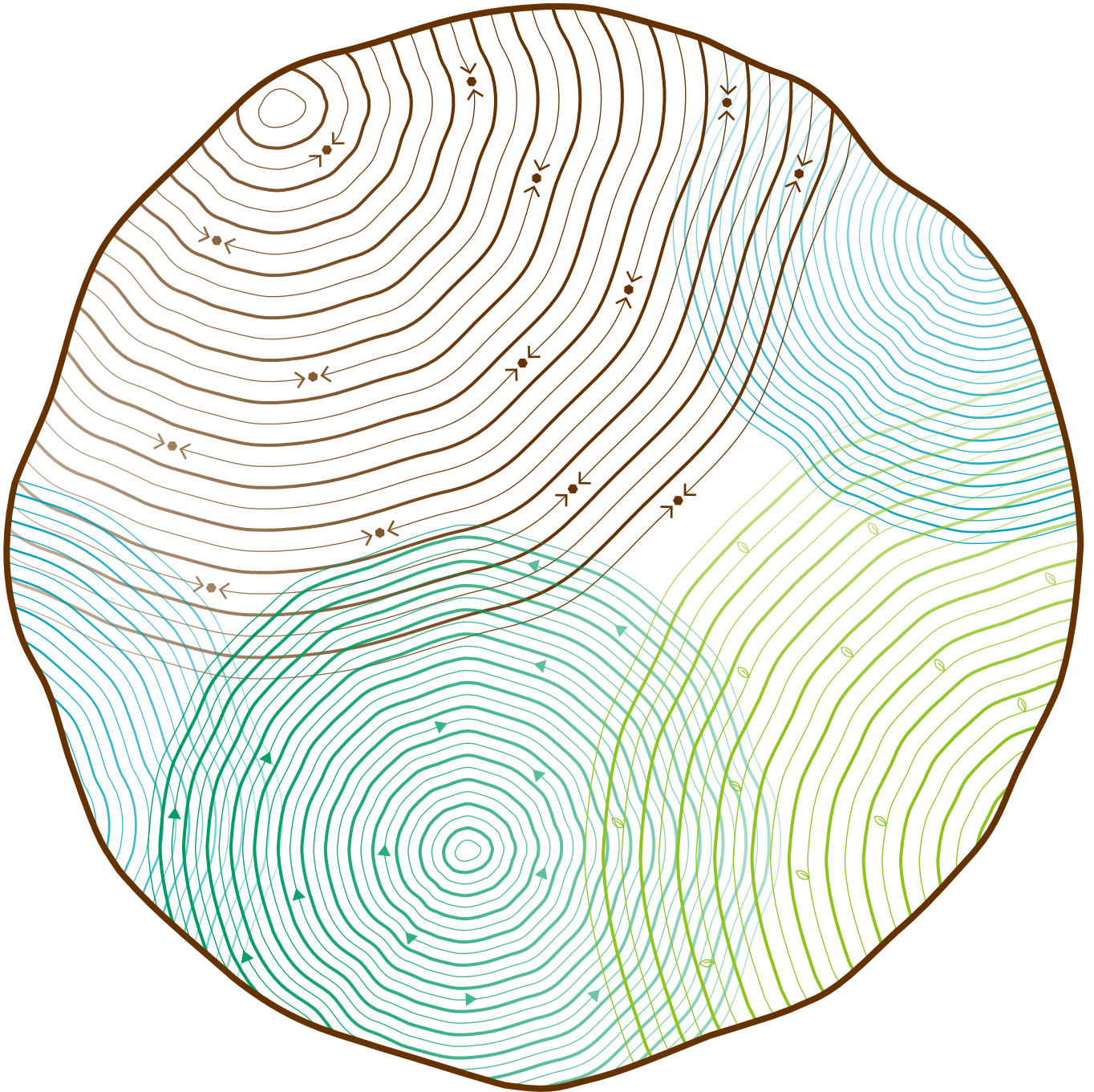




新創建 NWS



# NWS HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*  
Stock code: 659

**INTERIM REPORT 2020-2021**

# Contents

|           |  |
|-----------|--|
| <b>2</b>  | Corporate Profile  |
| <b>3</b>  | Financial Highlights   |
| <b>4</b>  | Chairman’s Statement   |
| <b>5</b>  | Management Discussion and Analysis                                   |
| <b>13</b> | Independent Auditor’s Review Report                                  |
| <b>14</b> | Condensed Consolidated Income Statement – Unaudited                  |
| <b>15</b> | Condensed Consolidated Statement of Comprehensive Income – Unaudited |
| <b>16</b> | Condensed Consolidated Statement of Financial Position – Unaudited   |
| <b>18</b> | Condensed Consolidated Statement of Changes in Equity – Unaudited    |
| <b>20</b> | Condensed Consolidated Statement of Cash Flows – Unaudited           |
| <b>22</b> | Notes to Condensed Consolidated Interim Financial Statements         |
| <b>73</b> | Financial Resources  |
| <b>75</b> | Interim Dividend   |
| <b>76</b> | Disclosure Pursuant to Rule 13.22 of the Listing Rules               |
| <b>77</b> | Additional Information   |
| <b>83</b> | Corporate Information  |

Where the English and the Chinese texts conflict, the English text prevails.

This interim report is also available at [www.nws.com.hk](http://www.nws.com.hk).

©NWS Holdings Limited 2021



# Corporate Profile

NWS Holdings Limited (the “Company”, together with its subsidiaries, the “Group”; Hong Kong stock code: 659), headquartered and listed in Hong Kong, invests and operates a wide range of businesses predominantly in Hong Kong and across Greater China. Our core businesses include toll roads, commercial aircraft leasing, construction and insurance, while we also manage a strategic portfolio spanning sectors from environment, logistics to facilities management.

As the diversified industries flagship of New World Development Company Limited (“NWD”, together with its subsidiaries, the “New World Group”; Hong Kong stock code: 17), the Group seeks to foster long-term and sustainable growth that benefits our employees, investors and stakeholders.

# Financial Highlights

|   | For the six months ended |           |
|---|--------------------------|-----------|
|   | 31 December              |           |
|   | 2020                     | 2019      |
|   | HK\$'m                   | HK\$'m    |
| Revenue <sup>(1)</sup>                  | <b>14,232.5</b>          | 11,283.6  |
| Attributable Operating Profit           | <b>3,336.3</b>           | 2,289.9   |
| Interim dividend per share              | <b>HK\$0.29</b>          | HK\$0.29  |
| Dividend payout ratio <sup>(2)</sup>    | <b>185%</b>              | 75%       |
|   |                          |           |
|   | At                       | At        |
|   | 31 December              | 30 June   |
|   | 2020                     | 2020      |
|   | HK\$'m                   | HK\$'m    |
| Total assets                            | <b>152,350.4</b>         | 150,052.0 |
| Net assets <sup>(3)</sup>               | <b>59,933.8</b>          | 57,457.7  |
| Net assets per share <sup>(4)</sup>     | <b>HK\$15.32</b>         | HK\$14.69 |
| Cash and bank balances                  | <b>10,987.6</b>          | 13,221.8  |
| Unutilized committed banking facilities | <b>18,200.0</b>          | 14,600.0  |
| Net debt <sup>(5)</sup>                 | <b>15,301.0</b>          | 17,733.9  |
| Net gearing ratio <sup>(6)</sup>        | <b>26%</b>               | 31%       |

Remarks:

- (1) Revenue from continuing operations (Last Period's comparative figure has been restated)
- (2) Dividend divided by profit attributable to shareholders of the Company
- (3) Total assets less total liabilities
- (4) Net assets divided by number of issued shares at the end of the period
- (5) The aggregate of borrowings and other interest-bearing liabilities less cash and bank balances and short-term deposits
- (6) Net debt divided by total equity



# Chairman's Statement

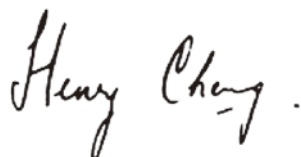
Dear Shareholders,

Despite both global economy and business environment are still in the grip of uncertainties over COVID-19 and protracted tensions between the United States and China, the Group perseveres in creating value for shareholders and has managed to capture the opportunity to continue its portfolio optimization and to streamline its businesses to focus on its core competency which have proved to be fruitful as reflected in its results in the first half of the financial year 2021.

The Group's overall business has shown its resilience during these turbulence times and its performance and fundamentals remain solid. With the efforts of the PRC Government to contain the spread of COVID-19 and roll out supportive measures to kick-start the economy, the Group's businesses in Mainland China have seen strong recovery. With its sound financial position, the Group is well positioned to ride through the storm and ready to capture investment opportunities. The Group is committed to continuing to look for opportunities to unlock value for its shareholders and reinforce its commitment to the sustainable and progressive dividend policy.

The Group has been focusing on optimizing its portfolio in the past few years to unlock value for shareholders by disposing of non-core assets while injecting fresh impetus to its long term sustainable growth via organic growth and acquiring businesses. In the first half of the financial year 2021, the Group's Core Business has recovered strongly and meanwhile it has made further progress in streamlining its non-core businesses such as Transport segment. The capital recuperated from the disposals has further strengthened its balance sheet, which will stand the Group in good stead to tackle the challenges ahead and allow it to recycle its capital to take advantage of new opportunities in today's rapidly changing economic environment and in sectors such as roads and logistics with attractive growth potential.

While uncertainties still overhang in the short run, long term growth trajectory remains unchanged. With the Group's agile business strategy, resilient portfolio and solid financial position, the Group is confident that it will emerge as a stronger company with sustainable growth in the years to come. At the same time, as part of the New World Group, the Group is committed to creating shared value with its stakeholders and building a better society.



**Dr Cheng Kar Shun, Henry**  
Chairman

Hong Kong, 26 February 2021

# Management Discussion and Analysis

## Group Overview

Businesses of the Group remained solid and improved progressively amid uncertainties during the six months ended 31 December 2020 (the "Current Period") and the Group's Attributable Operating Profit ("AOP") increased 46% over the six months ended 31 December 2019 (the "Last Period") to HK\$3,336.3 million. With the rapid recovery of Roads segment after the resumption of toll fee collection in Mainland China since May 2020 and the full period contribution of FTLife Insurance Company Limited ("FTLife Insurance"), AOP of Core Business amounted to HK\$2,322.2 million, increased 13% as compared to the Last Period. Among Strategic Portfolio, while Environment segment and Logistics segment remained relatively stable, thanks to (i) improved performance of Facilities Management segment with the continuous ramp up of operations of Gleneagles Hospital Hong Kong ("GHK Hospital") and the stringent cost control measures implemented for Free Duty; (ii) increased contribution from Strategic Investments segment due to improved market condition that led to improved revaluation on some of our investments and recovery of some of our investments' underlying performances; and (iii) the disposal of the loss-making Transport segment, AOP increased by 319% as compared to the Last Period to HK\$1,014.1 million.

During the Current Period, our business portfolio has further optimized by disposing of a number of non-core assets, including (i) all of our stakes in NWS Transport Services Limited ("NWS Transport") that owns New World First Bus Services Limited and Citybus Limited; (ii) the remaining 40% interest in New World First Ferry Services Limited; and (iii) our 25% interest in Zhujiang Power Station – Phase II. Total considerations generated from these disposals amounted to approximately HK\$3.6 billion. In January 2021, after the cut-off date for the results of the Current Period, we have also announced the disposal of the Group's interests in SUEZ NWS Limited ("SUEZ NWS") and Chongqing Derun Environment Co., Ltd. ("Derun Environment") at a total consideration of approximately HK\$6.5 billion to further unlock value for our shareholders and streamline our business portfolio.

In the Current Period, non-operating losses were mainly attributable to the remeasurement, impairments and provisions of HK\$1.9 billion being incurred, which includes (i) the reclassification of an investment of the Group to an asset held-for-sale and the resultant remeasurement loss of HK\$1,330.0 million; (ii) the Group's share of provisions of HK\$415.9 million from Goshawk Aviation Limited ("Goshawk") which was due to assets impairment, provision for expected credit loss and aircraft repossession/recovery costs; and (iii) the remeasurement loss (net of tax and transaction costs) of HK\$127.7 million associated with the disposal of the Group's interests in SUEZ NWS and Derun Environment announced in January 2021.

Due to the aforesaid losses from non-operating items, despite a significant year-on-year increase in AOP of 46%, profit attributable to shareholders for the Current Period, after the deduction of profit attributable to holders of perpetual capital securities, decreased 60% to HK\$611.8 million. The basic earnings per share was HK\$0.16, declined 59%. Contribution from operations in Hong Kong accounted for 48% of the AOP in the Current Period (Last Period: 34%), while Mainland China and other regions contributed 42% and 10% of the AOP, respectively (Last Period: 55% and 11%, respectively). Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") was down by 4% to HK\$3,038.8 million.

Notwithstanding the above remeasurement, impairments and provisions, our financial position has improved and continues to be strong during the Current Period. As at 31 December 2020, the Group's net gearing ratio lowered to 26%. The Group's unutilized committed banking facilities as at 31 December 2020 were approximately HK\$18.2 billion, and total cash and bank balances were HK\$11.0 billion. Our solid financial position is providing support to our commitment to sustainable and progressive dividend policy regardless of the negative impact of non-operating items on profit attributable to shareholders during the Current Period.

## Management Discussion and Analysis

### Contribution by Division

For the six months ended 31 December

|  | 2020<br>HK\$m    | 2019<br>HK\$m  |
|--|------------------|----------------|
| Core Business  | 2,322.2          | 2,048.1        |
| Strategic Portfolio  |                  |                |
| Continuing operations  | 764.9            | 23.7           |
| Discontinued operations  | 249.2            | 218.1          |
| <b>Attributable Operating Profit</b>                                 | <b>3,336.3</b>   | <b>2,289.9</b> |
| <i>Corporate office and non-operating items</i>                      |                  |                |
| Loss on fair value of investment properties                          | (14.3)           | –              |
| Remeasurement, impairments and provisions                            | (1,904.4)        | –              |
| Net loss on disposal of projects, net of tax                         | (50.7)           | (152.9)        |
| Net (loss)/gain on fair value of derivative financial instruments    | (54.1)           | 84.7           |
| Net exchange gain  | 0.5              | 45.0           |
| Interest income  | 14.7             | 81.9           |
| Finance costs  | (249.9)          | (353.5)        |
| Expenses and others  | (174.8)          | (190.9)        |
|  | <b>(2,433.0)</b> | <b>(485.7)</b> |
| <b>Profit for the period after tax and non-controlling interests</b> | <b>903.3</b>     | <b>1,804.2</b> |
| <b>Profit attributable to:</b>                                       |                  |                |
| Shareholders of the Company  | 611.8            | 1,513.8        |
| Holders of perpetual capital securities                              | 291.5            | 290.4          |
|  | <b>903.3</b>     | <b>1,804.2</b> |
| <b>Adjusted EBITDA<sup>#</sup></b>                                   | <b>3,038.8</b>   | <b>3,150.6</b> |

<sup>#</sup> Adjusted EBITDA is calculated as gross profit minus general and administrative expenses, and selling and marketing expenses plus depreciation/amortization, dividends received from associated companies and joint ventures and interest income from financial assets at fair value through other comprehensive income.

## Operational Review – Core Business

AOP of Core Business was HK\$2,322.2 million during the Current Period, contributing 70% to the Group's AOP.

### AOP Contribution by Segment

For the six months ended 31 December

|              | 2020<br>HK\$'m | 2019<br>HK\$'m | Change %<br>Fav./Unfav.) |
|--------------|----------------|----------------|--------------------------|
| Roads        | 1,061.0        | 949.6          | 12                       |
| Aviation     | 271.7          | 267.9          | 1                        |
| Construction | 527.1          | 670.2          | (21)                     |
| Insurance    | 462.4          | 160.4          | 188                      |
| <b>Total</b> | <b>2,322.2</b> | 2,048.1        | 13                       |

### Roads

Both traffic flow and toll fee income have seen swift recovery following the toll fee exemption policy in Mainland China ended in May 2020 and China's economy rapidly normalized, with overall traffic volume of our roads portfolio rising 9% and toll income increasing 8% during the Current Period. AOP of the Roads segment increased 12% to HK\$1,061.0 million, of which contribution from the three expressways in Central China that the Group acquired in recent years, namely Suiyuenan Expressway, Sui-Yue Expressway and Changliu Expressway, continued to remain stable. Excluding the effect of Renminbi appreciation, underlying AOP growth from operation of the Roads segment would be 8%.

Our four anchor expressways, including Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) totally contributed approximately 80% of the Roads segment's AOP. Overall traffic volume grew steadily at 4% during the Current Period.

As at 31 December 2020, the overall average remaining concession period of the Group's roads portfolio was around 10 years. The long remaining concession period is expected to provide sustainable income and cash flow to the Group in the years to come.

### Aviation

The Group's Aviation segment principally engages in commercial aircraft leasing business through our full service leasing platform Goshawk. During the Current Period, despite the upheaval in the aviation industry triggered by COVID-19, AOP of the Aviation segment remained stable at HK\$271.7 million.

Included in the non-operating items of the Current Period, a provision of HK\$415.9 million was shared by the Group for impairments on aircraft and provision for expected credit loss, as well as aircraft repossession/recovery costs resulted from lease restructurings and airline reorganization driven by the impact of COVID-19. As at 31 December 2020, Goshawk had 7 aircraft across 4 airlines which were subject to some form of insolvency proceedings.





## Management Discussion and Analysis

While the business environment continues to be weighed down by COVID-19 as international travel restrictions remain in place, the gradual resumption of domestic flights and creation of air travel bubbles by governments have provided some supports to the industry. Domestic passenger traffic and demand levels gradually recovered from the April 2020 lows. During the Current Period, Goshawk continued to grant rental deferrals on a case by case basis to customers but the number of requests for new lease rental deferrals has been decreasing and a number of rental deferrals were fully repaid. The average collection rate from airline customers has sequentially improved from 68% in the second quarter of 2020 to 82% in the fourth quarter of 2020 with the average in the Current Period being stabled at 76%. Our owned aircraft utilization rate for the Current Period was 99%.

As a global leading commercial aircraft lessor, Goshawk continues to focus on a young and in-demand fleet with long leases and maintains a globally diversified customer base with a disciplined approach. As at 31 December 2020, inclusive of the direct orders of 40 narrow-body aircraft delivering in 2023 to 2025 from two major aircraft manufacturers, the number of aircraft owned, managed and committed totalled 224 (31 December 2019: 239), with combined appraised value amounting to approximately US\$10.1 billion which was lower than the US\$12.1 billion in the Last Period due to less committed aircraft and reduced combined market value of the portfolio. The 162 aircraft on book as at 31 December 2020 (31 December 2019: 161) had an average age of 5.0 years and an average remaining lease term of 5.9 years, with diversified customer base spanning across 61 airlines in 34 countries.

During the Current Period, Goshawk maintained its prudent financial policy with a sound financial footing. As at 31 December 2020, in addition to a well-balanced debt maturities profile, Goshawk had US\$1.5 billion cash and undrawn banking facilities. Our diversified, young and liquid portfolio with narrow-body accounted for 79% of our fleet size, as well as staggering lease maturities that are less prone to impairment, along with our stringent measures on risk management have allowed Goshawk to maintain a relatively lower risk profile to navigate through the difficult times.

### Construction

Construction segment consists of our wholly-owned interest in NWS Construction Limited and its subsidiaries (collectively, "Hip Hing Group") and approximately 23% interest in Wai Kee Holdings Limited. In the Current Period, AOP of the Construction segment declined by 21% to HK\$527.1 million, with that of Hip Hing Group dropping 20% to HK\$401.7 million, which was primarily attributable to less gross profit recognition compared with the Last Period. Key AOP drivers during the Current Period included construction management services and foundation works for Kai Tak Sports Park, construction works of public rental housing development at Queen's Hill and the completion of West Kowloon Government Office and Tung Chung Town project.

Compared with the Last Period, due to some delay in tenders coming to the market caused by COVID-19, Hip Hing Group's gross value of contracts on hand dropped by 15% to approximately HK\$45.0 billion, while the remaining works to be completed decreased by 22% to HK\$29.6 billion. Among the remaining works to be completed, 64% came from the private sector which encompasses both commercial and residential, while the remaining 36% came from government and institutional related projects, and the Group regards a balanced source of projects is key to a stable long term growth. New projects awarded to Hip Hing Group during the Current Period was approximately HK\$1.0 billion, including, but not limited to, the design and construction of temporary quarantine facilities at Penny's Bay, Lantau Island and foundation works for public housing development in Sheung Shui.

### Insurance

During the Current Period, FTLife Insurance contributed an AOP of HK\$462.4 million to the Group, an increase of 188% as compared to the Last Period due to the full period contribution.

Despite business from Mainland Chinese Visitors (“MCV”) was severely affected by COVID-19 and border closure, we have continued to enrich our innovative product portfolio through the launch of new insurance products, such as “Be With You” Personal Accident Plan that provides exclusive protection and automatically converts coverage at various stages of life was launched in May 2020, “On Your Mind” Insurance Plan which is the first-in-market life insurance plan with built-in policy reverse mortgage function was launched in September 2020, and “HealthCare 168 Plus” Critical Illness Protector was launched in November 2020. These initiatives, as well as the deliberate shift of focus by the management, have spurred the Annual Premium Equivalent (“APE”) of our Hong Kong business by 49%. Our gross written premium remained stable at HK\$4,935.2 million, overall APE declined by 13% to HK\$931.9 million, Value of New Business (“VONB”) was HK\$235.5 million, and VONB margin, representing VONB as a percentage of APE, was 25%.

