新創建集團有限公司*
NWS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(stock code: 00659)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

HIGHLIGHTS

- **The Group's profit attributable to shareholders grew noticeably by 43% to HK$1,586.8 million**
- **AOP of recurring businesses increased by 9%. The Group's overall AOP was HK$4,370.9 million, decreased by 17%**
    - Core Business' AOP was HK$4,208.5 million, decreased by 1%. Excluding the impact of the Aviation segment and Wai Kee, AOP of recurring businesses of Core Business rose slightly by 1%
    - Strategic Portfolio's AOP was HK$162.4 million, decreased by 84%. Excluding the impact of the Disposed/Held-for-sale Assets and Strategic Investments segment, AOP of recurring businesses of Strategic Portfolio rose by 308%
- **Proposed final dividend of HK$0.31 per share, increased 3.3% from the final dividend of HK$0.30 per share last year, and together with the interim dividend of HK$0.30 per share, total dividends for FY2022 will be HK$0.61 per share, an increase of 3.4% from the total dividends for FY2021, aligning with the Group's prevailing sustainable and progressive dividend policy**
- **Net gearing ratio further reduced to 19% (30 June 2021: 25%)**

The board of directors (the "Board") of NWS Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 30 June 2022 ("FY2022") together with comparative figures for the financial year ended 30 June 2021 ("FY2021").

BUSINESS REVIEW

Group overview

The Group managed to close FY2022 with a solid set of results despite all the challenges encountered during the year. Profit attributable to shareholders grew noticeably by 43% year-on-year to HK$1,586.8 million, driven by (i) significant reduction in Attributable Operating Loss ("AOL") of Facilities Management segment thanks to the continuous narrowing of losses of the three businesses within the segment; (ii) the considerable reduction in non-operating losses related to remeasurement, impairments and provisions to HK$1,816.9 million compared with HK$2,608.1 million in FY2021, notwithstanding the remeasurement, impairments and provisions of HK$1,897.1 million largely associated with the disposal of commercial aircraft leasing business and full provision of impairment charge in respect of the aircraft assets leased to Russian lessees; (iii) the increase in net gain arising from the disposals of projects, partial redemption of senior notes, and fair value change of certain derivative financial instruments; and (iv) a steady increase in Attributable Operating Profit ("AOP") of the Insurance segment. The above positive factors were partially offset by the AOL from Strategic Investments segment during FY2022 due to the lack of significant net fair value gain from certain investments, the recognition of net fair value loss and expected credit loss provision on a few investments as a result of the downturn in global markets, as well as the negative impact of global economic slowdown on the operating environment of certain businesses within the segment.

The Group further optimized our business portfolio in FY2022 with the completion of the disposal of 20% equity interest in Xiamen Container Terminal Group Co., Ltd. ("XCTG") and 42% equity interest in SUEZ NWS Limited ("SUEZ NWS") in October and November 2021, respectively. Moreover, the Group announced Goshawk Aviation Limited's ("GAL" or "Goshawk") disposal of its entire commercial aircraft leasing business, except for six aircraft associated with Russian lessees, via the sale of Goshawk Management Limited ("GML", the main wholly-owned operating subsidiary of GAL) in May 2022. On the acquisition front, the Group completed the acquisition of a minority stake in Laogu Expressway（老谷高速公路） in March 2022, as well as announced the acquisition of 40% interest in Guigang-Wuzhou Expressway ("Guiwu Expressway")（貴港至梧州高速公路（「貴梧高速公路」））in 2022, and a portfolio of six logistics properties in Chengdu and Wuhan plus the formation of a 50/50 operating manager joint venture with Goodman Group in May 2022. Following the abovementioned disposals and acquisitions, the earnings and cash flow visibility of the Group's business portfolio has further improved with lower risk exposure.

Despite a challenging year for the economy in the Mainland and Hong Kong, the Group's recurring businesses remained resilient, with recurring AOP rising decently by 9% year-on-year on stable recurring AOP of Core Business and reduction in AOL of Facilities Management segment, after factoring in the exclusion of Wai Kee Holdings Limited ("Wai Kee"), Aviation segment and Strategic Investments segment, as well as share of results from assets which were reclassified as held-for-sale or fully/partially disposed of during FY2021 or FY2022 ("Disposed/Held-for-sale Assets"), namely SUEZ NWS, Chongqing Derun Environment Co., Ltd. ("Derun Environment"), XCTG, and the Transport segment. Overall AOP of the Group in FY2022 dropped by 17% year-on-year to HK$4,370.9 million was mainly due to AOL from Strategic Investments segment and the decline in AOP contribution from Wai Kee and Disposed/Held-for-sale Assets.

Core Business demonstrated its resiliency amid a challenging and fluid business environment. AOP edged down slightly by 1% year-on-year to HK$4,208.5 million, despite the negative impact of COVID-19 variants outbreak on Roads and Insurance segments in the second half of FY2022. If not taking into account Aviation segment and Wai Kee, AOP of the recurring businesses of Core Business registered a growth of 1% in FY2022.

Among Strategic Portfolio, while AOL narrowed at the three businesses within the Facilities Management segment, the decline in AOP of Logistics segment due to the aforementioned disposal of XCTG, combined with the AOL of Strategic Investments segment of HK$141.7 million (declined by HK$881.1 million from an AOP of HK$739.4 million in FY2021) due to the aforesaid negative impacts, have resulted in a decline in AOP by 84% to HK$162.4 million. However, excluding the impact of the Disposed/Held-for-sale Assets and Strategic Investments segment, AOP of Strategic Portfolio's recurring business improved significantly by 308% year-on-year.

The non-operating losses incurred in FY2022 reduced considerably as compared to FY2021. FY2022 non-operating losses was primarily the result of the Group's share of remeasurement loss, assets impairments, provisions for expected credit loss and aircraft repossession/recovery costs totalled HK$1,897.1 million from GAL as previously mentioned, partially offset by the net gain of HK$181.3 million from the disposals of SUEZ NWS and Derun Environment.

Finance costs continued to lower on the back of lower average loan balance driven by deleveraging through utilizing some of the proceeds from the non-core asset disposals. In addition, a net gain on fair value of derivative financial instruments (FY2021: a net loss) and net gain on redemption of senior notes were recognized in FY2022.

In FY2022, profit attributable to shareholders, after the deduction of profit attributable to holders of perpetual capital securities, increased by 43% to HK$1,586.8 million. The basic earnings per share was HK$0.41, increased by 43%.

Contribution from operations in Hong Kong accounted for 42% of the AOP in FY2022 (FY2021: 39%), while Mainland China and other regions contributed 41% and 17% of the AOP, respectively (FY2021: 46% and 15%, respectively). Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") was up by 4% to HK$6,792.5 million.

The Group maintained sturdy financial position in FY2022. Net debt balance as at 30 June 2022 decreased to HK$10.1 billion (30 June 2021: HK$14.5 billion), with net gearing ratio remaining at a low level of 19% (30 June 2021: 25%).

To further optimize capital structure and reduce interest expense, the Group redeemed US$300 million out of the aggregate principal amount of US$650 million 4.25% senior notes due 2029 at a discount to par value in FY2022. Meanwhile, as at 30 June 2022, the Group had close to HK$4.5 billion sustainability-linked facilities. The Group will continue to pursue other sustainable, social and green finance options to show our commitment to Environmental, Social and Governance ("ESG") and to lower our financing cost through various means. In recognition of the Group's efforts in reducing risks exposure and improvement in ESG performance, the Group's MSCI ESG Rating was upgraded to A in June 2022.

The Group announced a share repurchase program in May 2022 to repurchase shares of the Company up to US$300 million for a duration of 12 months as a means to return to our shareholders and a vote of confidence for the Group's outlook. The Group also believes that actively optimizing capital structure through implementing the share repurchase program will help enhance earnings per share and net asset value per share.

Contribution by Division
For the year ended 30 June

	2022	2021
	HK$'m	HK$'m
		(restated)
Core Business	**4,208.5**	4,247.2
Strategic Portfolio		
Continuing operations	**41.4**	753.1
Discontinued operations	**121.0**	249.1
Attributable Operating Profit	**4,370.9**	5,249.4
Corporate office and non-operating items		
Net loss on fair value of investment properties	**-**	(13.2)
Remeasurement, impairments and provisions, net	**(1,816.9)**	(2,608.1)
Net gain on disposal of projects, net of tax	**243.9**	9.3
Net gain/(loss) on fair value of derivative financial instruments	**78.2**	(59.1)
Net gain on redemption of senior notes	**97.5**	-
Interest income	**49.9**	37.5
Finance costs	**(424.9)**	(483.4)
Expenses and others	**(428.7)**	(435.8)
	(2,201.0)	(3,552.8)
Profit for the year after tax and non-controlling interests	**2,169.9**	1,696.6
Profit attributable to:		
Shareholders of the Company	**1,586.8**	1,113.5
Holders of perpetual capital securities	**583.1**	583.1
	2,169.9	1,696.6
Adjusted EBITDA#	**6,792.5**	6,511.5

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

OPERATIONAL REVIEW – CORE BUSINESS

AOP Contribution by Segment

For the year ended 30 June

	2022 HK$'m	2021 HK$'m (restated)	Change % Fav./(Unfav.)
Roads	**1,709.9**	1,807.5	(5)
Aviation (only 11 months in FY2022)	**511.5**	496.0	3
Construction[Ω]	**912.2**	972.0	(6)
Insurance	**1,074.9**	971.7	11
Total	**4,208.5**	4,247.2	(1)

Ω *Included share of full period profits from the Group's attributable interest in Wai Kee, being 22.98% up to the reclassification as held-for-sale in December 2020 and 11.49% thereafter, in both years. AOP of Construction segment has been restated for FY2021 due to change in classification of the Group's remaining interest in Wai Kee from an asset held-for-sale to an associated company in FY2022.*

Roads

Despite a relatively stable first half of FY2022, the outbreak of COVID-19 variants in the Mainland in the second half of FY2022 took a toll on the performance of the Roads segment as the containment measures rolled out by the Mainland Government to stem the transmission of COVID-19 led to a reduction in overall traffic flow and toll revenue of our roads. Compounded by the negative impact from power crunch in various cities in the Mainland and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road, which was ended by the end of June 2022, our overall traffic flow and toll revenue in FY2022 fell by 5% and 8% year-on-year, respectively. AOP of the Roads segment declined slightly by 5% to HK$1,709.9 million.

