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 2022/2023

Results Highlights:

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

Business Review

Hong Kong Property Development

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

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

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

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

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

Hong Kong Property Investment and Others

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

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

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

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

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

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

Hong Kong Landbank

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

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

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

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

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

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

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

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

Mainland China Property Development

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

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

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

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

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

Contracted Sales by Region

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

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

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

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

FY2023 Project Completion in Mainland China — Property Development

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

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

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

FY2024 Project Completion Plan in Mainland China — Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Office	Total (excluding carparks)	Total (including carparks)
Guangzhou	Guangzhou Park Paradise District 3 Batch E	46,767	-	-	46,767	46,767
	Guangzhou Zengcheng International Community Project	276,780	34,710	-	311,490	455,156
Foshan	Guangzhou Foshan Canton First Estate CF-21B	52,854	-	-	52,854	81,596
	Guangzhou Foshan Canton First Estate CF-28	30,993	-	-	30,993	43,390
Hangzhou	Hangzhou River Opus	149,451	-	-	149,451	149,451
	Hangzhou New World Centre Project	-	75,147	37,930	113,077	285,979
Shenyang	Shenyang New World Garden Phase 2C-2	122,953	10,886	-	133,839	133,839
	Shenyang New World Centre-SA3	75,354	-	-	75,354	75,354
	Shenyang New World Centre-SA1	107,589	-	-	107,589	107,589
	Shenyang New World Centre-SA2	104,142	-	-	104,142	104,142
Wuhan	Wuhan New World • Times Land A	-	6,713	-	6,713	6,713
Huizhou	Huizhou Changhuyuan Phase 4	50,362	5,405	-	55,767	80,030
Anshan	Anshan New World Bozhu Phase B3	16,272	466	-	16,738	16,738
	Total	**1,033,517**	**133,327**	**37,930**	**1,204,774**	**1,586,744**

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

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

Mainland China Property Investment and Others

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Three Core Businesses under NWS Holdings Limited ("NWSH")

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

Roads

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

The Group's major expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road, Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and the three expressways in Central region (namely Suiyuenan Expressway, Sui-Yue Expressway and Changliu Expressway), altogether contributed close to 90% of the Roads segment's AOP. Overall full year like-for-like traffic flow grew by 2% year-on-year notwithstanding the negative impact in the first half due to the reasons mentioned above, with the help of a strong rebound in the second half of FY2023, which increased by 18% year-on-year.

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

Construction

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

Challenged by the highly competitive environment driven by the reduction in project supply in the private sector and enhanced competition in the public sector, new contracts awarded to Hip Hing Group during FY2023 declined by 78% year-on-year to HK$5.2 billion. As a result, Hip Hing Group's gross value contracts on hand in FY2023 decreased by 9% year-on-year to approximately HK$56.5 billion, while remaining works to be completed dropped by 32% year-on-year to around HK$25.4 billion. About 68% of the remaining works to be completed were from private sector, which included both commercial and residential, while the remaining 32% were from government and institutional related projects. Key projects awarded in FY2023 included design and construction of expansion of the Legislative Council Complex, main contract works for office development at 20 Des Voeux Road Central, main contract works for composite development at 350 and 352 Nathan Road and design and construction of a new public market in Tin Shui Wai.

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

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

While it is FTLife Insurance's commitment to provide the most suitable life insurance products to cater to customer needs, FTLife Insurance continued to enrich its product offerings in FY2023. Besides "Your Choice" Insurance Plan, "Protect Starter" Critical Illness Protector, "Everglow 128" Insurance Plan and "Legend 2" launched in the first half of FY2023, FTLife Insurance further launched a number of products in the second half of FY2023, including "MediChamp" Insurance Plan, a whole life medical insurance plan targeting at mass affluent customers, "Your Choice" Insurance Plan 2, a short term endowment offering guaranteed maturity benefit after 5 years, and "Value Plus" Insurance Plan, which is a whole life savings plan with policy split feature and optional to add a value enhancer rider to pay up all premiums in one go. Aligning with the Group's aim to achieve a sustainable long-term development of the society for our next generation, FTLife Insurance is an early mover in the market to fully integrate ESG into its investment portfolio with six pillars, namely exclusion, inclusion, fundamental ESG research, portfolio ESG analytics, active stewardship, as well as disclosure and external communication.

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

FTLife Insurance's financial position remained healthy during FY2023. As at 30 June 2023, FTLife Insurance's solvency ratio stood at 325%, well above minimum industry regulatory requirement of 150%. Despite challenges from interest rate hikes and unfavourable equity performance, strong VONB and expected return on existing business prompted embedded value to grow by 9% year-on-year to HK$19.3 billion. Moody's has continued to maintain the insurance financial strength rating of FTLife Insurance at A3/Stable, while Fitch Ratings has affirmed FTLife Insurance's A- insurer financial strength rating with stable rating outlook.

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

Outlook

As the backbone of the national economy, the real estate industry will continue to play a key role in Mainland China's economic and social development for a considerable period of time. According to the Group's judgement on industry opportunities, it is expected that the value of prime locations in core cities will certainly be boosted by the huge development potential and talent pool, as well as the synergies of industrial clusters in first-tier cities. Meanwhile, the Chinese Central Government has reiterated the implementation of city-specific policies to meet both rigid and discretionary housing demand. A series of policies to promote the healthy development of the real estate market have been successively introduced, signalling a favourable environment for the industry. In September 2023, first-tier cities in Mainland China successively implemented further policies, such as "determination based on property ownership in the region instead of overall mortgage record (認房不認貸)" for first-time home buyers and mortgage interest rate reduction, which significantly increased the level of market activity. The Group remains optimistic about Mainland China's economic development. At a time when the industry needs a lot of stimulation, the Group will adhere to its high-quality development strategy and push forward with its new development model of city-industry integration with the New World Ecosystem at its core. The Group's comprehensive ecosystem covers areas such as real estate, commercial operations, hospitality, retailing, education, finance and insurance, healthcare and technological innovation. The constant influx of resources into the ecosystem will continue to enhance the Group's brand value. In addition, the Group's flagship projects in Mainland China will also provide impetus for the expansion of the ecosystem, with all industries developing in tandem and enjoying mutual benefits.

