48,126.2	3,153.9	528.4	9,629.1	51,218.0	584.4	11,246.4	124,486.4
Unallocated liabilities								223,298.7
Total liabilities								347,785.1
Additions to non-current assets (note (c))	2,946.0	5,196.4	171.0	4,105.4	72.6	613.3	909.5	14,014.2
Depreciation and amortisation	62.6	45.7	1,013.1	108.8	368.8	436.8	1,330.5	3,366.3
Impairment charge and provision	586.5	—	—	312.2	180.9	—	813.8	1,893.4

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Hong Kong HK$m	**Mainland China HK$m**	**Others HK$m**	**Total HK$m**
2023				
Revenues				
Property development	**16,754.9**	**10,553.2**	**—**	**27,308.1**
Property investment	**3,087.0**	**1,908.7**	**—**	**4,995.7**
Roads	**—**	**2,731.8**	**—**	**2,731.8**
Construction	**31,888.3**	**660.0**	**—**	**32,548.3**
Insurance	**20,986.2**	**—**	**—**	**20,986.2**
Hotel operations	**351.0**	**401.2**	**339.0**	**1,091.2**
Others	**3,259.7**	**2,292.8**	**—**	**5,552.5**
	76,327.1	**18,547.7**	**339.0**	**95,213.8**
Non-current assets (note (c))	**167,027.3**	**115,116.4**	**1,151.1**	**283,294.8**

	Hong Kong HK$m	Mainland China HK$m	Others HK$m	Total HK$m
2022				
Revenues				
Property development	5,842.8	11,526.8	—	17,369.6
Property investment	2,795.6	2,027.9	—	4,823.5
Roads	—	2,717.5	—	2,717.5
Construction	25,081.1	678.0	—	25,759.1
Insurance	12,371.6	—	—	12,371.6
Hotel operations	262.1	396.7	164.7	823.5
Others	1,658.2	2,689.7	—	4,347.9
	48,011.4	20,036.6	164.7	68,212.7
Non-current assets (note (c))	172,484.3	120,097.5	1,181.8	293,763.6

Notes:

(a) For the year ended 30 June 2023, segment results of insurance segment included insurance related financing income of HK$2,114.2 million (2022: HK$1,639.0 million) and financing costs of HK$90.7 million (2022: HK$94.6 million).

(b) For the year ended 30 June 2023, the share of results of joint ventures within others segment included the Group's share of impairment loss of HK$310.7 million in relation to investment in Hyva Global B.V. (2022: HK$1,897.1 million in relation to Goshawk Aviation Limited's assets remeasurement/impairment loss, expected credit loss provision on receivables and aircraft repossession/recovery costs).

(c) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets, VOBA, DAC and long-term loans and receivables, long-term prepayments and deposits and policy loans within other non-current assets.

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

Notes: (continued)

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

At 30 June 2023

	Non-insurance and corporate HK$m	Insurance HK$m	Total HK$m
Assets			
Investment properties	208,771.2	707.6	209,478.8
Intangible assets	2,637.5	5,737.7	8,375.2
Value of business acquired	—	5,107.9	5,107.9
Deferred acquisition costs	—	2,498.2	2,498.2
Financial assets at amortised cost	55.2	6,839.8	6,895.0
Financial assets at FVOCI	3,509.3	40,597.6	44,106.9
Financial assets at FVPL	12,344.3	10,909.1	23,253.4
Debtors, prepayments, premium receivables and contract assets	23,040.1	727.2	23,767.3
Investments related to unit-linked contracts	—	8,940.1	8,940.1
Cash and bank balances	46,909.3	6,354.6	53,263.9
Other assets	229,473.7	1,322.8	230,796.5
	526,740.6	89,742.6	616,483.2
Represented by			
Non-current assets	373,613.6	70,471.7	444,085.3
Current assets	153,127.0	19,270.9	172,397.9
	526,740.6	89,742.6	616,483.2
Liabilities			
Borrowings and other interest-bearing liabilities	189,833.8	567.9	190,401.7
Insurance and investment contract liabilities	—	62,268.7	62,268.7
Liabilities related to unit-linked contracts	—	9,128.5	9,128.5
Creditors, accrued charges, payables to policyholders and contract liabilities	56,872.9	2,740.8	59,613.7
Other liabilities	25,707.8	871.4	26,579.2
	272,414.5	75,577.3	347,991.8
Represented by			
Non-current liabilities	151,486.4	17,248.8	168,735.2
Current liabilities	120,928.1	58,328.5	179,256.6
	272,414.5	75,577.3	347,991.8
Net current assets/(liabilities) (note 2)	32,198.9	(39,057.6)	(6,858.7)

7 OTHER INCOME

	2023 HK$m	2022 HK$m
Dividend income from financial assets at FVOCI and financial assets at FVPL	**338.0**	482.3

8 OTHER GAINS/(LOSSES), NET

	2023 HK$m	2022 HK$m
Net gain/(loss) associated with investments related to unit-linked contracts	**257.7**	(2,201.6)
(Charges)/credits associated with liabilities related to unit-linked contracts	**(250.5)**	2,198.8
Net loss on fair value of financial assets at FVPL (note (b))	**(954.8)**	(1,855.8)
Gain on redemption of fixed rate bonds	**273.9**	117.0
Net gain on fair value of derivative financial instruments	**320.4**	88.1
Reversal of provision for		
Onerous contract	**—**	230.0
Other payables	**37.3**	69.9
Write back of loss allowance on		
Properties held for sale	**—**	94.2
Properties for development	**818.0**	—
Loans and other receivables	**194.2**	9.1
Net (loss)/gain on disposal of		
Financial assets at FVOCI	**(6.1)**	161.1
Financial assets at FVPL	**(76.2)**	89.8
Investment properties, property, plant and equipment, right-of-use assets and intangible assets	**149.9**	(70.8)
Assets held for sale	**—**	213.1
Subsidiaries	**868.2**	694.3
Joint ventures	**(52.6)**	56.2
Associated companies	**342.8**	118.6
Impairment loss/loss allowance on		
Loans, debtors, premium receivables and other receivables	**(942.9)**	(723.9)
Debt instruments as financial assets at FVOCI	**(511.6)**	(333.1)
Interests in associated companies	**(522.9)**	(110.2)
Goodwill	**—**	(247.4)
Inventories	**(21.5)**	(16.2)
Properties held for sale	**(174.6)**	(148.9)
Properties under development	**(98.8)**	(221.1)
Property, plant and equipment	**(1.7)**	(12.9)
Right-of-use assets	**(2.0)**	(79.7)
Remeasurement of cost of disposal (note (a))	**1,081.7**	—
Rent concession, government grants and subsidies	**42.8**	111.3
Loss allowance, loss on derecognition and lease modification of lease receivables	**(14.2)**	(53.7)
Net exchange (losses)/gains	**(267.0)**	131.2
	489.5	(1,692.6)

8 OTHER GAINS/(LOSSES), NET (CONTINUED)

Notes:

(a) Amount represented the remeasurement of cost of disposal of a subsidiary in the prior years, as certain conditions in this disposal were lapsed during the year, and the cost of disposal related to this disposal was distinguished in the consolidated income statement.

(b) The Group elected to apply the "overlay approach" in accordance with HKFRS 4 (Amendments) "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts" which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those designated eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 "Financial Instruments: Recognition and Measurement" but currently classified as financial assets at FVPL under HKFRS 9 "Financial Instruments". The designated financial assets applying the overlay approach are equity instruments and investment funds that are managed as underlying assets backing the insurance contracts issued.

The net loss on fair value of financial assets at FVPL of HK$954.8 million (2022: HK$1,855.8 million) includes (i) a net fair value loss of HK$687.5 million (2022: HK$1,845.9 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$267.3 million (2022: HK$9.9 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$687.5 million (2022: HK$1,845.9 million) was then reclassified from consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

9 OPERATING PROFIT

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

	2023 **HK$m**	2022 HK$m
Gross rental income from investment properties	**4,995.7**	4,823.5
Outgoings	**(1,630.1)**	(1,577.6)
	3,365.6	3,245.9
Cost of inventories sold	**(17,174.7)**	(8,913.1)
Cost of services rendered	**(36,566.9)**	(27,884.3)
Claims and benefits, net of reinsurance (note (a))	**(18,260.7)**	(11,436.7)
Insurance agency commission and allowances, net of change in DAC (note (b))	**(1,749.5)**	(1,171.4)
Income from suppliers concessionaires and tenants	**235.9**	281.8
Depreciation		
Property, plant and equipment	**(1,075.7)**	(1,250.1)
Right-of-use assets	**(874.2)**	(906.8)
Amortisation		
Intangible concession rights	**(1,038.8)**	(958.0)
Intangible assets	**(124.6)**	(96.1)
VOBA	**(131.9)**	(155.3)
Other lease expenses		
Short-term lease expense	**(114.3)**	(68.1)
Variable lease expenses not included in lease liabilities	**(227.9)**	(144.4)
Staff costs (note 14(a))	**(7,420.1)**	(7,333.4)
Auditors' remuneration		
Audit services	**(74.9)**	(61.5)
Non-audit services	**(47.2)**	(51.1)

9 OPERATING PROFIT (CONTINUED)

Notes:

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

	2023 HK$m	2022 HK$m
Claims	**1,102.9**	1,074.2
Reinsurers' and coinsurers' share of claims	**(331.4)**	(341.7)
Claims, net of reinsurers' and coinsurers' share	**771.5**	732.5
Surrenders, annuities and maturities	**1,178.0**	1,297.1
Reinsurers' and coinsurers' share	**18.7**	39.0
	1,196.7	1,336.1
Policyholders' dividends and interests	**432.9**	389.8
Incentives to policyholders	**1,142.7**	289.3
Increase in insurance contract liabilities	**14,716.9**	8,689.0
Total claims and benefits, net of reinsurance	**18,260.7**	11,436.7

(b) The amount includes amortisation of DAC of HK$658.1 million (2022: HK$524.2 million).

10 FINANCING COSTS

	2023 HK$m	2022 HK$m
Interest on bank loans and overdrafts	**5,397.1**	2,171.7
Interest on fixed rate bonds and notes payable	**2,048.3**	2,252.8
Interest on loans from non-controlling shareholders	**106.7**	113.0
Interest on lease liabilities (note 49(b))	**251.7**	292.1
	7,803.8	4,829.6
Capitalised as (note):		
Cost of properties for/under development	**(1,440.4)**	(1,319.3)
Cost of assets under construction and investment properties under development	**(973.2)**	(901.0)
	5,390.2	2,609.3

Note:

To the extent funds are borrowed generally and used for the purpose of financing certain properties for/under development, assets under construction and investment properties under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 4.0% per annum (2022: 2.7% per annum).

11 TAXATION

	2023 HK$m	2022 HK$m
Current taxation		
Hong Kong profits tax	**1,045.4**	772.8
Mainland China and overseas taxation	**2,253.0**	1,874.0
Mainland China land appreciation tax	**3,252.0**	3,161.9
Deferred taxation (note 26)		
Valuation of investment properties	**49.7**	110.7
Other temporary differences	**(461.3)**	(815.7)
Mainland China land appreciation tax	**(123.4)**	(191.0)
	6,015.4	4,912.7

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year.

The assessable profits of the Group's insurance business are computed in accordance with the special provisions of the Hong Kong Inland Revenue Ordinance ("IRO"). Profits tax for the long-term insurance business, as defined by IRO, is computed at a rate of 16.5% of 5% of net premiums (gross premiums received less reinsurance premiums ceded) of the life insurance business in accordance with Section 23(1)(a) of IRO.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 12% to 28% (2022: 12% to 28%).

Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2022: 5% or 10%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2022: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$488.4 million and HK$175.9 million (2022: HK$231.7 million and HK$1,378.0 million) respectively.

11 TAXATION (CONTINUED)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2023 **HK$m**	2022 HK$m
Profit before taxation and share of results of joint ventures and associated companies	**9,414.0**	8,392.0
Calculated at a taxation rate of 16.5% (2022: 16.5%)	**1,553.3**	1,384.7
Effect of different taxation rates in other countries	**974.0**	831.7
Tax on 5% of net premium of life insurance business	**176.5**	104.9
Results of life insurance business not taxable at the statutory rate	**(239.9)**	(181.5)
Income not subject to taxation	**(580.5)**	(886.5)
Expenses not deductible for taxation purposes	**1,669.9**	1,779.1
Tax losses not recognised	**62.5**	439.9
Temporary differences not recognised	**112.6**	41.4
Utilisation of previously unrecognised tax losses	**(284.0)**	(322.8)
Deferred taxation on undistributed profits	**146.0**	17.8
Recognition of previously unrecognised temporary differences	**118.2**	(7.5)
Recognition of previously unrecognised tax losses	**—**	(11.2)
Over provision in prior years	**(8.9)**	(458.1)
Land appreciation tax deductible for calculation of income tax purpose	**(812.9)**	(790.1)
	2,886.8	1,941.8
Mainland China land appreciation tax	**3,128.6**	2,970.9
Taxation charge	**6,015.4**	4,912.7

12 EARNINGS PER SHARE

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

	2023 **HK$m**	2022 HK$m
Profit attributable to shareholders of the Company for calculating basic and diluted earnings per share	**900.9**	1,249.2
Adjust for gain from redemption of perpetual capital securities	**75.5**	–
	976.4	1,249.2

	Number of shares (million)	
	2023	2022
Weighted average number of shares for calculating basic and diluted earnings per share	**2,516.6**	2,519.1

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

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

For the years ended 30 June 2023 and 30 June 2022, the adjusted exercise price is above the average market price of the ordinary shares. Accordingly, the share options of the Company had an anti-dilutive effect on the basic earnings per share and therefore were not included in the calculation of diluted earnings per share.

13 DIVIDENDS

	2023 HK$m	2022 HK$m
Interim dividend of HK$0.46 per share (2022: HK$0.56 per share)	**1,157.7**	1,409.4
Final dividend proposed of HK$0.30 per share (2022: HK$1.50 per share)	**755.0**	3,774.9
	1,912.7	5,184.3
Conditional special dividend of HK$1.59 per share (2022: nil)	**4,001.4**	—
	5,914.1	5,184.3

At a meeting held on 29 September 2023, the Directors recommended a final dividend of HK$0.3 per share. This proposed dividend was not reflected as dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained profits for the financial year ending 30 June 2024.

At the same meeting held on 29 September 2023, the Directors declared a special dividend of HK$1.59 per share in cash, payment of which is conditional upon completion of the Disposal (as defined in the section headed "Connected Transactions" on pages 136 to 141 of this annual report). This conditional special dividend was not reflected as dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained profits for the financial year ending 30 June 2024 if the Disposal is completed during such year.

14 STAFF COSTS

(a) Staff costs

	2023 HK$m	2022 HK$m
Wages, salaries and other benefits	**8,176.9**	8,071.3
Pension costs – defined benefit plans	**2.8**	5.0
Pension costs – defined contribution plans	**394.8**	338.5
Share options (note (b))	**51.8**	4.9
	8,626.3	8,419.7
Less: Amounts capitalised as costs of investment properties under development and properties for/under development	**(1,206.2)**	(1,086.3)
	7,420.1	7,333.4

Staff costs include directors' remuneration.

14 STAFF COSTS (CONTINUED)

(b) Share options

During the year, the Company operates share option schemes whereby options may be granted to eligible employees and directors, to subscribe for shares of the Company.

Details of share options are as follows:

Grantor	Date of grant	Exercise price	At 1 July 2022	Exercised	Lapsed/ cancelled	Adjusted	At 30 June 2023	Number of share options exercisable as at 30 June 2023	Note
		HK$							
The Company	3 July 2017 to 22 May 2019	Note (i)	11,993,000	—	(11,993,000)	—	—	—	(i)
	Weighted average exercise price of each category (HK$)	—	47.218	—	—	—	—	—	

Notes:

(i) A share option scheme was adopted by the Company on 22 November 2016 ("2016 Scheme") which will be valid and effective for a period of ten years from the date of adoption. On 3 July 2017, 6 July 2018 and 22 May 2019, 53,450,000, 39,250,000 and 46,550,000 share options were granted to Directors and certain eligible participants at the exercise price of HK$10.036, HK$11.040 and HK$12.344 per share before the consideration of Company's shares on 23 June 2020 respectively.

On 23 June 2020, every four issued shares of the Company were consolidated into one share of the Company (each a "Consolidated Share") and the number of Consolidated Shares was rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise (the "Share Consolidation").

As a result of the Share Consolidation, adjustments were made to the number of shares subject to, and exercise price of, the outstanding share options under the 2016 Scheme (the "Share Options Adjustments"). The Share Option Adjustments took effect on 23 June 2020.

The exercise price of the outstanding share option granted on 3 July 2017, 6 July 2018 and 22 May 2019 have been adjusted to HK$40.144, HK$44.160 and HK$49.376 per share respectively as a result of Share Consolidation.

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

The share options granted on 3 July 2017 were divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

The share options granted on 6 July 2018 were divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

The share options granted on 22 May 2019 were divided into 4 tranches exercisable from 22 May 2019, 22 May 2020, 22 May 2021 and 22 May 2022 respectively to 21 May 2023.

All remaining share options under the 2016 Scheme were lapsed during the year ended 30 June 2023.

(ii) The Binomial pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

14 STAFF COSTS (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 4 directors (2022: 3 directors) whose emoluments are reflected in the analysis shown in note 15(a). The emoluments to the remaining 1 (2022: 2 individuals) individual during the year are as follows:

	2023 HK$m	2022 HK$m
Wages, salaries and other benefits	**10.5**	35.7
Discretionary bonuses	**6.3**	13.2
Employer's contributions to retirement benefit schemes	**0.8**	0.4
Share options	**4.7**	—
	22.3	49.3

The emoluments of the individuals fell within the following bands:

	Number of individuals	
	2023	2022
Emolument band (HK$)		
20,000,001-20,500,000	**—**	1
22,000,001-22,500,000	**1**	—
29,000,001-29,500,000	**—**	1
	1	2

(d) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in note 15(a) and note 14(c) respectively, the emoluments of the senior management whose profiles are included in Directors' Profile/Senior Management Profile sections of this report fell within the following bands:

	Number of individuals	
	2023	2022
Emolument band (HK$)		
3,000,001-3,500,000	**—**	1
3,500,001-4,000,000	**1**	—
5,000,001-5,500,000	**1**	1
5,500,001-6,000,000	**—**	1
6,000,001-6,500,000	**1**	—
8,500,001-9,000,000	**1**	—
10,000,001-10,500,000	**1**	—
	5	3

15 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Name of Directors	As Director (note (i)) Fees HK$m	As Director (note (i)) Allowances and other benefits (note (iii)) HK$m	As management (note (ii)) Basic salaries, allowances and other benefits HK$m	As management (note (ii)) Employer's contribution to a retirement benefit scheme HK$m	Total HK$m
For the year ended 30 June 2023					
Dr. Cheng Kar-Shun, Henry	1.7	6.9	49.9	1.8	60.3
Paid by the Company and its unlisted subsidiaries	1.0	–	35.5	1.2	37.7
Paid by NWSH	0.7	6.9	14.4	0.6	22.6
Mr. Doo Wai-Hoi, William	0.4	–	–	–	0.4
Dr. Cheng Chi-Kong, Adrian	1.2	3.5	45.5	2.6	52.8
Paid by the Company and its unlisted subsidiaries	0.5	–	37.1	2.0	39.6
Paid by NWSH	0.6	3.5	8.4	0.6	13.1
Paid by NWDS	0.1	–	–	–	0.1
Mr. Yeung Ping-Leung, Howard**	0.2	–	–	–	0.2
Mr. Cheng Kar-Shing, Peter	0.4	–	8.9	0.8	10.1
Mr. Ho Hau-Hay, Hamilton**	0.3	–	–	–	0.3
Mr. Lee Luen-Wai, John	0.9	–	–	–	0.9
Mr. Liang Cheung-Biu, Thomas**	0.3	–	–	–	0.3
Mr. Ip Yuk-Keung, Albert	0.8	–	–	–	0.8
Mr. Cheng Chi-Heng	0.4	–	1.9	0.2	2.5
Ms. Cheng Chi-Man, Sonia	0.4	–	16.7	1.5	18.6
Mr. Sitt Nam-Hoi	0.5	–	16.8	1.4	18.7
Ms. Huang Shaomei, Echo	0.4	–	32.6	0.8	33.8
Ms. Chiu Wai-Han, Jenny	0.6	–	6.1	0.4	7.1
Paid by the Company and its unlisted subsidiaries	0.5	–	6.1	0.4	7.0
Paid by NWDS	0.1	–	–	–	0.1
Mr. Chan Johnson Ow	0.8	–	–	–	0.8
Mr. Ma Siu-Cheung	1.6	4.8	17.3	0.5	24.2
Paid by the Company and its unlisted subsidiaries	0.4	–	3.6	0.1	4.1
Paid by NWSH	1.2	4.8	13.7	0.4	20.1
Mr. Cheng Chi-Ming, Brian*	0.9	4.3	9.7	0.6	15.5
Paid by the Company and its unlisted subsidiaries	0.2	–	–	–	0.2
Paid by NWSH	0.7	4.3	9.7	0.6	15.3
Mrs. Law Fan Chiu-Fun, Fanny*	0.4	–	–	–	0.4
Ms. Lo Wing-Sze, Anthea*	0.4	–	–	–	0.4
Ms. Wong Yeung-Fong, Fonia*	0.4	–	–	–	0.4
Total	13.0	19.5	205.4	10.6	248.5

* appointed during the year

** resigned during the year

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

Name of Directors	As Director (note (i)) Fees HK$m	As Director (note (i)) Allowances and other benefits (note (iii)) HK$m	As management (note (ii)) Basic salaries, allowances and other benefits HK$m	As management (note (ii)) Employer's contribution to a retirement benefit scheme HK$m	2022 Total HK$m
For the year ended 30 June 2022					
Dr. Cheng Kar-Shun, Henry	1.7	—	45.2	1.8	48.7
Paid by the Company and its unlisted subsidiaries	1.0	—	34.3	1.2	36.5
Paid by NWSH	0.7	—	10.9	0.6	12.2
Mr. Doo Wai-Hoi, William	0.4	—	—	—	0.4
Dr. Cheng Chi-Kong, Adrian	1.3	—	42.9	2.6	46.8
Paid by the Company and its unlisted subsidiaries	0.5	—	35.6	2.0	38.1
Paid by NWSH	0.7	—	7.3	0.6	8.6
Paid by NWDS	0.1	—	—	—	0.1
Mr. Yeung Ping-Leung, Howard	0.7	—	—	—	0.7
Mr. Cheng Kar-Shing, Peter	0.4	—	8.6	0.8	9.8
Mr. Ho Hau-Hay, Hamilton	0.7	—	—	—	0.7
Mr. Lee Luen-Wai, John	0.8	—	—	—	0.8
Mr. Liang Cheung-Biu, Thomas	0.7	—	—	—	0.7
Mr. Ip Yuk-Keung, Albert	0.7	0.2	—	—	0.9
Mr. Cheng Chi-Heng	0.4	—	1.9	0.2	2.5
Ms. Cheng Chi-Man, Sonia	0.4	—	16.6	1.4	18.4
Mr. Sitt Nam-Hoi	0.5	0.2	16.5	1.3	18.5
Ms. Huang Shaomei, Echo	0.4	0.1	22.4	0.8	23.7
Ms. Chiu Wai-Han, Jenny	0.6	0.1	5.2	0.4	6.3
Mr. Chan Johnson Ow	0.6	—	—	—	0.6
Total	10.3	0.6	159.3	9.3	179.5

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

Notes:

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary.

(ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.

(iii) Other benefits represented share options. The value of the share options granted to the directors of the Company under the share option schemes of the Company and its subsidiaries represents the fair value of these options charged to the consolidated income statement for the year in accordance with HKFRS 2 "Share-based Payment".

(iv) No director waived or agreed to waive any emoluments during the year.

(b) Directors' material interests in transactions, arrangements or contracts

On 24 April 2020, a master services agreement (the "Mr. Doo MSA") was entered into between the Company and Mr. Doo Wai-Hoi, William, Non-executive Vice-chairman ("Mr. Doo") for a term of three years commencing from 1 July 2021 up to and including 30 June 2023 in respect of the provision of the operational and rental services by companies owned by Mr. Doo to the Group, and vice versa. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2023 were approved by the independent shareholders of the Company on 24 April 2020. For the year ended 30 June 2023, the aggregate amount of the transactions amounted to approximately HK$3,043.0 million (2022: HK$2,375.1 million).

Same as mentioned above, no other significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16 INVESTMENT PROPERTIES

	2023 HK$m	2022 HK$m
Completed investment properties	**167,120.2**	169,073.5
Investment properties under development	**42,358.6**	42,147.2
	209,478.8	211,220.7

	Completed investment properties HK$m	Investment properties under development HK$m	Total HK$m
At 1 July 2022	**169,073.5**	**42,147.2**	**211,220.7**
Translation differences	**(4,365.4)**	**(2,530.7)**	**(6,896.1)**
Disposal of subsidiaries	**(3,156.0)**	**—**	**(3,156.0)**
Additions	**1,495.5**	**5,301.5**	**6,797.0**
Transfer between investment properties, property, plant and equipment and right-of-use assets	**2,427.8**	**394.2**	**2,822.0**
Reclassification to finance lease receivables	**(21.6)**	**—**	**(21.6)**
Disposals	**(987.6)**	**—**	**(987.6)**
Changes in fair value	**95.4**	**(395.0)**	**(299.6)**
Transfer upon completion	**2,558.6**	**(2,558.6)**	**—**
At 30 June 2023	**167,120.2**	**42,358.6**	**209,478.8**

	Completed investment properties HK$m	Investment properties under development HK$m	Total HK$m
At 1 July 2021	161,397.7	34,485.8	195,883.5
Translation differences	(1,189.8)	(594.4)	(1,784.2)
Additions	2,231.8	2,916.1	5,147.9
Transfer between investment properties, property, plant and equipment and right-of-use assets	3,362.8	—	3,362.8
Transfer between investment properties, properties held for sale and properties under development	4,082.7	5,751.6	9,834.3
Disposals	(1,096.6)	—	(1,096.6)
Changes in fair value	(566.3)	439.3	(127.0)
Transfer upon completion	851.2	(851.2)	—
At 30 June 2022	169,073.5	42,147.2	211,220.7

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, Avista Group, Colliers International (Hong Kong) Limited, Savills Valuation and Professional Services Limited and Knight Frank Petty Limited, independent qualified valuers, who hold recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 30 June 2023 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuation performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the Audit Committee. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department verifies all major inputs to the independent valuation reports; assesses property valuation movements when compared to the prior year valuation reports; and holds discussions with the independent valuers.

Valuation techniques

Fair value of completed investment properties for commercial, residential and carparks in Hong Kong and Mainland China is generally derived using the income capitalisation method and wherever appropriate, by direct comparison method. Income capitalisation method is based on capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of commercial properties and carparks under development is generally derived using the residual method and wherever appropriate, by direct comparison method. Residual method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

At 30 June 2023 and 2022, all investment properties were included in level 3 in the fair value hierarchy.

There were no changes to the valuation techniques during the year and there were no transfers among the fair value hierarchy during the year.

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Information about fair value measurements using significant unobservable inputs:

	2023 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Capitalisation rate
Completed investment properties					
Hong Kong					
Commercial	**95,190.7**	Income capitalisation	HK$11-HK$340 per square feet	N/A	1.5%-5.2%
	16,006.6	Direct comparison	N/A	HK$9,300 per square feet	N/A
Carparks	**3,344.0**	Income capitalisation	HK$2,900-HK$7,120 per carpark space	N/A	2.8%-4.0%
Mainland China and others					
Commercial	**43,012.5**	Income capitalisation	HK$11-HK$781 per square metre	N/A	2.0%-8.5%
	250.4	Direct comparison	N/A	HK$3,400-HK$58,800 per square metre	N/A
Serviced apartment	**2,688.6**	Income capitalisation	HK$112-HK$241 per square metre	N/A	2.75%-6.25%
Carparks	**6,627.4**	Direct comparison	N/A	HK$129,800-HK$757,000 per carpark space	N/A
Total	**167,120.2**				

	2023 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Estimated developer's profit and risk margins
Investment properties under development					
Commercial	**42,139.1**	Residual	N/A	HK$1,400-HK$56,200 per square feet	0%-15.0%
Carparks	**219.5**	Residual	N/A	HK$237,900 per carpark space	1.0%
Total	**42,358.6**				

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

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

	2022 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Capitalisation rate
Completed investment properties					
Hong Kong					
Commercial	94,612.0	Income capitalisation	HK$11-HK$340 per square feet	N/A	1.5%-5.2%
	17,350.0	Direct comparison	N/A	HK$9,500-HK$23,200 per square feet	N/A
Carparks	3,276.0	Income capitalisation	HK$2,900-HK$7,120 per carpark space	N/A	3.25%-4.0%
	31.0	Direct comparison	N/A	HK$1,630,000 per carpark space	N/A
Mainland China and others					
Commercial	43,202.8	Income capitalisation	HK$12-HK$887 per square metre	N/A	2.0%-8.5%
	332.4	Direct comparison	N/A	HK$3,400-HK$58,800 per square metre	N/A
Serviced apartment	2,755.3	Income capitalisation	HK$122-HK$256 per square metre	N/A	3.0%-6.25%
Carparks	7,514.0	Direct comparison	N/A	HK$141,000-HK$705,800 per carpark space	N/A
Total	169,073.5				

	2022 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Estimated developer's profit and risk margins
Investment properties under development					
Commercial	42,021.3	Residual	N/A	HK$1,600-HK$56,700 per square feet	2.0%-15.0%
Carparks	125.9	Residual	N/A	HK$258,800 per carpark space	2.0%
Total	42,147.2				

16 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates and developer's profit and risk margins are estimated by independent valuers based on the risk profile of the properties being valued and the market conditions. The lower the rates and the margins, the higher the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2023.

At 30 June 2023, the aggregate fair value of completed investment properties and investment properties under development pledged as securities for the Group's borrowings amounted to HK$50,373.7 million (2022: HK$49,944.7 million) and HK$590.7 million (2022: HK$5,374.1 million) respectively.

17 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land HK$m	Buildings HK$m	Others (note (a)) HK$m	Assets under construction HK$m	Total HK$m
Cost					
At 1 July 2022	**265.7**	**16,318.1**	**8,816.9**	**3,537.6**	**28,938.3**
Translation differences	**—**	**(859.8)**	**(383.1)**	**(269.1)**	**(1,512.0)**
Acquisition of subsidiary	**—**	**—**	**42.1**	**—**	**42.1**
Additions	**—**	**88.6**	**698.8**	**259.7**	**1,047.1**
Transfer between property, plant and equipment, right-of-use assets and investment properties	**—**	**(1,998.6)**	**(642.7)**	**20.9**	**(2,620.4)**
Transfer between properties held for sale, properties under development and property, plant and equipment	**—**	**—**	**(9.7)**	**(288.9)**	**(298.6)**
Disposal of subsidiaries	**—**	**(828.3)**	**(126.1)**	**—**	**(954.4)**
Disposals	**—**	**(13.9)**	**(496.7)**	**—**	**(510.6)**
At 30 June 2023	**265.7**	**12,706.1**	**7,899.5**	**3,260.2**	**24,131.5**
Accumulated depreciation and impairment					
At 1 July 2022	**—**	**3,295.6**	**5,713.6**	**244.8**	**9,254.0**
Translation differences	**—**	**(162.9)**	**(259.4)**	**—**	**(422.3)**
Transfer between property, plant and equipment, right-of-use assets and investment properties	**—**	**(297.7)**	**(331.9)**	**—**	**(629.6)**
Depreciation	**—**	**468.7**	**607.0**	**—**	**1,075.7**
Impairment	**—**	**—**	**1.7**	**—**	**1.7**
Disposal of subsidiaries	**—**	**(156.8)**	**(97.8)**	**—**	**(254.6)**
Disposals	**—**	**(5.2)**	**(454.5)**	**—**	**(459.7)**
At 30 June 2023	**—**	**3,141.7**	**5,178.7**	**244.8**	**8,565.2**
Net book value (note (b))					
At 30 June 2023	**265.7**	**9,564.4**	**2,720.8**	**3,015.4**	**15,566.3**

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold Land HK$m	Buildings HK$m	Others (note (a)) HK$m	Assets under construction HK$m	Total HK$m
Cost					
At 1 July 2021	265.7	19,328.1	9,327.5	2,867.1	31,788.4
Translation differences	—	(434.9)	(137.7)	(64.4)	(637.0)
Acquisition of subsidiary	—	—	11.1	—	11.1
Additions	—	8.4	441.9	729.3	1,179.6
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(2,533.8)	(24.3)	151.8	(2,406.3)
Transfer between properties held for sale, properties under development and property, plant and equipment	—	96.4	—	(145.9)	(49.5)
Transfer upon completion	—	—	0.3	(0.3)	—
Disposal of subsidiaries	—	(1.3)	(11.7)	—	(13.0)
Disposals	—	(144.8)	(790.2)	—	(935.0)
At 30 June 2022	265.7	16,318.1	8,816.9	3,537.6	28,938.3
Accumulated depreciation and impairment					
At 1 July 2021	—	3,337.3	5,906.3	244.8	9,488.4
Translation differences	—	(123.9)	(91.1)	—	(215.0)
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(376.7)	(67.0)	—	(443.7)
Depreciation	—	573.4	676.7	—	1,250.1
Impairment	—	—	12.9	—	12.9
Disposal of subsidiaries	—	(0.1)	(10.9)	—	(11.0)
Disposals	—	(114.4)	(713.3)	—	(827.7)
At 30 June 2022	—	3,295.6	5,713.6	244.8	9,254.0
Net book value (note (b))					
At 30 June 2022	265.7	13,022.5	3,103.3	3,292.8	19,684.3

Notes:

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

(b) At 30 June 2023, the aggregate net book value of property, plant and equipment pledged as securities for the Group's borrowings amounted to HK$1,127.7 million (2022: HK$1,588.1 million).

18 RIGHT-OF-USE ASSETS

	2023 **HK$m**	2022 HK$m
Leasehold land (note (a))	**314.2**	917.7
Land use rights (note (a))	**1,585.6**	1,593.3
Buildings, plant and equipment	**2,769.1**	3,248.2
Others	**455.1**	539.0
	5,124.0	6,298.2

Notes:

(a) As at 30 June 2023, the aggregate net book value of leasehold land and land use rights pledged as securities for the Group's borrowings amounted to HK$148.9 million and HK$ nil (2022: HK$150.6 million and HK$279.5 million) respectively.

(b) For the year ended 30 June 2023, additions to the right-of-use assets were HK$844.3 million (2022: HK$583.3 million) and total cash outflows for leases was HK$1,383.1 million (2022: HK$1,443.5 million).

(c) Depreciation of right-of-use assets

	2023 **HK$m**	2022 HK$m
Leasehold land	**8.0**	16.6
Land use rights	**71.4**	70.1
Buildings, plant and equipment	**710.8**	736.1
Others	**84.0**	84.0
	874.2	906.8

Rental contracts are typically made for fixed periods range from 13 months to 19 years (2022: 21 months to 18 years) for buildings, plant and equipment and others, but may have extension options which majority of these options are exercisable only by the Group and not by the respective lessors. Lease term for leasehold land ranges from 3 years to 981 years (2022: 3 years to 982 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Some property leases contain variable payment terms that are linked to revenue generated from leased assets, or the higher of a guaranteed rent or revenue rent throughout the lease terms. Revenue rent represents a percentage of gross revenue derived from the leased properties ranging from 3% to 34% (2022: ranging from 3% to 34%).

19 INTANGIBLE CONCESSION RIGHTS

	2023 HK$m	2022 HK$m
Cost		
At beginning of the year	**22,035.4**	22,611.7
Acquisition of a subsidiary	**2,231.8**	—
Additions	**142.9**	—
Translation differences	**(2,032.0)**	(576.3)
At end of the year	**22,378.1**	22,035.4
Accumulated amortisation and impairment		
At beginning of the year	**9,024.0**	8,330.7
Translation differences	**(921.2)**	(264.7)
Amortisation	**1,038.8**	958.0
At end of the year	**9,141.6**	9,024.0
Net book value		
At end of the year	**13,236.5**	13,011.4

At 30 June 2023, the aggregate net book value of intangible concession rights pledged as securities for the Group's borrowings amounted to HK$6,666.2 million (2022: nil).

20 INTANGIBLE ASSETS

	Goodwill HK$m	Trademarks HK$m	Operating right and others HK$m	Total HK$m
Cost				
At 1 July 2022	9,936.1	79.8	972.7	10,988.6
Translation differences	(199.7)	—	—	(199.7)
Additions	—	2.6	211.9	214.5
Transfer	(42.5)	42.5	—	—
At 30 June 2023	9,693.9	124.9	1,184.6	11,003.4
Accumulated amortisation and impairment				
At 1 July 2022	1,956.9	30.3	606.2	2,593.4
Translation differences	(89.8)	—	—	(89.8)
Amortisation	—	8.1	116.5	124.6
At 30 June 2023	1,867.1	38.4	722.7	2,628.2
Net book value				
At 30 June 2023	7,826.8	86.5	461.9	8,375.2

20 INTANGIBLE ASSETS (CONTINUED)

	Goodwill HK$m	Trademarks HK$m	Operating right and others HK$m	Total HK$m
Cost				
At 1 July 2021	9,588.0	73.6	865.8	10,527.4
Translation differences	(44.8)	—	—	(44.8)
Additions	—	6.2	116.5	122.7
Acquisition of a subsidiary	392.9	—	0.1	393.0
Disposal	—	—	(9.7)	(9.7)
At 30 June 2022	9,936.1	79.8	972.7	10,988.6
Accumulated amortisation and impairment				
At 1 July 2021	1,738.8	25.0	517.7	2,281.5
Translation differences	(29.3)	—	—	(29.3)
Amortisation	—	5.3	90.8	96.1
Impairment	247.4	—	—	247.4
Disposal	—	—	(2.3)	(2.3)
At 30 June 2022	1,956.9	30.3	606.2	2,593.4
Net book value				
At 30 June 2022	7,979.2	49.5	366.5	8,395.2

Impairment test for goodwill

A summary of the goodwill allocation is presented below:

	Hong Kong HK$m	**Mainland China HK$m**	**Total HK$m**
2023			
Property development	**2.5**	**227.0**	**229.5**
Property investment	**—**	**236.6**	**236.6**
Insurance	**5,576.3**	**—**	**5,576.3**
Others	**872.8**	**911.6**	**1,784.4**
	6,451.6	**1,375.2**	**7,826.8**

	Hong Kong HK$m	Mainland China HK$m	Total HK$m
2022			
Property development	2.5	247.0	249.5
Property investment	—	273.8	273.8
Insurance	5,576.3	—	5,576.3
Others	872.8	1,006.8	1,879.6
	6,451.6	1,527.6	7,979.2

20 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill (continued)

Goodwill is allocated to the Group's cash generating units identified according to country of operation and business segment. For the purpose of impairment test for goodwill, the recoverable amount of the business unit is determined based on either fair value less costs of disposal or value in use calculations whichever is higher. The key assumptions adopted on growth rates and discount rates used in the value in use calculations are based on management best estimates and past experience.

For the segment of property development, the recoverable amount of the business unit is determined based on value-in-use calculations, which use cash flow projections based on financial budgets and a pre-tax discount rate.

For the segment of property investment, growth rates are determined by considering both internal and external factors relating to the relevant segments. Discount rate used also reflect specific risks relating to the relevant segment, which was 12.4% (2022: 12.4%).

For the segment of insurance, annual growth rates for premium from new business being 3% to 31% (2022: 21% to 30%) for the first five projection years and steady growth rate of 5% (2022: 5%) for the next five projection years are determined by considering both internal and external factors. Discount rate of 7.75% (2022: 7.75%) was used to reflect specific risk relating to such business. The assessment indicated no impairment is required on the carrying value of goodwill of insurance segment as at 30 June 2023.

Included in others segment is an amount of HK$561.4 million (2022: HK$613.9 million) relating to department stores operation. The key assumptions used in the cash flow projections (where applicable), namely average annual gross revenue growth rate being 11.1% for the year ended 30 June 2023 (2022: 12.6%); average gross margin ratios ranging from 13% to 15% (2022: from 13% to 16%), are determined by considering both internal and external factors relating to department stores operation of each CGU; the long term growth rate of 3% (2022: 3%) is consistent with the forecast of the businesses and the discount rate of 12.4% (2022: 12.4%) is post-tax and reflects specific risks relating to the relevant businesses. If the annual gross revenue had been 15% (2022: 15%) or gross margin ratios had been 1% (2022: 1%) lower than management's current estimates, the profit before taxation for the year would have been approximately HK$413.0 million and HK$64.6 million lower (2022: HK$496.7 million and HK$109.6 million) respectively. If the discount rate had been 0.5% (2022: 0.5%) higher than management's current estimates, the profit before taxation for the year would have been approximate HK$47.3 million lower (2022: HK$67.3 million).

For the remaining goodwill balance of HK$1,223.0 million (2022: HK$1,265.7 million) which are relating to roads, and others construction segments, the key assumptions adopted on growth rates and discount rates used in the value in use calculations were based on management's best estimates and past experience.

The recoverable amount of CGUs under department store operation and other healthcare business (2022: department store operation and other trading business) within others segment is higher than its carrying amount and therefore no goodwill impairment is recognised for the year ended 30 June 2023 (2022: impairment loss of HK$247.4 million is recognised).

21 VALUE OF BUSINESS ACQUIRED

	2023 HK$m	2022 HK$m
At beginning of the year	**5,239.8**	5,395.1
Amortisation	**(131.9)**	(155.3)
At end of the year	**5,107.9**	5,239.8

22 DEFERRED ACQUISITION COSTS

	2023 HK$m	2022 HK$m
At beginning of the year	**2,335.0**	1,711.5
Additions of new business	**821.3**	1,147.7
Amortisation	**(658.1)**	(524.2)
At end of the year	**2,498.2**	2,335.0

23 INTERESTS IN JOINT VENTURES

	2023 HK$m	2022 HK$m
Equity joint ventures/joint ventures in wholly foreign owned enterprises		
Group's share of net assets	**5,567.8**	3,026.5
Goodwill on acquisition	**2.2**	89.4
Amounts receivable less provision (note (a))	**452.6**	433.5
	6,022.6	3,549.4
Co-operative joint ventures		
Cost of investments less provision	**4,904.1**	4,438.9
Share of undistributed post-acquisition results	**610.7**	1,654.8
Amounts receivable less provision (note (a))	**8,440.8**	7,693.9
	13,955.6	13,787.6
Companies limited by shares		
Group's share of net assets	**12,506.2**	11,310.8
Goodwill on acquisition	**175.8**	175.8
Amounts receivable less provision (note (a))	**21,867.2**	19,921.6
	34,549.2	31,408.2
	54,527.4	48,745.2

23 INTERESTS IN JOINT VENTURES (CONTINUED)

Notes:

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

	2023 **HK$m**	2022 HK$m
Interest bearing		
Fixed rates (note (i))	**3,936.3**	6,078.0
Floating rates (note (ii))	**15,159.4**	11,156.2
Non-interest bearing	**11,664.9**	10,814.8
	30,760.6	28,049.0

note (i) Carry interest rates ranging from 4.0% to 10.0% (2022: 4.0% to 10.0%) per annum.

note (ii) Carry interest rates ranging from 1.5% below Hong Kong Prime rate to 1.5% over HIBOR (2022: 1.5% below Hong Kong Prime rate to 1.5% over HIBOR) per annum.

As at 30 June 2023, the net carrying value of amounts receivable included provision of HK$3,925.6 million (2022: HK$3,058.7 million).

The amounts were unsecured and not repayable within 12 months from the end of the reporting period. As at 30 June 2023, the carrying amounts are not materially different from their fair values.

The amounts receivable form part of the Group's net interests in joint ventures.

(b) The directors of the Company were of the view that as at 30 June 2023, there is no individual joint venture that was material to the Group. The Group's share of results of the joint ventures are summarised below:

	2023 **HK$m**	2022 HK$m
For the year ended 30 June		
Profit/(loss) for the year	**462.2**	(619.4)
Other comprehensive (loss)/income for the year	**(733.6)**	6,619.4
Total comprehensive (loss)/income for the year	**(271.4)**	6,000.0

(c) The share of results of joint ventures for the year ended 30 June 2023 includes the Group's share of impairment of Hyva Global B.V. ("Hyva", in which the Group indirectly holds approximately 39% effective equity interest) of HK$310.7 million (note 8). Hyva is principally engaged in manufacturing and supply of components used in hydraulic loading and unloading systems.

In view of the slow recovery of global economy from the down-turn in previous years and the competitive market environment in the Mainland China, management of Hyva has carried out assessment on the recoverability of the carrying value of its certain assets. For its intangible assets, impairment arises when the carrying amount exceeds its recoverable amount (which is the higher of fair value less cost of disposal and value in use) which was determined using discounted cash flow method and the assessment are based on key assumptions such as revenue projection, terminal growth rate and discount rate.

(d) In May 2022, Goshawk (a joint venture principally engaged in aircraft leasing industry in which the Group holds 50% equity interest) and SMBC Aviation Capital Limited ("SMBC") entered into an agreement ("Transaction Agreement") and pursuant to which Goshawk has agreed to, at completion, effectively dispose of its interest in its commercial aircraft leasing platform to SMBC, comprising substantially all of the assets, liabilities and contracts of the business, excluding the six aircraft leased to Russian airlines. Goshawk reclassified the assets and liabilities to be sold to SMBC as held-for-sale during the year ended 30 June 2022. Upon the reclassification, the carrying values were remeasured by Goshawk with reference to the sale consideration under the Transaction Agreement.

For the year ended 30 June 2022, the share of results of joint ventures included the Group's share of remeasurement/impairment loss (net of tax), expected credit loss provision and aircraft repossession/recovery costs of Goshawk (net of tax) in aggregate of HK$1,897.1 million (note 6(b)).

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 year ended 30 June 2023.

(e) Management regularly reviews whether there are any indications of impairments of the Group's interests in joint ventures based on value in use calculations, as detailed in note 5(d).

(f) Details of principal joint ventures are stated in note 53.