The Group's major expressways in FY2022, including 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), have altogether contributed close to 90% of the Roads segment's AOP, with overall traffic flow recording a 6% decline year-on-year due to the abovementioned negative impact.

In view of the optimistic long-term prospect of the Roads segment fostered by the growth of economy and logistics sector in the Mainland, the Group announced the acquisition of 40% interest in Guiwu Expressway（貴梧高速公路）for a total consideration of RMB1,902.4 million (equivalent to approximately HK$2,238.1 million) in 2022. This 198 km long dual 2-lane expressway is located in the transportation hub in Southwestern region of the Mainland, connecting Guangxi, Guangdong, Yunnan and ASEAN market, and is set to benefit from the national economic policies on ASEAN Economic Ring, The Belt and Road Initiative, The Beibu Bay Economic Zone and the Greater Bay Area ("GBA"). Meanwhile, the Group is entitled to acquire at least 25% stake in Laogu Expressway（老谷高速公路）in Hubei (which includes the acquisition of 1% equity interest in March 2022 and the provision of an interest-bearing convertible shareholder's loan that enables the Group to increase its stake at later stage). Located in Xiangyang of Hubei Province, an important provincial corridor between Hubei and Henan, Laogu Expressway is a 39.3 km long dual 2-lane expressway serving as the south-north and east-west thoroughfare of Xiangyang city. It is also a significant part of the backbone of Hubei's south-north bound road network and surrounded by a number of famous tourist attractions. The acquisition of the two expressways will not only inject fresh AOP and cash flow to the Group, their long remaining concession periods of 23 and 28 years, respectively, have also extended the overall average remaining concession period of the road portfolio to around 11 years, which would further drive the sustainable income and cash flow of our Roads segment to the Group in the years to come.

Aviation

The Group's Aviation segment engages in commercial aircraft leasing business through our full service leasing platform GAL.

While continued recovery in domestic flights and border reopening around the world have contributed to the stabilization of the overall aviation industry, uncertainties associated with consecutive waves of COVID-19 outbreak, accelerating interest rates hike and geopolitical tension are heightening the friction on the road to recovery of the aircraft leasing industry and weakening the outlook for lease revenue and profit. With the aim of lowering the risk of the Group's business portfolio and redeploying resources to other businesses with better growth prospect, the Group announced GAL's disposal of all its commercial aircraft leasing business, except for six aircraft associated with Russian lessees, via the sale of GML in May 2022 for a total consideration (including base consideration and ticking fee) of US$1,575 million or approximately HK$12,285 million (the Group's attributable portion: US$787.5 million or approximately HK$6,142.5 million) with an enterprise value of about US$6.7 billion.

In the wake of the announcement with respect to the disposal of Group's commercial aircraft leasing business, the Group recorded an AOP of HK$511.5 million for Aviation segment which accounted for 11 months of AOP in FY2022, out of which a mark-to-market accounting gain of HK$124.8 million (FY2021: HK$51.1 million) from interest rate swap contract was shared by the Group in FY2022.

Included in the non-operating items of FY2022, remeasurement, impairments and provisions totalled HK$1,897.1 million related to GAL was shared by the Group. This was primarily due to GAL's remeasurement loss in relation to GAL's reclassification of GML as an asset held-for-sale and a full provision of impairment charge in respect of the six aircraft with Russian lessees totalling HK$1,745.3 million. Such remeasurement, impairments and provisions will not have impact on the consideration receivable by GAL from the disposal. Should the six aircraft be recovered or repossessed or the value of which be recovered in the future, there will be a potential write-back of the impairment charge in part or in full.

Construction

Construction segment encompasses our wholly-owned interest in NWS Construction Limited and its subsidiaries (collectively, “Hip Hing Group”), as well as our 11.49% interest in Wai Kee. The latter was reclassified from an asset held-for-sale to an associated company in FY2022. In FY2022, while Hip Hing Group delivered solid performance, the decline in AOP contribution from Wai Kee following the partial disposal of the shares held by the Group during FY2021 resulted in the 6% year-on-year decrease in Construction segment’s AOP to HK$912.2 million.

Performance of Hip Hing Group remained resilient amid a raft of challenges in the market including COVID-19 outbreak, raw materials and labour costs inflation, supply chain disruption and rising competition. AOP increased 4% year-on-year to HK$834.5 million, mainly attributable to the increase in profit recognition of government projects with price fluctuation clauses. Major projects in FY2022 included commercial developments at Kai Tak (AIRSIDE and SOGO), Two Taikoo Place at Quarry Bay, Inland Revenue Centre at Kai Tak, Immigration Headquarters at Tseung Kwan O and office development at 2 Murray Road, Central.

Number of new tenders offering in the market, especially projects from Hong Kong Government and institutions, continued to rise. In FY2022, Hip Hing Group’s gross value of contracts on hand grew by 26% year-on-year to approximately HK$62.2 billion, while remaining works to be completed grew by 31% to approximately HK$37.1 billion. Approximately 69% of the remaining works to be completed were from private sector which included both commercial and residential, and the remaining around 31% were from government and institutional related projects. In FY2022, tenders awarded to Hip Hing Group surged by 239% year-on-year to about HK$23.8 billion. Key projects secured included, but not limited to, the commercial/residential development projects at Kai Tak, the design and construction of District Court Building at Caroline Hill Road, Causeway Bay, piling works for integrated basement and underground road at The West Kowloon Cultural District, foundation works for development at New Central Harboutfront, and development of a Micro-Electronics Centre at Yuen Long.

Insurance

COVID-19 variants outbreak, compounded by the weak equity market, have negatively impacted the performance of FTLife Insurance Company Limited (“FTLife Insurance”) in FY2022. Yet, with our efforts in enhancing product mix and controlling expenses, AOP maintained a sturdy growth of 11% to HK$1,074.9 million.

Embracing the vision of “Think Beyond Insurance”, FTLife Insurance endeavours to provide the most comprehensive products and services to the public. Leveraging technology and innovation to continue to improve customer experience, FTLife Insurance co-developed a training tool, “AI Drill”, with a local tech start-up during FY2022, utilizing artificial intelligence and big data into its coaching programme to upskill the communication techniques, competency and professionalism of our agents. This innovative training tool has also earned FTLife Insurance “Training Program of the Year – Outstanding Award” by Bloomberg Businessweek in FY2022.

Meanwhile, FTLife Insurance has continued to fortify its insurance product offerings with improved health protection, profitability and social elements to cater to the needs of people in Hong Kong market and prepare to meet the demand from Mainland visitors once the border reopens. In FY2022, FTLife Insurance launched the enhanced version of "Fortune Saver", "ComboPro", "Regent 3 - Prestige Version", as well as "FlexiCare" which provides globally applicable benefits with double aggregate limit offered for common major illnesses. FTLife Insurance's successful launch of "ComboPro Insurance Plan" have also scooped the "Health & Protection Product – Outstanding Award" by Bloomberg Businessweek in FY2022.

At the same time, leveraging on the ecosystem within New World Development Company Limited ("NWD") and its subsidiaries (collectively, "New World Group"), FTLife Insurance launched "FTLife 360° Power Up", providing customers with comprehensive health protection, rewards and offers, and life experiences through a wide range of products and services in New World Group's ecosystem.

All the above initiatives, together with our efforts in exploring new distribution channel to penetrate domestic customers, have helped mitigate the impact from COVID-19 variants during FY2022. Our overall Annual Premium Equivalent ("APE") dropped 10% to HK$1,752.2 million, maintaining its ranking of 12th among Hong Kong life insurance companies by APE as at 30 June 2022. Gross written premium rose by 30% to HK$13,316.8 million, with gross new business written premium increasing by 77% to HK$5,851.7 million. Value of New Business ("VONB") grew by 8% to HK$524.8 million, and VONB margin, representing VONB as a percentage of APE, increased to 30% (FY2021: 25%) on enhanced product mix and product re-pricing. Overall investment return of FTLife Insurance's investment portfolio was 5.2% in FY2022 (FY2021: 4.3%).

FTLife Insurance maintained healthy financial position during FY2022. As at 30 June 2022, FTLife Insurance's solvency ratio was 342%, well above minimum industry regulatory requirement of 150%. Embedded value decreased by 17% year-on-year to HK$17.7 billion due to spike in interest rate, credit spread widening and unfavourable equity performance. 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 will be changed from Hong Kong Insurance Ordinance basis to Hong Kong Risk Based Capital ("HKRBC") basis in 2024 in which both the assets and liabilities will be on mark-to-market basis. Based on FTLife Insurance's internal assessment, the HKRBC solvency ratio has been stable from June 2021 to June 2022, and well above the minimum regulatory requirement under HKRBC regime. Embedded value would also be improved when HKRBC regime is effective as there will be release of additional resilience margins from the current basis.

During the height of COVID-19 variants outbreak in Hong Kong, FTLife Insurance provided free COVID-19 diagnosis benefit and free hospital cash benefit for COVID-19 vaccination to 800 taxi and minibus drivers. FTLife Insurance is dedicated to offering the most attentive healthcare protection to the public and contributing to the society.

OPERATIONAL REVIEW – STRATEGIC PORTFOLIO

AOP Contribution by Segment

For the year ended 30 June

	2022 HK$'m	2021 HK$'m	Change % Fav./(Unfav.)
Logistics$^{\Phi}$	**592.6**	663.0	(11)
Facilities Management	**(409.5)**	(649.3)	37
Strategic Investments	**(141.7)**	739.4	(119)
Discontinued operations			
Environment	**121.0**	244.3	(50)
Transport	**-**	4.8	(100)
Total	**162.4**	1,002.2	(84)

$^{\Phi}$ *XCTG was reclassified as an asset held-for-sale as at 30 June 2021 and the Group no longer shares its profit since then. The five newly acquired logistics properties and newly formed operating manager joint venture with Goodman Group contributed one month of AOP in FY2022.*

Logistics

Logistics segment recorded encouraging performance in FY2022 despite all the challenges in the macro environment. Excluding XCTG which was reclassified as an asset held-for-sale as at 30 June 2021, AOP increased by 5% year-on-year. Overall AOP of the Logistics segment, taking into consideration the lack of profit contribution from XCTG (FY2021: HK$101.4 million) after its disposal, decreased by 11% year-on-year to HK$592.6 million in FY2022.