Benefitting from the ongoing economic development in the Greater Bay Area and the strong backing of the Chinese Central Government, Hong Kong is actively driving the "eight hubs" development as underpinned by the "14th Five-Year Plan". This will reinforce the city's standing as an international financial centre, help the city develop into an international innovative technology hub, and maintain the city's status as an influential cross-border trade and tourism hub. In order to enhance Hong Kong's competitiveness in the world and alleviate talent shortage, the Hong Kong Government launched an array of schemes to attract talents and enterprises worldwide. Such schemes have been well-received and are expected to provide further support for the housing demand of Hong Kong and in turn inject new momentum to the city.

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

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

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

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

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

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

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

K11 is the world's first original brand that combines "Art • People • Nature", reflecting the Group's relentless pursuit of innovation, creativity and culture. Located in Prince Bay Area, Nanshan, Shenzhen, "K11 ECOAST" is the first K11 flagship project in Mainland China. The project has a total GFA of 228,500 sq m, and includes a K11 Art Mall, K11 HACC multi-purpose art space, K11 ATELIER office building and Promenade. K11 ECOAST is expected to open by the end of 2024, and will serve as a new cultural and retail landmark on the waterfront and a pioneer of the circular economy in the Greater Bay Area, enhancing the cultural and retail enjoyment in the region. In addition, K11 Guangzhou will continue its reform and brand upgrade, and the new brands are expected to be launched by the end of 2023, aiming to create another high-end landmark in Guangzhou. The members-only area of Shanghai K11 will be inaugurated in FY2024 after the renovation is completed, and its core customers will be able to enjoy a better environment and services with high standards. Shenyang K11 Select will enhance and enrich the portfolio of cosmetics and jewellery brands, making it more attractive to target customers. In addition, several K11 projects in Mainland China and Hong Kong have been precisely positioned to target Gen Z by pursuing exclusive artistic experiences and expanding the reach of and interaction with the brand-new cultural and retail concept.

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	As at 30 June 2023 HK$m	As at 30 June 2022 HK$m
Consolidated net debt	**130,755.9**	124,349.3
NWS Holdings Limited ("NWSH") (stock code: 0659)	**4,325.9**	9,856.4
New World Department Store China Limited ("NWDS") (stock code: 0825)		
– net cash and bank balances	**(132.0)**	(302.9)
Net debt (exclude listed subsidiaries)	**126,562.0**	114,795.8

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group's debts were primarily denominated in Hong Kong Dollar, United States Dollar and Renminbi. In respect of the Group's operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging. The Renminbi currency exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in Mainland China with functional currency of Renminbi and the Renminbi deposits held for future development costs to Hong Kong Dollar. As at 30 June 2023, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a loss of HK$13,559.0 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were arranged on both floating rate and fixed rate basis. The Group used interest rate swaps and cross currency swaps to hedge part of the Group's underlying interest rate and foreign exchange exposure. The Group's Insurance segment enters into cross currency swaps and forward starting swaps to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. As at 30 June 2023, the Group had outstanding cross currency swaps in the amounts of approximately HK$13,218.1 million, and had outstanding interest rate swaps in the amounts of HK$29,170.9 million, RMB4,500.0 million (equivalent to approximately HK$4,864.9 million) and US$20.0 million (equivalent to approximately HK$156.0 million).

In September 2022, a wholly-owned subsidiary of the Group redeemed HK$505.0 million 5.000% guaranteed notes at principal amount upon maturity.

In November 2022, a wholly-owned subsidiary of the Group redeemed the US$820.6 million (equivalent to approximately HK$6,401.0 million) 4.375% guaranteed notes (stock code: 5582) at principal amount upon maturity. Together with the US$129.4 million (equivalent to approximately HK$1,009.0 million) guaranteed notes redeemed in June 2022, the 4.375% guaranteed notes of US$950.0 million (equivalent to approximately HK$7,410.0 million) were fully redeemed.

In December 2022, a wholly-owned subsidiary of NWSH purchased and redeemed the US$92.3 million (equivalent to approximately HK$719.9 million) 4.250% guaranteed notes (stock code: 5594) at a price of 86.5% of the principal amount. Notes of approximately US$243.6 million (equivalent to approximately HK$1,900.5 million) in aggregate principal amount remain outstanding.

In December 2022, a wholly-owned subsidiary of NWSH purchased and redeemed the US$280.9 million (equivalent to approximately HK$2,190.7 million) 5.750% guaranteed senior perpetual capital securities (stock code: 5706) at a price of 95.5% of the principal amount. Securities of approximately US$1,019.1 million (equivalent to approximately HK$7,949.3 million) in aggregate principal amount remain outstanding.

In December 2022, a wholly-owned subsidiary of the Group purchased and redeemed the US$37.2 million (equivalent to approximately HK$290.0 million) 4.500% guaranteed notes (stock code: 40223) and the US$72.2 million (equivalent to approximately HK$562.9 million) 3.750% guaranteed sustainability-linked notes (stock code: 40534) at a price of 81.400% and 77.000% of the principal amounts respectively. Notes of US$562.8 million (equivalent to approximately HK$4,390.0 million) and US$127.8 million (equivalent to approximately HK$997.1 million) in respective aggregate principal amounts remain outstanding.

In December 2022, the NWS Holdings Limited and its subsidiaries (the "NWSH Group") issued senior perpetual capital securities with principal amount of US$268.2 million (equivalent to approximately HK$2,092.0 million) with floating coupon reference to Term Secured Overnight Financing Rate to a private investor.