24 INTERESTS IN ASSOCIATED COMPANIES

	2023 HK$m	2022 HK$m
Group's share of net assets		
Hong Kong listed shares	**1,316.4**	1,679.6
Overseas listed shares	**660.6**	654.4
Unlisted shares	**8,799.7**	10,205.3
	10,776.7	12,539.3
Goodwill	**164.3**	718.7
Amounts receivable less provision (note (a))	**2,916.3**	2,935.1
	13,857.3	16,193.1
Market value of listed shares	**2,014.3**	1,773.0

Notes:

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

	2023 HK$m	2022 HK$m
Interest bearing		
Fixed rate (note)	**109.7**	109.7
Non-interest bearing	**2,806.6**	2,825.4
	2,916.3	2,935.1

note: Carry interest rate of 8.0% (2022: 8.0%) per annum.

As at 30 June 2023, the net carrying value of amounts receivable included provision of HK$1,774.2 million (2022: HK$1,633.3 million).

The amounts were unsecured and not repayable within 12 months from the end of the reporting period. As at 30 June 2023, the carrying amounts were not materially different from their fair values.

The amounts receivable form part of the Group's net interests in associated companies.

(b) Management regularly reviews whether there are any relevant indications of impairments of the Group's interests in associated companies based on value in use calculations, as detailed in note 5(d). Management is of the view that there is no impairment of the Group's investments in associated companies as at 30 June 2023 except for an impairment loss of HK$522.9 million (note 8), primarily attributable to an impairment loss of HK$418.8 million in relation of an investment in a listed company engaged in property development and investment and other businesses was recognised in "Other gains/(losses), net" in the consolidated income statement (2022: HK$110.2 million).

(c) The directors of the Company were of the view that as at 30 June 2023, there is no individual associated company that was material to the Group. The Group's share of results of the associated companies are summarised below:

	2023 HK$m	2022 HK$m
For the year ended 30 June		
Profit for the year	**220.1**	1,441.9
Other comprehensive loss for the year	**(729.5)**	(127.6)
Total comprehensive (loss)/income for the year	**(509.4)**	1,314.3

(d) Details of principal associated companies are stated in note 54.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	2023 HK$m	2022 HK$m
Non-current assets		
Foreign currency forward contracts, foreign currency and interest rate swaps (note (b))		
– cash flow hedges (notes (a) and (b))	**1,219.2**	781.6
Current assets		
Foreign currency forward contracts, foreign currency and interest rate swaps		
– cash flow hedges (note (a))	**135.3**	—
– others	**11.2**	27.4
Put option	**4.3**	—
	150.8	27.4
	1,370.0	809.0
Non-current liabilities		
Interest rate swaps		
– cash flow hedges (note (a))	**(59.6)**	(166.1)
– others	**(288.0)**	(55.5)
	(347.6)	(221.6)
Current liabilities		
Foreign currency swaps		
– cash flow hedges (note (a))	**–**	(0.4)
– foreign currency forward contracts	**(9.9)**	–
Put option	**(2.8)**	–
	(12.7)	(0.4)
	(360.3)	(222.0)

The total notional principal amounts of the outstanding derivative financial instruments as at 30 June 2023 was HK$41,794.0 million (2022: HK$28,715.3 million).

Notes:

(a) The total notional principal amount of the outstanding financial instruments designated as cash flow hedges as at 30 June 2023 was US$212.3 million (2022: US$100.0 million) and HK$20,340.0 million (2022: HK$17,000.0 million).

The Group enters into the hedging instruments that have similar critical terms as the hedged item.

The Group does not hedge all of its loans, therefore the hedged item is identified as a proportion of the outstanding hedged items up to the notional amount of the hedging instruments with one-to-one hedge ratio. As all critical terms matched substantially, the economic relationship exists, and the cash flow hedges was assessed to be highly effective during the year.

During the years ended 30 June 2023 and 2022, there were insignificant ineffectiveness in relation to these hedging instruments.

(b) As at 30 June 2023, the Group's insurance business has certain forward starting swap contracts designated as cash flow hedges against its interest rate risk in respect of bonds to be purchased in the future. Under the contracts, after the forward date, the Group's insurance business will be entitled to receive fixed rate of around 4% to 5% per annum, and required to pay floating rate of 3-month LIBOR, in US$ published by the British Banker's Association. The total notional amount was US$20.0 million (2022: US$100.0 million). The Group's insurance business seeks to hedge the interest rate risk by the exchange of payments benchmarked against the targeted fixed interest rate. The Group's insurance business applies an approximate hedge ratio of 1:1 and determines the existence of an economic relationship between the forward starting swap contracts and the debt security investments by matching their critical terms, including the currency and forward date. The cash flow hedge was assessed to be highly effective and the related cumulative losses in the hedge reserve amounted to HK$12.8 million (2022: HK$78.1 million).

The Group's insurance business seeks to hedge the interest rate risk by the exchange of payments benchmarked against the targeted fixed interest rate. The Group's insurance business applies an approximate hedge ratio of 1:1 and determines the existence of an economic relationship between the forward starting swap contracts and the debt security investments by matching their critical terms, including the reference interest rates and interest payments.

As at 30 June 2023, the Group's insurance business received HK$19.9 million (2022: HK$46.7 million) cash and bank balance from counterparties (note 41) as collateral which are repayable on demand. Interest is calculated on overnight federal fund rate and payable to counterparties.

26 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position.

	2023 HK$m	2022 HK$m
Deferred tax assets	**2,342.4**	2,015.0
Deferred tax liabilities	**(9,537.0)**	(10,318.2)
	(7,194.6)	(8,303.2)
At beginning of the year	**(8,303.2)**	(9,386.2)
Translation differences	**756.7**	258.0
Acquisition of subsidiaries	**(159.0)**	—
Disposal of subsidiaries	**(22.1)**	(5.9)
Credited to consolidated income statement	**535.0**	896.0
Charged to reserves	**(2.0)**	(65.1)
At end of the year	**(7,194.6)**	(8,303.2)

26 DEFERRED TAXATION (CONTINUED)

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year was as follows:

Deferred tax assets

	Provisions		Accelerated accounting depreciation		Tax losses		Unrealised intra-group profit		Other items		Total	
	2023 HK$m	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m
At beginning of the year	**1,884.7**	1,679.1	**36.0**	23.7	**1,441.7**	1,307.8	**125.1**	79.3	**50.1**	115.5	**3,537.6**	3,205.4
Translation differences	**(249.7)**	(25.3)	**–**	11.1	**(4.1)**	(8.5)	**–**	—	**(14.5)**	(7.4)	**(268.3)**	(30.1)
Acquisition of a subsidiary	**–**	—	**–**	—	**2.8**	—	**–**	—	**–**	—	**2.8**	—
Disposal of subsidiaries	**(14.1)**	—	**–**	(11.1)	**(8.0)**	—	**–**	—	**–**	—	**(22.1)**	(11.1)
Credited/(charged) to consolidated income statement	**814.7**	230.9	**42.2**	12.3	**(205.0)**	142.4	**–**	45.8	**2.3**	(58.0)	**654.2**	373.4
At end of the year	**2,435.6**	1,884.7	**78.2**	36.0	**1,227.4**	1,441.7	**125.1**	125.1	**37.9**	50.1	**3,904.2**	3,537.6

Deferred tax liabilities

	Accelerated tax depreciation		Valuation of properties		Fair value adjustments of properties on acquisitions		Amortisation of intangible concession rights		Undistributed profits of subsidiaries, joint ventures and associated companies		Other items		Total	
	2023 HK$m	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m
At beginning of the year	**(2,426.8)**	(2,708.0)	**(4,244.6)**	(4,128.7)	**(2,436.5)**	(2,786.4)	**(1,270.6)**	(1,376.9)	**(996.0)**	(1,150.7)	**(466.3)**	(440.9)	**(11,840.8)**	(12,591.6)
Translation differences	**121.5**	46.0	**239.6**	59.9	**475.0**	114.6	**101.6**	4.1	**81.2**	58.4	**6.1**	5.1	**1,025.0**	288.1
Acquisition of subsidiaries	**–**	—	**(1.5)**	—	**(6.0)**	—	**(154.3)**	—	**–**	—	**–**	—	**(161.8)**	—
Disposal of subsidiaries	**–**	5.2	**–**	—	**–**	—	**–**	—	**–**	—	**–**	—	**–**	5.2
(Charged)/credited to consolidated income statement	**(95.7)**	230.0	**(105.7)**	(110.7)	**17.7**	235.3	**114.0**	102.2	**(18.4)**	96.3	**(31.1)**	(30.5)	**(119.2)**	522.6
Charged to reserves	**–**	—	**(2.0)**	(65.1)	**–**	—	**–**	—	**–**	—	**–**	—	**(2.0)**	(65.1)
At end of the year	**(2,401.0)**	(2,426.8)	**(4,114.2)**	(4,244.6)	**(1,949.8)**	(2,436.5)	**(1,209.3)**	(1,270.6)	**(933.2)**	(996.0)	**(491.3)**	(466.3)	**(11,098.8)**	(11,840.8)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$16,512.6 million (2022: HK$16,595.2 million) to carry forward for offsetting against future taxable income. These tax losses have no expiry dates except for the tax losses of HK$6,516.0 million (2022: HK$6,620.6 million) which will expire at various dates up to and including 2028 (2022: 2027).

For the investment properties that are located outside Hong Kong, they are held by certain subsidiaries with a business model to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale, the presumption is rebutted and related deferred tax continues to be determined based on recovery of use. For the remaining investment properties, the tax consequence is on the presumption that they are recovered entirely by sale.

As at 30 June 2023, the aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised totalled approximately HK$15.0 billion (2022: HK$16.7 billion), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

27 OTHER NON-CURRENT ASSETS

	2023 HK$m	2022 HK$m
Long-term loans and receivables (note)	**10,491.9**	14,006.2
Long-term prepayments and deposits	**2,422.5**	1,275.4
Deposits and other prepayments for development projects	**1,824.0**	1,814.6
Policy loans	**615.9**	543.4
Contract assets related to construction services (note 30(d))	**13,575.0**	10,028.6
	28,929.3	27,668.2

Note:

	2023 HK$m	2022 HK$m
Mortgage loans receivables (note (i))	**2,561.0**	3,300.7
Mortgage loans receivables within one year included in debtors, prepayments, premium receivables and contract assets	**(5.6)**	(79.6)
Consideration receivable	**269.7**	658.5
Other receivables	**7,666.8**	10,126.6
	10,491.9	14,006.2

(i) Mortgage loans receivables are advances to purchasers of development projects of the Group in Hong Kong and are secured by first or second mortgages on the related properties. The balance included first mortgage loans of HK$2,375.0 million (2022: HK$3,025.4 million).

The mortgage loans receivables are repayable by monthly with various tenors not more than 29 years (2022: not more than 30 years) at the year end date and carrying interest at floating rates.

During the year ended 30 June 2023, the cash inflow in relation to the repayment and disposal of mortgage loans receivables amounted to HK$722.1 million (2022: HK$766.7 million) and there is no addition to mortgage loans receivables for both 2023 and 2022.

Management assessed the expected credit loss allowance of mortgage loans receivables, with reference to both historical loss experience and forward-looking information. The Group has not provided any loss allowance for its mortgage loans receivables during the year (2022: nil).

28 PROPERTIES UNDER DEVELOPMENT

	2023 HK$m	2022 HK$m
Expected to be completed after 12 months	**31,377.8**	50,413.3
Expected to be completed within 12 months	**25,046.8**	11,652.9
	56,424.6	62,066.2

At 30 June 2023, the aggregate carrying value of properties under development pledged as securities for the Group's borrowings amounted to HK$5,863.3 million (2022: HK$22,830.9 million).

29 INVENTORIES

	2023 HK$m	2022 HK$m
Raw materials	**41.4**	34.7
Finished goods	**456.0**	470.2
	497.4	504.9

30 DEBTORS, PREPAYMENTS, PREMIUM RECEIVABLES AND CONTRACT ASSETS

	Note	2023 HK$m	2022 HK$m
Trade debtors	(a)	**3,331.3**	3,189.4
Premium receivables		**206.8**	230.1
Retention receivables for contract works		**2,303.9**	1,913.2
Contract assets	(d)	**5,017.5**	6,960.0
Prepayment for purchase of land and land preparatory costs		**943.2**	1,026.4
Deposits, prepayments and other debtors	(f)	**10,328.1**	11,395.2
Amounts due from associated companies	(g)	**58.2**	56.8
Amounts due from joint ventures	(h)	**828.7**	6,808.7
Amounts due from non-controlling shareholders	(i)	**749.6**	655.4
	(b), (c), (e)	**23,767.3**	32,235.2

Notes:

(a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Retention receivables for contract works are settled in accordance with the terms of respective contracts.

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

	2023 HK$m	2022 HK$m
Less than 30 days	**2,632.1**	2,231.5
31 to 60 days	**123.2**	300.4
Over 60 days	**576.0**	657.5
	3,331.3	3,189.4

There is no concentration of credit risk with respect to trade debtors as the customer bases are widely dispersed in different sectors and industries.

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

Notes: (continued)

(b) The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for trade debtors, retention receivables for contract works and contract assets. In relation to premium receivables, deposits, other debtors and amounts due from associated company and joint ventures, the expected credit loss allowances are measured as either 12 month or lifetime expected credit loss. The carrying value is net of loss allowance HK$1,995.9 million (2022: HK$1,315.3 million). The movement of loss allowance is as follows:

2023	Note	**Trade debtors HK$m**	**Retention receivables for contract works HK$m**	**Deposits and other debtors HK$m**	**Contract assets HK$m**	**Amounts due from joint ventures HK$m**	**Total HK$m**
As at 1 July 2022		**384.6**	**113.5**	**758.3**	**50.9**	**8.0**	**1,315.3**
Translation differences		**(5.1)**	**—**	**(22.8)**	**—**	**—**	**(27.9)**
Increase in loss allowance recognised in consolidated income statement	8	**(74.7)**	**23.3**	**1,022.4**	**(28.1)**	**—**	**942.9**
Amounts recovered	8	**(33.3)**	**—**	**(160.9)**	**—**	**—**	**(194.2)**
Amounts written off		**(40.2)**	**—**	**—**	**—**	**—**	**(40.2)**
As at 30 June 2023		**231.3**	**136.8**	**1,597.0**	**22.8**	**8.0**	**1,995.9**

2022	Note	Trade debtors HK$m	Retention receivables for contract works HK$m	Deposits and other debtors HK$m	Contract assets HK$m	Amounts due from joint ventures HK$m	Total HK$m
As at 1 July 2021		233.5	60.8	562.4	—	8.0	864.7
Translation differences		(3.7)	—	(1.1)	—	—	(4.8)
Increase in loss allowance recognised in consolidated income statement	8	184.9	52.7	435.4	50.9	—	723.9
Amounts recovered	8	—	—	(9.1)	—	—	(9.1)
Amounts written off		(18.6)	—	(229.3)	—	—	(247.9)
Disposals		(11.5)	—	—	—	—	(11.5)
As at 30 June 2022		384.6	113.5	758.3	50.9	8.0	1,315.3

During the current year, management has assessed the expected credit loss on performing financial assets based on methodology set out in note 4(b) and HK$231.3 million (2022: HK$73.4 million) expected credit loss provision has been made. For non-performing assets including trade debtors, retention receivables for contract works, deposits and other debtors, management has assessed the expected credit loss based on lifetime expected credit loss approach with reference to the creditability of the specific counterparties and HK$711.6 million (2022:HK$650.5 million) expected credit loss provision has been made.

(c) The carrying amounts of the debtors, prepayments, premium receivables and contract assets, which approximate their fair values, are denominated in the following currencies:

	2023 HK$m	2022 HK$m
Hong Kong dollar	**15,635.1**	15,780.6
Renminbi	**6,632.5**	8,107.4
United States dollar	**1,429.1**	8,312.7
Others	**70.6**	34.5
	23,767.3	32,235.2

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

Notes: (continued)

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

	2023 HK$m	2022 HK$m
Current portion:		
Contract acquisition cost related to property sales (note (i))	**895.0**	1,809.3
Contract assets related to construction services (note (ii))	**4,122.5**	5,150.7
	5,017.5	6,960.0
Non-current portion:		
Contract assets related to construction services (note (ii))	**13,575.0**	10,028.6
	18,592.5	16,988.6

note (i) Contract acquisition cost related to property sales consists of sales commissions incurred directly attributable to obtaining contract.

note (ii) Contract assets related to construction services consist of unbilled amount resulting from construction when the cost-to-cost method of revenue recognised exceeds the amount billed to the customer.

There is no concentration of credit risk with respect to contract assets as the customer bases are widely dispersed in different sectors and industries.

(e) Except for certain collaterals held as securities for other debtors, the Group does not hold other collateral as securities for the debtors and prepayments. The maximum exposure to credit risk at the end of the reporting period is the carrying value mentioned above.

(f) As at 30 June 2023, the balances included construction-related receivables amounted to HK$637.5 million (2022: HK$868.3 million) which have not yet been billed at year end.

(g) As at 30 June 2023, the amounts due from associated companies of the Group are interest free, unsecured and repayable on demand.

(h) As at 30 June 2023, the amounts due from joint ventures of the Group are interest free, unsecured and repayable on demand or within the next 12 months from the end of the reporting period except for an amount of HK$550.3 million (2022: HK$523.5 million) due from a joint venture which carries compound interest at 5% per annum (2022: carries compound interest at 5% per annum) and an amount of HK$93.6 million (2022: nil) due from a joint venture which carries interest at Secured Overnight Financing Rate administered by the Federal Reserve Bank of New York plus 12.15% per annum. The Group applies 12-month expected credit loss model under HKFRS 9 and considers there is no significant increase in credit risk since initial recognition.

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

31 FINANCIAL ASSETS AT AMORTISED COST

	2023 HK$m	2022 HK$m
Non-current		
Debt securities		
Unlisted	**55.3**	—
Listed		
Hong Kong	**489.4**	—
Overseas	**6,350.3**	—
	6,895.0	—

The carrying amounts of financial assets at amortised cost are denominated in the following currencies:

	2023 HK$m	2022 HK$m
United States dollar	**6,885.4**	—
Hong Kong dollar	**9.6**	—
	6,895.0	—

32 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$m	2022 HK$m
Non-current		
Equity securities		
Unlisted (note (a))	**2,201.8**	2,387.2
Listed		
Hong Kong	**1,023.1**	1,472.7
Overseas	**16.3**	252.2
Debt securities		
Unlisted (note (a))	**2,906.3**	3,050.5
Listed		
Hong Kong	**—**	442.6
Overseas	**—**	747.6
Investment funds (notes (b) and (c))		
Unlisted (note (a))	**9,378.8**	7,961.7
Listed		
Hong Kong	**2,331.7**	1,627.3
Overseas	**2,139.3**	742.2
	19,997.3	18,684.0
Current		
Equity securities		
Listed		
Hong Kong	**515.9**	74.2
Overseas	**139.5**	143.0
Debt securities		
Unlisted (note (a))	**429.1**	676.3
Listed		
Hong Kong	**985.5**	276.8
Overseas	**665.0**	699.0
Investment funds (note (b))		
Unlisted (note (a))	**521.1**	660.6
	3,256.1	2,529.9
	23,253.4	21,213.9

32 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Notes:

(a) Unlisted investments are stated at fair values which are estimated using a variety of valuation methods or assessed the reasonableness with reference to market comparables, with the assistance of independent external valuers, when necessary.

(b) As at 30 June 2023, the Group holds certain investment funds with fair value of HK$5,038.2 million (2022: HK$5,033.5 million) which are managed by the general partner while the Group participated in the funds as a limited partner. Management considered that the Group has neither significant influence nor joint control over the fund and therefore it is classified as financial assets at FVPL.

(c) As at 30 June 2023, the Group holds participating shares of an investment fund with fair value of HK$553.2 million (2022: HK$1,189.8 million). Given all relevant investment decision making power is rested with the management shareholder and investment manager. There is no mechanism in place that allow participating shareholder to participate in investment related decision making. Management considered that the Group has neither significant influence nor joint control over this investment and therefore accounted for this investment as financial assets at FVPL.

(d) As mentioned in note 3(ae)(xi), the Group elected to apply the overlay approach for certain designated eligible financial assets according to HKFRS 4 (Amendment), the financial assets elected by the Group applying the overlay approach are equity securities and investment funds that are managed as underlying assets supporting the insurance contracts issued and those fair values are generally expected to be volatile. The designated eligible financial assets applying the overlay approach, which are included in the financial assets at FVPL, as the end of reporting period are analysed below:

	2023 HK$m	2022 HK$m
Equity securities	**998.4**	1,392.5
Investment funds	**9,591.3**	5,982.5
	10,589.7	7,375.0

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

	2023 HK$m	2022 HK$m
The amount of losses reported in profit or loss and presented in consolidated income statement within other gains/(losses), net for the designated financial assets under HKFRS 9	**(608.1)**	(992.3)
Overlay approach adjustments on financial assets in consolidated income statement	**687.5**	1,845.9
The amount of gains that would have been reported in consolidated income statement for the designated financial assets as if HKAS 39 had been applied	**79.4**	853.6

(e) Financial assets at FVPL related to unit-linked contracts is detailed in note 34.

(f) The carrying amounts of financial assets at FVPL are denominated in the following currencies:

	2023 HK$m	2022 HK$m
United States dollar	**15,974.8**	14,418.7
Hong Kong dollar	**5,140.9**	4,491.3
Renminbi	**1,545.9**	1,684.9
Others	**591.8**	619.0
	23,253.4	21,213.9

33 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$m	2022 HK$m
Non-current		
Equity securities		
Unlisted (note)	**1,976.2**	2,007.2
Listed		
Hong Kong	**1,203.8**	1,301.4
Overseas	**24.5**	32.9
Debt securities		
Unlisted (note)	**4,955.4**	2,524.7
Listed		
Hong Kong	**5,434.9**	5,777.6
Overseas	**27,220.6**	27,490.0
	40,815.4	39,133.8
Current		
Equity securities		
Unlisted (note)	**70.8**	70.8
Listed		
Hong Kong	**668.9**	1,020.9
Debt securities		
Listed		
Hong Kong	**50.8**	37.7
Overseas	**2,501.0**	2,024.8
	3,291.5	3,154.2
	44,106.9	42,288.0

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

Maturity profile of the debt securities is as follows:

	2023 HK$m	2022 HK$m
Within one year	**2,551.8**	2,062.5
In the second to fifth year	**2,139.2**	991.3
After the fifth year	**35,471.7**	34,801.0
	40,162.7	37,854.8

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

	2023 HK$m	2022 HK$m
United States dollar	**39,983.8**	37,467.5
Hong Kong dollar	**4,050.7**	4,787.2
Others	**72.4**	33.3
	44,106.9	42,288.0

34 INVESTMENTS/LIABILITIES RELATED TO UNIT-LINKED CONTRACTS

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

	2023 **HK$m**	2022 HK$m
Financial assets at FVPL – Investment funds, at fair value	**8,924.4**	8,621.9
Cash and bank balances	**15.7**	27.3
	8,940.1	8,649.2

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

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

	2023 **HK$m**	2022 HK$m
Insurance contract liabilities	**683.0**	675.0
Investment contract liabilities	**8,445.5**	8,160.9
	9,128.5	8,835.9
Represented by		
Non-current liabilities	**192.0**	190.8
Current liabilities	**8,936.5**	8,645.1
	9,128.5	8,835.9

35 CASH AND BANK BALANCES

	2023 **HK$m**	2022 HK$m
Cash at banks and on hand	**34,808.1**	42,122.5
Bank deposits – unrestricted and maturing within three months	**17,715.5**	15,119.5
	52,523.6	57,242.0
Bank deposits – unrestricted and maturing after more than three months	**740.3**	473.6
Cash and bank balances	**53,263.9**	57,715.6
Bank deposits – restricted	**1,254.0**	4,494.5
	54,517.9	62,210.1

The effective interest rates on bank deposits range from 0.03% to 5.20% (2022: 0.01% to 3.4%) per annum and these deposits have maturities ranging from 6 to 365 days (2022: 4 to 365 days).