FY2022 was a breakout year for the Group's Logistics segment, in anticipation of the solid growth and strong demand for years to come. In addition to our investments in companies such as 全球捷運（上海）供應鏈科技有限公司 (Worldex (Shanghai) Supply Chain Technology Limited*), and ANE (Cayman) Inc. (currently included under Strategic Investments segment), to further expand our footprint in the Logistics segment, the Group announced in May 2022 the acquisition of a portfolio of six logistics properties in Chengdu and Wuhan for RMB2,290 million (equivalent to approximately HK$2,663 million) as well as formation of a 50/50 operating manager joint venture with Goodman Group to provide operating management services to the logistics portfolio. Five out of six logistics properties are in operation while the sixth property will come on stream in the second half of 2022. Located in areas with brisk demand in Chengdu and Wuhan and boasting a diversified tenant portfolio with a mix of blue-chip tenants including multinational corporations, e-commerce giants and top logistics players in the industry, this logistics properties portfolio, together with the operating manager joint venture, are not only providing immediate AOP and cash flow to the Group, but also lay a strong foundation for the Group's future expansion in the logistics sector. The six newly acquired logistics properties in the Mainland and ATL Logistics Centre Hong Kong Limited ("ATL") are grouped together as a subgroup within Logistics segment under Logistics Asset & Management ("LA&M").

Under LA&M, ATL reported sturdy results in FY2022. AOP continued to grow and accounted for over 80% of the segment's AOP, underpinned by the strong demand for ATL's quality warehouse space from renowned quality tenants. In FY2022, ATL's average rent continued to grow by 2% with occupancy rate maintaining at an almost fully let level of 99.4%. Regarding the acquisition of a portfolio of six logistics properties in the Mainland and formation of operating manager joint venture, five out of six properties were completed in June 2022 and already had immediate AOP contribution to the Group for the month of June 2022. Average occupancy rate of the five operating logistics properties was 87% since acquisition.

In order to reflect the latest income mix and business model of the property, as well as the relevant market trend, the Group reclassified ATL Logistics Centre from property, plant and equipment to investment property in the first half of FY2022. In FY2022, a revaluation gain equalling to the difference between the fair value and carrying value of the property shared by the Group amounted to HK$6.3 billion (net of tax) and such amount was dealt with in the property revaluation reserve.

AOP of China United International Rail Containers Co., Limited ("CUIRC") grew remarkably by 16% year-on-year in FY2022 fuelled by service diversification, strong demand for cross-border logistics and sound operating network. Operating performance continued to improve in the second half of FY2022, notwithstanding challenges including resurgence of COVID-19 variants and geopolitical tension. Throughput in the second half of FY2022 improved by 4% year-on-year versus a drop of 8% year-on-year in the first half, resulting in overall throughput drop in FY2022 narrowing to 2% year-on-year to 4,754,000 TEUs. With the bright outlook for this sector, CUIRC has continued to expand, which included the commencement of operation of the new Guangzhou terminal since late December 2021 and the completion of doubling of handling capacity of Wuhan terminal. In addition, doubling of handling capacity of Zhengzhou terminal is in progress and is expected to be completed in the first half of financial year of 2023, while Xi'an terminal's handling capacity expansion is also underway.

The Group has fully exited all investments in port-related projects following the completion of the disposal of the entire 20% stake in XCTG in October 2021.

Facilities Management

AOL of Facilities Management segment significantly narrowed by 37% to HK$409.5 million, thanks to the continuous improvement in performance of the three businesses within the segment.

Gleneagles Hospital Hong Kong's ("GHK Hospital") premium healthcare service with advanced equipment has continued to spur the ramp up of its operating performance and improvement in AOL. In FY2022, GHK Hospital has maintained a strong revenue growth trajectory fuelled by the growth of number of outpatients by 26% and inpatients by 14%. As at 30 June 2022, number of regularly utilized beds was 264 (30 June 2021: 210), with average occupancy rate standing at 61%. During FY2022, by utilizing its exceptional expertise in medical healthcare services, GHK Hospital has made further progress in collaborating with other business units within the New World Group. Partnering with Humansa through management agreement, Humansa Diagnostic Imaging Centre at New World Tower in Central has commenced operation in May 2022. Meanwhile, GHK Hospital has introduced new advanced systems, such as new robotic surgery systems, latest radiotherapy system and new automated medication packaging and dispensing system to further excel and extend our clinical services. Dedicated to serving the society and those in need, GHK Hospital has provided a series of medical services to the public during FY2022 such as participating in Hong Kong Government's COVID-19 Vaccination Programme to provide vaccination service, offering free telemedicine consultation services in March and April 2022, providing COVID-19 outpatient service to patients with mild symptoms since 31 March 2022 and collaborating with Hospital Authority to take up non-COVID-19 patients to relieve patient load in the public hospitals since March 2022.

In FY2022, AOL of Hong Kong Convention and Exhibition Centre ("HKCEC") remarkably narrowed and accounted for approximately 40% of the segment's AOL. While the resurgence of COVID-19 disrupted HKCEC's business in the third quarter of FY2022, its operating performance continued to recover in the last quarter of FY2022 following the relaxation of social-distancing measures in Hong Kong. Along with our efforts in implementing stringent preventive measures, use of technologies and maintaining effective communication with event organizers, number of events held at HKCEC improved by 79% year-on-year to 420 and number of patronage surged by 191% to approximately 3.0 million in FY2022. In March 2022, HKCEC provided over half a million square feet of space at Phase 2 of the HKCEC as a storage and logistics centre for COVID-19-related supplies to support Hong Kong Government to fight COVID-19.

Free Duty's operating environment continued to be undermined by the border closure and our three outlets at Lo Wu, Hung Hom and Lok Ma Chau MTR stations remained closed. That said, thanks to the increase in AOP of more than 100 folds from our only operating outlet at Hong Kong-Zhuhai-Macao Bridge and positive contribution from our other new business initiatives such as pop-up stores at D·PARK and THE FOREST as well as our e-commerce website, FDMALL, together with our efforts in saving costs, AOL of Free Duty continued to narrow.

Strategic Investments

This segment includes investments with strategic value to the Group and with growth potential which will enhance and create value for our shareholders. AOL in FY2022, which mainly comprised the share of results, net fair value change, interest and dividends from various investments, was HK$141.7 million (FY2021 AOP: HK$739.4 million), mainly due to the lack of significant net fair value gain from certain investments, the recognition of net fair value loss and expected credit loss provision on a few investments as a result of the downturn in global markets during FY2022, as well as the negative impact of global economic slowdown on the operating environment of certain businesses within the segment.

DISCONTINUED OPERATIONS

Environment

The Group completed the disposal of SUEZ NWS on 15 November 2021. During the year, a net gain of HK$181.3 million with regard to the disposals of SUEZ NWS and Derun Environment was recognized and included in the non-operating items. A dividend income of HK$121.0 million was also received and recognized in FY2022.

BUSINESS OUTLOOK

Core Business

Roads

While COVID-19 variants outbreak has posed short-term headwinds to the Roads segment, with Mainland Government's stimulus measures to reopen and shore up the economy, together with other favourable factors such as continuous growth in car ownership and logistics sector, overall long-term prospect of the Roads segment remains positive and will continue to contribute stable recurring AOP and cash flow to the Group. Against this backdrop, we will remain active in searching for value-adding investment opportunities for our road portfolio to enjoy the long-term growth potential. Meanwhile, the opening of Zhiyi West Lake Service Area in Hangzhou in the second half of 2022, which has incorporated AI technology such as un-manned hotels and convenience stores and the use of renewable energy technologies to reduce carbon footprints, will represent new source of income stream for the Roads segment and our commitment to protect the environment.

In respect of the reduction in toll fee of trucks by 10% by Mainland Government in the fourth quarter of 2022 with the aim of supporting the logistics industry and economic growth, while it may add short-term pressure to the Roads segment, the potential increase in truck's traffic and financial support from Government would help mitigate the negative impact.

Regarding the negotiation with the Mainland Government in relation to the compensation for the toll fee exemption, while Hunan, Hubei, Guangdong and Shanxi provinces have already had compensation policies to extend concession period for at least 79 days, other provinces are still under discussion. The Group will continue to strive our best to safeguard stakeholders' interest.

Construction

Secular outlook of Construction segment stays positive, underpinned by the expected increase in tender supply from Hong Kong Government and institutions. As Government pledged to resolve housing supply shortage via increase in land supply and develop Northern Metropolis which would bolster the mid- to longer-term supply of contract from Government and in turn, the private sector, Hip Hing Group as a prime construction company in Hong Kong with proven track record and expertise is set to benefit.

While the whole industry is pressured by raw materials and labour costs inflation, the use of various innovative measures by Hip Hing Group such as continuous optimization in building procedure, adoption of construction technologies like Modular Integrated Construction and use of robotics in construction procedures will facilitate further improvements on construction efficiency, reduce onsite construction energy and waste consumption and mitigate cost pressure. Meanwhile, the increase in government projects and Hip Hing Group's efforts in expanding scope of business to civil-related projects such as site formation and deep excavation works will help stabilize our margin and extend into different types of projects within our portfolio.

Insurance

While COVID-19 has brought temporary challenges to FTLife Insurance, it also offered opportunities. The increasing demand for higher level of health and protection coverage, coupled with strong pent-up demand from Mainland visitors, are set to create a strong potential demand for FTLife Insurance's products. In July 2022, FTLife Insurance launched a new savings insurance product, "Your Choice" Insurance Plan which allows policyholders to set up a wealth management plan with guaranteed returns while enjoying life protection at the same time. A new critical illness protection plan, "Protect Starter", which aims at young people and first-time insurance buyers and covers 76 common critical illnesses at an affordable price, was also launched in August 2022. In addition to new insurance products, FTLife Insurance has launched in July 2022 the first ever market innovation program which allows our insurance policyholders to pay their insurance premiums with K-Dollars^. FTLife Insurance will continue to explore new distribution channel and deepen collaboration with the New World Group to inject further fresh growth elements to FTLife Insurance.