In April 2023, a wholly-owned subsidiary of the Group established the Zhongjin-New World Yunmen Commercial Asset-Backed Scheme due March 2035 and issued 3.50% senior asset-backed securities with principal amount of RMB1,000.0 million (equivalent to HK$1,081.0 million) and subordinated asset-backed securities with principal amount of RMB1.0 million (equivalent to HK$1.1 million). The senior asset-backed securities with interest rate of 3.50% per annum were subscribed by qualified investors and are listed on the Shenzhen Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the asset-backed securities, amount to approximately RMB996.9 million (equivalent to HK$1,077.0 million).

In May 2023, the NWSH Group issued 3.90% 2023 Medium term Notes Series 1 (Bond Connect) (the "Notes") due in May 2026 with principal amount of RMB1,500 million (equivalent to approximately HK$1,621.6 million) at the issue price of 100.0% of the principal amount. The Notes were registered with the National Association of Financial Market Institutional Investors in the Mainland China.

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

As at 30 June 2023, the Group's cash and bank balances (including restricted bank balances) stood at HK$54,517.9 million (2022: HK$62,210.1 million) and the consolidated net debt amounted to HK$130,755.9 million (2022: HK$124,349.3 million). The net debt to equity ratio was 48.7%; an increase of 5.5 percentage points as compared to 30 June 2022.

As at 30 June 2023, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$170,564.3 million (2022: HK$173,342.2 million). Short-term bank loans and other loans as at 30 June 2023 were HK$14,709.5 million (2022: HK$13,217.2 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 30 June 2023 and 30 June 2022 was as follows:

	As at 30 June 2023 HK$m	As at 30 June 2022 HK$m
Within first year	**49,234.8**	45,749.0
In the second year	**43,847.8**	36,163.6
In the third to fifth year	**67,990.0**	78,573.9
After the fifth year	**24,201.2**	26,072.9
	185,273.8	186,559.4

Equity of the Group as at 30 June 2023 was HK$268,491.4 million against HK$288,098.8 million as at 30 June 2022.

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

MAJOR ACQUISITIONS AND DISPOSALS

1. On 26 April 2022, the NWSH Group entered into a conditional sale and purchase agreement with Logan Transport Group Co., Ltd* and its subsidiary, which was superseded by a new conditional sale and purchase agreement on 5 September 2022, pursuant to which the NWSH Group agreed to acquire 40% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd* (which wholly owns the concession right to operate Guiwu Expressway) and related creditor's right and dividend receivable at the total consideration of RMB1,902.4 million (equivalent to approximately HK$2,137.5 million). Completion of the acquisition took place in November 2022 and the NWSH Group accounted for its 40% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd as a joint venture since then.

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

3. On 16 May 2022, Goshawk Aviation Limited ("Goshawk"), a joint venture whose equity interest is held as to 50% indirectly by NWSH, entered into a main transaction agreement with SMBC Aviation Capital Limited ("SMBC") pursuant to which Goshawk agreed to dispose of its substantially all of the commercial aircraft leasing platform to SMBC via the sale of entire equity interest in Goshawk Management Limited ("GML") (the main wholly-owned operating subsidiary of Goshawk) together with all assets, liabilities and contracts held by Goshawk which relate to the commercial aircraft leasing business operated by entities held or controlled by GML, except for entities which own six aircraft associated with Russian lessees. Completion of the disposal took place on 21 December 2022. The aggregate sum of the consideration received by Goshawk on completion is approximately US$1.6 billion (equivalent to approximately HK$12.5 billion) (the NWSH Group's attributable portion: US$0.8 billion (equivalent to approximately HK$6.2 billion)).

4. On 1 December 2022, the NWSH Group entered into an equity transfer agreement with Huayu Expressway Group Limited and its related parties, pursuant to which the NWSH Group agreed to acquire 60% equity interest in Hunan Daoyue Expressway Industry Co., Ltd*. (a 40% indirect associated company of NWSH and which is principally engaged in the management and operation of Hunan Sui-Yue Expressway) at a consideration of RMB523.1 million (equivalent to approximately HK$587.7 million) (after adjustment). Completion of this acquisition took place in April 2023 and Hunan Daoyue Expressway Industry Co., Ltd was accounted for as an indirectly wholly-owned subsidiary of NWSH since then.

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

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

* *For identification purposes only*

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 2023 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2023