Notwithstanding the disruptions due to the outbreak of COVID-19, the solid execution capability of FTLife Insurance’s management and agile business strategy have empowered us to respond swiftly to the change in business environment and enabled us to outperform the market as attested by our APE performance. In the third quarter of 2020, our APE only dropped 11%, compared to the drop of 29% in the industry, and the APE of our Hong Kong business alone surged 52% which was significantly higher than the industry’s growth of 6%. FTLife Insurance ranked 13th amongst Hong Kong life insurance companies by APE as at 30 September 2020.

FTLife Insurance has well maintained its sturdy financial position with a solvency ratio at 553% as at 31 December 2020, far above the minimum regulatory requirement of 150%. Embedded value grew 16% year-on-year and improved to HK\$20.0 billion as at 31 December 2020 (31 December 2019: HK\$17.3 billion). Total assets value and net assets value (excluding the goodwill arising from business combination) were HK\$75.6 billion and HK\$19.7 billion, respectively. Meanwhile, Moody’s has maintained the insurance financial strength rating of FTLife Insurance at A3/Stable, while Fitch Rating has also affirmed FTLife Insurance’s A- insurer financial strength rating with stable rating outlook, and these have further testified FTLife Insurance’s strong financial position.

### Operational Review – Strategic Portfolio

The Strategic Portfolio reported an increase in AOP of 319% to HK\$1,014.1 million for the Current Period.

#### AOP Contribution by Segment

For the six months ended 31 December

|                         | <b>2020</b>    | 2019    | Change %     |
|-------------------------|----------------|---------|--------------|
|                         | <b>HK\$'m</b>  | HK\$'m  | Fav./Unfav.) |
| Logistics               | <b>336.3</b>   | 339.1   | (1)          |
| Facilities Management   | <b>(323.3)</b> | (364.4) | 11           |
| Strategic Investments   | <b>751.9</b>   | 49.0    | 1,434        |
| Discontinued operations |                |         |              |
| Environment             | <b>244.3</b>   | 247.2   | (1)          |
| Transport               | <b>4.9</b>     | (29.1)  | 117          |
| <b>Total</b>            | <b>1,014.1</b> | 241.8   | 319          |

#### Logistics

Performance of the Logistics segment remained solid, with AOP maintaining largely stable at HK\$336.3 million.

ATL Logistics Centre Hong Kong Limited ("ATL"), which accounted for approximately 70% of the segment AOP, reported resilient results during the Current Period. With the premier facilities and services provided, ATL stays competitive and lead in the segment in Hong Kong. Average occupancy rate remained high at 99.8% (Last Period: 99.7%), while average rent grew 1% during the Current Period.

China United International Rail Containers Co., Limited ("CUIRC"), benefiting from the further advancement of rail intermodal transportation, international block train service and the throughput ramp up in new Qinzhou terminal which has been operational since June 2019, saw encouraging growth in both throughput and AOP. During the Current Period, throughput of CUIRC increased markedly at 30% year-on-year to 2,513,000 TEUs, while AOP surged 41%. The new Guangzhou terminal is under construction and is expected to commence operation in 2021.

For Xiamen Container Terminal Group Co., Ltd., throughput during the Current Period has recovered strongly from the negative impact from COVID-19 and registered a growth of 10% to 4,774,000 TEUs. AOP dropped about 8% in the Current Period was mainly due to the change in the mix of cargo with more transshipments.

#### Facilities Management

COVID-19 has continued to weigh on the Facilities Management segment's performance. Yet, with all the efforts we have made and all the austerity measures in place to mitigate losses, Attributable Operating Loss ("AOL") has narrowed to HK\$323.3 million in the Current Period.

GHK Hospital has been ramping up rapidly with decent revenue growth generated from the increase in both outpatient visits and inpatient admissions, and AOL narrowed during the Current Period. As at 31 December 2020, regularly utilized beds increased to 204 (31 December 2019: 190) with average occupancy rate of 63%. Our on-going marketing efforts have contributed partly to the 18% increase in the number of outpatient, while the number of inpatient increased by 31%. During the Current Period, new service centres have been set up and the clinic in Central has been ramping up nicely after relocating to New World Tower. Meanwhile, partnering with a leading telecommunication service provider, virtual outpatient clinic, DrGo, was launched in August 2020 to extend our service coverage to the public. Deepening collaboration within the New World Group and other major insurance companies in Hong Kong, GHK Hospital is well positioned to further accelerate the ramp up.

Despite the collective efforts in the exhibition and convention industry to resume local events and exhibitions in Hong Kong, the industry has been buffeted by the consecutive waves of COVID-19 outbreak and stringent social distancing measures. As a result, number of events held at Hong Kong Convention and Exhibition Centre ("HKCEC") dropped significantly by 71% to 105 with total patronage plunged 91% to approximately 0.4 million during the Current Period. During the Current Period, HKCEC has accounted for approximately half of the AOL of the segment, a reversal from AOP during the Last Period.

Free Duty's business remained to be hard-hit under the impact of COVID-19 and border closure and as a result, our three outlets at Lo Wu, Hung Hom and Lok Ma Chau MTR stations remain closed. In view of the mounting operating pressure, the Group has already implemented a series of cost-saving initiatives to minimize losses.

### Strategic Investments

This segment includes investments with strategic value to the Group and with growth potential which will enhance and create value for our shareholders. AOP of the Current Period, which mainly comprised the share of results, net fair value change, interest and dividends from certain investments, was HK\$751.9 million, representing an increase of more than tenfold. The strong increase in AOP was mainly attributable to some of the investments with the recovery of its underlying businesses and being fair valued upwards due to positive market condition as well as subsequent round of fund raising at higher valuation.

### Environment

With the disposal of interests in SUEZ NWS and Derun Environment announced in January 2021, as per accounting treatment, the Group has reclassified both businesses as discontinued operations. AOP contribution of these two businesses amounted to HK\$244.3 million during the Current Period, and included in the non-operating items, the Group recognized a remeasurement loss (net of tax and transaction costs) of HK\$127.7 million for the Current Period mainly due to the provision for certain contingent liabilities and transaction costs for the aforementioned disposal.

For SUEZ NWS, due to the contract expiry of Zhongshan Water Plant since April 2020 and the disposal of Zhengzhou Water Plant in September 2020, as well as the impact from COVID-19, the overall water and wastewater treatment volume of SUEZ NWS dropped 12% in the Current Period. Meanwhile, overall waste treatment volume continued to be affected by the outbreak of COVID-19, and registered a decline of 4% during the Current Period.

Derun Environment continued to provide positive contribution to AOP driven by the growth in water and wastewater businesses.

ForVEI II S.r.l., an investment platform that is dedicated to seizing the opportunities in solar power segment in Europe (currently mainly invests in Italy), has further increased its installed capacity by 0.55MW to 49.67MW during the Current Period. This project, together with the remaining environment projects, are reclassified to Strategic Investments segment.

### Business Outlook

China ended the year with a growth of 2.3% in GDP, one of the fastest in the world thanks to its efforts in containing COVID-19 spreads and strong rebound in economic activities. Yet, many other parts of the world are still battered by COVID-19, which continues to cast shadow over the global economy and business environment. While the development of vaccine is offering hope of an end to the downturn, uncertainties are expected to persist until there is a massive rollout of vaccine in every country.

Our fundamentals remain intact amid the COVID-19 storm. Within our Core Business, Roads segment rebounded rapidly and we remain positive over its outlook and will continue to look for new investment opportunities, including distressed opportunities and opportunities with good growth prospect in areas such as Central China and the Greater Bay Area. Meanwhile, the Group will also continue to further our discussion with government authorities of China in relation to the compensation measures for toll fee exemption period such as extension of concession period.

The aviation sector is still grappling with the downturn driven by COVID-19. Yet, with the gradual recovery of domestic flight and development of air travel bubbles by governments, business environment and outlook of the industry have shown signs of improvement, especially with the vaccination campaigns being launched globally, which are set to enhance confidence in international travel. Airlines' financials are also stabilizing thanks to various forms of supports from government and financial market. With the hope of aviation industry bottoming out, Goshawk will remain cautious whilst upholding our stringent risk management and prudent financial policy to safeguard our business and at the same time preparing for the industry to recover.

For Hip Hing Group, we remain positive over the mid to longer term, supported by the strong demand from both the government and the private sectors, as well as our first-rate track record and expertise developed over the past decades. Meanwhile, the adoption of new construction technologies will also enable us to mitigate some of the margin pressure.

Despite short term interruption on FTLife Insurance's MCV business, the secular growth outlook remains uninterrupted for the insurance industry, and the rising awareness on healthcare and insurance protection is presenting further growth opportunities for the insurers. We will continue to gradually strengthen our agency force and distribution channel, at the same time stay ahead of the curve and create more innovative insurance products to cater for the diverse needs of customers, and be ready to grasp the demand from MCV once the borders reopen. For example, FTLife Insurance has recently launched in January 2021 Prosperous Deferred Annuity Plan 2, which is targeting customers who are 20 years old or above and allows them to start their retirement planning at an early age while enjoying tax deductions at the same time. Meanwhile, FTLife Insurance has collaborated with a leading solution provider and developed a cloud-based digital underwriting solution, which sets to shorten turnaround times for issuing policies and enhance customer experience going forward. Further collaboration with the New World Group, such as forming strategic partnership with Humansa's elderly home management service to provide healthcare services to mature adults, would also generate further growth potential in the future.

Amongst our businesses within our Strategic Portfolio, Logistics segment is expected to remain strong and we will look to further invest and expand in modern logistics to capitalize on the rapid demand in logistics under the new economy. Whilst Facilities Management segment is still under mounting pressure and business outlook rests on when the borders could be reopened, the Group will make every effort to reinvigorate the segment and be ready to capture the opportunities once cross-border travel resumes.

On 11 January 2021, the Company announced the disposal of its interests in SUEZ NWS and Derun Environment at a total consideration of approximately HK\$6.5 billion, which is another testament to our determination in unlocking and crystallizing value for our shareholders through optimizing our portfolio. The disposal not only further bolsters our balance sheet, but also provides us with an opportunity to recycle capital to redeploy to where we see more growth potentials.

The Group will adhere to our prudent business and financial strategies to strengthen our foundation, and at the same time continue to review our portfolio from time to time to seek opportunity to further optimize our portfolio and create more value for all our stakeholders.

# Independent Auditor's Review Report



羅兵咸永道

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NWS HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 14 to 72, which comprises the condensed consolidated statement of financial position of NWS Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2020 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

#### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 26 February 2021

---

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

# Condensed Consolidated Income Statement – Unaudited

|  |       | For the six months ended<br>31 December |                              |
|--|-------|---|------------------------------|
|  | Note  | 2020<br>HK\$'m                          | 2019<br>HK\$'m<br>(restated) |
| <b>Continuing operations</b>                     |       |   |                              |
| Revenue  | 4     | <b>14,232.5</b>                         | 11,283.6                     |
| Cost of sales                                    | 5,7   | <b>(12,249.7)</b>                       | (9,348.3)                    |
| Gross profit                                     |       | <b>1,982.8</b>                          | 1,935.3                      |
| Other income/gains (net)                         | 6     | <b>1,089.2</b>                          | 525.6                        |
| Selling and marketing expenses                   | 7     | <b>(473.5)</b>                          | (316.8)                      |
| General and administrative expenses              | 7     | <b>(865.9)</b>                          | (555.2)                      |
| Overlay approach adjustments on financial assets | 6(a)  | <b>(895.1)</b>                          | (137.8)                      |
| Operating profit                                 | 7     | <b>837.5</b>                            | 1,451.1                      |
| Finance costs                                    |       | <b>(428.2)</b>                          | (437.1)                      |
| Share of results of                              |       |   |                              |
| Associated companies                             | 4(c)  | <b>234.4</b>                            | 125.2                        |
| Joint ventures                                   | 4(c)  | <b>564.5</b>                            | 833.1                        |
| Profit before income tax                         |       | <b>1,208.2</b>                          | 1,972.3                      |
| Income tax expenses                              | 8     | <b>(372.0)</b>                          | (386.1)                      |
| Profit from continuing operations                |       | <b>836.2</b>                            | 1,586.2                      |
| <b>Discontinued operations</b>                   |       |   |                              |
| Profit from discontinued operations              | 22(a) | <b>71.7</b>                             | 218.1                        |
| <b>Profit for the period</b>                     |       | <b>907.9</b>                            | 1,804.3                      |
| Profit attributable to                           |       |   |                              |
| Shareholders of the Company                      |       |   |                              |
| From continuing operations                       |       | <b>540.1</b>                            | 1,295.7                      |
| From discontinued operations                     |       | <b>71.7</b>                             | 218.1                        |
| Holders of perpetual capital securities          |       | <b>611.8</b>                            | 1,513.8                      |
| Non-controlling interests                        |       | <b>291.5</b>                            | 290.4                        |
|  |       | <b>4.6</b>                              | 0.1                          |
|  |       | <b>907.9</b>                            | 1,804.3                      |
| Basic earnings per share attributable to         |       |   |                              |
| shareholders of the Company                      | 9     |   |                              |
| From continuing operations                       |       | <b>HK\$0.14</b>                         | HK\$0.33                     |
| From discontinued operations                     |       | <b>HK\$0.02</b>                         | HK\$0.06                     |
|  |       | <b>HK\$0.16</b>                         | HK\$0.39                     |

# Condensed Consolidated Statement of Comprehensive Income – Unaudited

|  | Note  | For the six months ended<br>31 December |                              |
|--|-------|---|------------------------------|
|  |       | 2020<br>HK\$'m                          | 2019<br>HK\$'m<br>(restated) |
| Profit for the period  |       | <b>907.9</b>                            | 1,804.3                      |
| Other comprehensive income/(loss)  |       |   |                              |
| Items that will not be reclassified to profit or loss  |       |   |                              |
| Net fair value changes on financial assets at fair value through other comprehensive income (equity instruments)                       |       | <b>10.1</b>                             | (137.7)                      |
| Remeasurement of post-employment benefit obligation  |       | <b>3.1</b>                              | (3.6)                        |
| Items that have been reclassified/may be subsequently reclassified to profit or loss   |       |   |                              |
| Net fair value changes and other net movements on financial assets at fair value through other comprehensive income (debt instruments) |       | <b>332.8</b>                            | (422.7)                      |
| Release of reserve upon disposal of subsidiaries   |       | <b>99.1</b>                             | –                            |
| Release of reserves upon disposal/partial disposal of interests in associated companies  |       | <b>0.5</b>                              | (14.5)                       |
| Release of reserve upon disposal of interest in a joint venture  |       | <b>(93.8)</b>                           | –                            |
| Release of reserve upon deconsolidation of a subsidiary  |       | <b>(10.3)</b>                           | –                            |
| Share of other comprehensive (loss)/income of associated companies and joint ventures  |       | <b>(7.4)</b>                            | 0.8                          |
| Cash flow/fair value hedges  |       | <b>2.1</b>                              | (62.5)                       |
| Amount reported in other comprehensive income applying overlay approach adjustments on financial assets                                | 6(a)  | <b>895.1</b>                            | 137.8                        |
| Currency translation differences   |       | <b>2,345.2</b>                          | (791.5)                      |
| Other comprehensive income/(loss) for the period, net of tax   |       | <b>3,576.5</b>                          | (1,293.9)                    |
| Total comprehensive income for the period  |       | <b>4,484.4</b>                          | 510.4                        |
| Total comprehensive income attributable to   |       |   |                              |
| Shareholders of the Company  |       |   |                              |
| From continuing operations   |       | <b>3,557.4</b>                          | 92.4                         |
| From discontinued operations   | 22(b) | <b>610.6</b>                            | 129.4                        |
| Holdings of perpetual capital securities   |       | <b>4,168.0</b>                          | 221.8                        |
| Non-controlling interests  |       | <b>291.5</b>                            | 290.4                        |
|  |       | <b>24.9</b>                             | (1.8)                        |
|  |       | <b>4,484.4</b>                          | 510.4                        |



# Condensed Consolidated Statement of Financial Position – Unaudited

|   |       | (Unaudited)<br>At<br>31 December<br>2020<br>HK\$'m | (Audited)<br>At<br>30 June<br>2020<br>HK\$'m |
|---|-------|--|--|
|   | Note  |  |  |
| <b>ASSETS</b>   |       |  |  |
| Non-current assets  |       |  |  |
| Investment properties   | 10    | <b>1,680.2</b>                                     | 1,703.1                                      |
| Property, plant and equipment                                     | 11    | <b>1,179.5</b>                                     | 4,881.5                                      |
| Intangible concession rights                                      | 12    | <b>14,723.7</b>                                    | 14,083.9                                     |
| Intangible assets   | 13    | <b>5,912.5</b>                                     | 5,906.8                                      |
| Value of business acquired  | 14    | <b>5,495.4</b>                                     | 5,651.5                                      |
| Right-of-use assets   |       | <b>1,472.2</b>                                     | 1,999.7                                      |
| Deferred acquisition costs  | 15    | <b>1,199.1</b>                                     | 688.2  |
| Associated companies  | 16    | <b>7,724.8</b>                                     | 13,353.5                                     |
| Joint ventures  | 17    | <b>10,461.2</b>                                    | 12,287.5                                     |
| Financial assets at fair value through other comprehensive income | 18    | <b>43,389.3</b>                                    | 38,011.7                                     |
| Financial assets at fair value through profit or loss             | 19    | <b>10,318.5</b>                                    | 8,488.2                                      |
| Derivative financial instruments                                  |       | <b>854.0</b>                                       | 1,972.0                                      |
| Other non-current assets  |       | <b>1,814.8</b>                                     | 1,198.7                                      |
|   |       | <b>106,225.2</b>                                   | 110,226.3                                    |
| Current assets  |       |  |  |
| Inventories   |       | <b>222.2</b>                                       | 328.6  |
| Trade, premium and other receivables                              | 20    | <b>15,789.2</b>                                    | 16,207.5                                     |
| Investments related to unit-linked contracts                      | 21(a) | <b>10,458.5</b>                                    | 9,053.6                                      |
| Financial assets at fair value through other comprehensive income | 18    | <b>449.5</b>                                       | 528.1  |
| Financial assets at fair value through profit or loss             | 19    | <b>374.8</b>                                       | 373.2  |
| Derivative financial instruments                                  |       | <b>635.0</b>                                       | 0.7  |
| Cash and bank balances  |       | <b>10,987.6</b>                                    | 13,221.8                                     |
|   |       | <b>38,916.8</b>                                    | 39,713.5                                     |
| Assets held-for-sale  | 23    | <b>7,208.4</b>                                     | 112.2  |
| Total assets  |       | <b>152,350.4</b>                                   | 150,052.0                                    |

## Condensed Consolidated Statement of Financial Position – Unaudited

|   | (Unaudited)<br>At<br>31 December<br>2020 | (Audited)<br>At<br>30 June<br>2020 |
|---|--|------------------------------------|
| Note  | HK\$'m                                   | HK\$'m                             |
| <b>EQUITY</b>   |  |                                    |
| Share capital   | 24 <b>3,911.1</b>                        | 3,911.1                            |
| Reserves  | 25 <b>45,489.6</b>                       | 42,455.9                           |
| Shareholders' funds                                       | <b>49,400.7</b>                          | 46,367.0                           |
| Perpetual capital securities                              | 26 <b>10,528.5</b>                       | 10,528.5                           |
| Non-controlling interests                                 | <b>4.6</b>                               | 562.2                              |
| Total equity  | <b>59,933.8</b>                          | 57,457.7                           |
| <b>LIABILITIES</b>  |  |                                    |
| Non-current liabilities                                   |  |                                    |
| Borrowings and other interest-bearing liabilities         | 27 <b>23,626.6</b>                       | 26,891.7                           |
| Deferred tax liabilities                                  | <b>1,967.7</b>                           | 2,285.9                            |
| Insurance and investment contract liabilities             | 28 <b>16,377.6</b>                       | 14,454.8                           |
| Liabilities related to unit-linked contracts              | 21(b) <b>173.8</b>                       | 168.2                              |
| Derivative financial instruments                          | <b>54.3</b>                              | 140.7                              |
| Lease liabilities   | <b>1,189.2</b>                           | 1,575.1                            |
| Other non-current liabilities                             | <b>113.8</b>                             | 189.3                              |
|   | <b>43,503.0</b>                          | 45,705.7                           |
| Current liabilities                                       |  |                                    |
| Borrowings and other interest-bearing liabilities         | 27 <b>2,662.0</b>                        | 4,064.0                            |
| Insurance and investment contract liabilities             | 28 <b>22,328.1</b>                       | 20,445.3                           |
| Liabilities related to unit-linked contracts              | 21(b) <b>10,458.5</b>                    | 9,053.6                            |
| Derivative financial instruments                          | <b>178.0</b>                             | 97.7                               |
| Trade, other payables and payables to policyholders       | 29 <b>12,491.3</b>                       | 12,475.0                           |
| Lease liabilities   | <b>274.5</b>                             | 377.3                              |
| Taxation  | <b>517.2</b>                             | 375.7                              |
|   | <b>48,909.6</b>                          | 46,888.6                           |
| Liabilities directly associated with assets held-for-sale | 23 <b>4.0</b>                            | –                                  |
| Total liabilities   | <b>92,416.6</b>                          | 92,594.3                           |
| Total equity and liabilities                              | <b>152,350.4</b>                         | 150,052.0                          |

# Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 31 December 2020

| HK\$'m   | Note  | Shareholders' funds |                 |                 |                |                 | Perpetual capital securities | Non-controlling interests | Total           |
|--|-------|---------------------|-----------------|-----------------|----------------|-----------------|------------------------------|---------------------------|-----------------|
|  |       | Share capital       | Share premium   | Revenue reserve | Other reserves | Total           |                              |                           |                 |
| At 1 July 2020                                       |       | 3,911.1             | 17,821.5        | 25,749.3        | (1,114.9)      | 46,367.0        | 10,528.5                     | 562.2                     | 57,457.7        |
| Total comprehensive income for the period            | 25    | -                   | -               | 614.9           | 3,553.1        | 4,168.0         | 291.5                        | 24.9                      | 4,484.4         |
| <i>Contributions by/(distribution to) owners</i>     |       |                     |                 |                 |                |                 |                              |                           |                 |
| Dividend paid to                                     |       |                     |                 |                 |                |                 |                              |                           |                 |
| Shareholders of the Company                          | 25,30 | -                   | -               | (1,134.3)       | -              | (1,134.3)       | -                            | -                         | (1,134.3)       |
| Non-controlling interests                            |       | -                   | -               | -               | -              | -               | -                            | (26.3)                    | (26.3)          |
| Distribution to perpetual capital securities holders |       | -                   | -               | -               | -              | -               | (291.5)                      | -                         | (291.5)         |
| Deconsolidation of a subsidiary                      |       | -                   | -               | -               | -              | -               | -                            | (556.2)                   | (556.2)         |
| Release of reserve upon disposal of subsidiaries     |       | -                   | -               | 260.6           | (260.6)        | -               | -                            | -                         | -               |
| Transfer of reserves                                 |       | -                   | -               | (8.4)           | 8.4            | -               | -                            | -                         | -               |
| Total transactions with owners                       |       | -                   | -               | (882.1)         | (252.2)        | (1,134.3)       | (291.5)                      | (582.5)                   | (2,008.3)       |
| <b>At 31 December 2020</b>                           |       | <b>3,911.1</b>      | <b>17,821.5</b> | <b>25,482.1</b> | <b>2,186.0</b> | <b>49,400.7</b> | <b>10,528.5</b>              | <b>4.6</b>                | <b>59,933.8</b> |

## Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 31 December 2019

| HK\$/m  | Note | Shareholders' funds |               |                 |                |           | Perpetual capital securities | Non-controlling interests | Total     |
|---|------|---------------------|---------------|-----------------|----------------|-----------|------------------------------|---------------------------|-----------|
|   |      | Share capital       | Share premium | Revenue reserve | Other reserves | Total     |                              |                           |           |
| At 30 June 2019   |      | 3,911.1             | 17,821.5      | 28,290.7        | (977.3)        | 49,046.0  | 8,039.8                      | 160.8                     | 57,246.6  |
| Impact on initial adoption of HKFRS 16  |      | -                   | -             | (106.6)         | -              | (106.6)   | -                            | -                         | (106.6)   |
| At 1 July 2019, restated  |      | 3,911.1             | 17,821.5      | 28,184.1        | (977.3)        | 48,939.4  | 8,039.8                      | 160.8                     | 57,140.0  |
| Total comprehensive income for the period                                     |      | -                   | -             | 844.1           | (622.3)        | 221.8     | 290.4                        | (1.8)                     | 510.4     |
| <i>Contributions by/(distribution to) owners</i>                              |      |                     |               |                 |                |           |                              |                           |           |
| <i>Dividend paid to</i>   |      |                     |               |                 |                |           |                              |                           |           |
| Shareholders of the Company   | 30   | -                   | -             | (1,134.2)       | -              | (1,134.2) | -                            | -                         | (1,134.2) |
| Non-controlling interests   |      | -                   | -             | -               | -              | -         | -                            | (25.0)                    | (25.0)    |
| Issuance of perpetual capital securities                                      |      | -                   | -             | -               | -              | -         | 2,489.8                      | -                         | 2,489.8   |
| Distribution to perpetual capital securities holders                          |      | -                   | -             | -               | -              | -         | (291.5)                      | -                         | (291.5)   |
| Transaction costs in relation to the issuance of perpetual capital securities |      | -                   | -             | (22.2)          | -              | (22.2)    | -                            | -                         | (22.2)    |
| Capital contributions from non-controlling interests                          |      | -                   | -             | -               | -              | -         | -                            | 555.6                     | 555.6     |
| Total transactions with owners  |      | -                   | -             | (1,156.4)       | -              | (1,156.4) | 2,198.3                      | 530.6                     | 1,572.5   |
| At 31 December 2019   |      | 3,911.1             | 17,821.5      | 27,871.8        | (1,599.6)      | 48,004.8  | 10,528.5                     | 689.6                     | 59,222.9  |

# Condensed Consolidated Statement of Cash Flows

## – Unaudited

|   | Note  | For the six months ended<br>31 December |                |
|---|-------|---|----------------|
|   |       | 2020<br>HK\$'m                          | 2019<br>HK\$'m |
| <b>Cash flows from operating activities</b>   |       |   |                |
| Net cash generated from operations  | 33(a) | <b>5,455.8</b>                          | 3,290.8        |
| Finance costs paid  |       | <b>(455.6)</b>                          | (354.9)        |
| Interest received   |       | <b>858.9</b>                            | 391.5          |
| Dividends received from financial assets in relation to insurance business and investments related to unit-linked contracts                         |       | <b>147.4</b>                            | 15.9           |
| Hong Kong profits tax paid  |       | <b>(180.8)</b>                          | (177.1)        |
| Mainland China and overseas taxation paid   |       | <b>(148.9)</b>                          | (304.9)        |
| Net cash generated from operating activities before net purchases of financial assets in relation to insurance business                             |       | <b>5,676.8</b>                          | 2,861.3        |
| Purchases of financial assets in relation to insurance business   |       | <b>(7,146.1)</b>                        | (4,276.3)      |
| Disposal of financial assets in relation to insurance business  |       | <b>1,332.1</b>                          | 902.7          |
|   |       | <b>(5,814.0)</b>                        | (3,373.6)      |
| Net cash used in operating activities   |       | <b>(137.2)</b>                          | (512.3)        |
| <b>Cash flows from investing activities</b>   |       |   |                |
| Acquisition of subsidiaries, net of cash acquired   |       | –                                       | (10,097.7)     |
| Dividends received from associated companies and joint ventures   |       | <b>778.5</b>                            | 1,023.0        |
| Decrease in investments in and advances to associated companies   |       | <b>763.8</b>                            | 242.1          |
| Decrease/(increase) in investments in and advances to joint ventures  |       | <b>231.9</b>                            | (571.6)        |
| Additions of intangible concession rights, intangible assets and property, plant and equipment  |       | <b>(228.7)</b>                          | (5,773.7)      |
| Purchases of financial assets at fair value through profit or loss  |       | <b>(242.2)</b>                          | (809.6)        |
| Disposal of financial assets at fair value through profit or loss   |       | <b>351.0</b>                            | –              |
| Disposal of financial assets at fair value through other comprehensive income   |       | –                                       | 778.3          |
| Disposal of subsidiaries, net of cash disposed  | 33(b) | <b>2,723.4</b>                          | –              |
| Deconsolidation of a subsidiary   |       | <b>(1,104.5)</b>                        | –              |
| Settlement of derivative financial instruments  |       | <b>(157.5)</b>                          | –              |
| Deferred consideration/proceeds received from disposal/partial disposal of interests in associated companies and a joint venture                    |       | <b>490.9</b>                            | 391.0          |
| Disposal of intangible concession rights and property, plant and equipment  |       | <b>8.7</b>                              | 62.8           |
| Dividends received from financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss |       | <b>10.5</b>                             | 91.4           |
| Increase in short-term bank deposits maturing after more than three months  |       | <b>(0.1)</b>                            | (0.3)          |
| Decrease in pledged deposits  |       | <b>10.0</b>                             | –              |
| Increase in other non-current assets  |       | <b>(5.3)</b>                            | (94.1)         |
| Net cash generated from/(used in) investing activities  |       | <b>3,630.4</b>                          | (14,758.4)     |

## Condensed Consolidated Statement of Cash Flows – Unaudited

|   | Note  | For the six months ended<br>31 December |                |
|---|-------|---|----------------|
|   |       | 2020<br>HK\$'m                          | 2019<br>HK\$'m |
| <b>Cash flows from financing activities</b>   |       |   |                |
| New bank loans and other borrowings   |       | <b>1,374.7</b>                          | 13,010.7       |
| Repayment of bank loans and other borrowings  |       | <b>(5,031.4)</b>                        | (1,450.0)      |
| Repayment of financing received under a financial reinsurance arrangement           |       | <b>(58.5)</b>                           | (24.8)         |
| Proceeds from issuance of perpetual capital securities, net of transaction costs    |       | –                                       | 2,467.7        |
| Distribution to perpetual capital securities holders                                |       | <b>(291.5)</b>                          | (291.5)        |
| Capital elements of lease liabilities payments                                      |       | <b>(127.5)</b>                          | (137.2)        |
| Capital contributions from non-controlling interests                                |       | –                                       | 555.6          |
| Dividend paid to shareholders of the Company  | 30    | <b>(1,134.3)</b>                        | (1,134.2)      |
| Dividend paid to non-controlling interests  |       | <b>(26.3)</b>                           | (25.0)         |
| Decrease in cash collateral received from counterparties                            |       | <b>(745.7)</b>                          | (159.2)        |
| Repayment of loans from non-controlling interests                                   |       | <b>(6.4)</b>                            | –              |
|   |       | <b>(6,046.9)</b>                        | 12,812.1       |
| <hr style="border-top: 1px dashed black;"/>   |       |   |                |
| Net cash (used in)/generated from financing activities                              |       | <b>(6,046.9)</b>                        | 12,812.1       |
| <hr/>   |       |   |                |
| Net decrease in cash and cash equivalents   |       | <b>(2,553.7)</b>                        | (2,458.6)      |
| Cash and cash equivalents at the beginning of the period                            |       | <b>13,367.6</b>                         | 15,045.4       |
| Currency translation differences  |       | <b>192.4</b>                            | (45.0)         |
| <hr/>   |       |   |                |
| Cash and cash equivalents at the end of the period                                  |       | <b>11,006.3</b>                         | 12,541.8       |
| <hr/>   |       |   |                |
| <b>Analysis of cash and cash equivalents</b>  |       |   |                |
| Cash and bank balances  |       | <b>10,987.6</b>                         | 12,504.6       |
| Cash and bank balances attributable to investments related to unit-linked contracts | 21(a) | <b>32.2</b>                             | 60.6           |
| Short-term bank deposits maturing after more than three months                      |       | <b>(13.5)</b>                           | (13.4)         |
| Pledged deposits  |       | –                                       | (10.0)         |
| <hr/>   |       |   |                |
|   |       | <b>11,006.3</b>                         | 12,541.8       |
| <hr/>   |       |   |                |



# Notes to Condensed Consolidated Interim Financial Statements

## 1. General information

NWS Holdings Limited is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include:

- (i) the development of, investment in and/or operation of roads, commercial aircraft leasing, construction and insurance; and
- (ii) the investment in and/or operation of environmental, logistics and facilities management projects.

The Company has its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The unaudited condensed consolidated interim financial statements (the "interim financial statements") were approved for issuance by the board of directors of the Company (the "Board") on 26 February 2021.

## 2. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). The interim financial statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2020 ("FY2020").

As analyzed in note 4(b), the Group, before taking into consideration the insurance business, is in net current assets position as at 31 December 2020, while the Group is in net current liabilities position of HK\$2,788.4 million, which is mainly due to the classification of the full surrender value of insurance and investment contract liabilities of HK\$22,328.1 million (note 28) as current liabilities at the reporting date.

Under Hong Kong Accounting Standard 1 "Presentation of Financial Statements", liability is classified as current if there is no unconditional right by the issuer to defer the settlement for at least 12 months after the reporting period. The unavoidable payment obligation exists if all the policyholders choose to exercise their surrender option at the reporting date and accordingly the full surrender value of insurance and investment contract liabilities is classified as current liabilities as at the period end. However, management 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 approximately HK\$3,897.8 million (note 28(a)).

## 2. Basis of preparation and accounting policies (continued)

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

The accounting policies used in the preparation of the interim financial statements are consistent with those set out in the annual report for FY2020 except as described in notes 2(a) below.

### (a) Adoption of amendments to standards

During the Current Period, the Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2021 ("FY2021"):

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

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

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

The following new standard and amendments to standards are mandatory for accounting period beginning on or after 1 July 2021 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 16 (Amendments)   | Property, Plant and Equipment – Proceeds before Intended Use                          |
| HKAS 37 (Amendments)   | Onerous Contracts – Cost of Fulfilling a Contract                                     |
| HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments) | Interest Rate Benchmark Reform – Phase 2  |
| HKFRSs Amendments  | Annual Improvements to HKFRSs 2018-2020 Cycle   |
| Accounting Guideline 5 (Revised)                             | Merger Accounting for Common Control Combinations                                     |



## 2. Basis of preparation and accounting policies (continued)

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

#### ***HKFRS 17 “Insurance Contracts” (“HKFRS 17”) and HKFRS 17 (Amendments)***

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

The Group has already commenced an assessment of the impact of other amendments to standards, 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.

### (c) Restatements due to discontinued operations

During the Current Period, the Group has disposed of its entire interest in the transport business and plans to recover a significant part of the carrying amount of environment business principally through sale rather than through continuing use. Their results for the period are presented separately as one-line item below profit from continuing operations as “discontinued operations” in the condensed consolidated income statement. The comparative figures in the condensed consolidated income statement and the condensed consolidated statement of comprehensive income have been restated to present their operations as “discontinued operations”. The comparative figures in condensed consolidated statement of financial position and condensed consolidated statement of cash flows were not re-presented. Further details of financial information of the discontinued operations are set out in note 22.

### 3. Financial and insurance risks management and fair value estimation

#### (a) Financial and insurance risks

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group is also exposed to insurance risk relating to the activities of its insurance business.

The interim financial statements do not include all financial and insurance risks management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's FY2020 annual financial statements.

There has been no significant change in any risk management policies since the last year end.

#### (b) Fair value estimation

The carrying amounts and fair value disclosures of the financial instruments of the Group are as follows:

- (i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market is not readily available.
- (ii) The fair value of long-term financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.
- (iii) The carrying values of bank balances, receivables, payables and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.
- (iv) The following table presents the Group's financial instruments, including financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("FVPL"), derivative financial instruments, investments related to unit-linked contracts, investment contract liabilities and liabilities related to unit-linked contracts, that are measured at fair value at 31 December 2020 and 30 June 2020 respectively:
  - Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
  - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
  - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

### 3. Financial and insurance risks management and fair value estimation (continued)

#### (b) Fair value estimation (continued)

(iv) (continued)

At 31 December 2020

| HK\$'m                                       | Level 1         | Level 2          | Level 3        | Total             |
|--|-----------------|------------------|----------------|-------------------|
| <b>Assets</b>                                |                 |                  |                |                   |
| Financial assets at FVOCI                    |                 |                  |                |                   |
| Equity securities                            | 2,445.3         | –                | 89.7           | 2,535.0           |
| Debt securities                              | 29,312.1        | 11,991.7         | –              | 41,303.8          |
| Financial assets at FVPL                     |                 |                  |                |                   |
| Equity securities                            | 240.2           | 117.0            | 198.1          | 555.3             |
| Debt securities                              | 0.1             | 340.0            | 567.7          | 907.8             |
| Investment funds                             | 4,810.8         | –                | 4,419.4        | 9,230.2           |
| Derivative financial instruments             | –               | 854.3            | 634.7          | 1,489.0           |
| Investments related to unit-linked contracts |                 |                  |                |                   |
| Investment funds                             | 10,426.3        | –                | –              | 10,426.3          |
|  | <b>47,234.8</b> | <b>13,303.0</b>  | <b>5,909.6</b> | <b>66,447.4</b>   |
| <b>Liabilities</b>                           |                 |                  |                |                   |
| Derivative financial instruments             | –               | (67.9)           | (164.4)        | (232.3)           |
| Investment contract liabilities              | –               | (5.5)            | –              | (5.5)             |
| Liabilities related to unit-linked contracts |                 |                  |                |                   |
| Investment contract liabilities              | –               | (9,855.4)        | –              | (9,855.4)         |
|  | <b>–</b>        | <b>(9,928.8)</b> | <b>(164.4)</b> | <b>(10,093.2)</b> |

### 3. Financial and insurance risks management and fair value estimation (continued)

#### (b) Fair value estimation (continued)

(iv) (continued)

At 30 June 2020

| HK\$m  | Level 1  | Level 2   | Level 3 | Total     |
|--|----------|-----------|---------|-----------|
| <b>Assets</b>                                |          |           |         |           |
| Financial assets at FVOCI                    |          |           |         |           |
| Equity securities                            | 2,448.8  | 357.6     | –       | 2,806.4   |
| Debt securities                              | 21,630.6 | 14,102.8  | –       | 35,733.4  |
| Financial assets at FVPL                     |          |           |         |           |
| Equity securities                            | 130.0    | 117.0     | 139.9   | 386.9     |
| Debt securities                              | 0.1      | 1,284.0   | 248.2   | 1,532.3   |
| Investment funds                             | 3,557.5  | –         | 3,384.7 | 6,942.2   |
| Derivative financial instruments             | –        | 1,493.8   | 478.9   | 1,972.7   |
| Investments related to unit-linked contracts |          |           |         |           |
| Investments funds                            | 8,884.2  | –         | –       | 8,884.2   |
|  | 36,651.2 | 17,355.2  | 4,251.7 | 58,258.1  |
| <b>Liabilities</b>                           |          |           |         |           |
| Derivative financial instruments             | –        | (237.0)   | (1.4)   | (238.4)   |
| Investment contract liabilities              | –        | (5.4)     | –       | (5.4)     |
| Liabilities related to unit-linked contracts |          |           |         |           |
| Investment contract liabilities              | –        | (8,554.9) | –       | (8,554.9) |
|  | –        | (8,797.3) | (1.4)   | (8,798.7) |

During the Current Period, there were transfer of financial assets at FVOCI (debt instruments) relating to the Group's insurance business with fair value of HK\$3,222.2 million (2019: Nil) from Level 2 to Level 1 fair value hierarchy classifications. Assets are transferred into Level 1 when they are transacted with sufficient frequency and volume in an active market.

### 3. Financial and insurance risks management and fair value estimation (continued)

#### (b) Fair value estimation (continued)

(iv) (continued)

The following table presents the changes/transfer in Level 3 financial instruments for the Current Period:

| HK\$m   | Assets                    |                          |                                  | Liabilities    |                                  |
|---|---------------------------|--------------------------|----------------------------------|----------------|----------------------------------|
|   | Financial assets at FVOCI | Financial assets at FVPL | Derivative financial instruments | Total          | Derivative financial instruments |
| At 1 July 2020  | -                         | 3,772.8                  | 478.9                            | 4,251.7        | (1.4)                            |
| Transfer from Level 2   | 89.7                      | 312.0                    | -                                | 401.7          | -                                |
| Translation differences   | -                         | 12.2                     | -                                | 12.2           | -                                |
| Purchases/issues  | -                         | 629.1                    | -                                | 629.1          | (280.0)                          |
| Disposals/settlement  | -                         | (209.2)                  | -                                | (209.2)        | 115.6                            |
| Net fair value changes recognized in other comprehensive income | -                         | -                        | 155.8                            | 155.8          | -                                |
| Net fair value changes recognized in profit or loss             | -                         | 668.3                    | -                                | 668.3          | 1.4                              |
| <b>At 31 December 2020</b>                                      | <b>89.7</b>               | <b>5,185.2</b>           | <b>634.7</b>                     | <b>5,909.6</b> | <b>(164.4)</b>                   |

### 4. Revenue and segment information

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

| For the six months ended 31 December 2020 |                 |                |              |                 |
|---|-----------------|----------------|--------------|-----------------|
| HK\$m                                     | Hong Kong       | Mainland China | Others       | Total           |
| Roads                                     | -               | 1,646.1        | -            | 1,646.1         |
| Construction                              | 7,812.6         | -              | -            | 7,812.6         |
| Insurance                                 | 4,583.7         | -              | -            | 4,583.7         |
| Facilities Management                     | 165.6           | 24.5           | -            | 190.1           |
|   | <b>12,561.9</b> | <b>1,670.6</b> | <b>-</b>     | <b>14,232.5</b> |
| For the six months ended 31 December 2019 |                 |                |              |                 |
| HK\$m (restated)                          | Hong Kong       | Mainland China | Others       | Total           |
| Roads                                     | -               | 1,427.6        | -            | 1,427.6         |
| Construction                              | 6,338.5         | -              | -            | 6,338.5         |
| Insurance                                 | 1,998.6         | -              | -            | 1,998.6         |
| Facilities Management                     | 1,264.5         | 31.1           | 223.3        | 1,518.9         |
|   | <b>9,601.6</b>  | <b>1,458.7</b> | <b>223.3</b> | <b>11,283.6</b> |

#### 4. Revenue and segment information (continued)

Revenue from insurance business is further analyzed as follows:

|  | For the six months ended<br>31 December |               |
|--|---|---------------|
|  | 2020<br>HK\$m                           | 2019<br>HK\$m |
| Gross premiums on insurance contracts                | 4,459.1                                 | 1,931.5       |
| Less: premiums ceded to reinsurers                   | (186.2)                                 | (44.2)        |
| Premiums, net of reinsurance                         | 4,272.9                                 | 1,887.3       |
| Fee income on insurance and investment contracts     | 326.8                                   | 111.4         |
| Reinsurance commission income and refund             | (22.7)                                  | (1.1)         |
| General insurance commission under agency agreements | 6.7                                     | 1.0           |
| Fee and commission income                            | 310.8                                   | 111.3         |
|  | 4,583.7                                 | 1,998.6       |

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. During the Current Period, the results of the "Environment" segment and "Transport" segment are presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as detailed in note 22. Last Period's comparative segment information has been restated to conform with the Current Period's presentation.