Regarding the upcoming replacement of accounting standard from HKFRS 4 to HKFRS 17 for insurance contracts for our fiscal financial year ending 30 June 2024, the implementation of the new HKFRS 17 would involve significant enhancements to the information technology, actuarial and finance systems and the Group is undertaking active assessments with the assistance of external consultants and taking steps to get ready for the adoption in accordance with the required timeline. The assessment of the impacts on the Group's consolidated financial statements is still in progress and it is expected to have impacts on revenue and results of the Group's insurance business. Although the work is well advanced as of the date of this announcement, it is not yet practicable to reliably quantify them.

^ *K Dollar Program is a unified loyalty program jointly collaborated between New World Group and Chow Tai Fook allowing K Dollar Program member to earn K Dollars with eligible transactions at over 600 participating merchants in town. K Dollar Program member can spend K Dollars for the next transaction.*

Strategic Portfolio

Logistics

Rapid growth of new economy, Mainland Government's support on logistics industry, as well as post-COVID-19 recovery lend support to the positive outlook of Logistics segment. The Group will continue to invest in the modern logistics sector to further monetize this market potential, targeting quality logistics assets and technology-related and/or services based projects, at the same time leveraging on our operating manager joint venture with Goodman Group for new collaboration opportunities and expand into logistics asset management business. Building an ecosystem along with ATL, CUIRC and other logistics-related investments, the Group expects the synergies generated will work to the whole Logistics segment's benefit going forward.

Within LA&M, leveraging on the premium location in Hong Kong, unparalleled scale and first-rate service, ATL Logistics Centre will continue to defy competition and remain as the preferred storage facilities for current and potential tenants, and in turn bolster its positive rental outlook. Meanwhile, the fast-growing logistics sector in Chengdu and Wuhan will ensure the further ramp up of occupancy rate of the five operating logistics properties within the newly acquired portfolio of logistics properties, coupled with the sixth property, which will become operational in the second half of 2022, will add further growth impetus and AOP contribution to the Group.

Outlook of CUIRC remains sanguine buoyed by Mainland Government's on-going support on the sea-rail intermodal and international rail container transportation, alongside CUIRC's sound operating network and logistics services. Post-COVID-19 logistics demand, together with the contribution from the full operation of Guangzhou and Zhengzhou terminals, as well as the upcoming completion of Xi'an terminal expansion, will continue to prompt CUIRC's sustainable growth and improvement in profitability.

Facilities Management

Keen demand for quality healthcare service in Hong Kong, coupled with GHK Hospital's increasing recognition by the public will foster the continuous ramp up of GHK Hospital, while further exploration of collaboration and business opportunities within the New World Group's ecosystem are set to create additional growth potential. In August 2022, Gleneagles Pro-HEART Cardiac Centre, managed by a team of highly-experienced cardiologists and nurses, was launched at New World Tower to provide professional and premium service for patients with cardiac-related health problems. Meanwhile, GHK Hospital is committed to combating COVID-19 with Hong Kong Government through providing related healthcare services to the public as well as relieving patient load in the public sector via Public-Private Partnership Programmes.

Continual resumption of regional expos and local events will continue to drive the improvement in HKCEC's business performance, yet reopening of border and restart of international travel are essential for full recovery. While COVID-19 still persists, the Group will continue to implement rigorous prevention measures, and at the same time maintain close dialogue with event organizers to get ready for upcoming events when border reopens.

Resumption of operation of Free Duty's outlets hinges on the timing of border reopen between the Mainland and Hong Kong. While we are ready for the reopening of the closed outlets, we will continue to explore other income streams such as opening more pop-up stores within New World Group's ecosystem and leverage on the strong customer base from the New World Group, and at the same time remain cost cautious to mitigate losses until full recovery.

LOOKING FORWARD

While the world is still confronting multi-faceted uncertainties arising from geopolitical tensions, accelerating inflation and COVID-19 variants that continue to add volatility to business environment and requires our vigilance, the Group's strong fundamentals would allow us to maintain solid performance during uncertain times and well positioned for swift rebound once volatilities have settled. On the Mainland front, with the Government's resolution in reviving the economy and all the economic stimulus and relief it has unleashed to steer the economy back on track, we believe the Mainland will successfully get over all the challenges and remain as one of the key growth engines of the world, which is conducive to the Group's long-term development.

Committing to the vision of fostering connectivity that enables our communities to thrive, the Group's mission is to connect people, goods, and capital through a portfolio of market-leading businesses, while embracing "Act with integrity", "Advance with agility", "Grow as one", "Create shared value" and "Evolve sustainably" as our five core values. With our core values at heart, the Group will continue to uphold our prudent business strategy and stringent risk management policy to safeguard the interest of our stakeholders. At the same time, we are building stronger resilience, becoming more resource efficient and innovation vigilant in driving change towards a carbon net zero future, integrating sustainability into our business model for long-term value.

Meanwhile, we will proactively look for value accretive investment opportunities, particularly in roads and modern logistics, to inject fresh growth impetus to the Group, while responding to regulatory and market developments especially due to megatrends such as digitalization and climate change. We believe that with all our efforts in optimizing our business portfolio and lowering our risk exposure, our fundamentals have continued to strengthen, and the Group is ready to move forward and grow together with our shareholders.

FINANCIAL RESOURCES

Treasury management and cash funding

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group operates a centralized treasury function to monitor its cash position, cash flow and debt profile as well as optimize its funding cost-efficiency. In order to maintain maximum financial flexibility with adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will continue to optimize our capital structure and expand our sources of funding which include perpetual capital securities, debt issuance in the capital markets and bank borrowings, for which the proportion will change depending on financial market conditions. The capital structure of the Group was 30% debt and 70% equity as at 30 June 2022 and 30 June 2021.

As a means to optimize capital structure and cost of financing, the Group has redeemed and cancelled US$300.0 million out of the aggregate principal amount of US$650.0 million 4.25% senior notes due 2029 during the year. After the redemption, US$335.9 million in aggregate principal amount of the senior notes remains outstanding. Besides, the Group implemented a share repurchase program for a duration of 12 months to repurchase shares of the Company up to a maximum of US$300.0 million. The Group believes that the share repurchase program will enhance earnings per share, net asset value per share and overall shareholders' return.

The Group manages its financial risks including interest rate exposure and foreign exchange risks. Interest rate swaps contracts are used to hedge against part of the Group's exposures to changes in interest rates, while foreign exchange forward contracts are used to hedge against foreign currency exposures of the Group's businesses which involve foreign currencies. Cross currency swaps contracts are entered to manage the Group's overall cost of funding and the exposure from foreign currency translation. The Group's Insurance segment enters into cross currency swaps and forward starting swaps contracts to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. The Group did not have any material exposure to exchange risk other than Renminbi and United States Dollar during FY2022. Certain subsidiaries, associated companies and joint ventures have local currency project loans in place, and these are naturally hedged against the investments in the same local currency of the entities concerned.

Liquidity and capital resources

As at 30 June 2022, the Group's total cash and bank balances amounted to HK$13,452.6 million, compared with HK$10,804.6 million as at 30 June 2021. Cash and bank balances were mainly denominated as to 42% in United States Dollar, 29% in Renminbi and 28% in Hong Kong Dollar. The Group's net debt as at 30 June 2022 was HK$10,138.3 million, compared with HK$14,543.4 million as at 30 June 2021. The decrease in net debt was mainly due to the proceeds received from the disposal of interests in SUEZ NWS, XCTG and certain non-core investments as well as net operating cash inflow and dividends received from associated companies and joint ventures, net of investments made and payments of dividends. The Group's net gearing ratio (calculated as net debt over total equity) reduced from 25% as at 30 June 2021 to 19% as at 30 June 2022. The Group had unutilized committed banking facilities of approximately HK$11.0 billion as at 30 June 2022.

Debt profile and maturity

As at 30 June 2022, the Group's total debt decreased to HK$23,590.9 million from HK$25,348.0 million as at 30 June 2021. The Group has managed to spread out its debt maturity profile to reduce refinancing risks. Amongst the non-current portion of the long-term loans and borrowings of HK$18,323.2 million as at 30 June 2022, 17% will mature in the second year, 62% will mature in the third to fifth year and 21% will mature after the fifth year. Bank loans were mainly denominated in Hong Kong Dollar and Renminbi and bearing interest at floating rates while fixed rate bonds were denominated in United States Dollar. As at 30 June 2022, the Group has provided a pledge over its 30% equity interest in an associated company which owns and operates Suiyuenan Expressway as security for a bank loan made to that associated company.

Commitments

The Group's total commitments for capital expenditures was HK$4,786.5 million as at 30 June 2022, compared with HK$2,209.6 million as at 30 June 2021. These comprised commitments for the acquisition of a road project located in Guangxi of HK$2,238.1 million, a logistic property under development in Chengdu of HK$571.3 million, capital contributions to certain associated companies, joint ventures as well as investment funds, financial and other investments of HK$1,645.7 million as well as additions of intangible assets, intangible concession rights and property, plant and equipment of HK$331.4 million. Sources of funds for capital expenditures include internal resources of the Group and committed external financing from reputable international banks.

Financial guarantee contracts

Financial guarantee contracts of the Group were HK$3,470.4 million as at 30 June 2022, compared with HK$3,881.8 million as at 30 June 2021. These comprised guarantees for banking facilities of associated companies and joint ventures.

In addition, the Company and NWD, through their respective wholly-owned subsidiaries, provided a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by Kai Tak Sports Park Limited ("KTSPL") under the contract entered into between the Hong Kong Government and KTSPL for the design, construction and operation of Kai Tak Sports Park. Taking into consideration the deed of counter-indemnity which has been entered into, the Group's guarantee towards KTSPL is up to the extent of 25% of the contract sum or an amount of approximately HK$7.5 billion as at 30 June 2022 and 30 June 2021. KTSPL is an associated company of the Group in which the Group has a 25% interest.

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

MAJOR ACQUISITIONS AND DISPOSALS

1. On 11 January 2021, Beauty Ocean Limited, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with SUEZ (Asia) Limited for the disposal of its entire 42% interest in SUEZ NWS, an associated company of the Group, to SUEZ (Asia) Limited at the cash consideration of HK$4,173 million. Completion of the disposal took place on 15 November 2021.