	Note	**2023 HK$m**	2022 HK$m
Revenues	2	**95,213.8**	68,212.7
Cost of sales		**(73,764.3)**	(49,967.0)
Gross profit		**21,449.5**	18,245.7
Other income		**338.0**	482.3
Other gains/(losses), net		**489.5**	(1,692.6)
Selling and marketing expenses		**(3,670.6)**	(2,430.4)
Expenses of department store's operation		**(1,030.3)**	(1,318.4)
Administrative and other operating expenses		**(6,852.8)**	(6,872.5)
Overlay approach adjustments on financial assets		**687.5**	1,845.9
Changes in fair value of investment properties		**(299.6)**	(127.0)
Operating profit	3	**11,111.2**	8,133.0
Financing income		**3,693.0**	2,868.3
Financing costs		**(5,390.2)**	(2,609.3)
		9,414.0	8,392.0
Share of results of			
Joint ventures		**462.2**	(619.4)
Associated companies		**220.1**	1,441.9
Profit before taxation		**10,096.3**	9,214.5
Taxation	4	**(6,015.4)**	(4,912.7)
Profit for the year		**4,080.9**	4,301.8
Attributable to:			
Shareholders of the Company		**900.9**	1,249.2
Holders of perpetual capital securities		**2,540.1**	2,377.2
Non-controlling interests		**639.9**	675.4
		4,080.9	4,301.8
Dividend	5	**5,914.1**	5,184.3
Earnings per share	6		
Basic		**HK$0.39**	HK$0.50
Diluted		**HK$0.39**	HK$0.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	2023 HK$m	2022 HK$m
Profit for the year	**4,080.9**	4,301.8
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	**(344.2)**	(87.6)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets	**45.8**	484.0
- deferred tax arising from revaluation thereof	**(2.0)**	(65.1)
Share of other comprehensive income arising from revaluation of investment properties from property, plant and equipment related to a joint venture, net of taxation	**-**	6,312.1
Remeasurement of post-employment benefit obligation	**2.2**	(6.2)
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	**(348.1)**	(6,296.2)
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income	**6.1**	(137.6)
Release of reserves upon disposal of subsidiaries	**(168.9)**	(126.9)
Release of reserves upon disposal of interests in associated companies	**-**	1.3
Release of reserves upon disposal of interests in a joint venture	**(6.4)**	(12.3)
Release of reserves upon disposal of non-current assets classified as assets held for sale	**-**	(81.9)
Share of other comprehensive (loss)/income of joint ventures and associated companies	**(1,463.1)**	179.7
Cash flow/fair value hedges	**505.4**	(40.4)
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	**(687.5)**	(1,845.9)
Translation differences	**(12,248.9)**	(3,851.5)
Other comprehensive loss for the year	**(14,709.6)**	(5,574.5)
Total comprehensive loss for the year	**(10,628.7)**	(1,272.7)
Attributable to:		
Shareholders of the Company	**(11,971.5)**	(2,859.5)
Holders of perpetual capital securities	**2,540.1**	2,377.2
Non-controlling interests	**(1,197.3)**	(790.4)
	(10,628.7)	(1,272.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	**2023 HK$m**	2022 HK$m
ASSETS			
Non-current assets			
Investment properties		**209,478.8**	211,220.7
Property, plant and equipment		**15,566.3**	19,684.3
Right-of-use assets		**5,124.0**	6,298.2
Intangible concession rights		**13,236.5**	13,011.4
Intangible assets		**8,375.2**	8,395.2
Value of business acquired		**5,107.9**	5,239.8
Deferred acquisition costs		**2,498.2**	2,335.0
Interests in joint ventures		**54,527.4**	48,745.2
Interests in associated companies		**13,857.3**	16,193.1
Financial assets at amortised costs		**6,895.0**	-
Financial assets at fair value through profit or loss		**19,997.3**	18,684.0
Financial assets at fair value through other comprehensive income		**40,815.4**	39,133.8
Derivative financial instruments		**1,219.2**	781.6
Properties for development		**16,115.1**	23,310.6
Deferred tax assets		**2,342.4**	2,015.0
Other non-current assets		**28,929.3**	27,668.2
		444,085.3	442,716.1
Current assets			
Properties under development		**56,424.6**	62,066.2
Properties held for sale		**21,536.4**	21,770.6
Inventories		**497.4**	504.9
Debtors, prepayments, premium receivables and contract assets	7	**23,767.3**	32,235.2
Investments related to unit-linked contracts		**8,940.1**	8,649.2
Financial assets at fair value through profit or loss		**3,256.1**	2,529.9
Financial assets at fair value through other comprehensive income		**3,291.5**	3,154.2
Derivative financial instruments		**150.8**	27.4
Restricted bank balances		**1,254.0**	4,494.5
Cash and bank balances		**53,263.9**	57,715.6
		172,382.1	193,147.7
Non-current assets classified as assets held for sale	8	**15.8**	20.1
		172,397.9	193,167.8
Total assets		**616,483.2**	635,883.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	**2023 HK$m**	2022 HK$m
EQUITY			
Share capital		**78,382.1**	78,382.1
Reserves		**117,670.3**	134,978.0
Shareholders' funds		**196,052.4**	213,360.1
Perpetual capital securities		**47,439.3**	47,614.2
Non-controlling interests		**24,999.7**	27,124.5
Total equity		**268,491.4**	288,098.8
LIABILITIES			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities		**138,222.9**	143,038.9
Lease liabilities		**4,013.8**	4,517.3
Insurance and investment contract liabilities		**16,049.1**	16,470.0
Liabilities related to unit-linked contracts		**192.0**	190.8
Deferred tax liabilities		**9,537.0**	10,318.2
Derivative financial instruments		**347.6**	221.6
Other non-current liabilities		**372.8**	215.5
		168,735.2	174,972.3
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	9	**59,613.7**	70,233.5
Current portion of long-term borrowings and other interest-bearing liabilities		**36,790.3**	36,175.1
Short-term borrowings		**15,388.5**	14,094.5
Lease liabilities		**1,160.4**	1,285.2
Insurance and investment contract liabilities		**46,219.6**	31,734.4
Liabilities related to unit-linked contracts		**8,936.5**	8,645.1
Derivative financial instruments		**12.7**	0.4
Current tax payable		**11,104.5**	10,614.1
		179,226.2	172,782.3
Liabilities directly associated with non-current assets classified as assets held for sale	8	**30.4**	30.5
		179,256.6	172,812.8
Total liabilities		**347,991.8**	347,785.1
Total equity and liabilities		**616,483.2**	635,883.9

Notes:

1. Basis of preparation

The consolidated financial statements for the year ended 30 June 2023 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.

As analysed in note 2(d), the Group is in net current liabilities position of HK$6,858.7 million as at 30 June 2023 which is mainly due to the classification of the full surrender value of insurance and investment contract liabilities of HK$46,219.6 million as current liabilities at the reporting date. The Group, before taking into account the insurance business, is in net current assets position as at 30 June 2023.