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.

## 4. Revenue and segment information (continued)

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

| HK\$m  | Continuing operations |          |              |           |
|--|-----------------------|----------|--------------|-----------|
|  | Roads                 | Aviation | Construction | Insurance |
| <b>For the six months ended 31 December 2020</b>               |                       |          |              |           |
| Total revenue  | 1,646.1               | -        | 7,812.6      | 4,584.9   |
| Inter-segment  | -                     | -        | -            | (1.2)     |
| Revenue – external   | 1,646.1               | -        | 7,812.6      | 4,583.7   |
| Revenue from contracts with customers:                         |                       |          |              |           |
| Recognized at a point in time                                  | 1,646.1               | -        | -            | -         |
| Recognized over time   | -                     | -        | 7,812.6      | 310.8     |
|  | 1,646.1               | -        | 7,812.6      | 310.8     |
| Revenue from other source:                                     |                       |          |              |           |
| Insurance revenue  | -                     | -        | -            | 4,272.9   |
|  | 1,646.1               | -        | 7,812.6      | 4,583.7   |
| Attributable Operating Profit/(Loss)                           |                       |          |              |           |
| Company and subsidiaries                                       | 563.0                 | -        | 395.9        | 462.4     |
| Associated companies   | 114.8                 | -        | 131.2        | -         |
| Joint ventures   | 383.2                 | 271.7    | -            | -         |
|  | 1,061.0               | 271.7    | 527.1        | 462.4     |
| Reconciliation – corporate office and non-operating items      |                       |          |              |           |
| Loss on fair value of investment properties                    |                       |          |              |           |
| Net loss on disposal of projects, net of tax                   |                       |          |              |           |
| Remeasurement, impairments and provisions                      |                       |          |              |           |
| Net loss on fair value of derivative financial instruments     |                       |          |              |           |
| Net exchange gain  |                       |          |              |           |
| Interest income  |                       |          |              |           |
| Finance costs  |                       |          |              |           |
| Expenses and others  |                       |          |              |           |
| Profit for the period after tax and non-controlling interests  |                       |          |              |           |
| Profit attributable to holders of perpetual capital securities |                       |          |              |           |
| Profit attributable to shareholders                            |                       |          |              |           |

- (i) The amount mainly represents remeasurement loss for an investment of HK\$1,330.0 million (included in “other income/gains (net)” and detailed in notes 6 and 23) and for Environment Disposal Group of HK\$112.7 million (included in “profit from discontinued operations” and detailed in note 22(a)) upon reclassified as held-for-sale respectively as well as share of impairment losses, expected credit loss provision and aircraft repossession/recovery costs for Goshawk of HK\$415.9 million (included in “share of results of joint ventures” and detailed in note 17).
- (ii) The finance costs recognized in the condensed consolidated income statement for Current Period amounting to HK\$428.2 million, in which the above HK\$249.9 million represents corporate office finance costs and HK\$178.3 million is recognized as part of Attributable Operating Profit in various reportable segments.

## Notes to Condensed Consolidated Interim Financial Statements

| Continuing operations |                       |                       |           | Discontinued operations |           | Total         |
|-----------------------|-----------------------|-----------------------|-----------|-------------------------|-----------|---------------|
| Logistics             | Facilities Management | Strategic Investments | Subtotal  | Environment             | Transport |               |
| -                     | 190.1                 | -                     | 14,233.7  | -                       | 655.1     | 14,888.8      |
| -                     | -                     | -                     | (1.2)     | -                       | -         | (1.2)         |
| -                     | 190.1                 | -                     | 14,232.5  | -                       | 655.1     | 14,887.6      |
| -                     | 54.7                  | -                     | 1,700.8   | -                       | 614.7     | 2,315.5       |
| -                     | 135.4                 | -                     | 8,258.8   | -                       | 40.4      | 8,299.2       |
| -                     | 190.1                 | -                     | 9,959.6   | -                       | 655.1     | 10,614.7      |
| -                     | -                     | -                     | 4,272.9   | -                       | -         | 4,272.9       |
| -                     | 190.1                 | -                     | 14,232.5  | -                       | 655.1     | 14,887.6      |
| -                     | (223.5)               | 656.9                 | 1,854.7   | 5.0                     | (3.5)     | 1,856.2       |
| 54.7                  | (105.2)               | 41.9                  | 237.4 (c) | 144.4                   | 8.4       | 390.2         |
| 281.6                 | 5.4                   | 53.1                  | 995.0 (c) | 94.9                    | -         | 1,089.9       |
| 336.3                 | (323.3)               | 751.9                 | 3,087.1   | 244.3                   | 4.9       | 3,336.3       |
|                       |                       |                       |           |                         |           | (14.3)        |
|                       |                       |                       |           |                         |           | (50.7)        |
|                       |                       |                       |           |                         |           | (1,904.4) (i) |
|                       |                       |                       |           |                         |           | (54.1)        |
|                       |                       |                       |           |                         |           | 0.5           |
|                       |                       |                       |           |                         |           | 14.7          |
|                       |                       |                       |           |                         |           | (249.9) (ii)  |
|                       |                       |                       |           |                         |           | (174.8)       |
|                       |                       |                       |           |                         |           | 903.3         |
|                       |                       |                       |           |                         |           | (291.5)       |
|                       |                       |                       |           |                         |           | 611.8         |



#### 4. Revenue and segment information (continued)

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

| HK\$m   | Continuing operations |          |              |              |
|---|-----------------------|----------|--------------|--------------|
|   | Roads                 | Aviation | Construction | Insurance    |
| <b>For the six months ended 31 December 2020</b>    |                       |          |              |              |
| Depreciation of property, plant and equipment       | 27.1                  | -        | 23.8         | 21.0         |
| Depreciation of right-of-use assets                 | 0.4                   | -        | 17.2         | 59.8         |
| Amortization of intangible concession rights        | 514.1                 | -        | -            | -            |
| Amortization of intangible assets                   | -                     | -        | -            | 18.6         |
| Amortization of value of business acquired ("VOBA") | -                     | -        | -            | 156.1        |
| Interest income                                     | (17.9)                | -        | (1.3)        | (692.9)      |
| Finance costs                                       | 83.9                  | -        | 27.9         | 50.0         |
| Income tax expenses/(credit)                        | 290.9                 | -        | 62.5         | 32.0         |
| Overlay approach adjustments on financial assets    | -                     | -        | -            | 895.1        |
| Net gain on fair value of financial assets at FVPL  | -                     | -        | -            | (941.0)      |
| Additions to non-current assets (remark)            | 50.6                  | -        | 84.9         | 49.8         |
| <b>At 31 December 2020</b>                          |                       |          |              |              |
| Company and subsidiaries                            | 16,413.4              | 6,333.4  | 8,977.3      | 81,136.4     |
| Associated companies                                | 2,848.0               | -        | 54.5         | -            |
| Joint ventures                                      | 4,329.3               | 923.9    | -            | -            |
| Total assets  | 23,590.7              | 7,257.3  | 9,031.8      | 81,136.4 (b) |
| Total liabilities                                   | 6,624.6               | -        | 8,656.2      | 55,835.0 (b) |

## Notes to Condensed Consolidated Interim Financial Statements

| Continuing operations |                          |                          |           |           | Discontinued operations |           | Consolidated |
|-----------------------|--------------------------|--------------------------|-----------|-----------|-------------------------|-----------|--------------|
| Logistics             | Facilities<br>Management | Strategic<br>Investments | Corporate | Subtotal  | Environment             | Transport |              |
| -                     | 58.5                     | 0.1                      | 3.2       | 133.7     | -                       | 111.1     | 244.8        |
| -                     | 50.2                     | -                        | 11.3      | 138.9     | -                       | 31.9      | 170.8        |
| -                     | -                        | -                        | -         | 514.1     | -                       | -         | 514.1        |
| -                     | 15.6                     | -                        | -         | 34.2      | -                       | -         | 34.2         |
| -                     | -                        | -                        | -         | 156.1     | -                       | -         | 156.1        |
| -                     | (20.9)                   | (71.5)                   | (14.7)    | (819.2)   | (5.0)                   | (0.2)     | (824.4)      |
| -                     | 16.4                     | 0.1                      | 249.9     | 428.2     | -                       | 5.7       | 433.9        |
| -                     | (30.5)                   | 13.1                     | 4.0       | 372.0     | -                       | (52.7)    | 319.3        |
| -                     | -                        | -                        | -         | 895.1     | -                       | -         | 895.1        |
| -                     | -                        | (629.9)                  | -         | (1,570.9) | -                       | -         | (1,570.9)    |
| -                     | 10.2                     | 1.7                      | 13.8      | 211.0     | -                       | 66.7      | 277.7        |
| 5.2                   | 4,041.5                  | 6,222.0                  | 4,562.4   | 127,691.6 | 6,472.8                 | -         | 134,164.4    |
| 1,774.7               | 422.9                    | 2,621.9                  | 2.8       | 7,724.8   | -                       | -         | 7,724.8      |
| 3,038.1               | 11.0                     | 2,142.9                  | 16.0      | 10,461.2  | -                       | -         | 10,461.2     |
| 4,818.0               | 4,475.4                  | 10,986.8                 | 4,581.2   | 145,877.6 | 6,472.8                 | -         | 152,350.4    |
| 56.6                  | 1,482.5                  | 100.8                    | 19,656.9  | 92,412.6  | 4.0                     | -         | 92,416.6     |

## 4. Revenue and segment information (continued)

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

| HK\$'m   | Continuing operations |          |              |           |
|--|-----------------------|----------|--------------|-----------|
|  | Roads                 | Aviation | Construction | Insurance |
| For the six months ended 31 December 2019<br>(restated)        |                       |          |              |           |
| Total revenue  | 1,427.6               | –        | 6,346.2      | 1,998.6   |
| Inter-segment  | –                     | –        | (7.7)        | –         |
| Revenue – external   | 1,427.6               | –        | 6,338.5      | 1,998.6   |
| Revenue from contracts with customers:                         |                       |          |              |           |
| Recognized at a point in time                                  | 1,427.6               | –        | –            | –         |
| Recognized over time   | –                     | –        | 6,338.5      | 111.3     |
|  | 1,427.6               | –        | 6,338.5      | 111.3     |
| Revenue from other source:                                     |                       |          |              |           |
| Insurance revenue  | –                     | –        | –            | 1,887.3   |
|  | 1,427.6               | –        | 6,338.5      | 1,998.6   |
| Attributable Operating Profit/(Loss)                           |                       |          |              |           |
| Company and subsidiaries                                       | 529.0                 | –        | 505.6        | 160.4     |
| Associated companies   | 93.5                  | –        | 164.6        | –         |
| Joint ventures   | 327.1                 | 267.9    | –            | –         |
|  | 949.6                 | 267.9    | 670.2        | 160.4     |
| Reconciliation – corporate office and non-operating items      |                       |          |              |           |
| Net loss on disposal of projects, net of tax                   |                       |          |              |           |
| Net gain on fair value of derivative financial instruments     |                       |          |              |           |
| Net exchange gain  |                       |          |              |           |
| Interest income  |                       |          |              |           |
| Finance costs  |                       |          |              |           |
| Expenses and others  |                       |          |              |           |
| Profit for the period after tax and non-controlling interests  |                       |          |              |           |
| Profit attributable to holders of perpetual capital securities |                       |          |              |           |
| Profit attributable to shareholders                            |                       |          |              |           |

## Notes to Condensed Consolidated Interim Financial Statements

| Continuing operations |                          |                          |           | Discontinued operations |           |          | Total |
|-----------------------|--------------------------|--------------------------|-----------|-------------------------|-----------|----------|-------|
| Logistics             | Facilities<br>Management | Strategic<br>Investments | Subtotal  | Environment             | Transport |          |       |
| –                     | 1,522.2                  | –                        | 11,294.6  | –                       | 1,931.9   | 13,226.5 |       |
| –                     | (3.3)                    | –                        | (11.0)    | –                       | –         | (11.0)   |       |
| –                     | 1,518.9                  | –                        | 11,283.6  | –                       | 1,931.9   | 13,215.5 |       |
| –                     | 893.9                    | –                        | 2,321.5   | –                       | 1,842.5   | 4,164.0  |       |
| –                     | 625.0                    | –                        | 7,074.8   | –                       | 89.4      | 7,164.2  |       |
| –                     | 1,518.9                  | –                        | 9,396.3   | –                       | 1,931.9   | 11,328.2 |       |
| –                     | –                        | –                        | 1,887.3   | –                       | –         | 1,887.3  |       |
| –                     | 1,518.9                  | –                        | 11,283.6  | –                       | 1,931.9   | 13,215.5 |       |
| –                     | (186.8)                  | 45.8                     | 1,054.0   | 13.6                    | (29.1)    | 1,038.5  |       |
| 63.9                  | (182.6)                  | 41.0                     | 180.4 (c) | 148.4                   | –         | 328.8    |       |
| 275.2                 | 5.0                      | (37.8)                   | 837.4 (c) | 85.2                    | –         | 922.6    |       |
| 339.1                 | (364.4)                  | 49.0                     | 2,071.8   | 247.2                   | (29.1)    | 2,289.9  |       |
|                       |                          |                          |           |                         |           | (152.9)  |       |
|                       |                          |                          |           |                         |           | 84.7     |       |
|                       |                          |                          |           |                         |           | 45.0     |       |
|                       |                          |                          |           |                         |           | 81.9     |       |
|                       |                          |                          |           |                         |           | (353.5)  |       |
|                       |                          |                          |           |                         |           | (190.9)  |       |
|                       |                          |                          |           |                         |           | 1,804.2  |       |
|                       |                          |                          |           |                         |           | (290.4)  |       |
|                       |                          |                          |           |                         |           | 1,513.8  |       |

## 4. Revenue and segment information (continued)

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

| HK\$'m  | Continuing operations |          |              |           |
|---|-----------------------|----------|--------------|-----------|
|   | Roads                 | Aviation | Construction | Insurance |
| For the six months ended 31 December 2019<br>(restated)   |                       |          |              |           |
| Depreciation of property, plant and equipment             | 15.4                  | –        | 20.6         | 5.8       |
| Depreciation of right-of-use assets                       | 0.4                   | –        | 11.6         | 23.6      |
| Amortization of intangible concession rights              | 464.0                 | –        | –            | –         |
| Amortization of intangible assets                         | –                     | –        | –            | 6.8       |
| Amortization of VOBA                                      | –                     | –        | –            | 54.6      |
| Interest income   | (27.0)                | (0.1)    | (1.3)        | (204.2)   |
| Finance costs   | 6.7                   | –        | 36.7         | 21.6      |
| Income tax expenses/(credit)                              | 231.3                 | –        | 109.5        | 14.1      |
| Overlay approach adjustments on financial assets          | –                     | –        | –            | 137.8     |
| Net (gain)/loss on fair value of financial assets at FVPL | –                     | –        | –            | (139.1)   |
| Additions to non-current assets (remark)                  | 5,417.0               | –        | 24.0         | 6,665.6   |
| At 30 June 2020   |                       |          |              |           |
| Company and subsidiaries                                  | 15,554.1              | 6,332.7  | 7,462.8      | 75,061.9  |
| Associated companies                                      | 2,530.9               | –        | 2,009.4      | –         |
| Joint ventures  | 3,984.3               | 978.1    | 0.1          | –         |
| Total assets  | 22,069.3              | 7,310.8  | 9,472.3      | 75,061.9  |
| Total liabilities   | 6,034.7               | –        | 8,065.6      | 51,448.3  |

## Notes to Condensed Consolidated Interim Financial Statements

| Continuing operations |                          |                          |           |           | Discontinued operations |           | Consolidated |
|-----------------------|--------------------------|--------------------------|-----------|-----------|-------------------------|-----------|--------------|
| Logistics             | Facilities<br>Management | Strategic<br>Investments | Corporate | Subtotal  | Environment             | Transport |              |
| –                     | 62.3                     | –                        | 2.9       | 107.0     | –                       | 197.4     | 304.4        |
| –                     | 52.1                     | –                        | 11.5      | 99.2      | –                       | 54.1      | 153.3        |
| –                     | –                        | –                        | –         | 464.0     | –                       | –         | 464.0        |
| –                     | 15.6                     | –                        | –         | 22.4      | –                       | 0.8       | 23.2         |
| –                     | –                        | –                        | –         | 54.6      | –                       | –         | 54.6         |
| (0.1)                 | (29.9)                   | (39.9)                   | (81.9)    | (384.4)   | (13.6)                  | (1.0)     | (399.0)      |
| –                     | 18.5                     | 0.1                      | 353.5     | 437.1     | –                       | 14.8      | 451.9        |
| (3.4)                 | 27.9                     | 6.7                      | –         | 386.1     | –                       | (11.6)    | 374.5        |
| –                     | –                        | –                        | –         | 137.8     | –                       | –         | 137.8        |
| –                     | –                        | 17.5                     | –         | (121.6)   | –                       | –         | (121.6)      |
| –                     | 117.6                    | –                        | 4.5       | 12,228.7  | –                       | 223.6     | 12,452.3     |
| 118.1                 | 4,284.5                  | 7,153.4                  | 3,466.0   | 119,433.5 | 0.3                     | 4,977.2   | 124,411.0    |
| 1,587.4               | 528.2                    | 1,960.1                  | 3.2       | 8,619.2   | 4,574.0                 | 160.3     | 13,353.5     |
| 2,848.9               | 5.6                      | 2,332.7                  | 13.5      | 10,163.2  | 2,124.3                 | –         | 12,287.5     |
| 4,554.4               | 4,818.3                  | 11,446.2                 | 3,482.7   | 138,215.9 | 6,698.6                 | 5,137.5   | 150,052.0    |
| 68.5                  | 1,544.1                  | 73.3                     | 23,239.4  | 90,473.9  | 4.0                     | 2,116.4   | 92,594.3     |

## 4. Revenue and segment information (continued)

- (b) Total assets and total liabilities mainly represents the following items of the condensed consolidated statement of financial position:

At 31 December 2020

| HK\$m   | Non-insurance<br>and corporate | Insurance         | Total            |
|---|--------------------------------|-------------------|------------------|
| <b>Total assets</b>                                 |                                |                   |                  |
| Intangible concession rights                        | 14,723.7                       | –                 | 14,723.7         |
| Intangible assets                                   | 203.7                          | 5,708.8           | 5,912.5          |
| Value of business acquired                          | –                              | 5,495.4           | 5,495.4          |
| Associated companies                                | 7,724.8                        | –                 | 7,724.8          |
| Joint ventures                                      | 10,461.2                       | –                 | 10,461.2         |
| Financial assets at FVOCI                           | 815.0                          | 43,023.8          | 43,838.8         |
| Financial assets at FVPL                            | 4,716.8                        | 5,976.5           | 10,693.3         |
| Trade, premium and other receivables                | 14,480.8                       | 1,308.4           | 15,789.2         |
| Investments related to unit-linked contracts        | –                              | 10,458.5          | 10,458.5         |
| Cash and bank balances                              | 5,913.9                        | 5,073.7           | 10,987.6         |
| Assets held-for-sale                                | 7,208.4                        | –                 | 7,208.4          |
| Others  | 4,965.7                        | 4,091.3           | 9,057.0          |
|   | <b>71,214.0</b>                | <b>81,136.4</b>   | <b>152,350.4</b> |
| Represented by                                      |                                |                   |                  |
| Non-current assets                                  | 43,048.6                       | 63,176.6          | 106,225.2        |
| Current assets                                      | 28,165.4                       | 17,959.8          | 46,125.2         |
|   | <b>71,214.0</b>                | <b>81,136.4</b>   | <b>152,350.4</b> |
| <b>Total liabilities</b>                            |                                |                   |                  |
| Borrowings and other interest-bearing liabilities   | 23,167.5                       | 3,121.1           | 26,288.6         |
| Insurance and investment contract liabilities       | –                              | 38,705.7          | 38,705.7         |
| Liabilities related to unit-linked contracts        | –                              | 10,632.3          | 10,632.3         |
| Trade, other payables and payables to policyholders | 10,020.4                       | 2,470.9           | 12,491.3         |
| Others  | 3,393.7                        | 905.0             | 4,298.7          |
|   | <b>36,581.6</b>                | <b>55,835.0</b>   | <b>92,416.6</b>  |
| Represented by                                      |                                |                   |                  |
| Non-current liabilities                             | 23,981.3                       | 19,521.7          | 43,503.0         |
| Current liabilities                                 | 12,600.3                       | 36,313.3          | 48,913.6         |
|   | <b>36,581.6</b>                | <b>55,835.0</b>   | <b>92,416.6</b>  |
| <b>Net current assets/(liabilities) (note 2)</b>    | <b>15,565.1</b>                | <b>(18,353.5)</b> | <b>(2,788.4)</b> |

#### 4. Revenue and segment information (continued)

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

| HK\$m  | Note | Associated companies                    |                    | Joint ventures                          |                    |
|--|------|---|--------------------|---|--------------------|
|  |      | For the six months ended<br>31 December |                    | For the six months ended<br>31 December |                    |
|  |      | 2020                                    | 2019<br>(restated) | 2020                                    | 2019<br>(restated) |
| Attributable Operating Profit  |      | <b>237.4</b>                            | 180.4              | <b>995.0</b>                            | 837.4              |
| Corporate and non-operating items  |      |   |                    |   |                    |
| Impairment loss, expected credit<br>loss provision and aircraft<br>repossession/recovery costs | 17   | -                                       | -                  | <b>(415.9)</b>                          | -                  |
| Others   |      | <b>(3.0)</b>                            | (55.2)             | <b>(14.6)</b>                           | (4.3)              |
| Share of results of associated<br>companies and joint ventures                                 |      | <b>234.4</b>                            | 125.2              | <b>564.5</b>                            | 833.1              |

- (d) Information by geographical areas:

| HK\$m          | Non-current assets (remark) |                       |
|----------------|-----------------------------|-----------------------|
|                | At<br>31 December<br>2020   | At<br>30 June<br>2020 |
|                | Hong Kong                   | <b>9,884.9</b>        |
| Mainland China | <b>15,050.5</b>             | 14,360.9              |
| Others         | <b>32.7</b>                 | 32.7                  |
|                | <b>24,968.1</b>             | 28,575.0              |

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.