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

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

4. On 26 April 2022, NWS (Guangdong) Investment Co. Ltd.*, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Logan Transport Group Co., Ltd* and its subsidiary, which was superseded by a new conditional sale and purchase agreement on 5 September 2022, pursuant to which the Group agreed to acquire 40% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd* (which wholly owns the concession right to operate Guiwu Expressway) and related creditor’s right and dividend receivable at the total consideration of RMB1,902.4 million (equivalent to approximately HK$2,238.1 million). The acquisition is yet to complete up to the date of this announcement. Upon completion, the Group’s 40% equity interest in Guangxi Logan Guiwu Expressway Co., Ltd will be accounted for as a joint venture.

5. On 14 May 2022, Glorious Hope Limited, an indirect wholly-owned subsidiary of the Company, 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 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 operating logistics properties took place in June 2022. The remaining one is yet to complete as of the date of the announcement and is estimated to be completed by the end of 2022.

6. On 16 May 2022, Goshawk , a joint venture whose equity interest is held as to 50% indirectly by the Company, entered into a main transaction agreement ("Transaction Agreement") with SMBC pursuant to which Goshawk agreed to dispose of its substantially all of the commercial aircraft leasing platform to SMBC via the sale of entire equity interest in GML (the main wholly-owned operating subsidiary of Goshawk) together with all assets, liabilities and contracts held by Goshawk which relate to the commercial aircraft leasing business operated by entities held or controlled by GML, except for entities which own six aircraft associated with Russian lessees, at an estimated total consideration of US$1,575 million (the Group's attributable portion: US$787.5 million) (subject to adjustments). The disposal is yet to complete up to the date of this announcement and is estimated to be completed by the end of 2022.

RESULTS

The audited consolidated results of the Group for FY2022 together with comparative figures for FY2021 are set out as follows:

Consolidated Income Statement
For the year ended 30 June

	Note	**2022 HK$'m**	2021 HK$'m (restated)
Continuing operations			
Revenue	*2*	**31,138.6**	28,197.3
Cost of sales	*3,5*	**(27,609.3)**	(24,406.1)
Other income and gains, net	*4*	**966.6**	1,948.5
Selling and marketing expenses	*3*	**(1,290.9)**	(969.0)
General and administrative expenses	*3*	**(1,918.2)**	(1,810.6)
Overlay approach adjustments on financial assets	*4(a)*	**1,845.9**	(1,270.6)
Operating profit	*3*	**3,132.7**	1,689.5
Finance costs		**(760.1)**	(838.7)
Share of results of			
Associated companies	*2(c)*	**340.5**	311.6
Joint ventures	*2(c),9*	**(254.9)**	1,280.6
Profit before income tax		**2,458.2**	2,443.0
Income tax expenses	*6*	**(576.2)**	(691.2)
Profit from continuing operations		**1,882.0**	1,751.8
Discontinued operations			
Profit/(loss) from discontinued operations	*11*	**302.3**	(43.8)
Profit for the year		**2,184.3**	1,708.0
Profit/(loss) attributable to			
Shareholders of the Company			
From continuing operations		**1,284.5**	1,157.3
From discontinued operations		**302.3**	(43.8)
		1,586.8	1,113.5
Holders of perpetual capital securities		**583.1**	583.1
Non-controlling interests		**14.4**	11.4
		2,184.3	1,708.0
Basic earnings/(loss) per share attributable to shareholders of the Company	*7*		
From continuing operations		**HK$0.33**	HK$0.30
From discontinued operations		**HK$0.08**	(HK$0.01)
		HK$0.41	HK$0.29

Consolidated Statement of Comprehensive Income
For the year ended 30 June

	Note	**2022** **HK$'m**	2021 HK$'m (restated)
Profit for the year		**2,184.3**	1,708.0
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss			
Net fair value change on equity instruments as financial assets at fair value through other comprehensive income ("FVOCI")		**137.2**	76.5
Remeasurement of post-employment benefit obligation		**(6.2)**	25.2
Share of gain arising from revaluation of a logistic property held by a joint venture upon reclassification to investment property, net of tax	*9(b)*	**6,312.1**	-
Items that have been reclassified/may be subsequently reclassified to profit or loss			
Net fair value change on debt instruments as financial assets at FVOCI and other net movement		**(7,041.1)**	(1,677.3)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI		**(137.6)**	(40.7)
Release of reserves upon disposal of subsidiaries		**-**	71.4
Release of reserves upon disposal/partial disposal of interests in associated companies		**1.3**	(61.6)
Release of reserve upon disposal of interest in a joint venture		**-**	(93.8)
Release of reserve upon deconsolidation of a subsidiary		**-**	(10.3)
Release of reserves upon disposal of assets held-for-sale		**(81.9)**	-
Share of other comprehensive loss of associated companies		**(29.0)**	(3.3)
Cash flow/fair value hedges		**(357.4)**	242.7
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	*4(a)*	**(1,845.9)**	1,270.6
Currency translation differences		**(797.7)**	2,922.9
Other comprehensive (loss)/income for the year, net of tax		**(3,846.2)**	2,722.3
Total comprehensive (loss)/income for the year		**(1,661.9)**	4,430.3
Total comprehensive (loss)/income attributable to			
Shareholders of the Company			
From continuing operations		**(2,399.8)**	3,319.8
From discontinued operations		**141.6**	495.1
		(2,258.2)	3,814.9
Holders of perpetual capital securities		**583.1**	583.1
Non-controlling interests		**13.2**	32.3
		(1,661.9)	4,430.3

Consolidated Statement of Financial Position
As at 30 June

	Note	2022 HK$'m	2021 HK$'m (restated)
ASSETS			
Non-current assets			
Investment properties		**4,842.2**	1,681.4
Property, plant and equipment		**1,315.7**	1,186.0
Intangible concession rights		**13,081.9**	14,355.6
Intangible assets		**5,890.1**	5,916.2
Value of business acquired		**5,239.8**	5,395.1
Right-of-use assets		**1,360.7**	1,359.9
Deferred acquisition costs		**2,335.0**	1,711.5
Associated companies		**6,443.4**	6,052.8
Joint ventures	*9*	**15,413.5**	10,806.0
Financial assets at FVOCI		**38,500.3**	42,889.2
Financial assets at fair value through profit or loss ("FVPL")		**11,052.2**	12,551.8
Derivative financial instruments		**64.5**	658.2
Other non-current assets		**1,728.5**	1,947.7
		107,267.8	106,511.4
Current assets			
Inventories		**170.0**	207.0
Trade, premium and other receivables	*10*	**14,217.1**	15,162.2
Investments related to unit-linked contracts		**8,649.2**	10,770.2
Financial assets at FVOCI		**3,083.5**	1,898.1
Financial assets at FVPL		**1,903.2**	471.9
Derivative financial instruments		**27.4**	801.8
Cash and bank balances		**13,452.6**	10,804.6
		41,503.0	40,115.8
Assets held-for-sale	*12*	**-**	5,945.7
Total assets		**148,770.8**	152,572.9
EQUITY			
Share capital		**3,911.1**	3,911.1
Reserves		**39,397.4**	44,002.3
Shareholders' funds		**43,308.5**	47,913.4
Perpetual capital securities		**10,528.5**	10,528.5
Non-controlling interests		**50.1**	12.1
Total equity		**53,887.1**	58,454.0

Consolidated Statement of Financial Position
As at 30 June

	Note	2022 HK$'m	2021 HK$'m (restated)
LIABILITIES			
Non-current liabilities			
Borrowings and other interest-bearing liabilities		**18,323.2**	23,229.4
Deferred tax liabilities		**1,787.2**	1,925.4
Insurance and investment contract liabilities		**16,470.0**	18,143.5
Liabilities related to unit-linked contracts		**190.8**	180.8
Derivative financial instruments		**172.3**	102.5
Lease liabilities		**901.6**	1,079.4
Other non-current liabilities		**95.8**	102.5
		37,940.9	44,763.5
Current liabilities			
Borrowings and other interest-bearing liabilities		**5,267.7**	2,118.6
Insurance and investment contract liabilities		**31,734.4**	24,359.3
Liabilities related to unit-linked contracts		**8,645.1**	10,770.2
Trade, other payables and payables to policyholders	*13*	**10,403.5**	11,333.2
Lease liabilities		**223.1**	227.3
Taxation		**669.0**	546.8
		56,942.8	49,355.4
Total liabilities		**94,883.7**	94,118.9
Total equity and liabilities		**148,770.8**	152,572.9

Notes:

1. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and interpretations (collectively, the "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 analyzed in note 2(b), the Group is in net current liabilities position of HK$15,439.8 million as at 30 June 2022 which is mainly due to the classification of the full surrender value of insurance and investment contract liabilities of HK$31,734.4 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 2022.

Under Hong Kong Accounting Standard 1 "Presentation of Financial Statements", liability is classified as current if there is no unconditional right by the issuer to defer the settlement for at least 12 months after the reporting period. The unavoidable payment obligation exists if all the policyholders choose to exercise their surrender option at the reporting date and accordingly the full surrender value of insurance and investment contract liabilities is classified as current liabilities as at the 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$4,120.1 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.

1. Basis of preparation and accounting policies (continued)

(a) Adoption of amendments to standards

During FY2022, the Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for FY2022:

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

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

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

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

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

1. Basis of preparation and accounting policies (continued)

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

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

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

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

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

(i) Insurance segment revenue presented in consolidated income statement under HKFRS 17 excludes any investment component, an amount that the policyholder will be repaid in all circumstances as required by the insurance contract, regardless of whether an insured event occurs.

(ii) In accordance with HKFRS 17, the estimated unearned future profits from in-force insurance contracts will be included in the measurement of insurance contract liabilities in the consolidated statement of financial position as the contractual service margin and will be gradually recognized in Insurance segment revenue in the consolidated income statement based on the services provided over the coverage period of the insurance contract.

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

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

1. Basis of preparation and accounting policies (continued)

(c) Restatements of comparative figures

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

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

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

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

	As previously stated HK$'m	Adjustments HK$'m	As restated HK$'m
Consolidated income statement (extract)			
For the year ended 30 June 2021			
Continuing operations			
Other income and gains, net	2,026.9	(78.4)	1,948.5
Share of results of associated companies	266.2	45.4	311.6
Consolidated statement of comprehensive income (extract)			
For the year ended 30 June 2021			
Other comprehensive income			
Currency translation differences	2,889.9	33.0	2,922.9
Consolidated statement of financial position (extract)			
As at 30 June 2021			
Assets			
Associated companies	5,673.6	379.2	6,052.8
Assets held-for-sale	6,324.9	(379.2)	5,945.7
Equity			
Reserves			
- Exchange reserve	754.3	33.0	787.3
- Revenue reserve	24,948.6	(33.0)	24,915.6

2. Revenue and segment information

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

2022 **HK$'m**	**Hong Kong**	**Mainland China**	**Total**
Roads	**-**	**2,717.5**	**2,717.5**
Construction	**15,240.9**	**-**	**15,240.9**
Insurance	**12,373.6**	**-**	**12,373.6**
Logistics	**-**	**11.8**	**11.8**
Facilities Management	**745.6**	**49.2**	**794.8**
	28,360.1	**2,778.5**	**31,138.6**

2021 HK$'m	Hong Kong	Mainland China	Total
Roads	-	3,033.2	3,033.2
Construction	15,114.1	-	15,114.1
Insurance	9,640.6	-	9,640.6
Facilities Management	355.8	53.6	409.4
	25,110.5	3,086.8	28,197.3

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decisions. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Committee considers the businesses of the Group from product and service perspectives, which comprised (i) Roads; (ii) Aviation; (iii) Construction; (iv) Insurance; (v) Logistics; (vi) Facilities Management; (vii) Strategic Investments; (viii) Environment; and (ix) Transport. The results of the "Environment" segment and "Transport" segment are presented as discontinued operations in accordance with HKFRS 5 as detailed in note 11.

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

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2022 and related comparative figures is as follows:

HK$'m	Continuing operations Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Subtotal		Discontinued operation Environment	Total	
2022												
Total revenue	**2,717.5**	**-**	**15,240.9**	**12,375.4**	**11.8**	**794.9**	**-**	**31,140.5**		**-**	**31,140.5**	
Inter-segment	**-**	**-**	**-**	**(1.8)**	**-**	**(0.1)**	**-**	**(1.9)**		**-**	**(1.9)**	
Revenue - external	**2,717.5**	**-**	**15,240.9**	**12,373.6**	**11.8**	**794.8**	**-**	**31,138.6**		**-**	**31,138.6**	
Revenue from contracts with customers												
Recognized at a point in time	**2,717.5**	**-**	**-**	**-**	**-**	**186.0**	**-**	**2,903.5**		**-**	**2,903.5**	
Recognized over time	**-**	**-**	**15,240.9**	**724.2**	**-**	**608.8**	**-**	**16,573.9**		**-**	**16,573.9**	
	2,717.5	**-**	**15,240.9**	**724.2**	**-**	**794.8**	**-**	**19,477.4**		**-**	**19,477.4**	
Revenue from other sources	**-**	**-**	**-**	**11,649.4**	**11.8**	**-**	**-**	**11,661.2**		**-**	**11,661.2**	
	2,717.5	**-**	**15,240.9**	**12,373.6**	**11.8**	**794.8**	**-**	**31,138.6**		**-**	**31,138.6**	
Attributable Operating Profit/(Loss)												
Company and subsidiaries	**923.0**	**-**	**798.2**	**1,074.9**	**(4.0)**	**(254.2)**	**(300.6)**	**2,237.3**		**-**	**2,237.3**	
Associated companies	**191.5**	**-**	**114.0**	**-**	**0.8**	**(162.4)**	**206.3**	**350.2**	**(c)**	**121.0**	**471.2**	
Joint ventures	**595.4**	**511.5**	**-**	**-**	**595.8**	**7.1**	**(47.4)**	**1,662.4**	**(c)**	**-**	**1,662.4**	
	1,709.9	**511.5**	**912.2**	**1,074.9**	**592.6**	**(409.5)**	**(141.7)**	**4,249.9**		**121.0**	**4,370.9**	
Reconciliation – corporate office and non-operating items												
Remeasurement, impairments and provisions, net											**(1,816.9)**	**(i)**
Net gain on disposal of projects, net of tax											**243.9**	
Net gain on fair value of derivative financial instruments											**78.2**	
Net gain on redemption of senior notes											**97.5**	
Interest income											**49.9**	
Finance costs											**(424.9)**	**(ii)**
Expenses and others											**(428.7)**	
Profit for the year after tax and non-controlling interests											**2,169.9**	
Profit attributable to holders of perpetual capital securities											**(583.1)**	
Profit attributable to shareholders											**1,586.8**	

(i) The amount mainly represents share of remeasurement/impairment loss, expected credit loss provision and aircraft repossession/recovery costs of GAL of HK$1,897.1 million (net of tax) (included in "share of results of joint ventures" and detailed in note 9(a)) and impairment loss for investment in Wai Kee of HK$109.9 million (included in "other income and gains, net" in note 4), offset by the reversal of provision for onerous contract of HK$230.0 million (included in "other income and gains, net" in note 4).

(ii) The finance costs recognized in the consolidated income statement for FY2022 from continuing operations is HK$760.1 million, in which the above HK$424.9 million represents corporate office finance costs and HK$335.2 million is recognized as part of Attributable Operating Profit in various reportable segments.

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2022 and related comparative figures is as follows (continued):

HK$'m	Continuing operations									Discontinued operation	
	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Corporate	Subtotal	Environment	Total
2022											
Depreciation of property, plant and equipment	54.3	-	51.3	42.8	0.2	102.1	-	6.3	257.0	-	257.0
Depreciation of right-of-use assets	0.8	-	33.6	120.0	1.1	95.2	-	13.3	264.0	-	264.0
Amortization of intangible concession rights	962.2	-	-	-	-	-	-	-	962.2	-	962.2
Amortization of intangible assets	-	-	-	51.8	-	31.2	-	-	83.0	-	83.0
Amortization of value of business acquired ("VOBA")	-	-	-	155.3	-	-	-	-	155.3	-	155.3
Interest income	(46.9)	-	(1.8)	(1,639.0)	(0.5)	(28.3)	(85.4)	(49.9)	(1,851.8)	-	(1,851.8)
Finance costs	154.2	-	56.9	94.6	-	28.4	1.1	424.9	760.1	-	760.1
Income tax expenses/(credit)	402.9	-	141.7	77.3	(0.1)	(40.5)	19.2	(24.3)	576.2	-	576.2
Overlay approach adjustments on financial assets	-	-	-	(1,845.9)	-	-	-	-	(1,845.9)	-	(1,845.9)
Net loss on fair value of financial assets at FVPL	-	-	1.7	1,120.1	-	-	206.1	-	1,327.9	-	1,327.9
Additions to non-current assets (remark)	170.9	-	412.8	781.8	2,099.6	72.9	0.3	360.3	3,898.6	-	3,898.6
At 30 June 2022											
Company and subsidiaries	15,987.9	6,166.6	7,342.3	78,746.1	2,248.3	3,516.1	7,583.6	5,323.0	126,913.9	-	126,913.9
Associated companies	2,855.3	-	381.8	-	318.2	294.1	2,591.4	2.6	6,443.4	-	6,443.4
Joint ventures	3,822.9	301.0	-	-	9,278.3	13.1	1,987.3	10.9	15,413.5	-	15,413.5
Total assets	22,666.1	6,467.6	7,724.1	78,746.1 (b)	11,844.8	3,823.3	12,162.3	5,336.5	148,770.8	-	148,770.8
Total liabilities	5,632.2	-	6,741.5	62,731.8 (b)	143.0	1,054.9	127.1	18,453.2	94,883.7	-	94,883.7

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

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2022 and related comparative figures is as follows (continued):

HK$'m	Continuing operations								Discontinued operations		
	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Subtotal	Environment	Transport	Total
2021 (restated)											
Total revenue	3,033.2	-	15,114.1	9,641.8	-	409.5	-	28,198.6	-	655.1	28,853.7
Inter-segment	-	-	-	(1.2)	-	(0.1)	-	(1.3)	-	-	(1.3)
Revenue - external	3,033.2	-	15,114.1	9,640.6	-	409.4	-	28,197.3	-	655.1	28,852.4
Revenue from contracts with customers											
Recognized at a point in time	3,033.2	-	-	-	-	134.6	-	3,167.8	-	614.7	3,782.5
Recognized over time	-	-	15,114.1	734.3	-	274.8	-	16,123.2	-	40.4	16,163.6
	3,033.2	-	15,114.1	734.3	-	409.4	-	19,291.0	-	655.1	19,946.1
Revenue from other source	-	-	-	8,906.3	-	-	-	8,906.3	-	-	8,906.3
	3,033.2	-	15,114.1	9,640.6	-	409.4	-	28,197.3	-	655.1	28,852.4
Attributable Operating Profit/(Loss)											
Company and subsidiaries	955.6	-	780.2	971.7	(2.4)	(437.7)	469.8	2,737.2	5.0	(3.5)	2,738.7
Associated companies	205.1	-	191.5	-	101.4	(217.5)	144.7	425.2 (c)	144.4	8.3	577.9
Joint ventures	646.8	496.0	0.3	-	564.0	5.9	124.9	1,837.9 (c)	94.9	-	1,932.8
	1,807.5	496.0	972.0	971.7	663.0	(649.3)	739.4	5,000.3	244.3	4.8	5,249.4
Reconciliation – corporate office and non-operating items											
Net loss on fair value of investment properties											(13.2)
Remeasurement, impairments and provisions											(2,608.1) (iii)
Net gain on disposal of projects, net of tax											9.3
Net loss on fair value of derivative financial instruments											(59.1)
Interest income											37.5
Finance costs											(483.4) (iv)
Expenses and others											(435.8)
Profit for the year after tax and non-controlling interests											1,696.6
Profit attributable to holders of perpetual capital securities											(583.1)
Profit attributable to shareholders											1,113.5

(iii) The amount mainly represented remeasurement/impairment loss for investment in Wai Kee of HK$1,430.3 million (restated, included in "other income and gains, net" in note 4) and for investment in Derun Environment of HK$228.1 million (included in "profit/(loss) from discontinued operations"), share of impairment loss, expected credit loss provision and aircraft repossession/recovery costs of GAL of HK$553.3 million (net of tax) (included in "share of results of joint ventures" and detailed in note 9(a)), impairment loss related to certain associated companies of HK$248.0 million in aggregate as well as certain other expected credit loss provision.

(iv) The finance costs recognized in the consolidated income statement for FY2021 from continuing operations and discontinued operations was HK$838.7 million and HK$5.7 million respectively, in which the above HK$483.4 million represented corporate office finance costs and HK$361.0 million was recognized as part of Attributable Operating Profit in various reportable segments.

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2022 and related comparative figures is as follows (continued):

	Continuing operations									Discontinued operations		
HK$'m	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Corporate	Subtotal	Environment	Transport	Total
2021												
Depreciation of property, plant and equipment	50.8	-	49.7	42.9	-	116.0	0.1	6.5	266.0	-	111.1	377.1
Depreciation of right-of-use assets	0.7	-	34.6	118.4	-	99.8	-	18.1	271.6	-	31.9	303.5
Amortization of intangible concession rights	1,052.5	-	-	-	-	-	-	-	1,052.5	-	-	1,052.5
Amortization of intangible assets	-	-	-	37.9	-	31.2	-	-	69.1	-	-	69.1
Amortization of VOBA	-	-	-	256.4	-	-	-	-	256.4	-	-	256.4
Interest income	(37.3)	-	(2.2)	(1,428.3)	-	(35.8)	(112.0)	(37.5)	(1,653.1)	(5.0)	(0.2)	(1,658.3)
Finance costs	168.3	-	56.0	99.0	-	31.7	0.3	483.4	838.7	-	5.7	844.4
Income tax expenses/(credit)	486.8	-	141.7	72.0	10.1	(65.2)	41.2	4.6	691.2	-	(52.7)	638.5
Overlay approach adjustments on financial assets	-	-	-	1,270.6	-	-	-	-	1,270.6	-	-	1,270.6
Net gain on fair value of financial assets at FVPL	-	-	-	(1,478.4)	-	-	(458.3)	-	(1,936.7)	-	-	(1,936.7)
Additions to non-current assets (remark)	121.5	-	128.7	114.2	-	23.5	1.7	16.9	406.5	-	66.7	473.2
At 30 June 2021 (restated)												
Company and subsidiaries	16,351.4	6,168.0	6,280.0	84,705.6	1,851.8	3,936.1	7,608.0	4,758.7	131,659.6	4,054.5	-	135,714.1
Associated companies	2,808.1	-	449.0	-	-	310.7	2,482.5	2.5	6,052.8	-	-	6,052.8
Joint ventures	4,312.4	1,198.7	-	-	3,029.0	5.9	2,249.7	10.3	10,806.0	-	-	10,806.0
Total assets	23,471.9	7,366.7	6,729.0	84,705.6	4,880.8	4,252.7	12,340.2	4,771.5	148,518.4	4,054.5	-	152,572.9
Total liabilities	6,175.0	-	6,679.6	60,509.6	65.3	1,340.2	122.7	19,226.5	94,118.9	-	-	94,118.9

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

2. Revenue and segment information (continued)

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

At 30 June 2022

HK$'m	Non-insurance and corporate	Insurance	Total
Assets			
Investment properties	4,153.3	688.9	4,842.2
Intangible concession rights	13,081.9	-	13,081.9
Intangible assets	156.8	5,733.3	5,890.1
Value of business acquired	-	5,239.8	5,239.8
Deferred acquisition costs	-	2,335.0	2,335.0
Associated companies	6,443.4	-	6,443.4
Joint ventures	15,413.5	-	15,413.5
Financial assets at FVOCI	1,032.8	40,551.0	41,583.8
Financial assets at FVPL	5,146.8	7,808.6	12,955.4
Derivative financial instruments	27.4	64.5	91.9
Trade, premium and other receivables	13,471.1	746.0	14,217.1
Investments related to unit-linked contracts	-	8,649.2	8,649.2
Cash and bank balances	7,861.5	5,591.1	13,452.6
Others	3,236.2	1,338.7	4,574.9
	70,024.7	78,746.1	148,770.8
Represented by			
Non-current assets	46,595.7	60,672.1	107,267.8
Current assets	23,429.0	18,074.0	41,503.0
	70,024.7	78,746.1	148,770.8
Liabilities			
Borrowings and other interest-bearing liabilities	21,338.8	2,252.1	23,590.9
Insurance and investment contract liabilities	-	48,204.4	48,204.4
Liabilities related to unit-linked contracts	-	8,835.9	8,835.9
Trade, other payables and payables to policyholders	7,817.1	2,586.4	10,403.5
Others	2,996.0	853.0	3,849.0
	32,151.9	62,731.8	94,883.7
Represented by			
Non-current liabilities	20,509.8	17,431.1	37,940.9
Current liabilities	11,642.1	45,300.7	56,942.8
	32,151.9	62,731.8	94,883.7
Net current assets/(liabilities) (note 1)	11,786.9	(27,226.7)	(15,439.8)

2. Revenue and segment information (continued)

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

HK$'m	Associated companies		Joint ventures	
	2022	2021 (restated)	**2022**	2021
Attributable Operating Profit	**350.2**	425.2	**1,662.4**	1,837.9
Corporate and non-operating items				
- Remeasurement/impairment loss, expected credit loss provision and/or aircraft repossession/recovery costs (note 9(a))	**-**	(120.0)	**(1,897.1)**	(553.3)
- Others	**(9.7)**	6.4	**(20.2)**	(4.0)
Share of results of associated companies and joint ventures	**340.5**	311.6	**(254.9)**	1,280.6

(d) Information by geographical areas:

HK$'m	Non-current assets (remark)	
	2022	2021
Hong Kong	**10,789.0**	9,743.8
Mainland China	**15,669.6**	14,722.6
Others	**32.0**	32.7
	26,490.6	24,499.1

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

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

3. Operating profit

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

	Note	**2022 HK$'m**	2021 HK$'m
Crediting			
Gross rental income from investment properties		**67.3**	49.5
Less: outgoings		**(16.6)**	(11.2)
		50.7	38.3
Charging			
Auditor's remuneration		**22.4**	19.1
Cost of inventories sold		**57.9**	32.0
Cost of construction		**12,495.4**	12,436.8
Claims and benefits, net of reinsurance		**11,436.7**	8,331.3
Depreciation of property, plant and equipment		**257.0**	266.0
Depreciation of right-of-use assets		**264.0**	271.6
Amortization of intangible concession rights		**962.2**	1,052.5
Amortization of intangible assets		**83.0**	69.1
Amortization of VOBA		**155.3**	256.4
Agency commission and allowances, net of change in deferred acquisition costs	*(a)*	**1,171.4**	856.3
Expenses on short-term leases		**20.3**	15.6
Expenses on variable lease payments		**75.1**	57.2
Staff costs (including directors' emoluments)		**2,609.8**	2,442.2
Other costs and expenses		**1,207.9**	1,079.6
		30,818.4	27,185.7
Represented by			
Cost of sales	*5*	**27,609.3**	24,406.1
Selling and marketing expenses		**1,290.9**	969.0
General and administrative expenses		**1,918.2**	1,810.6
		30,818.4	27,185.7

(a) The amount includes amortization of deferred acquisition costs arising from insurance business of HK$524.2 million (2021: HK$367.0 million).

4. Other income and gains, net

	Note	2022 HK$'m	2021 HK$'m (restated)
Continuing operations			
Credits/(charges) associated with liabilities related to unit-linked contracts		**2,198.8**	(2,171.0)
Reversal of provision for onerous contract	*2(a)(i)*	**230.0**	-
Net profit on disposal of debt instruments as financial assets at FVOCI		**137.6**	40.7
Profit on disposal/partial disposal of interests in associated companies		**118.6**	69.0
Gain on redemption of fixed rate bonds		**117.0**	-
Net gain/(loss) on fair value of derivative financial instruments		**55.7**	(59.1)
Profit on disposal of interest in a joint venture		**-**	40.4
Interest income			
- Debt instruments as financial assets at FVOCI		**1,625.5**	1,392.0
- Bank deposits and others		**226.3**	261.1
Dividend income		**323.1**	190.4
Other income		**106.2**	40.3
Net exchange gain		**85.8**	47.1
Net (loss)/gain associated with investments related to unit-linked contracts		**(2,201.6)**	2,187.9
Net (loss)/gain on fair value of financial assets at FVPL	*(a)*	**(1,327.9)**	1,936.7
Loss on disposal of an asset held-for-sale	*12*	**(56.0)**	-
Impairment/remeasurement loss related to associated companies	*2(a)(i),(iii)*	**(109.9)**	(1,558.3)
Net loss on fair value of investment properties		**-**	(13.2)
Expected credit loss provision			
- Trade, premium and other receivables		**(229.5)**	(418.4)
- Debt instruments as financial assets at FVOCI		**(333.1)**	(37.1)
		966.6	1,948.5

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

The net loss on fair value of financial assets at FVPL of HK$1,327.9 million (2021: net gain of HK$1,936.7 million) includes (i) a net fair value loss of HK$1,845.9 million (2021: net gain of HK$1,270.6 million) arising from those designated financial assets held by insurance business applying the overlay approach; and (ii) the remaining net fair value gain of HK$518.0 million (2021: HK$666.1 million) arising from other financial assets held by insurance business which are not eligible for the overlay approach or financial assets not related to insurance business. The net fair value loss of HK$1,845.9 million (2021: net gain of HK$1,270.6 million) was then reclassified from consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

5. Cost of sales

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

	Note	**2022** **HK$'m**	2021 HK$'m
Cost of inventories sold		**57.9**	32.0
Cost of construction		**12,495.4**	12,436.8
Cost of services rendered		**3,464.0**	3,349.6
Claims and benefits, net of reinsurance		**11,436.7**	8,331.3
Amortization of VOBA		**155.3**	256.4
	3	**27,609.3**	24,406.1

6. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the year at the rates of tax prevailing in the regions in which the Group operates. These rates range from 12% to 28% (2021: 12% to 28%). Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2021: 5% or 10%).

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

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

	2022 **HK$'m**	2021 HK$'m
Current income tax		
Hong Kong profits tax	**262.6**	224.4
Mainland China and overseas taxation	**502.5**	628.6
Deferred income tax credit	**(188.9)**	(161.8)
	576.2	691.2

Share of taxation of associated companies and joint ventures from continuing operations of HK$110.9 million (2021: HK$151.0 million) and HK$277.3 million (2021: HK$339.7 million) respectively are included in the consolidated income statement as share of results of associated companies and joint ventures respectively.

Dividends withholding tax from continuing operations of HK$67.4 million (2021: HK$124.1 million) is included in the above income tax charge.

7. Earnings/(loss) per share

The calculation of basic earnings per share from continuing operations is based on profit attributable to shareholders of the Company arising from the continuing operations of HK$1,284.5 million (2021 restated: HK$1,157.3 million) and on the weighted average of 3,911,137,849 (2021: 3,911,137,849) ordinary shares outstanding during the year.

The calculation of basic earnings/(loss) per share from discontinued operations is based on the profit attributable to shareholders of the Company arising from the discontinued operations of HK$302.3 million (2021: loss of HK$43.8 million) and on the weighted average ordinary shares outstanding during the year as abovementioned.

There is no dilutive potential ordinary share outstanding for FY2022 and FY2021.

8. Dividends

	2022 **HK$'m**	2021 HK$'m
Interim dividend paid of HK$0.30 (2021: HK$0.29) per share	**1,173.4**	1,134.2
Final dividend proposed of HK$0.31 (2021: paid of HK$0.30) per share	**1,212.2**	1,173.3
	2,385.6	2,307.5

At the meeting held on 30 September 2022, the Board recommended a final dividend of HK$0.31 per share. This proposed dividend has not been recognized as a dividend payable in these consolidated financial statements but will be reflected as an appropriation of the retained profits in the consolidated financial statements for the financial year ending 30 June 2023.

Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 21 November 2022 ("AGM"), it is expected that the final dividend will be paid on or about 16 December 2022.

9. Joint ventures

(a) The share of results of joint ventures from continuing operations in FY2022 includes the Group's share of remeasurement/impairment loss, expected credit loss provision and aircraft repossession/recovery costs of Goshawk (net of tax) of HK$1,897.1 million (2021: HK$553.3 million) as detailed below. Goshawk is principally engaged in commercial aircraft leasing business with 50% equity interest held by the Group. Since March 2022, various countries have imposed sanctions against Russia and Goshawk has terminated the leases with the Russian airlines. As at 30 June 2022 and up to the date of this announcement, Goshawk's six aircraft remain in Russia and it is unlikely to regain possession of these aircraft in the near term, as a result, a full impairment of its net exposure (representing the carrying amount of these aircraft assets less the release of related maintenance reserve and security deposits) has been made by Goshawk for aircraft retained in Russia, of which an impairment loss (net of tax) of HK$752.8 million was shared by the Group in FY2022.

In May 2022, Goshawk and SMBC entered into the Transaction Agreement and pursuant to which Goshawk has agreed to, at completion, effectively dispose of its interest in its commercial aircraft leasing platform to SMBC, comprising substantially all of the assets, liabilities and contracts of the business, excluding the six aircraft leased to Russian airlines. Goshawk reclassified the assets and liabilities to be sold to SMBC as held-for-sale. Upon the reclassification, the carrying values have been further remeasured with reference to the sale consideration under the Transaction Agreement. Accordingly, the Group's share of remeasurement loss of HK$992.5 million was recognized in the consolidated income statement in FY2022.

Before the reclassification of relevant assets and liabilities as held-for-sale, management has carried out an impairment assessment on the carrying value of Goshawk's aircraft portfolio. Impairment arises when an aircraft's carrying amount exceeds its recoverable amount. As such, an impairment loss on Goshawk's aircraft portfolio (net of tax) of HK$76.8 million was shared by the Group in FY2022, excluding the aforementioned impairment made for aircraft retained in Russia (2021: the Group's share of impairment loss on Goshawk aircraft portfolio (net of tax) amounted to HK$347.1 million).

Besides, the Group also shares an expected credit loss provision on account receivables and aircraft repossession/recovery costs (net of tax) of HK$75.0 million (2021: HK$206.2 million) from Goshawk in FY2022. The key assumptions used in the expected credit loss assessment include the credit rating of airlines and provision rate.

(b) During FY2022, a logistic property held by a joint venture was reclassified from property, plant and equipment to investment property based on the assessment by the directors of the Company which has taken into account the latest income mix and business model of the property, and the relevant market trend. Upon reclassification, a revaluation gain of HK$6,312.1 million (net of tax), representing the difference between the fair value and carrying value of the property, was shared by the Group in other comprehensive income during FY2022 and has been dealt with in the interest in joint ventures and property revaluation reserve.

10. Trade, premium and other receivables

Included in trade, premium and other receivables are trade receivables which are further analyzed based on invoice date as follows:

	2022	2021
	HK$'m	HK$'m
Under 3 months	**1,572.1**	1,205.6
4 to 6 months	**81.3**	28.5
Over 6 months	**70.3**	79.1
	1,723.7	1,313.2

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

11. Discontinued operations

During FY2021, the Group completed the disposal of its entire interest in the transport business and planned to recover a significant part of the carrying amount of environment business principally through sale rather than through continuing use. Their results are presented separately as one-line item below profit from continuing operations as "discontinued operations" in the consolidated income statement in accordance with HKFRS 5.

As at 30 June 2021, the Group's entire interest in SUEZ NWS was classified as an asset held-for-sale with carrying amount of HK$4,054.5 million. Completion of the disposal of interest in SUEZ NWS took place in November 2021. During FY2022, the Group recognized an aggregate net gain of HK$181.3 million with regard to the disposals of SUEZ NWS and Derun Environment, and together with the dividend income received from SUEZ NWS of HK$121.0 million, the "profit from discontinued operations" in the consolidated income statement amounted to HK$302.3 million.

12. Assets held-for-sale

As detailed in note 11, the Group's entire interest in SUEZ NWS was classified as an asset held-for-sale as at 30 June 2021 with carrying amount of HK$4,054.5 million. Completion of the disposal of interest in SUEZ NWS took place in November 2021.

In June 2021, the Group entered into a framework agreement for the proposed disposal of its entire 20% interest in XCTG (an associated company of the Group) at a cash consideration of RMB1,568.0 million (equivalent to approximately HK$1,877.8 million). Accordingly, the Group's interest in XCTG was reclassified as an asset held-for-sale as at 30 June 2021 and was measured at the lower of carrying amount and fair value less costs to sell. A conditional sale and purchase agreement for this disposal was subsequently entered into in August 2021 and the disposal of interest in XCTG was completed in October 2021 with a disposal loss of HK$56.0 million (note 4) recognized as "other income and gains, net" from continuing operations in the consolidated income statement in FY2022.

13. Trade, other payables and payables to policyholders

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

	2022 **HK$'m**	2021 HK$'m
Under 3 months	**615.2**	606.4
4 to 6 months	**5.2**	4.0
Over 6 months	**13.4**	17.5
	633.8	627.9

FINAL DIVIDEND

The Company is committed to delivering a sustainable and progressive dividend policy. The aim of its dividend policy is to steadily increase or at least maintain the Hong Kong dollar value of ordinary dividend per share annually. The prospective dividend growth, however, remains dependent upon the financial performance and future funding needs of the Company.

The Board has resolved to recommend a final dividend for FY2022 (the "Final Dividend") of HK$0.31 per share (2021: final dividend of HK$0.30 per share) in cash to the shareholders whose names appear on the register of members of the Company on 25 November 2022. Together with the interim dividend of HK$0.30 per share (2021: HK$0.29 per share) paid in April 2022, total distribution of dividend by the Company for FY2022 will be HK$0.61 per share (2021: HK$0.59 per share).

Subject to the passing of the relevant resolution at the AGM, it is expected that the Final Dividend will be paid on or about 16 December 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the AGM and entitlement to the Final Dividend, the register of members of the Company will be closed. Details of such closures are set out below:

<u>For determining eligibility to attend and vote at the AGM:</u>	
Latest time to lodge transfer documents for registration	4:30 pm on 15 November 2022
Closure of register of members	16 to 21 November 2022 (both days inclusive)
Record date	21 November 2022
AGM date	21 November 2022
<u>For determining entitlement to the Final Dividend:</u>	
Latest time to lodge transfer documents for registration	4:30 pm on 24 November 2022
Closure of register of members	25 November 2022
Record date	25 November 2022
Final Dividend payment date	on or about 16 December 2022

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM and to qualify for the Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, approximately 13,800 staff were employed by entities under the Group's management of which approximately 4,100 staff were employed in Hong Kong. Total staff related costs from continuing operations including provident funds, staff bonus and deemed share option benefits but excluding directors' remunerations during FY2022 were HK$2.525 billion (2021: HK$2.373 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company was set up by the Board with specific terms for the purpose of reviewing and providing supervision over the Group's financial reporting process, and risk management and internal control. It currently comprises four independent non-executive directors and a non-executive director of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for FY2022 with the management and the external auditor.

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 FY2022 as set out in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's audited consolidated financial statements for FY2022. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PwC Hong Kong on the preliminary results announcement.

CORPORATE GOVERNANCE PRACTICES

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

Throughout FY2022, the Company has complied with all the applicable code provisions under the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During FY2022, a tender offer was made by Celestial Dynasty Limited ("CDL", an indirect wholly-owned subsidiary of the Company) to purchase for cash the US$650,000,000 4.25 per cent. guaranteed senior notes due 2029 (the "CDL Notes"), which are listed on The Stock Exchange of Hong Kong Limited, issued by CDL and unconditionally and irrevocably guaranteed by the Company. An aggregate principal amount of US$300,000,000 of the CDL Notes were purchased and redeemed, representing approximately 47 per cent. of the outstanding principal amount of the CDL Notes of US$635,950,000, on 1 June 2022. US$335,950,000 in aggregate principal amount of the CDL Notes remain outstanding as at the date of this announcement.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2022.

DEALINGS IN THE COMPANY'S SECURITIES BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct for securities transactions by directors. Specific enquiry was made with all directors of the Company and it was established that they had all complied with the required standard of the Model Code during FY2022.

The Company has also adopted the "Code for Securities Transactions by Relevant Employees", which is no less exacting than the Model Code, for governing the securities transactions of specified employees ("Relevant Employees") who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees had confirmed that they complied with the standard set out in the "Code for Securities Transactions by Relevant Employees" during FY2022.

THE BOARD

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

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 30 September 2022

* *For identification purposes only*