Under HKAS 1 "Presentation of Financial Statements", liability is classified as current if there is no unconditional right by the issuer to defer the settlement for at least 12 months after the reporting period. The unavoidable payment obligation exists if all the policyholders choose to exercise their surrender option at the reporting date and accordingly the full surrender value of insurance and investment contract liabilities is classified as current liabilities as at the year end. However, management considered the likelihood for all policyholders to exercise the surrender option and leading to the settlement of the aforesaid liabilities within one year is low. Based on historical pattern, management considered the amount of insurance contract liabilities expected to be settled within one year is HK$4,837.6 million.

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

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

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2023:

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

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

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

The following new standard, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 July 2023 or later periods but which the Group has not early adopted:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 21	Lack of Exchangeability
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

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

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

Under HKFRS 17, a comprehensive model (general model) is introduced to measure insurance contracts based on the estimates of the present value of future cash flows with a risk adjustment (the fulfilment cash flows) and the unearned profits (the contractual service margin).

In October 2020, HKFRS 17 (Amendments) was issued to address concerns and implementation challenges that were identified after HKFRS 17 was published and to defer the effective date of HKFRS 17 (incorporating the amendments) to accounting period beginning on or after 1 January 2023. The implementation of HKFRS 17 involves significant enhancements to the information technology, actuarial and finance systems. The Group has formulated the accounting policies and developed the model and systems to accommodate the transition.

The Group has preliminarily estimated the key financial impacts on the adoption of HKFRS 17 as follows:

(i) Insurance segment revenue presented in the consolidated income statement under HKFRS 17 represents the changes in the insurance contract liabilities for the remaining coverage that relates to services for which the Group expects to receive consideration. Investment component in insurance contracts, an amount that the policyholder will be repaid in all circumstances as required by the insurance contract, regardless of whether an insured event occurs, are excluded from profit or loss.

The recognition of insurance revenue and insurance service expenses in the consolidated income statement is based on the concept of services provided during the reporting period.

Under HKFRS 17, the Group's Insurance segment revenue from long-term life insurance contracts and the Group's segment operating profit of Insurance segment for the year ended 30 June 2023 are expected to decrease when compared with the current HKFRS 4 basis.

(ii) Insurance contract liabilities in the consolidated statement of financial position comprise the fulfillment cash flows and the contractual services margin. The fulfilment cash flows, including the expected present value of future cash flows and explicit risk adjustment, are remeasured in every reporting period while the contractual service margin, representing the estimate of unearned profitability of the insurance contracts, is gradually recognised in Insurance segment revenue in the consolidated income statement based on the services provided over the coverage period of the insurance contract. Certain changes in the expected present value of future cash flows are adjusted against the contractual service margin and thereby recognised in profit or loss over the remaining coverage period.

HKFRS 17 significantly reduces accounting mismatch between financial assets and insurance contract liabilities, with mechanisms to adjust insurance contract liabilities considering market fluctuation from assets. Based on the financial position as at 30 June 2022 and 30 June 2023, the Group has estimated that the total equity of the Group's insurance business would increase with the transition to HKFRS 17.

The preliminary estimates of the key financial impacts are based on the information available and underlying assumptions made at the date of this announcement which are subject to review or audit by independent auditor of the Company. Actual results may differ from these estimates.

Except for HKFRS 17 above, the Group has commenced the assessment on the impact of adoption of all other amendments to standards and interpretation, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

2. Revenues and segment information

Revenues recognised during the year are as follows:

	2023 **HK$m**	2022 HK$m
Revenues		
Property sales	**27,308.1**	17,369.6
Property investment	**4,995.7**	4,823.5
Roads	**2,731.9**	2,717.5
Construction	**32,548.3**	25,759.1
Insurance	**20,986.2**	12,371.6
Hotel operations	**1,091.2**	823.5
Others	**5,552.4**	4,347.9
Total	**95,213.8**	68,212.7

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

During the year ended 30 June 2023, following the completion of disposal of Goshawk Management Limited and to better reflect the nature of the income streams and group strategies, the Group reclassified its reporting segments. The Executive Committee considers the business from products and services perspectives, which comprises property development, property investment, roads, construction, insurance, hotel operations and others (including facilities management, logistic, department store, healthcare, technology and other strategic businesses) segments. The comparative segment information for the year ended 30 June 2022 has been restated to conform with the current year presentation accordingly.

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

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

2. Revenues and segment information (Continued)

	Property development HK$m	Property investment HK$m	Roads HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2023								
Total revenues	27,311.8	5,134.0	2,731.8	39,518.2	20,988.2	1,091.2	6,180.8	102,956.0
Inter-segment	(3.7)	(138.3)	-	(6,969.9)	(2.0)	-	(628.3)	(7,742.2)
Revenues-external	27,308.1	4,995.7	2,731.8	32,548.3	20,986.2	1,091.2	5,552.5	95,213.8
Revenues from contracts with customers:								
- Recognised at a point in time	25,243.8	-	2,731.8	-	-	438.2	3,840.5	32,254.3
- Recognised over time	2,064.3	-	-	32,548.3	-	653.0	1,712.0	36,977.6
	27,308.1	-	2,731.8	32,548.3	-	1,091.2	5,552.5	69,231.9
Revenues from other source:								
- Rental income	-	4,995.7	-	-	-	-	-	4,995.7
- Insurance revenue	-	-	-	-	20,986.2	-	-	20,986.2
	-	4,995.7	-	-	20,986.2	-	-	25,981.9
	27,308.1	4,995.7	2,731.8	32,548.3	20,986.2	1,091.2	5,552.5	95,213.8
Segment results (Note a)	8,669.3	3,161.7	1,220.7	341.8	1,978.6	(225.2)	(1,491.8)	13,655.1
Other (losses)/gains, net	2,673.7	394.9	-	34.1	(1,267.0)	-	(1,346.2)	489.5
Changes in fair value of investment properties	-	(299.6)	-	-	-	-	-	(299.6)
Overlay approach adjustments on financial assets	-	-	-	-	687.5	-	-	687.5
	11,343.0	3,257.0	1,220.7	375.9	1,399.1	(225.2)	(2,838.0)	14,532.5
Unallocated items								
Corporate expenses								(1,397.8)
Financing income (Note a)								1,578.8
Financing costs (Note a)								(5,299.5)
								9,414.0
Share of results of								
Joint ventures (Note b)	(1.5)	(46.8)	528.6	-	-	(218.9)	200.8	462.2
Associated companies	38.4	(1.8)	189.0	18.2	-	0.2	(23.9)	220.1
Profit before taxation								10,096.3
Taxation								(6,015.4)
Profit for the year								4,080.9
Segment assets	113,815.1	214,341.0	14,831.4	26,616.3	74,409.0	9,658.5	27,256.8	480,928.1
Interests in joint ventures	31,938.5	6,647.7	5,638.8	-	-	3,327.1	6,975.3	54,527.4
Interests in associated companies	7,055.6	2,064.1	2,190.7	255.3	-	-	2,291.6	13,857.3
Unallocated assets								67,170.4
Total assets								616,483.2
Segment liabilities	36,740.3	4,449.7	684.7	9,121.2	65,854.9	299.2	10,309.8	127,459.8
Unallocated liabilities								220,532.0
Total liabilities								347,991.8
Additions to non-current assets (Note c)	1,853.3	6,846.4	2,538.2	3,792.0	150.1	354.0	860.5	16,394.5
Depreciation and amortisation	70.0	41.5	1,131.0	109.6	340.8	371.5	1,180.8	3,245.2
Impairment charge and provision	329.9	-	-	88.6	489.5	-	1,368.0	2,276.0