## 4. Revenue and segment information (continued)

(d) Information by geographical areas (continued):

The Group's share of revenue of associated companies and joint ventures from continuing operations are as follows:

| HK\$m             | Associated companies                    |                    | Joint ventures                          |         |
|-------------------|---|--------------------|---|---------|
|                   | For the six months ended<br>31 December |                    | For the six months ended<br>31 December |         |
|                   | 2020                                    | 2019<br>(restated) | 2020                                    | 2019    |
| Hong Kong         | <b>1,638.1</b>                          | 1,520.4            | <b>369.0</b>                            | 374.8   |
| Mainland China    | <b>611.3</b>                            | 627.5              | <b>4,783.5</b>                          | 4,333.4 |
| Global and others | <b>340.9</b>                            | 280.3              | <b>2,712.1</b>                          | 2,711.7 |
|                   | <b>2,590.3</b>                          | 2,428.2            | <b>7,864.6</b>                          | 7,419.9 |

Remark: Being additions to/balance of non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, value of business acquired and deferred acquisition costs.

## 5. Cost of sales

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

|   | Note | For the six months ended<br>31 December |                             |
|---|------|---|-----------------------------|
|   |      | 2020<br>HK\$m                           | 2019<br>HK\$m<br>(restated) |
| Cost of inventories sold                | (a)  | <b>8.9</b>                              | 853.4                       |
| Cost of construction                    | (b)  | <b>6,766.7</b>                          | 4,921.9                     |
| Cost of services rendered               |      | <b>1,526.8</b>                          | 2,017.9                     |
| Claims and benefits, net of reinsurance | (c)  | <b>3,791.2</b>                          | 1,500.5                     |
| Amortization of VOBA                    | 14   | <b>156.1</b>                            | 54.6                        |
|   | 7    | <b>12,249.7</b>                         | 9,348.3                     |

## 5. Cost of sales (continued)

- (a) Cost of inventories sold is mainly related to the Group's duty free business. The decrease in amount as compared to Last Period is primarily due to impact on financial performance and market condition of duty free business arising from COVID-19 pandemic.
- (b) Cost of construction mainly represents subcontractor's costs and material costs.
- (c) Details of claims and benefits, net of reinsurance are shown below:

|  | For the six months ended<br>31 December |               |
|--|---|---------------|
|  | 2020<br>HK\$m                           | 2019<br>HK\$m |
| Claims   | 415.4                                   | 152.7         |
| Reinsurers' and coinsurers' share of claims      | (160.9)                                 | (96.8)        |
| Claims, net of reinsurers' and coinsurers' share | 254.5                                   | 55.9          |
| Surrenders, annuities and maturities             | 530.5                                   | 266.9         |
| Reinsurers' and coinsurers' share                | (36.2)                                  | (13.2)        |
|  | 494.3                                   | 253.7         |
| Policyholders' dividends and interests           | 195.5                                   | 69.1          |
| Incentives to policyholders                      | 136.6                                   | 28.9          |
| Increase in insurance contract liabilities       | 2,710.3                                 | 1,092.9       |
| Total claims and benefits, net of reinsurance    | 3,791.2                                 | 1,500.5       |

## 6. Other income/gains (net)

|   | Note       | For the six months ended<br>31 December |                              |
|---|------------|---|------------------------------|
|   |            | 2020<br>HK\$'m                          | 2019<br>HK\$'m<br>(restated) |
| <b>Continuing operations</b>  |            |   |                              |
| Gain associated with investments related to unit-linked contracts             |            | <b>1,592.7</b>                          | 435.3                        |
| Net gain on fair value of financial assets at FVPL                            | (a)        | <b>1,570.9</b>                          | 121.6                        |
| Profit on disposal of interest in a joint venture                             |            | <b>40.4</b>                             | –                            |
| Profit/(loss) on disposal of interest in an associated company                |            | <b>5.1</b>                              | (10.2)                       |
| Net profit/(loss) on disposal of financial assets at FVOCI (debt instruments) |            | <b>1.8</b>                              | (1.9)                        |
| Interest income   |            |   |                              |
| Financial assets at FVOCI (debt instruments)                                  |            | <b>668.5</b>                            | 182.6                        |
| Bank deposits and others  |            | <b>150.7</b>                            | 201.8                        |
| Dividend income   |            | <b>60.9</b>                             | 58.8                         |
| Other income  |            | <b>17.4</b>                             | 19.8                         |
| Net exchange gain/(loss)  |            | <b>3.5</b>                              | (56.3)                       |
| Charges related to unit-linked contracts                                      |            | <b>(1,584.6)</b>                        | (430.9)                      |
| Remeasurement loss on assets classified as held-for-sale                      | 4(a)(i),23 | <b>(1,330.0)</b>                        | –                            |
| Net (loss)/gain on fair value of derivative financial instruments             |            | <b>(54.1)</b>                           | 81.8                         |
| Loss on fair value of investment properties                                   | 10         | <b>(14.3)</b>                           | –                            |
| Loss on partial disposal of interest in an associated company                 |            | –                                       | (67.3)                       |
| Expected credit loss provision  |            |   |                              |
| Financial assets at FVOCI (debt instruments)                                  |            | <b>(35.6)</b>                           | (3.3)                        |
| Premium and other receivables   |            | <b>(4.1)</b>                            | (6.2)                        |
|   |            | <b>1,089.2</b>                          | 525.6                        |

- (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 profit or loss to other comprehensive income for those designated eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 but currently classified as financial assets at FVPL under HKFRS 9. The designated financial assets applying the overlay approach are equity securities and investment funds that are managed as underlying assets backing the insurance contracts issued.

The amount includes a net fair value gain of HK\$895.1 million (2019: HK\$137.8 million) which was then reclassified from profit or loss to other comprehensive income (note 25) as overlay approach adjustments for the designated financial assets.

## 7. Operating profit

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

|  | Note | For the six months ended<br>31 December |                              |
|--|------|---|------------------------------|
|  |      | 2020<br>HK\$'m                          | 2019<br>HK\$'m<br>(restated) |
| <b>Crediting</b>   |      |   |                              |
| Gross rental income from investment properties   |      | 24.2                                    | 29.4                         |
| Less: outgoings  |      | (5.4)                                   | (6.6)                        |
|  |      | <b>18.8</b>                             | 22.8                         |
| <b>Charging</b>  |      |   |                              |
| Cost of inventories sold   |      | 8.9                                     | 853.4                        |
| Cost of construction   |      | 6,766.7                                 | 4,921.9                      |
| Claims and benefits, net of reinsurance  |      | 3,791.2                                 | 1,500.5                      |
| Depreciation of property, plant and equipment  | 11   | 133.7                                   | 107.0                        |
| Depreciation of right-of-use assets  |      | 138.9                                   | 99.2                         |
| Amortization of intangible concession rights   | 12   | 514.1                                   | 464.0                        |
| Amortization of intangible assets  | 13   | 34.2                                    | 22.4                         |
| Amortization of VOBA   | 14   | 156.1                                   | 54.6                         |
| Agency commission and allowances, net of change in deferred acquisition costs (including amortization of HK\$149.2 million (note 15) (2019: HK\$51.7 million)) | (a)  | 406.3                                   | 199.6                        |
| Expenses on short-term leases  |      | 2.5                                     | 12.8                         |
| Expenses on variable lease payments  |      | 37.5                                    | 59.5                         |
| Staff costs (including directors' emoluments)  | (b)  | 1,038.0                                 | 1,226.4                      |
| Other costs and expenses   |      | 561.0                                   | 699.0                        |
|  |      | <b>13,589.1</b>                         | 10,220.3                     |
| Represented by   |      |   |                              |
| Cost of sales  | 5    | 12,249.7                                | 9,348.3                      |
| Selling and marketing expenses   | (a)  | 473.5                                   | 316.8                        |
| General and administrative expenses  | (a)  | 865.9                                   | 555.2                        |
|  |      | <b>13,589.1</b>                         | 10,220.3                     |

## 7. Operating profit (continued)

- (a) The increases are mainly due to full period consolidation of expenses associated with the Group's insurance business since the completion of acquisition of FTLife Insurance in November 2019.
- (b) Subsidies received from Employment Support Scheme launched by the Hong Kong Government amounting to HK\$131.1 million for Current Period (2019: Nil) are net off in total staff costs.

## 8. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the Current Period. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the Current Period at the rates of tax prevailing in the countries in which the Group operates. These rates range from 12% to 28% (2019: 12% to 25%). Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2019: 5% or 10%).

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

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

|                                      | <b>For the six months ended</b> |            |
|--------------------------------------|---------------------------------|------------|
|                                      | <b>31 December</b>              |            |
|                                      | <b>2020</b>                     | 2019       |
|                                      | <b>HK\$m</b>                    | HK\$m      |
|                                      |                                 | (restated) |
| Current income tax                   |                                 |            |
| Hong Kong profits tax                | <b>91.0</b>                     | 144.7      |
| Mainland China and overseas taxation | <b>353.0</b>                    | 283.5      |
| Deferred income tax credit           | <b>(72.0)</b>                   | (42.1)     |
|                                      | <b>372.0</b>                    | 386.1      |

Share of taxation of associated companies and joint ventures from continuing operations of HK\$69.2 million (2019: HK\$50.8 million) and HK\$200.8 million (2019: HK\$208.6 million) respectively are included in the condensed consolidated income statement as share of results of associated companies and joint ventures respectively.

Dividends withholding tax from continuing operations of HK\$69.0 million (2019: HK\$53.3 million) is included in the above income tax charge.

## 9. Earnings per share

The calculation of basic earnings per share for the Current Period is based on the profit attributable to shareholders of the Company arising from the continuing operations of HK\$540.1 million (2019: HK\$1,295.7 million) or the profit attributable to shareholders of the Company arising from the discontinued operations of HK\$71.7 million (2019: HK\$218.1 million), and on the weighted average of 3,911,137,849 (2019: 3,911,137,849) ordinary shares outstanding during the Current Period.

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

## 10. Investment properties

| HK\$'m                                       | Note | Commercial<br>properties<br>in Hong Kong | Commercial<br>properties<br>in Macau | Residential<br>properties<br>in Mainland<br>China | Total          |
|--|------|--|--------------------------------------|---|----------------|
| At 1 July 2020                               |      | 1,658.0                                  | 31.4                                 | 13.7  | 1,703.1        |
| Fair values changes                          | 6    | (14.0)                                   | –                                    | (0.3)   | (14.3)         |
| Transfer to property,<br>plant and equipment | 11   | –  | –                                    | (9.0)   | (9.0)          |
| Translation differences                      |      | –  | –                                    | 0.4   | 0.4            |
| <b>At 31 December 2020</b>                   |      | <b>1,644.0</b>                           | <b>31.4</b>                          | <b>4.8</b>  | <b>1,680.2</b> |

The investment properties were revalued on 31 December 2020 by independent, professionally qualified valuer, Knight Frank Petty Limited, based on market value assessment or income approach.

## 11. Property, plant and equipment

| HK\$m  | Note  | Land and properties | Other plant and equipment | Construction in progress | Buses, vessels and other motor vehicles | Total          |
|--|-------|---------------------|---------------------------|--------------------------|---|----------------|
| <b>Cost</b>                                    |       |                     |                           |                          |   |                |
| At 1 July 2020                                 |       | 1,132.5             | 2,958.9                   | 102.0                    | 4,011.7                                 | 8,205.1        |
| Additions                                      |       | -                   | 125.1                     | 57.3                     | 6.4                                     | 188.8          |
| Disposal of subsidiaries                       | 33(b) | (1,035.0)           | (215.9)                   | (112.1)                  | (4,029.1)                               | (5,392.1)      |
| Deconsolidation of a subsidiary                |       | -                   | (5.0)                     | -                        | -                                       | (5.0)          |
| Transfer from investment property              | 10    | 9.0                 | -                         | -                        | -                                       | 9.0            |
| Disposals                                      |       | -                   | (37.9)                    | -                        | (3.3)                                   | (41.2)         |
| Transfers                                      |       | -                   | 2.3                       | (47.2)                   | 44.9                                    | -              |
| Translation differences                        |       | 0.8                 | 31.8                      | -                        | 0.2                                     | 32.8           |
| <b>At 31 December 2020</b>                     |       | <b>107.3</b>        | <b>2,859.3</b>            | <b>-</b>                 | <b>30.8</b>                             | <b>2,997.4</b> |
| <b>Accumulated depreciation and impairment</b> |       |                     |                           |                          |   |                |
| At 1 July 2020                                 |       | 274.1               | 1,733.6                   | -                        | 1,315.9                                 | 3,323.6        |
| Depreciation                                   | (a)   | 6.6                 | 136.0                     | -                        | 102.2                                   | 244.8          |
| Disposal of subsidiaries                       | 33(b) | (260.2)             | (77.2)                    | -                        | (1,392.4)                               | (1,729.8)      |
| Deconsolidation of a subsidiary                |       | -                   | (0.1)                     | -                        | -                                       | (0.1)          |
| Disposals                                      |       | -                   | (30.5)                    | -                        | (2.0)                                   | (32.5)         |
| Translation differences                        |       | -                   | 11.7                      | -                        | 0.2                                     | 11.9           |
| <b>At 31 December 2020</b>                     |       | <b>20.5</b>         | <b>1,773.5</b>            | <b>-</b>                 | <b>23.9</b>                             | <b>1,817.9</b> |
| <b>Net book value</b>                          |       |                     |                           |                          |   |                |
| <b>At 31 December 2020</b>                     |       | <b>86.8</b>         | <b>1,085.8</b>            | <b>-</b>                 | <b>6.9</b>                              | <b>1,179.5</b> |
| At 30 June 2020                                |       | 858.4               | 1,225.3                   | 102.0                    | 2,695.8                                 | 4,881.5        |

- (a) The amount represents depreciation charge of HK\$244.8 million which includes HK\$133.7 million (note 7) arising from continuing operations and HK\$111.1 million arising from discontinued operations.

## 12. Intangible concession rights

|  | Note | HK\$'m          |
|--|------|-----------------|
| <b>Cost</b>                                    |      |                 |
| At 1 July 2020                                 |      | 22,418.0        |
| Translation differences                        |      | 1,861.6         |
| <hr/>  |      |                 |
| <b>At 31 December 2020</b>                     |      | <b>24,279.6</b> |
| <hr style="border-top: 1px dashed #008000;"/>  |      |                 |
| <b>Accumulated amortization and impairment</b> |      |                 |
| At 1 July 2020                                 |      | 8,334.1         |
| Amortization                                   | 7    | 514.1           |
| Translation differences                        |      | 707.7           |
| <hr/>  |      |                 |
| <b>At 31 December 2020</b>                     |      | <b>9,555.9</b>  |
| <hr style="border-top: 1px dashed #008000;"/>  |      |                 |
| <b>Net book value</b>                          |      |                 |
| <b>At 31 December 2020</b>                     |      | <b>14,723.7</b> |
| <hr/>  |      |                 |
| At 30 June 2020                                |      | 14,083.9        |
| <hr/>  |      |                 |



## 13. Intangible assets

| HK\$m  | Note | Goodwill       | Operating right and others | Total          |
|--|------|----------------|----------------------------|----------------|
| <b>Cost</b>                                    |      |                |                            |                |
| At 1 July 2020                                 |      | 5,981.9        | 702.2                      | 6,684.1        |
| Additions                                      |      | –              | 39.9                       | 39.9           |
| Disposal of subsidiaries                       |      | (386.9)        | –                          | (386.9)        |
| <b>At 31 December 2020</b>                     |      | <b>5,595.0</b> | <b>742.1</b>               | <b>6,337.1</b> |
| <b>Accumulated amortization and impairment</b> |      |                |                            |                |
| At 1 July 2020                                 |      | 402.3          | 375.0                      | 777.3          |
| Amortization                                   | 7    | –              | 34.2                       | 34.2           |
| Disposal of subsidiaries                       |      | (386.9)        | –                          | (386.9)        |
| <b>At 31 December 2020</b>                     |      | <b>15.4</b>    | <b>409.2</b>               | <b>424.6</b>   |
| <b>Net book value</b>                          |      |                |                            |                |
| <b>At 31 December 2020</b>                     |      | <b>5,579.6</b> | <b>332.9</b>               | <b>5,912.5</b> |
| At 30 June 2020                                |      | 5,579.6        | 327.2                      | 5,906.8        |

During the Current Period, the Group has finalized the assessment of the fair value of the assets and liabilities of FTLife Insurance and its subsidiaries as at the acquisition date of 1 November 2019 with no adjustment being made from the goodwill of HK\$5,576.3 million as reported in the FY2020 annual financial statements.

**14. Value of business acquired**

|                            | Note | HK\$'m         |
|----------------------------|------|----------------|
| At 1 July 2020             |      | <b>5,651.5</b> |
| Amortization               | 5,7  | <b>(156.1)</b> |
| <b>At 31 December 2020</b> |      | <b>5,495.4</b> |

**15. Deferred acquisition costs**

|                            | Note | HK\$'m         |
|----------------------------|------|----------------|
| At 1 July 2020             |      | <b>688.2</b>   |
| Additions of new business  |      | <b>660.1</b>   |
| Amortization               | 7    | <b>(149.2)</b> |
| <b>At 31 December 2020</b> |      | <b>1,199.1</b> |

## 16. Associated companies

|                             | Note    | At<br>31 December<br>2020<br>HK\$m | At<br>30 June<br>2020<br>HK\$m |
|-----------------------------|---------|------------------------------------|--------------------------------|
| Group's share of net assets |         |                                    |                                |
| Listed shares – Hong Kong   | (a)     | 1,032.9                            | 2,967.1                        |
| Listed shares – overseas    | (a)     | 550.1                              | 486.9                          |
| Unlisted shares             | (b),(c) | 5,464.4                            | 8,305.8                        |
|                             | (d)     | 7,047.4                            | 11,759.8                       |
| Goodwill                    |         | 223.4                              | 278.1                          |
| Amounts receivable          |         |                                    |                                |
| Gross amount                |         | 1,820.4                            | 2,575.3                        |
| Less: provision             |         | (1,366.4)                          | (1,259.7)                      |
|                             | (e)     | 7,724.8                            | 13,353.5                       |

- (a) As at 31 December 2020, the share of market value of the Group's listed associated companies amounts to HK\$2,379.8 million (30 June 2020: HK\$2,197.3 million).
- (b) As at 31 December 2020, the Group has provided a pledge over its 30% equity interest in an associated company which owns and operates the Suiyuenan Expressway with carrying amount of approximately HK\$1,617.9 million (30 June 2020: HK\$1,443.2 million) as security for a bank loan made by that associated company.
- (c) As at 31 December 2020, the carrying amount mainly represents the Group's investments in various roads, ports, healthcare, strategic investments and other projects.
- (d) During the Current Period, the Group's certain investments in associated companies were reclassified to assets held-for-sale. Details were set out in notes 22 and 23.
- (e) Management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies. Management is of the view that provision for impairment of the Group's investments in associated companies as at 31 December 2020 is adequate.

