新世界發展有限公司
New World Development Company Limited

(incorporated in Hong Kong with limited liability)
(Hong Kong Stock Code: 0017)

Annual Results Announcement 2020/2021

Consolidated Highlights:

- The Group recorded consolidated revenues of HK$68,233.2 million, up 15.6%. Underlying profit was HK$6,978.0 million and profit attributable to shareholders of the Company was HK$1,171.6 million, up by 5.9% and 6.9% respectively
- FY2021 final dividend: HK$1.50 per share or full year HK$2.06 per share, increased by HK$0.02 per share compared to FY2020 (after share consolidation), maintains prevailing sustainable and progressive dividend policy
- The Group's attributable contracted sales in Hong Kong amounted to about HK$42.4 billion, which exceeded its FY2021 Hong Kong contracted sales target of HK$20 billion
- The Group's overall contracted sales in Mainland China amounted to about RMB20.2 billion, which exceeded target for the year
- Robust 23% YOY growth in segment result of property investment following a steady improvement in the overall average occupancy rate of its large-scale integrated project Victoria Dockside and K11 ATELIER King's Road
- Continuous stringent cost control efforts as evidenced by the 12% YOY decrease in recurring administrative and other operating expenses
- Non-core asset disposal amounted to approximately HK$18 billion in FY2021, exceeded its target of HK$13 billion to HK$15 billion for the year
- Total capital resources amounted to HK$118.6 billion, including cash and bank balances of approximately HK$62 billion and undrawn facilities from banks of approximately HK$56.6 billion
- Net gearing ratio declined to 35.6% from 41.6% as at the end of June 2020
- Overall financing cost has decreased to 2.76% from 4.05% in FY2020
- All refinancing of borrowings due in FY2022 has been taken care of

Business Review

Hong Kong Property Development

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

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

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

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

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

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

Hong Kong Property Investment and Others

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

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

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

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

Hong Kong Landbank

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

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

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

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

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

Landbank by District As at 30 June 2021	Property Development Total Attributable GFA (sq ft '000)	Property Investment and Others Total Attributable GFA (sq ft '000)	Total Attributable GFA (sq ft '000)
Hong Kong Island	766.5	-	766.5
Kowloon	1,682.0	1,118.5	2,800.5
New Territories	2,050.3	3,767.4	5,817.7
Total	**4,498.8**	**4,885.9**	**9,384.7**

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

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

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

Mainland China Property Development

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

The data released by the National Bureau of Statistics suggested that the overall property market maintained its trajectory of fast growth in the first half of 2021. Investment in Mainland China property development amounted to RMB7,217.9 billion, a 15% YOY increase, of which investment in residential properties totalled RMB5,424.4 billion, a 17% YOY increase. The sales area of commercial housing totalled 886 million sq m, an increase of 27.7% YOY, while sales proceeds of commercial housing amounted to RMB9,293.1 billion, a 38.9% YOY increase.

During the year under review, the Group's revenues and segment results of property development in Mainland China, including joint development projects, amounted to HK$14,820.0 million and HK$5,951.0 million respectively. The contributions were mainly attributable to residential projects including Guangzhou, Shenyang and Ningbo.

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

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

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

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

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

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

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

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

FY2021 Project Completion in Mainland China — Property Development

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

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

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

FY2022 Project Completion Plan in Mainland China — Property Development

Region	Project/GFA (sq m)	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou	Guangzhou Covent Garden Phase 1D	95,302	-	-	95,302	95,302
	New World Canton Centre	99,077	13,787	30,886	143,750	223,727
Foshan	Guangzhou Foshan Canton CF32	82,149	1,093	-	83,242	105,769
	Guangzhou Foshan Canton CF03	37,192	-	-	37,192	48,762
	Guangzhou Foshan Canton CF35	6,325	-	-	6,325	6,325
Shenzhen	Prince Bay Land DY02-04	54,726	24,840	-	79,566	79,566
Ningbo	Ningbo New World Plaza Land No. 4	-	23,331	33,784	57,115	81,842
	Ningbo New World Plaza Land No. 5	-	1,400	85,306	86,706	128,198
	Ningbo New World Plaza Land No. 6	-	7,983	-	7,983	66,548
Beijing	Beijing New View Commercial Centre	-	9,063	12,231	21,294	25,367
Shenyang	Shenyang New World Garden Phase 2C-1	75,298	-	-	75,298	75,298
	Shenyang New World Centre SA1	107,589	-	-	107,589	107,589
	Shenyang New World Centre SA2	104,142	-	-	104,142	104,142
	Shenyang New World Centre SA3	75,354	-	-	75,354	75,354
	Total	**737,154**	**81,497**	**162,207**	**980,858**	**1,223,789**