2. Revenues and segment information (Continued)

	Property development HK$m	Property investment HK$m	Roads HK$m	Construction HK$m	Insurance HK$m	Hotel operations HK$m	Others HK$m	Consolidated HK$m
2022								
Total revenues	18,726.4	5,030.4	2,717.5	33,899.2	12,373.6	823.5	4,528.6	78,099.2
Inter-segment	(1,356.8)	(206.9)	-	(8,140.1)	(2.0)	-	(180.7)	(9,886.5)
Revenues-external	17,369.6	4,823.5	2,717.5	25,759.1	12,371.6	823.5	4,347.9	68,212.7
Revenues from contracts with customers:								
- Recognised at a point in time	15,699.2	-	2,717.5	-	-	364.1	3,854.6	22,635.4
- Recognised over time	1,670.4	-	-	25,759.1	724.2	459.4	493.3	29,106.4
	17,369.6	-	2,717.5	25,759.1	724.2	823.5	4,347.9	51,741.8
Revenues from other source:								
- Rental income	-	4,823.5	-	-	-	-	-	4,823.5
- Insurance revenue	-	-	-	-	11,647.4	-	-	11,647.4
	-	4,823.5	-	-	11,647.4	-	-	16,470.9
	17,369.6	4,823.5	2,717.5	25,759.1	12,371.6	823.5	4,347.9	68,212.7
Segment results (Note a)	7,671.6	3,042.6	1,351.6	820.4	418.5	(461.1)	(1,990.1)	10,853.5
Other (losses)/gains, net	(371.7)	(9.5)	-	(311.3)	(1,377.4)	47.3	330.0	(1,692.6)
Changes in fair value of investment properties	-	(127.0)	-	-	-	-	-	(127.0)
Overlay approach adjustments on financial assets	-	-	-	-	1,845.9	-	-	1,845.9
	7,299.9	2,906.1	1,351.6	509.1	887.0	(413.8)	(1,660.1)	10,879.8
Unallocated items								
Corporate expenses								(1,202.4)
Financing income (Note a)								1,229.3
Financing costs (Note a)								(2,514.7)
								8,392.0
Share of results of								
Joint ventures (Note b)	264.4	(129.7)	630.2	-	-	(494.2)	(890.1)	(619.4)
Associated companies	1,047.9	46.9	181.5	114.0	-	-	51.6	1,441.9
Profit before taxation								9,214.5
Taxation								(4,912.7)
Profit for the year								4,301.8
Segment assets	130,901.1	213,128.3	14,636.5	21,748.5	61,785.4	10,913.5	44,149.0	497,262.3
Interests in joint ventures	18,802.0	7,982.6	3,822.9	-	-	3,825.1	14,312.6	48,745.2
Interests in associated companies	7,941.1	1,366.7	2,855.3	393.4	-	-	3,636.6	16,193.1
Unallocated assets								73,683.3
Total assets								635,883.9
Segment liabilities	48,126.2	3,153.9	528.4	9,629.1	51,218.0	584.4	11,246.4	124,486.4
Unallocated liabilities								223,298.7
Total liabilities								347,785.1
Additions to non-current assets (Note c)	2,946.0	5,196.4	171.0	4,105.4	72.6	613.3	909.5	14,014.2
Depreciation and amortisation	62.6	45.7	1,013.1	108.8	368.8	436.8	1,330.5	3,366.3
Impairment charge and provision	586.5	-	-	312.2	180.9	-	813.8	1,893.4

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 2023				
Revenues				
Property development	**16,754.9**	**10,553.2**	**-**	**27,308.1**
Property investment	**3,087.0**	**1,908.7**	**-**	**4,995.7**
Roads	**-**	**2,731.8**	**-**	**2,731.8**
Construction	**31,888.3**	**660.0**	**-**	**32,548.3**
Insurance	**20,986.2**	**-**	**-**	**20,986.2**
Hotel operations	**351.0**	**401.2**	**339.0**	**1,091.2**
Others	**3,259.7**	**2,292.8**	**-**	**5,552.5**
	76,327.1	**18,547.7**	**339.0**	**95,213.8**
As at 30 June 2023				
Non-current assets (Note c)	**167,027.3**	**115,116.4**	**1,151.1**	**283,294.8**