35 CASH AND BANK BALANCES (CONTINUED)

The carrying amounts of cash and bank balances and restricted bank balances are denominated in the following currencies:

	2023 **HK$m**	2022 HK$m
Renminbi	**25,426.3**	28,725.0
Hong Kong dollar	**24,207.5**	22,256.6
United States dollar	**4,729.6**	11,053.7
Others	**154.5**	174.8
	54,517.9	62,210.1

The conversion of Renminbi denominated balances into foreign currencies and the remittance of foreign currencies denominated bank balances and cash out of the Mainland China are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

36 NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE

	2023 **HK$m**	2022 HK$m
Non-current assets classified as assets held for sale		
Interests in joint ventures	**15.8**	20.1
Liabilities directly associated with non-current assets classified assets held for sale	**30.4**	30.5

37 SHARE CAPITAL

	2023		2022	
	Number of shares (million)	**HK$m**	Number of shares (million)	HK$m
Issued and fully paid				
At beginning of the year	**2,516.6**	**78,382.1**	2,542.4	78,373.3
Buyback of shares (note (a))	**—**	**—**	(26.0)	—
Issue of new shares upon exercise of share options	**—**	**—**	0.2	8.8
At end of the year	**2,516.6**	**78,382.1**	2,516.6	78,382.1

Notes:

(a) Buyback of shares

During the year ended 30 June 2022, the Company bought back and cancelled a total of 26,016,000 shares at an aggregate consideration of HK$963,307,750 (before expenses) on the Stock Exchange at share price ranging from HK$36.25 to HK$37.65.

During the year ended 30 June 2022, the Company bought back its shares through the Hong Kong Stock Exchange as follows:

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

(b) The shares have no par value.

38 PERPETUAL CAPITAL SECURITIES

	2023 HK$m	2022 HK$m
Issued by a wholly owned subsidiary of the Company (the "NWD Issuer")		
US$1,300.0 million 6.25% guaranteed senior perpetual securities issued in 2019	**10,431.6**	10,431.6
US$1,000.0 million 5.25% guaranteed senior perpetual securities issued in 2020	**7,884.2**	7,884.2
US$700.0 million 4.80% guaranteed senior perpetual securities issued in 2020	**5,476.0**	5,476.0
US$1,200.0 million 4.125% guaranteed senior perpetual securities issued in 2021	**9,383.9**	9,383.9
US$500.0 million 6.15% guaranteed senior perpetual securities issued in 2022	**3,910.0**	3,910.0
	37,085.7	37,085.7
Issued by a wholly owned subsidiary of NWSH (the "NWSH Issuer")		
US$1,300.0 million 5.75% guaranteed senior perpetual securities issued in 2019 (the "2019 Perpetual Capital Securities")	**8,253.9**	10,528.5
US$268.2 million 8.77% guaranteed senior perpetual securities issued in 2022	**2,099.7**	—
	10,353.6	10,528.5
Total	**47,439.3**	47,614.2

In June 2022, the NWD Issuer issued US$500.0 million 6.15% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$3,876.6 million.

In December 2022, the NWSH Issuer tender offer to purchase for cash for the 2019 Perpetual Capital Securities. Upon settlement of the tender offer, US$280.9 million in aggregate principal amount of the securities were purchased and redeemed by the NWSH Issuer and cancelled pursuant to the terms and conditions of the securities. As at 30 June 2023, US$1,019.1 million in aggregate principal amount of the 2019 Perpetual Capital Securities remains outstanding.

In December 2022, the NWSH Issuer issued US$268.2 million in aggregate principal amount of senior perpetual capital securities with floating coupon to a private investor. The proceeds of the newly issued perpetual capital securities are for financing of the repurchase of the 2019 Perpetual Capital Securities.

The perpetual capital securities issued by the NWD Issuer and the NWSH Issuer (together the "Issuers") are listed on the Stock Exchange and guaranteed by the Company and NWSH respectively. There is no maturity of the securities and the payments of distribution can be deferred at the discretion of the Issuers, and there is no limit as to the number of times of deferral of distribution. The perpetual capital securities are callable. When the Company or NWSH elects to declare dividends to their respective ordinary shareholders, the Issuers shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

39 NON-CONTROLLING INTERESTS

The total non-controlling interests as at 30 June 2023 is HK$24,999.7 million (2022: HK$27,124.5 million), of which HK$15,927.9 million (2022: HK$17,227.0 million) is attributable to NWSH. The total comprehensive loss attributable to non-controlling interests for the year ended 30 June 2023 is HK$1,197.3 million (2022: HK$790.4 million), of which HK$1,178.7 million (2022: HK$1,064.0 million) is attributable to NWSH. The non-controlling interests in respect of other subsidiaries are not material to the Group.

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

39 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised consolidated statement of financial position of NWSH as at 30 June 2023 and 2022 are as follows:

	2023 HK$m	2022 HK$m
Non-current assets	**119,469.4**	107,267.8
Current assets	**42,504.9**	41,503.0
Total assets	**161,974.3**	148,770.8
Current liabilities	**(70,644.4)**	(56,942.8)
Non-current liabilities	**(41,188.8)**	(37,940.9)
Net assets	**50,141.1**	53,887.1
Perpetual capital securities	**(10,353.6)**	(10,528.5)
Non-controlling interests	**(50.8)**	(50.1)
Net assets excluding perpetual capital securities and non-controlling interests	**39,736.7**	43,308.5

Summarised consolidated statement of comprehensive income of NWSH for the year ended 30 June 2023 and 2022 are as follows:

	2023 HK$m	2022 HK$m
Continuing operations		
Revenues	**45,213.8**	31,138.6
Profit before taxation	**3,420.2**	2,458.2
Taxation	**(757.3)**	(576.2)
Profit from continuing operations	**2,662.9**	1,882.0
Discontinued operations		
Profit from discontinued operations	**—**	302.3
Other comprehensive loss for the year, net of tax	**(3,369.8)**	(3,846.2)
Total comprehensive loss for the year	**(706.9)**	(1,661.9)
Total comprehensive loss attributable to:		
– Holders of perpetual capital securities	**(612.0)**	(583.1)
– Non-controlling interests	**(18.6)**	(13.2)
Total comprehensive loss after holders of perpetual capital securities and non-controlling interests	**(1,337.5)**	(2,258.2)
Dividends paid to non-controlling interests	**40.8**	6.1

Summarised consolidated statement of cash flows of NWSH for the year ended 30 June 2023 and 2022 are as follows:

	2023 HK$m	2022 HK$m
Net cash from operation activities	**5,285.4**	4,548.2
Net cash from investing activities	**4,440.8**	2,816.6
Net cash used in financing activities	**(3,679.8)**	(4,650.9)
Net increase in cash and cash equivalents	**6,046.4**	2,713.9
Translation differences	**(254.6)**	(91.8)
Cash and cash equivalents at beginning of the year	**13,466.1**	10,844.0
Cash and cash equivalents at end of the year	**19,257.9**	13,466.1

The information above represents balances before inter-company eliminations, reclassification and remeasurement of assets at group level.

40 RESERVES

	Property revaluation reserve HK$m	Financial assets at FVOCI reserve (non-recycling) HK$m	Financial assets at FVOCI reserve (recycling) HK$m	General reserve HK$m	Employees' share-based compensation reserve HK$m	Exchange reserve HK$m	Retained profits HK$m	Total HK$m
At 1 July 2022	13,374.5	681.1	(4,684.1)	1,304.5	69.0	4,879.1	119,353.9	134,978.0
Profit attributable to shareholders	–	–	–	–	–	–	900.9	900.9
Net fair value changes of equity instruments as financial assets at FVOCI	–	(260.4)	–	–	–	–	–	(260.4)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	–	–	(212.1)	–	–	–	–	(212.1)
Employees' share-based payments	–	–	–	–	44.4	–	–	44.4
Share options lapsed	–	–	–	–	(61.5)	–	61.5	–
Redemption of perpetual capital securities	–	–	–	–	–	–	75.5	75.5
Release of reserves upon disposal of subsidiaries	(124.2)	–	–	–	–	(168.9)	124.2	(168.9)
Release of reserves upon disposal of interests in joint ventures	–	–	–	–	–	(3.9)	–	(3.9)
Acquisition of additional interests in subsidiaries	–	–	–	(503.7)	–	–	–	(503.7)
Share of other comprehensive income of joint ventures and associated companies	–	(74.9)	–	(22.5)	–	(1,034.8)	5.0	(1,127.2)
Cash flow/fair value hedges	–	–	–	435.3	–	–	–	435.3
Remeasurement of post-employment benefit obligation	–	–	–	–	–	–	1.3	1.3
Transfer of reserves	–	–	–	(40.9)	–	6.2	34.7	–
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	42.3	–	–	–	–	–	–	42.3
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	–	–	(418.5)	–	–	–	–	(418.5)
Release of reserve upon disposal of equity instruments as financial assets at FVOCI	–	273.1	–	–	–	–	(273.1)	–
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	–	–	3.7	–	–	–	–	3.7
Transaction costs in relation to the issuance of perpetual capital securities	–	–	–	–	–	–	(19.8)	(19.8)
Translation differences	–	–	–	–	–	(11,164.0)	–	(11,164.0)
2022 final dividend paid	–	–	–	–	–	–	(3,774.9)	(3,774.9)
2023 interim dividend paid	–	–	–	–	–	–	(1,157.7)	(1,157.7)
At 30 June 2023	13,292.6	618.9	(5,311.0)	1,172.7	51.9	(7,486.3)	115,331.5	117,670.3

40 RESERVES (CONTINUED)

	Property revaluation reserve HK$m	Financial assets at FVOCI reserve (non-recycling) HK$m	Financial assets at FVOCI reserve (recycling) HK$m	General reserve HK$m	Employees' share-based compensation reserve HK$m	Exchange reserve HK$m	Retained profits HK$m	Total HK$m
At 1 July 2021 (restated)	9,141.7	1,083.0	355.0	531.3	129.9	8,701.9	125,012.7	144,955.5
Profit attributable to shareholders	—	—	—	—	—	—	1,249.2	1,249.2
Net fair value changes of equity instruments as financial assets at FVOCI	—	(102.7)	—	—	—	—	—	(102.7)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	—	—	(3,831.9)	—	—	—	—	(3,831.9)
Employees' share-based payments	—	—	—	—	4.9	—	—	4.9
Share options lapsed	—	—	—	—	(65.8)	—	65.8	—
Release of reserves upon disposal of non-current assets classified as assets held for sale	—	—	—	—	—	(50.4)	0.6	(49.8)
Release of reserves upon disposal of subsidiaries	—	—	—	—	—	(126.9)	—	(126.9)
Acquisition of additional interests in subsidiaries	—	—	—	(12.0)	—	—	(827.2)	(839.2)
Release of reserves upon disposal of interests in associated companies	—	—	—	—	—	0.8	—	0.8
Release of reserves upon deregistration of a joint venture	—	—	—	(5.0)	—	(7.3)	—	(12.3)
Share of other comprehensive income of joint ventures and associated companies	—	86.7	—	279.8	—	(231.5)	(25.4)	109.6
Cash flow/fair value hedges	—	—	—	472.0	—	—	(181.8)	290.2
Remeasurement of post-employment benefit obligation	—	—	—	—	—	—	(3.8)	(3.8)
Transfer of reserves	—	—	—	38.4	—	—	(38.4)	—
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	391.3	—	—	—	—	—	—	391.3
Share of other comprehensive income arising from revaluation of investment properties upon reclassification from property, plant and equipment related to a joint venture, net of taxation	3,841.5	—	—	—	—	—	—	3,841.5
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	—	—	(1,123.4)	—	—	—	—	(1,123.4)
Release of reserve upon disposal of equity instruments as financial assets at FVOCI	—	(385.9)	—	—	—	—	385.9	—
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	—	—	(83.8)	—	—	—	—	(83.8)
Transaction costs in relation to the issuance of perpetual capital securities	—	—	—	—	—	—	(132.6)	(132.6)
Translation differences	—	—	—	—	—	(3,407.5)	—	(3,407.5)
2021 final dividend paid	—	—	—	—	—	—	(3,774.9)	(3,774.9)
2022 interim dividend paid	—	—	—	—	—	—	(1,409.4)	(1,409.4)
Buyback of shares	—	—	—	—	—	—	(966.8)	(966.8)
At 30 June 2022	13,374.5	681.1	(4,684.1)	1,304.5	69.0	4,879.1	119,353.9	134,978.0

41 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	2023 HK$m	2022 HK$m
Long-term borrowings and other interest-bearing liabilities		
Secured bank loans	**30,695.1**	25,318.2
Unsecured bank loans	**101,308.4**	101,866.4
Fixed rate bonds and notes payable	**38,560.8**	46,157.6
Loans from non-controlling shareholders (note (b))	**4,335.1**	5,736.7
Financing received under a financial reinsurance arrangement (note (c))	**113.8**	135.1
	175,013.2	179,214.0
Current portion of long-term borrowings and other interest-bearing liabilities	**(36,790.3)**	(36,175.1)
	138,222.9	143,038.9
Short-term borrowings and other interest-bearing liabilities		
Secured bank loans	**300.0**	415.0
Unsecured bank loans	**14,404.4**	12,797.1
Other unsecured loans	**5.1**	5.1
Loans from non-controlling shareholders (note (b))	**577.3**	730.4
Financing received under a financial reinsurance arrangement (note (c))	**81.8**	100.2
Cash collateral received for cross currency swap and forward starting interest rate swap agreements (note 25(b))	**19.9**	46.7
	15,388.5	14,094.5
Current portion of long-term borrowings and other interest-bearing liabilities	**36,790.3**	36,175.1
	52,178.8	50,269.6
Total borrowings and other interest-bearing liabilities	**190,401.7**	193,308.5

41 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

Notes:

(a) Bank loans, other loans and fixed rate bonds and notes payable are repayable as follows:

	Bank loans		Other loans		Fixed rate bonds and notes payable	
	2023 HK$m	2022 HK$m	**2023 HK$m**	2022 HK$m	**2023 HK$m**	2022 HK$m
Within one year	**40,694.5**	36,918.7	**5.1**	5.1	**8,535.7**	8,825.2
In the second year	**43,819.7**	27,706.3	**—**	—	**28.1**	8,457.3
In the third to fifth year	**58,164.4**	71,227.6	**—**	—	**9,825.0**	7,346.3
After the fifth year	**4,029.3**	4,544.1	**—**	—	**20,172.0**	21,528.8
	146,707.9	140,396.7	**5.1**	5.1	**38,560.8**	46,157.6

(b) Loans from non-controlling shareholders

Except for the loans of HK$2,320.5 million (2022: HK$2,354.5 million), that are interest bearing at 6.5% per annum (2022: 6.5% per annum), the remaining loans are interest free. All the loans from non-controlling shareholders are unsecured. An amount of HK$2,070.5 million (2022: HK$2,093.7 million) is not repayable within the next 12 months and the remaining balances have no specific repayment term.

(c) During the year ended 30 June 2023 and 2022, the Group had a financial reinsurance arrangement with a reinsurer. Under the financial reinsurance arrangement, the Group had received an up-front fee of US$103.0 million at a finance cost of 3-month HIBOR plus 2.975%. The fair value of the financing approximately equals to the corresponding carrying value.

(d) Effective interest rates

	2023				2022			
	Hong Kong dollar	**Renminbi**	**United States dollar**	**Others**	Hong Kong dollar	Renminbi	United States dollar	Others
Bank loans	**5.0%**	**3.7%**	**1.7%**	**1.8%**	1.1%	3.5%	1.3%	1.6%
Fixed rate bonds and notes payable	**4.8%**	**3.9%**	**4.5%**	**—**	4.9%	—	4.5%	—
Loans from non-controlling shareholders	**—**	**5.7%**	**—**	**—**	—	6.3%	—	—
Other unsecured loans	**3.0%**	**—**	**—**	**—**	3.0%	—	—	—

(e) Carrying amounts and fair values of the borrowings and other interest-bearing liabilities

The fair value of the fixed rate bonds and notes payable at the end of the reporting period is HK$38,034.9 million (2022: HK$45,881.5 million). The carrying amounts of other borrowings approximate their fair values.

(f) Currencies

The carrying amounts of the borrowings and other interest-bearing liabilities are denominated in the following currencies:

	2023 HK$m	2022 HK$m
Hong Kong dollar	**138,604.3**	139,265.5
United States dollar	**25,664.1**	36,551.0
Renminbi	**23,001.1**	15,388.8
Others	**3,132.2**	2,103.2
	190,401.7	193,308.5

41 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

Notes: (continued)

(g) The contractual repricing dates or maturity dates (whichever is earlier) of the interest-bearing borrowings are as follows:

	Bank loans HK$m	Other loans HK$m	Fixed rate bonds and notes payable HK$m	Loans from non-controlling shareholders HK$m	Total HK$m
2023					
Within five years	**142,678.6**	**5.1**	**18,388.8**	**2,320.5**	**163,393.0**
After the fifth year	**4,029.3**	**—**	**20,172.0**	**—**	**24,201.3**
	146,707.9	**5.1**	**38,560.8**	**2,320.5**	**187,594.3**
2022					
Within five years	135,852.6	5.1	24,628.8	2,354.5	162,841.0
After the fifth year	4,544.1	—	21,528.8	—	26,072.9
	140,396.7	5.1	46,157.6	2,354.5	188,913.9

42 LEASE LIABILITIES

The maturity of lease liabilities is as follows:

	2023 HK$m	2022 HK$m
Current		
Within 1 year	**1,160.4**	1,285.2
Non-current		
In the second to fifth year	**2,916.6**	2,883.3
After the fifth year	**1,097.2**	1,634.0
	4,013.8	4,517.3
	5,174.2	5,802.5

As at 30 June 2023, the weighted average lessee's incremental borrowing rates applied was 4.34% (2022: 4.57%).

As at 30 June 2023, the balance included the lease liabilities payable to joint ventures and related companies of HK$85.4 million (2022: HK$89.5 million).

43 INSURANCE AND INVESTMENT CONTRACT LIABILITIES

	2023 HK$m	2022 HK$m
Insurance contract liabilities (notes (a) and (b))	**62,263.5**	48,199.0
Investment contract liabilities	**5.2**	5.4
	62,268.7	48,204.4
Represented by:		
Non-current liabilities	**16,049.1**	16,470.0
Current liabilities	**46,219.6**	31,734.4
	62,268.7	48,204.4

Insurance and investment contract liabilities related to unit-linked contracts are detailed in Note 34.

Notes:

(a) The maturity profile of insurance contract liabilities, which is presented on a discounted basis and projected according to the Group's best estimate on the timing of future cash flows based on the historical settlement pattern, is stated as below:

	2023 HK$m	2022 HK$m
Payable within one year	**4,837.6**	4,120.1
Payable after one year	**57,425.9**	44,078.9
	62,263.5	48,199.0

(b) Insurance contract liabilities comprised:

	2023 HK$m	2022 HK$m
Liabilities for guaranteed benefits	**57,690.2**	43,801.6
Liabilities for coinsurance payments	**301.2**	345.0
Provision for annual dividends	**66.2**	70.2
Insurance contract liabilities excluding policyholders' dividends and bonuses (note 4(g))	**58,057.6**	44,216.8
Policyholders' dividends and bonuses	**4,205.9**	3,982.2
Total insurance contract liabilities	**62,263.5**	48,199.0

43 INSURANCE AND INVESTMENT CONTRACT LIABILITIES (CONTINUED)

Notes: (continued)

(b) Insurance contract liabilities comprised: (continued)

Movements in the relevant insurance contract liabilities/reinsurers' share of liabilities are as follows:

	Insurance contract liabilities HK$m	**Coinsurance liabilities HK$m**	**Insurance contract liabilities excluding policyholders' dividends and bonuses HK$m**	**Reinsurers' share of liabilities HK$m**	**Net liabilities excluding policyholders' dividends and bonuses HK$m**
At 1 July 2022	**43,871.8**	**345.0**	**44,216.8**	**(1.7)**	**44,215.1**
Premiums received	**15,690.7**	**(61.1)**	**15,629.6**	**(341.7)**	**15,287.9**
Liabilities incurred for death, surrender and maturity	**(2,505.2)**	**28.8**	**(2,476.4)**	**303.0**	**(2,173.4)**
Benefit and claim experience variations	**7.4**	**(36.5)**	**(29.1)**	**38.7**	**9.6**
Investment income variations	**(1,005.0)**	**11.3**	**(993.7)**	**—**	**(993.7)**
Investment income	**2,240.6**	**—**	**2,240.6**	**—**	**2,240.6**
Financing cost for coinsurance	**—**	**13.7**	**13.7**	**—**	**13.7**
Adjustment due to change in reserve assumptions	**(491.5)**	**—**	**(491.5)**	**—**	**(491.5)**
Translation differences	**(52.4)**	**—**	**(52.4)**	**—**	**(52.4)**
At 30 June 2023	**57,756.4**	**301.2**	**58,057.6**	**(1.7)**	**58,055.9**

	Insurance contract liabilities HK$m	Coinsurance liabilities HK$m	Insurance contract liabilities excluding policyholders' dividends and bonuses HK$m	Reinsurers' share of liabilities HK$m	Net liabilities excluding policyholders' dividends and bonuses HK$m
At 1 July 2021	38,473.5	363.0	38,836.5	(1.7)	38,834.8
Premiums received	7,083.0	(50.3)	7,032.7	(312.3)	6,720.4
Liabilities incurred for death, surrender and maturity	(2,506.7)	29.0	(2,477.7)	341.8	(2,135.9)
Benefit and claim experience variations	(463.3)	(21.3)	(484.6)	(29.5)	(514.1)
Investment income variations	(674.0)	12.0	(662.0)	—	(662.0)
Investment income	1,750.3	—	1,750.3	—	1,750.3
Financing cost for coinsurance	—	12.6	12.6	—	12.6
Adjustment due to change in reserve assumptions	(140.1)	—	(140.1)	—	(140.1)
Translation differences	349.1	—	349.1	—	349.1
At 30 June 2022	43,871.8	345.0	44,216.8	(1.7)	44,215.1

Investment income and investment income variations mainly correspond to the investment income on the assets backing the insurance contract liabilities and variations of such investment income against the interest accretion on the insurance contract liabilities, respectively.

44 OTHER NON-CURRENT LIABILITIES

	2023 HK$m	2022 HK$m
Deferred income	**21.3**	154.1
Provision for long service payments	**15.5**	11.4
Long-term accounts payable	**336.0**	50.0
	372.8	215.5

45 CREDITORS, ACCRUED CHARGES, PAYABLES TO POLICYHOLDERS AND CONTRACT LIABILITIES

	2023 **HK$m**	2022 HK$m
Trade creditors (note (a))	**10,391.5**	10,962.0
Payables to policyholders (note (b))	**1,734.3**	1,774.2
Contract liabilities (note (c))	**15,942.2**	26,283.5
Amounts due to joint ventures (note (f))	**2,828.7**	1,727.7
Amounts due to associated companies (note (f))	**5,421.0**	5,971.7
Other creditors and accrued charges	**23,296.0**	23,514.4
	59,613.7	70,233.5

Notes:

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

	2023 **HK$m**	2022 HK$m
Less than 30 days	**5,818.9**	6,248.0
31 to 60 days	**191.9**	117.2
Over 60 days	**4,380.7**	4,596.8
	10,391.5	10,962.0

(b) Payables to policyholders are as follows:

	2023 **HK$m**	2022 HK$m
Claims payable	**322.2**	352.3
Premium deposits	**1,254.0**	1,232.6
Other payables	**158.1**	189.3
	1,734.3	1,774.2

The carrying amounts disclosed above reasonably approximate their fair values as at 30 June 2023.

Claims payable represents provision for claims reported by policyholders and claims incurred but not reported, while premium deposits represent amounts left in deposits with the Group for the payment of future premiums. Both balances are expected to be settled or utilised within the next 12 months from the end of the reporting period.

(c) The Group has recognised the following revenue-related contract liabilities:

	2023 **HK$m**	2022 HK$m
Contract liabilities related to property sales (note)	**15,411.0**	25,040.7
Contract liabilities related to construction services (note)	**325.2**	674.9
Contract liabilities related to other operations	**206.0**	567.9
	15,942.2	26,283.5

Note:

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties and construction services.

45 CREDITORS, ACCRUED CHARGES, PAYABLES TO POLICYHOLDERS AND CONTRACT LIABILITIES (CONTINUED)

Notes: (continued)

(d) The following table shows the amount of the revenue recognised in the current reporting period relates to contract liabilities at the beginning of the year and the amount relates to performance obligations that were satisfied in prior year.

	2023 HK$m	2022 HK$m
Revenue recognised that was included in contract liabilities at the beginning of the year		
– Property sales	**18,985.8**	9,478.8
– Construction services	**584.2**	400.0
– Other operations	**367.2**	268.7
	19,937.2	10,147.5
Revenue recognised from performance obligations satisfied/partially satisfied in previous periods		
– Construction services	**1,297.2**	603.1
– Other operations	**–**	138.7
	1,297.2	741.8

(e) The following table shows the amount of unsatisfied performance obligations resulting from property sales, construction services and other operations for contracts with an original expected duration of one year or more:

	2023 HK$m	2022 HK$m
Expected to be recognised within one year	**33,707.0**	50,631.1
Expected to be recognised after one year	**16,713.0**	44,291.7
	50,420.0	94,922.8

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(f) The amounts payable are interest free, unsecured and have no fixed terms of repayment.

(g) The carrying amounts of creditors, accrued charges, payable to policyholders and contract liabilities, which approximate their fair values, are denominated in the following currencies:

	2023 HK$m	2022 HK$m
Renminbi	**32,159.2**	30,952.6
Hong Kong dollar	**25,095.0**	37,801.7
United States dollar	**2,265.4**	1,237.4
Others	**94.1**	241.8
	59,613.7	70,233.5

46 FINANCIAL INSTRUMENTS BY CATEGORY

In accordance with HKFRS 7, the financial assets and financial liabilities of the Group as shown in the consolidated statements of financial position are classified as follows:

(a) Financial assets measured at fair value are disclosed in note 4(h);

(b) Amounts receivable included in interests in joint ventures and interests in associated companies, long-term loan and receivables, deposits, policy loans and contract assets included in other non-current assets, trade and other debtors; contract assets, deposits, premium receivables and amounts due from associated companies, joint ventures and non-controlling shareholders, restricted bank balances and cash and bank balances are categorised as financial assets and carried at amortised cost using the effective interest method; and

(c) Borrowings and other interest-bearing liabilities, lease liabilities, trade creditors and loan and other creditors are categorised as financial liabilities and carried at amortised cost using the effective interest method. Derivative financial instruments, investment contract liabilities, liabilities related to unit-linked contracts are carried at fair value.

47 COMMITMENTS

(a) Operating lease receivable

The future minimum rental receivable under non-cancellable operating leases are as follows:

	2023 HK$m	2022 HK$m
In the first year	**2,941.8**	3,049.0
In the second to fifth year	**5,359.3**	5,405.5
After the fifth year	**1,043.1**	1,042.6
	9,344.2	9,497.1

The Group's operating leases are for terms ranging from 1 to 15 years (2022: 1 to 15 years).

(b) Other commitments

The outstanding commitments for capital expenditure are as follows:

	2023 HK$m	2022 HK$m
Contracted but not provided for		
Property, plant and equipment	**237.6**	403.8
Investment properties	**4,061.3**	5,797.1
Intangible assets	**15.4**	6.2
Intangible concession rights	**—**	192.9
Capital contributions to associated companies and joint ventures (note)	**1,514.0**	205.2
Other investments	**4,328.0**	4,527.4
	10,156.3	11,132.6

Note:

The Group has been committed to providing sufficient funds in the form of advances, capital and loan contributions to certain associated companies and joint ventures to finance relevant projects. The Group estimates that the share of projected funds requirements of these projects would be approximately HK$1,514.0 million (2022: HK$205.2 million) which represents the attributable portion of the capital and loan contributions to be made to the associated companies and joint ventures.

The Group's share of capital commitments of the joint ventures not included above are as follows:

	2023 HK$m	2022 HK$m
Contracted but not provided for	**298.0**	9,005.4

48 FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

	2023 HK$m	2022 HK$m
Financial guarantee contracts:		
Mortgage facilities for certain purchasers of properties	**2,633.7**	2,931.7
Guarantees for credit facilities granted to		
Joint ventures	**9,454.6**	10,890.7
Associated companies	**1,520.0**	1,520.4
	13,608.3	15,342.8

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash generated from operations

	2023 HK$m	2022 HK$m
Operating profit	**11,111.2**	8,133.0
Depreciation	**1,949.9**	2,156.9
Amortisation	**1,295.3**	1,209.4
Changes in fair value of investment properties	**299.6**	127.0
Write back the loss allowance on		
Properties for development	**(818.0)**	—
Properties held for sale	**—**	(94.2)
Loans and other receivables	**(194.2)**	(9.1)
Net (gain)/loss associated with investments related to unit-linked contracts	**(257.7)**	2,201.6
Net gain on fair value of financial assets at FVPL and derivative financial instruments	**634.4**	1,767.7
Net loss/(gain) on disposal of		
Debt instruments as financial assets at FVOCI	**6.1**	(161.1)
Financial assets at FVPL	**76.2**	(89.8)
Investment properties, property, plant and equipment, right-of-use assets and intangible assets	**(149.9)**	70.8
Assets held for sale	**—**	(213.1)
Subsidiaries, joint ventures and associated companies	**(1,158.4)**	(869.1)
Impairment loss/loss allowance on		
Loans, debtors, premium receivables and other receivables	**942.9**	723.9
Debt instruments as financial assets at FVOCI	**511.6**	333.1
Interests in associated companies	**522.9**	110.2
Goodwill	**—**	247.4
Inventories	**21.5**	16.2
Properties held for sale	**174.6**	148.9
Properties under development	**98.8**	221.1
Property, plant and equipment	**1.7**	12.9
Right-of-use assets	**2.0**	79.7
Remeasurement of cost of disposal	**(1,081.7)**	—
Dividend income from financial assets at FVOCI and financial assets at FVPL	**(338.0)**	(482.3)
Share option expenses	**51.8**	4.9
Reversal of provision for onerous contract	**—**	(230.0)
Reversal of provision for other payables	**(37.3)**	(69.9)
Loss on lease modification of lease receivables	**14.2**	53.7
Gain on redemption of fixed rate bonds	**(273.9)**	(117.0)
Net exchange losses/(gains)	**267.0**	(131.2)
Overlay approach adjustments on financial assets	**(687.5)**	(1,845.9)
Operating profit before working capital changes	**12,985.1**	13,305.7
(Increase)/decrease in inventories	**(14.0)**	100.9
Decrease/(increase) in properties for/under development and properties held for sale	**7,192.6**	(2,806.7)
Decrease/(increase) in debtors, prepayments, premium receivables and contract assets and other non-current assets	**3,165.2**	(2,055.0)
(Decrease)/increase in creditors, accrued charges, payables to policyholders and contract liabilities	**(7,210.1)**	5,417.7
Increase in DAC	**(163.2)**	(623.5)
Increase in insurance and investment contract liabilities	**14,951.0**	8,980.7
Dividends received from financial assets in relation to insurance business and investment related to unit-linked contracts	**355.7**	265.4
Increase/(decrease) in liabilities related to unit-linked contracts	**617.1**	(2,137.5)
Additions of financial assets at FVPL associated with investments related to unit-linked contracts	**(4,291.6)**	(3,704.5)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	**3,853.6**	3,597.6
Net cash generated from operations	**31,441.4**	20,340.8

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

	Borrowings and other interest-bearing liabilities			
	Long-term borrowings HK$m	**Short-term borrowings HK$m**	**Lease liabilities HK$m**	**Total HK$m**
At 1 July 2022	**179,214.0**	**14,094.5**	**5,802.5**	**199,111.0**
Changes from cash flows				
Proceeds from new borrowings	**60,623.5**	**3,681.8**	**—**	**64,305.3**
Repayment of borrowings	**(63,445.8)**	**(2,213.2)**	**—**	**(65,659.0)**
Decrease in cash collateral received from counterparties	**—**	**(26.7)**	**—**	**(26.7)**
Other changes				
Acquisition of subsidiaries	**986.4**	**—**	**—**	**986.4**
Principal elements of lease liabilities payments	**—**	**—**	**(789.2)**	**(789.2)**
Interest elements of lease liabilities payments	**—**	**—**	**(251.7)**	**(251.7)**
New leases entered/lease modified	**—**	**—**	**439.9**	**439.9**
Interest expenses (note 10)	**—**	**—**	**251.7**	**251.7**
Gain on redemption on fixed rate bonds	**(273.9)**	**—**	**—**	**(273.9)**
Other non-cash movement (note)	**(1,128.9)**	**—**	**—**	**(1,128.9)**
Translation differences	**(1,143.9)**	**(259.6)**	**(279.0)**	**(1,682.5)**
Amortisation of front-end fee	**181.8**	**111.7**	**—**	**293.5**
At 30 June 2023	**175,013.2**	**15,388.5**	**5,174.2**	**195,575.9**
At 1 July 2021	150,397.7	25,619.2	6,843.6	182,860.5
Changes from cash flows				
Proceeds from new borrowings	54,346.4	1,662.0	—	56,008.4
Repayment of borrowings	(25,356.2)	(12,617.8)	—	(37,974.0)
Decrease in cash collateral received from counterparties	—	(598.1)	—	(598.1)
Other changes				
Acquisition of a subsidiaries	28.0	—	—	28.0
Disposal of subsidiaries	—	—	(2.7)	(2.7)
Principal elements of lease liabilities payments	—	—	(938.9)	(938.9)
Interest elements of lease liabilities payments	—	—	(292.1)	(292.1)
New leases entered/lease modified	—	—	6.0	6.0
Interest expenses (note 10)	—	—	292.1	292.1
Gain on redemption on fixed rate bonds	(117.0)	—	—	(117.0)
Translation differences	(390.3)	24.1	(105.5)	(471.7)
Amortisation of front-end fee	305.4	5.1	—	310.5
At 30 June 2022	179,214.0	14,094.5	5,802.5	199,111.0

Note:

During the year ended 30 June 2023, the Group settled loans from a non-controlling shareholder amounted to HK$1,128.9 million, through amounts receivable from the non-controlling shareholder included in "Other non-current assets".

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Acquisition of subsidiaries

	2023 HK$m	2022 HK$m
Net assets acquired		
Property, plant and equipment	**42.1**	11.1
Intangible concession rights	**2,231.8**	—
Intangible assets, other than goodwill	**—**	0.1
Deferred tax assets	**2.8**	—
Inventories	**—**	24.1
Debtors, prepayments, premium receivables and contract assets	**3.9**	5.6
Other non-current assets	**—**	8.2
Cash and bank balances	**160.2**	7.1
Borrowings and other interest-bearing liabilities	**(986.4)**	(28.0)
Deferred tax liabilities	**(161.8)**	—
Other non-current liabilities	**—**	(2.7)
Creditors, accrued charges, payable to policyholders and contract liabilities	**(125.5)**	(42.7)
Current tax payable	**(5.0)**	(0.1)
Net assets acquired	**1,162.1**	(17.3)
Interests originally held by the Group as financial asset at FVOCI	**—**	(127.9)
Interests originally held by the Group as a joint venture	**(0.4)**	—
Interests originally held by the Group as an associated company	**(573.9)**	—
	587.8	(145.2)
Goodwill on acquisition	**—**	392.9
Non-controlling interests	**—**	8.5
Cash consideration	**587.8**	256.2

(d) Analysis of net cash flows of cash and cash equivalents in respect of acquisition of subsidiaries

	2023 HK$m	2022 HK$m
Cash consideration	**(587.8)**	(256.2)
Unpaid cash consideration classified as creditors	**88.2**	256.2
Cash and cash equivalents acquired	**160.2**	7.1
	(339.4)	7.1

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(e) Disposal of subsidiaries

	2023 HK$m	2022 HK$m
Net assets disposed		
Investment properties	**3,156.0**	166.7
Property, plant and equipment	**699.8**	2.0
Right-of-use assets	**—**	3.4
Intangible assets, other than goodwill	**—**	0.7
Deferred tax assets	**22.1**	11.1
Non-current assets classified as assets held for sale	**—**	117.8
Properties under development	**5,282.1**	—
Debtors, prepayments, premium receivables and contract assets	**1,901.7**	30.8
Cash and bank balances	**544.1**	22.1
Creditors, accrued charges, payable to policyholders and contract liabilities	**(2,662.7)**	(95.8)
Current tax payable	**(6.0)**	(46.7)
Liabilities directly associated with non-current assets classified as assets held for sale	**—**	(95.5)
Deferred tax liabilities	**—**	(5.2)
Lease liabilities	**—**	(2.7)
Net assets disposed	**8,937.1**	108.7
Interest retained by the Group as a joint venture	**(2,958.0)**	—
Release of reserves upon disposal of subsidiaries	**(168.9)**	(126.9)
Non-controlling interests	**—**	7.2
Net gain on disposal of subsidiaries	**868.2**	694.3
Consideration	**6,678.4**	683.3
Represented by		
Cash consideration	**7,158.6**	683.3
Other creditors and accrued charges	**(480.2)**	—
	6,678.4	683.3

(f) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2023 HK$m	2022 HK$m
Cash consideration	**7,158.6**	683.3
Consideration receivable	**(20.9)**	(216.8)
Consideration received for prior year disposal	**—**	319.6
Cash and cash equivalents disposed	**(544.1)**	(22.1)
	6,593.6	764.0

50 RELATED PARTY TRANSACTIONS

In addition to those disclosed in other sections of the consolidated financial statements, the following significant related party transactions have been entered into by the Group during the year:

	2023 HK$m	2022 HK$m
Joint ventures and associated companies		
Provision of construction work services (note (a))	**5.7**	11.6
Interest income (note (b))	**397.7**	210.8
Interest expense on lease liabilities (note (b))	**3.4**	8.3
Rental expenses (note (c))	**76.9**	110.0
Management services fee income (note (d))	**19.0**	12.5
Related companies (note (h))		
Rental income (note (c))	**321.1**	104.2
Rental expenses (note (c))	**30.4**	31.0
Management services fee income (note (d))	**17.8**	30.7
Management services fee expenses (note (d))	**165.1**	103.4
Concessionaires commissions (note (e))	**35.3**	47.8
Sales of goods, prepaid shopping cards and vouchers (note (f))	**2.0**	4.8
Engineering and mechanical services (note (g))	**3,035.4**	2,199.9
Security services expenses (note (g))	**109.6**	95.9
Cleaning and landscaping services (note (g))	**95.8**	87.4
Insurance expenses (note (i))	**37.6**	35.0
Repair and maintenance expenses (note (g))	**54.5**	55.0

Notes:

(a) Revenue from provision of construction work services is principally charged in accordance with relevant contracts.

(b) Interest income is charged at interest rates as specified in notes 23(a) and 24(a) on the outstanding amounts. Interest expense on lease liabilities is charged at interest rates as specified in note 42.

(c) Rental income and expenses are charged and additions to right-of-use assets are measured in accordance with respective tenancy agreements.

(d) Management services fee income and expenses are charged in accordance with the terms of respective management service agreements.

(e) The income is charged in accordance with concessionaire counter agreements with Chow Tai Fook Jewellery Group Limited ("CTFJ") and its subsidiaries (collectively "CTFJ Group"). The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.

(f) This represents the amounts received in respect of the sales of goods, prepaid shopping cards and vouchers to the Group as payment of purchase of goods and settlement of the relevant value from CTF and its subsidiaries (collectively "CTF Group"), CTFJ Group and companies owned by Mr. Doo.

(g) Engineering and mechanical services, security services expenses, cleaning and landscaping expenses and repair and maintenance expenses are charged in accordance with relevant contracts.

(h) Related companies refer to subsidiaries and joint ventures of CTF Group, CTFJ Group and companies owned by Mr. Doo.

(i) Insurance expenses are charged in accordance with the terms of respective insurance agreements.

(j) The balances with joint ventures and associated companies are disclosed in notes 23, 24, 30 and 45.

(k) No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 15.

51 COMPANY STATEMENT OF FINANCIAL POSITION

	2023 **HK$m**	2022 HK$m
Assets		
Non-current assets		
Intangible assets	**177.1**	52.6
Investment property	**137.0**	137.0
Property, plant and equipment	**10.9**	13.3
Right-of-use assets	**29.2**	48.8
Interests in subsidiaries	**73,059.0**	95,412.0
Interests in joint ventures	**256.1**	160.4
Interests in associated companies	**8.4**	8.4
Amounts receivable from associated companies and joint ventures	**2,152.0**	1,745.7
Financial assets at FVPL	**401.9**	1,099.5
Financial assets at FVOCI	**1.0**	1.0
	76,232.6	98,678.7
Current assets		
Properties held for sale	**34.5**	34.5
Debtors, prepayments and contract assets	**210.4**	141.7
Amounts receivable from subsidiaries	**143,967.8**	111,157.9
Financial assets at FVPL	**182.4**	184.5
Cash and bank balances	**153.2**	2,469.2
	144,548.3	113,987.8
Total assets	**220,780.9**	212,666.5
Equity		
Share capital	**78,382.1**	78,382.1
Reserves (note)	**23,225.2**	23,126.3
Total equity	**101,607.3**	101,508.4
Liabilities		
Non-current liabilities		
Lease liabilities	**20.1**	38.5
Current liabilities		
Creditors, accrued charges and contract liabilities	**1,396.6**	940.9
Amounts payable to subsidiaries	**117,745.8**	110,167.6
Lease liabilities	**11.1**	11.1
	119,153.5	111,119.6
Total liabilities	**119,173.6**	111,158.1
Total equity and liabilities	**220,780.9**	212,666.5

Dr. Cheng Kar-Shun, Henry
Director

Dr. Cheng Chi-Kong, Adrian
Director

51 COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

Note:

Reserves

	Financial assets at FVOCI reserve (non-recycling) HK$m	Employees' share-based compensation reserve HK$m	Retained profits HK$m	Total HK$m
At 1 July 2022	**(8.9)**	**69.0**	**23,066.2**	**23,126.3**
Share options lapsed	**—**	**(69.0)**	**69.0**	**—**
Profit for the year	**—**	**—**	**5,031.5**	**5,031.5**
2022 final dividend paid	**—**	**—**	**(3,774.9)**	**(3,774.9)**
2023 interim dividend paid	**—**	**—**	**(1,157.7)**	**(1,157.7)**
At 30 June 2023	**(8.9)**	**—**	**23,234.1**	**23,225.2**

	Financial assets at FVOCI reserve (non-recycling) HK$m	Employees' share-based compensation reserve HK$m	Retained profits HK$m	Total HK$m
At 1 July 2021	(8.9)	129.9	23,057.2	23,178.2
Employees' share-based payment	—	4.9	—	4.9
Share options lapsed	—	(65.8)	65.8	—
Buyback of shares	—	—	(967.0)	(967.0)
Profit for the year	—	—	6,094.4	6,094.4
2021 final dividend paid	—	—	(3,774.9)	(3,774.9)
2022 interim dividend paid	—	—	(1,409.3)	(1,409.3)
At 30 June 2022	(8.9)	69.0	23,066.2	23,126.3

52 PRINCIPAL SUBSIDIARIES

As at 30 June 2023

	Share capital issued# Number of shares	Issued and paid up share HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong				
Addlight Investments Limited	9,998	9,998	63	Property development
	2[1]	2	63	
All Speed Investment Limited	2	2	100	Property investment
Anway Limited	1	1	61	Duty free operation and general trading
Billion Huge (International) Limited	950,001	950,001	100	Investment holding
Billion Park Investment Limited	1,000,000	1,000,000	88	Investment holding
Billionoble Investment Limited	4,998	4,998	61	Investment holding
	2[1]	2	61	
Birkenhead Properties and Investments Limited	1,200,000	1,200,000	64	Property investment
Bright Moon Company, Limited	260,000	2,600,000	75	Property investment
Broad Reach Company Limited	100	100	100	Property investment
Care & Services Elderly Home (Tai Po) Limited	10,000	10,000	100	Provision of elderly residential places and services
Care & Services Elderly Home (Tai Wai) Limited	1	1	100	Provision of elderly residential places and services
Care & Services Elderly Home (Yuen Long) Limited	10,000	10,000	100	Provision of elderly residential places and services
Cheer Best Enterprises Limited	2	2	100	Property investment
Cheong Sing Company Limited	10,000	10,000	100	Property investment
Chi Lam Investment Company Limited	7,000	700,000	100	Investment holding
Chinese Future Limited	1,300,000,000	1,300,000,000	61	Investment holding
CiF Solutions Limited	10	1,000	100	Provision of information technology
	160,000[1]	16,000,000	100	solutions
Come City Limited	2	2	100	Property investment
Daily Land Limited	1	1	100	Property investment
DP Properties Limited	4,000	1,000	100	Property investment
Earning Star Limited	1	1	61	Investment holding
Eminent Elite Limited	1	1	100	Investment holding
Ever Honour (Hong Kong) Limited	1	1	61	Property Investment
Fook Hong Enterprises Company, Limited	10,000	1,000,000	100	Property investment
Fortune Land Development Limited	1	1	100	Property investment
Full Asset Enterprises Limited	1	1	100	Property investment
Full Sense Limited	1	1	100	Property development
Good Sense Development Limited	1	1	100	Property development
Goodman Chengdu Development No.2 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Goodman Chengdu Development No.3 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Goodman Chengdu Development No.4 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Goodman Chengdu Longquan Logistics Development Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Goodman Hong Kong (Hubei) Developments No.1 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Grace Crystal Limited	1	1	61	Investment holding
Grand Express International Limited	1	1	61	Investment holding
Guidetone Investments Limited	100,000	100,000	80	Property investment

52 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2023

	Share capital issued#			
	Number of shares	Issued and paid up share HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong (continued)				
Happy Champion Limited	2	2	100	Investment holding
Happy Growth Investment Limited	1	1	75	Investment holding and provision of management services
Hip Hing Builders Company Limited	40,000	40,000,000	61	Construction
	10,000[1]	10,000,000	61	
Hip Hing Construction Company Limited	400,000	40,000,000	61	Construction and civil engineering
	600,000[1]	60,000,000	61	
Hip Hing Engineering Company Limited	2,000,000	200,000,000	61	Building construction
Hong Kong Convention and Exhibition Centre (Management) Limited	3	3	61	Management of Hong Kong Convention and Exhibition Centre ("HKCEC")
	1[1]	1	61	
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	61	Investment holding
Hong Kong Golf & Tennis Academy Management Company Limited	1,000,000	1,000,000	100	Operator of golf and tennis academy
Hong Kong Island Development Limited	33,400,000	167,000,000	100	Property investment
Hong Kong Jing-Guang Development Limited	100,000	1,000,000	82	Investment holding
Hong Kong Multiple Intelligence Education Company Limited	1	1	100	Provision of training courses
Hong Kong Ticketing (International) Limited	1	1	100	Provision of ticketing services
Honour Shares Limited	100	100	100	Investment holding
Housing Finance Limited	2	2	100	Financial services
Humansa VD Limited	1	1	100	Provision of wellness and rehabilitation services
i-Residence Management Limited	1	1	61	Property management and consultancy
Istaron Limited	4	4	100	Investment holding
Join Base Development Limited	1	1	100	Property investment
K11 Art Mall Properties Company Limited	1	1	100	Property investment
K11 (China) Limited	1	1	100	Investment holding
K11 Concepts Limited	1	1	100	Provision of property management consultancy services
K11 Cultural & Creation Company Limited	1	1	100	Culture and recreation
K11 Sales & E-Commerce Company Limited	1	1	100	Retail and corporate sales
Kai Tak Sports Park Limited	300	906,666,900	90	Development and operation of sports park
Kin Kiu Enterprises, Limited	10,000	10,000,000	100	Investment holding
Kiu Lok Property Services (China) Limited	2	2	61	Property agency, management and consultancy
	2[1]	2	61	
Kwong On Nursing Center Limited	10,000	10,000	100	Provision of elderly residential places and services
Land Chain Limited	2	2	100	Property investment
Lingal Limited	1,800	1,800	100	Investment holding
	200[1]	200	—	
Legarleon Finance Limited	4,400,000	44,000,000	100	Financing
Lucrative Venture Limited	1,500,000	15,000,000	100	Property development
Million Noble Investments Limited	1	1	100	Investment holding
Modern Elite (Hong Kong) Limited	1	1	61	Property investment
New Advent Limited	1	1	61	Property investment
New World China Construction Limited	1	1	100	Investment holding

52 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2023

	Share capital issued#			
	Number of shares	Issued and paid up share HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong (continued)				
New World Corporate Services Limited	1	1	100	Provision of information technology service
New World Department Store (Investment) Limited	3	410,045,794	75	Investment holding
New World Department Stores Limited	2	2	75	Investment holding and provision of management services to department stores
New World Development (China) Limited	2	4	100	Investment holding
New World Finance Company Limited	200,000	20,000,000	100	Financial services
New World – Guangdong Highway Investments Co. Limited	999,900	99,990,000	61	Investment holding
	100[1]	10,000	80	
New World Hotels (Holdings) Limited	576,000,000	510,795,731	100	Investment holding
New World (Login) Company Limited	1	1	100	Supply chain management
New World Loyalty Programme Limited	1	1	100	Loyalty programme
New World Port Investments Limited	2	2	61	Investment holding
New World Project Management (China) Limited	1	1	100	Project management
New World Property Management Company Limited	1	1	100	Property management
New World Real Estate Agency Limited	2	2	100	Estate agency
New World Strategic Partnerships Company Limited	200	200	100	Agency
New World Tower Company Limited	2	20	100	Property investment
NW Project Management (HK) Limited	1	1	100	Project management
NW Project Management Limited	2	2	100	Project management
NWS (Finance) Limited	2	2	61	Financial services
NWS Holdings (Finance) Limited	1	1	61	Financing
NWS Infrastructure Renewables (Italy) Limited	1	1	61	Investment holding
NWS Modern Logistics (Hong Kong) Limited	1	1	61	Investment holding, operating modern logistics business
Pacific Great Investment Limited	50,000,000	50,000,000	100	Investment holding
Polytown Company Limited	2	20	61	Property investment, operation, marketing, promotion and management of HKCEC
	100,000[1]	1,000,000	61	
Pridemax Limited	2	2	100	Property investment
Profit Now Limited	1	1	61	Investment holding
Qin Hen Goodman Hong Kong (Chengdu) Developments No.1 Limited	99[2]	99	61	Investment holding
	1[3]	1	61	
Queen's Land Investment Limited	1,000	1,000	100	Property development
Regent Star Investment Limited	1,000	1,000	100	Property development
Roxy Limited	1	1	100	Construction and operation of Skycity
Scienward Fashion and Luxury Limited	20,000	100,010,000	100	Investment holding and fashion trading
Scienward Sports and Casual Limited	100	100	100	Provision of management services
Seaworthy Investments Limited	1	1	100	Property investment
Shun Yan Elderly Centre (Kin Fook) Limited	100	100	100	Provision of elderly residential places and services
Silver Grow Investment Limited	1	1	75	Investment holding
Sky Connection Limited	100	100	61	Duty free operation and general trading
Spotview Development Limited	10	10	100	Financial services
Super Record Limited	1	1	100	Property investment

52 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2023

	Share capital issued# Number of shares	Share capital issued# Issued and paid up share HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong (continued)				
The Town Club (HK) Limited	1	1	100	Operation of club house
Treasure Tower Holdings Limited	1,000,000	1,000,000	100	Property investment
True Hope Investment Limited	299,999,998	299,999,998	61	Investment holding
	2[1]	2	61	
Trinity Link Limited	1	1	86	Provision of endoscopic services
Tycoon Estate Investments (HK) Limited	1	1	61	Property investment
Up Fair Limited	2	2	100	Property development
Urban Parking Limited	15,000,000	15,000,000	61	Carpark management
Vibro Construction Company Limited	1,630,000	163,000,000	61	Civil engineering
	20,000[1]	2,000,000	61	
Vibro (H.K.) Limited	20,000,004	60,328,449	61	Piling, ground investigation and civil engineering
Wah Fu Elderly Centre Limited	1	1	100	Provision of elderly residential places and services
Winpo Development Limited	2	2	100	Property investment
Wisemec Enterprises Limited	2	2	61	Investment holding
World Empire Property Limited	2	2	100	Property investment

	Share capital issued# Number of shares	Share capital issued# Par value per share	Attributable interest to the Group (%)	Principal activities
Incorporated in the Cayman Islands				
Chinese Future Corporation	1,000,000	US$0.01	61	Investment holding
Incorporated in the Cayman Islands and operate in Hong Kong				
New World China Land Limited	8,702,292,242	HK$0.1	100	Investment holding
New World Department Store China Limited	1,686,145,000	HK$0.1	75	Investment holding
NWS Service Management Limited	1,323,943,165	HK$0.1	61	Investment holding
Incorporated and operates in the Philippines				
New World International Development Philippines, Inc.	6,988,016	Peso100	62	Hotel operation
Incorporated and operates in Malaysia				
Taipan Eagle Sdn. Bhd.	1,000,000	MYR1	71	Property development

Represented ordinary share capital, unless otherwise stated

1 Non-voting deferred shares

2 Class B ordinary shares

3 Class A special voting share

52 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2023

	Fully paid capital	Attributable interest[α] to the Group (%)	Principal activities
Incorporated and operate in the PRC			
Beijing Chong Yu Real Estate Development Co., Ltd.	US$171,840,000[W]	100	Property investment and development
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB200,000,000[E]	75	Land development
Beijing New World Huamei Real Estate Development Co. Ltd.	RMB748,000,000[E]	75	Property development
Beijing New World Liying Department Store Co., Ltd.	RMB18,000,000[W]	75	Department store operation
Beijing New World Qianzi Department Store Co., Ltd.	HK$60,000,000[W]	75	Department store operation
Beijing New World Trendy Department Store Co., Ltd.	RMB25,000,000[W]	75	Department store operation
Beijing NW Project Management Consultancy Services Limited	RMB1,000,000[W]	100	Project management and consultancy
Beijing Wanya Department Store Co., Ltd.	RMB100,000[+]	75[α]	Department store operation
Beijing Yixi New World Department Store Co., Ltd.	RMB65,000,000[W]	75	Department store operation
Changsha New World Trendy Plaza Co., Ltd.	RMB60,000,000[W]	75	Department store operation
Chengdu Dasheng Logistics Co. Ltd.	RMB82,000,000[W]	61	Operation of logistics property
Chengdu Jiachao Warehouse Co. Ltd.	RMB96,000,000[W]	61	Operation of logistics property
Chongqing New World Department Store Co., Ltd.	RMB100,000,000[W]	75	Department store operation
Dalian New World Plaza International Co., Ltd.	RMB58,000,000[E]	88	Property investment and development
Dalian New World Tower Co., Ltd.	US$197,324,700[W]	100	Property investment and development
Foshan Da Hao Hu Real Estate Development Co., Ltd.	RMB1,364,500,500[W]	91	Property development
Foshan International Country Club Company Ltd.	US$52,923,600[C]	91	Golf club operation
Guangzhou Bright Way Enterprises Co., Ltd.	RMB1,100,000,000[W]	100	Property development
Guangzhou Fong Chuen-New World Property Development Ltd.	RMB330,000,000[C]	100	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US$24,000,000[C]	100	Property development
Guangzhou New World Property Asset Business Management Co., Ltd.	RMB200,000,000[W]	100	Investment holding
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000[C]	100	Property development
Guangzhou Xinsui Tourism Centre Ltd.	HK$350,000,000[W]	100	Property development
Guangzhou Xin Yi Development Limited	HK$286,000,000[C]	90	Property investment and development
Guangzhou Xinpei Enterprises Management Co., Ltd.	RMB550,000,000[W]	100	Investment holding
Guangzhou Xinpei Investment Co. Ltd.	RMB200,000,000[W]	100	Investment holding
Guangzhou Yao Ce Co. Ltd.	RMB710,000,000[W]	100	Investment holding
Guangzhou Yao Sheng Real Estate Development Co., Ltd.	RMB2,692,100,000[E]	65	Property development
Guangzhou Yibo Real Estate Development Co., Ltd.	RMB392,500,000[W]	100	Property development
Guangzhou Yong Pei Hotel Co., Ltd.	RMB20,000,000[W]	100	Hotel investment
Guangzhou Yong Pei Properties Development Co., Ltd.	RMB2,384,000,000[W]	100	Property development
Guangzhou Yongjun Enterprises Co., Ltd	RMB100,000,000[W]	100	Property development
Guangzhou Zengpei Properties Development Co., Ltd.	RMB1,710,000,000[W]	100	Property development
Hangzhou Xinyu Industrial Development Co. Ltd.	RMB10,500,000,000[W]	100	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB640,000,000[W]	100	Property investment
Hunan Daoyue Expressway Industry Co. Ltd.	RMB600,950,000[+]	61	Operation of toll road
Hunan Fortune Lake Property Development Co., Ltd.	RMB455,810,903[W]	100	Property development
Hunan NWS Expressway Management Co., Ltd.	RMB1,600,000,000[+]	61	Operation of toll road
Jialong (Chengdu) Warehouse Co. Ltd.	USD18,500,000[W]	61	Operation of logistics property
Jiangsu New World Department Store Co., Ltd.	RMB16,000,000[W]	75	Department store operation

52 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2023

	Fully paid capital	Attributable interest[σ] to the Group (%)	Principal activities
Incorporated and operate in the PRC (continued)			
Jiaxin (Chengdu) Warehouse Co. Ltd.	USD16,000,000[W]	61	Operation of logistics property
Jiayao (Chengdu) Warehouse Co., Ltd.	US$20,000,000[W]	61	Operation of logistics property
Jinan New World Sunshine Development Ltd.	US$69,980,000[W]	100	Property development
K11 Business Management (Wuhan) Co., Ltd	RMB2,500,000,000[W]	100	Property investment
K11 Concepts (Beijing) Limited	RMB20,000,000[W]	100	Business consultancy
K11 Concepts (Shanghai) Limited	RMB50,000,000[W]	100	Business consultancy
KHOS Shenyang Limited	RMB70,000,000[W]	100	Hotel operation
Langfang New World Properties Development Co., Ltd.	US$145,300,000[W]	100	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US$98,200,000[W]	100	Property development
Lanzhou New World Department Store Co., Ltd.	RMB30,000,000[W]	75	Department store operation
Mianyang New World Department Store Co., Ltd.	RMB14,000,000[W]	75	Department store operation
Miaogou (Beijing) Department Store Co., Ltd.	RMB1,000,000[+]	75[α]	Department store operation
Nanjing New World Real Estate Co., Ltd.	US$45,339,518[W]	100	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US$5,500,000[W]	100	Property investment
New World (Anshan) Property Development Co., Ltd.	RMB1,420,000,000[W]	100	Property development
New World (China) Co., Ltd.	RMB50,513,400[W]	100	Investment holding
New World China Land Investments Company Limited	US$80,000,000[W]	100	Investment holding
New World Department Store (China) Co., Ltd.	RMB50,000,000[W]	75	Department store operation
New World Department Stores Investment (China) Co., Ltd.	US$150,000,000[W]	75	Investment holding
New World Development (Wuhan) Co., Ltd.	US$128,500,000[W]	100	Property investment and development
New World Goodtrade (Wuhan) Limited	US$219,500,000[W]	100	Property investment and development
New World HHC Construction Limited	RMB453,045,000[W]	100	Construction
New World Login (Guangzhou) Co., Ltd. (formerly known as New World Login (Shenzhen) Co., Ltd.)	RMB50,000,000[W]	100	Supply chain management
New World New Land Real Estate (Wuhan) Co., Ltd.	US$590,900,000[W]	100	Property development
New World Project Management (Shenzhen) Limited	RMB10,000,000[W]	100	Project management
New World (Shenyang) Property Development Limited	RMB5,647,800,000[W]	100	Property investment and development
New World Strategic (Beijing) Investment Consultancy Limited	US$2,400,000[W]	100	Investment consultancy
Ningbo Gong Tai Properties Co., Ltd.	RMB235,000,000[W]	100	Property development
Ningbo Xin Li Real Estate Co., Ltd.	US$861,000,000[W]	100	Property investment and development
NWS (Guangdong) Investment Company Limited	RMB5,319,853,600[W]	61	Investment holding
NWS Modern Logistics (Shenzhen) Limited	RMB559,700,000[W]	61	Investment holding
NWS Energy (Shanghai) Limited	RMB500,000,000[W]	61	Investment of new energy projects
Peak Moral High Commercial Development (Shanghai) Co., Ltd.	US$40,000,000[W]	75	Property investment and shopping mall operation
Sanhe New World Department Store Co., Ltd.	RMB2,000,000[+]	75	Investment holding
Scienward Fashion and Luxury (Shanghai) Co., Ltd.	US$50,000,000[W]	100	Fashion retailing and trading
Shang Ji Properties (Shenzhen) Co. Ltd.	RMB1,478,000,000[W]	51	Property development
Shang Shun Properties (Shenzhen) Co. Ltd.	RMB1,216,000,000[W]	51	Property development
Shanghai Luxba Trading Ltd.	US$7,150,000[W]	100	Properties investment and fashion trading
Shanghai New World Department Store Co., Ltd.	RMB18,000,000[W]	75	Shopping mall operation
Shanghai New World Huiya Department Store Co., Ltd.	RMB240,000,000[W]	75	Department store operation
Shanghai New World Huiyan Department Store Co., Ltd	RMB85,000,000[W]	75	Property investment and shopping mall operation

52 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2023

	Fully paid capital	Attributable interest[ø] to the Group (%)	Principal activities
Incorporated and operate in the PRC (continued)			
Shanghai New World Huiying Department Store Co., Ltd.	RMB93,970,000[W]	75	Department store operation
Shanghai New World Xinying Department Store Co., Ltd.	HK$100,000,000[W]	75	Department store operation
Shanxi Xinda Highways Limited	RMB49,000,000[C]	37[θ]	Operation of toll road
Shanxi Xinhuang Highways Limited	RMB56,000,000[C]	37[θ]	Operation of toll road
Shenyang Expo Convention and Exhibition Co., Ltd.	RMB25,000,000[W]	100	Expo operation
Shenyang New World Department Store Ltd.	RMB30,000,000[W]	75	Property investment and shopping mall operation
Shenyang New World Xin Hui Properties Co., Ltd.	RMB501,520,000[W]	100	Property development
Shenyang Sheng Xin Yi Le Property Co Ltd	RMB6,000,000,000[W]	100	Property investment
Shenyang Trendy Property Company Limited	RMB27,880,000[W]	75	Property investment
Shenzhen City Hengtai Property Development Co., Ltd.	RMB100,000,000[+]	70	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK$150,000,000[C]	100	Property development
Suzhou Greenland Platinum Election e-Commerce Co., Ltd.	RMB260,000,000[W]	55	Operation of logistics property
Tang Shan New World Property Development Co., Ltd.	US$162,000,000[W]	100	Property development
Tianjin New World Department Store Co., Ltd.	US$5,000,000[W]	75	Shopping mall operation
Tianjin New World Properties Development Co., Ltd.	US$91,000,000[W]	100	Property development
Tianjin Xin Guang Development Co., Ltd.	US$4,500,000[W]	100	Property investment
Wuhan Jiamai Warehouse Co. Ltd.	USD30,000,000[W]	61	Operation of logistics property
Wuhan New Eagle Enterprises Co., Limited	US$2,830,000[W]	100	Property investment
Wuhan New World Department Store Co., Ltd.	US$15,630,000[W]	75	Property investment and department store operation
Wuhan New World Qianzi Department Store Co., Ltd.	RMB500,000[+]	75[α]	Department store operation
Wuhan New World Trendy Department Store Co., Ltd.	RMB80,000,000[W]	75	Department store operation
Xiamen Creo Capital Investment Company Limited	RMB360,000,000[W]	61	Investment holding
Yantai New World Department Store Co., Ltd.	RMB80,000,000[W]	75	Department store operation
Zhaoqing New World Property Development Limited	US$16,500,000[W]	100	Property development
Zhejiang NWS Expressway Co., Ltd.	US$320,590,000[E]	61	Operation of toll road
Zhengzhou New World Department Store Co., Ltd.	RMB50,000,000[W]	75	Shopping mall operation
Zhiyi (Hangzhou) Service Area Management Limited	RMB3,000,000[+]	61	Provision of commercial complex, catering, hotel and property management services
Incorporated and operates in Italy			
NWS Infrastructure Renewables (Italy) S.r.l.	EUR153,023	61	Investment holding
Incorporated and operate in Macau			
Hip Hing Engineering (Macau) Company Limited	MOP100,000	61	Construction
Vibro (Macau) Limited	MOP1,000,000	61	Foundation works

α The Group indirectly holds equity interest in these subsidiaries through non-wholly owned subsidiaries, and has control over each of these subsidiaries

θ Cash sharing ratio of Shanxi Xinda Highways Limited and Shanxi Xinhuang Highways Limited is 60% after 12 years from the operation at NWSH level

ø Profit or cash sharing percentage was adopted for certain PRC entities

W Registered as wholly foreign owned enterprises under PRC law

E Registered as sino-foreign equity joint ventures under PRC law

C Registered as sino-foreign co-operative joint ventures under PRC law

\+ Registered as limited company under PRC law

52 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2023

	Share capital issued#			
	Number of shares	**Par value per share**	**Attributable interest to the Group (%)**	**Principal activities**
Incorporated in Bermuda and operate in Hong Kong				
NWS Holdings Limited	3,910,482,349	HK$1	61	Investment holding
FTLife Insurance Company Limited	506,100,141	US$1	61	Life insurance
	9,000,000*	US$1	61	
	10,000,000**	US$1	61	
Incorporated in the British Virgin Islands				
Crown Success Limited	100	US$1	100	Investment holding
Eagle Eyes Developments Limited	1	US$1	100	Investment holding
Fine Reputation Incorporated	10,000	US$1	100	Investment holding
Forever Insight Limited	4,800	US$1	86	Investment holding
Fotoland Limited	1	US$1	100	Investment holding
FTL Capital Limited	1	US$1	61	Bond issuer
Gigantic Global Limited	2	US$1	100	Investment holding
Gravy Train Investments Limited	1	US$1	61	Investment holding
HH Holdings Corporation	600,000	HK$1	61	Investment holding
Hing Loong Limited	20,010,000	US$1	100	Investment holding
Humansa Limited	1	US$1	100	Investment holding
Ideal Global International Limited	1	US$1	61	Investment holding
K11 Group Limited	1	HK$1	100	Investment holding
K11 Investment Company Limited	1	US$1	100	Investment holding
Karnival Limited	1	US$1	100	Investment holding
Kee Shing Investments Limited	1,000	US$1	100	Investment holding
Lotsgain Limited	100	US$1	100	Investment holding
Moscan Developments Limited	1	US$1	61	Investment holding
Natal Global Limited	1	US$1	61	Investment holding
New World Hotels Corporation Limited	1	US$1	100	Investment holding
NWS CON Limited	1	HK$1	61	Investment holding
NWS Construction Limited	190,000	US$0.1	61	Investment holding
	6,550[A]	US$0.1	—	
	4,875[B]	US$0.1	—	
NWS Infrastructure Power Limited	1	US$1	61	Investment holding
NWS Infrastructure Water Limited	1	US$1	61	Investment holding
Penta Enterprises Limited	1	US$1	100	Investment holding
Radiant Glow Limited	1	US$1	100	Investment holding
Right Choice International Limited	200	US$1	52	Property investment
Right Heart Associates Limited	4	US$1	61	Investment holding
Righteous Corporation	1	US$1	61	Investment holding
Steadfast International Limited	2	US$1	100	Investment holding
Winner World Group Limited	10	US$1	100	Investment holding
Incorporated in the British Virgin Islands and operate in Hong Kong				
Allied Win Investments Limited	1	US$1	100	Investment holding
Bellwood Group Limited	100	US$1	61	Investment holding
Best Star (BVI) Investments Limited	1	US$1	61	Investment holding
Busy Bee Global Limited	1	US$1	61	Investment holding
Celestial Dynasty Limited	1	US$1	61	Bond issuer

52 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2023

	Share capital issued#			
	Number of shares	**Par value per share**	**Attributable interest to the Group (%)**	**Principal activities**
Incorporated in the British Virgin Islands and operate in Hong Kong (continued)				
Celestial Miles Limited	1	US$1	61	Bond issuer
Century Charm Global Limited	1	US$1	61	Investment holding
Citiplus Investment Limited	1	US$1	100	Investment holding
Constar Investment Limited	1	US$1	75	Financing
Creo Capital Limited	1	US$1	61	Investment holding
Economic Velocity Limited	1	US$1	61	Investment holding
Eminent Circle Ventures Limited	1	US$1	61	Investment holding
Esteemed Sino Limited	1	US$1	100	Investment holding
Glorious Hope Limited	1	US$1	61	Investment holding
Hetro Limited	101	US$1	61	Investment holding
Lucky Strong Limited	1	US$1	61	Investment holding
Magic Chance Limited	1	US$1	100	Investment holding
New World Capital Finance Limited	1	US$1	100	Bond issuer
New World Strategic Investment Limited	1	US$1	100	Investment holding
Noonday Limited	100	US$1	61	Investment holding
NWD Finance (BVI) Limited	1	US$1	100	Bond issuer
NWD (MTN) Limited	1	US$1	100	Bond issuer
NWS Financial Management Services Limited	1	US$1	61	Investment holding
NWS Infrastructure Management Limited	2	US$1	61	Investment holding
NWS Infrastructure Roads Limited	1	US$1	61	Investment holding
NWS Ports Management Limited	2	US$1	61	Investment holding
Quality Vibe Limited	1	US$1	61	Investment holding
Silvery Yield Development Limited	100	US$1	100	Investment holding
South Scarlet Limited	1	US$1	100	Hotel operation
Summer Haze Holdings Limited	10,000	US$1	63	Investment holding
Sweet Prospects Enterprises Limited	1	US$1	100	Investment holding
True Blue Developments Limited	1	US$1	100	Investment holding
Total Partner Holdings Limited	1	US$1	100	Investment holding
Utmost Best Limited	1	US$1	61	Investment holding
Whitecroft Gate Limited	1	US$1	100	Financing
Incorporated in the British Virgin Islands and operates in the PRC				
Nacaro Developments Limited	2	US$1	100	Property Investment
Incorporated and operates in Thailand				
Emerald Bay Resort Co., Ltd.	7,380,000	THB100	100	Hotel operation

Represented ordinary share capital, unless otherwise stated

A Redeemable, non-convertible and non-voting A preference shares

B Redeemable, non-convertible and non-voting B preference shares

* Class A redeemable preference shares (non-convertible)

** Class C redeemable preference shares (convertible)

53 PRINCIPAL JOINT VENTURES

As at 30 June 2023

	Fully paid capital	Attributable interest[Ω] to the Group (%)	Principal activities
Equity joint ventures			
Incorporated and operate in the PRC			
China United International Rail Containers Co., Limited	RMB4,200,000,000	18	Operation of rail container terminals and related business
Guangxi Logan Guiwu Expressway Co., Ltd.	RMB200,000,000	24	Operation of toll road
Guoneng Chengdu Jintang Power (Generation) Co., Ltd.	RMB924,000,000	21	Generation and supply of electricity
Jiangsu JD-Link International Logistics Co., Ltd.	RMB87,247,436	7	Operation of comprehensive logistics business
NWS Asset Management (Hainan) Company Limited	RMB1,000,000,000	49	Distressed asset management
Zhejiang Tangshi Supply Chain Management Co., Ltd.	RMB69,444,444	6	Operation of comprehensive logistics business
Co-operative joint ventures			
Incorporated and operate in the PRC			
Beijing Chong Wen • New World Properties Development Ltd.	US$225,400,000	70[s]	Property investment, development and hotel operation
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Company Limited	RMB933,880,001.88	15	Operation of toll road
Beijing Xin Lian Hotel Co., Ltd.	US$12,000,000	55[s]	Hotel operation
China New World Electronics Ltd.	US$57,200,000	70[s]	Property investment and development
Guangzhou Northring Intelligent Transportation Technology Company Limited	US$19,255,000	40[s]	Operation of toll road
Huizhou City Huixin Expressway Company Limited	RMB34,400,000	30	Investment holding
Huizhou New World Housing Development Limited	RMB80,000,000	62[s]	Property development
Tianjin Xinzhan Expressway Company Limited	RMB2,539,100,000	37[@s]	Operation of toll road
Wuhan Wuxin Hotel Co., Ltd.	US$49,750,000	60[s]	Hotel operation
Wholly foreign owned enterprises			
Incorporated and operate in the PRC			
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	62[s]	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	62[s]	Property development
Guangzhou Shengpei Enterprises Co. Ltd.	RMB35,000,000	40	Property development
Wuhan New World Hotel Properties Co., Ltd.	RMB83,507,110	60[s]	Property investment
Companies limited by shares			
Incorporated and operates in Italy			
ForVEI II S.r.l.	EUR20,000	24	Investment holding and operation of solar power assets

Ω Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

@ Represented cash sharing ratio

s The Group through its subsidiaries holds more than 50% interests in these joint ventures. Under the respective contractual agreements, the Group does not control these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing the control

53 PRINCIPAL JOINT VENTURES (CONTINUED)

As at 30 June 2023

	Share capital issued[#] Number of shares	Issued and paid up share capital HK$	Attributable interest to the Group (%)	Principal activities
Companies limited by shares *(continued)*				
Incorporated and operate in Hong Kong				
ATL Logistics Centre Hong Kong Limited	100,000'A'	100,000	34[&]	Operation of cargo handling and storage facilities
	20,000'B'[2]	20,000	48	
	54,918[1]	54,918	100	
Bonson Holdings Limited	1	1	49	Property development
Calpella Limited	2	20	50	Property investment
Chow Tai Fook Qianhai Investments Company Limited	700	700	29	Shopping mall operation
GH Hotel Company Limited	1,001	64,109,750	50	Hotel operation
Global Perfect Development Limited	1,000,000	1,000,000	50	Investment holding
Global Trinity China Limited	1	1	40	Financial services
Golden Kent International Limited	1	1	40	Property development
Goodman China (Western) Limited	100	100	30	Investment holding
Great TST Limited	2	863,878,691	50	Hotel operation
Hotelier Finance Limited	1	1	50	Financing
Infinite Sun Limited	1	1	10	Property development
Kayson Limited	1	1	50	Property development
Loyalton Limited	2	20	50	Property investment
Marble Edge Investments Limited	1	1	18	Property development
New Synergy Limited	1	1	51	Property development
New World Harbourview Hotel Company Limited	1,001	109,109,750	50	Hotel operation
Rich Fast International Limited	2	2	50	Property development
Top Leader Creation Limited	1	1	40	Property development
Voyage Mile Limited	1	1	29	Property development
Wincon International Limited	300,000,000	300,000,000	30	Investment holding
Wise Come Development Limited	30	30	50	Property investment

53 PRINCIPAL JOINT VENTURES (CONTINUED)

As at 30 June 2023

	Share capital issued#			
	Number of shares	Par value per share	Attributable interest to the Group (%)	Principal activities
Companies limited by shares *(continued)*				
Incorporated in the British Virgin Islands and operate in the PRC				
Holicon Holdings Limited	2	US$1	50	Property Investment
Jaidan Profits Limited	2	US$1	50	Property Investment
Jorvik International Limited	2	US$1	50	Property Investment
Orwin Enterprises Limited	2	US$1	50	Property Investment
Incorporated in the British Virgin Islands				
Great Hotels Holdings Limited	6	US$1	50	Investment holding
Group Program Limited	100	US$1	51	Loyalty programme
Landso Investment Limited	100	—	35	Investment holding
Silverway Global Limited	2	US$1	30	Investment holding
Success Concept Investments Limited	1,000	US$1	55&	Investment holding
Incorporated and operates in the Netherlands				
Hyva I B.V.	19,000	EUR1	30	Manufacturing and supply of components used in hydraulic loading and unloading systems
Incorporated in the Cayman Islands and operates globally				
Goshawk Aviation Limited	362,026,264***	US$0.001	30	Commercial aircraft leasing and management
Incorporated and operates in Singapore				
Cuscaden Homes Pte. Ltd.	2,000,000	—	45	Property development

Represented ordinary share capital, unless otherwise stated

1 Non-voting deferred shares

2 Non-voting preference shares

*** Preference shares

& The directors of the Company considered the Group does not have unilateral control governing the financial and operating activities over these joint ventures

54 PRINCIPAL ASSOCIATED COMPANIES

As at 30 June 2023

	Share capital issued#			
	Number of shares	**Issued and paid up share capital**	**Attributable interest to the Group (%)**	**Principal activities**
Incorporated and operate in Hong Kong				
Conduit Road Development Limited	100	HK$10,000	30	Property development
Ever Light Limited	1,000	HK$1,000	40	Property investment
GHK Hospital Limited	10	HK$10	24	Healthcare
Joy Fortune Investments Limited	10,000	HK$10,000	30	Investment holding
Pure Jade Limited	1,000,000	HK$1,000,000	27	Property investment
Quon Hing Concrete Company Limited	200,000	HK$20,000,000	30	Production and sales of ready-mixed concrete
Ranex Investments Limited	100	HK$100	10^	Property investment
Shoucheng Holdings Limited	7,412,575,440	HK$12,994,847,000	7^	Investment holding
Sky Treasure Development Limited	10	HK$10	30	Investment holding
Yargoon Company Limited	150,000	HK$15,000,000	26	Operating a quarry mill and trading in aggregates and stonefines
Incorporated and operates in Singapore				
PBA International Pte. Ltd.	10,932	SGD24,242,000	12	Development and manufacturing of advanced robotics

54 PRINCIPAL ASSOCIATED COMPANIES (CONTINUED)

As at 30 June 2023

	Share capital issued#			
	Number of shares	**Par value per share**	**Attributable interest to the Group (%)**	**Principal activities**
Incorporated in Bermuda and operates in Hong Kong				
Wai Kee Holdings Limited	793,124,034	HK$0.1	7^	Construction
Incorporated in Bermuda and operates in Hong Kong and Mainland China				
DTXS Silk Road Investment Holdings Company Limited	111,187,538	HK$0.5	17	Provision of auction, production and sale of wines, trading of merchandise, property development and investment
Incorporated in Cyprus and operates in South Africa				
Tharisa plc	299,794,034	US$0.001	8^	Chrome and platinum group metals mining, processing and trading

	Fully paid capital	**Attributable interestΩ to the Group (%)**	**Principal activities**
Incorporated and operate in the PRC			
Hangzhou Ring Road Expressway Petroleum Development Co., Ltd.	RMB10,000,000	24	Operation of gasoline station
Hubei Laogu Expressway Development Co., Ltd.	RMB616,161,616	1^	Operation of toll road
Hubei Suiyuenan Expressway Co., Ltd.	RMB1,770,000,000	18	Operation of toll road
Shenzhen City Prince Bay Lewan Properties Co. Ltd.	RMB2,147,876,079	49	Property development
Shenzhen City Prince Bay Shangding Properties Co. Ltd.	RMB2,036,732,549	49	Property development
Shenzhen Tiande Property Development Co. Ltd.	RMB4,530,000,000	30	Property development
Shanghai Zhaoxin Jinshi Properties Co. Ltd.	RMB1,710,000,000	20	Property development
WorldEx Supply Chain Technology (Shanghai) Co., Limited	RMB81,452,529	6^	Operation of comprehensive logistics business
Zhaoqing Yuezhao Expressway Co., Ltd.	RMB818,300,000	15	Operation of toll road

Represented ordinary share capital, unless otherwise stated

Ω Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

^ The directors of the Company considered the Group has significant influence over these companies through its representatives on the board of directors or potential voting right of each of these companies

Five-year Financial Summary

CONSOLIDATED INCOME STATEMENT

For the years ended 30 June

	2023 HK$m	2022 HK$m	2021 HK$m	2020 HK$m	2019 HK$m
Revenues	**95,213.8**	68,212.7	68,233.2	59,007.8	76,763.6
Operating profit	**11,111.2**	8,133.0	8,450.5	12,035.4	25,202.1
Net financing income/(costs)	**(1,697.2)**	259	53.3	(2,010.9)	(756.3)
Share of results of joint ventures and associated companies	**682.3**	822.5	1,828.7	769.9	4,683.1
Profit before taxation	**10,096.3**	9,214.5	10,332.5	10,794.4	29,128.9
Taxation	**(6,015.4)**	(4,912.7)	(5,661.6)	(7,528.0)	(7,489.8)
Profit for the year	**4,080.9**	4,301.8	4,670.9	3,266.4	21,639.1
Profit attributable to holders of perpetual capital securities	**(2,540.1)**	(2,377.2)	(2,282.6)	(1,688.3)	(803.0)
Profit attributable to non-controlling interests	**(639.9)**	(675.4)	(1,236.8)	(481.9)	(2,676.0)
Profit attributable to shareholders of the Company	**900.9**	1,249.2	1,151.5	1,096.2	18,160.1
Dividend per share (HK$)					
Interim	**0.46**	0.56	0.56	0.56	0.56
Final	**0.30**	1.50	1.50	1.48	1.48
Conditional special dividend (note)	**1.59**	—	—	—	—
Full year	**2.35**	2.06	2.06	2.04	2.04
Earnings per share (HK$)					
Basic	**0.39**	0.50	0.46	0.43	7.11
Diluted	**0.39**	0.50	0.46	0.43	7.11

Dividend per share and earnings per share for the year ended 30 June 2019 had been adjusted on the assumption that the share consolidation had been effective in the prior years.

Note: A conditional special dividend: HK$1.59 per share, payment of which is conditional upon the completion of the Disposal (as defined in the section headed "Connected Transactions" on pages 136 to 141 of this annual report).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	2023 HK$m	2022 HK$m	2021 HK$m	2020 HK$m	2019 HK$m
Assets					
Investment properties, property, plant and equipment and land use rights, right-of-use assets and intangible concession rights	**243,405.6**	250,214.6	240,582.4	222,337.2	215,537.7
Intangible assets, value of business acquired and deferred acquisition costs	**15,981.3**	15,970.0	15,352.5	14,767.3	3,464.5
Interests in joint ventures, associated companies, other investments and other non-current assets	**184,698.4**	176,531.5	163,457.0	180,819.5	134,118.0
Current assets	**172,397.9**	193,167.8	207,685.5	182,271.9	150,164.7
Total assets	**616,483.2**	635,883.9	627,077.4	600,195.9	503,284.9
Equity					
Share capital	**78,382.1**	78,382.1	78,373.3	78,225.7	77,875.3
Reserves	**117,670.3**	134,978.0	144,955.5	134,797.6	145,989.2
Shareholders' funds	**196,052.4**	213,360.1	223,328.8	213,023.3	223,864.5
Perpetual capital securities	**47,439.3**	47,614.2	48,938.2	37,092.0	21,505.5
Non-controlling interests	**24,999.7**	27,124.5	31,925.4	29,629.8	29,994.5
Total equity	**268,491.4**	288,098.8	304,192.4	279,745.1	275,364.5
Current liabilities	**179,256.6**	172,812.8	149,561.3	152,609.4	101,256.6
Non-current liabilities	**168,735.2**	174,972.3	173,323.7	167,841.4	126,663.8
Total equity and liabilities	**616,483.2**	635,883.9	627,077.4	600,195.9	503,284.9

Project summary

HOTEL

No.	Name Of Project	Total Number of Rooms
	Hong Kong	
1	Grand Hyatt Hong Kong	542
2	Renaissance Harbour View Hotel	858
3	Hyatt Regency Hong Kong, Tsim Sha Tsui	381
4	Hyatt Regency Hong Kong, Sha Tin	562
	Subtotal	**2,343**
	Mainland China	
5	Rosewood Beijing	283
6	New World Beijing Hotel	309
7	Beijing Tongpai Hotel	307
8	New World Shunde Hotel	177
9	New World Wuhan Hotel	327
10	KHOS Langfang Hotel	294
11	KHOS Shenyang Hotel	400
	Subtotal	**2,097**
	Southeast Asia	
12	New World Makati Hotel, The Philippines	578
13	New World Saigon Hotel, Vietnam	533
14	Renaissance Riverside Hotel Saigon, Vietnam	336
15	Rosewood Phuket, Thailand	71
	Subtotal	**1,518**
	Grand Total	**5,958**

MAJOR PROPERTY DEVELOPMENT PROJECTS IN HONG KONG

No.	Name of Property Development Projects	Site Area (s.f.)	Total GFA (s.f.)	NWD (%)
1	4A-4P Seymour Road, Mid-levels	52,466	472,194	35.00%
	– Phase 1			
	– Phase 2			
2	277-291 King's Road, North Point	34,866	421,916	63.52%
3	The Southside Package 5	95,563	636,152	50.00%
4	9-19 Lyndhurst Terrace	4,521	67,813	100.00%
	Hong Kong Island total	**187,416**	**1,598,075**	
5	83 Wing Hong Street, New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan	30,925	371,080	49.00%
6	PARK PENINSULA MIAMI QUAY I	104,475	574,615	29.30%
7	THE KNIGHTSBRIDGE, New Kowloon Inland Lot No. 6552, 4C2, Kai Tak	105,110	641,258	18.00%
8	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak	103,151	722,060	10.00%
9	New Kowloon Inland Lot No. 6591, 4B4, Kai Tak	104,497	574,733	50.00%
10	53-55A Kwun Tong Road	61,499	441,015	20.00%
11	530-538 Canton Road, Jordan	3,004	27,036	100.00%
12	52-56 Kwun Chung Street, Jordan	2,900	24,468	100.00%
13	NKIL 5205, 23-34 Rose Street, Kowloon Tong	38,960	116,880	100.00%
14	43-49A Hankow Road, TST	11,565	138,786	100.00%
15	Yau Tong Redevelopment Project, Kowloon East	808,397	3,982,722	10.88%
	Kowloon total	**1,374,483**	**7,614,653**	
16	The Pavilia Farm, Tai Wai Station Property Development, STTL No. 520, Sha Tin[2]	521,107[3]	689,144	
	– Phase 3			100.00%
17	Pak Shing Kok Ventilaton Building Property Development	48,449	290,693	51.00%
18	Kam Tai Road (Site A)	115,110	46,038	100.00%
19	Kam Tai Road (Site B)	24,876	9,946	100.00%
20	Kam Tai Road (Site C)	26,921	10,764	100.00%
21	Sha Po North (Phase 2), Yuen Long	315,880	528,848	34.81%
22	Wu Nga Lok Yeung, Fanling	155,346	1,118,492	50.00%
23	Tsat Sing Kong, Kam Tin, Yuen Long	166,907	66,748	100.00%
24	Lung Tin Tsuen (Phase 2), Yuen Long	88,265	441,325	100.00%
25	Lung Tin Tsuen (Phase 4), Yuen Long	55,908	279,541	100.00%
26	Sha Ha, Sai Kung	614,624	920,139	77.19%
27	Ma Shi Po, Fanling	257,507	1,854,052	7.109%
28	Lin Barn Tsuen, Yuen Long	1,485,238	2,227,857	63.67%
29	Wing Kei Tsuen, Yuen Long	700,962	1,051,444	100.00%
30	Ngau Tam Mei, Yuen Long	239,973	1,199,863	90.81%
31	Lau Fau Shan, Yuen Long	220,178	660,533	100.00%
32	Tong Yan San Tsuen (Phase 3), Yuen Long	101,833	101,833	100.00%
33	Tong Yan San Tsuen (Phase 4), Yuen Long	206,507	743,426	100.00%
34	Tong Yan San Tsuen (Mountain) (Site A), Yuen Long	443,498	1,596,594	100.00%
35	Tong Yan San Tsuen (Mountain) (Site B), Yuen Long	393,747	1,417,490	100.00%
36	Lung Tin Tsuen (Phase 5), Yuen Long	65,230	391,379	93.57%
	New Territories total	**6,248,066**	**15,646,149**	
	Grand Total	**7,809,965**	**24,858,877**	

Remarks:
(1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation/Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; TBD=To be determined
(2) Property in which the Group is entitled to a share of development profits in accordance with the terms and conditions of the respective development agreement
(3) For the entire Pavilia Farm Development

Attributable GFA (s.f.) Residential	Retail	Office	Others	Total Attributable GFA (s.f.)	Stage of Completion[1]
77,691				77,691	S
87,577				87,577	S
128,034	47,373	65,337	27,257	268,001	F
318,076				318,076	S
		67,813		67,813	P
611,378	**47,373**	**133,150**	**27,257**	**819,158**	
	2,913	178,916		181,829	C
168,362				168,362	C
111,539	3,888			115,427	S
72,206				72,206	S
287,367				287,367	S
88,203				88,203	S
22,530	4,506			27,036	D
21,749	2,719			24,468	D
116,880				116,880	D
		138,786		138,786	P
422,607	10,793			433,400	LE
1,311,443	**24,819**	**317,702**		**1,653,964**	
689,144				689,144	S
148,253				148,253	P
46,038				46,038	LE
9,946				9,946	LE
10,764				10,764	LE
184,092				184,092	LE
466,038	93,208			559,246	LE
66,748				66,748	LE
441,325				441,325	LE
279,541				279,541	LE
710,255				710,255	LE
109,832	21,966			131,798	LE
1,418,477				1,418,477	P
1,051,444				1,051,444	P
1,089,596				1,089,596	P
660,533				660,533	P
101,833				101,833	P
743,426				743,426	P
1,596,594				1,596,594	P
1,417,490				1,417,490	P
366,224				366,224	P
11,607,593	**115,174**			**11,722,767**	
13,530,414	**187,366**	**450,852**	**27,257**	**14,195,889**	

MAJOR PROPERTY INVESTMENT AND OTHER PROJECTS IN HONG KONG

No.	Name of Project	Total GFA (sq ft)	Total Attributable GFA (sq ft)
	COMPLETED		
	Hong Kong Island		
1	Manning House, Central	110,040	110,040
2	New World Tower, Central	640,135	640,135
3	K11 ATELIER King's Road, 704-730 King's Road, North Point	487,504	487,504
4	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai	87,999	87,999
5	Grand Hyatt Hong Kong	524,928	262,464
6	Renaissance Harbour View Hotel	544,518	272,259
7	Pearl City, Causeway Bay – Ground Floor to 4th Floor	53,691	21,476
8	Methodist House, Wan Chai(1)	40,813	40,405
	Subtotal	**2,489,628**	**1,922,282**
	Kowloon		
9	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,307	435,307
	Rosewood Hotel & Residences of Victoria Dockside, Tsim Sha Tsui	1,106,055	1,106,055
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,028,791	1,028,791
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,862	379,862
10	K11, Tsim Sha Tsui	335,939	335,939
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,877	138,939
11	THE FOREST, Mong Kok(1)	53,337	26,669
12	ARTISAN HUB, San Po Kong	64,519	64,519
13	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin	10,552	5,382
14	Artisan Lab, 21 Luk Hop Street, San Po Kong	120,292	120,292
	Subtotal	**3,812,531**	**3,641,755**
	New Territories		
15	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518
16	D•PARK, Tsuen Wan	466,404	466,404
17	Hyatt Regency Hong Kong, Sha Tin(1)	538,000	538,000
18	PARK SIGNATURE, Yuen Long	24,155	24,155
	Subtotal	**10,357,559**	**4,219,077**
	Grand Total	**16,659,718**	**9,783,114**
	TO BE COMPLETED/UNDER CONSTRUCTION		
19	PORTAS, New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan	998,210	998,210
20	11 SKIES, SKYCITY Project	3,767,400	3,767,400
	Grand Total	**4,765,610**	**4,765,610**

Remarks:

(1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion

(2) Meeting rooms

(3) Logistics centre

(4) Industrial

(5) Total number of carpark of Victoria Dockside

(6) Residence or hotel leased out

Retail (sq ft)	Office (sq ft)	Hotel (sq ft)	Others (sq ft)	Total Number of Carpark	Land Lease Expiry
63,383	46,657				2843
77,948	562,187			385	2863
7,160	480,344			165	2083/2088/2090
69,173			18,826[2]	1,070	2060
		262,464			2060
		272,259			2060
21,476					2868
	40,405				2084
239,140	**1,129,593**	**534,723**	**18,826**	**1,620**	
	435,307				2052
			1,106,055[6]		2052
1,028,791				1,116[5]	2052
			379,862[6]		2052
335,939				240	2057
		138,939			2057
26,669				7	2062
31,087	33,432				2047
5,382					2081
			120,292[4]		2047
1,427,868	**468,739**	**138,939**	**1,606,209**	**1,363**	
			3,190,518[3]		2047
466,404				1,000	2047
		538,000		100	2047
24,155					2058
490,559	**0**	**538,000**	**3,190,518**	**1,100**	
2,157,567	**1,598,332**	**1,211,662**	**4,815,553**	**4,083**	
45,125	953,085				2067
2,966,774	565,099		235,527		2066
3,011,899	**1,518,184**		**235,527**		

Major Property Development Projects

FY23 MAJOR PROPERTY DEVELOPMENT PROJECTS IN MAINLAND CHINA

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Southern Region (The Greater Bay Area)		
1	Guangzhou	Guangzhou Covent Garden Remaining Phases (Area 4)	Subsidiary	100%
2	Guangzhou	Guangzhou Park Paradise Remaining Phases	Subsidiary	100%
3	Guangzhou	Guangzhou Hanxi Comprehensive Development Project	Subsidiary	65%
4	Guangzhou	Zengcheng International Community Project	Subsidiary	100%
5	Guangzhou	Panyu International School Project Phase 2	Subsidiary	100%
	Guangzhou	Panyu International School Project Phase 3	Subsidiary	100%
	Guangzhou	Panyu International School Project Phase 4	Subsidiary	100%
6	Foshan	Canton First Estate CF21	Subsidiary	90%
	Foshan	Canton First Estate CF28	Subsidiary	90%
	Foshan	Canton First Estate CF33	Subsidiary	90%
	Foshan	Canton First Estate CF40	Subsidiary	90%
	Foshan	Canton First Estate CF23	Subsidiary	90%
	Foshan	Canton First Estate CF37	Subsidiary	90%
	Foshan	Canton First Estate CF24	Subsidiary	90%
	Foshan	Canton First Estate CF25	Subsidiary	90%
	Foshan	Canton First Estate CF34	Subsidiary	90%
	Foshan	Canton First Estate CF26	Subsidiary	90%
	Foshan	Canton First Estate CF22	Subsidiary	90%
	Foshan	Canton First Estate CF36	Subsidiary	90%
	Foshan	Canton First Estate CF04	Subsidiary	90%
	Foshan	Canton First Estate CF05	Subsidiary	90%
	Foshan	Canton First Estate CF18	Subsidiary	90%
	Foshan	Canton First Estate CF14	Subsidiary	90%
	Foshan	Canton First Estate CF39	Subsidiary	90%
	Foshan	Canton First Estate CF08	Subsidiary	90%
	Foshan	Canton First Estate Remaining Phases	Subsidiary	90%
7	Shenzhen	Qianhai CTF Financial Tower Project	Associated company	30%
8	Shenzhen	Shenzhen Prince Bay Project DY04-01	Subsidiary	51%
	Shenzhen	Shenzhen Prince Bay Project DY04-02	Subsidiary	51%
	Shenzhen	Shenzhen Prince Bay Project DY04-04	Subsidiary	51%
9	Huizhou	Huizhou Changhuyuan Phase 4	Joint venture	63%
		Subtotal		
		Central Region		
10	Wuhan	Wuhan New World • Times Phase II	Subsidiary	100%
11	Yiyang	Yiyang New World Scenic Heights Phase I F	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase I G	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II A	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II B	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II C	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Remaining Phases	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase I D4-D7	Subsidiary	100%
		Subtotal		

Total GFA (excl. carparks and others) (sq m)	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Development Status	Expected Completion Date
228,738	225,208	3,530	–	–	99,225	Under development	Jun 2025
68,692	43,659	25,033	–	–	434	Under development	Jul 2023
287,599	145,067	81,000	61,532	–	221,179	Under development	Oct 2024
311,490	276,780	34,710	–	–	143,666	Under development	Oct 2023
–	–	–	–	–	20,365	Under development	Aug 2023
–	–	–	–	–	26,331	Under development	Oct 2023
–	–	–	–	–	62,196	Under development	Jun 2024
52,854	52,854	–	–	–	28,742	Under development	Oct 2023
30,993	30,993	–	–	–	12,397	Under development	Oct 2023
53,213	53,213	–	–	–	21,285	Under planning	TBC
18,701	18,701	–	–	–	7,480	Under planning	TBC
3,771	3,771	–	–	–	–	Under planning	TBC
23,009	23,009	–	–	–	–	Under planning	TBC
16,563	16,563	–	–	–	–	Under planning	TBC
3,130	3,130	–	–	–	–	Under planning	TBC
15,225	15,225	–	–	–	–	Under planning	TBC
20,134	20,134	–	–	–	11,506	Under planning	TBC
15,123	15,123	–	–	–	–	Under planning	TBC
23,814	23,814	–	–	–	9,526	Under planning	TBC
2,525	2,525	–	–	–	–	Under development	Sep 2024
78,864	78,864	–	–	–	28,391	Under development	Dec 2025
41,144	41,144	–	–	–	–	Under development	Dec 2025
70,286	70,286	–	–	–	36,774	Under development	Jan 2026
27,143	27,143	–	–	–	10,857	Under planning	TBC
32,283	32,283	–	–	–	–	Under planning	TBC
84,891	–	–	–	84,891	49,254	Under planning	TBC
118,933	–	19,542	99,391	–	–	Under development	Aug 2023
121,539	–	96,790	24,749	–	61,551	Under development	Dec 2024
6,900	–	6,900	–	–	2,100	Under development	Dec 2024
96,307	–	96,307	–	–	48,593	Under development	Dec 2024
55,767	50,362	5,405	–	–	24,263	Under development	Apr 2024
1,909,631	**1,269,851**	**369,217**	**185,672**	**84,891**	**926,115**		
272,444	–	31,950	240,494	–	140,307	Under development	Jun 2033
16,396	16,396	–	–	–	1,400	Under planning	TBC
10,878	10,878	–	–	–	2,753	Under planning	TBC
56,897	–	56,897	–	–	10,977	Under planning	TBC
14,285	14,285	–	–	–	779	Under planning	TBC
112,969	106,391	6,578	–	–	22,278	Under planning	TBC
138,305	138,305	–	–	–	48,570	Under planning	TBC
65,935	63,567	2,368	–	–	21,254	Under development	Aug 2024
688,109	**349,822**	**97,793**	**240,494**	**–**	**248,318**		

FY23 MAJOR PROPERTY DEVELOPMENT PROJECTS IN MAINLAND CHINA
(CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Eastern Region (The Yangtze River Delta)		
12	Ningbo	Ningbo New World Plaza Land No.4	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.6	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.1	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.2	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.3	Subsidiary	100%
	Ningbo	Ningbo New World Plaza Land No.2A	Subsidiary	100%
13	Hangzhou	Hangzhou Wangjiang New Town Project	Subsidiary	100%
14	Shanghai	Shanghai Huangpu Huaihai Middle Road Land	Subsidiary	98%
15	Shanghai	Shanghai Putuo Land B2-18	Associated company	20%
		Subtotal		
		Northern Region		
16	Jinan	Jinan New World Sunshine Garden District BC	Subsidiary	100%
17	Beijing	Beijing New View Garden Commercial Centre	Joint venture	70%
	Beijing	Beijing New View Garden Commercial Centre Remaining Phases	Joint venture	70%
18	Beijing	Beijing Xin Yu Garden Commercial Centre	Joint venture	70%
	Beijing	Beijing Xin Yu Garden Commercial Centre Remaining Phases	Joint venture	70%
19	Langfang	Langfang New World Garden District 2	Subsidiary	100%
		Subtotal		
		North-eastern Region		
20	Shenyang	Shenyang New World Garden Phase 2C2	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2FG	Subsidiary	100%
21	Shenyang	Shenyang New World Centre SA3	Subsidiary	100%
	Shenyang	Shenyang New World Centre SA1	Subsidiary	100%
	Shenyang	Shenyang New World Centre SA2	Subsidiary	100%
	Shenyang	Shenyang New World Centre O1	Subsidiary	100%
	Shenyang	Shenyang New World Centre O2	Subsidiary	100%
22	Anshan	Anshan New World Garden Phase 2 B3	Subsidiary	100%
	Anshan	Anshan New World Garden Po Ao Phase 1	Subsidiary	100%
	Anshan	Anshan New World Garden Po Ao Phase 2	Subsidiary	100%
		Subtotal		
		Grand Total		

Remarks:
(1) TBC: To Be Confirmed
(2) Certain property development projects will be classified as investment properties upon Completion

Total GFA (excl. carparks and others) (sq m)	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Development Status	Expected Completion Date
58,163	–	25,189	32,974	–	25,379	Under development	Oct 2024
7,822	–	7,822	–	–	58,254	Under development	Oct 2024
16,238	–	16,238	–	–	18,193	Under development	Oct 2024
24,489	–	18,804	5,685	–	15,617	Under development	Oct 2024
19,701	–	19,701	–	–	12,749	Under development	Oct 2024
14,357	–	6,058	8,299	–	7,844	Under development	Oct 2024
447,500	149,451	185,239	87,810	25,000	292,683	Under development	Mar 2024
92,133	–	52,250	39,883	–	35,064	Under development	2026
50,954	50,954	–	–	–	28,048	Under development	Sep 2025
731,357	**200,405**	**331,301**	**174,651**	**25,000**	**493,831**		
55,270	–	5,414	31,481	18,375	18,433	Under development	TBC
23,121	–	9,941	13,180	–	6,886	Under development	Sep 2023
16,400	–	1,960	14,440	–	5,420	Under planning	TBC
60,925	–	60,925	–	–	48,689	Under planning	TBC
431,314	236,590	180,224	14,500	–	319,340	Under planning	TBC
17,860	17,860	–	–	–	23,378	Under development	Dec 2024
604,890	**254,450**	**258,464**	**73,601**	**18,375**	**422,146**		
133,839	122,953	10,886	–	–	41,687	Under development	Nov 2023
69,231	–	69,231	–	–	27,905	Under development	Aug 2026
75,354	75,354	–	–	–	–	Under development	Aug 2023
107,589	107,589	–	–	–	–	Under development	Aug 2023
104,142	104,142	–	–	–	–	Under development	Aug 2023
94,616	–	–	94,616	–	–	Under planning	TBC
94,616	–	–	94,616	–	–	Under planning	TBC
16,109	15,643	466	–	–	–	Under development	Apr 2024
77,535	76,240	1,295	–	–	21,110	Under planning	TBC
65,780	64,890	890	–	–	20,150	Under planning	TBC
838,811	**566,811**	**82,768**	**189,232**	**–**	**110,852**		
4,772,798	**2,641,339**	**1,139,543**	**863,650**	**128,266**	**2,201,262**		

FY23 MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Southern Region (The Greater Bay Area)		
1	Guangzhou	Guangzhou Covent Garden	Subsidiary	100%
2	Guangzhou	Guangzhou Park Paradise	Subsidiary	100%
	Guangzhou	Guangzhou Park Paradise Area 6	Subsidiary	100%
3	Guangzhou	Guangzhou Xintang New World Garden	Joint venture	63%
4	Guangzhou	Guangzhou Central Park-view-L4 Area	Subsidiary	91%
	Guangzhou	Guangzhou Central Park-view-L8 Area	Subsidiary	91%
	Guangzhou	Guangzhou Central Park-view-L13 Area	Subsidiary	91%
5	Guangzhou	Guangzhou New World Oriental Garden No 5	Subsidiary	100%
	Guangzhou	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%
6	Guangzhou	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 3	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 4	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 5	Subsidiary	100%
7	Foshan	Canton First Estate CF19A	Subsidiary	90%
	Foshan	Canton First Estate CF19A (T5, T6)	Subsidiary	90%
	Foshan	Canton First Estate CF19B	Subsidiary	90%
8	Shenzhen	Shenzhen New World Signature Hill	Subsidiary	100%
9	Huizhou	Huizhou Changhuyuan Phase 1	Joint venture	63%
	Huizhou	Huizhou Changhuyuan Phase 2B	Joint venture	63%
	Huizhou	Huizhou Changhuyuan Phase 3	Joint venture	63%
10	Shunde	Shunde New World Centre	Joint venture	42%
11	Shunde	New World Shunde Hotel	Joint venture	25%
12	Qingyuan	KHOS Qingyuan Hotel	Subsidiary	100%
13	Shenzhen	Qianhai CTF Financial Tower Project	Associated company	30%
14	Guangzhou	Panyu International School Project Phase 1	Subsidiary	100%
15	Zengcheng	New World Zengcheng Comprehensive Development Project	Subsidiary	100%
	Zengcheng	New World Zengcheng Comprehensive Development Project	Subsidiary	100%
	Zengcheng	New World Zengcheng Comprehensive Development Project	Subsidiary	100%
	Zengcheng	New World Zengcheng Comprehensive Development Project	Subsidiary	100%
16	Zhuhai	Zhuhai Yongmao Furniture Factory	Subsidiary	100%
		Subtotal		
		Central Region		
17	Wuhan	Wuhan Guanggu New World A	Subsidiary	100%
	Wuhan	Wuhan Guanggu New World B	Subsidiary	100%
18	Wuhan	Wuhan New World International Trade Tower I	Subsidiary	100%
	Wuhan	Wuhan New World International Trade Tower II	Subsidiary	100%
19	Wuhan	Wuhan New World Centre	Subsidiary	100%
20	Wuhan	Wuhan K11	Subsidiary	100%
21	Wuhan	Wuhan K11 Select	Subsidiary	100%
22	Wuhan	New World Wuhan Hotel	Joint venture	60%
		Subtotal		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
23,751	–	23,751	–	–	10,833	–
120,248	–	58,602	–	61,646	32,587	–
–	–	–	–	–	575	–
27,463	–	27,463	–	–	9,821	–
–	–	–	–	–	3,332	–
47,277	29,869	17,408	–	–	5,157	–
–	–	–	–	–	7,526	–
–	–	–	–	–	3,238	–
3,434	–	3,434	–	–	–	–
–	–	–	–	–	494	–
–	–	–	–	–	1,992	–
–	–	–	–	–	1,429	–
–	–	–	–	–	35	–
–	–	–	–	–	2,287	–
11,043	11,043	–	–	–	–	–
–	–	–	–	–	3,302	–
–	–	–	–	–	8,017	–
303	–	303	–	–	6,952	–
–	–	–	–	–	150	–
51	–	51	–	–	10,208	–
26,723	–	26,723	–	–	14,940	–
36,524	–	–	–	36,524	–	–
47,681	–	–	–	47,681	3,766	–
6,723	–	6,723	–	–	–	–
–	–	–	–	–	42,169	–
48,771	–	–	48,771	–	–	–
46,076	–	–	46,076	–	–	–
4,759	–	4,759	–	–	–	–
24,337	–	–	–	24,337	–	–
16,868	–	–	16,868	–	–	–
492,032	**40,912**	**169,217**	**111,715**	**170,188**	**168,810**	**–**
58,714	–	–	–	58,714	6,775	–
2,159	–	2,159	–	–	–	–
104,556	–	–	104,556	–	17,237	–
10,005	–	–	10,005	–	–	–
2,449	–	2,449	–	–	–	–
146,305	–	94,974	51,331	–	64,875	–
57,155	–	56,354	801	–	55,437	–
29,974	–	–	563	29,411	5,639	–
411,317	**–**	**155,936**	**167,256**	**88,125**	**149,963**	**–**

FY23 MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA (CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Easter Region (The Yangtze River Delta Region)		
23	Shanghai	Shanghai Regent Place carpark	Joint venture	30%
24	Ningbo	Ningbo New World Plaza Land No.5	Subsidiary	100%
25	Nanjing	Nanjing New World Centre	Subsidiary	100%
		Subtotal		
		Northern Region		
26	Beijing	Beijing New World Centre Phase I	Joint venture	70%
	Beijing	Beijing New World Centre Phase II	Subsidiary	100%
27	Beijing	Beijing Zhengren Building	Subsidiary	100%
28	Beijing	Beijing New World Garden	Subsidiary	100%
29	Beijing	Beijing Xin Yang Commercial Building	Subsidiary	100%
30	Beijing	Beijing Xin Cheng Commercial Building	Subsidiary	100%
31	Beijing	Beijing Xin Yi Garden	Joint venture	70%
32	Beijing	Beijing New View Garden	Joint venture	70%
33	Beijing	Beijing Xin Yu Garden	Joint venture	70%
34	Beijing	Beijing Xin Kang Garden	Joint venture	70%
35	Beijing	Beijing Baoding Building Shopping Arcade	Subsidiary	100%
36	Beijing	Beijing Chongwonmen Tongpai Hotel	Joint venture	55%
37	Beijing	New World Beijing Hotel	Joint venture	70%
38	Beijing	Rosewood Beijing	Subsidiary	82%
39	Tianjin	Tianjin Xin An New World Plaza	Subsidiary	100%
40	Tianjin	Tianjin Xin Hui Hua Ting	Subsidiary	100%
41	Langfang	Langfang New World Centre B	Subsidiary	100%
42	Langfang	KHOS Langfang Hotel	Subsidiary	100%
43	Tangshan	Tangshan New World Centre Phase 2	Subsidiary	100%
44	Jinan	Jinan New World Sunshine Garden East 2	Subsidiary	100%
	Jinan	Jinan New World Sunshine Garden West	Subsidiary	100%
		Subtotal		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
–	–	–	–	–	3,722	–
129,806	–	1,138	82,134	46,534	746	–
41,712	–	41,712	–	–	–	–
171,518	**–**	**42,850**	**82,134**	**46,534**	**4,468**	**–**
74,232	–	74,232	–	–	19,956	–
47,345	–	47,345	–	–	27,014	–
–	–	–	–	–	16,415	–
–	–	–	–	–	34,544	–
–	–	–	–	–	3,439	–
–	–	–	–	–	8,051	–
–	–	–	–	–	43,708	–
4,030	–	4,030	–	–	15,988	–
3,603	–	3,603	–	–	21,197	–
12,011	–	12,011	–	–	28,185	–
40,286	–	40,286	–	–	22,000	–
23,988	–	–	–	23,988	–	–
53,998	–	–	–	53,998	–	–
58,262	–	–	–	58,262	–	–
84,278	–	78,283	5,995	–	11,284	–
25,661	–	25,661	–	–	–	–
7,016	–	7,016	–	–	–	–
46,421	–	–	–	46,421	–	–
85,787	–	37,502	48,285	–	–	–
1,009	–	1,009	–	–	10,247	–
4,000	–	4,000	–	–	–	–
571,927	**–**	**334,978**	**54,280**	**182,669**	**262,028**	**–**

FY23 MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA (CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		North-eastern Region		
45	Shenyang	Shenyang New World Garden Phase 1 AB	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 D	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 E	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 A	Subsidiary	100%
	Shenyang	Shenyang New World Garden Commercial Building	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 B	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 D1	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 D2	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 E	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 C1	Subsidiary	100%
46	Shenyang	Shenyang New World Commercial Centre Phase 1	Subsidiary	100%
	Shenyang	Shenyang New World Commercial Centre Phase 2	Subsidiary	100%
47	Shenyang	Shenyang New World Centre	Subsidiary	100%
48	Shenyang	KHOS Shenyang Hotel	Subsidiary	100%
49	Shenyang	Tongpai Shenyang Hotel	Subsidiary	100%
50	Shenyang	Shenyang K11	Subsidiary	100%
51	Anshan	Anshan New World Garden	Subsidiary	100%
52	Dalian	Dalian New World Plaza	Subsidiary	88%
53	Dalian	Dalian New World Tower	Subsidiary	100%
		Subtotal		
		Grand Total		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
–	–	–	–	–	5,500	–
–	–	–	–	–	10,372	–
5,039	–	5,039	–	–	22,517	–
4,601	–	4,601	–	–	123,926	–
–	–	–	–	–	753	–
–	–	–	–	–	45,778	–
–	–	–	–	–	41,794	–
5,180	–	5,180	–	–	44,996	–
–	–	–	–	–	13,720	–
12,660	–	12,660	–	–	35,697	–
–	–	–	–	–	8,710	–
–	–	–	–	–	15,112	–
99,916	–	–	–	–	138,018	99,916
69,751	–	–	–	69,751	–	–
29,924	–	–	–	29,924	–	–
257,037	–	257,037	–	–	38,900	–
2,349	–	2,349	–	–	141,592	–
49,413	–	49,413	–	–	19,783	–
52,835	–	–	–	52,835	21,915	–
588,705	**–**	**336,279**	**–**	**152,510**	**729,083**	**99,916**
2,235,499	**40,912**	**1,039,260**	**415,385**	**640,026**	**1,314,352**	**99,916**

Glossary of Terms

GENERAL TERMS

CEO	Chief Executive Officer
EUR	Euro, the official currency of Eurozone
FY	Fiscal year, 1 July to 30 June
Group	NWD and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HK	Hong Kong
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
HK$m	million of Hong Kong dollar(s)
HKEx or Stock Exchange	The Stock Exchange of Hong Kong Limited
LIBOR	London Interbank Offered Rate
Listing Rules	Rules Governing the Listing of Securities on the HKEx
Mainland China or the Mainland	The People's Republic of China excluding Hong Kong, Macau and Taiwan for the purposes of this annual report
MOP	Macau Pataca, the lawful currency of Macau
MYR	Malaysian Ringgit, the official currency of Malaysia
N/A or n/a	not applicable
New World or NWD or New World Development or Company	New World Development Company Limited (新世界發展有限公司)
NWCL or New World China Land	New World China Land Limited
NWDS or New World Department Stores	New World Department Store China Limited
NWSH or NWS Holdings	NWS Holdings Limited
Peso	Philippine Peso, the official currency of the Philippines
PRC	The People's Republic of China
RMB	Renminbi, the lawful currency of PRC
SGD	Singapore dollar, the lawful currency of Singapore
TBC	To be confirmed
THB	Thailand Baht, the official currency of Thailand
US	The United States of America
US$ or USD	United States dollar(s), the lawful currency of US

FINANCIAL TERMS

EBITDA	Operating profit before depreciation and amortisation
DAC	Deferred acquisition costs
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
Gearing Ratio	Net Debt divided by total equity
HKAS	Hong Kong Accounting Standards
HKFRS	Hong Kong Financial Reporting Standards
Net Debt	The aggregate of bank loans, other loans and fixed rate bonds and notes payable less cash and bank balances
Total Debt	Net Debt plus cash and bank balances
VOBA	Value of business acquired

TECHNICAL TERMS

CJV	Co-operative joint venture
EJV	Equity joint venture
JV	Joint venture
WFOE	Wholly foreign owned enterprise

MEASUREMENTS

km	kilometre(s)
m^3	cubic metre
MW	megawatt(s), equal to 1,000kW
sq ft	square foot (feet)
sq m	square metre(s)

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