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

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

Mainland China Property Investment and Others

In FY2021, the Central Government proposed accelerating the implementation of Dual Circulation, a new development cycle in which the domestic economy is the primary driver while the international economy serves as its extension and plays a supportive role. China will continue to introduce measures to boost domestic demand, ultimately to build up domestic consumption and investment. The data released by the National Bureau of Statistics indicated that total retail sales of consumer goods amounted to RMB21,190.4 billion in the first half of 2021, a 23% YOY increase. In particular, sales growth from food and beverage outpaced retail, with sales increasing by 48.6% YOY, while retail sales increased by 20.6% YOY.

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

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

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

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

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

Mainland China Landbank

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

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

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

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

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

During the year under review, the Group fast-tracked a number of its urban renewal projects. Having selected the Group as an official cooperative enterprise in July 2020, the Dawanggang Society project of Tagang Village in Guangzhou's Zengcheng District Guangzhou will achieve development synergies with the Group's other complexes in the area. The project is expected to begin housing demolition and relocation in late 2021. The Xinwei Industrial Zone Project on Xili North Road Shenzhen is the Group's first urban renewal in Shenzhen, and was officially announced in March 2021. Situated in a prime location, in the heart of Nanshan District, Shenzhen, the project boasts strong growth potential and will develop into a boutique residential community and commercial centre with good amenities. The project is expected to commence housing demolition and relocation in late 2021., and the area of the project that requires demolition is approximately 30,000 sq m in size. In late August 2021, a meeting was held to select and vote on the cooperative enterprise for the Nanji Village Project in Haizhu District in Guangzhou. The Group received a 100% approval rate to become the official cooperative enterprise for the project. Upon completion, this project will become a hub that combines technology incubation, culture creativity, high quality business services and further solidify Haizhu Innovation Bay's status as a key growth engine.

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

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

Hotel Operations

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

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

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

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

<u>Four Core Businesses under NWS Holdings Limited (“NWSH”)</u>

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

Roads

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

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

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

Aviation

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

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

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

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

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

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

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

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

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

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

Outlook

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

As an open economy highly dependent on the service sector, Hong Kong recorded slower economic growth for the prior year due to the COVID-19 pandemic. Nevertheless, Hong Kong is embracing hope under the mass vaccination campaign and tremendous opportunities for development under the national "14th Five-Year Plan". Hence, the Hong Kong economy is anticipated to recover gradually in 2021.

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

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

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

On the retail front, the Group believes that the Hong Kong retail market will continue to rely heavily on local consumption in the short term. Aside from optimising its shop portfolio continuously and increasing the share of livelihood categories such as food and beverage, the Group will also continue to offer its tenants flexible lease terms and capitalise on its massive ecosystem to negotiate leases in advance to secure premium tenants. In the long run, the Group is convinced that the Hong Kong retail market will benefit from potential shopping demand under the concept of One-hour Living Circle in the Greater Bay Area.

Situated in Hong Kong International Airport, "11 SKIES" project is furnished with a one-stop commercial zone for retail, dining and entertainment as well as three Grade A office towers, which are scheduled for completion in phases from 2022 to 2025. Covering a total GFA of 3.8 million sq ft, the project will serve as a new landmark in the Greater Bay Area, featuring seamless connection to the expanded Terminal 2. In particular, the office towers have entered the pre-leasing stage. The Group offers specific tenants attractive lease packages to draw such Greater Bay firms that focus on wealth management and healthcare services, with the objective of reaching a 50% occupancy rate by the end of 2021.