	Hong Kong HK$m	Mainland China HK$m	Others HK$m	Total HK$m
For the year ended 30 June 2022				
Revenues				
Property development	5,842.8	11,526.8	-	17,369.6
Property investment	2,795.6	2,027.9	-	4,823.5
Roads	-	2,717.5	-	2,717.5
Construction	25,081.1	678.0	-	25,759.1
Insurance	12,371.6	-	-	12,371.6
Hotel operations	262.1	396.7	164.7	823.5
Others	1,658.2	2,689.7	-	4,347.9
	48,011.4	20,036.6	164.7	68,212.7
As at 30 June 2022				
Non-current assets (Note c)	172,484.3	120,097.5	1,181.8	293,763.6

Notes :

(a) For the year ended 30 June 2023, segment results of insurance segment included insurance related financing income of HK$2,114.2 million (2022: HK$1,639.0 million) and financing costs of HK$90.7 million (2022: HK$94.6 million).

(b) For the year ended 30 June 2023, the share of results of joint ventures within others segment included the Group's share of impairment loss of HK$310.7 million in relation to investment in Hyva Global B.V. (2022: share of impairment loss/loss allowance of HK$1,897.1 million in relation to Goshawk Aviation Limited's assets remeasurement/impairment loss, expected credit loss provision on receivables and aircraft repossession/recovery costs).

(c) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets, 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.

2. **Revenues and segment information (Continued)**

Notes: (Continued)

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

At 30 June 2023

	Non-insurance and corporate HK$'m	Insurance HK$'m	Total HK$'m
Assets			
Investment properties	208,771.2	707.6	209,478.8
Intangible assets	2,637.5	5,737.7	8,375.2
Value of business acquired	-	5,107.9	5,107.9
Deferred acquisition costs	-	2,498.2	2,498.2
Financial assets at amortised costs	55.2	6,839.8	6,895.0
Financial assets at fair value through profit or loss	12,344.3	10,909.1	23,253.4
Financial assets at fair value through other comprehensive income	3,509.3	40,597.6	44,106.9
Derivative financial instruments	1,336.6	33.4	1,370.0
Debtors, prepayments, premium receivables and contract assets	23,040.1	727.2	23,767.3
Investments related to unit-linked contracts	-	8,940.1	8,940.1
Cash and bank balances	46,909.3	6,354.6	53,263.9
Other assets	228,137.1	1,289.4	229,426.5
	526,740.6	89,742.6	616,483.2
Represented by			
Non-current assets	373,613.6	70,471.7	444,085.3
Current assets	153,127.0	19,270.9	172,397.9
	526,740.6	89,742.6	616,483.2
Liabilities			
Borrowings and other interest-bearing liabilities	189,833.8	567.9	190,401.7
Insurance and investment contract liabilities	-	62,268.7	62,268.7
Liabilities related to unit-linked contracts	-	9,128.5	9,128.5
Creditors, accrued charges, payables to policyholders and contract liabilties	56,872.9	2,740.8	59,613.7
Derivative financial instruments	347.5	12.8	360.3
Other liabilities	25,360.3	858.6	26,218.9
	272,414.5	75,577.3	347,991.8
Represented by			
Non-current liabilities	151,486.4	17,248.8	168,735.2
Current liabilities	120,928.1	58,328.5	179,256.6
	272,414.5	75,577.3	347,991.8
Net current assets/(liabilities) (note 1)	32,198.9	(39,057.6)	(6,858.7)

3. Operating profit

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

	2023 HK$m	2022 HK$m
Insurance agency commission and allowances, net of change in deferred acquisition costs (Note a)	**(1,749.5)**	(1,171.4)
Net gain/(loss) associated with investments related to unit-linked contracts	**257.7**	(2,201.6)
(Charges)/credits related to unit-linked contracts	**(250.5)**	2,198.8
Net loss on fair value of financial assets at fair value through profit or loss (Note b)	**(954.8)**	(1,855.8)
Gain on redemption of fixed rate bonds	**273.9**	117.0
Net gain on fair value of derivative financial instruments	**320.4**	88.1
Write back the loss allowance on		
Properties held for sale	-	94.2
Loans and other receivables	**194.2**	9.1
Properties for development	**818.0**	-
Reversal of provision on		
Onerous contract	-	230.0
Other payables	**37.3**	69.9
Net gain/(loss) on disposal of		
Financial assets at fair value through other comprehensive income	**(6.1)**	161.1
Financial assets at fair value through profit or loss	**(76.2)**	89.8
Investment properties, property, plant and equipment, right-of-use assets and intangible assets	**149.9**	(70.8)
Assets held for sale	-	213.1
Subsidiaries	**868.2**	694.3
Joint ventures	**(52.6)**	56.2
Associated companies	**342.8**	118.6
Impairment loss/loss allowance on		
Financial assets at fair value through other comprehensive income	**(511.6)**	(333.1)
Goodwill	**-**	(247.4)
Interests in associated companies	**(522.9)**	(110.2)
Inventories	**(21.5)**	(16.2)
Loans, debtors, premium receivables and other receivables	**(942.9)**	(723.9)
Properties held for sale	**(174.6)**	(148.9)
Properties under development	**(98.8)**	(221.1)
Property, plant and equipment	**(1.7)**	(12.9)
Right-of-use assets	**(2.0)**	(79.7)
Remeasurement of cost of disposal (note c)	**1,081.7**	-
Rent concession, government grants and subsidies	**42.8**	111.3
Loss allowance, loss on derecognition and lease modification of lease receivables	**(14.2)**	(53.7)
Cost of inventories sold	**(17,174.7)**	(8,913.1)
Cost of services rendered	**(36,566.9)**	(27,884.3)
Claims and benefits, net of reinsurance	**(18,260.7)**	(11,436.7)
Depreciation and amortisation	**(3,245.2)**	(3,366.3)
Income from suppliers, concessionaires and tenants	**235.9**	281.8
Net exchange (losses)/gains	**(267.0)**	131.2

3. Operating profit (Continued)

Notes:

(a) The amount includes amortisation of deferred acquisition costs of HK$658.1 million arising from insurance business (2022: HK$524.2 million).