## 17. Joint ventures

|   | <b>At<br/>31 December<br/>2020<br/>HK\$m</b> | At<br>30 June<br>2020<br>HK\$m |
|---|--|--------------------------------|
| Co-operative joint ventures                     |  |                                |
| Cost of investment less provision               | <b>863.3</b>                                 | 1,116.5                        |
| Goodwill  | <b>86.2</b>                                  | 86.2                           |
| Share of undistributed post-acquisition results | <b>2,214.1</b>                               | 1,715.2                        |
| Amounts receivable                              | <b>25.7</b>                                  | 21.3                           |
|   | <b>3,189.3</b>                               | 2,939.2                        |
| Equity joint ventures                           |  |                                |
| Group's share of net assets                     | <b>3,047.5</b>                               | 3,289.0                        |
| Goodwill  | <b>87.2</b>                                  | 87.2                           |
|   | <b>3,134.7</b>                               | 3,376.2                        |
| Companies limited by shares                     |  |                                |
| Group's share of net assets                     | (a) <b>2,594.3</b>                           | 4,358.3                        |
| Goodwill  | –  | 180.2                          |
| Amounts receivable                              |  |                                |
| Gross amount                                    | <b>2,931.5</b>                               | 2,820.9                        |
| Less: provision                                 | <b>(1,388.6)</b>                             | (1,387.3)                      |
|   | <b>4,137.2</b>                               | 5,972.1                        |
|   | (b),(c) <b>10,461.2</b>                      | 12,287.5                       |

(a) During the Current Period, the Group's investment in a joint venture was reclassified to assets held-for-sale. Details were set out in notes 22 and 23.

(b) As at 31 December 2020, the carrying amount mainly represents the Group's investments in various roads, logistics, commercial aircraft leasing and other projects.

## 17. Joint ventures (continued)

- (c) The share of results of joint ventures from continuing operations in the Current Period includes the Group's share of impairment loss for Goshawk (in which the Group holds 50% equity interest) on aircraft portfolio of HK\$307.2 million. Goshawk is principally engaged in aircraft leasing industry. In view of the outbreak of COVID-19 which brought challenges to aviation industry, Goshawk's management has carried out an impairment assessment on the carrying value of its aircraft portfolio. Impairment arises when an aircraft's carrying amount exceeds its recoverable amount (which is the higher of fair value less cost to sell and value in use). The key assumptions used in the impairment assessment include discount rate applied and revenue projection. Besides, the share of results of joint ventures from continuing operations also includes the Group's share of an expected credit loss provision on account receivables and aircraft repossession/recovery costs of HK\$108.7 million from Goshawk. The key assumptions used in the expected credit loss assessment include credit rating of airlines and provision rate.

Except for this, management is of the view that there is no impairment of the Group's investments in joint ventures as at 31 December 2020.

## 18. Financial assets at fair value through other comprehensive income

|                     | At<br>31 December<br>2020<br>HK\$m | At<br>30 June<br>2020<br>HK\$m |
|---------------------|------------------------------------|--------------------------------|
| Equity securities   |                                    |                                |
| Listed in Hong Kong | 2,445.3                            | 2,448.8                        |
| Unlisted            | 89.7                               | 357.6                          |
|                     | <b>2,535.0</b>                     | 2,806.4                        |
| Debt securities     |                                    |                                |
| Listed in Hong Kong | 8,098.8                            | 7,613.8                        |
| Listed in overseas  | 29,865.6                           | 24,700.5                       |
| Unlisted            | 3,339.4                            | 3,419.1                        |
|                     | <b>41,303.8</b>                    | 35,733.4                       |
|                     | <b>43,838.8</b>                    | 38,539.8                       |
| Represented by      |                                    |                                |
| Non-current assets  | 43,389.3                           | 38,011.7                       |
| Current assets      | 449.5                              | 528.1                          |
|                     | <b>43,838.8</b>                    | 38,539.8                       |

## 19. Financial assets at fair value through profit or loss

|                          | At<br>31 December<br>2020<br>HK\$'m | At<br>30 June<br>2020<br>HK\$'m |
|--------------------------|-------------------------------------|---------------------------------|
| Equity securities        |                                     |                                 |
| Listed in Hong Kong      | 240.2                               | 112.7                           |
| Listed in overseas       | –                                   | 17.3                            |
| Unlisted                 | 315.1                               | 256.9                           |
|                          | <b>555.3</b>                        | 386.9                           |
| Unlisted debt securities | <b>907.8</b>                        | 1,532.3                         |
| Investment funds         |                                     |                                 |
| Listed                   | 4,734.2                             | 3,493.9                         |
| Unlisted                 | 4,496.0                             | 3,448.3                         |
|                          | <b>9,230.2</b>                      | 6,942.2                         |
|                          | <b>10,693.3</b>                     | 8,861.4                         |
| Represented by           |                                     |                                 |
| Non-current assets       | 10,318.5                            | 8,488.2                         |
| Current assets           | 374.8                               | 373.2                           |
|                          | <b>10,693.3</b>                     | 8,861.4                         |

Financial assets at FVPL related to unit-linked contracts are detailed in note 21(a).

## 20. Trade, premium and other receivables

|   |     | At<br>31 December<br>2020<br>HK\$m | At<br>30 June<br>2020<br>HK\$m |
|---|-----|------------------------------------|--------------------------------|
| Trade receivables                           | (a) | 1,179.1                            | 1,924.4                        |
| Premium receivables                         |     | 418.1                              | 344.4                          |
| Other receivables, deposits and prepayments | (b) | 5,060.0                            | 4,843.4                        |
| Retention money receivables                 |     | 1,752.6                            | 1,697.8                        |
| Contract assets                             |     | 375.4                              | 201.2                          |
| Amounts due from associated companies       |     | 166.9                              | 271.1                          |
| Amounts due from joint ventures             | (c) | 6,837.1                            | 6,925.2                        |
|   |     | <b>15,789.2</b>                    | 16,207.5                       |

(a) The ageing analysis of trade receivables based on invoice date is as follows:

|                | At<br>31 December<br>2020<br>HK\$m | At<br>30 June<br>2020<br>HK\$m |
|----------------|------------------------------------|--------------------------------|
| Under 3 months | 1,075.0                            | 1,796.1                        |
| 4 to 6 months  | 8.1                                | 11.2                           |
| Over 6 months  | 96.0                               | 117.1                          |
|                | <b>1,179.1</b>                     | 1,924.4                        |

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Retention money receivables in respect of construction services are settled in accordance with the terms of respective contracts.

(b) The balance includes construction related receivables amounting to HK\$3,421.0 million (30 June 2020: HK\$2,789.2 million) which have not yet been billed at period/year end.

(c) The balance mainly includes advances to Goshawk amounting to HK\$6,333.4 million (30 June 2020: HK\$6,332.7 million) which are interest free, unsecured and repayable on demand, except for HK\$6,331.3 million (30 June 2020: HK\$6,331.3 million) which are repayable within the next 12 months from the end of reporting period.

## 21. Investments/liabilities related to unit-linked contracts

(a) Investments related to unit-linked contracts are analyzed as follows:

|  | At<br>31 December<br>2020<br>HK\$'m | At<br>30 June<br>2020<br>HK\$'m |
|--|-------------------------------------|---------------------------------|
| Financial assets at FVPL – Investment funds, at fair value | 10,426.3                            | 8,884.2                         |
| Cash and bank balances                                     | 32.2                                | 169.4                           |
|  | <b>10,458.5</b>                     | 9,053.6                         |

The classification and measurement of financial assets at FVPL related to unit-linked contracts are in accordance with HKFRS 9.

(b) Liabilities related to unit-linked contracts are analyzed as follows:

|                                 | At<br>31 December<br>2020<br>HK\$'m | At<br>30 June<br>2020<br>HK\$'m |
|---------------------------------|-------------------------------------|---------------------------------|
| Insurance contract liabilities  | 776.9                               | 666.9                           |
| Investment contract liabilities | 9,855.4                             | 8,554.9                         |
|                                 | <b>10,632.3</b>                     | 9,221.8                         |
| Represented by                  |                                     |                                 |
| Non-current liabilities         | 173.8                               | 168.2                           |
| Current liabilities             | 10,458.5                            | 9,053.6                         |
|                                 | <b>10,632.3</b>                     | 9,221.8                         |



## 22. Discontinued operations

During the Current Period, the Group entered into (i) a sale and purchase agreement with Bravo Transport Holdings Limited to dispose of the entire issued share capital of NWS Transport (an indirect wholly-owned subsidiary of the Company) at a consideration of HK\$3,200.0 million (subject to instalment arrangements and adjustments); and (ii) a sale and purchase agreement with Chu Kong Shipping Enterprises (Holdings) Company Limited to dispose of its remaining 40% interest in New World First Ferry Services Limited (collectively, "Transport Disposal"). Both transactions were completed during the Current Period and the Group ceased to operate the transport business. The Group has recognized an aggregated net loss on Transport Disposal of HK\$64.8 million in the condensed consolidated income statement for the Current Period. The assets and liabilities of NWS Transport at the date of completion of disposal were included in note 33(b).

The Group holds 42% interest in SUEZ NWS (an associated company of the Group) and 100% in NWS Hong Kong Investment Limited ("NWS HKI", which indirectly holds 12.55% effective interest in Derun Environment) (collectively, the "Environment Disposal Group"). As at 31 December 2020, the Group reached an advanced stage of negotiation of the disposal of the entire interest in the Environment Disposal Group held by the Group (the "Environment Disposal"). In January 2021, the Group entered into conditional sale and purchase agreements for the Environment Disposal together with the inter-company payable by NWS HKI to the Company at an aggregate consideration of HK\$6,533.0 million. Given the Environment Disposal Group accounts for a significant part of the Group's environment business, the Environment Disposal constituted a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The assets and liabilities of the Environment Disposal Group were reclassified as held-for-sale and measured at the lower of carrying amount and fair value less costs to sell at the date of held for sale classification and 31 December 2020 (included in the amounts disclosed in note 23). After taking into account the estimated capital gains tax, stamp duty, provision relating to the contingent liabilities and other transaction costs directly attributable to the Environment Disposal, the Group has recognized a remeasurement loss of HK\$112.7 million in the condensed consolidated income statement for the Current Period.

## 22. Discontinued operations (continued)

The condensed results related to the Transport Disposal and Environment Disposal are presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

An analysis of the results, total comprehensive income and cash flows relating to the discontinued operations is set out below:

### (a) Results from discontinued operations

|   | Note    | For the six months ended<br>31 December |               |
|---|---------|---|---------------|
|   |         | 2020<br>HK\$m                           | 2019<br>HK\$m |
| Revenue   |         | <b>655.1</b>                            | 1,931.9       |
| Cost of sales   |         | <b>(791.8)</b>                          | (1,947.7)     |
| Gross loss  |         | <b>(136.7)</b>                          | (15.8)        |
| Other income/gains (net)                              |         | <b>126.1</b>                            | 105.5         |
| Selling and marketing expenses                        |         | <b>(1.5)</b>                            | (4.5)         |
| General and administrative expenses                   |         | <b>(33.4)</b>                           | (97.5)        |
| Operating loss  |         | <b>(45.5)</b>                           | (12.3)        |
| Finance costs   |         | <b>(5.7)</b>                            | (14.8)        |
| Share of results of                                   |         |   |               |
| Associated companies                                  |         | <b>152.8</b>                            | 148.4         |
| Joint venture   |         | <b>94.9</b>                             | 85.2          |
| Profit before income tax                              |         | <b>196.5</b>                            | 206.5         |
| Income tax credit                                     |         | <b>52.7</b>                             | 11.6          |
| Remeasurement loss upon reclassified as held-for-sale | 4(a)(i) | <b>249.2</b>                            | 218.1         |
| Net loss on disposal of discontinued operations       |         | <b>(112.7)</b>                          | –             |
|   |         | <b>(64.8)</b>                           | –             |
| Profit for the period from discontinued operations    |         | <b>71.7</b>                             | 218.1         |

**22. Discontinued operations (continued)****(b) Total comprehensive income from discontinued operations**

|   | For the six months ended<br>31 December |               |
|---|---|---------------|
|   | 2020<br>HK\$m                           | 2019<br>HK\$m |
| Profit from discontinued operations   | 71.7                                    | 218.1         |
| Other comprehensive income/(loss)   |   |               |
| Net fair value changes on financial assets at FVOCI<br>(equity instruments) | 1.9                                     | (5.4)         |
| Remeasurement of post-employment benefit obligation                         | 3.1                                     | (3.6)         |
| Release of reserve upon disposal of subsidiaries                            | 99.1                                    | –             |
| Release of reserves upon disposal of interests in an<br>associated company  | (1.5)                                   | –             |
| Cash flow hedges  | 41.6                                    | 28.2          |
| Currency translation differences  | 394.7                                   | (107.9)       |
| Other comprehensive income/(loss) for the period, net of tax                | 538.9                                   | (88.7)        |
| Total comprehensive income for the period<br>from discontinued operations   | 610.6                                   | 129.4         |

**(c) Cash flows from discontinued operations**

|  | For the six months ended<br>31 December |               |
|--|---|---------------|
|  | 2020<br>HK\$m                           | 2019<br>HK\$m |
| Net cash generated from operating activities           | 151.1                                   | 267.4         |
| Net cash generated from/(used in) investing activities | 698.9                                   | (109.8)       |
| Net cash generated from/(used in) financing activities | 17.8                                    | (44.7)        |
| Net cash from discontinued operations                  | 867.8                                   | 112.9         |

## 23. Assets held-for-sale/liabilities directly associated with assets held-for-sale

As detailed in note 22, the assets and liabilities related to the Environment Disposal Group have been reclassified as held-for-sale.

Apart from the above, the Group reclassified an investment with a carrying amount of HK\$2,026.2 million to an asset held-for-sale at the end of the reporting period as the Group intended to recover the carrying amount through a sale transaction. Upon reclassification, the investment was measured at the lower of carrying amount and fair value less costs to sell. Based on the fair value of the investment as determined by the Group, a remeasurement loss of HK\$1,330.0 million (notes 4(a)(i) and 6) was recognized in the condensed consolidated income statement during the Current Period and HK\$696.2 million was included as an asset held-for-sale.

The assets and liabilities classified as held-for-sale, which have been presented separately in the condensed consolidated statement of financial position, are as follows:

|   | <b>At<br/>31 December<br/>2020<br/>HK\$'m</b> | At<br>30 June<br>2020<br>HK\$'m |
|---|---|---------------------------------|
| <b>Assets</b>   |   |                                 |
| Associated companies  | <b>4,949.0</b>                                | 111.5                           |
| Joint ventures  | <b>2,258.7</b>                                | –                               |
| Trade and other receivables   | <b>0.7</b>                                    | 0.7                             |
| Assets reclassified as held-for-sale                                      | <b>7,208.4</b>                                | 112.2                           |
| <b>Liabilities</b>  |   |                                 |
| Deferred tax liabilities  | <b>(4.0)</b>                                  | –                               |
| Liabilities directly associated with assets reclassified as held-for-sale | <b>(4.0)</b>                                  | –                               |

## 24. Share capital

|                                     | Ordinary shares      |                |
|-------------------------------------|----------------------|----------------|
|                                     | No. of shares        | HK\$m          |
| <b>Authorized</b>                   |                      |                |
| At 1 July 2020 and 31 December 2020 | <b>6,000,000,000</b> | <b>6,000.0</b> |
| <b>Issued and fully paid</b>        |                      |                |
| At 1 July 2020 and 31 December 2020 | <b>3,911,137,849</b> | <b>3,911.1</b> |

### Share Option Scheme

The share option scheme of the Company adopted on 21 November 2011 is valid and effective for a period of ten years from the date of adoption. The Board may, at their discretion, grant options to any eligible participant as defined under the share option scheme to subscribe for the shares of the Company.

There were no share options of the Company granted during the Current Period or outstanding as at 30 June 2020 and 31 December 2020 under the share option scheme of the Company.

## 25. Reserves

| HK\$m   | Note | Share premium   | Special reserves | Hedge reserves | FVOCI reserve (non-recycling) | FVOCI reserve (recycling) | Exchange reserve | Revenue reserve | Total           |
|---|------|-----------------|------------------|----------------|-------------------------------|---------------------------|------------------|-----------------|-----------------|
| At 1 July 2020  |      | 17,821.5        | 528.1            | (265.4)        | (814.5)                       | 1,363.2                   | (1,926.3)        | 25,749.3        | 42,455.9        |
| Profit attributable to shareholders of the Company  |      | -               | -                | -              | -                             | -                         | -                | 611.8           | 611.8           |
| Dividend paid to shareholders of the Company  | 30   | -               | -                | -              | -                             | -                         | -                | (1,134.3)       | (1,134.3)       |
| Release of reserves upon disposal of subsidiaries   |      | -               | -                | 99.1           | (260.6)                       | -                         | -                | 260.6           | 99.1            |
| Release of reserves upon disposal of interests in associated companies                                  |      | -               | (0.1)            | (1.5)          | -                             | -                         | 2.1              | -               | 0.5             |
| Release of reserve upon disposal of interest in a joint venture   |      | -               | -                | -              | -                             | -                         | (93.8)           | -               | (93.8)          |
| Release of reserve upon deconsolidation of a subsidiary   |      | -               | -                | -              | -                             | -                         | (10.3)           | -               | (10.3)          |
| Net fair value changes on financial assets at FVOCI (equity instruments)                                | (a)  | -               | -                | -              | -                             | -                         | -                | -               | -               |
| Group   |      | -               | -                | -              | 3.9                           | -                         | -                | -               | 3.9             |
| Associated company  |      | -               | -                | -              | 4.3                           | -                         | -                | -               | 4.3             |
| Joint venture   |      | -               | -                | -              | 1.9                           | -                         | -                | -               | 1.9             |
| Net fair value changes and other net movements on financial assets at FVOCI (debt instruments)          | (a)  | -               | -                | -              | -                             | 332.8                     | -                | -               | 332.8           |
| Amount reported in other comprehensive income applying overlay approach adjustments on financial assets | 6(a) | -               | -                | -              | -                             | 895.1                     | -                | -               | 895.1           |
| Currency translation differences  |      | -               | -                | -              | -                             | -                         | -                | -               | -               |
| Group   |      | -               | -                | -              | -                             | -                         | 1,018.6          | -               | 1,018.6         |
| Associated companies  |      | -               | -                | -              | -                             | -                         | 644.8            | -               | 644.8           |
| Joint ventures  |      | -               | -                | -              | -                             | -                         | 661.5            | -               | 661.5           |
| Share of other comprehensive loss of associated companies and joint ventures                            |      | -               | (7.4)            | -              | -                             | -                         | -                | -               | (7.4)           |
| Cash flow/fair value hedges   |      | -               | -                | -              | -                             | -                         | -                | -               | -               |
| Group   |      | -               | -                | (87.7)         | -                             | -                         | -                | -               | (87.7)          |
| Associated companies  |      | -               | -                | (0.6)          | -                             | -                         | -                | -               | (0.6)           |
| Joint venture   |      | -               | -                | 90.4           | -                             | -                         | -                | -               | 90.4            |
| Remeasurement of post-employment benefit obligation   |      | -               | -                | -              | -                             | -                         | -                | 3.1             | 3.1             |
| Transfer of reserves  |      | -               | 8.8              | -              | (0.4)                         | -                         | -                | (8.4)           | -               |
| <b>At 31 December 2020</b>  |      | <b>17,821.5</b> | <b>529.4</b>     | <b>(165.7)</b> | <b>(1,065.4)</b>              | <b>2,591.1</b>            | <b>296.6</b>     | <b>25,482.1</b> | <b>45,489.6</b> |

(a) The amounts represent net fair value changes of financial assets at FVOCI for the Current Period recognized in condensed consolidated statement of comprehensive income, in which net fair value changes of equity instruments and debt instruments are mainly relating to investments held by the Group's insurance business.

(b) Special reserves include statutory reserves which are created in accordance with the relevant laws of the People's Republic of China and/or terms of the joint venture agreements for subsidiaries and joint ventures established in Mainland China and are required to be retained in the financial statements of these subsidiaries and joint ventures for specific purposes. Special reserves also include capital redemption reserve and property revaluation reserve. Hedge reserves as at 31 December 2020 includes (i) cash flow hedge reserve arising from interest rate swaps and cross currency swaps contracts; and (ii) fair value hedge reserve arising from a put option.

## 26. Perpetual capital securities

The balance represents US\$1,000 million and US\$300 million 5.75% senior perpetual capital securities issued by the Group in January 2019 and July 2019 respectively which were consolidated as a single series. The senior perpetual capital securities are listed on the Hong Kong Stock Exchange and have no maturity date. The Group has the right to redeem the securities from the holders and the payments of distribution can be deferred at the discretion of the Group. The securities are classified as equity in the condensed consolidated financial statements of the Group.

## 27. Borrowings and other interest-bearing liabilities

|  | At<br>31 December<br>2020<br>HK\$m | At<br>30 June<br>2020<br>HK\$m |
|--|------------------------------------|--------------------------------|
| <b>Non-current</b>   |                                    |                                |
| Unsecured long-term bank loans   | <b>16,429.1</b>                    | 19,668.2                       |
| Unsecured fixed rate bonds   | <b>6,972.2</b>                     | 6,973.7                        |
| Financing received under a financial reinsurance arrangement                                       | <b>225.2</b>                       | 249.6                          |
| Unsecured other borrowings   | <b>0.1</b>                         | 0.2                            |
|  | <b>23,626.6</b>                    | 26,891.7                       |
| <b>Current</b>   |                                    |                                |
| Current portion of unsecured long-term bank loans  | <b>1,277.4</b>                     | 1,537.0                        |
| Unsecured short-term bank loans  | <b>450.0</b>                       | 829.7                          |
| Financing received under a financial reinsurance arrangement                                       | <b>85.9</b>                        | 115.2                          |
| Cash collateral received for cross currency swap and forward starting interest rate swap contracts | <b>848.6</b>                       | 1,582.0                        |
| Unsecured other borrowings   | <b>0.1</b>                         | 0.1                            |
|  | <b>2,662.0</b>                     | 4,064.0                        |
|  | <b>26,288.6</b>                    | 30,955.7                       |

## 28. Insurance and investment contract liabilities

|                                 | Note    | At<br>31 December<br>2020<br>HK\$'m | At<br>30 June<br>2020<br>HK\$'m |
|---------------------------------|---------|-------------------------------------|---------------------------------|
| Insurance contract liabilities  | (a),(b) | <b>38,700.2</b>                     | 34,894.7                        |
| Investment contract liabilities |         | <b>5.5</b>                          | 5.4                             |
|                                 |         | <b>38,705.7</b>                     | 34,900.1                        |
| Represented by                  |         |                                     |                                 |
| Non-current liabilities         |         | <b>16,377.6</b>                     | 14,454.8                        |
| Current liabilities             | 2       | <b>22,328.1</b>                     | 20,445.3                        |
|                                 |         | <b>38,705.7</b>                     | 34,900.1                        |

Insurance and investment contract liabilities related to unit-linked contracts are detailed in note 21(b).

- (a) The maturity profile of insurance contract liabilities, which is presented on a discounted basis and projected according to the Group's best estimate on the timing of future cash flows based on the historical settlement pattern, is stated as below:

|                         | Note | At<br>31 December<br>2020<br>HK\$'m | At<br>30 June<br>2020<br>HK\$'m |
|-------------------------|------|-------------------------------------|---------------------------------|
| Payable within one year | 2    | <b>3,897.8</b>                      | 3,200.5                         |
| Payable after one year  |      | <b>34,802.4</b>                     | 31,694.2                        |
|                         |      | <b>38,700.2</b>                     | 34,894.7                        |



## 28. Insurance and investment contract liabilities (continued)

(b) Insurance contract liabilities comprised:

|  | At<br>31 December<br>2020<br>HK\$m | At<br>30 June<br>2020<br>HK\$m |
|--|------------------------------------|--------------------------------|
| Liabilities for guaranteed benefits  | <b>34,888.2</b>                    | 31,246.0                       |
| Liabilities for coinsurance payments   | <b>233.0</b>                       | 244.7                          |
| Provision for annual dividends   | <b>69.7</b>                        | 69.7                           |
| Insurance contract liabilities excluding<br>policyholders' dividends and bonuses | <b>35,190.9</b>                    | 31,560.4                       |
| Policyholders' dividends and bonuses   | <b>3,509.3</b>                     | 3,334.3                        |
| Total insurance contract liabilities   | <b>38,700.2</b>                    | 34,894.7                       |

## 29. Trade, other payables and payables to policyholders

|  | Note | At<br>31 December<br>2020<br>HK\$m | At<br>30 June<br>2020<br>HK\$m |
|--|------|------------------------------------|--------------------------------|
| Trade payables                           | (a)  | <b>256.0</b>                       | 584.8                          |
| Payables to policyholders                |      | <b>1,571.3</b>                     | 1,468.8                        |
| Other payables and accruals              | (b)  | <b>7,673.2</b>                     | 7,553.8                        |
| Retention money payables                 |      | <b>1,420.6</b>                     | 1,342.6                        |
| Contract liabilities                     |      | <b>1,366.9</b>                     | 1,311.8                        |
| Amounts due to non-controlling interests |      | <b>144.4</b>                       | 155.3                          |
| Amounts due to associated companies      |      | <b>2.5</b>                         | 1.5                            |
| Amounts due to joint ventures            |      | <b>56.4</b>                        | 56.4                           |
|  |      | <b>12,491.3</b>                    | 12,475.0                       |

## 29. Trade, other payables and payables to policyholders (continued)

(a) The ageing analysis of trade payables based on invoice date is as follows:

|                | <b>At<br/>31 December<br/>2020<br/>HK\$'m</b> | At<br>30 June<br>2020<br>HK\$'m |
|----------------|---|---------------------------------|
| Under 3 months | <b>237.4</b>                                  | 558.8                           |
| 4 to 6 months  | <b>1.2</b>                                    | 1.4                             |
| Over 6 months  | <b>17.4</b>                                   | 24.6                            |
|                | <b>256.0</b>                                  | 584.8                           |

(b) The balance includes construction related accruals and provisions amounting to HK\$4,899.0 million (30 June 2020: HK\$4,153.6 million).

## 30. Dividend

A final dividend of HK\$1,134.3 million that related to FY2020 was paid in December 2020 (final dividend for the financial year ended 30 June 2019 paid of HK\$1,134.2 million).

On 26 February 2021, the Board resolved to declare an interim dividend for FY2021 of HK\$0.29 per share (interim dividend for FY2020 paid of HK\$0.29 per share), payable on or about 14 April 2021 to the shareholders whose names appear on the register of members of the Company on 24 March 2021. This interim dividend, amounting to HK\$1,134.2 million, has not been recognized as a liability in this interim financial statements but will be reflected as an appropriation of the retained profits in the annual financial statements for FY2021 (interim dividend for FY2020 paid of HK\$1,134.2 million).

### 31. Commitments

- (a) The outstanding commitments for capital expenditure are as follows:

|   | Note | At<br>31 December<br>2020<br>HK\$'m | At<br>30 June<br>2020<br>HK\$'m |
|---|------|-------------------------------------|---------------------------------|
| Contracted but not provided for                                     |      |                                     |                                 |
| Intangible concession rights  |      | 175.9                               | 3.3                             |
| Property, plant and equipment                                       |      | 71.8                                | 196.8                           |
| Capital contributions to associated companies<br>and joint ventures | (i)  | 276.5                               | 566.0                           |
| Other financial investments   |      | 816.8                               | 393.7                           |
|   |      | <b>1,341.0</b>                      | 1,159.8                         |

- (i) The Group has been committed to providing sufficient funds in the form of advances, capital and loan contributions to certain associated companies and joint ventures to finance relevant projects. The Group estimates that the share of projected funds requirements of these projects would be approximately HK\$276.5 million (30 June 2020: HK\$566.0 million) which represents the attributable portion of the capital and/or loan contributions to be made to the associated companies and joint ventures.

- (b) The Group's share of commitments for capital expenditure committed by the joint ventures not included above are as follows:

|                                 | At<br>31 December<br>2020<br>HK\$'m | At<br>30 June<br>2020<br>HK\$'m |
|---------------------------------|-------------------------------------|---------------------------------|
| Contracted but not provided for |                                     |                                 |
| Property, plant and equipment   | 8,460.8                             | 11,559.4                        |

## 32. Financial guarantee contracts

The Group's financial guarantee contracts are as follows:

|   | <b>At<br/>31 December<br/>2020<br/>HK\$m</b> | At<br>30 June<br>2020<br>HK\$m |
|---|--|--------------------------------|
| Guarantees for credit facilities granted to |  |                                |
| Associated companies                        | <b>1,734.2</b>                               | 1,662.9                        |
| Joint ventures                              | <b>2,145.0</b>                               | 2,145.0                        |
|   | <b>3,879.2</b>                               | 3,807.9                        |

In addition, as at 31 December 2020, 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 ("KTSP") under the contract entered into between the Hong Kong Government and KTSP for the design, construction and operation of Kai Tak Sports Park. Taking into consideration the deed of counter-indemnity entered, the Group's guarantee towards KTSP is up to the extent of 25% or amounts to approximately HK\$7.5 billion (30 June 2020: HK\$7.5 billion). KTSP is an associated company of the Group in which the Group has a 25% interest.

## 33. Notes to condensed consolidated statement of cash flows

(a) Reconciliation of operating profit to net cash generated from operations:

|   | For the six months ended<br>31 December |                |
|---|---|----------------|
|   | 2020<br>HK\$'m                          | 2019<br>HK\$'m |
| Operating profit from continuing and discontinued operations  | 614.5                                   | 1,438.8        |
| Depreciation and amortization   | 1,120.0                                 | 999.5          |
| Interest income   | (824.4)                                 | (399.0)        |
| Loss on fair value of investment properties   | 14.3                                    | –              |
| Loss on disposal of subsidiaries  | 87.7                                    | –              |
| (Profit)/loss on disposal/partial disposal of interests in associated companies                               | (2.6)                                   | 77.5           |
| Profit on disposal of interest in a joint venture   | (40.4)                                  | –              |
| Net (profit)/loss on disposal of financial assets at FVOCI (debt instruments)                                 | (1.8)                                   | 1.9            |
| Net loss/(gain) on fair value of derivative financial instruments   | 54.1                                    | (81.8)         |
| Net gain on fair value of financial assets at FVPL  | (1,570.9)                               | (121.6)        |
| Remeasurement loss on assets classified as held-for-sale  | 1,442.7                                 | –              |
| Dividend income from financial assets at FVOCI and financial assets at FVPL                                   | (60.9)                                  | (85.1)         |
| Gain associated with investments related to unit-linked contracts   | (1,592.7)                               | (435.3)        |
| Expected credit loss provision on financial assets at FVOCI (debt instruments), premium and other receivables | 39.7                                    | 9.5            |
| Net exchange loss   | 37.4                                    | 10.2           |
| Overlay approach adjustments on financial assets  | 895.1                                   | 137.8          |
| Other non-cash items  | (5.2)                                   | (6.3)          |
| Operating profit before working capital changes   | 206.6                                   | 1,546.1        |
| Decrease in security deposits   | –                                       | 447.9          |
| Decrease in inventories   | 36.0                                    | 106.6          |
| (Increase)/decrease in trade, premium and other receivables   | (125.7)                                 | 445.1          |
| Increase/(decrease) in trade, other payables and payables to policyholders                                    | 676.4                                   | (495.6)        |
| Changes in balances with associated companies, joint ventures and related companies                           | (37.3)                                  | (145.1)        |
| (Decrease)/increase in amounts due to non-controlling interests   | (19.1)                                  | 8.5            |
| Increase in deferred acquisition costs  | (510.9)                                 | (260.2)        |
| Increase in insurance and investment contract liabilities   | 3,798.4                                 | 1,172.3        |
| Increase in liabilities related to unit-linked contracts  | 1,375.3                                 | 326.0          |
| Purchases of financial assets at FVPL associated with investments related to unit-linked contracts            | (3,047.7)                               | (1,061.7)      |
| Disposal of financial assets at FVPL associated with investments related to unit-linked contracts             | 3,120.9                                 | 1,212.7        |
| Others  | (17.1)                                  | (11.8)         |
| Net cash generated from operations  | 5,455.8                                 | 3,290.8        |

### 33. Notes to condensed consolidated statement of cash flows (continued)

#### (b) Disposal of subsidiaries

During the Current Period, the Group disposed of the entire issued share capital of NWS Transport as disclosed in note 22 and a subsidiary which principally held a strategic investment as financial assets at FVPL. The net assets of these subsidiaries at the date of completion of disposal and net loss on disposal of subsidiaries recognized during the Current Period were as follows:

|   | Note | HK\$'m         |
|---|------|----------------|
| Net assets disposed of  |      |                |
| Property, plant and equipment   | 11   | <b>3,662.3</b> |
| Right-of-use assets   |      | <b>401.8</b>   |
| Financial assets at FVOCI   |      | <b>267.9</b>   |
| Financial assets at FVPL  |      | <b>468.0</b>   |
| Inventories   |      | <b>70.4</b>    |
| Trade and other receivables   |      | <b>426.3</b>   |
| Cash and bank balances  |      | <b>234.6</b>   |
| Lease liabilities   |      | <b>(405.5)</b> |
| Derivative financial instruments  |      | <b>(118.8)</b> |
| Other non-current liabilities   |      | <b>(47.1)</b>  |
| Borrowings and other interest-bearing liabilities                               |      | <b>(598.8)</b> |
| Trade and other payables  |      | <b>(775.6)</b> |
| Taxation  |      | <b>(0.6)</b>   |
| Deferred tax liabilities  |      | <b>(291.6)</b> |
|   |      | <b>3,293.3</b> |
| Net loss on disposal  |      | <b>(87.7)</b>  |
| Release of reserve upon disposal  |      | <b>99.1</b>    |
|   |      | <b>3,304.7</b> |
| Represented by  |      |                |
| Cash consideration received   |      | <b>2,958.0</b> |
| Consideration receivable by instalments<br>included in other non-current assets |      | <b>626.7</b>   |
| Vendor cash flow subsidy included in derivative financial instruments           |      | <b>(280.0)</b> |
|   |      | <b>3,304.7</b> |

### 33. Notes to condensed consolidated statement of cash flows (continued)

#### (b) Disposal of subsidiaries (continued)

Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries during the Current Period were as follows:

|                                    | HK\$m          |
|------------------------------------|----------------|
| Cash consideration received        | 2,958.0        |
| Cash and bank balances disposed of | (234.6)        |
|                                    | <b>2,723.4</b> |

### 34. Related party transactions

(a) Except for those disclosed, the following is a summary of significant related party transactions during the Current Period carried out in the normal course of the Group's business:

|  | Note   | For the six months ended<br>31 December |               |
|--|--------|---|---------------|
|  |        | 2020<br>HK\$m                           | 2019<br>HK\$m |
| <b>Transactions with affiliated companies</b>  |        |   |               |
| Provision of construction work services        | (i)    |   |               |
| Provision of other services                    | (ii)   | –                                       | 0.5           |
| Interest income                                | (iii)  | 3.2                                     | 0.3           |
| Management fee income                          | (iv)   | 54.9                                    | 75.9          |
| Lease payments and other related expenses      | (v)    | 0.1                                     | 2.2           |
| Other expenses                                 | (vi)   | –                                       | (0.8)         |
|  | (viii) | <b>(131.1)</b>                          | <b>(70.2)</b> |
| <b>Transactions with other related parties</b> |        |   |               |
| Provision of construction work services        | (i)    |   |               |
| Provision of other services                    | (ii)   | 480.9                                   | 909.2         |
| Interest income                                | (iii)  | 20.7                                    | 21.5          |
| Lease payments and other related expenses      | (iv)   | 37.0                                    | 1.5           |
| Mechanical and electrical engineering services | (v)    | (13.8)                                  | (16.4)        |
| Other expenses                                 | (vi)   | (452.4)                                 | (219.0)       |
|  | (viii) | <b>(37.3)</b>                           | <b>(60.5)</b> |

(i) Affiliated companies include associated companies and joint ventures of the Group. Related parties are subsidiaries, associated companies and joint ventures of NWD and Chow Tai Fook Enterprises Limited ("CTF Enterprises") as well as Mr Doo Wai Hoi, William ("Mr Doo") and his associates which are not companies within the Group. NWD is the ultimate holding company of the Company and CTF Enterprises is a substantial shareholder of NWD. Mr Doo is the Vice-chairman and a non-executive director of NWD and is the father of Mr William Junior Guilherme Doo, a non-executive director of the Company.

## 34. Related party transactions (continued)

### (a) (continued)

- (ii) Revenue from the provision of construction work services was charged in accordance with the relevant contracts. Revenue from provision of construction work services to KTSPL, which is both a subsidiary of NWD and an associated company of the Group, was presented under "Transactions with other related parties" only.
- (iii) The Group provided various kinds of services including facilities management, property management and other services to certain affiliated companies and related parties. The services were provided and charged in accordance with the relevant contracts.
- (iv) Interest income was charged at relevant interest rates on the outstanding balances due from the affiliated companies or relevant yield on investments in debt securities.
- (v) Management fee was charged at rates in accordance with the relevant contracts.
- (vi) Lease payments and other related expenses were charged at rates in accordance with the respective tenancy agreements.
- (vii) Mechanical and electrical engineering services were charged in accordance with the relevant contracts.
- (viii) Other expenses include purchase of construction materials, laundry, security and guarding, landscaping, cleaning, property management and other services. The services were charged in accordance with the relevant contracts.

### (b) Key management compensation

The aggregate amounts of emoluments of the directors of the Company (being the key management personnel) are as follows:

|              | <b>For the six months ended<br/>31 December</b> |               |
|--------------|---|---------------|
|              | <b>2020<br/>HK\$m</b>                           | 2019<br>HK\$m |
| Remuneration | <b>33.9</b>                                     | 38.1          |



### 34. Related party transactions (continued)

- (c) The total amounts receivable (before provision) from associated companies and joint ventures are HK\$11,781.6 million (30 June 2020: HK\$12,613.8 million). These balances are unsecured, of which HK\$2,754.8 million (30 June 2020: HK\$3,265.5 million) are interest bearing. These balances also include an amount of HK\$197.5 million (30 June 2020: HK\$197.5 million) which has been subordinated to certain indebtedness of a joint venture. The total amounts payable to associated companies, joint ventures and non-controlling interests are HK\$228.0 million (30 June 2020: HK\$242.1 million). These balances are unsecured and interest free. The pledge of the Group's equity interest in an associated company as security for a bank loan made by that associated company is disclosed in note 16(b).
- (d) As at 31 December 2020, FTLife Insurance, a wholly-owned subsidiary of the Company, held senior unsubordinated and unsecured notes due 2049 in the principal amount of HK\$1,500.0 million issued by NWD (MTN) Limited, a wholly-owned subsidiary of NWD, as part of its investment portfolio. These notes are bearing a coupon rate of 4.89% per annum and listed on the Hong Kong Stock Exchange. As at 31 December 2020, the outstanding principal amount was HK\$1,500.0 million and fair value of these notes was HK\$1,563.9 million which was included in the condensed consolidated statement of financial position of the Group as financial assets at FVOCI.

### 35. Event subsequent to period end

In January 2021, the Group entered into conditional sale and purchase agreements for the Environment Disposal together with the inter-company payable by NWS HKI to the Company at an aggregate consideration of HK\$6,533.0 million, as detailed in note 22. The transaction is yet to complete up to the date of this report.

### 36. Comparative figures

Certain comparative figures for the Last Period have been reclassified or extended to conform with the presentation for the Current Period.

# 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, optimizes our capital structure and expands our source of funding from time to time such as perpetual capital securities, capital market issue 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 31 December 2020, compared with 35% debt and 65% equity as at 30 June 2020.

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 reduce the Group's overall cost of funding and to manage the exposure from foreign currency translation. The Group's Insurance segment enters into cross currency swaps and forward starting swaps contracts to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. The Group did not have any material exposure to exchange risk other than Renminbi and United States Dollar during the Current Period. Certain subsidiaries, associated companies and joint ventures have local currency project loans in place, and these are naturally hedged against the investments in the same local currency of the entity concerned.

## Liquidity and capital resources

As at 31 December 2020, the Group's total cash and bank balances amounted to HK\$10,987.6 million, compared with HK\$13,221.8 million as at 30 June 2020. Cash and bank balances were mainly denominated as to 41% in United States Dollar, 36% in Hong Kong Dollar and 22% in Renminbi. The Group's net debt as at 31 December 2020 was HK\$15,301.0 million, compared with HK\$17,733.9 million as at 30 June 2020. The decrease in net debt was mainly due to the proceeds from the disposal of entire issued share capital of NWS Transport and certain non-core businesses/investments, repayment of shareholder's loan from associated companies, dividends received, net of operating cash outflow (especially for the insurance business) and payments of dividends. The Group's net gearing ratio (calculated as net debt over total equity) reduced from 31% as at 30 June 2020 to 26% as at 31 December 2020. The Group had unutilized committed banking facilities of approximately HK\$18.2 billion as at 31 December 2020.

## Debt profile and maturity

As at 31 December 2020, the Group's total debt decreased to HK\$26,288.6 million from HK\$30,955.7 million as at 30 June 2020. The Group has managed to evenly distribute its debt maturity profile to reduce refinancing risks. Amongst the non-current portion of the long-term loans and borrowings of HK\$23,626.6 million as at 31 December 2020, 17% will mature in the second year, 49% will mature in the third to fifth year and 34% 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 31 December 2020, 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\$1,341.0 million as at 31 December 2020, compared with HK\$1,159.8 million as at 30 June 2020. These comprised commitments for capital contributions to certain associated companies, joint ventures and other financial investments of HK\$1,093.3 million as well as additions of concession rights and property, plant and equipment of HK\$247.7 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\$3,879.2 million as at 31 December 2020, compared with HK\$3,807.9 million as at 30 June 2020. These comprised guarantees for banking facilities of associated companies and joint ventures.

In addition, as at 31 December 2020, 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 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 entered, the Group's guarantee towards KTSPL is up to the extent of 25% or amounts to approximately HK\$7.5 billion (30 June 2020: HK\$7.5 billion). KTSPL is an associated company of the Group in which the Group has a 25% interest.

# Interim Dividend

The Board has resolved to declare an interim dividend of HK\$0.29 per share for FY2021 (the “Interim Dividend”) in cash to the shareholders whose names appear on the register of members of the Company on 24 March 2021. It is expected that the Interim Dividend will be paid on or about 14 April 2021.

## Closure of Register of Members

For the purpose of determining shareholders’ entitlement to the Interim Dividend, the register of members of the Company will be closed with details as set out below:

|  |                            |
|--|----------------------------|
| Latest time to lodge transfer documents for registration | 4:30 p.m. on 23 March 2021 |
| Closure of register of members                           | 24 March 2021              |
| Record date  | 24 March 2021              |
| Interim Dividend payment date                            | on or about 14 April 2021  |

On the abovementioned closure date, no transfer of shares will be registered. In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than the aforementioned latest time.

## Disclosure Pursuant to Rule 13.22 of the Listing Rules

As at 31 December 2020, the Group has provided financial assistance, by way of shareholders' loans or advances, in the aggregate amount of HK\$11,781.6 million to its affiliated companies (included in the amounts disclosed in notes 16, 17 and 20 to the interim financial statements), guarantees given for bank loans and other credit facilities for the benefit of the affiliated companies and the guarantee towards KTSPL in the aggregate amount of HK\$11,379.2 million (included in the amounts disclosed in note 32 to the interim financial statements) and contracted to provide an aggregate amount of HK\$276.5 million in capital and/or loans to affiliated companies (included in the amount disclosed in note 31(a)(i) to the interim financial statements). The said amounts, in aggregate, represent approximately 15.5% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. Affiliated companies include associated companies and joint ventures of the Group.

The advances are unsecured, interest free and have no definite repayment terms except for (i) an aggregate amount of HK\$104.7 million which carries interest at 8% per annum; (ii) an amount of HK\$25.7 million which carries interest at Hong Kong prime rate; (iii) an aggregate amount of HK\$1,600.0 million which carries interest at 6-month Hong Kong Interbank Offered Rate plus a margin of 1.3% per annum and is not repayable within the next 12 months from the end of the reporting period; (iv) an amount of HK\$477.1 million which carries compound interest at 5% per annum and is repayable on demand; (v) an amount of HK\$238.1 million which carries interest at 90% of over-five-year Renminbi benchmark lending rate published by the People's Bank of China and is not repayable within the next 12 months from the end of the reporting period; (vi) an amount of HK\$115.7 million which carries interest at one-to-five-year Renminbi benchmark lending rate published by the People's Bank of China and is not repayable within the next 12 months from the end of the reporting period; (vii) an amount of HK\$193.5 million which carries interest at 4% per annum; and (viii) an aggregate amount of HK\$6,331.3 million which is interest free and is repayable within the next 12 months from the end of the reporting period. The advances also include an amount of HK\$197.5 million which has been subordinated to certain indebtedness of an affiliated company. Contracted capital and loan contributions to affiliated companies would be funded by internally generated resources and banking facilities of the Group.

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2020 are presented as follows:

|                         | <b>Proforma<br/>combined<br/>statement of<br/>financial<br/>position<br/>HK\$m</b> | <b>The Group's<br/>attributable<br/>interest<br/>HK\$m</b> |
|-------------------------|--|--|
| Non-current assets      | <b>102,707.9</b>   | <b>43,153.4</b>  |
| Current assets          | <b>15,572.0</b>  | <b>5,113.1</b>   |
| Current liabilities     | <b>(29,774.6)</b>  | <b>(12,950.1)</b>  |
| Non-current liabilities | <b>(65,350.0)</b>  | <b>(29,322.1)</b>  |
|                         | <b>23,155.3</b>  | <b>5,994.3</b>   |

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2020.

# Additional Information

## Corporate Governance Practices

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

Throughout the Current Period, the Company has complied with all the applicable code provisions under the Corporate Governance Code as contained in Appendix 14 of the Listing Rules, with the exception of code provision E.1.2.

Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. Dr Cheng Kar Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 25 November 2020 (the "AGM") due to his other engagement. Mr Ma Siu Cheung, the Chief Executive Officer and Executive Director of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient caliber for answering questions at the AGM and had answered questions at the AGM competently.

## Dealings in the Company's Securities by Directors and Relevant Employees

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

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

## Update on Directors' Information

Changes in the information of directors of the Company since the disclosure made in the 2020 annual report of the Company and up to the date of this report, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- (1) Dr Cheng Kar Shun, Henry no longer acted as director of any subsidiary of the Group.
- (2) Mr Cheung Chin Cheung resigned as director of Chongqing Water Group Company Limited, a company listed in Shanghai, the People's Republic of China, and the Vice Chairman of Derun Environment, both on 29 January 2021.



## Additional Information

### Update on Directors' Information (continued)

- (3) Mr Ho Gilbert Chi Hang was appointed as the Deputy Chairperson of the Greater Bay Area Committee of CPA Australia on 20 November 2020.
- (4) Mr Chow Tak Wing resigned as director of each of Citybus Limited and New World First Bus Services Limited on 15 October 2020. He also resigned as director of New World First Ferry Services Limited on 8 December 2020. In addition, Mr Chow has tendered his resignation as the Company Secretary of the Company which will be taken effect from 1 March 2021.
- (5) Mr Cheng Chi Leong, Christopher was appointed as an executive director of the Company on 1 December 2020 and he became a member of the Executive Committee of the Company on the same day.
- (6) Mr Tsang Yam Pui resigned as a non-executive director of the Company on 1 January 2021.
- (7) Mr William Junior Guilherme Doo no longer acted as director of any subsidiary of the Group.
- (8) Mr Lam Wai Hon, Patrick was appointed as an alternate director to Mr William Junior Guilherme Doo, a non-executive director of the Company, on 25 November 2020. In addition, Mr Lam retired as a non-executive director of the Company after the conclusion of the AGM and ceased to be a member of the Sustainability Committee of the Company upon his retirement.
- (9) Mr Shek Lai Him, Abraham was appointed as an independent non-executive director of Landing International Development Limited and Hao Tian International Construction Investment Group Limited, both are listed public companies in Hong Kong, on 14 August 2020 and 15 October 2020 respectively. In addition, as announced by the Company on 20 October 2020, Goldin Financial Holdings Limited ("Goldin", a listed public company in Hong Kong), of which Mr Shek has been an independent non-executive director since 9 January 2017, had received a copy of petition presented by DB Trustees (Hong Kong) Limited in relation to a term loan facility to the Supreme Court of Bermuda for purported winding-up of Goldin. Details of this petition can be referred to the announcement made by the Company on 20 October 2020 or the announcements made by Goldin.

### Audit Committee and Review of Interim Results

The Audit Committee of the Company was set up by the Board with specific terms for the purpose of reviewing and providing supervision over the Group's financial reporting process, and risk management and internal control. It currently comprises 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 unaudited condensed consolidated interim financial statements of the Group for the Current Period with the management and the external auditor. The Audit Committee has also reviewed this interim report.

The unaudited consolidated interim results of the Group for the Current Period have been reviewed by the Company's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

## Directors' Interests in Securities

As at 31 December 2020, the directors of the Company had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

### (a) Long position in shares

|                                    | Number of shares   |                       |                           | Total      | Approximate percentage of shareholding as at 31.12.2020 |
|------------------------------------|--------------------|-----------------------|---------------------------|------------|---|
|                                    | Personal interests | Family interests      | Corporate interests       |            |   |
| <b>The Company</b>                 |                    |                       |                           |            |   |
| (Ordinary shares of HK\$1.00 each) |                    |                       |                           |            |   |
| Dr Cheng Kar Shun, Henry           | 18,349,571         | –                     | 12,000,000 <sup>(1)</sup> | 30,349,571 | 0.776%  |
| Mr William Junior Guilherme Doo    | –                  | –                     | 128,869 <sup>(2)</sup>    | 128,869    | 0.003%  |
| Mr Kwong Che Keung, Gordon         | 1,207,077          | –                     | –                         | 1,207,077  | 0.031%  |
| Dr Cheng Wai Chee, Christopher     | 2,875,786          | –                     | –                         | 2,875,786  | 0.074%  |
| Mr Lam Wai Hon, Patrick            | 1,446,207          | –                     | 7,608 <sup>(3)</sup>      | 1,453,815  | 0.037%  |
| Mr Tsang Yam Pui <sup>(4)</sup>    | 180,000            | –                     | –                         | 180,000    | 0.005%  |
| <b>NWD</b>                         |                    |                       |                           |            |   |
| (Ordinary shares)                  |                    |                       |                           |            |   |
| Dr Cheng Kar Shun, Henry           | 2,668,909          | –                     | –                         | 2,668,909  | 0.105%  |
| Dr Cheng Chi Kong, Adrian          | 2,059,118          | –                     | –                         | 2,059,118  | 0.081%  |
| Mr Cheung Chin Cheung              | 31,100             | –                     | –                         | 31,100     | 0.001%  |
| Mr William Junior Guilherme Doo    | –                  | 10,000 <sup>(5)</sup> | –                         | 10,000     | 0.000%  |
| Mr Kwong Che Keung, Gordon         | 10,000             | –                     | –                         | 10,000     | 0.000%  |

Notes:

- (1) The shares were held by a company wholly-owned by Dr Cheng Kar Shun, Henry.
- (2) The shares were held by a company wholly-owned by Mr William Junior Guilherme Doo.
- (3) The shares were held by a company wholly-owned by Mr Lam Wai Hon, Patrick.
- (4) Mr Tsang Yam Pui resigned as a non-executive director of the Company on 1 January 2021.
- (5) The shares were held by the spouse of Mr William Junior Guilherme Doo.



## Additional Information

### Directors' Interests in Securities (continued)

#### (b) Long position in underlying shares – share options

Under the share option scheme of NWD, the holding company of the Company, the following directors of the Company had personal interests in options to subscribe for shares of NWD. Details of the share options of NWD granted to them are as follows:

| Name                      | Date of grant | Exercisable period (Note) | Number of share options  |                           |                             | Balance as at 31.12.2020 | Exercise price per share HK\$ |
|---------------------------|---------------|---------------------------|--------------------------|---------------------------|-----------------------------|--------------------------|-------------------------------|
|                           |               |                           | Balance as at 01.07.2020 | Granted during the period | Exercised during the period |                          |                               |
| Dr Cheng Kar Shun, Henry  | 3 July 2017   | (1)                       | 500,000                  | –                         | –                           | 500,000                  | 40.144                        |
| Dr Cheng Chi Kong, Adrian | 3 July 2017   | (1)                       | 500,000                  | –                         | –                           | 500,000                  | 40.144                        |

Notes:

- (1) Divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.
- (2) The cash consideration paid by each of the directors for each grant of the share options was HK\$10.

#### (c) Long position in debentures

| Name                                | Amount of debentures |                  |                              |                              | Total         | Approximate percentage to the total amount of debentures in issue as at 31.12.2020 |
|-------------------------------------|----------------------|------------------|------------------------------|------------------------------|---------------|--|
|                                     | Personal interests   | Family interests | Corporate interests          | Other interests              |               |  |
| <b>New World China Land Limited</b> |                      |                  |                              |                              |               |  |
| Mr William Junior Guilherme Doo     | –                    | –                | HK\$7,800,000 <sup>(1)</sup> | –                            | HK\$7,800,000 | 0.095%   |
| <b>NWD Finance (BVI) Limited</b>    |                      |                  |                              |                              |               |  |
| Mr William Junior Guilherme Doo     | –                    | –                | US\$2,000,000 <sup>(2)</sup> | –                            | US\$2,000,000 | 0.049%   |
| <b>NWD (MTN) Limited</b>            |                      |                  |                              |                              |               |  |
| Mr William Junior Guilherme Doo     | –                    | –                | US\$2,000,000 <sup>(2)</sup> | –                            | US\$2,000,000 | 0.042%   |
| Dr Cheng Wai Chee, Christopher      | –                    | –                | –                            | US\$7,500,000 <sup>(3)</sup> | US\$7,500,000 | 0.156%   |

Notes:

- (1) The debentures, which were issued in US\$, were held by a company wholly-owned by Mr William Junior Guilherme Doo and had been translated into HK\$ using the rate of US\$1 = HK\$7.8.
- (2) The debentures were held by a company wholly-owned by Mr William Junior Guilherme Doo.
- (3) The debentures were owned by a controlled corporation of a trust and Dr Cheng Wai Chee, Christopher is a beneficiary under the trust.

## Directors' Interests in Securities (continued)

Save as disclosed above, as at 31 December 2020, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations as defined in the SFO which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## Share Option Scheme

During the Current Period, no share option of the Company was granted or outstanding under the share option scheme of the Company which was adopted at the annual general meeting of the Company held on 21 November 2011.

## Substantial Shareholders' Interests in Securities

As at 31 December 2020, so far as are known to the directors of the Company, the following parties (other than a director or chief executive of the Company) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

| Name                                       | Number of shares     |                              |               | Approximate percentage to the issued share capital of the Company as at 31.12.2020 |
|--|----------------------|------------------------------|---------------|--|
|  | Beneficial interests | Corporate interests          | Total         |  |
| Cheng Yu Tung Family (Holdings) Limited    | –                    | 2,477,530,362 <sup>(1)</sup> | 2,477,530,362 | 63.35%   |
| Cheng Yu Tung Family (Holdings II) Limited | –                    | 2,477,530,362 <sup>(2)</sup> | 2,477,530,362 | 63.35%   |
| Chow Tai Fook Capital Limited              | –                    | 2,477,530,362 <sup>(3)</sup> | 2,477,530,362 | 63.35%   |
| Chow Tai Fook (Holding) Limited            | –                    | 2,477,530,362 <sup>(4)</sup> | 2,477,530,362 | 63.35%   |
| CTF Enterprises                            | 97,034,424           | 2,380,495,938 <sup>(5)</sup> | 2,477,530,362 | 63.35%   |
| NWD  | 1,588,468,276        | 792,027,662 <sup>(6)</sup>   | 2,380,495,938 | 60.86%   |
| Mombasa Limited                            | 718,384,979          | –                            | 718,384,979   | 18.37%   |

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in Chow Tai Fook Capital Limited ("CTFC") and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC held approximately 81.03% direct interest in Chow Tai Fook (Holding) Limited ("CTFH") and was accordingly deemed to have an interest in the shares deemed to be interested by CTFH.
- (4) CTFH held 100% direct interest in CTF Enterprises and was accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises.
- (5) CTF Enterprises, together with its subsidiaries, held more than one-third of the issued shares of NWD and was accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.
- (6) NWD held 100% indirect interest in Mombasa Limited and was accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD was also deemed to be interested in 2,979,975 shares held by Financial Concepts Investment Limited, 35,331,354 shares each held by Hing Loong Limited and Fine Reputation Incorporated respectively, all of them being subsidiaries of NWD.
- (7) All the interests stated above represented long positions.

## **Substantial Shareholders' Interests in Securities (continued)**

Save as disclosed above, as at 31 December 2020, no other person (other than the directors or chief executive of the Company whose interests in shares, underlying shares and debentures of the Company or any of its associated corporations are set out on pages 79 and 80) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **Employees and Remuneration Policies**

As at 31 December 2020, approximately 22,300 staff were employed by entities under the Group's management of which approximately 4,500 staff were employed in Hong Kong. Total staff related costs, including provident funds, staff bonus and deemed share option benefits but excluding directors' remunerations from continuing operations, during the Current Period were HK\$1.004 billion (2019: HK\$1.188 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.

## **Major Acquisitions and Disposals**

On 21 August 2020, NWS Service Management Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Bravo Transport Holdings Limited to dispose of the entire issued share capital of NWS Transport at a consideration of HK\$3,200 million (subject to instalment arrangements and adjustments). Completion of the disposal took place in October 2020 and since then the Group ceased to have any equity interest in NWS Transport.

## **Purchase, Sale or Redemption of Listed Securities**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Current Period.

**Dr Cheng Kar Shun, Henry**

*Chairman*

Hong Kong, 26 February 2021

# Corporate Information

(as at 26 February 2021)

## Board of Directors

### Executive Directors

Dr Cheng Kar Shun, Henry (*Chairman*)  
Mr Ma Siu Cheung (*Chief Executive Officer*)  
Dr Cheng Chi Kong, Adrian  
Mr Cheung Chin Cheung  
Mr Cheng Chi Ming, Brian  
Mr Ho Gilbert Chi Hang  
Mr Chow Tak Wing  
Mr Cheng Chi Leong, Christopher

### Non-executive Directors

Mr To Hin Tsun, Gerald  
Mr Dominic Lai  
Mr William Junior Guilherme Doo  
Mr Lam Wai Hon, Patrick (*alternate director to  
Mr William Junior Guilherme Doo*)

### Independent Non-executive Directors

Mr Kwong Che Keung, Gordon  
Dr Cheng Wai Chee, Christopher  
The Honourable Shek Lai Him, Abraham  
Mr Lee Yiu Kwong, Alan  
Mrs Oei Fung Wai Chi, Grace  
Mr Wong Kwai Huen, Albert

## Board Committees

### Executive Committee

Dr Cheng Kar Shun, Henry (*Chairman*)  
Mr Ma Siu Cheung  
Dr Cheng Chi Kong, Adrian  
Mr Cheung Chin Cheung  
Mr Cheng Chi Ming, Brian  
Mr Ho Gilbert Chi Hang  
Mr Chow Tak Wing  
Mr Cheng Chi Leong, Christopher

### Audit Committee

Mr Kwong Che Keung, Gordon (*Chairman*)  
Mr Dominic Lai  
Dr Cheng Wai Chee, Christopher  
The Honourable Shek Lai Him, Abraham  
Mr Lee Yiu Kwong, Alan

### Remuneration Committee

The Honourable Shek Lai Him, Abraham (*Chairman*)  
Mr Ma Siu Cheung  
Mr Kwong Che Keung, Gordon  
Dr Cheng Wai Chee, Christopher

### Nomination Committee

Dr Cheng Kar Shun, Henry (*Chairman*)  
Mr Ma Siu Cheung  
Mr Kwong Che Keung, Gordon  
Dr Cheng Wai Chee, Christopher  
The Honourable Shek Lai Him, Abraham

### Sustainability Committee

Mr Ma Siu Cheung (*Chairman*)  
Mr Cheung Chin Cheung  
Mr Cheng Chi Ming, Brian  
Mr Dominic Lai  
Mr William Junior Guilherme Doo  
Mr Lee Yiu Kwong, Alan  
Mrs Oei Fung Wai Chi, Grace

### Corporate Governance Committee

Mr Kwong Che Keung, Gordon (*Chairman*)  
Mr Ma Siu Cheung  
Mr Cheung Chin Cheung  
Mr Chow Tak Wing  
Mrs Oei Fung Wai Chi, Grace  
Mr Wong Kwai Huen, Albert

### Company Secretary

Mr Chow Tak Wing

Note: Mr Tang Wai Yau has been appointed as the Company Secretary of the Company in place of Mr Chow Tak Wing with effect from 1 March 2021.



## Corporate Information

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Head Office and Principal Place of Business

28/F, New World Tower  
18 Queen's Road Central  
Hong Kong

### Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited  
4th Floor, North Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

### Branch Share Registrar and Transfer Office in Hong Kong

Tricor Standard Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### Auditor

PricewaterhouseCoopers  
Certified Public Accountants and  
Registered Public Interest Entity Auditor  
22/F, Prince's Building  
Central  
Hong Kong

### Principal Bankers

Bank of America, N.A.  
Bank of China (Hong Kong) Limited  
China Construction Bank (Asia) Corporation Limited  
China Merchants Bank Co., Ltd., Beijing Branch  
Crédit Agricole Corporate & Investment Bank  
DBS Bank Ltd. Hong Kong Branch  
Hang Seng Bank Limited  
Mizuho Bank, Ltd. Hong Kong Branch  
Oversea-Chinese Banking Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited  
Sumitomo Mitsui Banking Corporation  
Hong Kong Branch  
MUFG Bank, Ltd. Hong Kong Branch  
The Hongkong and Shanghai Banking  
Corporation Limited

### Website

[www.nws.com.hk](http://www.nws.com.hk)

## **NWS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

28/F New World Tower      Tel      +852 2131 0600  
18 Queen's Road Central      Fax      +852 2131 0611  
Central, Hong Kong      Email      nwsnews@nws.com.hk  
[www.nws.com.hk](http://www.nws.com.hk)



NWS Holdings Limited takes every practicable measure to conserve resources and minimize waste. This interim report is printed on FSC™ certified paper and other controlled material using chemistry free plate system and soy ink.

The FSC™ logo identifies product group from responsible forestry in accordance with the rules of the Forest Stewardship Council®.