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

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

Expected to be completed in late 2021, development of the Group's two large-scale mixed-use joint venture projects in Shenzhen are moving at full speed. Qianhai CTF Financial Tower, a project located in a prime section of the Qianhai Free Trade Zone in Shenzhen, will be developed into twin tower office buildings, and serve as a city landmark. The South Tower, with a height of approximately 120 metres, had its main structure completed in May 2021, and was sold in July 2021. The North Tower, with a height of approximately 220 metres, is expected to have its main structure construction completed in late 2021. The entire projected is expected to be completed in 2023, and will facilitate the development of the local economy and financial sector in Qianhai, Shenzhen. Another project, the Prince Bay Complex Project in Shekou, Shenzhen will have its main structure construction complete by the end of the year, and the whole project is expected to be launched in phases starting from the year of 2024. The project's commercial portion will include Shenzhen's first K11 and smart technology paternity mall D·PARK to shape the commercial landscape in Shenzhen.

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

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

The Group has maintained a sound financial position, with total capital resources of HK$118.6 billion as at 30 June 2021, including approximately HK$62 billion of cash and bank deposits and approximately HK$56.6 billion of undrawn facilities from banks. The Group manages cash flow in an active and prudent manner, and strives to improve cost efficiency, diversify financing channels, balance risks and lower operating costs. As a result, its recurring administrative and other operating expenses declined by approximately 12% during the year under review. All refinancing of borrowings due in FY2022 has been taken care of. In the foreseeable future, equity raising is not necessary for the Company.

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

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

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

The Group’s funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group’s debts were primarily denominated in Hong Kong Dollar, United States Dollar and Renminbi. In respect of the Group’s operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging. The Renminbi currency exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in Mainland China with functional currency of Renminbi and the Renminbi deposits held for future development costs to Hong Kong Dollar. As at 30 June 2021, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a gain of HK$15,593.2 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group’s borrowings were arranged on both floating rate and fixed rate basis. Combined effect on declining Hong Kong Interbank Offered Rate and decreased average debt causes the financing costs decreased to HK$3,094.7 million. The Group used interest rate swaps and cross currency swaps to hedge part of the Group’s underlying interest rate and foreign exchange exposure. The Group’s Insurance segment enters into cross currency swaps and forward starting swaps to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. As at 30 June 2021, the Group had outstanding cross currency swaps in the amounts of approximately HK$7,903.8 million, and had outstanding interest rate swaps in the amounts of HK$17,000.0 million and US$295.0 million (equivalent to approximately HK$2,301.0 million).

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

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

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

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

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

The proceeds from the issuance of the bonds were for general working capital purpose including the acquisition and development of property projects in Hong Kong and the Mainland China.

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

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

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

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

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

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

MAJOR ACQUISITION AND DISPOSAL

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

2. On 11 January 2021,

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

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

RESULTS

The board of directors (the "Board") of New World Development Company Limited (新世界發展有限公司) (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2021 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2021

	Note	**2021**	2020
		HK$m	HK$m
Revenues	2	**68,233.2**	59,007.8
Cost of sales		**(49,082.0)**	(39,076.6)
Gross profit		**19,151.2**	19,931.2
Other income		**262.7**	243.8
Other (losses)/gains, net		**(324.5)**	344.5
Selling and marketing expenses		**(2,413.6)**	(1,937.2)
Expenses of department store's operation		**(1,335.4)**	(1,286.8)
Administrative and other operating expenses		**(6,676.5)**	(7,121.5)
Overlay approach adjustments on financial assets		**(1,270.6)**	208.2
Changes in fair value of investment properties		**1,135.6**	1,653.2
Operating profit	3	**8,528.9**	12,035.4
Financing income		**3,148.0**	2,827.0
Financing costs		**(3,094.7)**	(4,837.9)
		8,582.2	10,024.5
Share of results of			
Joint ventures		**1,318.0**	1,007.3
Associated companies		**465.3**	(237.4)
Profit before taxation		**10,365.5**	10,794.4
Taxation	4	**(5,661.6)**	(7,528.0)
Profit for the year		**4,703.9**	3,266.4
Attributable to:			
Shareholders of the Company		**1,171.6**	1,096.2
Holders of perpetual capital securities		**2,282.6**	1,688.3
Non-controlling interests		**1,249.7**	481.9
		4,703.9	3,266.4
Dividend	5	**5,196.8**	5,204.0
Earnings per share	6		
Basic		**HK$0.46**	HK$0.43
Diluted		**HK$0.46**	HK$0.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	**2021 HK$m**	2020 HK$m
ASSETS			
Non-current assets			
Investment properties		**195,883.5**	169,717.5
Property, plant and equipment		**22,300.0**	30,099.9
Right-of-use assets		**8,117.9**	8,514.7
Intangible concession rights		**14,281.0**	14,005.1
Intangible assets		**8,245.9**	8,427.6
Value of business acquired		**5,395.1**	5,651.5
Deferred acquisition costs		**1,711.5**	688.2
Interests in joint ventures		**47,361.6**	43,013.3
Interests in associated companies		**13,877.5**	21,143.7
Financial assets at fair value through profit or loss		**18,370.9**	13,488.4
Financial assets at fair value through other comprehensive income		**42,888.9**	39,131.2
Derivative financial instruments		**659.4**	2,154.2
Properties for development		**23,070.9**	35,424.0
Deferred tax assets		**1,742.3**	1,120.0
Other non-current assets		**15,106.3**	25,344.7
		419,012.7	417,924.0
Current assets			
Properties under development		**68,255.8**	48,657.7
Properties held for sale		**21,052.2**	17,724.1
Inventories		**597.9**	685.1
Debtors, prepayments, premium receivables and contract assets	7	**34,683.3**	35,188.9
Investments related to unit-linked contracts		**10,770.2**	9,053.6
Financial assets at fair value through profit or loss		**1,584.5**	1,140.5
Financial assets at fair value through other comprehensive income		**1,898.1**	528.1
Derivative financial instruments		**897.6**	0.7
Restricted bank balances		**340.1**	144.4
Cash and bank balances		**61,615.0**	67,291.2
		201,694.7	180,414.3
Non-current assets classified as assets held for sale	8	**6,370.0**	1,857.6
		208,064.7	182,271.9
Total assets		**627,077.4**	600,195.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	**2021 HK$m**	2020 HK$m
EQUITY			
Share capital		**78,373.3**	78,225.7
Reserves		**144,955.5**	134,797.6
Shareholders' funds		**223,328.8**	213,023.3
Perpetual capital securities		**48,938.2**	37,092.0
Non-controlling interests		**31,925.4**	29,629.8
Total equity		**304,192.4**	279,745.1
LIABILITIES			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities		**137,828.7**	134,787.9
Lease liabilities		**5,204.4**	5,759.4
Insurance and investment contract liabilities		**18,143.5**	14,454.8
Liabilities related to unit-linked contracts		**180.8**	168.2
Deferred tax liabilities		**11,128.5**	11,545.6
Derivative financial instruments		**670.8**	943.4
Other non-current liabilities		**167.0**	182.1
		173,323.7	167,841.4
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	9	**63,977.8**	54,101.2
Current portion of long-term borrowings and other interest-bearing liabilities		**12,569.0**	36,434.5
Short-term borrowings		**25,619.2**	20,166.6
Lease liabilities		**1,639.2**	1,227.9
Insurance and investment contract liabilities		**24,359.3**	20,445.3
Liabilities related to unit-linked contracts		**10,770.2**	9,053.6
Derivative financial instruments		**0.3**	104.8
Current tax payable		**10,626.3**	11,067.4
		149,561.3	152,601.3
Liabilities directly associated with non-current assets classified as assets held for sale	8	-	8.1
		149,561.3	152,609.4
Total liabilities		**322,885.0**	320,450.8
Total equity and liabilities		**627,077.4**	600,195.9

Notes:

1. Basis of preparation

The consolidated financial statements for the year ended 30 June 2021 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.

(a) Adoption of amendments to standards and interpretation

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

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

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

(b) New standards, amendments to standards and interpretations which are not yet effective

The following new standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 July 2021 or later periods but which the Group has not early adopted:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities from a Single Transaction
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
HKFRSs Amendments	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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

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

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

2. Revenues and segment information

Revenues recognised during the year are as follows:

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

The Executive Committee of the Company, being the chief operating decision-maker, determines and reviews the Group's internal reporting in order to assess performance and allocate resources. The operating segments are determined based on the afore-mentioned internal reporting and are reviewed regularly.

The Executive Committee considers the business from products and services perspectives, which comprises property development, property investment, roads, aviation, construction, insurance, hotel operations and others (including facilities management, transport, environment, logistic, department store, media and technology and other strategic businesses) segments.

The Executive Committee assesses the performance of the operating segments based on each segment's operating profit. The measurement of segment operating profit excludes the effect of unallocated items (including corporate expenses, corporate financing income and corporate financing costs). In addition, taxation is not allocated to segments.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

2. Revenues and segment information (Continued)

	Property development HK$m	Property investment HK$m	Roads HK$m	Aviation HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2021									
Total revenues	22,582.2	4,894.6	3,033.2	-	30,115.8	9,640.6	807.6	5,732.7	76,806.7
Inter-segment	(0.6)	(193.9)	-	-	(8,041.8)	(1.3)	-	(335.9)	(8,573.5)
Revenues-external	22,581.6	4,700.7	3,033.2	-	22,074.0	9,639.3	807.6	5,396.8	68,233.2
Revenues from contracts with customers:									
- Recognised at a point in time	20,762.5	-	3,033.2	-	-	-	300.6	5,119.7	29,216.0
- Recognised over time	1,819.1	-	-	-	22,074.0	734.3	507.0	277.1	25,411.5
	22,581.6	-	3,033.2	-	22,074.0	734.3	807.6	5,396.8	54,627.5
Revenues from other source:									
- Rental income	-	4,700.7	-	-	-	-	-	-	4,700.7
- Insurance revenue	-	-	-	-	-	8,905.0	-	-	8,905.0
	-	4,700.7	-	-	-	8,905.0	-	-	13,605.7
	22,581.6	4,700.7	3,033.2	-	22,074.0	9,639.3	807.6	5,396.8	68,233.2
Segment results (Note a)	8,622.9	2,762.7	1,599.3	0.7	777.6	723.5	(705.8)	(2,261.5)	11,519.4
Other (losses)/gains, net (Notes c ,e)	(555.9)	103.4	4.2	-	(160.7)	1,654.3	(244.0)	(1,125.8)	(324.5)
Changes in fair value of investment properties	-	1,135.6	-	-	-	-	-	-	1,135.6
Overlay approach adjustments on financial assets	-	-	-	-	-	(1,270.6)	-	-	(1,270.6)
Unallocated items									
Corporate expenses									(1,201.7)
Financing income (Note a)									1,719.7
Financing costs (Note a)									(2,995.7)
									8,582.2
Share of results of									
Joint ventures (Note d)	673.9	(113.9)	647.7	(49.3)	0.3	-	(501.8)	661.1	1,318.0
Associated companies (Note e)	54.6	(8.8)	201.9	-	146.1	-	-	71.5	465.3
Profit before taxation									10,365.5
Taxation									(5,661.6)
Profit for the year									4,703.9
Segment assets	132,622.5	200,463.0	15,131.1	6,168.0	16,895.9	65,291.4	13,783.3	39,458.5	489,813.7
Interests in joint ventures	18,997.5	10,915.6	4,312.4	1,198.7	-	-	4,076.2	7,861.2	47,361.6
Interests in associated companies	6,394.6	1,371.5	2,808.1	-	69.8	-	-	3,233.5	13,877.5
Unallocated assets									76,024.6
Total assets									627,077.4
Segment liabilities	41,939.7	2,728.0	472.4	-	9,551.4	46,324.6	648.5	11,826.6	113,491.2
Unallocated liabilities									209,393.8
Total liabilities									322,885.0
Additions to non-current assets (Note f)	2,193.2	12,045.6	121.5	-	3,819.6	114.2	1,081.7	1,199.8	20,575.6
Depreciation and amortisation	58.0	90.0	1,099.8	-	110.3	455.6	509.5	1,526.8	3,850.0
Impairment charge and provision	680.3	31.3	-	-	214.7	29.2	244.8	918.2	2,118.5

2. Revenues and segment information (Continued)

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

2. Revenues and segment information (Continued)

	Hong Kong HK$m	**Mainland China HK$m**	**Others HK$m**	**Total HK$m**
For the year ended 30 June 2021				
Revenues				
Property development	**7,761.6**	**14,820.0**	**-**	**22,581.6**
Property investment	**2,839.1**	**1,861.6**	**-**	**4,700.7**
Roads	**-**	**3,033.2**	**-**	**3,033.2**
Construction	**21,882.4**	**189.9**	**1.7**	**22,074.0**
Insurance	**9,639.3**	**-**	**-**	**9,639.3**
Hotel operations	**343.0**	**423.9**	**40.7**	**807.6**
Others	**1,652.1**	**3,744.7**	**-**	**5,396.8**
	44,117.5	**24,073.3**	**42.4**	**68,233.2**
As at 30 June 2021				
Non-current assets (Note f)	**163,091.7**	**115,325.0**	**1,282.1**	**279,698.8**

	Hong Kong HK$m	Mainland China HK$m	Others HK$m	Total HK$m
For the year ended 30 June 2020				
Revenues				
Property development	4,541.9	14,665.6	-	19,207.5
Property investment	2,590.5	1,759.0	-	4,349.5
Roads	-	2,070.5	-	2,070.5
Construction	16,416.1	271.8	3.1	16,691.0
Insurance	6,180.0	-	-	6,180.0
Hotel operations	708.0	278.9	225.3	1,212.2
Others	6,139.3	2,934.4	223.4	9,297.1
	36,575.8	21,980.2	451.8	59,007.8
As at 30 June 2020				
Non-current assets (Note f)	169,232.5	110,854.9	1,355.7	281,443.1

Notes :

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

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

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

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

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

(f) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets, value of business acquired, deferred acquisition costs and long-term loans and receivables, long-term prepayments and deposits and policy loans within other non-current assets.

3. Operating profit

Operating profit of the Group is arrived at after crediting/(charging) the following:

	2021 HK$m	2020 HK$m
Net losses on remeasuring on assets classified as held for sale and financial assets at fair value through profit or loss	**(1,533.2)**	-
Gain on remeasuring of previously held interest of a joint venture at fair value upon further acquisition to become a subsidiary	-	925.8
Insurance agency commission and allowances, net of change in deferred acquisition costs (Note a)	**(856.3)**	(640.0)
Gain associated with investments related to unit-linked contracts	**2,174.1**	122.2
Charges related to unit-linked contracts	**(2,171.0)**	(133.9)
Net gain/(loss) on fair value of financial assets at fair value through profit or loss (Note b)	**2,036.0**	(139.1)
Net (loss)/gain on fair value of derivative financial instruments	**(257.4)**	444.5
Write back the loss allowance on loans and other receivables	**168.0**	57.5
Reversal of construction cost accruals	**119.9**	-
Net gain/(loss) on disposal of		
Debt instruments as financial assets at fair value through other comprehensive income	**38.9**	306.6
Financial assets at fair value through profit or loss	**164.1**	78.8
Investment properties, property, plant and equipment, right-of-use assets and intangible concession rights	**146.1**	82.0
Subsidiaries	**201.5**	357.4
Joint ventures	**104.7**	(35.2)
Associated companies	**76.4**	(110.0)
Impairment loss/loss allowance on		
Financial assets at fair value through other comprehensive income	**(37.1)**	(32.2)
Goodwill	**(329.4)**	(775.9)
Interests in associated companies	**(128.0)**	(334.8)
Inventories	**(7.7)**	(47.1)
Loans, debtors, premium receivables and other receivables	**(730.6)**	(131.3)
Properties held for sale	**(435.1)**	-
Properties under development	**(29.3)**	-
Property, plant and equipment	**(280.0)**	(386.9)
Right-of-use assets	**(141.3)**	(12.3)
Provision for onerous contract	-	(230.0)
Rent concession, government grants and subsidies	**255.8**	368.7
Loss on lease modification of lease receivables	-	(34.1)
Cost of inventories sold	**(13,942.1)**	(10,458.1)
Cost of services rendered	**(24,588.7)**	(22,151.2)
Claims and benefits, net of reinsurance	**(8,331.3)**	(5,084.1)
Depreciation and amortisation	**(3,850.0)**	(3,695.3)
Gain on bargain purchase	**8.0**	-
Net exchange gains	**262.1**	3.8

Notes:

(a) The amount includes amortisation of deferred acquisition costs of HK$367.0 million (2020: HK$136.1 million).

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

The amount includes a net fair value gain of HK$1,270.6 million (2020: fair value loss of HK$208.2 million) which was then reclassified from consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

4. Taxation

	2021 HK$m	2020 HK$m
Current taxation		
Hong Kong profits tax	**979.2**	1,307.8
Mainland China and overseas taxation	**2,486.8**	3,120.8
Mainland China land appreciation tax	**3,553.1**	4,800.6
Deferred taxation	**(1,357.5)**	(1,701.2)
	5,661.6	7,528.0

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year.

The assessable profits of the Group's insurance business are computed in accordance with the special provisions of the Hong Kong Inland Revenue Ordinance ("IRO"). Profits tax for the long-term insurance business, as defined by IRO, is computed at a rate of 16.5% of 5% of net premiums (gross premiums received less reinsurance premiums ceded) of the life insurance business in accordance with Section 23(1)(a) of IRO.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 12% to 28% (2020: 12% to 28%).

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

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

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

5. Dividend

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

At a meeting held on 30 September 2021, the Directors recommended a final dividend of HK$1.50 per share. This proposed dividend was not reflected as dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained profits for the financial year ending 30 June 2022.

6. Earnings per share

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

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

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

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

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

For the year ended 30 June 2021 and 30 June 2020, the exercise price is above the average market price of the ordinary shares. Accordingly, the share options of the Company had an anti-dilutive effect on the basic earnings per share and therefore were not included in the calculation of diluted earnings per share.

7. Trade debtors

Aging analysis of trade debtors based on invoice date is as follows:

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

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

8. Non-current assets classified as assets held for sale/ liabilities directly associated with non-current assets classified as assets held for sale

Non-current assets classified as assets held for sale

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

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

	2021 HK$m	2020 HK$m
Liabilities classified as held for sale	-	8.1

Note:

Interests in associated companies included the following projects. In January 2021, the Group entered into conditional sale and purchase agreements for the disposal of the Group's entire interest in SUEZ NWS Limited and NWS Hong Kong Investment Limited ("NWS HKI") together with the inter-company payable by NWS HKI to the Group. The disposal of NWS HKI was completed in May 2021 and the Group's entire interest in SUEZ NWS Limited was classified as an asset held-for-sale as at 30 June 2021. In June 2021, the Group entered into a framework agreement for the proposed disposal of the entire 20% interest in Xiamen Container Terminal Group Co., Ltd ("XCTG"). Accordingly, the Group's interest in XCTG was reclassified as an asset held-for-sale as at 30 June 2021 and was measured at the lower of carrying amount and fair value less costs to sell. A conditional sale and purchase agreement for this disposal was subsequently entered into in August 2021. Apart from the above, the Group reclassified its investment in Wai Kee Holdings Limited from an associated company to an asset held-for-sale on 31 December 2020 as the Group intended to recover the carrying amount through sales.

9. Trade creditors

Aging analysis of trade creditors based on invoice date is as follows:

	2021 HK$m	2020 HK$m
Less than 30 days	**6,065.2**	6,079.1
31 to 60 days	**289.1**	201.1
Over 60 days	**6,164.8**	4,317.6
	12,519.1	10,597.8

10. Pledge of assets

As at 30 June 2021, assets with an aggregate amount of HK$65,076.7 million (2020: HK$56,524.0 million) were pledged as securities for certain banking facilities of the Group.

11. Contingent liabilities

The Group's financial guarantee contracts as at 30 June 2021 amounted to HK$11,013.7 million (2020: HK$11,456.2 million).

DIVIDENDS

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

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

BOOK CLOSE DATES FOR 2021 AGM

Book close dates (both days inclusive)	:	16 November 2021 to 23 November 2021
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Monday, 15 November 2021
Address of Share Registrar	:	Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND

Record date and latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Friday, 26 November 2021
Address of Share Registrar	:	Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

NWS Holdings Limited ("NWSH") and Celestial Dynasty Limited (a wholly owned subsidiary of NWSH) together as the offerors (the "Offerors") launched a tender offer ("CDL Tender Offer") to purchase for cash the US$650,000,000 4.25% guaranteed senior notes due 2029 issued by Celestial Dynasty Limited and unconditionally and irrevocably guaranteed by NWSH (stock code: 5594) (the "Notes") on 12 April 2021. Upon settlement of the CDL Tender Offer, US$14,050,000 in aggregate principal amount of the Notes were purchased and redeemed by the Offerors on 23 April 2021 and cancelled pursuant to the terms and conditions of the Notes. US$635,950,000 in aggregate principal amount of the Notes remains outstanding as at 30 June 2021.

The Company as the offeror launched a tender offer (the "Offer") to purchase for cash the US$1,200,000,000 5.75% guaranteed senior perpetual capital securities issued by NWD Finance (BVI) Limited and unconditionally and irrevocably guaranteed by the Company (stock code: 4561) (the "Securities") on 27 May 2021. Upon settlement of the Offer, US$381,255,000 in aggregate principal amount of the Securities were purchased and redeemed by the Company on 10 June 2021 and cancelled pursuant to the terms and conditions of the Securities. US$818,745,000 in aggregate principal amount of the Securities remains outstanding as at 30 June 2021.

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

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2021, around 30,000 staff were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Company and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or the respective subsidiaries.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the purposes of reviewing and providing supervision over 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. The Audit Committee has reviewed the framework and policy of risk management, the system of internal control and the financial statements for the year ended 30 June 2021.

The financial data in respect of this results announcement of the Group's results for the year ended 30 June 2021 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor on this results announcement.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2021, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of code provisions A.6.4 and E.1.2.

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

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

REQUIREMENT IN CONNECTION WITH PUBLICATION OF "NON-STATUTORY ACCOUNTS" UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE CAP. 622

The financial information relating to the years ended 30 June 2021 and 30 June 2020 included in this preliminary announcement of annual results of 2020/2021 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 30 June 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 30 June 2021 in due course.

The Company's auditor had reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 30 September 2021

As at the date of this announcement, (a) the Executive Directors of the Company are Dr. CHENG Kar-Shun, Henry, Dr. CHENG Chi-Kong, Adrian, Mr. CHENG Chi-Heng, Ms. CHENG Chi-Man, Sonia, Mr. SITT Nam-Hoi, Ms. HUANG Shaomei, Echo and Ms. CHIU Wai-Han, Jenny ; (b) the Non-executive Directors of the Company are Mr. DOO Wai-Hoi, William and Mr. CHENG Kar-Shing, Peter; and (c) the Independent Non-executive Directors of the Company are Mr. YEUNG Ping-Leung, Howard, Mr. HO Hau-Hay, Hamilton, Mr. LEE Luen-Wai, John, Mr. LIANG Cheung-Biu, Thomas, Mr. IP Yuk-Keung, Albert and Mr. CHAN Johnson Ow.