(b) The Group elected to apply the "overlay approach" in accordance with Amendments to HKFRS 4 "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts" which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those designated eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 "Financial Instruments: Recognition and Measurement" but currently classified as financial assets at fair value through profit or loss ("FVPL") under HKFRS 9 "Financial Instruments". The designated financial assets applying the overlay approach are equity instruments and investment funds that are managed as underlying assets backing the insurance contracts issued.

The net loss on fair value of financial assets at FVPL of HK$954.8 million (2022: HK$1,855.8 million) includes (i) a net fair value loss of HK$687.5 million (2022: HK$1,845.9 million) arising from those designated financial assets held by insurance business applying the overlay approach; and (ii) the remaining net fair value loss of HK$267.3 million (2022: HK$9.9 million) arising from other financial assets held by insurance business which are not eligible for the overlay approach or financial assets not related to insurance business. The net fair value loss of HK$687.5 million (2022: HK$1,845.9 million) was then reclassified from consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

(c) Amount represented the remeasurement of cost of disposal of a subsidiary in the prior years, as certain conditions in this disposal were lapsed during the year, and the cost of disposal related to this disposal was distinguished in the consolidated income statement.

4. Taxation

	2023 HK$m	2022 HK$m
Current taxation		
Hong Kong profits tax	**1,045.4**	772.8
Mainland China and overseas taxation	**2,253.0**	1,874.0
Mainland China land appreciation tax	**3,252.0**	3,161.9
Deferred taxation	**(535.0)**	(896.0)
	6,015.4	4,912.7

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year.

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

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 12% to 28% (2022: 12% to 28%).

Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2022: 5% or 10%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2022: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$488.4 million and HK$175.9 million (2022: HK$231.7 million and HK$1,378.0 million) respectively.

5. Dividend

	2023 **HK$m**	2022 HK$m
Interim dividend of HK$0.46 per share (2022: HK$0.56 per share)	**1,157.7**	1,409.4
Final dividend proposed of HK$0.30 per share (2022: HK$1.50 per share)	**755.0**	3,774.9
Conditional special dividend of HK$1.59 per share (2022: nil)	**4,001.4**	-
	5,914.1	5,184.3

At a meeting held on 29 September 2023, the Directors recommended a final dividend of HK$0.3 per share. This proposed dividend was not reflected as dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained profits for the financial year ending 30 June 2024.

At the same meeting held on 29 September 2023, the Directors declared a special dividend of HK$1.59 per share in cash, payment of which is conditional upon completion of the Disposal. This conditional special dividend was not reflected as dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained profits for the financial year ending 30 June 2024 if the Disposal is completed during such year.

6. Earnings per share

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

	2023 **HK$m**	2022 HK$m
Profit attributable to shareholders of the Company for calculating basic and diluted earnings per share	**900.9**	1,249.2
Adjust for gain from redemption of perpetual capital securities	**75.5**	-
	976.4	1,249.2

	Number of shares (million)	
	2023	2022
Weighted average number of shares for calculating basic and diluted earnings per share	**2,516.6**	2,519.1

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

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

For the years ended 30 June 2023 and 30 June 2022, the exercise price is above the average market price of the ordinary shares of the Company. 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:

	2023 HK$m	2022 HK$m
Less than 30 days	**2,632.1**	2,231.5
31 to 60 days	**123.2**	300.4
Over 60 days	**576.0**	657.5
	3,331.3	3,189.4

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

	2023 HK$m	2022 HK$m
Interests in joint ventures	**15.8**	20.1

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

	2023 HK$m	2022 HK$m
Liabilities classified as held for sale	**30.4**	30.5

9. Trade creditors

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

	2023 HK$m	2022 HK$m
Less than 30 days	**5,818.9**	6,248.0
31 to 60 days	**191.9**	117.2
Over 60 days	**4,380.7**	4,596.8
	10,391.5	10,962.0

10. Pledge of assets

As at 30 June 2023, assets with an aggregate amount of HK$64,770.5 million (2022: HK$80,167.9 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 2023 amounted to HK$13,608.3 million (2022: HK$15,342.8 million).

DIVIDENDS

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

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

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

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

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

BOOK CLOSE DATES FOR 2023 AGM

Book close dates (both days inclusive)	:	14 November 2023 to 21 November 2023
Latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Monday, 13 November 2023
Address of Share Registrar	:	Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

RECORD DATE FOR PROPOSED FINAL DIVIDEND AND CONDITIONAL SPECIAL DIVIDEND

Record date and latest time to lodge transfers with Share Registrar	:	4:30 p.m. on Friday, 24 November 2023
Address of Share Registrar	:	Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

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

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 2023, around 28,000 staff were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Certain non-listed subsidiaries of the Company have share award schemes under which certain employees may be awarded shares of the respective subsidiaries. Under the share option schemes of the Company and all the listed subsidiaries of the Group, share options may be granted to certain directors and employees of the Group to subscribe for shares in the Company and/or the respective listed 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 2023.

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE CODE

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

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

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

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 2023 and 30 June 2022 included in this preliminary announcement of annual results of 2022/2023 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 2022 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 2023 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, 29 September 2023

As at the date of this announcement, the Board of the Company comprises (a) seven executive directors, namely Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia, Mr. Sitt Nam-Hoi, Ms. Huang Shaomei, Echo, Ms. Chiu Wai-Han, Jenny and Mr. Ma Siu-Cheung; (b) four non-executive directors, namely, Mr. Doo Wai-Hoi, William, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng and Mr. Cheng Chi-Ming, Brian; and (c) six independent non-executive directors, namely Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia.