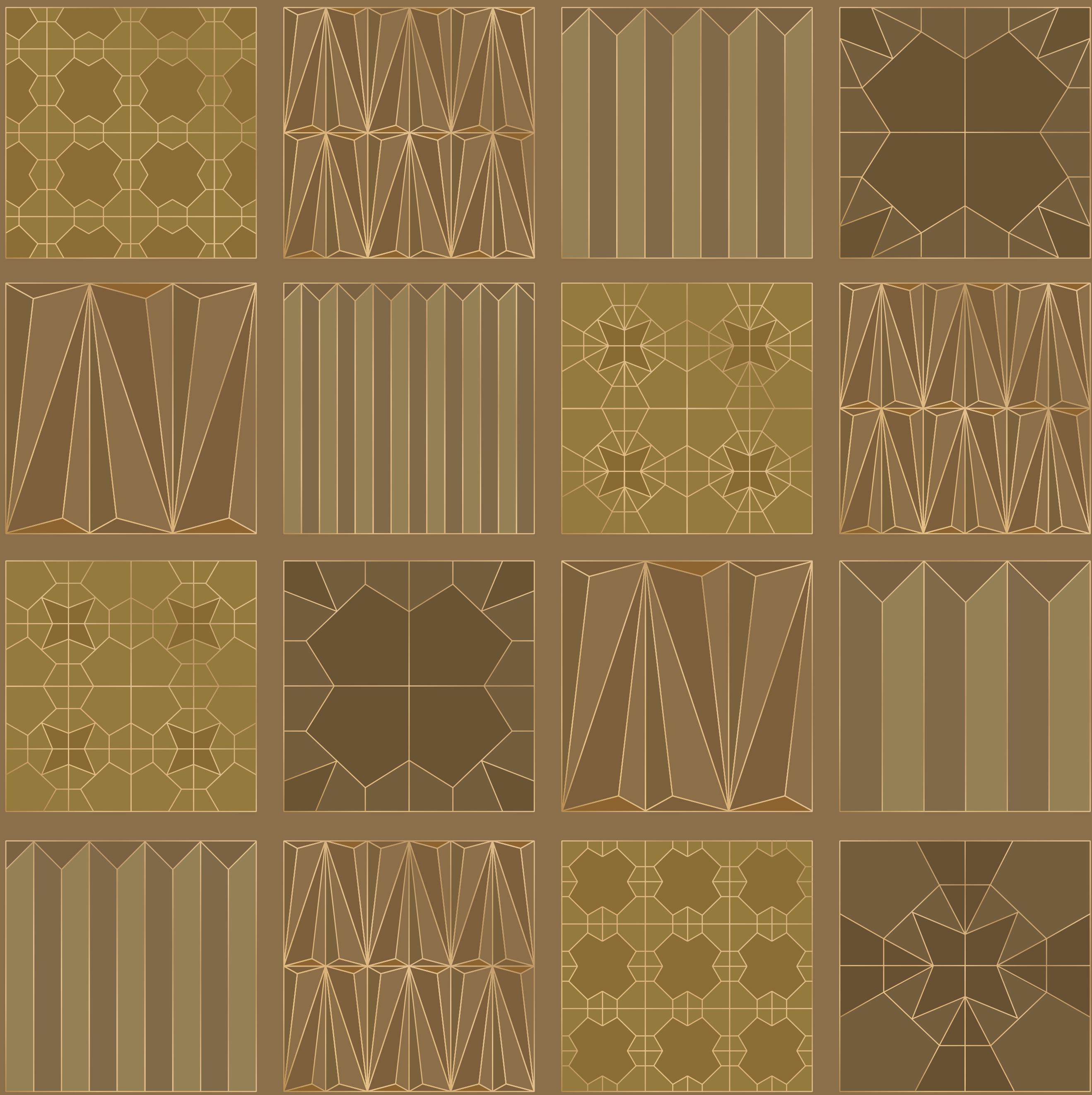
New World Development Company Limited

(Stock Code: 0017)

2024 ANNUAL REPORT



we create
we are artisans
we are csv.

THE ARTISANAL MOVEMENT

The Artisanal Movement is a cultural vision, a celebration of the human values of craftsmanship, heritage and imagination.

Today, as our business evolves in step with the society, we look ahead to bring a new purpose to this vision: create shared value for all stakeholders in communities that we serve, in order to make a positive impact on the world.

It is our belief of using the power of business and innovation to give back to the society. Through three core areas - culture and creativity, sustainability, and social innovation - we will forge new paths that tie our business success to social progress.

Because together
We create,
We are artisans,
We are CSV.

Content


K11
MUSEA
K11
MUSEA
Cartier
SAINT LAURENT
GUCCI


11 SKIES
11 SKIES
11 SKIES
11 SKIES
11 SKIES

Corporate Structure

New World Group

New World Development Company Limited

(HK Stock Code: 0017)

Property Development and Investment in Hong Kong

New World China Land Limited

100%

Property Development and Investment in Mainland China

Financial Highlights

	FY2024 HK$m	FY2023 HK$m (Restated)
From Continuing Operations		
Revenues	**35,782.2**	54,566.2
Segment results[1]	**7,375.5**	9,601.6
Core operating profit	**6,897.8**	8,395.6
Dividend per share (HK$)		
Interim	**0.20**	0.46
Final	**–**	0.30
Conditional Special Dividend	**–**	1.59

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)
Total assets	**445,157.6**	609,014.0
Cash and bank balances (including restricted bank balances)	**27,990.1**	54,517.9
Undrawn facilities from banks	**18,280.0**	39,446.7
Consolidated net debt[2]	**123,657.1**	130,755.9
Net gearing ratio[3]	**55.0%**	47.7%

RESULTS HIGHLIGHTS

- Core operating profit from continuing operations was HK$6,898 million, decreased by 18% year-on-year
- Loss attributable to shareholders from continuing operations was HK$11,807 million
- From continuing operations, the Group's revenues recorded a year-on-year decrease by 34% to HK$35,782 million due to less bookings from property development in both Hong Kong and Mainland China; gross profit recorded a year-on-year decrease by 22% to HK$12,849 million
- Revenues of property development in Hong Kong amounted to HK$2,412 million
- Revenues of property development in Mainland China amounted to HK$13,713 million
- Revenues of property investment in Hong Kong was HK$3,356 million, and the segment results was HK$2,536 million. The operational efficiency of K11 MUSEA and K11 Art Mall in Tsim Sha Tsui have improved.
- Revenues of property investment in Mainland China was HK$1,841 million, and the segment results was HK$955 million, benefiting from steady and high occupancy rate
- The Group's overall property contracted sales in Mainland China amounted to approximately RMB12.48 billion, with the Southern Region led by the Greater Bay Area and the Eastern Region led by the Yangtze River Delta, accounting for over 85%
- Continuous stringent cost control efforts as evidenced by an approximately 23% and 17% year-on-year decrease respectively in capital expenditures and administrative and other operating expenses from continuing operations
- Due to recorded loss attributable to shareholders, the Directors have resolved not to recommend a final dividend for the year ended 30 June 2024. Dividend for the year amounted to HK$0.20 per share
- Total capital resources amounted to approximately HK$46.3 billion, including cash and bank balances of approximately HK$28.0 billion and undrawn facilities from banks of approximately HK$18.3 billion

Remarks:

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

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

(3) Net debt divided by total equity

Chairman's Statement

In the midst of fierce winds and towering waves, those who are unprepared may find themselves in peril, while those who are well-equipped see hidden opportunities. China, with unwavering resolve, boldly forges ahead, cleaving through rough waves on the path to high-quality development.

New World aligns with the national strategy through its pursuit of "high-quality development" honouring the nation through decisive action. Fully committed to the development and construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta Megalopolis, we actively participate in the high-quality development of urban infrastructure, as well as commercial and residential projects across multiple cities in China. New World has created a myriad of landmark buildings and new business-cultural icons that set the trends of the time and shape the future of cities. Our endeavours are etched into the timeline of progress, and our unwavering commitment to fulfilling our aspirations remains steadfast as we continue on this journey of growth.

TO OUR SHAREHOLDERS,

In 2024, a year marked by global, political and economic turbulence, China has continued to advance despite geopolitical rivalries and persistent economic pressures. Amidst a sluggish real estate market, the Central Government has strategically recalibrated policies to optimise the industry, while Hong Kong has comprehensively lifted restrictive measures to bolster the local property market. However, rebuilding public confidence in the industry will take time. China has been diligently adapting to the evolving domestic and international conditions, demonstrating resilience and we stand united with the nation.

In the midst of fierce winds and towering waves, those who are unprepared may find themselves in peril, while those who are well-equipped see hidden opportunities. China, with unwavering resolve, boldly forges ahead, cleaving through rough waves on the path to high-quality development. New World aligns with the national strategy through its pursuit of "high-quality development" honouring the nation through decisive action. Fully committed to the development and construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta Megalopolis, we actively participate in the high-quality development of urban infrastructure, as well as commercial and residential projects across multiple cities in China. New World has created a myriad of landmark buildings and new business-cultural icons that set the trends of the time and shape the future of cities. Our endeavours are etched into the timeline of progress, and our unwavering commitment to fulfilling our aspirations remains steadfast as we continue on this journey of growth.

The realisation of new-quality productivity is an inherent requirement and crucial focus for advancing our high-quality development. As a pioneer in fostering new-quality productivity within the real estate sector, New World embraces innovative thinking and continuous development. We proactively integrate intelligent digital technologies such as big data, cloud computing, and AI to shape smart communities, create smart buildings, and develop green architecture. Through the early adoption of innovative technologies, we seamlessly blend culture, creativity, sustainable development, and social innovation. Our efforts not only elevate the living standards of communities, but also foster a more sustainable and resilient future for all. This accelerated construction of a new paradigm for real estate development enables us to contribute innovatively to the vast urbanisation process.

New World rejuvenates cities by integrating industry and urban development; injecting fresh vitality through multiple urban renewal projects in the core cities of the Guangdong-Hong Kong-Macao Greater Bay Area. Departing from cookie-cutter development models, we imbue each project with cultural values, ingenuity, and foresight; crafting urban spaces that possess soul and substance. These endeavours open up new horizons for high-quality urban development, fostering creativity, and creating shared values for the sustainable development of society.

We firmly believe that commerce and innovation serve as vital engines for driving urban development. In 2024, we achieved a significant milestone by successfully bringing in multiple central and state-owned enterprises from Mainland China to expedite the development and construction of Hong Kong's "Northern Metropolis". This collaboration will give new momentum to Hong Kong's long-term economic growth, enabling it to maintain a competitive edge within the global economic landscape.

New World remains optimistic about the consumption markets in Hong Kong and Mainland China, and is committed to serving the society by way of commerce and empowering cities through culture. Exemplifying this commitment is Shenzhen Shekou K11 ECOAST, the inaugural flagship project of K11 in Mainland China, which is poised to open its doors. With the fruition of multiple commercial projects, we are dedicated to meeting consumer needs, revitalising the retail sector, and driving long-term growth of our Group.

Adversity reveals courage, and perseverance brings success. New World would not have come this far without the efforts and contributions of every employee. Behind every seemingly ordinary figure lies extraordinary strength. On this occasion, I, along with my fellow board members, would like to express our profound gratitude for the diligent efforts and contributions of all employees across various departments. I also wish to extend my sincere appreciation to our board members for their unwavering commitment and to all stakeholders of the Group for their steadfast support.

Dr Cheng Kar-Shun, Henry
Chairman
Hong Kong, China, 26 September 2024

CEO's Report

Hong Kong Property Development

In February 2024, the Hong Kong Government announced that it would abolish all demand-side management measures for residential properties, which has stimulated a short-term rebound in transaction volume in the residential property market, but HIBOR remains high, and the property market sentiment still needs to be improved. According to the public data from the Land Registry, Hong Kong recorded 17% and 16% year-on-year increases in the number and consideration of agreements for primary sale and purchase of residential building units from July 2023 to June 2024, respectively.

During the year under review, the Group's revenues and segment results of property development in Hong Kong were HK$2,412 million and HK$499 million, respectively. The major contributions were attributed by residential projects including Mount Pavilia and The Masterpiece, and the Group's grade-A office project at 888 Lai Chi Kok Road.

During the year under review, the Group achieved attributable contracted sales in Hong Kong of approximately HK$1,509 million, mainly contributed by residential projects including Uptown East and The Knightsbridge, and the Group's grade-A office project at 888 Lai Chi Kok Road. As at 30 June 2024, the Group had a total of 2,039 residential units available for sale in Hong Kong, of which 545 residential units were under the lead of the sales team of the Group.

As at 30 June 2024, among the unrecognised attributable income of the Group from contracted sales of properties in Hong Kong, HK$11,194 million would be booked in FY2025 and FY2026. Key projects expected to be booked in FY2025 and FY2026 include The Pavilia Farm III, Mount Pavilia, The Knightsbridge and Uptown East.

The Group's grade-A office project at 888 Lai Chi Kok Road, Cheung Sha Wan was completed in May 2022, comprising a 24-storey building with a total GFA of approximately 580,000 sq ft. As at 30 June 2024, approximately 85% of the attributable GFA of the project were sold cumulatively.

Hong Kong Property Investment and Others

With the slow pace of growth in visitor arrivals to Hong Kong, coupled with significant changes in local and visitor consumption patterns, the local retail sector is still under continuous challenges, where most of them visited Hong Kong for cultural and art events and exhibitions. In order to attract more tourists, the Hong Kong Government has launched a number of measures to support the growth of the tourism industry and local economy, and organised various mega events with different themes and forms, including cultural and creative activities, festival celebrations, and sports events, in the hope of offering a wider spectrum of choices of events and new experiences for tourists and local citizens. As the events are becoming more diverse, the Group has taken proactive measures and organised a number of large-scale cultural and art events to attract customers, while various international brands and popular restaurants clustered to the mall, driving footfall and leasing activities in the mall.

During the year under review, the Group's revenues and segment results of property investment in Hong Kong amounted to HK$3,356 million and HK$2,536 million, respectively. The operational efficiency of K11 MUSEA and K11 Art Mall in Tsim Sha Tsui, Kowloon have increased. The Group has benefited from the unique "Cultural Commerce" business model of K11. Leveraging the unique marketing strategies and a variety of cultural and art events, K11 MUSEA and K11 Art Mall achieved solid performance, with increases in both footfall and rental activities. Both malls have recorded high occupancy rates.

During the year under review, K11 MUSEA recorded a year-on-year increase of 17% and 20% in sales and total footfall, respectively. The growth have mainly driven by luxury spending, popular F&B offerings and cultural events. Taking advantage of K11 MUSEA's prime location, high visitor sales and growing foot traffic, overall occupancy rate reached 97%. The latest stores by some of the world's most renowned luxury brands add to the allure of this unique art and cultural destination while expanding their footprint. This underscores K11 MUSEA's enduring appeal as a destination for luxury shoppers seeking an unparalleled shopping experience with new featured duplexes and new concept stores. During the year under review, K11 MUSEA partnered with the Avenue of Stars and the tenants of the mall to hold numerous mega events, including Night Market by The Sea, the first cultural waterfront market in Tsim Sha Tsui, which were well-received.

K11 Art Mall also benefited from the Group's unique "Cultural Commerce" business model and the continuous introduction of popular brands. During the year under review, sales and footfall increased by 16% and 10% respectively year-on-year. K11 Art Mall has gathered a wide range of lifestyle brands loved by young generation alongside popular dining selection, and continuously improved its business mix to maintain overall occupancy rate at 99%. The Group has been optimising its tenant mix and attracting numerous emerging popular brands and pop-up stores, including trendy lifestyle brands and specialty cuisines.

The Group's loyalty programme has held a number of promotion campaigns and offered loyalty points and rewards through collaboration with major payment platforms, business partners and tenants to encourage customers' spending, thus the number of its registered members is still on the rise which also boosts the footfall and sales at the Group's malls.

During the year under review, as the office leasing market continued to be under pressure amid the challenges in macroeconomic environment, many tenants considered moving out of traditional business districts in order to cut costs. However, both leasing enquiries and activities of the Group's office buildings saw a mild increase, including the Group's grade-A office project at 83 King Lam Street, Cheung Sha Wan, which was completed in April 2024. "83 King Lam Street" comprises two 23-storey office buildings, Tower A and Tower B, with a total GFA of approximately 1,191,000 sq ft, and a podium garden of 31,000 sq ft, which is the first twin-tower landmark grade-A office building in the district. Approximately 40% of the office area under the project was pre-leased and occupied, covering approximately 400,000 sq ft.

Hong Kong Landbank

During the year under review, the Hong Kong Government has been actively increasing the land and housing supply, and launched a number of initiatives under the "Long Term Housing Strategy", which includes the implementation of New Development Areas and New Town Extension projects. It has also made full efforts to push the progress of the work related to the Northern Metropolis. In the coming decade, approximately 40% of new developable land in Hong Kong, covering an area of 30,000 hectares or approximately one-third of Hong Kong's total area, will be located within the Northern Metropolis, which is divided into four zones from the west to the east, namely the High-end Professional Services and Logistics Hub, Innovation and Technology Zone, Boundary Commerce and Industry Zone and Blue and Green Recreation, Tourism and Conservation Circle.

In the long-term, the Northern Metropolis will be the new engine for Hong Kong's future development and inject new economic momentum into Hong Kong. In particular, it provides new land for the development of innovation and technology, of which San Tin Technopole within the Innovation and Technology Zone will be developed as the hub of the Northern Metropolis for industry development going forward, so as to make contribution to the development of the South-North dual engine (finance – I&T) for Hong Kong and become a new community for quality, healthy and green living.

The Group will continue to expedite the farmland conversion to unlock value and replenish its landbank, and will act in line with the government's development policies to meet housing demand in Hong Kong. As at 30 June 2024, the Group had a landbank with a total attributable GFA of approximately 7.74 million sq ft in Hong Kong available for immediate development, of which approximately 3.95 million sq ft was for property development use. Meanwhile, the Group had an agricultural landbank with a total attributable land area of approximately 15.84 million sq ft pending land use conversion in the New Territories, approximately 90% of which was located within the Northern Metropolis and will be benefited from the government's development plan.

Landbank by District

As at 30 June 2024	Property Development Total Attributable GFA (sq ft'000)	Property Investment and Others Total Attributable GFA (sq ft'000)	Total Attributable GFA (sq ft'000)
Hong Kong Island	779.9	22.8	802.7
Kowloon	1,328.5	–	1,328.5
New Territories	1,844.7	3,767.4	5,612.1
Total	**3,953.1**	**3,790.2**	**7,743.3**

Agricultural Landbank by District

As at 30 June 2024	Total Land Area (sq ft'000)	Total Attributable Land Area (sq ft'000)
Yuen Long District	12,061.0	11,062.2
North District	2,033.5	1,956.5
Sha Tin District and Tai Po District	1,910.8	1,856.7
Sai Kung District	1,137.9	968.0
Total	**17,143.2**	**15,843.4**

Mainland China Property Development

In FY2024, with the aim of ensuring the steady development of the real estate market, various policies were introduced to bolster market confidence in terms of supply and demand. The central government and authorities at all levels have successively implemented a series of policies, including easing purchase restrictions, lending restriction policies, housing purchase and registration policies, and lowering interest rates on commercial loans and provident fund deposits, thus making concerted efforts for both the supply and demand sides to accelerate the transition to a new model of real estate development.

With the successful convening of the Third Plenary Session of the 20th Central Committee of the Communist Party of China (CPC), strategic decisions such as the establishment of a high-standard socialist market economy, the pursuit of a higher-standard opening-up policy, and the promotion of a new model of real estate development were highlighted at the meeting, which inspired great confidence and injected sustainable impetus into China's economic development, especially the real estate market.

During the year under review, the Group's revenue and segment results from property development in Mainland China amounted to HK$13,713 million and HK$5,258 million, respectively. The contributions were mainly from residential projects in Hangzhou River Opus, Guangzhou Park Paradise and Shenyang New World Garden.

Amid the complex environment and challenges presented by global economic volatility and further adjustments in the real estate market, core assets in prime locations are often favoured by the market due to their greater resilience. In particular, high-quality residential units at a reasonable price are attractive to buyers. The Group has achieved remarkable sales results by virtue of its forward-looking layout in the core cities of the Greater Bay Area and the Yangtze River Delta region, high-quality project positioning and established brand reputation, as well as proactively seizing the window of opportunity created by the market and supportive policies.

During the year under review, a number of the Group's projects commenced sales and continued to record growth, while our pipeline of landmark projects, represented by THE SILLAGE, continued to develop and attracted much attention from the market. Located in Bai'etan CBD in Liwan, Guangzhou, THE SILLAGE maintained its strong sales momentum following a positive response to the sale of nearly 200 units in March 2024, ranking first in Guangzhou Bai'etan district in terms of both foot traffic and transactions. In addition, since its launch in 2023, New Metropolis Mansion in Changlong-Wanbo has secured a leading position among new residential projects with sales in the RMB7-8 million range in Guangzhou.

During the year under review, the contracted sales proceeds of the entire Mainland China property portfolio was RMB12.48 billion. The contracted sales area was approximately 313,000 sq m. The average residential property price of the total contracted sales exceeded RMB44,000 per sq m. In terms of the geographical distribution of contracted sales proceeds, the Southern Region and the Eastern Region, led by the Greater Bay Area and the Yangtze River Delta Region respectively, were the largest contributors, accounting for approximately 85%. Contributions came mainly from Guangzhou New Metropolis • New Metropolis Mansion, Guangzhou Park Paradise • The Glory of Legend, Shenyang New World Garden, etc.

Contracted Sales by Region

FY2024 Region	Area (sq m'000)	Proceeds (RMB m)
Southern Region (i.e. the Greater Bay Area)	160.2	7,059
Eastern Region (i.e. the Yangtze River Delta Region)	42.9	3,530
Central Region	7.7	49
Northern Region	27.6	277
North-Eastern Region	74.3	1,567
Total	**312.7**	**12,482**

As at 30 June 2024, the Group's unrecognised gross revenue from contracted sales of properties in Mainland China amounted to approximately RMB16.3 billion, which will be recognised in FY2025 and FY2026.

The Group will continue to optimise its business portfolio through disposal of non-core assets and businesses and devote its resources to high-return core businesses, so as to create more enterprise value for our shareholders. During the year under review, the Group disposed of commercial buildings and carparks in Mainland China, generating proceeds of approximately RMB676 million.

During the year under review, the total GFA of the Group's projects in Mainland China (excluding carparks) was approximately 1,038,000 sq m, most of which was in the Greater Bay Area. The total GFA of completed projects (excluding carparks) is expected to reach approximately 668,000 sq m in FY2025.

FY2024 Project Completion in Mainland China – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Office	Hotel	Total (excluding carparks)	Total (including carparks)
Guangzhou	Park Paradise District 3 Batch E	44,503	–	–	–	44,503	61,757
	Guangzhou Zengcheng International Community Project	238,557	31,578	–	–	270,135	270,135
Hangzhou	Hangzhou River Opus	149,465	33,174	38,006	–	220,645	393,547
Foshan	Guangzhou Foshan Canton First Estate CF-21B	52,854	–	–	–	52,854	84,584
Beijing	Beijing New View Commercial Centre	–	9,941	13,180	–	23,121	27,573
Shenyang	Shenyang New World Garden Phase 2C-2	122,953	10,886	–	–	133,839	133,839
Anshan	Anshan New World • The Grandiose Phase 1 B3	16,272	466	–	–	16,738	16,738
Huizhou	Changhuyuan Phase 4	35,326	4,343	–	–	39,669	61,438
Jinan	Jinan New World Sunshine Garden Project BC	–	5,414	31,481	18,375	55,270	73,702
	Total	**659,930**	**95,802**	**82,667**	**18,375**	**856,774**	**1,123,313**

FY2024 Project Completion in Mainland China – Property Investment and Others

Region	Project/Total GFA (sq m)	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou	Panyu International School Project Phase 2	35,249	–	35,249	35,249
	Panyu International School Project Phase 3	26,412	–	26,412	26,412
Shenzhen	Qianhai CTF Financial Tower Project	19,718	100,002	119,720	130,800
Shenyang	Shenyang New World Garden Phase 2C-2	–	–	–	45,101
	Total	**81,379**	**100,002**	**181,381**	**237,562**

FY2025 Project Completion Plan in Mainland China – Property Development

Region	Project/Total GFA (sq m)	Residential	Commercial	Total (excluding carparks)	Total (including carparks)
Guangzhou	New World – Guangzhou Metro Hanxi Development Project	145,067	–	145,067	366,246
	Guangzhou Zengcheng International Community Project	36,503	2,050	38,553	38,553
Shanghai	Shanghai Putuo Zhongshan North Land Project B2-18	79,001	–	79,001	79,001
Huizhou	Changhuyuan Phase 4	17,349	1,177	18,526	18,526
Yiyang	Yiyang New World Scenic Heights Phase I Project D4-D7	63,567	2,368	65,935	87,189
	Total	**341,487**	**5,595**	**347,082**	**589,515**

FY2025 Project Completion Plan in Mainland China – Property Investment and Others

Region	Project/Total GFA (sq m)	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou	New World – Guangzhou Metro Hanxi Development Project	81,000	61,532	142,532	142,532
	Panyu International School Project Phase 4	48,661	–	48,661	48,661
	Zengcheng International Community Project	–	–	–	40,170
Ningbo	Ningbo New World Project Phase 3	83,656	45,607	129,263	138,515
	Total	**213,317**	**107,139**	**320,456**	**369,878**

Mainland China Property Investment and Others

According to data released by the National Bureau of Statistics, total retail sales of consumer goods reached RMB23,596.9 billion from January to June 2024, up 3.7% year-on-year. The government's Ministry of Commerce has designated 2024 as the "Year of Consumption Promotion". Service consumption is an important pillar for improving people's livelihood and well-being, an important direction for optimising and upgrading the consumption structure, and an essential and organic driver for promoting high-quality economic development. Meanwhile, the Third Plenary Session of the 20th CPC suggested that the domestic demand is the fundamental driving force for China's economic development, and the household consumption is expected to maintain its growth momentum in the future.

During the year under review, the Group's revenue and segment results from property investment in Mainland China amounted to HK$1,841 million and HK$955 million, respectively. The overall occupancy rate of the major projects in the investment property portfolio remained stable.

During the year under review, Shanghai K11 introduced more diversified popular events and promoted cross-selling through experiences. The overall occupancy rate of Shanghai K11 reached 94% at the end of the year. By creating a festive atmosphere, Shanghai K11 resonates with tourists, making it a brand new cultural and social space with unceasing vitality and attractiveness. The Shanghai K11 Music Festival was also organised in a groundbreaking way, with several groups of talented musicians presenting a three-day show, making the 10th anniversary celebration of Shanghai K11 a hot topic.

Guangzhou K11 Art Mall recorded an increase in foot traffic of nearly 40% after the pandemic, with double-digit sales growth. Its office buildings were popular with the high-end service sector and the world's top 500 enterprises. Store sales of cosmetics grew by nearly 20%, with Black Card members accounting for more than 50% of consumption, an increase of over 50% year-on-year.

Shenyang K11 Select deepened its cooperation within the Group's ecosystem through various activities such as IP music festivals and Children's Day, promoting the growth of both sales and footfall, with an occupancy rate of 86%. During the year under review, Shenyang K11 Select continued to introduce the first store in the region to further diversify its business categories. During the year under review, 14 brands ranked first in the North-Eastern region or in the same city. Leveraging the operation of the public domain network platform, Shenyang K11 Select expanded footfall support for brand tenants, receiving their positive feedback and recognition.

Wuhan Guanggu K11 Select achieved a year-on-year increase in total annual sales of nearly 10%, double-digit growth in annual footfall, and a further increase in occupancy to 94%. Wuhan Guanggu K11 Select continued to target young Gen Z consumers and successfully organised Wanyoo's first e-sports party in China. Footfall reached a record high on the same day, and the party generated a lot of buzz on the internet. In addition, Wuhan K11 Store ramped up its development to continuously introduce major consumer brands and achieved an occupancy rate of 86% at the end of the year under review.

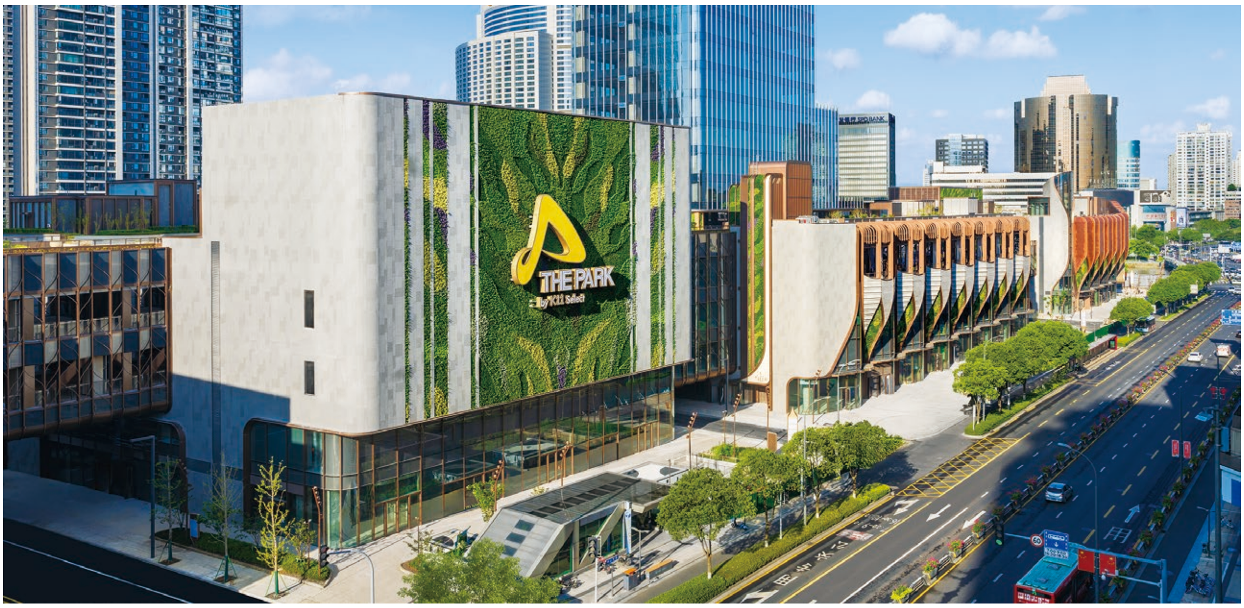
Tianjin K11 Select fully seized the market opportunities and conducted in-depth operations, achieving a 22% increase in sales and 41% increase in footfall. Adhering to the strategy of precisely targeting Gen Z, Tianjin K11 Select has been creating regional landmark IPs and collaborating with local and foreign artists to drive revenue growth. Offline events such as the 2024 New Year's Eve Light Show at Qianhai CTF Financial Tower and activities for young families have driven footfall to new heights.

In addition, the official opening of The PARK by K11 Select Art Mall in Ningbo is scheduled on 28 September 2024. The project serves as another commercial flagship project for the Group in the Yangtze River Delta. Together with the Central Art Park and Yongning Tiandi Cultural Street, the spaces form the commercial hub of the Ningbo New World project, spanning a total commercial area of 142,000 sq m, which will further enhance the overall commercial competence and competitiveness of the Ningbo New World complexes. The enterprise and investment promotion has been satisfactory, and a variety of commercial brands such as TSUTAYA BOOKSTORE, Green&Health boutique supermarket, and an I.T collection store have signed up to move in.

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

During the year under review, the grand opening of the New World Canton complex in the centre of Guangzhou East took place. As the first complex to integrate office, commercial, hotel and high-end residential uses in Zengcheng district, it will transform the social space in the centre of Guangzhou East and bring out the urban value of the region's core area. The expanded business scale and increased business volume of the project both reflect the Group's strong transformation and robust brand capability, making the Group a prime example of government-enterprise cooperation in urban revitalisation.

The Group's other high-end business address in northern Guangzhou, Yunmen NEW PARK, has pioneered the MALL+PARK immersive park-style commercial space model, offering customers a distinctive sensory experience every time they visit. As at 30 June 2024, the project's overall occupancy rate remained above 90%, bringing together more than 170 brands with a diverse business portfolio, including international retail, boutiques and lifestyle, culture and entertainment, and renowned catering businesses. Since its launch in 2018, the project has seen an average daily footfall of more than 100,000 people and continues to inject vitality into the city's retail business.



The Canton Place, a benchmark commercial project located in Zhujiang New Town in the Guangzhou CBD, is an international quality living circle that the Group is proud to present. As a high-end commercial complex in Guangzhou CBD, and following the brand renovation and upgrading completed in recent years, the project not only satisfies the diverse needs of different customer groups for dining scenarios, but also provides an outdoor leisure space with a garden and gallery theme, coupled with large-scale social activities such as mega music festivals and art exhibitions, transforming it into a cultural and social destination for citizens. As at 30 June 2024, the occupancy rate of The Canton Place was 99%, maintaining its unparalleled uniqueness and boundless vitality.

Mainland China Landbank

As at 30 June 2024, the Group had a landbank (excluding carparks) with a total GFA of approximately 3,721,000 sq m available for immediate development in Mainland China, of which approximately 1,988,000 sq m was zoned for residential use. Of the total GFA of the landbank (excluding carparks), approximately 3,123,000 sq m were core property development projects mainly located in Guangzhou, Shenzhen, Foshan, Wuhan, Shanghai, Ningbo, Hangzhou, Beijing and Shenyang, of which approximately 58% were located in the Greater Bay Area and the Yangtze River Delta region, with approximately 1,459,000 sq m zoned for residential use.

Landbank by Region

As at 30 June 2024	Total GFA (excluding carparks) (sq m'000)	Residential Total GFA (sq m'000)
Southern Region (i.e. the Greater Bay Area)	1,364.9	901.8
Eastern Region (i.e. the Yangtze River Delta region)	456.2	51.0
Central Region	707.0	349.8
Northern Region	526.5	254.4
North-Eastern Region	666.8	430.6
Total	**3,721.4**	**1,987.6**
Of which, Core Projects	**3,122.9**	**1,459.0**

Over the years, the Group has remained committed to its strategic focus, aiming to improve integration and connectivity in the Greater Bay Area and the Yangtze River Delta region, adhering to the business philosophy of pursuing quality growth. As the market recovery gathers pace, the Group's competitive edges and the value of its landbank will become more apparent. In addition, the PRC government has continued to formulate and refine policies related to urban renewal. The Group will, as always, continue to flexibly adjust the progress of its projects in line with such policies and based on the market environment and business circumstances, so as to enhance its advantages in developing the urban renewal business. At the same time, urban renewal projects enable diversified investment over a longer period of time to achieve greater returns from projects than those from public land auctions, which is beneficial to the steady development of the Group.

The Group is currently investing in and developing seven urban renewal projects in Mainland China, all of which are located in the core cities of Guangzhou and Shenzhen, with a total GFA of 1,622,000 sq m. Of these, the 188 Industrial Zone renewal project in Longgang District, Shenzhen has a plan to commence construction. Two other urban renewal projects in Shenzhen, namely the Xili Industrial Zone Project and the Guangming Guangqiao Food Factory Project, have also entered the full development stage. Among them, the project planning for the Xili Industrial Zone Project has been approved by the Shenzhen Municipal Planning Board Statutory Planning Committee (深圳市規劃圖則委) and the project is progressing rapidly. A number of other urban renewal projects in Guangzhou city centre have also made steady progress, indicating that the Group's urban renewal business is entering the harvesting stage.

Hotel

Following the reopening of the land border with Mainland China in January 2023, visitor arrivals to Hong Kong increased dramatically and the upward trend continued into FY2024. Total overnight visitor arrivals in FY2024 were 21 million, returning to around 70% of the pre-pandemic level in FY2019 and three times the level in FY2023. Benefiting from the strong recovery of inbound tourism in FY2024, the Group's hotels in Hong Kong recorded a significant 60% YOY increase in GOP (after manager's fees).

In Mainland China, the domestic tourism and hospitality sectors continued to recover during FY2024. Despite the Group's hotels in Mainland China achieved an overall YOY growth of 76% in GOP (after manager's fees), the pace and strength varied, with travel demand in 2H FY2024 noticeably weaker than in 1H. The recovery inbound tourism has been slow, mainly impacted by visa complexities and ongoing geopolitical tensions. The government has rolled out a series of measures to facilitate inbound travel since Q42023, including visa-free transit and unilateral visa-free policies. The number of international visitors has increased in 2024 due to these measures.

In Southeast Asia ("SEA"), inbound tourism continued to be stimulated in countries such as Thailand, which announced visa facilitation schemes. Even destinations that have not introduced visa exemption measures, such as the Philippines and Vietnam, recorded an increase in tourist arrivals compared with the previous year due to improved business activity. During the year under review, the Group's hotels in SEA achieved an overall YOY growth of 25% in GOP (after manager's fees).

Looking ahead, with the third runway scheduled to open by the end of the year, Hong Kong aims to restore flight capacity to pre-COVID levels. More than 100 MICE and other events will take place in 2024, and the expansion of the Individual Visit Scheme to more cities in Mainland China will also contribute to a stable recovery of Hong Kong's hotel and tourism industry. In Mainland China, the expected decline in interest rates could help boost economic growth. With a series of visa-free policies and the recovery of international flight capacity, the hotel and tourism industry in Mainland China will benefit in the long term. In SEA, fueled by the implementation of visa-free policies with key feeder markets such as Mainland China, Russia and India, Thailand will continue to enjoy stellar growth in the travel industry, with exchange rate differences helping to attract more tourists.

As at 30 June 2024, the Group had a total of 17 hotel properties in operation in Hong Kong, Mainland China and SEA, with a total of approximately 6,560 rooms.

OUTLOOK

Backed by its international vision and localised decision-making efficiency, the Group is committed to the dual strategies of property development and property investment. It has explored high-quality development and remains committed to the strategic layout in major and core areas, taking advantage of policies and market opportunities through its own brand appeal to further promote the inclusive and synergistic development among sectors of its ecosystem. The Group will team up with excellent partners to capitalise on the advantages and achieve win-win cooperation.

With the support by Central Government, Hong Kong continued to actively drive the "eight centres" development as underpinned by the "14th Five-Year Plan" with a view to consolidating the city's standing as an international financial centre. As economic activities gradually returned to normalcy, the Hong Kong Government has launched a number of measures to further boost local economic growth, including abolition of all demand-side management measures for residential properties and the introduction of various talent admission schemes. Together with the expectation of lower interest rates, it is anticipated that the overall economy and the growth of property market will pick up bit by bit. As for property development in Hong Kong, as at 30 June 2024, the primary market was expected to supply approximately 112,000 private residential units for the next three to four years, which will be the main supply to the market. In FY2025, the Group will launch several residential projects by phases, and expedite the conversion of farmland into developable land. The Group will continue to price its pre-sales of its properties under development and sales of completed properties in line with market development.

Regarding Hong Kong property investment, in response to the change of tourists' consumption preferences and the new retailing landscape in the city, the Group will continue to create unique and innovative experience for customers by using its one-of-a kind "Cultural Commerce" business model. K11 MUSEA will continue to capitalise on the synergy effects with Avenue of Stars and the dock area of Victoria Harbour to bring together art, humanities and creativity, which not only will create thriving business opportunities, connect the communities and form a cultural ecosystem, but also will successfully establish Hong Kong as a vibrant tourists' hotspot that combines art and culture. Seven luxury brands are planning to collectively double their footprint in K11 MUSEA to more than 30,000 square feet over the next four years, which will substantially stimulate customers' spending and bring positive effects to the retail industry. K11 Art Mall will also work with its tenants and business partners to actively introduce popular brands and content, launch various promotional offers and campaigns, so as to consolidate its position as a trendsetter in Gen Z market and provide customers with a diversity of new experiences.

The Group will continue to optimise its loyalty programme so as to provide customers with attractive offers and better services, with an aim to boost footfall and spending in its shopping malls and attract the registration of new members.

Hong Kong office market will remain affected by economic uncertainties in the future. Coupled with the increase in supply of newly completed office buildings, the overall market is expected to be challenging. In recent years, the Group's strategic penetration in non-traditional business districts has been mainly focusing on forging the grade-A commercial complex in the core business district of West Kowloon. The office buildings in Cheung Sha Wan, a district with well-developed infrastructure in support of its connection with the major business districts in the Greater Bay Area, should attract Chinese enterprises to settle in and be better positioned to attract more tenants.

As the exterior construction for the Main Stadium of Kai Tak Sports Park enters its final stage, Kai Tak Mall, where the Group acts as the leasing agent and operator of the retail area, will open by the end of 2024. Spanning nearly 700,000 sq ft, Kai Tak Mall comprises three main towers, each rising up to five-storeys and connects to a 700-metre-long Sports Avenue that integrates the retail complex with the surrounding parkland.

"11 SKIES", situated in Hong Kong International Airport SKYCITY complex, is the first tourism and entertainment landmark in Hong Kong and is opening the first phase of its family amusement area in the second quarter of next year. Among which, KidZania, a park offering fun and interactive experience, being the first of its kind in the Greater China Area, is holding a soft opening in early September 2024. KidZania Hong Kong, located in 11 SKIES and occupying three floors, collaborates with nearly 30 renowned international and local brands to create almost 70 occupational role-plays, including seven "Hong Kong Exclusive" creative experiences, such as KidZania's first-ever wealth management centre in Greater China, the first 5G smart city technology hub, the first sports complex infused with sportsmanship and wellness for children in the region, and a Chinese pastry bakery. 11 SKIES spans a total gross floor area of over 3,800,000 sq ft, in which three Grade A office buildings, K11 ATELIER 11 SKIES, are already in use. The first phase of entertainment offerings is opening by phases from the second quarter of next year, followed by retail, dining and professional services depending on the development schedule of the Hong Kong International Airport and the SKYCITY complex project, which is scheduled to provide services by phases starting from the fourth quarter of 2025.

During the magnificent journey of urbanisation in the PRC, the diversified and discretionary demand for housing quality and living space will develop a broader market for mid- to high-end products and services, which will facilitate the Group to leverage its expertise in developing and operating mid- to high-end products. With the gradual completion, sale and operation of its project pipeline in Guangzhou, Shanghai, Shenzhen, Ningbo and Wuhan, the Group is expected to enter a new phase of development.

A number of the Group's flagship projects will be successively launched in major cities in Mainland China, including the office buildings, K11 Select and the residence of Guangzhou New Metropolis • New Metropolis Mansion project, which are expected to be delivered in 2025. Along with the grand opening of Ningbo New World Plaza Phase 3, THE PARK by K11 Select Art Mall is scheduled to open on 28 September 2024. The steel structure of K11 Tower II in Shanghai was successfully topped out.

The year 2024 marks the beginning of the Group's in-depth cultivation of the Shenzhen market. It is committed to exploring the Shenzhen market and actively promoting the progress of major projects in Shenzhen, making Shenzhen another core market in addition to Hong Kong and Guangzhou. K11 ECOAST, the first flagship project of K11 in Mainland China with a total GFA of nearly 230,000 sq m, will open soon.

K11 ECOAST aims to create the most aesthetic and influential oceanfront arts district, comprising the cultural retail landmark K11 ECOAST, the multi-purpose cultural space K11 Cultural Centre, the modern office space K11 ATELIER office building, and the bayfront Promenade. The project continuously integrates artistic, commercial and sustainable circular economy lifestyle, transforming culture and retail into a combination of attractive and functional commercial spaces.

K11 is expected to have a total of 34 projects with a total GFA of 2,730,000 sq m in 12 major cities across Greater China. With the gradual completion and opening of K11 projects across the country, the proportion of the Group's recurring rental income will increase, driving steady growth in the Group's performance and providing sufficient cash flow.

Through disposal of non-core assets and businesses, the Group focuses on developing core businesses, continuously optimising its asset portfolio and returns, enhancing corporate efficiency, generating cash inflow and mitigating the liquidity risk and creating more value for shareholders. The Group completed the disposal of non-core assets worth about HK$7.7 billion in FY2024.

The Group has maintained a sound financial position and has been in compliance of financial covenants of the Group's borrowings during the year, with total capital resources of HK$46,270.1 million as at 30 June 2024, including approximately HK$27,990.1 million of cash and bank deposits and approximately HK$18,280.0 million of undrawn facilities from banks. The Group manages cash flow in an active and prudent manner, and strives to improve cost efficiency, diversify financing channels, balance risks and lower operating costs. As a result, its recurring administrative and other operating expenses decreased by approximately 17% during the year under review. The Group will continue to optimise operating and capital expenditure. Subsequent to the reporting period and up to the date of approval of the consolidated financial statements, the Group has refinanced bank borrowings with an aggregate amount of HK$7,584.0 million with its existing lenders and secured new borrowings with an aggregate amount of approximately HK$2,326.0 million from banks. The Group is actively negotiating with its existing lenders on the refinancing of existing bank borrowings, especially with scheduled repayment dates due within one year, at a reasonable cost. The management of the Company believes that the Group will be able to refinance its bank borrowings when they become due and obtain new bank facilities as needed based on the Group's relationship with the banks and its historical record of successfully refinancing loans and comply with banking requirements.

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

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

Mr. Ma Siu-Cheung
Executive Director and Chief Executive Officer
Hong Kong, China, 26 September 2024

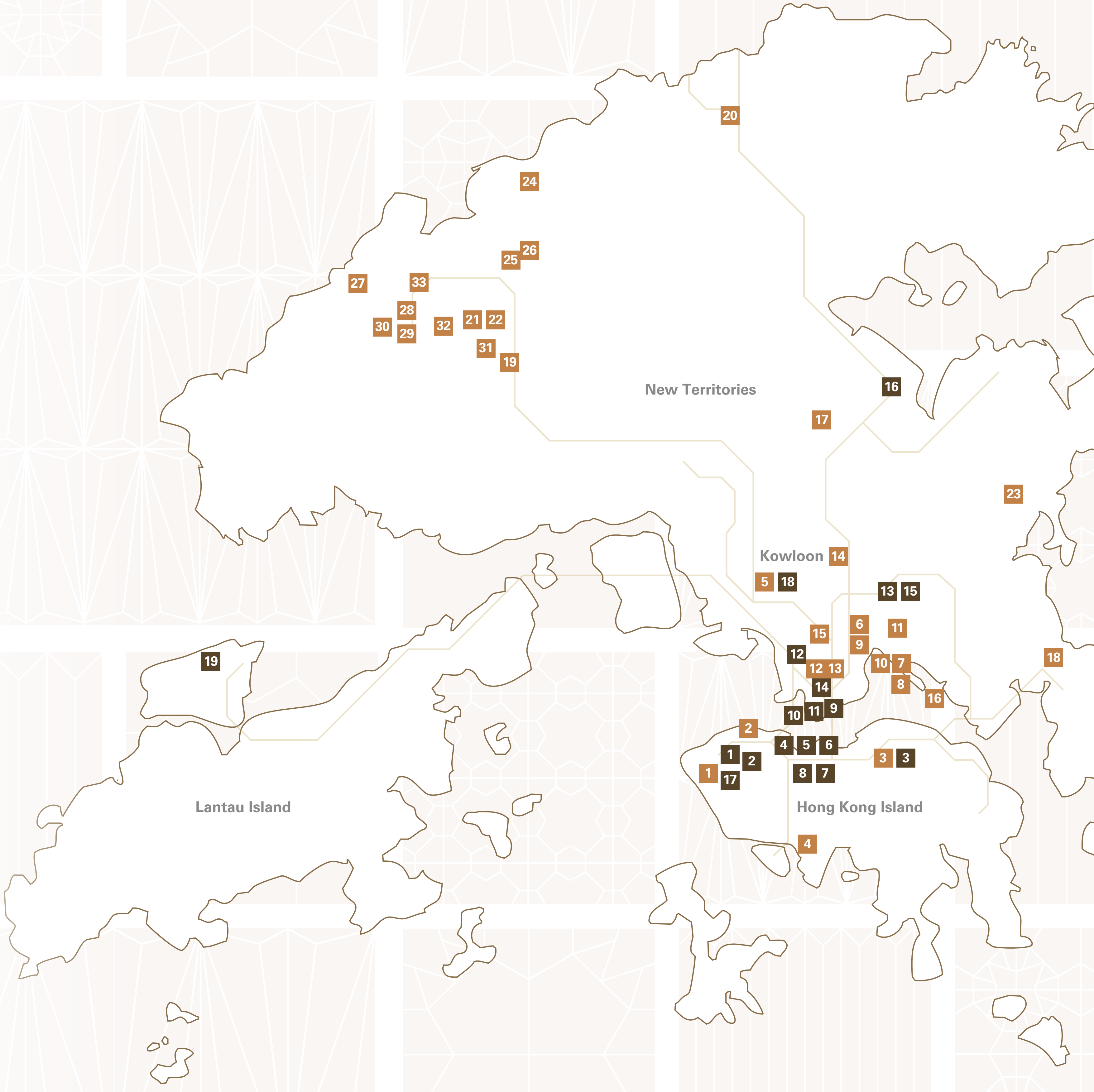
Major Property Projects in Hong Kong

Major Property Development Projects

1. 8 Castle Road, Mid-Levels (property development portion)
2. 9-19 Lyndhurst Terrace, Central
3. 277-291 King's Road, North Point
4. The Southside Package 5
5. 83 Wing Hong Street, Cheung Sha Wan
6. 3-13 Nga Tsin Long Road, Kowloon City
7. MIAMI QUAY I, Lot No. 6574, 4B3 Kai Tak
8. THE KNIGHTSBRIDGE, New Kowloon Inland Lot No. 6552, 4C2, Kai Tak
9. Double Coast, New Kowloon Inland Lot No. 6576, 4B1, Kai Tak
10. The Pavilia Forest, New Kowloon Inland Lot No. 6591, 4B4, Kai Tak
11. Uptown East, 53-55A Kwun Tong Road
12. 530-538 Canton Road, Jordan
13. 52-56 Kwun Chung Street, Jordan
14. 23-34 Rose Street, Kowloon Tong
15. 43-49A Hankow Road, Tsim Sha Tsui
16. Yau Tong Redevelopment Project, Kowloon East
17. The Pavilia Farm, Tai Wai Station Property Development, STTL No. 520, Sha Tin
18. Pak Shing Kok Ventilaton Building Property Development
19. Sha Po North (Phase 2), Yuen Long
20. Wu Nga Lok Yeung, Fanling
21. Lung Tin Tsuen (Phase 2), Yuen Long
22. Lung Tin Tsuen (Phase 4), Yuen Long
23. Sha Ha, Sai Kung
24. Lin Barn Tsuen, Yuen Long
25. Wing Kei Tsuen, Yuen Long
26. Ngau Tam Mei, Yuen Long
27. Lau Fau Shan, Yuen Long
28. Tong Yan San Tsuen (Phase 3), Yuen Long
29. Tong Yan San Tsuen (Phase 4), Yuen Long
30. Tong Yan San Tsuen (Mountain) (Site A and B), Yuen Long
31. Lung Tin Tsuen (Phase 5), Yuen Long
32. Lam Hau Tsuen, Yuen Long
33. Wing Ning Tsuen, Yuen Long

Major Property Investment and Other Projects

1. Manning House, Central
2. New World Tower, Central
3. K11 ATELIER King's Road, 704-730 King's Road, North Point
4. Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai
5. Grand Hyatt Hong Kong
6. Renaissance Harbour View Hotel
7. Pearl City, Causeway Bay – Ground Floor to 5th Floor
8. Methodist House, Wan Chai
9. K11 ATELIER of Victoria Dockside, Tsim Sha Tsui
Rosewood Hotel & Rosewood Residences of Victoria Dockside, Tsim Sha Tsui
K11 MUSEA of Victoria Dockside, Tsim Sha Tsui
K11 ARTUS of Victoria Dockside, Tsim Sha Tsui
10. K11 Art Mall, Tsim Sha Tsui
11. Hyatt Regency Hong Kong, Tsim Sha Tsui
12. THE FOREST, Mong Kok
13. ARTISAN HUB, San Po Kong
14. TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin
15. ARTISAN LAB, San Po Kong
16. Hyatt Regency Hong Kong, Sha Tin
17. 8 Castle Road, Mid Levels (property investment portion)
18. 83 King Lam Street, Cheung Sha Wan
19. 11 SKIES



Major Property Projects in Mainland China

Major Property Development Projects

1 Guangzhou Covent Garden Remaining Phases

2 Guangzhou Hanxi Comprehensive Development Project

3 Guangzhou Zengcheng International Community Project

4 Guangzhou Panyu International School Project

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

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

7 Huizhou Changhuyuan Phase 4

8 Wuhan New World • Times Phase II

9 Yiyang New World Scenic Heights Phase I F
Yiyang New World Scenic Heights Phase I G
Yiyang New World Scenic Heights Phase II A
Yiyang New World Scenic Heights Phase II B
Yiyang New World Scenic Heights Phase II C
Yiyang New World Scenic Heights South Area
Yiyang New World Scenic Heights Phase I D4-D7

10 Ningbo New World Project Phase 3

11 Hangzhou Wangjiang New Town Project

12 Shanghai Huangpu Huaihai Middle Road Land Project

13 Shanghai Putou Land B2-18

14 Beijing New View Garden Commercial Centre Remaining Phases

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

16 Langfang New World Garden District 2

17 Shenyang New World Garden Phase 2FG

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

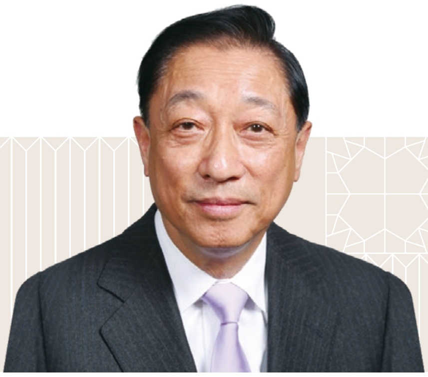
19 Anshan New World Garden Phase 1
Anshan New World Garden Phase 2

Directors' Profile

Dr. Cheng Kar-Shun, Henry

GBM, GBS (Aged 77)

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



Mr. Doo Wai-Hoi, William

BBS, JP (Aged 80)

Appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is the chairman and executive director of FSE Lifestyle Services Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, all being listed public companies in Hong Kong. He was an alternate director to Dr. Cheng Kar-Shun, Henry, chairman and non-executive director of FSE Lifestyle Services Limited, up to his cessation on 18 March 2024. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited and a non-executive director of Lifestyle International Holdings Limited (a listed public company in Hong Kong until its delisting on 20 December 2022). Mr. Doo is a Justice of the Peace in Hong Kong and was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia, Mr. Cheng Chi-Ming, Brian and Mr. Cheng Chi-Heng.

Dr. Cheng Chi-Kong, Adrian

SBS, JP (Aged 44)

Appointed as an Executive Director in March 2007, became Executive Director and Joint General Manager from March 2012, re-designated as Executive Vice-chairman and Joint General Manager from April 2015, re-designated as Executive Vice-chairman and General Manager from March 2017, re-designated as Executive Vice-chairman and Chief Executive Officer from May 2020 and re-designated as Non-executive Director and Non-executive Vice-chairman from September 2024. Dr. Cheng is also a director of certain subsidiaries of the Group. Dr. Cheng was the chairman and non-executive director of New World Department Store China Limited, an executive director of Chow Tai Fook Jewellery Group Limited, and a non-executive director of NWS Holdings Limited, all being listed public companies in Hong Kong in each case up to his resignation on 26 September 2024. He is currently the chairman and non-executive director of Arta TechFin Corporation Limited, a listed public company in Hong Kong. In addition, he was a non-executive director of New Century Healthcare Holding Co. Limited and Giordano International Limited, and a non-executive director and a co-chairman of Meta Media Holdings Limited, all being listed public companies in Hong Kong, up to his resignation on 1 June 2022, 1 December 2022 and 5 October 2023 respectively.

Dr. Cheng was responsible for the business and financial strategies, operations and management of the Group, such as strategic directions, property development, product design and innovation, creative and technology development, internal control and risk management. He oversaw the Company's large-scale residential developments such as Mount Pavilia, Pavilia Farm and Pavilia Forest, and comprehensive developments such as Victoria Dockside in Tsim Sha Tsui and Hong Kong International Airport SKYCITY complex "11 SKIES". In 2008, Dr. Cheng launched the K11 brand, a museum-retail complex that is at the nexus of art and commerce and had extended K11's reach across retail, hospitality, offices and non-profit art education through K11 Art Foundation and K11 Craft & Guild Foundation. He also directed early-stage funding to start-ups and technology-driven platforms.

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

Mr. Ma Siu-Cheung

GBS, JP (Aged 61)

Appointed as an Executive Director in July 2022, became the Chief Operating Officer from January 2024 and the Chief Executive Officer from September 2024. Mr. Ma is a member of the Executive Committee and the chairman of the Sustainability Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Group. Mr. Ma is also an executive director of New World Department Store China Limited, a subsidiary of the Company and a listed public company in Hong Kong. Mr. Ma was an executive director and the chief executive officer of NWS Holdings Limited, a listed public company in Hong Kong, up to his resignation on 1 January 2024.

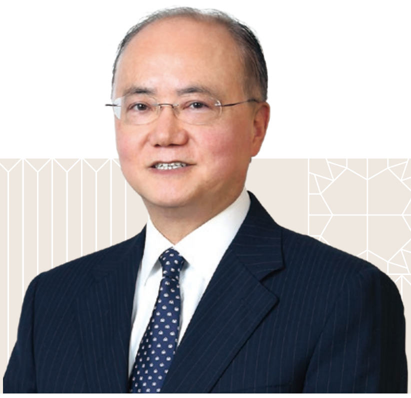
Prior to joining the Group, Mr. Ma was the Acting Chief Executive Officer of Hong Kong-Shenzhen Innovation and Technology Park Limited during the period from February to June 2018. He joined the Government of the Hong Kong Special Administrative Region in January 2014 as the Under Secretary for Development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

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

Mr. Cheng Kar-Shing, Peter

(Aged 71)

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



Mr. Lee Luen-Wai, John

BBS, JP (Aged 75)

Appointed as an Independent Non-executive Director in August 2004. Mr. Lee is the chairman of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Board of Directors of the Company. Mr. Lee is an executive director and the deputy chairman of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. He is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of the Peace in Hong Kong and was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region.

Mr. Cheng Chi-Heng

(Aged 46)

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

Ms. Cheng Chi-Man, Sonia

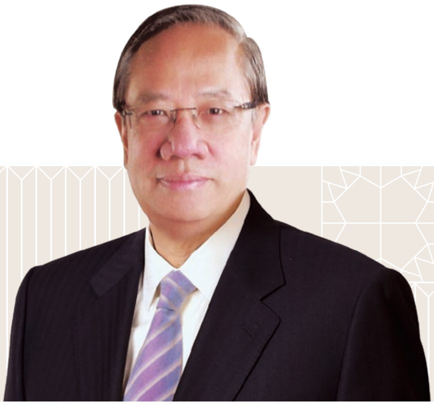
(Aged 43)

Appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee of the Board of Directors of the Company. She currently oversees the hotel division of the Group. She is a director of New World China Land Limited and certain subsidiaries of the Group. Ms. Cheng is a vice-chairman and executive director of Chow Tai Fook Jewellery Group Limited, and a non-executive director of Giordano International Limited, both are listed public companies in Hong Kong. She was an independent director of Primavera Capital Acquisition Corporation, a company previously listed on the New York Stock Exchange, up until her resignation in December 2022. She is also the chief executive officer of Rosewood Hotel Group and an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Before joining the Group in 2008, Ms. Cheng worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree in Applied Mathematics with a concentration in Economics from Harvard University in the U.S.A. Ms. Cheng is a member of the Hong Kong Tourism Board and chairman of its Marketing and Business Development Committee. She is a member of the Council of The Chinese University of Hong Kong, a member of Human Resources Planning Commission and The Standing Committee on Disciplined Services Salaries and Conditions of Service of the Hong Kong Special Administrative Region. She is also the Vice-Governor of Guangdong Youth Development Foundation. Ms. Cheng is a member of the Thirteenth Guangdong Provincial Committee of The Chinese People's Political Consultative Conference of The People's Republic of China and a member of the Election Committee 2021 of the Hong Kong Special Administrative Region (Hotel Subsector). Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Dr. Cheng Chi-Kong, Adrian and Mr. Cheng Chi-Ming, Brian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Sitt Nam-Hoi

(Aged 70)

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



Mr. Ip Yuk-Keung, Albert

(Aged 72)

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

Ms. Huang Shaomei, Echo

(Aged 55)

Appointed as an Executive Director in May 2020. Ms. Huang is a member of the Executive Committee of the Board of Directors of the Company. She joined the Group as the deputy chief executive officer of New World China Land Limited in October 2015 and promoted to Director & Chief Executive Officer of New World China Land Limited in February 2020. Ms. Huang is also a director of certain subsidiaries of the Group. She has over 20 years of experience in the real estate sector, having served in a consulting capacity for large-scale urban infrastructures, urban planning and urban renewal in Mainland China for extensive periods, providing the Mainland Government with professional recommendations on property development, urban planning and relevant professional advice. Prior to joining the Group, Ms. Huang held senior position with an international consulting firm. She was appointed as managing director (Southern China) of a Hong Kong-listed property developer, overseeing its property development throughout the southern China region. She has proven experience in the development and management of China's real estate sector. Ms. Huang was awarded the title of "Guangzhou Honorary Citizen" (the 17th batch). She currently serves as a member of Guangdong Provincial Committee of the Chinese People's Political Consultative Conference of The People's Republic of China ("GPCCPPCC"), a member of the Standing Committee of the GPCCPPCC and the deputy director of the Hong Kong, Macao and Taiwan Commission of the GPCCPPCC.

Ms. Chiu Wai-Han, Jenny

(Aged 53)

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

Mr. Chan Johnson Ow

(Aged 59)

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

Mr. Cheng Chi-Ming, Brian

(Aged 41)

Appointed as a Non-executive Director in December 2022. Mr. Cheng is an executive director and co-chief executive officer of NWS Holdings Limited, the chairman and a non-executive director of Integrated Waste Solutions Group Holdings Limited, all being listed public companies in Hong Kong. He is also a director of certain subsidiaries of the Group. Mr. Cheng was a non-executive director of Haitong International Securities Group Limited (a listed public company in Hong Kong until its delisting on 11 January 2024) and Wai Kee Holdings Limited (a listed public company in Hong Kong) up to his resignation in March 2024 and June 2024 respectively.

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

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

Mrs. Law Fan Chiu-Fun, Fanny

GBM, GBS, JP (Aged 71)

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

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

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

Ms. Lo Wing-Sze, Anthea

BBS, JP (Aged 53)

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

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

Ms. Lo was appointed as a Justice of the Peace in 2017 and awarded the Bronze Bauhinia Star in 2020 by the HKSAR Government. She is a member of the Election Committee 2021 (The Fourth Sector) of the Hong Kong Special Administrative Region and was a member of the Election Committee for the Fifth Government of the Hong Kong Special Administrative Region. Ms. Lo is also a member of All-China Women's Federation Hong Kong SAR delegate; the Chief Executive's Policy Unit Social Development Expert Group; Social Workers Registration Board; the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials; the Advisory Committee on Admission of Quality Migrants and Professionals; the Immigration Department Users' Committee; the Correctional Services Children's Education Trust Investment Advisory Board and the District Fight Crime Committee (Wan Chai District). In addition, she is an Honorary Court Member of the Lingnan University.

Ms. Wong Yeung-Fong, Fonia
(Aged 48)

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

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

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

Corporate Sustainability

Our New Sustainability Vision 2030+

NWD's mission is to create value for our shareholders and orchestrate our creativity for the next generation. This year, we evolved our sustainability strategy and advanced our sustainability targets to reflect our leadership ambition.

Sustainability Vision 2030+ ("SV2030+") will drive our evolution from a leader in sustainability to become a sustainable business leader, by focusing on the sustainability topics most relevant to our business.

SV2030+ builds on our previous sustainability strategy, New World Sustainability Vision 2030 ("SV2030"), which reached its halfway point in 2024. We have redefined our priorities and commitments after assessing our material sustainability topics and adjusting to changes in our Group structure and reporting scope.

Three pillars define our SV2030+ sustainable business approach: Future-Fit Places, Organisational Resilience, and Enriched Lives.

We have refreshed our Corporate Sustainability Chapter this year to reflect this new sustainability strategy and will further develop our reporting as the strategy is implemented in the years ahead. Throughout this Chapter, we describe the targets associated with each pillar and how it creates value for our stakeholders and society.

OUR SUSTAINABLE BUSINESS APPROACH	OUR APPROACH	OUR LEADING TARGETS
Future-Fit Places Design, build and operate high-quality, future-fit and resilient places that deliver enduring value for our stakeholders.	Climate Resilience Transition to a Low Carbon Economy Conserving Natural Resources	BY FY2030 Climate adaptation and resilience plans set for all relevant investments and operations to protect value at risk BY FY2050 Net Zero Scope 1, 2 & 3 emissions from all assets and operations
Organisational Resilience Cultivating a forward-looking and agile mindset to build a resilient, adaptable and sustainable business.	Responsible Investment Trusted Partner Technology and Data Governance	BY FY2030 All new and existing investments aligned to our responsible investment principles, including our commitment to certified sustainable buildings ONGOING Maintain transparency in corporate disclosure and industry leadership in key ESG indices and ratings
Enriched Lives Enhancing the health and economic wellbeing of our stakeholders.	Investing in Our People Thriving Communities Vibrant Local Economy	BY FY2030 NWD recognised as preferred employer of choice BY FY2030 All community programmes are aligned to our social impact investing framework

Message from the Sustainability Committee

Sustainability has always been part of who we are, how we operate and the legacy we leave. Since 2018, our New World Sustainability Vision 2030 ("SV2030") has driven our efforts to realise its green, wellness, smart and caring aspirations. It has been embraced and advanced by our employees. Together, we have made meaningful progress towards the Group's goals through our collective efforts.

These years of effort were recently recognised with NWD named in the top 50 of the World's Most Sustainable Companies of 2024 by TIME Magazine, successfully standing out from over 5,000 assessed companies. We are very pleased with this affirmation of our achievements in sustainable development.

This year, we took the opportunity to evaluate our strategy and achievements, and continue to evolve our approach to be a more sustainable business, reflected in the places we create and how we operate. Informed by a comprehensive double materiality assessment and business priorities looking ahead, we reassessed the sustainability topics most important to creating both financial and stakeholder value.

As a sustainable organisation, we are purpose-driven in creating economic, environmental and social value through our business activities by placing sustainability not as a complementary function, but as core to our strategic direction and operational decisions. This is a crucial step in our Group's focus on long-term value creation for all of our stakeholders.

Our refreshed Sustainability Vision 2030+ ("SV2030+") will drive the evolution of NWD as a sustainable business leader. Our revised pillars – Future-Fit Places, Organisational Resilience, Enriched Lives – reflect our business priorities and better define our approach, initiatives and what success looks like. Our focus on the long-term includes having targets that extend beyond 2030, including our 2050 net zero ambitions.

During the year, we continued designing, building and operating high-quality, future-fit and resilient places. We deepened our understanding of asset-specific climate-related risks and opportunities across our property portfolio, which is crucial to protecting asset value and enhancing portfolio resilience. We developed a least-cost 1.5°C-aligned pathway to drive efficiency and decarbonisation for our growing business, prioritising practical steps in emissions reduction.

Responsible investment continues to underpin our organisational resilience, ensuring our investments remain socially and ethically responsible, environmentally sustainable and economically focused. We continue to participate in the UN Global Compact and support its ten principles for responsible business. The oversight of our Board, dedication of our leadership team, and the efforts of our employees are essential to our progress towards our common goals.

Our new mixed-use development, 83 King Lam Street in Cheung Sha Wan, is a shining example of our commitment not only to the development of green and healthy buildings, but also to the revitalisation and transformation of Hong Kong. With its strategic location and connectivity with Shenzhen and the rest of the Guangdong-Hong Kong-Macao Greater Bay Area, the district is primed to be a new commercial and urban hub.

83 King Lam Street also serves as our second headquarters. Since our move in June, this new healthy and vibrant workplace has already increased connection and innovation among our employees. Our new workplace also complements our mental health and wellbeing strategy that covers a wide range of bespoke programmes. During the year, over 800 employees and key suppliers participated in these initiatives, which aim to enhance the health, productivity and wellbeing of our colleagues.

We continue to be a reliable community partner contributing to societal and economic progress through our focus on healthy and inclusive placemaking, and improving economic prosperity for all through supporting learning, skilling and employment programmes in collaboration with key stakeholders. This is best demonstrated by our flagship Victoria Dockside, and we are excited for the upcoming openings of 11 SKIES and K11 ECOAST.

We wish to express our deepest gratitude to all employees for their commitment and contributions to our sustainability achievements this year, as well as to investors, partners and stakeholders for their invaluable collaboration and unwavering support. As the organisation evolves and builds on our sustainability track record, we look forward to deepening our partnerships and advancing SV2030+, creating long-term value for our shareholders, partners, customers and the community.

Sustainability Committee
Hong Kong, China, 26 September 2024

Major Achievements and ESG Highlights

International Recognition for Our Sustainability Performance

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

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

5-star rating for Standing Investments Benchmark of Global's Real Estate Sustainability Benchmark ("GRESB") since 2019

Achieved a '**B**' in CDP Climate Change Assessment 2023

Sustainability Yearbook Member
S&P Global Corporate Sustainability Assessment (CSA) Score 2023

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

《可持续发展年鉴（中国版）》入选企业
中国企业标普全球CSA评分2023

One of 129 companies to be included in S&P Global's **Sustainability Yearbook (China) 2023**

Constituent of **FTSE4Good Index Series** since 2020

Hang Seng Corporate Sustainability Index Series Member 2024-2025

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

Signatory or member of

TCFD Task Force on Climate-Related Financial Disclosures; Urban Land Institute; We Support UN Global Compact; HKGFA 香港綠色金融協會 Hong Kong Green Finance Association; wbcsd; Business Environment Council 商界環保協會 Council Member since 2017; HKGBC 香港綠色建築議會 Platinum Patron; Climate Governance Initiative Hong Kong; G·GHM Alliance 粤港澳大湾区绿色建筑产业联盟; 中国城科会绿色建筑委员会 China Green Building Council of CSUS; CABEE

In support of

Women's Empowerment Principles
Established by UN Women and the UN Global Compact Office

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New World Development ranked 43rd in TIME Magazine's "World's Most Sustainable Companies of 2024"

Future-Fit Places Highlights

- Low carbon investment fund created to accelerate energy efficiency upgrades across the investment property portfolio
- Climate vulnerability assessments performed across the investment portfolio to better understand physical climate risks and prioritise adaptation plans
- Developed our 1.5°C-aligned Decarbonisation Roadmap, prioritising practical steps to reduce Scope 1 and 2 emissions

Organisational Resilience Highlights

- Responsible Investment Policy approved to guide integration of sustainability into investment decisions
- Established Data Protection and Compliance Committee to enhance governance and oversight of data privacy and protection compliance
- Social bond funding allocated to State Theatre, which fulfilled Cultural and Heritage Preservation eligibility criteria

Enriched Lives Highlights

- Conducted Group-wide Employee Engagement Survey with 88% participation rate
- Obtained WELL Health-Safety Rating for five NWCL regional head offices, prioritising workplace health and wellbeing
- Workplace mental health training programme delivered to over 800 employees to support wellbeing and resilience

Our New Sustainability Vision 2030+
How NWD Creates Shared Value
Stakeholder Engagement and Materiality Assessment
Future-Fit Places
Organisational Resilience
Enriched Lives

How NWD Creates Shared Value

NWD's mission is to create value for our shareholders and orchestrate our creativity for the next generation. Creating Shared Value ("CSV") is central to our vision, tying our business success to social progress.

Our four key business activities – development, investment management, asset management and services – align with CSV and our SV2030+ sustainable business approach. Together, they create long-term value for our stakeholders.

SV2030+ will further drive the integration of sustainability considerations into our core business to create economic, environmental and social value.

We create value for customers by providing best-in-class, sustainable and human-centric properties that meet their needs. For tenants, our quality service and innovative, sustainable solutions lead to lasting partnerships and thriving places. We create long-term value for investors and partners by striving for high performance and resilient returns.

Together, we create value with our people by fostering a workplace where we grow together and where everyone is welcome and engaged. Our communities benefit from our ability to catalyse positive outcomes and contribute to societal and economic progress, leaving a legacy for generations to come.

How NWD creates shared value is illustrated in the diagram below.

OUR BUSINESS

Our Vision

Creating shared value and tying our business success to social progress.

Our Strategy

Adopting a sustainable business strategy and driving growth through high-quality projects, assets, and services.

Our Values

Fostering intrapreneurship among next-gen artisans to inspire innovative, forward-thinking solutions with a global perspective.

OUR KEY BUSINESS ACTIVITIES

Development

Develop high-quality, bespoke real estate assets and infrastructure.

Investment Management

Deliver sustained value through diverse real estate investment properties.

Asset Management

Operate and maintain high performing assets for ourselves and our partners.

Services

Provide customer-focused services complementary to our core real estate business.

SV2030+

OUR SUSTAINABLE BUSINESS APPROACH

Future-Fit Places

Design, build and operate high-quality, future-fit and resilient places that deliver enduring value for our stakeholders.

- Climate Resilience
- Transition to a Low Carbon Economy
- Conserving Natural Resources

Organisational Resilience

Cultivating a forward-looking and agile mindset to build a resilient, adaptable and sustainable business.

- Responsible Investment
- Trusted Partner
- Technology and Data Governance

Enriched Lives

Enhancing the health and economic wellbeing of our stakeholders.

- Investing in Our People
- Thriving Communities
- Vibrant Local Economy

THE VALUE WE CREATE WITH OUR STAKEHOLDERS

Our Customers

A developer and operator of best-in-class, sustainable and human-centric properties that meet customers' current and future needs.

Our Tenants

A landlord committed to fostering lasting partnerships through innovative and sustainable solutions and quality services.

Our Investors and Partners

A high-performing organisation delivering long-term value with investors, business partners, NGOs, and the Government.

Our People

A devoted employer growing together with a capable, engaged, and inclusive workforce.

Our Community

A reliable community partner that contributes to societal and economic progress, fosters creative thinking and promotes cultural development.

Stakeholder Engagement and Materiality Assessment

Regular Stakeholder Engagement

The expectations and needs of our stakeholders are an important input into our sustainability strategy, helping us to identify and prioritise current and emerging risks and opportunities across our business and the communities in which we operate.

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

Embedding Sustainability into our Culture

Our mission is to create value for our shareholders and orchestrate our creativity for the next generation. CSV is central to our vision, tying our business success to social progress. Underpinned by our mission and corporate vision, our corporate culture links our sustainability priorities and aspirations with our business activities. People and culture are integral to achieving this vision and developing innovative solutions that benefit the environment and society. Our culture of continuous learning and development empowers our employees to collaborate, innovate and realise their potential.

Materiality Assessment

We conduct materiality assessments periodically to inform our sustainability priorities and identify sustainability-related risks and opportunities that may impact our business and stakeholders. This includes climate- and nature-related risks and opportunities. Consistent with best practice guidance from the Global Reporting Initiative ("GRI") Sustainability Reporting Standards and International Sustainability Standards Board ("ISSB"), we conduct a comprehensive materiality assessment every two to three years and a management review annually.

COMPREHENSIVE MATERIALITY ASSESSMENT PROCESS

We engaged an external consultant to complete a comprehensive assessment in August 2023 using the double materiality approach to identify the sustainability-related impacts, risks and opportunities ("IROs") most important to NWD and our stakeholders. This approach considers both the financial effects and stakeholder impacts of the sustainability-related IROs identified as most important to our business and our stakeholders.

The comprehensive assessment consisted of four key steps:

1 INITIAL ANALYSIS

Desktop research considered internal and external sources, including the Group's enterprise risk register and framework, and identified 12 global megatrends most likely to impact our organisation and operating environment.

2 STAKEHOLDER ENGAGEMENT

Deep-dive interviews were conducted with internal and external stakeholders to inform the analysis of NWD's ability to address the most relevant megatrends. Interviews were complemented by a review of our internal strategy documentation, existing enterprise risks, and best practice sustainability strategy and reporting standards including the latest ISSB and GRI guidance.

3 IDENTIFY MATERIAL IROs AND SUSTAINABILITY PRIORITIES

The process initially identified 81 sustainability-related IROs, which were then assessed for materiality using our enterprise risk framework and ISSB and GRI guidance. After evaluating for magnitude/severity and likelihood, 36 IROs were assessed as 'High' and therefore material to NWD. They were then grouped into seven sustainability priorities.

4 VALIDATION

The full assessment findings were validated with the Group Sustainability Steering Committee and the Sustainability Committee of the Board of Directors.

Given the evolving reporting and regulatory landscape, in January 2024 we conducted a materiality assessment refresher to review and validate the full assessment outcomes against the most recent reporting standards and frameworks. This process identified six additional IROs, with four assessed as 'High' and therefore material to NWD. These were regrouped under the seven sustainability priorities identified by the full assessment, and confirmed by the Group Sustainability Steering Committee and the Sustainability Committee.

Megatrends

Built Environment

- Urbanisation and smart cities
- Sustainable development
- Built environment technologies

People and Demographics

- Ageing population
- Future of work
- Health and wellness
- The experience economy

Economics and Geopolitics

- Economic transition
- Deglobalisation

Environmental

- Clean energy transition
- Physical impacts of climate change
- Circular economy

Sustainability priorities

Reimagining the built environment

- Reconceptualising urban spaces to ensure resilience and protect asset value in a changing climate
- Increasing demand for urban environment to support healthy and sustainable lifestyles
- Changing tenant needs, evolving workplaces and consumer preferences

Investing in a low carbon future

Navigating the transition to a net zero economy by:

- Increasing reliance on renewable energy and use of low carbon construction materials
- Investing in low carbon solutions and services
- Building strategic partnerships across our value chain

Driving operational efficiency

Reducing consumption and operational costs by:

- Increasing asset energy and water efficiency practices and equipment upgrades
- Adopting a lifecycle approach to reducing waste generation and increasing recycling

Enterprise approach to sustainability

- Embedding sustainability into key functions: corporate strategy, risk management, financial planning
- Sustainability as part of all roles and responsibilities, and overall corporate governance

Embracing tech and innovation

- Creating smarter, more efficient solutions to benefit customers and tenants
- Integrate innovation and technology advancements into new and existing assets across the portfolio

Investing in our people

- Attracting, retaining, and developing highly skilled talent
- Fostering a diverse and inclusive workplace

Contributing to thriving communities

- Partnering with business to support thriving local economy
- Create employment and skilling opportunities for the community
- Connect people through place creation to support healthy and prosperous lifestyles

Megatrends

Our materiality assessment identified 12 megatrends most relevant to NWD, across four thematic areas.

Theme	Megatrend	Description
Built Environment	Urbanisation and smart cities	Urban growth and rising incomes are driving market demand for new and upgraded properties, infrastructure, and public utilities, creating significant opportunities for development. The development of smart cities is revolutionising urban living, and Mainland China and Hong Kong are amongst the leaders in connectivity.
	Sustainable development	Mainland China and Hong Kong have made significant commitments towards achieving environmental sustainability. Green building standards are increasingly promoted by governments to improve building efficiency and the use of sustainable materials. Customers too are increasingly aspiring to both luxury and eco-friendly living.
	Built environment technologies	Digital transformation has been supercharged since the pandemic, with technology adoption particularly rapid in the property and infrastructure sectors. Smart building technologies are growing rapidly, with AI is being used for predictive maintenance, optimising operational efficiency and reducing costs. Tenants are willing to pay a 'smart premium' to benefit from these features.
People and Demographics	Ageing population	Rapid demographic shifts will have significant implications for property development, increasing demand for different types of housing and community services that serve the lifestyle needs of older citizens. An ageing population will spur increased demand for healthcare facilities and social services and amenities, creating potential opportunities for developers building these facilities or developments adjacent to them.
	Future of work	There are a range of trends impacting workforces generally, such as the desire of younger generations for greater work-life integration. This includes the potential for AI to change professions, and the creation of new occupations over time. Reimagining the traditional office space can help to address the potential structural shifts in this market.
	Health and wellness	As social awareness of health and well-being grows, businesses are incorporating wellness-oriented features and experiences into their offerings. Premium malls are evolving from traditional shopping destinations and being reimagined to include features like indoor green spaces and quiet relaxation areas – making wellness practices more inclusive and accessible across society.
	The experience economy	A new form of consumerism, the experience economy focuses on delivering unique and memorable experiences to customers. Physical spaces, customer service, and technology are being redesigned and customised to create bespoke customer experiences.
Economics and Geopolitics	Economic transition	As central government planning shifts the economy towards high-value services, there will be a greater need for adaptive workspaces that can accommodate a range of high-value operations. The changing economy will lead to increased market demand for residential property development and related premium lifestyle amenities.
	Deglobalisation	Businesses face the prospect of rising protectionism, supply chains in flux and an associated increase in costs and compliance following geopolitical crises. There will continue to be close integration between the Mainland and Hong Kong economies.
Environmental	Clean energy transition	The transition to a clean energy future remains top of mind for business and governments alike, with renewable energy capacity continuing to grow. The property and infrastructure sectors will play major roles in shaping the transition, in line with government initiatives to create efficiency, carbon trading, and targeted finance.
	Physical impacts of climate change	As physical climate risks become more common and intense, stakeholders are demanding urgent action from government and business leaders alike. Property companies can respond by investing in resilient infrastructure and meeting green building standards to enhance their ability to withstand climate-related disruptions.
	Circular economy	Economic activity is placing unsustainable pressure on natural resources and services. Opportunities abound for companies capable of successfully transforming their business models. Developers will play a leading role in meeting these objectives, including through a focus on reducing embodied carbon in building materials and construction.

Sustainability Priorities

The seven sustainability priorities identified as material to NWD, summarised below, are addressed throughout this Chapter.

Sustainability Priority	Impacts	Time Horizon#	For More Details
Reimagining the built environment* Enhance asset resilience to protect value at risk from factors ranging from extreme weather and increasing utility costs to insurance protection and growing sustainability expectations of investors, tenants, customers, and the community.	Financial	Short term Medium term Long term	See 'Future-Fit Places'
Investing in a low carbon future* Navigate the transition to a net zero economy by working with our value chain towards renewable energy and low carbon materials, technologies and processes that reduce carbon intensity of our investments and operations.	Financial Stakeholder	Short term Medium term Long term	See 'Future-Fit Places – Transition to a Low Carbon Economy'
Driving operational efficiency* Reduce operational costs through increased building efficiency, lean construction practices and adopting a lifecycle approach to asset enhancements and investments.	Financial	Short term Medium term	See 'Future-Fit Places'
Enterprise approach to sustainability Embedding sustainability into corporate strategy, risk management, financial planning, roles and responsibilities, and overall corporate governance is strengthening stakeholder confidence and underpins our sustainable approach to doing business.	Financial Stakeholder	Short term Medium term	See 'Organisational Resilience – Trusted Partner'
Embracing tech and innovation* Leverage innovation and technology to build resilience, drive productivity and act as a catalyst to create places and operate assets that are smarter, more efficient and more adaptable to meet future needs.	Financial Stakeholder	Short term Medium term	See 'Future-Fit Places' and 'Organisational Resilience – Technology and Data Governance'
Investing in our people Promote a strong culture of employee development and wellbeing that attracts and retains the best talent, allowing employees to thrive in a diverse and inclusive workplace.	Financial Stakeholder	Short term	See 'Enriched Lives – Investing in our People'
Contributing to thriving communities* Create places that foster growth of the economy through partnerships with businesses, generates employment and skilling opportunities and provides for experiences that enable a thriving community.	Financial Stakeholder	Short term Medium term	See 'Enriched Lives – Thriving Communities' and 'Enriched Lives – Vibrant Local Economy'

* Denotes climate-related impacts, risks and/or opportunities within the sustainability priority.

\# Time horizons: Short term (0-1 year), medium term (2-5 years), long term (5+ years).

Corporate Sustainability

Future-Fit Places

Future-Fit Places sets out our approach to designing, building and operating high-quality, future-fit and resilient places that deliver enduring value for our stakeholders. We do this by planning for climate resilience, contributing to the transition to a low carbon economy, and seeking to conserve natural resources.

Our focus on Future-Fit Places creates value for our stakeholders. Future-Fit Places appeal to tenants, customers and community members, as thoughtfully designed and sustainable buildings. They deliver long-term returns for investors and partners as in-demand assets that are efficient, healthy and resilient. They contribute to our communities and society as spaces for people to work, live and connect.

SV2030+ sets two leading targets for Future-Fit Places to measure our performance and progress:

- Climate adaptation and resilience plans set for all relevant investments and operations to protect value at risk by FY2030.
- Net Zero Scope 1, 2 and 3 emissions from all assets and operations by FY2050.

These leading targets are complemented by goals and performance measures across our three key Future-Fit Places focus areas. Our near-term approved science-based targets ("SBTs") reflect current best practice and replace our SV2030 energy intensity and emissions intensity targets. SV2030+ sets new targets for energy, water and waste efficiency plans and total recycling rate (landfill diversion) that reflect our changed reporting scope following the disposal of NWCON.

The Future-Fit Places pillar of SV2030+ contributes to United Nations Sustainable Development Goal ("UN SDG") 12 Responsible Consumption and Production and UN SDG 13 Climate Action.

OUR SUSTAINABLE BUSINESS APPROACH

Future-Fit Places

Design, build and operate high-quality, future-fit and resilient places that deliver enduring value for our stakeholders.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

OUR APPROACH AND KEY ACTIVITIES / **HOW WE MEASURE PERFORMANCE**

Climate Resilience

Integrate climate change considerations and measures throughout the asset lifecycle to ensure assets are resilient and positioned to thrive in a climate-affected future.

- Conduct climate risk assessments to understand asset-level climate-related risks and opportunities.
- Develop asset adaptation plans in response to identified climate risks & opportunities.

BY FY2030
Climate adaptation and resilience plans set for all relevant investments and operations to protect value at risk

BY FY2026
All new and existing investments and operations assessed for potential climate-related physical and transition risks

Transition to a Low Carbon Economy

Support our investments, operations and value chain through targeted efforts as we transition to a low carbon economy.

- Prioritise smart and efficient sustainable building design, development and operations.
- Renewable energy use and procurement.
- Collaborate with our value chain, including tenants, suppliers, customers and industry, to further reduce our carbon intensity.

BY FY2050
Net Zero Scope 1, 2 & 3 emissions from all assets and operations

BY FY2030
Reduce absolute Scope 1 & 2 emissions by 46.2% (FY2019 baseline)

Reduce Scope 3 emissions intensity from Capital Goods by 22.0% and Downstream Leased Assets by 29.8% (FY2019 baseline)

BY FY2026
100% renewable energy use in our Greater Bay Area investment properties

Conserving Natural Resources

Responsible and efficient consumption of natural resources and proactively managing nature-related risks and impacts.

- Deliver water saving buildings that avoid water use and conserve natural resources.
- Diversion of waste back into the economy through reuse or recycling, and reduce dependence on natural resources.

BY FY2030
All new and existing investments have energy, water, and waste efficiency plans integrated into asset operations

BY FY2030
30% total recycling rate (landfill diversion) achieved across our relevant investments and operations

Climate Resilience

NWD has long recognised the importance of appropriately responding to and valuing climate change impacts on our operations. Ongoing record-breaking events such as heatwaves, typhoons and rainfall across the geographies we operate in warrant a commercially sound response to mitigate the impact of these events.

Our approach to climate action considers two aspects of climate change:

1. NWD's impact on climate – how our operations, supply and value chains contribute to climate change. We take action to reduce our impact by delivering emissions reduction strategies that also provide cost benefits.

2. Impacts of climate change on NWD – how our operations, supply and value chains are impacted by climate change. We have developed strategies to respond to changing physical impacts and emerging transition risks on our assets and operations, and are positioning ourselves to benefit as the wider market responds to climate change.

NWD considers climate change in tandem with other ESG and non-ESG factors to ensure we respond appropriately to emerging risk and opportunities.

This section contains the Group's climate-related disclosure, referencing ISSB's International Financial Reporting Standards Foundation ("IFRS") S2 Climate-related Disclosures and the newly released Hong Kong Stock Exchange ("HKEX") Climate-Related Disclosure Guidelines.

Governance

Our approach to the governance of climate-related risks and opportunities is consistent with our approach to managing enterprise risks and sustainability-related risks and opportunities.

BOARD OVERSIGHT

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

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

THE ROLE OF MANAGEMENT

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

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

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

See 'Corporate Governance', page 78 for details.

Strategy

We remain committed to managing our impacts on climate change while embedding resiliency into our operations as the impacts of climate change eventuate. Our approach is guided by our Climate Change Policy and Responsible Investment Policy. These guiding policies inform the Group's Enterprise Risk Management ("ERM") framework, which sets non-negotiable parameters for BUs. The NWD Board of Directors receives ERM updates at least every six months.

The following section includes our review of key physical and transition climate-related risks and opportunities, our approach to a refreshed scenario analysis as well as the outcomes of that analysis.

Climate-related Risks and Opportunities – Physical

In FY2023, we completed a comprehensive review of climate-related risks and opportunities across our operations and disclosed the business implications, potential financial impacts and resilience measures of each identified physical risk and

	Climate Hazard	Business Implications	Potential Financial Impacts
Physical – Acute hazards and risks	**Drought** Prolonged period of dry weather conditions.	• Shortage of water supply affecting or suspending business operations	• Increased operational and insurance costs • Increased capital expenditure to install water efficient and storage devices
	Wildfire Unplanned or uncontrolled fires in areas of combustible vegetation.	• Increased potential for damage to property and assets • Potential impact of occupant health and safety	• Increased operational and insurance costs • Increased cost to repair damage caused by wildfire events
	Flood Flooding caused by overflowing rivers and streams, extreme rainfall events or ineffective drainage. **Storm surge** Coastal flooding due to extreme rise in sea level during typhoons, typhoon tracks, elevation and climate change. **Tropical cyclone** Strong gusts and heavy rainstorms caused by intense storms originating over warm tropical oceans.	• Increased potential for damage to property and assets • More frequent and severe disruption to business continuity	• Reduced asset values due to increased damage to property • Reduced revenue from rental portfolio • Increased operational and insurance costs • Increased capital expenditure for features resilient to floods and strong winds • Increased market valuation due to adoption of climate resilience measures
Physical – Chronic hazards and risks	**Heat stress** Prolonged period of high temperature and humidity.	• Lowered labour productivity • Increased health hazards to workforce • Higher demand for cooling and energy	• Increased cooling cost • Reduced productivity leading to increased labour cost
	Change in precipitation patterns Changing temperature leading to long-term shift in precipitation patterns.	• Shortage of water supply in areas with reduced precipitation	• Increased capital expenditure associated with building upgrades related to water retention and efficiency • Increased operational costs for alternative water sources in areas with reduced precipitation
	Rising sea level Rise in average sea level due to climate change.	• Increased potential for damage to property and assets • Need to relocate assets	• Reduced asset values due to increased damage to property • Increased potential for stranded assets

opportunity. During FY2024, we further progressed the implementation of resilience measures. A summary is provided in the table below:

Our Approach	FY2024 Update
Strategic	
• Market review of preliminary climate risk assessment solutions to enhance our enterprise-wide approach to risk categorisation and identification • Climate Resilience Guideline for developments suggest assessment and mitigation approach for key physical climate hazards, including flood, heat stress, sea level rise and typhoon	• Ongoing market review of preliminary climate assessment tool • Actively implementing Climate Resilience Guideline to inform how we design and operate future assets and places
Operational	
• Establish policy suite, including Responsible Investment Policy, Climate Change Policy, Sustainable Procurement Policy and Sustainable Building Policy • Conduct detailed physical climate risk assessments across major projects in planning, development and operational phases • Implement mitigation and adaptation measures into building designs and operational plans where relevant • Properties and assets with high physical risk exposure to conduct detailed asset-level assessment for better resilience planning	• Board approval of Responsible Investment Policy, integrating climate assessment into our investment approach • Over 200 assets and locations assessed for potential climate risks, aligned to our physical risk scenarios detailed in the Scenario Analysis section • Assets with high inherent physical risks were further assessed to better understand how existing building and operational features begin to mitigate and adapt to risks • Refer to Scenario Analysis Results section for a summary of our inherent physical climate risks across the portfolio as well as a summary of how we have started to address assets with high inherent physical climate risks

Climate-related Risks and Opportunities – Transition

Transition risks and opportunities arise as the market starts to shift towards a low carbon economy. They may be a result of changing regulations, commodity prices (including energy) and consumer preferences. In FY2023, we disclosed the business implications, potential financial impacts and resilience measures of each identified material transition risk and

	Material Risk/Opportunity	Business Implications	Potential Financial Impacts
Policy and Legal	**Carbon pricing** Increased use of policy instruments to apply an explicit price on GHG emissions, through carbon taxes or emission trading schemes.	• Increased need to optimise operational efficiency to reduce resource consumption • Increased need to optimise building construction to reduce resource consumption and materials use	• Increased operational costs • Increased capital expenditure to install energy-efficient facilities and green retrofits • Lower operational costs associated with improved energy efficiency • Increased procurement cost for low carbon alternatives for construction materials
	Building codes and standards More stringent regulations on building energy performance and emissions in a lifecycle approach.	• Increased need to optimise operational efficiency to reduce resource consumption • Increased need to obtain green building certifications across the portfolio	• Increased capital expenditure to install energy-efficient facilities and green retrofits • Lower operational costs associated with improved energy efficiency
Reputation	**Stakeholder concern and feedback** Higher expectation on ESG and climate risk management and disclosure.	• Comprehensive disclosures expected on climate change actions and metrics, including reference to the IFRS S2, HKEX Climate-Related Disclosure Guidelines, and other emerging standards	• Increased operational costs to implement changes in climate risk management and disclosure
Market	**Consumer preference** Increased market demand for low carbon and resilient buildings.	• Increased demand for buildings with lower carbon footprint and higher energy efficiency • Increased need to assess and improve existing buildings' energy and environmental performance • Increased need to obtain green building certifications across the portfolio	• Increased revenue due to rental and sales premium of green buildings • Increased capital expenditure to install green retrofits and climate-resilient features
	Increased cost of raw material Cost premium for low carbon materials and increased price for traditional materials due to supply chain disruption from changing climate conditions and policy.	• Increased fluctuations in cost and supply of raw materials	• Increased procurement cost for traditional construction materials due to policy transition • Increased procurement cost for low carbon alternatives for construction materials

opportunity. These measures seek to mitigate the potential impacts of transition risks on the organisation and better position the Group to seize emerging opportunities as the market decarbonises. During FY2024, we further progressed the implementation of resilience measures. A summary is provided in the table below.

Our Approach	FY2024 Update
Strategic • Build organisational understanding of laws and regulations (including HKEX climate disclosure obligations) associated with climate-related risks and opportunities for our industry • Develop green transition plan for our company vehicle fleet • Expand the use of eco-friendly refrigerant • Phase-out of carbon-intensive fossil fuels, such as coal and diesel, in operations by adopting alternative energy sources • Conduct carbon pricing analysis to quantify potential transition cost impacts on new and existing investment properties	• Organisational understanding of laws and regulations around climate change increased as part of awareness raising briefings provided to the Group Sustainability Steering Committee and Board-level Sustainability Committee • Carbon pricing sensitivity assessed as part of transition risk scenario analysis for selected assets • Board approval of Responsible Investment Policy which considers the potential carbon price implications of future investments
Strategic • Monitor upcoming environmental regulations on the built environment • Regulate review Group-wide Sustainable Building Policy and retrofitting guideline in anticipation of future policy change • Engage with government and industry organisations to understand, align and advocate for internationally consistent industry standards **Operational** • Leverage proceeds from sustainable finance instruments to support green retrofit projects • Conduct cradle-to-grave lifecycle assessments on representative new projects to manage building lifecycle emissions	• Lifecycle analysis conducted for all Hong Kong developments, and pilot projects in Mainland China identified • Collaboration through industry groups to promote low embodied carbon materials and building standards • Ongoing participation in industry steering committees, taskforces and working groups focused on new regulations, policies and trends
Strategic • Monitor upcoming climate disclosure requirements • Enhance transparency in reporting on sustainability performance and further alignment with relevant standards	• We continue to monitor climate disclosure requirements • We have further enhanced the transparency of this year's climate-related disclosure • Direct engagement with investor groups, financing partners and ratings agencies to further understand current and emerging disclosure expectations
Strategic • Engage tenants and residents to understand their needs and support their low carbon transition journeys **Operational** • Provide CSV Green Lease to support tenants' energy saving and carbon reduction efforts • Understand the corporate sustainability and decarbonisation targets of our tenants and partners to better understand this market risk and opportunity	• We have conducted extensive tenant surveys to understand their sustainability commitments, targets and expectations. A summary of this work may be found in 'Understanding Customer Expectations' on page 82 • We reviewed our CSV Green Lease offering and trialled solutions with select tenants to ensure our programme is fit-for-purpose and delivering value for our tenants
Strategic • Promote the use of low carbon alternative construction materials such as recycled steel • Monitor renewable energy pricing, solutions and options for adoption across the portfolio **Operational** • Establish a low carbon material specification and implemented during tendering on selected Hong Kong projects to better understand material pricing, availability of use	• We have assessed the use of low carbon products as part of design for new developments. In doing so we have quantified the carbon reduction by using certain products, whilst also costing the impact in using alternative construction materials

Scenario Analysis

NWD has been using scenario analysis since FY2019 to identify, assess and review climate-related risks and opportunities.

ENTERPRISE APPROACH

Scenario Analysis forms part of our Enterprise Approach to setting our climate action strategy. Physical and transition risks identified by the Group are supplemented by the latest literature and data to provide both qualitative narratives and quantitative modelling to define our scenarios.

Scenarios stress test our operations under various future settings based on assumptions supported by leading climate science. We set scenarios with high contrast, allowing the Group to plan for both best- and worst-case scenarios. This contrast is important as both scenarios adopted have a combination of risk and opportunities to consider.

	High Transition Risk, Low Physical Risk Scenario	Low Transition Risk, High Physical Risk Scenario
Physical Risk Scenarios[1]	**IPCC SSP1-2.6** – In this scenario, the 1.5°C global warming level is not likely to be exceeded. There will be wide ranging physical impacts including on average temperatures, mean sea levels, and other climate variables, however the impacts are considerably more limited compared to higher emission scenarios.	**IPCC SSP5-8.5** – In this scenario, emissions roughly double from current levels by 2050, leading to the projected temperatures to increase by 3.3 – 5.7°C relative to pre-industrial period. Severe and wide-ranging physical impacts are projected including on average temperatures, precipitation levels, mean sea levels, and other climate variables, leading to more significant extreme weather events.
Transition Risk Scenarios[2]	**NGFS Net Zero 2050** – Global warming is limited to 1.5°C through stringent climate policies and innovation, reaching global net zero emissions around 2050. This scenario assumes that ambitious climate policies are introduced immediately.	**NGFS Current Policies** – This scenario assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions growth leads to about 3°C of warming.
Time Horizons	**Short term: 2030** – this short timeframe aligns with the target year of our near-term SBTs. **Medium term: 2050** – this medium timeframe aligns with the target year of our net zero target and the Paris Agreement. **Long term: 2080 and beyond** – this longer timeframe extends beyond our SBTs and net zero target, the Paris Agreement and Mainland China's commitment to achieve carbon neutrality by 2060.	
Geographical Coverage	Over 200 assets and locations across our portfolio, with below geographical distribution: – 70% in Mainland China – 28% in Hong Kong – 2% in Southeast Asia[3] These include investment properties currently held by the Group, current developments and construction sites, and agricultural land holdings.	

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

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

3 Including Vietnam, Thailand and the Philippines.

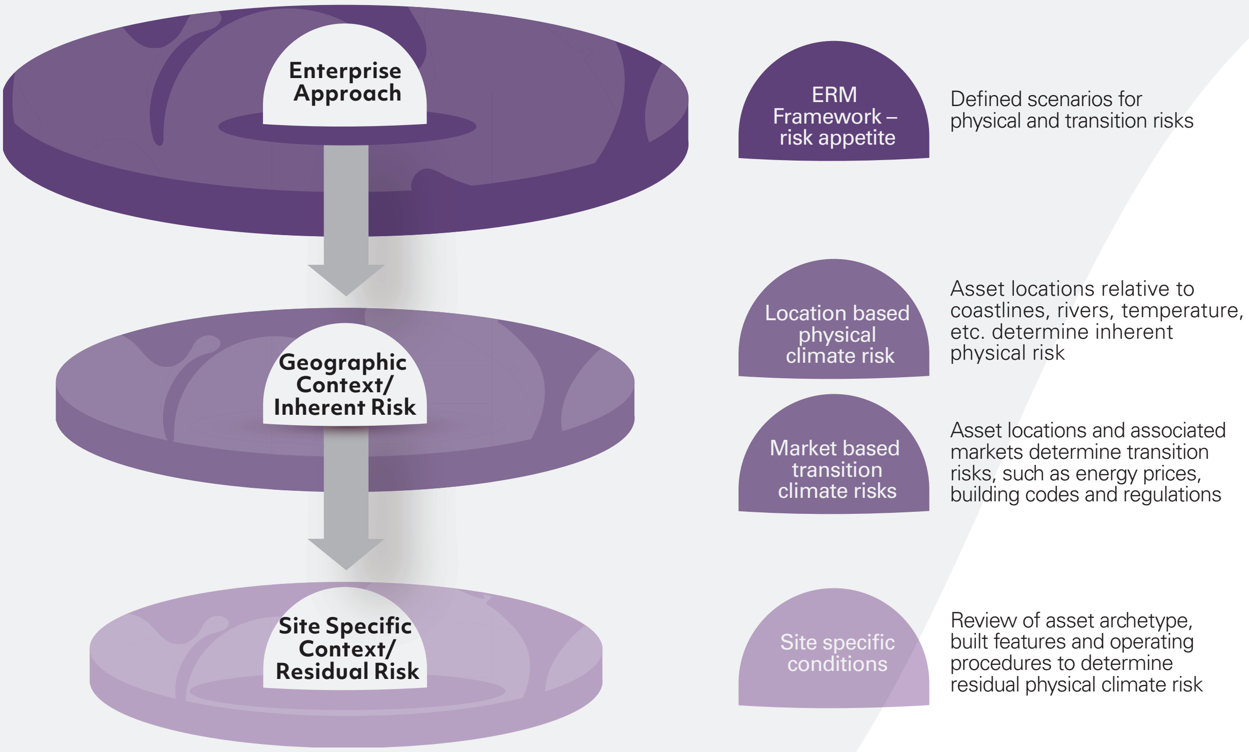
GEOGRAPHIC CONTEXT / INHERENT RISK

Our preliminary assessment was completed in FY2023 and summary findings were disclosed in the FY2023 Corporate Sustainability Report. The preliminary assessment focused on flagging the inherent risks and projected rate of change for our operations under our enterprise approach scenarios, at different time horizons, across the broad geographies in which we operate.

In FY2024, we increased the granularity of this assessment, looking at more precise asset locations adopting the same Enterprise Approach scenarios used in the previous year.

SITE SPECIFIC CONTEXT / RESIDUAL RISK

For assets assessed as having inherent risk of moderate or above, we incorporated site-specific features, such as the asset type, location of sensitive equipment, current adaptation features or controls and operating processes. This was facilitated through a "Vulnerability Assessment", which was completed by asset representatives who are familiar with each asset. The features and controls were then considered and assessed for each asset to determine whether the inherent risk could be adjusted, resulting in a residual risk.



Scenario Analysis Results

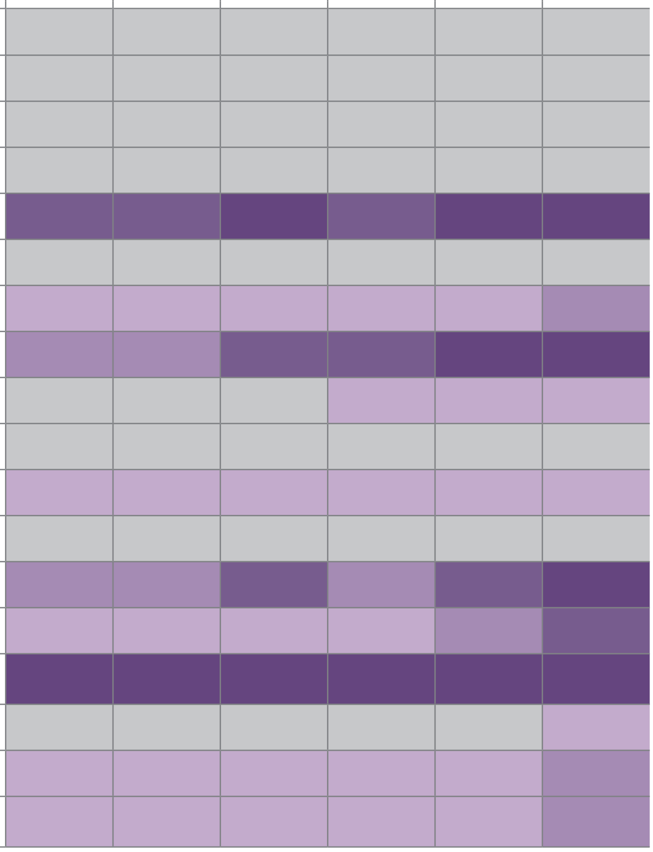
Physical Risks

In FY2024, we enhanced our analysis to quantify the inherent risks to our portfolio at an asset level. This approach applied our scenarios and focused on how each asset may be specifically impacted based on its location. For example, broad physical inherent risks such as flood and typhoon may be high for larger geographies but may be mitigated for certain assets given their more precise location.

We completed this assessment for all assets, covering over 200 assets and locations. We leveraged third-party climate projections to understand the impact of climate hazards at the asset level. The assessment has been prepared assuming no asset-specific adaptation or mitigation measures have been implemented. Summary findings are shown below. Though risks associated with changes in precipitation patterns are not displayed in the summary below, they have been considered through the assessment of drought, river flood and rainfall flood risks.

INHERENT PHYSICAL RISKS

Indicator	Physical Risk	Location	SSP1-2.6			SSP5-8.5		
			2030	2050	2080	2030	2050	2080
Percentage of total asset value at risk	Drought and Wildfire[1]	Hong Kong						
		Mainland China						
		Southeast Asia						
	River flood	Hong Kong						
		Mainland China						
		Southeast Asia						
	Rainfall flood	Hong Kong						
		Mainland China						
		Southeast Asia						
	Storm surge, including rising sea level	Hong Kong						
		Mainland China						
		Southeast Asia						
	Tropical cyclone	Hong Kong						
		Mainland China						
		Southeast Asia						
Percentage of productivity loss	Heat stress	Hong Kong						
		Mainland China						
		Southeast Asia						



Insignificant Minor Moderate Major Extreme

[1] Drought and Wildfire were independently assessed, but results were the same, i.e. Insignificant across all Scenarios and Time Horizons, and hence grouped together in the summary findings.

RESIDUAL PHYSICAL RISKS

Assets with an inherent risk for any of the climate hazards above NWD's risk appetite were further assessed through a Vulnerability Assessment. A Vulnerability Assessment identifies which assets may still be susceptible to climate impacts after considering the current mitigation measures at the asset. For existing assets, this covered physical asset features such as the location of sensitive equipment as well as operational procedures enacted in times of emergency. For assets under development, this considered the most recent proposed design being utilised by the development team. Controls for the identified physical climate hazards were reviewed and then quantified if controls had any impact on reducing the inherent risk.

Our assessment revealed that efforts to date can help mitigate potential inherent climate risks through on-site controls. We have reviewed the results of the Vulnerability Assessments to date and categorised our portfolio from Most to Least Vulnerable, refer to the figure below. In FY2025, we will update Vulnerability Assessments for assets which have not completed a full Vulnerability Assessment.

We are now prioritising adaptation plans for those assets assessed as Most Vulnerable. Adaptation efforts increase our portfolio's resilience by prioritising capital expenditure for asset retrofits and developing operational policies cognisant of potential climate impacts.

Our New Sustainability Vision 2030+
How NWD Creates Shared Value
Stakeholder Engagement and Materiality Assessment
Future-Fit Places
Organisational Resilience
Enriched Lives

Transition Risks

Assessment of transition risks encompassed a mix of quantitative and qualitative assessment.

Quantitative assessment was conducted across a cross-section of assets, calculating potential financial implications for the identified transition risks and opportunities detailed in our scenarios. It considered the financial impact of our transition scenarios for energy costs and cost of raw materials.

Indicator	Transition Risk	Net Zero 2050		Current Policies	
		2030	2050	2030	2050
% of projected electricity spending from operating expense	Change in energy costs (including carbon pricing)				
% of projected liquid fuel spending from operating expense					
% of projected natural gas spending from operating expense					
% of projected cement spending from operating expense	Increased cost of raw materials				

Insignificant Minor Moderate Major Extreme

Qualitative assessment of building codes, consumer preference and concerns regarding climate change was also conducted to provide supporting narrative as part of our inherent transition risks. Findings from our analysis indicate:

- **Energy/Carbon Costs** – Efforts on the market to decarbonise are likely to be passed on to the consumer. Our energy costs are likely to increase, however we may experience a sudden increase if the market seeks to accelerate efforts under a Net Zero 2050 scenario.

- **Cost of raw materials** – The cost impact of decarbonising the economy is not limited to energy. Our analysis indicates the cost of raw materials, like cement and steel, will likely increase, however the impact is reduced under a Current Policies scenario.

- **Building Codes** – We expect building codes to become more stringent under a Net Zero 2050 scenario, which will impact the cost to develop new buildings and upgrade our existing portfolio. This cost increase will result from building standards setting high standards around energy efficiency, emissions reduction, electrification and improving the resiliency of the assets against physical climate hazards.

- **Customer preferences and concerns** – Under both the Current Policies and Net Zero 2050 scenarios, consumers will favour greener buildings.

Responding to these transition risks, we have developed a Decarbonisation Roadmap, which prioritises steps to support the business transition to a low carbon economy. Details can be found on page 62.

Risk Management

Our approach to managing climate-related risks is consistent with our ERM. Find out more about our ERM in the Risk Management and Internal Control section of this Annual Report.

We use scenario analysis to better understand the different physical and transition risks the Group may encounter. We set a risk appetite to determine which physical and transition risks are prioritised. The Group's appetite is defined in our ERM and requires regular reporting and action on risks above a certain level. Scenario analysis allows us to understand the inherent risk under different global warming trajectories for each asset across our portfolio. Where assets have a risk above this appetite, Vulnerability Assessments were conducted, with details found on page 59.

We prioritise resiliency measures in response to climate-related risks in the context of other key factors determined by the Group's ERM, for both inherent risks and residual risks following a vulnerability assessment. This includes key risks such as asset valuations, market regulations and potential impact to revenue. Completed resiliency measures is a key metric used to determine the ongoing success of our climate action.

Metrics and Targets

In July 2024, the Board approved our revised SV2030+ sustainability strategy. We reviewed our climate-related metrics and targets while developing the strategy.

Science Based Targets

We have consolidated our energy and emissions reduction targets under the Group's approved near-term SBTs, which covers our properties and construction operations in Hong Kong and Mainland China.

Our near-term SBTs commit to achieving the below reductions by FY2030 against our FY2019 performance:

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

With the divestment of New World Construction and NWS Holdings from the Group in June 2023 and November 2023, respectively, we are required to review our near-term SBTs to ensure their validity in consultation with Science Based Targets initiative ("SBTi"). This review is in progress at the reporting date and we will update stakeholders with our latest targets when the process is finalised.

Climate Resilience Targets

Recognising the need to respond to the physical impacts driven by climate change, we have set new climate resilience targets. These targets will build an appropriate understanding of the potential impacts of climate change across the Group and integrate measures throughout the property lifecycle to enhance the resilience of the portfolio.

- All new and existing investments and operations assessed for potential climate-related physical and transition risks by FY2026
- Climate adaptation and resilience plans set for all relevant investments and operations to protect value at risk by FY2030

Metrics

We continue to report our emissions as part of wider ESG accounting. For information related to the Group's emissions (Scopes 1, 2 & 3), please see the 'Transition to a Low Carbon Economy' section, page 62 and the Sustainability Data Table 2024, available on our website.

Corporate Sustainability

Transition to a Low Carbon Economy

We have developed a roadmap towards a low carbon future. Our Decarbonisation Roadmap sets an ambitious plan for us to reduce emissions and meet our near-term SBTs by FY2030, consistent with limiting global warming to 1.5°C.

Decarbonisation Roadmap

Our Decarbonisation Roadmap prioritises practical steps to avoid and reduce our emissions in the context of a growing business and changing environment. We will continue to evolve our approach based on a range of investment, opportunity and impact factors.

	Initiatives	Value chain	Outcomes	Scope
Invest Responsibly	Design, construct and invest in high performance green rated buildings	Our Development Properties, Our Investment Properties	Decrease energy demand and associated emissions with a high-performing asset portfolio	Scope 1, Scope 2
	Sustainable procurement	Our Development Properties, Our Investment Properties	Reduce emissions in our supply chain partners via the use of low carbon goods and services	Scope 2, Scope 3
High Efficiency	Energy efficiency plans for all our investment properties	Our Investment Properties	Reduce emissions via integration of energy efficiency upgrades into asset investment plans	Scope 1, Scope 2
	Accelerate CSV Green Lease implementation across our assets	Our Tenants and Customers	Support our tenants to reduce their energy use and emissions during fit-out and operation	Scope 3
Alternative Fuels & Electrification	Upgrade existing investment portfolio and design new assets to be all-electric	Our Investment Properties	Eliminate fossil fuel use and associated emissions from our business activities	Scope 1
	Provide electric vehicle charging infrastructure	Our Development Properties, Our Investment Properties, Our Tenants and Customers	Support transition towards low carbon transport options for our residents, tenants and customers	Scope 3
Renewable Energy	Maximise on-site renewable energy generation and storage	Our Investment Properties	Reduce operational emissions and improve resilience by lowering reliance on the grid	Scope 2
	Purchase renewable energy	Our Investment Properties	Reduce asset emissions and support development of renewable energy infrastructure	Scope 2
Low Carbon Construction	Implement embodied carbon benchmarks on our new developments	Our Supply Chain/Products	Continually reduce our upstream emissions from our developments via sustainable design and use of low carbon material solutions	Scope 3
	Implement low carbon construction schedule	Our Supply Chain/Products	Reduce construction related emissions through increased electrification, use of alternative fuels and low carbon materials	Scope 1

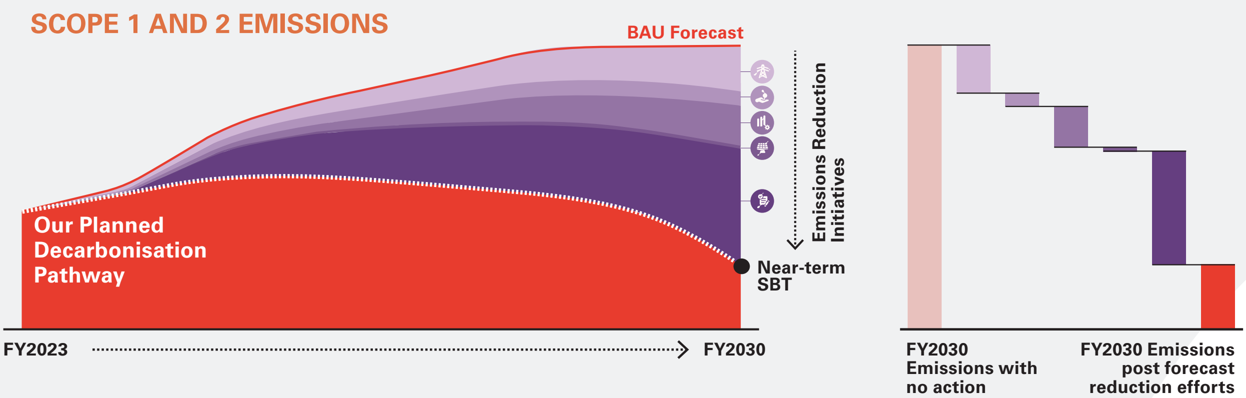
Our value chain: Our Development Properties; Our Investment Properties; Our Supply Chain/Products; Our Tenants and Customers

Scope of carbon emissions: Scope 1; Scope 2; Scope 3

Reducing Emissions as Our Business Grows

Our Decarbonisation Roadmap considers forecast business growth and incorporates strategies to reduce emissions between now and FY2030, and beyond.

We have forecast our projected emissions between now and FY2030, accounting for our pipeline growth. For each decarbonisation step, we have modelled the expected emissions reduction, considering what is – and will likely be – readily achievable in the market as well as the unique aspects of our development and investment properties. We have prioritised low- or no-cost decarbonisation steps and initiatives with shorter payback periods to stay financially prudent. Our forecast Scope 1 and 2 emissions, planned decarbonisation pathway to achieving our near-term SBT, and additional details on each decarbonisation step are shown below.



Grid Decarbonisation	Invest Responsibly	High Efficiency	On-site Renewable Energy	Renewable Energy Procurement
This scenario references forecast changes in electricity grid carbon intensity over time as a result of public commitments by utility providers in the markets we operate.	This scenario forecasts emissions reduced or avoided from upgrading existing and by investing in new green-certified buildings within our asset portfolio.	This scenario forecasts emissions reductions from existing and future energy efficiency improvements integrated into asset maintenance and enhancement plans.	This scenario forecasts emissions reductions from existing and proposed on-site renewable energy system installations across our investment portfolio.	This scenario forecasts emissions reductions through strategic procurement of renewable grid electricity and/or recognised Renewable Energy Certificates ("RECs") or equivalent.

Looking Ahead

As our business grows, an important part of our Roadmap will be the ongoing review of forecast emissions and effectiveness of decarbonisation steps. Each year we will update our Roadmap to reflect actual performance and updated forecast reductions.

We will further release Scope 3 emissions roadmaps for Category 2 (Capital Goods) and Category 13 (Downstream Leased Assets) in future disclosures.

INVEST RESPONSIBLY

GREEN BUILDING BENCHMARKS

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

We strive to achieve:
- BEAM Plus Gold-level or above for new projects in Hong Kong
- LEED Gold-level or above for new commercial/retail projects in Hong Kong and the Mainland

Where feasible, we seek certifications under:
- China Green Building Evaluation Labels ('Two Star' or above) for Mainland China projects
- WELL Building Standard at any level
- Sustainable SITES Initiative at any level for climate resilient landscaping

Through SV2030+, we have formalised our commitment to sustainable buildings through setting a new target to align all new and existing investments to our responsible investment principles, including our commitment to certified sustainable buildings, by FY2030. Find out more in 'Responsible Investment', page 74.

In FY2024, two assets received the new Zero-Carbon-Ready Building Certification from the Hong Kong Green Building Council, which launched in September 2023. K11 ATELIER King's Road and K11 Art Mall received the certification, which gauges a building's energy efficiency and use of energy from low carbon sources.

In May 2024, NWD signed a Memorandum of Understanding ("MoU") with the Hong Kong Green Building Council, BEAM Society Limited, and industry peers to support the expansion of the BEAM Plus certification to cities outside of Hong Kong. We will consider BEAM Plus for projects outside of Hong Kong as we develop and operate future-fit places.

Beyond our development and investment properties, during FY2024, we also obtained the Group's first WELL Health-Safety Ratings for five NWCL regional head offices. In addition to WELL HSR, NWCL headquarters in Guangzhou also achieved LEED O+M Interiors Platinum, demonstrating our commitment to sustainable workplaces.

AWARDS AND RECOGNITION FOR OUR ASSETS

We received several awards during FY2024 recognising our efforts to create future-fit places. In November 2023, K11 ATELIER 11 SKIES received the prestigious "Grand Award" in the New Buildings Category: Completed Projects – Commercial at the biennial Green Building Award 2023. NWD also received three Euromoney Global Real Estate Awards 2023 for "Best Individual Development – Global" and "Best Individual Development – APAC" both for 11 SKIES, and well as "Best Workspace Developer – Hong Kong" for K11 ATELIER. NWCL received "Best New Development – Gold Award" for K11 Shanghai, Huaihai Middle Road at the MIPIM Asia Award 2023. At PropertyGuru's 10th Asia Property Awards, New Metropolis • New Metropolis Mansion won the "Highly Commended" award for Best Mixed-Use Development (Mainland China) and NWCL was named Best Developer (Mainland China).

Green and Healthy Buildings

- 43 LEED building certifications[1], of which 30 achieved Gold or above
- 28 BEAM Plus building certifications[2], of which 26 achieved Very Good/Gold or above
- 5 China Green Building Evaluation Labels[3] ('Two Star' or above)
- 3 SITES certificates at Gold level
- 2 Zero-Carbon-Ready Building Certification
- 11 WELL Building Standard building certifications[4]
- 5 WELL Health-Safety Ratings

1 Includes both pre-certified and certified projects as at 30 June 2024 and excludes expired pre-certificates.
2 Includes Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as at 30 June 2024.
3 Excludes expired labels as at 30 June 2024.
4 Includes both pre-certified and certified projects as at 30 June 2024. All projects are either Gold certified or V2 pre-certified; V2 pre-certification no longer includes a rating, but all projects are targeting Gold or above.

HIGH EFFICIENCY

We design, build and renovate new and existing buildings to optimise building construction and performance using innovative technologies and solutions. Our efforts to reimagine the built environment help to create sustainable cities and communities.

Our Sustainable Building Policy applies our sustainability and climate resilience commitments across the building lifecycle, from site identification and acquisition to building design, construction and property management. It also incorporates stakeholder engagement and risk management practices.

Investment decisions incorporate the Group's sustainability commitments, standards, guidelines and risks in accordance with our Responsible Investment Policy. This includes identifying capital expenditure, retrofitting, building certifications or other initiatives required to ensure that new investments contribute to our goals.

We regularly review and enhance the operational efficiency of our buildings, integrating our focus on sustainability across the property lifecycle. During FY2024, NWPMCL undertook a few equipment and system upgrades of HVAC systems to reduce our energy consumption and costs.

Artificial Intelligence ("AI") plant optimisation was adopted at New World Tower and THE FOREST. It is expected to result in annual energy savings of 200,000 kWh and 70,000 kWh corresponding to carbon emissions reduction of 132,000 kgCO_2e and 27,300 kgCO_2e at New World Tower and THE FOREST, respectively.

THE FOREST's efficiency has been further enhanced by Internet of Things ("IoT") indoor air quality monitoring system, which automatically adjusts indoor conditions to optimise the energy efficiency of the chiller plant.

By using advanced nanotechnology-based high efficiency low pressure drop filter, K11 Art Mall will achieve around 50,000 kWh in energy saving and 19,514 kgCO_2e in carbon emissions reduction per year, reducing operating costs and increasing energy efficiency.

This year, we launched a Low Carbon Investment Fund to accelerate energy efficiency upgrades, prioritising low-cost enhancements with short payback periods, identified through the energy audits and evaluation works conducted across our investment property portfolio.

RENEWABLE ENERGY

We are committed to prioritising renewables as part of our energy mix and reducing our use of fossil fuel generated energy. We recognise the role of renewables in a low carbon future and setting a strong example for our industry in green energy practices.

Our Renewable Energy Roadmap sets out our comprehensive plan to increase our use of renewables. It outlines our commitment to reduce Scope 2 emissions by adopting 100% renewable energy in our Greater Bay Area rental properties by FY2026 and our Greater China rental properties by FY2031.

Our Renewable Energy Roadmap is fully embedded into our Decarbonisation Roadmap. We prioritise on-site renewable energy system installations and pursue them whenever possible and commercially viable. We are progressively installing renewable energy systems such as photovoltaic, solar thermal, and wind turbines at assets including K11 ATELIER 11 SKIES, K11 ATELIER King's Road, and 83 King Lam Street, with further installations either planned or being assessed.

Renewable energy procurement through market mechanisms, including Power Purchase Agreements and Renewable Energy Certificates or their equivalent directly from energy providers or through their partners, are only considered once all other decarbonisation steps in our Decarbonisation Roadmap have been implemented.

FY2024 Emissions Performance

We recognise our significant role in driving the transition to a low carbon future and have set ambitious emissions reduction targets.

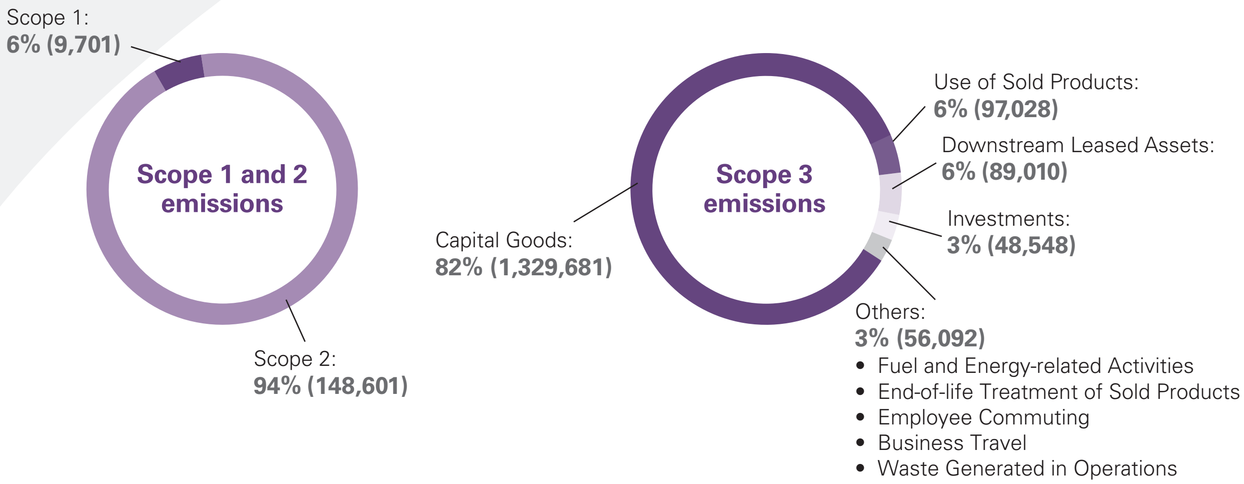
For the near-term, we have consolidated our previous SV2030 energy and emissions reduction intensity targets under the Group's approved near-term SBTs, which cover our properties and construction operations in Hong Kong and Mainland China.

In FY2024, we continued to work towards our near-term SBTs, committed to achieving the below reductions by FY2030 against our FY2019 performance:

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

Additionally, as part of SV2030+, we have committed to achieving long-term Net Zero Scope 1, 2 and 3 emissions from all our assets and operations by FY2050.

TOTAL CARBON EMISSIONS (tCO_2e)



With the divestment of NWCON and NWSH from the Group in June 2023 and November 2023, respectively, we are required to review our near-term SBTs to ensure their validity in consultation with SBTi. This review is in progress at the reporting date and we will update stakeholders with our latest targets when the process is finalised.

In FY2024, we continue to report Scope 1, 2 and 3 emissions from our activities. With the divestment of NWCON in June 2023, we have removed it from our Scope 1 and 2 emissions reporting for FY2024. In FY2023, we revised our reporting scope to reclassify NWSH and NWDS as investments contributing to our Scope 3 emissions to better align with the GHG Protocol. Due to the disposal of NWSH effective FY2024, their emissions have been excluded from our Scope 3 reporting. We report against nine of the 15 Scope 3 emissions categories in the GHG Protocol. We have refined the calculation methodology of our Scope 3 emissions in Capital Goods where the embodied carbon emissions of the development projects are allocated to the year of project completion, and will continue to enhance our disclosure in our future reports.

Our calculation methods are detailed in the Sustainability Performance Data Table 2024, with our selected environmental data subject to independent limited assurance. Both the Sustainability Performance Data Table 2024 and limited assurance report are available on our website.

DECARBONISING WITH OUR VALUE CHAIN

Collaboration with our key stakeholders is essential to our decarbonisation efforts. We participate in industry groups and initiatives to support climate action. We are a founding member of the Climate Governance Initiative Hong Kong Chapter, which aims to advance knowledge, action and board practice in climate governance, and are a HKSAR Environmental Bureau Carbon Neutrality Partner, taking the lead to deepen and accelerate the low carbon transition.

MANAGING OUR CAPITAL GOODS

We have been undertaking Life Cycle Assessments ("LCAs") for several years to better understand how to reduce embodied carbon in our development pipeline. In service of our Scope 3 Capital Goods SBT, we have modelled the impact of various alternative low carbon products and materials for our Hong Kong developments. All major Hong Kong developments have completed LCAs and used their findings to help inform low embodied carbon choices where possible. As our pipeline of projects in Mainland China grows, we recognise the opportunity to apply lessons from our Hong Kong LCAs to these developments.

MANAGING OUR DOWNSTREAM LEASED ASSETS

Our CSV Green Lease includes agreed targets for tenants to reduce their environmental impact and rewards their achievement with incentives. CSV Green Lease has been introduced to K11 ATELIER tenants, including Victoria Dockside, King's Road, and 11 SKIES, with several that initially joined our Sustainable Tenancy Pledge. More than 70% of K11 ATELIER Victoria Dockside's leased floors has a CSV Green Lease in place. Our engagement programme supports our CSV Green Lease tenants in making sustainability gains and furthers our efforts to manage Scope 3 emissions.

In FY2024, we reviewed our CSV Green Lease offering and trialled solutions with tenants at Victoria Dockside. Looking ahead, we will continue to refine our offering to ensure our programme is fit-for-purpose and delivering value for our tenants.

Memberships and Climate Change Policy Position

We are members of the below associations, which have been identified as having a climate change policy position and initiatives aligned with the Paris Agreement:

- Business Environment Council: Council Member; Climate Change Business Forum Advisory Group Steering Member; Sustainable Living Environment Advisory Group Steering Member
- China Association of Building Energy Efficiency: Member
- China Green Building Council of CSUS: Member
- Climate Governance Initiative Hong Kong: Steering Committee Member
- Green Building Industry Alliance in Guangdong-Hong Kong-Macao Greater Bay Area: Member
- Hong Kong General Chamber of Commerce: Full Member; General Committee & Chamber Council Member; Audit Committee Member; Manpower Committee Member; Real Estate & Infrastructure Committee Member
- Hong Kong Green Building Council: Platinum Patron Member; Communications & Membership Committee Member; Green Labelling Committee Member
- Hong Kong Green Finance Association: Member
- Taskforce on Climate-Related Financial Disclosures: Supporter
- Urban Land Institute Asia Pacific: Corporate Partner; Net Zero Council Member
- World Business Council for Sustainable Development: Member

Through our involvement with trade associations and industry groups, we contribute industry-specific knowledge and company-specific learnings, provide recommendations to drive policy enhancements and advise on strategy and work planning. Our main focus areas are climate governance, climate resilience and low carbon transition. We regularly share data and insights, contributing to industry benchmarking and research. We also regularly contribute to thought leadership activities, such as speaking engagements, panel discussions and publications.

Corporate Sustainability

Conserving Natural Resources

We value natural resources by buying responsibly, reducing consumption, improving operational efficiency and conserving nature at our developments and investments. Aligned to this, we also ensure that all our active construction sites which have completed advance works are certified with ISO 14001.

With the divestment of New World Construction in FY2023, our original SV2030 water and waste targets needed to be reset as they were applicable to Hong Kong construction activities only. In FY2024, as part of SV2030+, we set a new target to have energy, water and waste efficiency plans integrated into all our investments and operating assets by FY2030.

WATER MANAGEMENT

Water is an essential natural resource for our business activities, the local community and the environment. We strive to create and operate efficient, water-saving buildings. Our Water Policy sets out our commitments and practices that ensure water is responsibly managed across the Group.

As part of our SV2030+ strategy, our water management roadmap will seek to maximise water saved by improving building efficiency, updating operational management plans and benchmarking portfolio performance for further improvements as part of ongoing asset improvement plans and upgrades.

For detailed water data, see the Sustainability Performance Data Table 2024 which is available on our website.

Water reduction initiatives play a crucial role in achieving our water conservation targets. Our ongoing measures to save water include adopting water-efficient equipment in our existing buildings. At K11 MUSEA, this helped reduce annual water consumption by approximately 40% compared to the baseline, and a rainwater harvesting system that helped reduced the building's freshwater consumption by 7.5%.

We design, construct and maintain water sensitive landscapes as part of our assets to manage and conserve water and mitigate urban heat impacts while bringing nature closer to our local communities.

Water is vital to our business operations and customers, especially for our Mainland China operations, where water scarcity is prominent throughout the region. Ningbo New World Plaza was the first complex project in Ningbo to adopt the Sponge City[1] concept, utilising nature-based solutions to conserve and recycle water, and prevent water pollution and flooding in the area. This aligns with the State Council's guideline to promote building sponge cities. We introduced a city park of about 20,000 square metres featuring porous pavements to prevent waterlogging, extensive greenery and native flora to retain excessive water, and retention ponds and rainwater storage tanks. Find out more about Ningbo New World Plaza on page 71.

Policies and guidelines are also in place to ensure wastewater from our offices, properties and sites satisfy all regulatory and licensing requirements. We regularly monitor our wastewater discharge procedures to avoid contamination. No material non-compliant wastewater discharge was recorded in FY2024.

WASTE MANAGEMENT

Transitioning towards a more circular economy is necessary to conserve our natural resources, prevent environmental harm associated with waste disposal and protect our quality of life. In the real estate and development sector, we need to reduce waste generated from our activities and operations as well as the from our tenants and customers.

In addition to our SV2030+ target to have energy, water and waste efficiency plans integrated into asset operations for all new and existing investment properties by FY2030, we have also set a new Group-wide target to achieve a 30% total recycling rate (landfill diversion) across our relevant investments and operations by FY2030.[2]

[1] Spongy City is a modern stormwater management approach for more effective drainage and rainwater reuse to enhance urban flood resilience by the principle of infiltration, retention, storage, purification, reuse and discharge.

[2] Relevant to activities where we are deemed to have operational control. For development projects where we appoint a main contractor, waste management responsibilities are addressed via contractor prequalification and tendering.

Our Waste Management Policy outlines our commitment to waste reduction, diversion and management across our operations. The Policy guides our engagement with employees, suppliers, contractors and tenants on waste avoidance, recycling and reduction, and also underpins our partnerships to develop innovative solutions for the transition to a circular economy. The Policy also mandates compliance to all relevant industry and regulatory requirements where we operate. Aligned to this, we require contractors on our developments and operations to prepare a Waste Management Plan, outlining the proactive project-specific waste management practices and procedures to be followed.

See the Sustainability Performance Data Table 2024 for detailed waste data, which is available on our website.

To help improve our waste management performance, we completed independent waste audits at several of our managed assets in Hong Kong in FY2024, which engaged our site operations teams, tenants and waste contractors. The purpose was to review existing waste management practices, benchmark performance and identify improvement opportunities to further improve our waste management. The findings of the audits were summarised into three categories to help reduce total waste generation and increase recycling rates at our retail operations, including:

(i) Identifying standard procedures for operational staff and tenant education and engagement on waste management,

(ii) Determining potential asset improvements related to waste management including plant and equipment, and

(iii) Reviewing waste contractor practices and procedures.

The waste audits also assessed the Hong Kong business's readiness for operation under the future implementation of Municipal Solid Waste Charging Scheme. This work will be used to inform the strategic waste management framework for our retail and commercial asset operations.

CONSERVING BIODIVERSITY

We are committed to minimising the impact of our developments on natural habitats and protecting biodiversity. Our Biodiversity Policy sets out this commitment and guides our actions to protect the natural environment and prevent potential biodiversity loss. It applies across the property lifecycle and to our corporate operations. The Policy affirms our commitment to avoid development activity in World Heritage areas and International Union for Conservation of Nature Category I-IV protected areas.[1]

We meet or exceed relevant statutory requirements and refer to international developments and guidelines to ensure that we continue to support sustainable development and meet stakeholder expectations. Ecological assessments are conducted at the project pre-development stage, where applicable, to understand the local natural environment and biodiversity.

NWCL is conserving and enhancing biodiversity at residential properties in the Greater Bay Area. Local species biodiversity is being maintained and enhanced through landscape design, tree planting and regular tree surveys. We have set relevant tree planting targets, requiring a 4%, 8% and 12% increase in tree planting for select properties by end of FY2024, FY2025 and FY2026, respectively, compared to FY2023 baseline year. We successfully achieved the FY2024 goal of 4% increase in tree planting.

In July 2024, NWCL commenced a pilot biodiversity baseline study at Canton First Estate with a local nature consultancy. At least a dozen site surveys will be conducted in the next 12 months. The results of the study will serve as the baseline for the site and inform a direction for future improvements. Additionally, it can be used as an engagement tool for environmental awareness programmes or events for residents and tenants. Through this, we will also gain a better understanding of the feasibility for a broader Group-wide approach to biodiversity baselining.

[1] For listed World Heritage Areas, visit: https://whc.unesco.org/en/list/. For International Union for Conservation of Nature Category I-IV protected areas, visit: https://www.iucn.org/our-work/protected-areas-and-land-use

Future-Fit Places in Action

83 King Lam Street: Rejuvenating West Kowloon through People-centric Design

83 King Lam Street is an upscale commercial complex marrying art, culture and modernity in West Kowloon. Consisting of twin office towers and open-air retail podium, the project revitalises and transforms a former industrial area in Cheung Sha Wan. 83 King Lam Street provides an urban oasis with people-centric design, enabling the harmonious co-existence and co-development with the surrounding commercial area.

We create value for our tenants by focusing on building design and hardware features that improve resilience and resource efficiency, which translate to business continuity and operational cost savings. 83 King Lam Street is built for the future, with mechanical equipment and plant rooms in elevated locations and car park flood barriers to protect from possible future climate impacts. Energy usage is monitored by a Smart Building Management System, and further energy saving measures are being achieved through the use of high-performance chillers and pumps, energy efficient fans and lighting, and a high-performance façade. Water conservation has also been considered through the use of low-flow-rate fixtures and the selection of native species for landscaping. A rooftop solar PV system generates renewable energy on site.

We are also focused on delivering health and wellbeing outcomes for building users, including improving the resilience and productivity of our tenants and visitors. The retail podium of 83 King Lam Street will provide unique dining and leisure experiences for tenants and people in the vicinity. The office space adopts healthy features, including smart facilities such as an indoor air quality monitoring system in the main lobby, handrail UV sanitisation, touchless buttons for lifts and a touchless entrance system. Below the pixelated staircase in the middle of the development is the district's first multi-purpose event space, equipped with multiple screens and seating to accommodate 300 people.

83 King Lam Street is a shining example of how we create value for our community. We strive to reinvent and create people-oriented spaces to foster social connectivity. The development features approximately 2,300 square metres of greenery coverage and communal spaces, including a large podium garden of over 1,900 square metres. The 'Green Canyon' open podium design and rounded building corners allow wind to flow through to the nearby mountain greenery, helping to preserve its microclimate, increase ventilation and address urban heat. The result is a biodiverse space for public enjoyment that enhances the streetscape in a high-density developed district while also improving the ventilation and visibility for the neighbourhood.

83 King Lam Street is targeting Gold certifications from LEED and BEAM Plus and Platinum certification from WELL, indications of its sustainable design and performance.

In June 2024, we unveiled our second headquarters in 83 King Lam Street to enjoy the many benefits of the complex. Find out more in 'Investing in Our People', page 86.

Ningbo New World Plaza: Urban Regeneration and Placemaking

Situated in Sanjiangkou, Ningbo New World Plaza is a mixed-use development and urban renewal project focused on creating value through addressing the urban development challenges of its location. A project of NWCL, this 800,000 square metre precinct comprises office towers, high-end residences, hotel, art and cultural-retail destinations, a central urban park and leisure avenues. It is primed to be a key landmark in the heart of Ningbo.

Climate resilience measures have been adopted from design stage to ensure business continuity and protect asset value. The project is the first mixed-use transit-oriented development ("TOD") to incorporate 'sponge city' principles in Ningbo, greatly reducing the risk of flooding due to typhoons and heavy rain. Rainwater storage tanks have been installed in underground mezzanines to collect water for irrigation, accompanied by permeable pavements, bio-retention and vegetated swales, green rooftops and natural drainage systems to reduce waterlogging, water pollution and potential economic losses resulting from floods. These sponge city features provide rainwater and water runoff regulating ability exceeding regulatory standards by at least 35%, and the annual runoff volume control rate can reach 80%.

To enhance connectivity and alleviate the traffic pressure in the Ningbo city centre, we have incorporated a multi-dimensional transportation system. The system includes weatherproof pedestrian-only connections to key rail lines and roads, as well as underground driving corridors diverting traffic and reducing traffic congestions for the district.

At the heart of the precinct, the 20,000 square metre Central Art Park is an example of our placemaking efforts. This leisure space is open and accessible for our tenants, visitors and broader community to enjoy. The urban park includes multiple gardens, outdoor fitness spaces, lounge areas, and children's play areas connected by elevated corridors.

Ningbo Tower of Ningbo New World Plaza is the first WELL Gold and LEED pre-certified Gold – "double Gold" – project in Ningbo, and is expected to receive the China Green Building Label Two Star rating. These certifications demonstrate our commitment to designing, building and operating sustainable places that energise and enhance the community for future generations to enjoy.

Our New Sustainability Vision 2030+
How NWD Creates Shared Value
Stakeholder Engagement and Materiality Assessment
Future-Fit Places
Organisational Resilience
Enriched Lives

K11 ECOAST: Waterfront Placemaking in Shenzhen's Prince Bay

K11's first flagship project in Mainland China, K11 ECOAST is a new art and cultural district by the sea. Located in Shenzhen's Prince Bay, it will promote a sustainable, circular lifestyle and connect the community with nature, art and culture. Currently under development and covering 228,500 square metres, we are creating value for our tenants, customers and the local community by bringing together green environments, creativity, culture and innovation to encourage the appreciation and preservation of nature. Jointly developed with China Merchants Shekou Holdings, the seaside precinct brings together retail, office, and multi-purpose artistic spaces.

K11 ECOAST will contribute towards health and wellbeing outcomes for the people who live and work there, with an outdoor jogging trail and more than 80,000 square metres of open space to support healthy lifestyles. It will also create value by optimising connectivity and sustainable transportation, with a one-kilometre bike path, over 570 electric vehicle charging stations and abundant public transport links.

Comprised of three WELL Gold and LEED Platinum pre-certified buildings, the development will enhance the prosperity of the Greater Bay Area by delivering the region's largest total LEED Platinum pre-certified building cluster – attracting tenants seeking sustainable buildings to the area.

The project aligns with China's 14th Five-Year Plan national guidelines on environmental protection and sustainable development for the circular economy. Key features include rooftop and building integrated renewable energy systems that will generate over 400,000 kWh annually, an ice-storage district cooling system, and 20% recycled content in façade and signage materials, demonstrating our commitment to innovation and sustainability.

K11 ECOAST will also create value by enhancing the local environment. The waterfront will benefit from the landscaping, protection and rehabilitation of ecosystems and local biodiversity. With green spaces covering around 44% of the project, K11 ECOAST's biophilic and water sensitive urban design will help alleviate pressure on Shenzhen's existing drainage system as a sustainable 'sponge city'. The landscaping has obtained SITES Gold pre-certification. Given its waterfront location, K11 ECOAST will be protected from extreme weather by coastal flood walls and floodgates along the promenade.

By tapping into the natural elements and harnessing technology and innovation in response to its environment, this ambitious retail, cultural, and commercial complex showcases how creating climate resilient assets for our tenants, customers and communities creates value for all.

Organisational Resilience

Organisational Resilience describes our commitment to cultivating a forward-looking and agile mindset to build a resilient, adaptable and sustainable business. We do this by executing our responsible investment approach, being a trusted partner to stakeholders, and embracing innovation through strong technology and data governance.

Our focus on Organisational Resilience creates value for our stakeholders. It provides the foundation for our people to innovate, and for our relationships with customers and tenants to flourish. Organisational Resilience also drives transparent relationships with our investors and partners, with clear governance and a sustainable, economically focused responsible investment approach.

SV2030+ sets two leading targets for Organisational Resilience to measure our performance and progress:

- All new and existing investments are aligned to our responsible investment principles, including our commitment to certified sustainable buildings, by FY2030.
- Maintain transparency in corporate disclosure and industry leadership in key ESG indices and ratings.

These leading targets are complemented by goals and performance measures across our three Organisational Resilience focus areas. They supersede our SV2030 Smart pillar and have a stronger focus on quantification of impact.

The Organisational Resilience pillar of SV2030+ contributes to UN SDG 11 Sustainable Cities and Communities and UN SDG 17 Partnerships for the Goals.

OUR SUSTAINABLE BUSINESS APPROACH

Organisational Resilience

Cultivating a forward-looking and agile mindset to build a resilient, adaptable and sustainable business.

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

OUR APPROACH AND KEY ACTIVITIES	HOW WE MEASURE PERFORMANCE
Responsible Investment **Ensuring investment decisions are socially and ethically responsible, environmentally sustainable and economically focused.** • Invest in assets that are ethically responsible, and deliver positive economic, environmental and social impact.	**BY FY2030** All new and existing investments aligned to our responsible investment principles, including our commitment to certified sustainable buildings **BY FY2026** Minimum sustainability standards established for all relevant investments and operations
Trusted Partner **Robust and transparent corporate governance throughout the organisation and value chain.** • Integration of sustainability issues into business model and best practices in governance and disclosures. • Responsible and sustainable supply chain.	**ONGOING** Maintain transparency in corporate disclosure and industry leadership in key ESG indices and ratings **ONGOING** Maintain commitments and alignment with international sustainable business practices and reporting, including UNGC and ISSB
Technology and Data Governance **Embrace innovation and strengthen governance to futureproof processes and ensure business continuity.** • Embrace innovation to enhance efficiencies, futureproof processes and accelerate the realisation of our ambitions. • Adopt industry-leading technology and systems to ensure business continuity, data security and privacy.	**BY FY2025** All staff trained in data protection and security **ONGOING** Maintain annual review and audit of IT systems to continually align with international standards on data security and privacy **ONGOING** Implementation of the Privacy Management Programme with oversight from the Data Protection and Compliance Committee

Responsible Investment

Our responsible investment focus ensures the investment decisions we make are socially and ethically responsible, environmentally sustainable and economically focused. It shapes our decisions to invest in assets that deliver positive economic, environmental and social impact.

SV2030+ strengthens our commitments to responsible investment, including our enhanced commitment to ensure all new and existing investments are aligned to our responsible investment principles, including our commitment to certified sustainable buildings, by FY2030. Find out more on our FY2024 performance in sustainable building certification in 'Invest Responsibly', page 64.

Our Responsible Investment Policy guides the integration of sustainability considerations into investment decisions across the Group and was approved by the Board during the year. Reviewed at least once every three years, this Policy applies to all investments, including real estate assets covering the full property lifecycle from land acquisition to project acquisition, as well as new businesses. It also includes identifying capital expenditure, retrofitting, building certifications and other initiatives required to ensure that new investments contribute to our environmental, social and governance goals.

A summary of our due diligence focus areas is outlined below:

Enterprise approach	• Affirm investments are aligned with existing strategy, commitments, targets and policies • Develop and implement risk mitigation measures where relevant
Environment and climate	• Physical climate risk assessment • Environmental site assessments, including considerations such as contamination, ecosystems, and pollution • Considerations for carbon pricing impacts, resource efficiency, nature and biodiversity, and more
Ethical and social impact	• Social impact assessment, including consideration of local heritage and economic impacts • Ethical and brand risk assessments • Considerations for community and employee health and wellbeing, inclusive placemaking, support for the local economy, and more

We have developed ESG Investment Filters and Guidelines to support the policy. The Filters and Guidelines inform decision-making and due diligence processes, including the identification and review of potential regulatory, compliance, environmental, social and ethical risks, as well as opportunities to reduce costs and create shared value.

SV2030+ also strengthens our commitment to sustainability standards through a target of establishing minimum sustainability standards for all relevant investments and operations by FY2026.

Sustainable Finance

We utilise sustainable finance to fund projects that aim to improve the environmental performance and social impact of our buildings and landscapes, creating value together with our financial partners and supporting the global transition towards a more sustainable economy.

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

As a leading issuer in Hong Kong, we recognise the Hong Kong Sustainable Finance Taxonomy as a vital framework in guiding and promoting our sustainable finance activities. Released by the Hong Kong Monetary Authority in May 2024, the taxonomy aligns with international standards and frameworks, including the ASEAN Taxonomy.

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

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

We list our sustainable finance offerings on the HKEX Sustainable and Green Exchange ("STAGE"), Asia's first multi-asset sustainable investment product platform.

KEY MILESTONES

The Group issued three sustainable finance instruments in FY2024.

In November 2023, New World China Land raised its first sustainability-linked loan ("SLL") and first sustainability-linked derivative. The SLL is structured around three key performance indicators aimed at enhancing environmental and community impact: achieving and maintaining high green and healthy building certifications, including LEED and WELL, for select premises; increasing resident participation in a sustainability engagement programme; and expanding tree coverage and maintenance within select properties. NWCL has committed to progressively meeting these goals over a three-year period, reflecting its dedication to integrating sustainability into its operations and developments. The loan incentivises continuous improvement in these areas, aligning financial terms with NWCL's achievement of its sustainability objectives.

During FY2024, we allocated US$69 million in social bond proceeds to State Theatre, the first to be funded through the cultural and heritage preservation social project category. State Theatre meets the eligibility criteria defined in our Sustainable Finance Framework: it is a Grade I historic building, satisfied our environmental and social risk assessment, and will provide free or subsidised access to low-income populations when completed. Find out more about State Theatre in 'Enriched Lives – Vibrant Local Economy', page 94.

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

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Sustainable Finance Transaction Summary

GREEN AND SOCIAL BONDS

Instrument Number	Issue Date	Issuer	ISIN	Principal Amount ($m)	Outstanding Amount ($m)	Coupon	Maturity Date
Green Perpetual Bond							
GPB1	Jun 2022	NWD Finance (BVI) Limited	XS2435611327	US$500	US$454	6.15%	N/A
Green Bonds							
GB2	Apr 2021	NWD (MTN) Limited	HK0000721974	HK$780	HK$780	3.95%	Mar 2031
GB1	Mar 2021	NWD (MTN) Limited	HK0000707171	HK$550	HK$550	3.00%	Mar 2028
Social Bond							
SB1	Jun 2022	NWD (MTN) Limited	XS2488074662	US$200	US$172	5.875%	Jun 2027

GREEN AND SOCIAL LOANS

Instrument Number	Execute Date	Borrower	Loan Amount ($m)	Maturity Date
Green Loans				
GL8	Mar 2024	Super Record Limited	HK$5,700	Mar 2027
GL7	May 2023	New World Finance Company Limited	HK$4,000	May 2028
GL6	Apr 2023	New World Finance Company Limited	HK$500	Apr 2026
GL5	Oct 2022	New World Finance Company Limited	HK$300	Oct 2027
GL4	Mar 2022	Spotview Development Limited	HK$500	Mar 2027
GL3	Dec 2021	Spotview Development Limited	HK$6,000	Dec 2026
GL2	May 2021	New World Finance Company Limited	HK$1,400	May 2026
GL1	Dec 2019	Full Asset Enterprises Limited	HK$5,000	Dec 2024
Social Loan				
SL1	Nov 2022	Kai Tak Sports Park Limited	HK$800	Nov 2025

PROCEEDS ALLOCATION[1]

As at 30 June 2024, 100% of green bond and green loan proceeds have been allocated to investing in green buildings in Hong Kong and Mainland China that meet the eligibility criteria of our sustainable financing frameworks. Key eligible project details are regularly updated on the Sustainable Finance section of our website.

In FY2024, we allocated social bond proceeds to State Theatre, which meets the eligibility criteria under the cultural and heritage preservation social project category of our Sustainable Finance Framework. Details can be found on page 94.

We strategically allocate our green and social proceeds to directly align with and support our sustainability strategy. Our focused allocations ensure that our investments directly reimagine the built environment to support a low carbon future, and contribute to the thriving communities in which we operate.

Eligible Projects	Instrument Number	Allocated Amount ($m)
Green Buildings		
K11 ATELIER King's Road	GL1	HK$4,000
NCB Innovation Centre	GB2	HK$780
	GB1	HK$550
	GL4	HK$27
	GL3	HK$1,000
	GL1	HK$1,000
Wing Hong Street, Cheung Sha Wan	GL6	HK$500
	GL2	HK$1,400
11 SKIES	GL7	HK$4,000
	GL5	HK$300
	GL4	HK$473
	GL3	HK$5,000
83 King Lam Street	GPB1	US$500
	GL8	HK$5,700

Eligible Projects	Instrument Number	Allocated Amount ($m)
Access to Basic Infrastructure and Essential Services		
Kai Tak Sports Park	SL1[2]	HK$77
Cultural and Heritage Preservation		
State Theatre	SB1[3]	US$69

1 Unless otherwise specified, all bonds and loans have been 100% allocated. All issued green and social bonds and loans listed in this section were outstanding as of 30 June 2024.

2 As at 30 June 2024, HK$77 million of SL1 was allocated, with HK$723 million unallocated.

3 As at 30 June 2024, US$69 million of SB1 was allocated, with the remaining expected to be allocated in FY2025.

SUSTAINABILITY-LINKED LOANS AND BONDS

Execute Date	Borrower	Loan Amount ($m)	Maturity Date	Purpose/Performance Targets
Sustainability-linked Loans				
Jun 2024	Spotview Development Limited	HK$1,200	Jun 2027	• Linked to S&P CSA performance and CSV Green Lease adoption
Nov 2023	New World China Land Limited	HK$700	Nov 2026	• Linked to sustainable building certifications, residential sustainability programme participation rate, and on-site tree plantation and maintenance • Cross currency swap, hedging against foreign exchange rate fluctuations
Feb 2023	Spotview Development Limited	HK$2,000	Feb 2028	• Linked to S&P CSA performance and CSV Green Lease adoption
Jul 2022	Spotview Development Limited	HK$4,110	Jul 2025	• Linked to selected environmental impact reduction targets, S&P CSA performance, and CSV Green Lease adoption
Jun 2022	New World Finance Company Limited	HK$500	Jun 2025	• Linked to S&P CSA performance
Apr 2022	New World Finance Company Limited	HK$1,500	Apr 2025	• Linked to selected environmental impact reduction targets and S&P CSA performance
Sep 2021	Spotview Development Limited	HK$500	Sep 2024	• Linked to S&P CSA performance
Aug 2021	Spotview Development Limited	HK$1,000	Aug 2026	• Linked to S&P CSA performance
Jun 2021	Spotview Development Limited	HK$1,500 JP¥13,500	Jun 2026 Jun 2028	• Linked to S&P CSA performance
Dec 2020	Legarleon Finance Limited	HK$2,000	Dec 2025	• Linked to selected environmental impact reduction targets and GRESB performance
Nov 2019	Spotview Development Limited	HK$1,000	Nov 2024	• Linked to selected environmental impact reduction targets and GRESB performance • Interest rate swap linked to the UN SDGs (November 2020), hedging against the interest rate risk of the loan

Issue Date	Issuer	ISIN	Principal ($m)	Outstanding Amount ($m)	Coupon	Maturity Date	Purpose/Performance Targets
Sustainability-linked Bond (Private)							
Feb 2021	NWD (MTN) Limited	HK0000685260	HK$1,500	HK$1,500	3.50%	Feb 2031	• Driving Renewable Energy Roadmap and linked to FY2026 progress
Sustainability-linked Bond (Public)							
Jan 2021	NWD (MTN) Limited	XS2282055081	US$200	US$76	3.75%	Jan 2031	• Driving Renewable Energy Roadmap and linked to FY2026 progress

Corporate Sustainability

Trusted Partner

We strive to be a trusted partner to our stakeholders with robust and transparent corporate governance throughout our organisation and value chain. Building and maintaining this trust is central to our continued organisational resilience, providing a strong foundation for our actions and decisions today and into the future.

We do this by integrating sustainability considerations into our business model and best practices into our governance and disclosures. Responsible business practices underpin this approach. We collaborate with our suppliers and partners to maintain a responsible and sustainable supply chain.

Corporate Governance

The management of sustainability matters is integrated into the Group's corporate governance structure, from board-level committees to management-level group functions and BUs.

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

We comply with the HKEX Corporate Governance Code and Listing Rules. We closely monitor market trends, regulations and developments in corporate governance to ensure compliance. We provide recommendations and international best practice updates to the Board on priority topics, including but not limited to material sustainability matters such as corporate governance, climate resilience and sustainable finance in consultation with the Sustainability Committee. The Board is committed to ensuring ongoing compliance and takes appropriate actions in line with best practice.

The Sustainability Committee oversees the Group's sustainability issues and risks, and the delivery of targets. It assists the Board in overseeing our sustainability management approach and policies, sustainability reporting strategy and management, any non-compliance with policies, procedures and regulations, and identifying sustainability improvement areas. This includes consideration of climate-related risks and opportunities. It makes appropriate recommendations to and seeks advice from the Board. Directors are appointed to the Sustainability Committee by the Board. The Committee is chaired by the NWD Executive Director and CEO and comprises four independent non-executive directors and one executive director.

Further details are available in the Corporate Governance Report section of this Annual Report.

Management supports the Board and its Sustainability Committee in their oversight of the Group's material ESG issues. The Group Sustainability Steering Committee reports to the board-level Sustainability Committee and comprises senior executives from Group functions and major BUs. The Steering Committee drives the practical implementation of sustainability initiatives and manages their performance to support the Sustainability Committee. Chaired by our Group Head of Sustainability, it guides our sustainability strategy and policy, performance, and reporting, keeping across new and emerging ESG trends. Management reports progress to the Sustainability Committee twice each year.

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

The Board fully supports the ongoing assessment and disclosure of the Group's climate-related risks and opportunities in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and with the Group's responsibilities to mitigate climate impacts in our operations. The TCFD concluded in October 2023 following the release of the ISSB's IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. Our climate-related disclosure references IFRS S2 and the newly released HKEX Climate-Related Disclosure Guidelines.

The Board is updated twice a year on climate-related risks and opportunities to provide guidance on the overall ESG strategies. Find our climate-related disclosure in the Future-Fit Places section.

Risk Management

We actively manage material environmental, social and governance risks that have potentially extensive implications for our assets, business and stakeholders. Sustainability- and climate-related risks identified through the materiality assessment and climate-related scenario analysis are integrated into the Group's ERM framework.

By embedding these risks into our robust risk management process, we assess, monitor and manage climate risks through the Group and all BUs. We believe that integrating sustainability into our business practices creates a long-term competitive advantage.

OUR ENTERPRISE RISK MANAGEMENT FRAMEWORK

Our ERM framework governs our approach to managing risks. The ERM framework has adopted "Applying enterprise risk management to environmental, social and governance-related risks" guidelines from the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") and the World Business Council for Sustainable Development ("WBCSD"). It is regularly reviewed to ensure ongoing alignment with our strategic direction, sustainability commitments, regulatory obligations and market practice.

Our Climate Resilience Guideline was established with reference to our ERM framework, ensuring climate mitigation and adaptation measures are part of the risk considerations across our asset locations and across the property lifecycle. This Guideline forms part of our Sustainable Building Policy and standardises our climate resilience approach across our portfolio. Find out more about our risk management structure and process for identifying, assessing and managing risks in the Risk Management and Internal Control section of this Annual Report.

Responsible Business Practices

We are committed to high ethical standards and responsible business practices. This commitment extends across our value chain to foster trust and maintain long-term success and business resilience. It is affirmed by our membership of the United Nations Global Compact ("UNGC"). Through a comprehensive set of policies, guidelines and practices, we ensure transparency, fairness and integrity throughout our business and supply chain.

We regularly monitor compliance with corporate policies and investigate reported potential breaches. Find out more about our risk management policies, guidelines and practices in the Risk Management and Internal Control section of this Annual Report.

PRIORITISING HUMAN RIGHTS

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

Our Human Rights Policy guides our employees, suppliers and other stakeholders to maintain safe, equitable and supportive workplaces free of discrimination, all forms of harassment, intimidation, violation, illegal and forced labour and human trafficking, including but not limited to child labour. This is reinforced by our Group Sustainability Policy, Employee Handbook and Supplier Code of Conduct. We are committed to complying with applicable local laws and regulations in the locations where we operate.

Respect for human rights is expected throughout our business and supply chain. If violations are discovered, we work collaboratively with suppliers to address the issues through corrective action plans, and in severe cases, terminate contracts to ensure ethical labour practices are upheld across its supply chain.

Human rights risk factors are incorporated into our ERM and Risk Management and Internal Control Assessment Checklist to monitor human rights impacts arising from our business activities and relationships. Risks are evaluated by departments and BUs every six months. All material risk findings, including those relating to human rights, are reported to the Audit Committee and Sustainability Committee in a timely manner. Key executives are informed if issues or violations arise, in accordance with our Human Rights Policy. Corrective actions are duly implemented in the event of a breach.

WHISTLEBLOWING

We maintain grievance, complaint and whistleblower mechanisms for employees and stakeholders to anonymously raise concerns safely and with confidence. Through the process listed in our Whistleblowing Policy, we ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action.

PREVENTING FRAUD AND CORRUPTION

We have zero tolerance of corruption in all its forms, including extortion and bribery – a commitment that is actively supported by our leadership. Updated in May 2024, our Anti-Corruption Policy applies to directors, officers, employees and all third parties acting for and on behalf of the Group. No corruption-related breaches or convictions were recorded during FY2024, and there are no ongoing external investigations related to corruption and bribery.

In FY2024, our employees and directors completed over 2,000 hours of anti-corruption training, covering topics such as business integrity and ethical conduct in construction, work supervision and property management, including tendering process and supplier selection. The annual training is delivered by external trainers from the Independent Commission Against Corruption ("ICAC").

RESPONSIBLE MARKETING

We are committed to marketing responsibly and in accordance with all relevant ordinances, regulations and industry guidelines across our marketing, advertising and sales activities, including the Residential Properties (First-hand Sales) Ordinance and the Real Estate Developers Association of Hong Kong self-regulatory regime. We have established internal standards and controls with multiple tiers of internal and external due diligence to ensure all promotional materials are compliant, accurate, transparent and non-misleading.

Our loyalty club members receive privileges, events and newsletters from internal and external partners in accordance with the applicable terms and conditions. We provide regular trainings on responsible marketing for marketing and sales staff. During the year, relevant employees completed more than 5,000 hours of responsible marketing training to ensure they understand these requirements.

PERSONAL DATA PRIVACY

We are committed to creating a privacy compliance culture and to enhance our competitiveness while staying within the regulatory framework. It is important to safeguard data, build up trust among our stakeholders and customers, and avoid damage to our reputation for mishandling of data or data breach.

Find out more in 'Technology and Data Governance', page 83.

DELIVERING QUALITY PRODUCTS AND SERVICES

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

This year, we continued to use our PropTech property-purchase blockchain platform to enhance customer experience by offering seamless integration of mortgage services in our customers' property purchase journey. Advanced blockchain technology allows the platform to provide an all-in-one support service to buyers, banks, real estate developers, law firms, property management team and related bodies. Seven banks are using the platform in their services. The platform is reshaping Hong Kong's real estate industry, saving time and resources in the property-buying process.

Should customers ever feel we have not met their expectations, standardised complaint handling procedures ensure customer feedback is addressed in a timely manner. Complaints received are investigated by dedicated staff within a reasonable timeframe and they regularly update the customer throughout the process.

Responsible and Sustainable Supply Chain

The Group has a total of 7,889 suppliers, 1,814 from Hong Kong, 6,010 from Mainland China and 65 from other countries.

Our Group Sustainability Policy captures our commitment to working across our value chain to promote sustainability. We incorporate sustainability considerations throughout our supply chain management approach, from supplier screening and tendering to engagement, performance monitoring and evaluation.

Our Sustainable Procurement Policy outlines the sustainability considerations that inform our procurement decisions, including selecting suppliers who demonstrate a commitment to sustainable development and have a sustainability policy, supplier code of conduct and/or sustainable procurement policy. The policy is overseen by the Group Sustainability Steering Committee.

Through this policy, we encourage the use of environmentally preferable products and services in our scopes of work, proposal and tendering processes. This includes products certified by the Forest Stewardship Council ("FSC") or Marine Stewardship Council ("MSC"), that are from fair trade organisations, and that use biodegradable packaging. The policy also includes our preference to support local economies through local procurement to reduce transportation emissions.

Our Supplier Code of Conduct sets out the minimum standards we expect from suppliers and contractors on topics including ethical conduct, labour rights, privacy and data protection, and environmental impacts. Whenever possible, these requirements are explicitly embedded into our contracts to ensure compliance by suppliers.

Procurement-related risk factors are incorporated into our ERM and the Risk Management and Internal Control Assessment Checklist. Risks are evaluated by departments and BUs every six months. Findings are reported to the Board and imminent risks are reported via the internal issue alert system for prompt responses.

ASSESSING SUPPLIER PERFORMANCE

We assess supplier performance against a range of factors, including quality, environmental protection, occupational health and safety, financial and legal standing, and product sustainability beyond regulatory compliance requirements. Assessments are done through both desk and on-site assessments. ISO 50001 and ISO 14001 are examples of requirements under energy management for select suppliers. We provide suppliers with quality assurance training to support them in this evaluation process, which includes details of our environmental and social sustainability requirements.

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

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

Understanding Customer Expectations

We are committed to creating places and experiences that meet the needs of our customers today and in the future, by prioritising sustainability, innovation and quality customer service. We continuously refine our products and services to enhance customer satisfaction and pursue excellence.

CUSTOMER ENGAGEMENT AND FEEDBACK

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

We conduct regular tenant and customer surveys across the Group, with nearly 35,000 customers and tenants taking part during the year. All customer-facing BUs conducted customer satisfaction surveys.

We conducted tenant surveys at Wuhan New World International Trade Centre on a quarterly basis, and tenants' satisfaction rate reached 100%. Assessed areas include customer service quality, attitude and timeliness, cleanliness and quality of maintenance.

Standardised complaint handling procedures ensure customer feedback is addressed in a timely manner. We received around 2,600 valid complaints during the year, a decrease compared to the previous year. Complaints received are investigated by dedicated staff within a reasonable timeframe and customers are regularly updated throughout the process.

ENHANCING CUSTOMER EXPERIENCES

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

We regularly collect Voice-of-Customer insights to enhance our products and services. We continually innovate and standardise patented designs to integrate convenience with style and maximise space, enhancing quality of life for our residents. For example, acknowledging customer feedback collected on balcony maximisation and usage, we designed and incorporated the following new solutions at our new residential property:

- BALCONY+®: a waterproof, space-efficient storage cabinet utilising the combined balcony, utility platform and air-conditioner platform suitable for outdoor use. The cabinet is envisioned to house a washer-dryer at the bottom, and the upper portion is equipped with a waterproof socket and roller shutter, maximising both indoor and outdoor areas and flexibility in use

- Magic Hanger®: two rods for drying clothes at the combined balcony, utility platform and air-conditioner platform. The rods can be adjusted to different positions, withstand five kilograms each and come with safety locks to lock hangers in place. When not in use, the two rods can be conveniently stowed below the railing

Technology and Data Governance

Embracing innovation and strengthening our technology and data governance enables us to futureproof processes and ensure business continuity.

As part of SV2030+, we have set three technology and data governance targets:

- All staff trained in data protection and security by FY2025
- Maintain annual review and audit of IT systems to continually align with international standards on data security and privacy
- Implementation of our Privacy Management Programme with oversight from the Data Protection and Compliance Committee

Enhancing Processes through Innovation

This year, we enhanced our property development standard operating processes and related digital platform to drive operational efficiency. The digital platform enables cross-department communication and collaboration, providing a single source of truth for project timelines and progress, as well as task monitoring. We refined our project templates and tools to enhance their efficiency and application to mixed-used projects.

This year, we became the first developer to receive in-principle acceptance from the HKSAR Buildings Department for a Modular Integrated Construction (MiC) system. Our MiC system will allow buildings to be constructed to a maximum height of 35 floors. This system reduces the risk of external wall leakage and, with non-structural walls between the bedroom and living room, increases customers' ability to customise internal layouts as compared to traditional construction methods. MiC adopts the concept of "factory assembly followed by on-site installation", so traditional labour-intensive and time-consuming processes are completed in advance at the factory and then transported to the construction site for assembly. Duration of works on-site is minimised, resulting in enhancements in productivity, site safety, environmental performance and cost-effectiveness. This will help to address challenges such as manpower shortage and high construction costs faced by Hong Kong's construction industry in recent years. Our efforts demonstrate our commitment to value creation through continuous innovation and futureproofing of our business and processes.

We innovate and develop solutions that include Intellectual Property and co-Intellectual Property opportunities when suitable. We respect the intellectual property rights of others, which is articulated in our policies to observe and protect intellectual property rights. We continue to monitor the status of our intellectual property to ensure they remain protected. Find out more about selected practical innovations we recently adopted to enhance the customer experience on the previous page.

Data Privacy and Cybersecurity

Data privacy and cybersecurity are fundamental to our technology and innovation initiatives. We prioritise safeguarding employee and stakeholder information, ensuring robust protection against cyber threats, and fostering trust in our digital solutions. During the year, we continued to monitor Key Risk Indicators for both data privacy and cybersecurity to provide early signals of increasing risk exposures.

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

BUILDING TRUST THROUGH ROBUST DATA PROTECTION MEASURES

With the exponential growth of digitalisation and a global surge in cross-border data flow, we are acutely aware of the evolving data privacy landscape. In response to latest data privacy laws and regulations, we established a Data Protection and Compliance Committee during the year to enhance governance and oversight of our data privacy and protection compliance requirements. The Committee is comprised of the NWD Personal Data Privacy Officer, CEO, CFO, and executives from our Technology, Group Audit and Management Services, Group Customer Ecosystem and Relationship Management, and Human Resources functions. It reports to the Audit Committee of the Board of Directors. The Committee oversees the development and implementation of the Privacy Management Programme ("PMP") to foster a culture that protects and respects personal data. A Data Privacy Protection Office has also been established to assist in the day-to-day implementation and management of the programme controls of the PMP.

During the year, we developed data privacy tracking dashboards to monitor the implementation and progress of obtaining customer consent, to ensure compliance with latest laws and regulations. Over 70% of BUs have implemented consent programmes, with the remaining BUs expected to begin during FY2025. Our New World CLUB loyalty programme undertook a campaign to reconfirm the consent of existing members who joined before the regulations took effect, ensuring we could continue to contact members.

Our internal policies and guidelines set out our strategic framework and guide our employees on the appropriate handling of personal data. These were reviewed and, where appropriate, updated during the year with approval by the Data Protection and Compliance Committee. In addition to the implementation of the PMP, we have updated the Personal Data Privacy Policy and Guidelines and launched the Personal Data Access and Correction Policy, the Personal Data Privacy Enquiries and Complaints Handling Policy and the Personal Identifiers Policy during the year.

Our people play a central role in ensuring we collect and manage data appropriately. Our comprehensive data privacy protection employee training programme includes mandatory and voluntary training sessions on topics such as data protection and compliance, our PMP, handling a data breach incident, lessons from cyber breach incidents, preparing terms and conditions, and practical tips on handling private information. By providing ongoing training and resources, we empower our employees to stay informed and vigilant and foster a culture of compliance and responsibility protecting and respecting personal data across the Group. This proactive and accountability approach helps us mitigate risks and maintain the highest standards of data privacy.

In FY2024, we received no complaints regarding customer privacy, and no customer data leaks, thefts or losses were identified. We identified no instances of non-compliance with relevant laws and regulations during the year.

BUILDING A CYBER-RESILIENT ORGANISATION

Managing and enhancing our cyber capabilities is a continued focus, particularly as digital transformation continues across the Group. Our Group-wide Cybersecurity Committee includes senior IT management representatives from each BU and acts as a single channel for discussion and handling of cybersecurity matters, managing risks and opportunities, as well as setting our long-term strategy and goals. Our Group Head of Technology and Transformation is the executive with ultimate responsibility for overseeing cybersecurity, and reports directly to our CEO.

We are certified with ISO 27001:2022 "Information Security Management Systems standards", which demonstrates that our cybersecurity protection and data governance meet international standards. We conduct annual internal and external security audits and vulnerability assessments of our IT infrastructure and information security management systems. During the year, we engaged an external consultant to assess the implementation and effectiveness of our cybersecurity programme. Risks identified by the audit have been addressed, with targets set to further enhance their mitigation and management.

Our IT Policy sets out to protect our information assets and guide our employees on the responsible use of information technology. The policy applies to all employees across the Group. The policy includes guidance on the appropriate usage of artificial intelligence in the workplace to ensure that its usage will not pose risk to sensitive company data, business reputation and regulatory compliance. We have a comprehensive employee training programme, with regular webinars, simulations and quizzes used to ensure ongoing awareness of cyber threats and responses as a supplement to mandatory annual training.

We adopt the most cutting-edge technologies on the market to ensure the best protection. During the year, we developed and launched cyber risk dashboards for each department and BU for monitoring and visualising all technologies adopted and used by that stakeholder group and the associated potential vulnerabilities. We have incident response procedures in place in the event of a cyberattack or data breach.

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

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

Enriched Lives

Enriched Lives captures our commitment to enhancing the health and economic wellbeing of our stakeholders. We do this by investing in our people, creating thriving communities and contributing to vibrant local economies.

Our focus on Enriched Lives creates value for our stakeholders. It builds the capabilities of our people and fosters a vibrant, inclusive culture supported by safe and healthy environments. Through key partnerships, it advances the development of local communities to deliver health and economic outcomes, and invests in local business communities to improve economic prosperity for all.

SV2030+ sets two leading targets for Enriched Lives to measure our performance and progress:

- Be recognised as a preferred employer of choice by FY2030.
- Align all community programmes to our social impact investing framework by FY2030.

These leading targets are complemented by goals and performance measures across our three key Enriched Lives focus areas. SV2030+ continues our focus on safety (lost-time injury rate), consistent with SV2030. Building on SV2030 Wellness and Caring stakeholder wellbeing and quality of life targets, SV2030+ introduces a new outcomes-focused approach for our social programmes and initiatives.

The Enriched Lives pillar of SV2030+ contributes to UN SDG 3 Good Health and Wellbeing and UN SDG 8 Decent Work and Economic Growth.

OUR SUSTAINABLE BUSINESS APPROACH

Enriched Lives

Enhancing the health and economic wellbeing of our stakeholders.

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

OUR APPROACH AND KEY ACTIVITIES

Investing in Our People

Fostering a people-centric, vibrant and inclusive culture supported by safe and healthy workplaces.

- Prioritise employee wellbeing, engagement and development programmes.
- Deliver healthy, diverse and inclusive workplaces.

HOW WE MEASURE PERFORMANCE

BY FY2030

NWD recognised as preferred employer of choice

BY FY2030

< 1.5 Lost-time injury rate (LTIR)

Thriving Communities

Advancing local development with community partners and delivering on health and economic outcomes.

- Partnering with key stakeholders, community groups and local institutions to address local community needs.
- Creating healthy and inclusive spaces that connect people, celebrate culture and provide access to diverse amenities.

ONGOING

We strive to create a vibrant and resilient community. We invest in impactful social programmes and initiatives delivering health and economic wellbeing outcomes, including:

- Inclusive skilling, education & employment programmes
- Charitable donations and foundations
- Community health & wellbeing initiatives
- Industry association, university and research partnerships
- Arts, heritage and cultural projects
- Corporate volunteering activities
- Community emergency response
- Community funding and grants

Vibrant Local Economy

Invest in local business community to improve economic prosperity for all.

- Support learning, skilling and employment programmes in collaboration with local partners and businesses.
- Foster local business partnerships with our operations, tenants and customers.

BY FY2030

All community programmes are aligned to our social impact investing framework

BY FY2026

Develop a social value framework to measure and report on impact investment outcomes

Investing in Our People

We are committed to fostering a people-centric, vibrant and inclusive culture for our employees, supported by safe and healthy workplaces.

We seek to employ a diverse team that works collaboratively to create innovative, forward-thinking solutions with a global perspective. Building an organisation with the right people is essential to our growth and continuity. Our recruitment and talent development processes incorporate diversity and inclusion considerations. We recruit people from all backgrounds and experiences regardless of age, gender, race, nationality, religion, family status, background, expertise, or any other characteristics protected by law.

As a responsible business, we uphold the fundamental principles of human rights in places where we operate. Our Human Rights Policy guides our employees, suppliers and other stakeholders to maintain safe, equitable and supportive workplaces. Find out more about how we prioritise human rights in 'Responsible Business Practices', page 79.

Employee Engagement, Development and Wellbeing

Our people are key to our success. We prioritise employee wellbeing, engagement and development by offering comprehensive learning opportunities so our people can grow both personally and professionally.

EMPLOYEE ENGAGEMENT

To better understand the views of our employees, we conducted a Group-wide Employee Engagement Survey this year with the aim to collect our employees' feedback to drive the Group to further success. To ensure the authenticity and fairness of the survey, a third-party consultant was engaged to conduct the survey. The survey questions covered 15 categories, of which Culture, Sustainability, Corporate Governance, Performance Management and Communication ranked as top scoring dimensions. 88% of Group employees took part in the survey, an increase from 82% in the FY2022 survey.

This survey was our first time measuring Employee Net Promoter Score ("eNPS"), which assesses employees' likelihood in recommending NWD to others. We received an eNPS of 30%.

Our employee engagement score reached 83%. Key highlights include:

- 90% of employees indicated they believe in our corporate mission and values as well as possess a strong understanding of our corporate culture
- 94% agreed that we advocate and adhere to the strictest ethical standards
- 89% felt empowered to drive and take ownership of their responsibilities
- 92% acknowledged the importance of the company's role as a sustainable business leader, in being committed to delivering long-term value, including environmental and social outcomes
- 90% demonstrated a comprehensive understanding of the Group's sustainability strategy and felt empowered to contribute towards the goals

Following the findings of the survey, we are organising a series of employee focus groups to help us understand the root cause of potential improvement areas. This will enable us to refine our measures and adopt appropriate initiatives to better cater to our employees' needs and generate value for the business.

TALENT DEVELOPMENT

Professional development builds the capabilities of our employees while ensuring NWD has the skills it needs for the future. We offer learning suited to different skill levels and interests across our BUs, with an average of 16.6 training hours completed per employee in FY2024. From new hire orientation and onboarding to subject matter training to leadership development, we offer a wide range of programmes to support our employees to grow and succeed. We provide them with opportunities to engage in learning and development through on-the-job training, mentorship, or formal education. We are dedicated to fostering a culture of continuous personal and professional development, and to supporting our employees in achieving their full potential, including through our annual education subsidy and examination leave policy.

We provide annual anti-corruption training to colleagues and directors, delivered by external trainers from the ICAC. This training covers topics such as business integrity and ethical conduct in construction, work supervision and property management, including tendering process and supplier selection. Our employees and directors completed over 2,000 hours of anti-corruption training in FY2024.

In FY2024, employees and directors completed over 11,000 hours of sustainability-related training. Sustainability is embedded into the mandatory orientation training for new employees. This year, we launched a Group-wide interactive New World Sustainability 101 learning module covering emerging sustainability trends and issues, the impact of the built environment, the Group's sustainability risks and opportunities, and how everyone has a vital role to play in managing them. Additionally, we launched our "Future Thinker" series to infuse market-leading sustainability concepts and nurture sustainability champions across the business. These bespoke sharing sessions by leading external experts encourage interaction, dialogue and collaboration. These efforts are critical to our sustainability engagement and capacity building with employees, and directly support the delivery of our sustainability strategy.

We expanded our learning and development efforts through a new Group-wide learning points incentive programme, rewarding high achievers on our e-learning platform.

We also continued our "Open Chat with Inspiring Leaders" series, where our employees have the opportunity to engage with senior leaders in frank and open discussions about our organisation's values and culture, enabling our employees to gain a deeper understanding of our values to be embodied in daily work. Participants are empowered to share their ideas and perspectives, helping to shape our organisation's culture and direction for long-term success. During the year, over 160 employees have participated across 10 sessions, and feedback has been overwhelmingly positive. The initiative has been further customised and adopted by BUs, such as Kollaboration Café for K11 employees.

We are committed to nurturing young talent and attracting global talent to Hong Kong. Our participation in initiatives like the Innovating Hong Kong Global Talent Carnival and the Hong Kong Talent Engage – Global Talent Summit 2024 underscores our dedication to supporting government initiatives aimed at attracting global talent to Hong Kong. These endeavours not only contribute to our organisation's growth but also pave the way for a sustainable future for the communities we serve.

Our career development programmes support talent advancement. Find out more in the case study on the following page.

Annual performance appraisals are essential to employee development. Our structured and open appraisal system includes 360-degree feedback and encourages employees to reflect on their performance and identify growth opportunities. Sustainability-related KPIs are included in our employees' objectives and key results ("OKR"), with performance evaluated in the year-end review. We periodically review and enhance our appraisal system to align with leading practices. Voluntary turnover was 14.5%.

Detailed training and development, performance review and turnover data is included in the Sustainability Performance Data Table 2024, available on our website.

PROMOTING EMPLOYEE WELLBEING

Employee wellbeing remains essential to the growth and sustainability of the company. We support the health and overall wellbeing of our people through our policies and programmes that encourage healthy and active lifestyles.

We continued a series of wellbeing initiatives and benefits for employees and their families. This includes offering paid family care leave to care for loved ones, medical subsidies, and medical insurance coverage to the dependents of employees of specific grades.

We enhanced benefits through Wellness Dollars allowance. Wellness Dollars can be used for a variety of services, including but not limited to health checks, dental services, gym memberships, personal training classes, physiotherapy sessions and nutritional plans, allowing employees more flexibility in meeting their personal health and wellbeing needs.

We collaborated with several social enterprises to hold "WE ON WELLNESS", a range of immersive activities for our employees. This initiative involved webinars and workshops to promote social, physical, mental and spiritual wellbeing to encourage mindfulness and self-care.

To equip our employees with tools for relaxation and stress management, we offered stress management and relief workshops, including meditation classes, massage sessions and mind and body balancing aroma diffuser workshops. For those seeking to be more active, our New World Sports Club hosts 13 sports teams, engaging over 400 employees in nearly 80 training sessions this year. Participants develop a camaraderie with team members and compete in tournaments organised by various sports associations.

This year, we continued to refine our employee health and wellbeing strategy and launched programmes focused on improving mental health and wellbeing. Find out more about our Mental Health and Wellbeing Programme on page 89.

By investing in our employees' wellbeing, engagement and development, we foster a more positive, productive, engaged and resilient workforce.

Generating Value through Career Development

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

Catering to our senior leaders and delivered in collaboration with the Hong Kong University of Science and Technology, our New World Executive Leadership Programme was designed to inspire our leaders to thrive in the ever-changing market landscape by enhancing their competencies in leadership, management know-how and decision-making. During the seven-month customised programme comprising of four modules, the 36 participants developed a deeper understanding of new global business trends and the wider context of leadership. The programme has equipped our leaders with a strategic mindset, global perspective, and ability to make more informed decisions while leading and navigating uncertain and complex business environments.

Our Futurist Leadership Academy ("FLA") is a project-based academy sponsored and supported by our senior leaders. FLA aims to develop our futurist leaders to become future successors driving the Group's success. The 23 participants were selected based on comprehensive quantitative, qualitative and behavioural assessments, evaluating the participants' strategic thinking and leadership competencies. The participants are grouped under different business projects driving actual business outcomes under the guidance of our senior leaders. Through the programme, we cultivate a culture of excellence, improve employee engagement, stay ahead of the competition, and ensure that our leaders demonstrate a mindset that is aligned with our culture, values and mission. This alignment helps leaders to better understand and embody our culture, leading to improved decision-making and talent retention.

We continue to run our High Potential ("HiPo") Development Programme, building on the success of years past. We aim to identify and nurture the next generation of leaders and build a strong leadership pipeline to support the growth and sustainability of the Group. The current cohort of 258 participants were selected through a robust assessment process, where they demonstrated exceptional ability, career aspirations, ambition and passion. In lieu of a traditional classroom-based training, the HiPo Programme is

a dynamic platform that encourages our HiPos to engage in a wide range of group-based and individual learning activities to unleash their potential. HiPos each have a tailored career development plan, designed to assist them to reach their short-term and long-term career goals, thereby maximising their potential. To encourage network-building and synergy within the Group as well as facilitate mutual learning across levels, HiPos are paired with senior mentors who provide guidance throughout the programme.

The HiPo Programme delivers business benefits through increased employee retention. Comparing FY2024 turnover, the rate of turnover of 2023 HiPo participants was roughly half of that for all employees. Additionally, as participants are more empowered to take charge of their career development, they are likely more goal-oriented and strategic when embarking on a promotion opportunity. The success rate for a promotion was 2.3 times higher for HiPos compared to non-HiPo staff.

Healthy, Diverse and Inclusive Workplaces

We understand the value of cultivating healthy, diverse and inclusive workplaces. We are dedicated to fostering an environment where every individual in our workforce feels safe, respected and valued.

HEALTHY AND SAFE WORKPLACES

With the health and safety of our employees as our number one priority, we are committed to achieving zero fatalities at our workplace. Building on our Lost-Time Injury Rate ("LTIR") (per 100 employees) target of 3.0 under SV2030 Wellness pillar, we have set a refreshed LTIR target of <1.5 by FY2030 under SV2030+. In FY2024, the Group recorded LTIR of 1.3.

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

Building Employee Resilience and Productivity by Prioritising Mental Health

With 1 in every 7 people in Hong Kong suffering from common mental health disorders, employee mental health forms a fundamental aspect of our employee health and wellbeing strategy. Our Mental Health and Wellbeing Programme aims to strengthen a safe working environment and improve our employees' mental health and productivity, by equipping them with the right knowledge to support each other and their team in times required. Supported by senior leadership, we encourage all employees to take part in this programme.

Launched in FY2024, our programme provides a variety of tailored workshops and trainings for different targeted groups, including senior leaders and directors, people managers, general staff and key suppliers. Employees are encouraged to register for workshops relevant to their job role for the most relevant mental health knowledge and skills. For example, people managers are encouraged to complete advanced team mental health training focused on building a more inclusive working environment and supporting team members when needed, while team leads and frontline staff may complete a practitioner level training to prevent, manage and intervene in a mental health problem or crisis. Over 800 employees have benefited from the programme, including 50 certified Mental Health First Aiders.

Over 60% of people managers felt equipped to support their team's mental health and handle mental health problems at work after attending the tailored training. Through the "Friends in Need Network" training, nearly 40% of employees felt confident engaging in conversation with people experiencing mental health challenges and managing workplace stress.

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

Prioritising our employee health and wellbeing in the workplace, we obtained WELL Health-Safety Rating for five NWCL regional head offices this year. Assessed parameters include air and water quality, stakeholder engagement, health resources, emergency preparedness and cleaning procedures. We will continue to scale this initiative across the Group. Additionally, we are a signatory to the Mental Health Workplace Charter, organised jointly by Hong Kong's Department of Health, the Labour Department and the Occupational Safety and Health Council.

Detailed employee and contractor health and safety data is available in the Sustainability Performance Data Table 2024, available on our website.

PROMOTING DIVERSITY, EQUITY AND INCLUSION

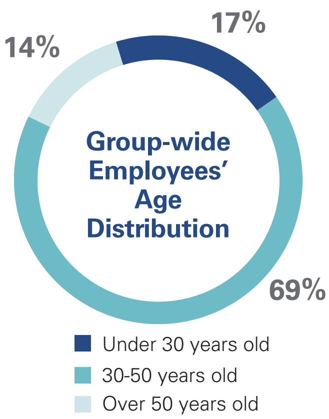
Publicly committing to and supporting diversity and inclusion is essential for fostering a culture of respect and belonging within our organisation. We endorsed the UN Women's Empowerment Principles in 2020 and are a signatory to the Racial Diversity and Inclusion Charter for Employers, which is governed by Hong Kong's Equal Opportunities Commission. By championing diversity and inclusion, we both strengthen our team and set a positive example within our industry and communities.

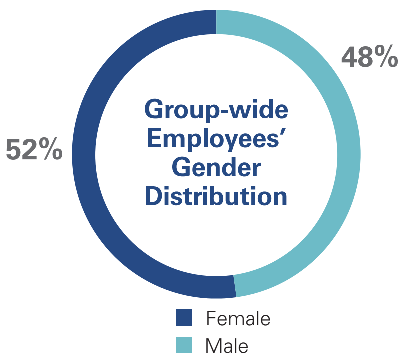
We monitor and disclose our efforts to maintain a gender balanced workforce. Our female board member representation is above our target of 30% with 35.3% female Board member representation. Our workforce, including senior management, is 52% female and the average gender pay gap ratio is 1.2 as at 30 June 2024. We will strive to maintain a gender balanced workforce.

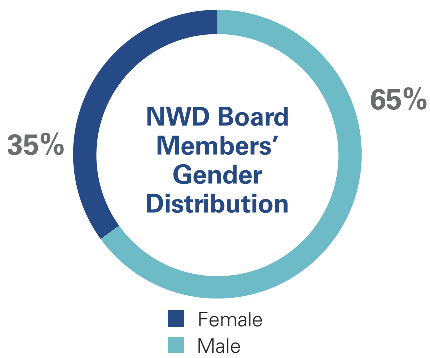
In February 2024, an external consultant delivered unconscious bias and behaviour training for our Group-wide Sustainability and Human Resources functions. The training enabled our teams to recognise and overcome potential biases in their daily work and foster a more inclusive and respectful workplace. By embracing diversity and promoting inclusivity, we not only enhance our innovation and creativity but also ensure a supportive and dynamic workplace for all.

Our parenting policies strive to enable all parents to pursue fulfilling and successful careers while raising children. For Hong Kong employees, we offer parents 14 weeks of full-pay maternity leave and five days of full-pay paternity leave, both exceeding statutory requirements. Find out more about our family-friendly culture in the 'Promoting Employee Wellbeing' section on page 87.

Detailed workforce demographic and diversity data is available in the Sustainability Performance Data Table 2024, available on our website.







HQ2: A Vibrant New Modern Workplace for Our People to Thrive

Our newly opened second headquarters shows our commitment to providing healthy and engaging working environments and experiences for our people.

HQ2 is designed as a vibrant, modern workspace that fosters collaboration, nurtures creativity, and sparks innovation. Social hubs on each floor provide spaces for our people to connect and collaborate. Modular meeting rooms allow for more flexibility and increased ability to accommodate for different functions and sizes. Our floors are linked by a striking internal staircase, encouraging more movement and interaction among staff situated across floors.

Features focused on improving our employees' physical and mental wellbeing have been incorporated. Our workstations include stand-up desks that offer a more ergonomic work experience. Through biophilic office design, 75% of workstations and meeting rooms have a direct sight of plants or nature, improving employee mental wellbeing and resilience. Indoor air quality is enhanced through MERV 14 filters and incorporation of plants throughout the office. Temperature, relative humidity, air quality, lighting and occupancy sensors, timers and real-time displays have been deployed for thermal comfort and energy efficiency optimisation. Nursing rooms are available on each floor.

These features support our target to obtain Platinum ratings for WELL Interior Design Certification and BEAM Plus Interiors. Our new workplace complements our mental health and wellbeing strategy, and is set to be a place for our people to thrive.

Find out more about the green building credentials of 83 King Lam Street on page 70.

Thriving Communities

We enrich lives by creating thriving communities that advance local development with community partners and deliver on health and economic outcomes.

Our Group Sustainability Policy sets out our commitments to our stakeholders, including striving to improve our society with innovative thinking, enhance the quality of life and promote social inclusion through public space, and promote economic development in the communities where we have operations.

We invest in impactful social programmes and initiatives that deliver health and economic wellbeing outcomes, including charitable donations and foundations; community health and wellbeing initiatives; student internship and skilling programmes; industry association, university and research partnerships; arts, heritage and cultural projects; corporate volunteering activities; community emergency response; and community funding and grants.

Our social programmes and initiatives are designed to address critical social issues, empower underprivileged communities, and foster sustainable development. Through cross-sector collaboration, creative thinking and supporting programmes aligned with the government's social initiatives, we believe we can make a meaningful difference in the lives of individuals and contribute to a brighter future.

Building on our SV2030 Caring targets of stakeholders' quality of life enhanced and volunteering hours as well as SV2030 Wellness targets of stakeholders' wellbeing improved, we aim to develop a social value framework by FY2026 under SV2030+. We believe a social value framework will allow us to be more outcomes-focused and enhance our ability to measure and report on impact investment outcomes. By FY2030, we target to align all community programmes to our social impact investing framework.

Employee Volunteering

Our employees are passionate about making an impact in our local community. Employees completed more than 14,500 volunteering hours during FY2024 through initiatives coordinated by our volunteering teams.

In celebration of International Volunteer Day in December 2023, our enthusiastic New World Group Volunteer Team set out to make a difference through several meaningful volunteer service activities, echoing the UN theme "if everyone did…" noting the power of collective action. Four groups of volunteers were deployed across Hong Kong, working alongside and spending time with disadvantaged groups, including at-risk youth, ethnic minority youth, the elderly and the visually impaired. Our volunteers found joy in the connections forged that day. We continue to provide diverse volunteering opportunities for our employees to promote volunteerism and create value for the communities we serve.

In April 2024, NWDS employees in Beijing organised a charity walk with proceeds directly benefiting a local not-for-profit educational centre for children with special educational needs. The employees also participated in classroom and sports activities with students at the centre. Find out how NWDS employees in Shanghai propagated arts and heritage while volunteering for their local community on the following page.

Nurturing Future Leaders

We actively partner with and support community groups, educational institutions, industry groups and government initiatives to provide opportunities for and nurture the next generation.

NWCL continued several successful partnerships during FY2024, including with Wilber Foundation to deliver a series of Wonderful Star Market events to support critically ill children in Guangzhou.

NWCL continued to support the St. James Settlement, providing essential education to children from low-income families in Hong Kong. 56 students completed the 10-session STEM workshop of a newly launched 2-year STEM-Up Picker Programme in FY2024, which introduced underserved primary and secondary school students to the concepts and applications of 3D modelling and IoT technology. 90% of all students indicated they were satisfied with the programme. Of the secondary school students, 90% agreed the programme enhanced their problem solving and decision making abilities; 90% also agreed that the programme enhanced both their understanding and interest in the subjects.

We continued to nurture students through practical training. Through our involvement with the Chinese University Hong Kong's Co-operative Education Programme (Co-op@CUHK), we offer students semester-long, full-time practical work experiences within our organisation, enhancing their readiness for future professional endeavours. As a corporate sponsor of The Hong Kong General Chamber of Commerce's Pitch Perfect Programme, we helped equip 150 university students with essential workplace skills through training courses, mentorship and internships. We continued to support HKSAR Government's Scheme on Corporate Summer Internship on the Mainland and Overseas and provided 25 paid internships for university students to gain work experience at our Mainland China operations. We also contributed to the development of secondary school students by providing internships through our support of the Employees Retraining Board Youth Internship Programme.

The Group continued to take part in the HKSAR Government's Strive and Rise Programme promoting upward mobility of teenagers and addressing intergenerational poverty. Nearly 200 employees from across our legal, technology, communications, construction, engineering, property management and other departments volunteered as mentors in this year's programme, paired with student mentees to support them in navigating development opportunities and establishing positive life goals. As a strategic programme partner, the Group organised more than 20 activities to broaden students' horizons and inspire them to realise their potential. This initiative positively impacted nearly 1,000 students and mentors.

Connecting Communities with Arts, Culture and Heritage

Activations and events connect our customers and local communities with arts and culture.

Youth Square, a youth development project of the Home Affairs Bureau of the HKSAR Government managed and operated by New World Facilities Management, has been hosting the "Printing Art Gallery" exhibit since 2013. The exhibit is free for the public. It showcases relics from the old Wai Che Printing Company, including the original machines and printing equipment. We hosted a letterpress printing workshop and guided tour of the exhibit, including a sharing of local letterpress printing history by Wai Che Printing Company's founder Mr. Lee Chak Yue. The event was fully subscribed with more than 50 people gaining letterpress printing skills through a DIY session and an appreciation of the artform.

NWDS Shanghai employees partnered with a charity supporting persons with disabilities to organise a paper-cutting themed event for student beneficiaries. Paper-cutting is not only an art form, but also a traditional intangible cultural heritage of China. After receiving guidance from an instructor, NWDS employees were paired with students to work on different traditional designs, such as fish, rabbits and Chinese dolls. This event not only helped to propagate the traditional art form, but also presented an opportunity for the volunteers and beneficiaries to connect.

The K11 MUSEA Art Karnival showcased influential works from around the world during Hong Kong Art Month, with complimentary, docent-led Art Karnival tours for public to join in appreciation of the diverse range of masterpieces from around the world, including large-scale outdoor installations, interactive experience and innovation fusion of art and technology.

Vibrant Local Economy

We appreciate that for the places we create to thrive, we also need to invest in the local community, support local businesses, and contribute to a vibrant economy. We achieve this by celebrating local culture, promoting learning, skilling, and employment opportunities where we operate, and fostering partnerships between our operations, tenants, and local businesses.

Advancing Local Economic Development

In September and October 2023, the Avenue of Stars and K11 MUSEA co-hosted the first-ever cultural waterfront market – "Night Market by The Sea". To echo HKSAR Government's "Night Vibes Hong Kong" campaign to revitalise the city's nightlife, the open-air market showcased nearly 30 local brands, highlighting homegrown and ethnic handicrafts, as well as unique Hong Kong specialty drinks and snacks. It also featured captivating live music performances for the public. K11 MUSEA saw a 30% increase in footfall traffic during the first weekend of its night market, indicating success in boosting the local night economy and a win-win for both the Group, participating local businesses and the community.

This year, our Share for Good platform focused efforts on working with corporate and not-for-profit partners to deliver job upskilling and matching programmes. In collaboration with other corporates and NGOs, the "Future Step-Up" programme is providing work experiences, internships and career planning workshops for more than 100 young people from Small Group Homes. "Future Mumpowered" offers pre-employment training, job matching and household finance management to full-time mothers. Fully supported by 14 local companies and 6 NGOs, this programme supports women returning to the workplace by providing flexible work arrangements and employment incentives, helping nearly 100 full-time mothers to re-enter the workforce this year. "Future Empowered" is a job matching initiative for ethnic minority women, providing diverse and innovative job opportunities and workplace training to broaden their career choices and enhance upward social mobility.

State Theatre: Celebrating Local Culture and Supporting the Local Economy

Located in North Point, the iconic State Theatre became an instant landmark when it opened in 1952. Its bridge-like arched external concrete roof trusses are unique in Hong Kong and enhance the interior acoustics. We acquired the site in 2020 as the first private developer to conserve a Grade I historic theatre in Hong Kong, with the aim to conserve and restore this world-class heritage to its original glamour, and turn it into a cultural oasis for the community and our next generation. In FY2024, qualifying as an eligible project under the cultural and heritage preservation category of our Sustainable Finance Framework, the Theatre was allocated proceeds from our social bond.

Uncovering the Theatre's history has been central to both ensuring its conservation and inspiring its future use, which will contribute to a vibrant neighbourhood and thriving local economy. Dozens of oral history interviews have been conducted and hundreds of artefacts salvaged for further study. Notable among these artefacts is a manual lift leading directly to the Dress Circle, installed during the 1950s renovation but was subsequently decommissioned and sealed off in later renovations. It stands as one of the few remaining manual lifts in Hong Kong. The conservation team has collected and analysed over 200 paint samples to better understand the Theatre's original look, aiming to reshape the Theatre into a "modern monument" blending the past with the present. The Theatre's history will be displayed for visitors when completed, sitting alongside the work of local craftspeople that will feature in the interiors. Comprehensive engagement with the artistic and local community has explored how the space can be enhanced. The restored Theatre is targeting triple Platinum certifications from BEAM Plus, LEED and WELL to solidify its sustainability credentials.

The mixed-used development will provide a place where people can live, work and play. Two new buildings will sit alongside the Theatre, an office building and a residential tower, on top of a retail podium. Both are designed to meet high sustainability standards, with the residential building targeting a Gold BEAM Plus rating and the retail and office building targeting Gold or above BEAM Plus, LEED and WELL ratings. Rooftop solar panels will generate onsite renewable energy while efficient building systems will minimise energy and water use. The project is expected to be completed in 2026.

In recognition of our conservation and development efforts, the project received two awards at the UNSDG Achievement Awards 2024 Hong Kong in Stakeholder Engagement and Individual SDG Award for Goal 11: Sustainable Cities and Communities.

About this Section

Reporting Period

This Corporate Sustainability section of the Annual Report provides an overview of the Group's ESG performance during the reporting period of 1 July 2023 to 30 June 2024 and the latest initiatives after FY2024 where specified.

Reporting Boundary

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

Aligned with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, NWDS, an individually listed subsidiary, continues to be classified as an investment contributing to our Scope 3 emissions. More comprehensive sustainability disclosures can be found in their report.

Due to the disposal of NWSH effective FY2024, their emissions have been excluded from our Scope 3 reporting.

Sustainability Website

Supplementary information, such as the Sustainability Performance Data Table 2024, content index and limited assurance report, is available on the NWD Sustainability Website (https://sustainability.nwd.com.hk/).

ESG Reporting Standards

This Corporate Sustainability section has been prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide, set out in Appendix C2 issued by The Stock Exchange of Hong Kong Limited ("HKEX").

The section also references the following ESG standards and principles:

- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"),
- Sustainability Accounting Standards Board ("SASB") Real Estate Standards,
- International Sustainability Standards Board's ("ISSB") International Financial Reporting Standards Foundation ("IFRS") S1 General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1"),
- ISSB's IFRS S2 Climate-related Disclosures ("IFRS S2"), and
- The Ten Principles of the United Nations Global Compact ("UNGC"), as an annual Communication on Progress.

Our climate-related disclosure is aligned to recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), which concluded in October 2023. During FY2024, we have begun working towards alignment with the IFRS S2 and the new HKEX Climate-Related Disclosure Guidelines. We will continue to align our reporting in FY2025.

Reporting Principles

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

- Materiality: Informed by a structured materiality assessment process involving both internal and external stakeholders, such as investors, customers and employees. Please refer to our Stakeholder Engagement and Materiality Assessment section for more information.
- Quantitative: Gives updates on targets and key performance indicators ("KPIs"). Please refer to our Sustainability Performance Data Table 2024 for more information.
- Balance: Offers unbiased disclosure of the Company's performance.
- Consistency: Uses consistent methodologies on performance disclosure to support meaningful comparisons over time.

Report Assurance

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

Selected data and information contained in this Corporate Sustainability section and the Sustainability Performance Data Table 2024 on our website have been independently verified by PricewaterhouseCoopers in accordance with the ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board to ensure accuracy and credibility. The limited assurance report can be found on our website.

Contact Us

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

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

Corporate Governance Report

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

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2024, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 of the Listing Rules, with the exception of code provision C.1.3.

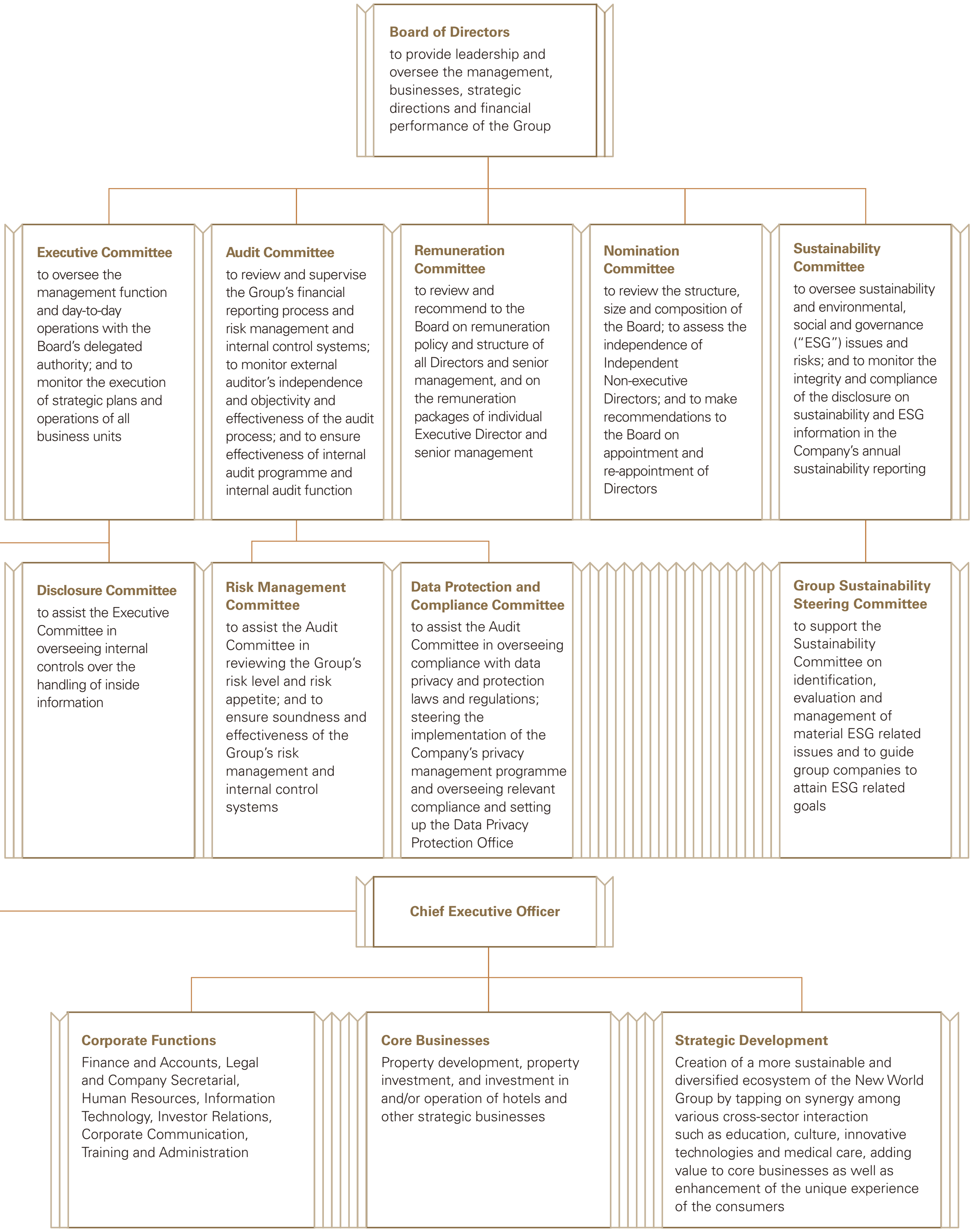
Code provision C.1.3 is in relation to guidelines for securities dealings by relevant employees. Under code provision C.1.3, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules for its relevant employees in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary because of the large number of employees of the Group (around 11,000) and the Group's diversified businesses. For these reasons, to strictly follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees who deal in the securities of the Company, which can be avoided under the Company's own guidelines.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiries of all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 30 June 2024.

BOARD GOVERNANCE



BOARD OF DIRECTORS

Composition

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

Board Refreshment

The composition of the Board has been refreshed in an orderly manner during the past few years to bring fresh ideas and diverse expertise and thereby both diversity and independence of the Board have been enhanced. The Board, through the Nomination Committee, will continue to review the structure of the Board regularly and make recommendations to support the sustainable growth of the Group. The Nomination Committee will select appropriate candidates through multiple channels and make recommendations to the Board based on the Board diversity policy (the "Diversity Policy") and the nomination policy (the "Nomination Policy").

During the year under review and up to the date of this report, the Board has the following changes:

1 January 2024	–	Appointment of Mr. Ma Siu-Cheung as the Chief Operating Officer
26 September 2024	–	Resignation of Dr. Cheng Chi-Kong, Adrian as the Chief Executive Officer
	–	Re-designation of Dr. Cheng Chi-Kong, Adrian from an Executive Director and Executive Vice-chairman to Non-executive Director and Non-executive Vice-chairman
	–	Appointment of Mr. Ma Siu-Cheung as the Chief Executive Officer

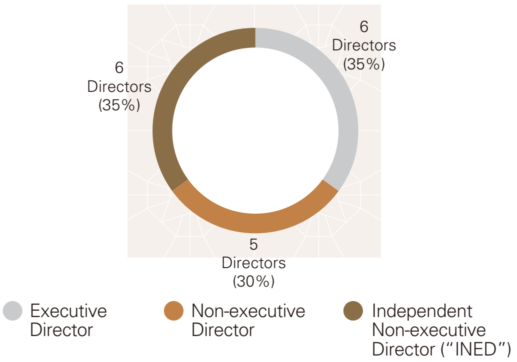
Board Diversity

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

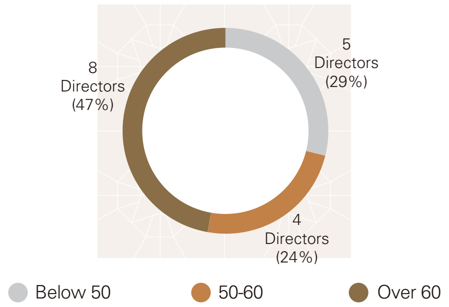
Currently, out of 17 Directors, six are female representing 35.29% of the Board, which exceeds the Company's target of 30% female Board member for gender diversity at Board level. The Company is committed to maintaining a diverse Board, including having female representation at above 30%. Gender diversity is also promoted across all levels of the Group through a series of diversity and inclusion focused activities. The Company will strive to maintain a gender balanced workforce. More details on the gender ratio in the workforce (including senior management) of the Group can be found in the "Corporate Sustainability" section of this annual report.

Diversity Mix

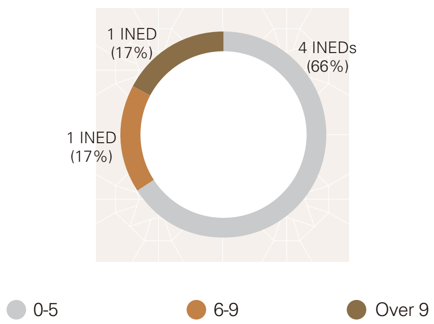
Designation



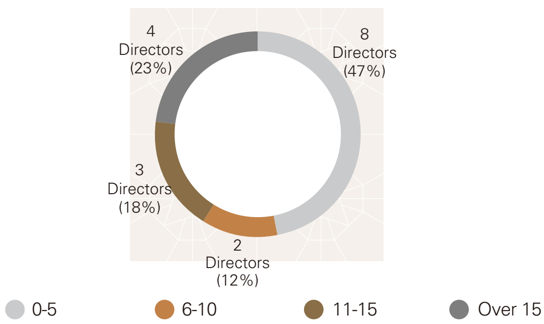
Age Group



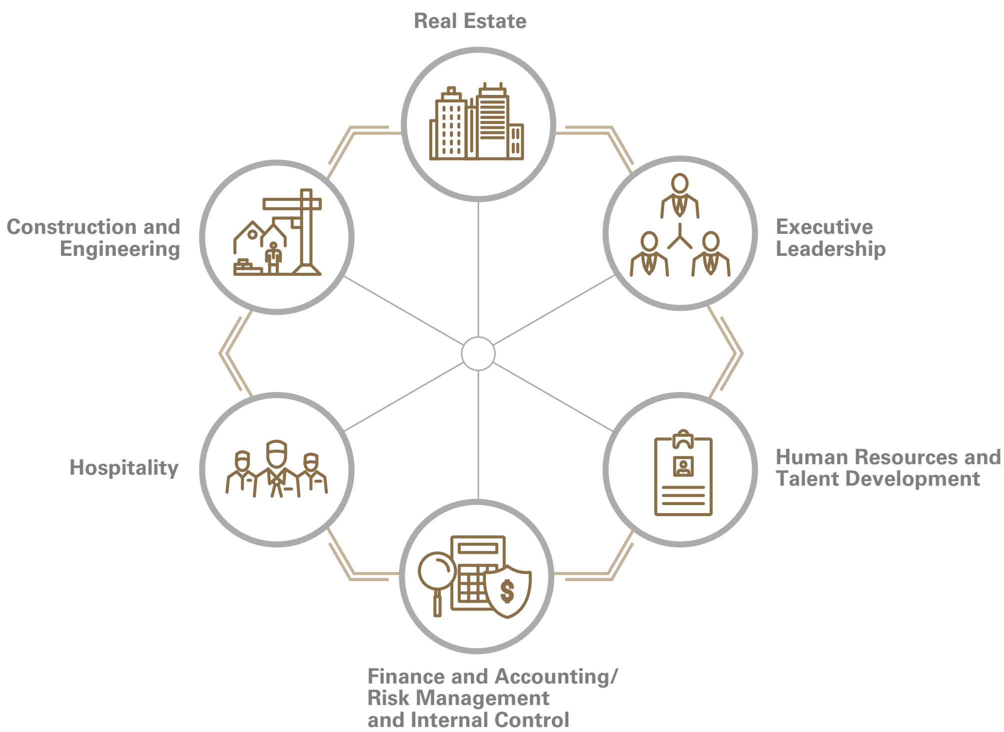
Length of Service – INED (No. of years)

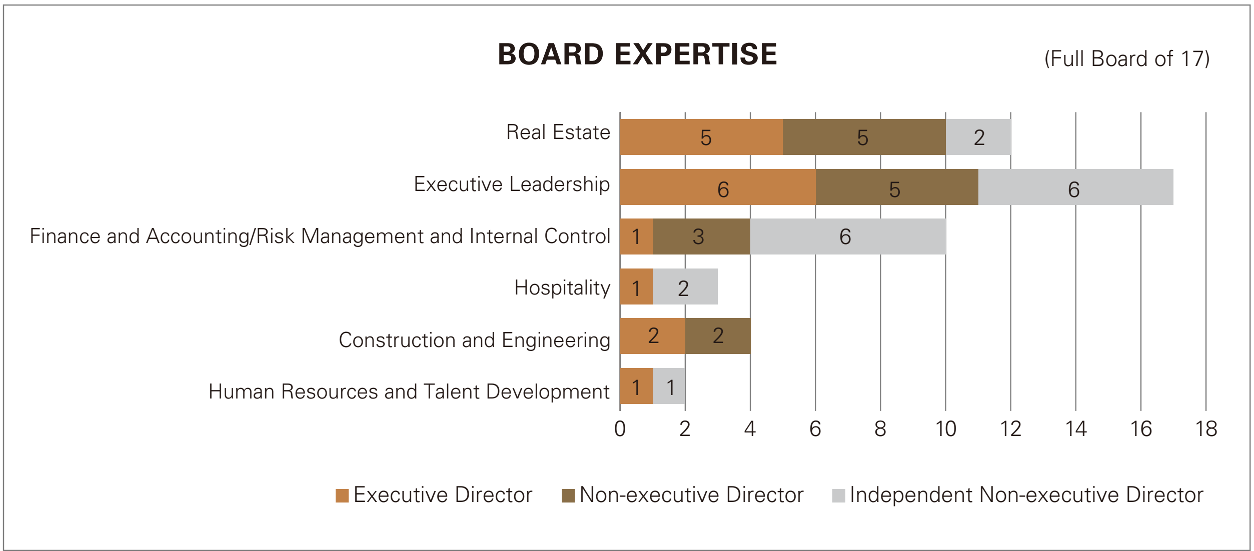


Length of Service – Board (No. of years)



Board Expertise





Appointment and Re-election

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

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

Board Evaluation

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

In 2023, the Company has engaged an independent external facilitator specialised in corporate governance, Practising Governance Limited ("PGL"), to conduct a board evaluation exercise covering financial year 2022 to mid-May 2023 to solicit views from the Directors on the performance and effectiveness of the Board by means of questionnaire to the Directors supplemented by interviews with selected individual Directors.

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

– Board performance in core responsibilities

– Board priorities for the next 1-2 years

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

After receiving and analysing the responses received, PGL has compiled a report summarising its findings. The results and recommendations were presented by PGL and discussed at a meeting of Independent Non-executive Directors, and the final report was submitted to the Nomination Committee and the Board for consideration in September 2023. Having considered the feedback from the Directors, certain improvements have been made to enhance board effectiveness such as increase in the frequency of the Audit Committee meetings from half-yearly to quarterly and selection of Directors' training topics with top priorities.

The Company will continue to conduct regular evaluation of the performance of the Board, either through independent assessment by external professional party or internally, at least every two years.

Chairman, Chief Executive Officer and Other Executive Directors

Dr. Cheng Kar-Shun, Henry, the Chairman, has led the Board and ensured that the Board works effectively and that all important issues are discussed in a timely manner. During the year under review, Dr. Cheng Chi-Kong, Adrian, the then Chief Executive Officer, oversaw the Company's day-to-day businesses and the implementation of major strategies and policies of the Company. Mr. Ma Siu-Cheung, the then Chief Operating Officer, assisted the Chief Executive Officer in daily management and operations of the Group's business in Hong Kong. Each of the other Executive Directors takes up different responsibilities according to their own expertise. The responsibilities of the Chairman, the Chief Executive Officer and the other Executive Directors are clearly set out in their respective letters of appointment. The positions of the Chairman and the Chief Executive Officer are held by separate individuals so as to maintain an effective segregation of duties.

With effect from 26 September 2024, Mr. Ma Siu-Cheung has assumed the post of Chief Executive Officer following the resignation of Dr. Cheng Chi-Kong, Adrian as the Chief Executive Officer.

Non-executive Directors

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

Independence of Independent Non-executive Directors

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

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

Role of the Board

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

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

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

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

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

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

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

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

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

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

Board Meetings

Regular Board meetings are held at least four times a year with at least 14 days' notice, and additional meetings with reasonable notice are held as and when the Board considers appropriate. The Board held four regular Board meetings and two ad hoc Board meetings during the year ended 30 June 2024. The Company Secretary assists the Chairman in preparing agenda for each meeting. Draft agenda for each regular Board meeting is circulated to all Directors to enable them to include other matters in the agenda. Agenda accompanying board papers are sent to all Directors at least three days before each regular Board meeting. Board decisions are voted upon at the Board meetings. The Company Secretary records in sufficient detail the matters considered and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors for information and records.

Directors' Training

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

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

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. From time to time, the Company has arranged in-house training for the Directors in the form of seminars/webinars and reading materials. During the year ended 30 June 2024, in-house trainings with specific focus topics on risk management, cybersecurity and data privacy protection were provided to the Directors with an aim of enhancing risk governance and fostering a robust risk culture. On top of it, the Company has continued to provide the Directors with materials on updates on rules and regulations to enhance their awareness and understanding of directors' roles and responsibilities, as well as regulatory development and requirements.

The attendance records of the Directors at the Board and Board committee meetings, general meetings and the continuous professional development for the year ended 30 June 2024 are set out below:

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Sustainability Committee Meeting	Annual General Meeting	Extraordinary General Meeting	Continuous Professional Development (Notes)
	Number of Meetings Attended/Eligible to Attend for the Year Ended 30 June 2024							
Executive Directors								
Dr. Cheng Kar-Shun, Henry	4/6	–	1/1	1/1	–	1/1	0/1	A, B
Mr. Ma Siu-Cheung(1)	6/6	–	–	–	–	1/1	1/1	A, B
Ms. Cheng Chi-Man, Sonia	6/6	–	–	–	–	1/1	1/1	A, B
Mr. Sitt Nam-Hoi	6/6	–	–	–	2/2	1/1	1/1	A, B
Ms. Huang Shaomei, Echo	4/6	–	–	–	–	1/1	0/1	A, B
Ms. Chiu Wai-Han, Jenny	6/6	–	–	–	–	1/1	1/1	A, B
Non-executive Directors								
Mr. Doo Wai-Hoi, William	5/6	–	–	–	–	1/1	1/1	A, B
Dr. Cheng Chi-Kong, Adrian(2)	5/6	–	–	–	2/2	1/1	0/1	A, B
Mr. Cheng Kar-Shing, Peter	6/6	–	–	–	–	1/1	1/1	A, B
Mr. Cheng Chi-Heng	5/6	–	–	–	–	1/1	1/1	A, B
Mr. Cheng Chi-Ming, Brian	6/6	–	–	–	–	1/1	1/1	A, B
Independent Non-executive Directors								
Mr. Lee Luen-Wai, John	6/6	4/4	1/1	1/1	–	1/1	1/1	A, B, C
Mr. Ip Yuk-Keung, Albert	6/6	4/4	–	1/1	2/2	1/1	1/1	A, B, C
Mr. Chan Johnson Ow	6/6	4/4	1/1	–	2/2	1/1	1/1	A, B, C
Mrs. Law Fan Chiu-Fun, Fanny	6/6	–	–	–	2/2	1/1	1/1	A, B, C
Ms. Lo Wing-Sze, Anthea	6/6	4/4	–	–	–	1/1	1/1	A, B, C
Ms. Wong Yeung-Fong, Fonia	6/6	–	–	–	2/2	1/1	1/1	A, B, C

Notes:

(1) appointed as chairman and member of Sustainability Committee with effect from 26 September 2024
(2) re-designated from Executive Director to Non-executive Director and ceased to be chairman and member of Sustainability Committee with effect from 26 September 2024

A – Received training materials covering the areas of corporate governance, regulatory development and other relevant topics
B – Training on risk management, information technology, cybersecurity and data privacy protection
C – Attending quarterly meetings covering updates on industry-specific developments, business trends and strategies of the Group

BOARD COMMITTEES

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

Executive Committee

Members:

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

ceased to be member with effect from 26 September 2024

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

Audit Committee

Members:

Independent Non-executive Directors	Mr. Lee Luen-Wai, John *(Chairman)*
	Mr. Ip Yuk-Keung, Albert
	Mr. Chan Johnson Ow
	Ms. Lo Wing-Sze, Anthea

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

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

(i) reviewed the audited financial statements of the Company for the year ended 30 June 2023 and the unaudited interim financial statements of the Company for the six months ended 31 December 2023 with recommendations to the Board for approval;

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

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

(iv) reviewed the continuing connected transactions;

(v) approved the establishment of the Data Protection and Compliance Committee and reviewed the works done by the Data Protection and Compliance Committee which included the preparation and implementation of the Company's Privacy Management Programme and other data privacy related policies and guidelines and the provision of relevant training for the staff;

(vi) reviewed and adopted the tax governance framework; and

(vii) reviewed the key risk indicators and the enterprise risk management system of the Group.

Remuneration Committee

Members:

Independent Non-executive Directors	Mr. Lee Luen-Wai, John *(Chairman)* Mr. Chan Johnson Ow
Executive Director	Dr. Cheng Kar-Shun, Henry

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

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

During the year, the Remuneration Committee held a meeting and the work performed by the Remuneration Committee included the following:

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

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

The remuneration for the Executive Directors comprises basic salary, pensions and discretionary bonus. Share options may be granted to all Directors and senior management to subscribe for shares in the Company under the Company's share option scheme. Details of the remuneration paid to the Directors for the financial year ended 30 June 2024 are disclosed in the notes to the financial statements.

Nomination Committee

Members:

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

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

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

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

During the year, the Nomination Committee held a meeting and the work performed by the Nomination Committee included the following:

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

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

(iii) reviewed the re-election of retiring Directors and recommended the same to the Board for putting forward to the shareholders for approval at the annual general meeting of the Company held on 21 November 2023;

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

(v) reviewed the progress report on board evaluation conducted by an independent external consultant.

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

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

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

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

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

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

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

Sustainability Committee

Members:

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

ceased to be chairman and member with effect from 26 September 2024

* became chairman and member with effect from 26 September 2024

The Sustainability Committee is responsible for the oversight of the Company's ESG and climate-related issues and risks. Supported by the Group Sustainability Steering Committee which comprises heads of business units, the Board-level Sustainability Committee oversees the ESG management approach and policies, the processes of identifying and evaluating material ESG-related issues to internal and external stakeholders (including risks to the issuer's businesses) and delivering commitments and targets under "New World Sustainability Vision 2030+". The Sustainability Committee monitors the integrity of the Company's sustainability and ESG information in annual sustainability reporting and advises the Board on the matters in the applicable code provision(s) of the Environmental, Social and Governance Reporting Guide (Appendix C2) of the Listing Rules.

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

AUDITORS' REMUNERATION

During the year ended 30 June 2024, the total fee paid/payable in respect of assurance and non-assurance services (including services rendered for NWSH and its subsidiaries) provided by the Group's external auditors is set out below:

Type of services	Fee paid/payable for the year ended 30 June **2024** **HK$m**	2023 HK$m
Assurance services	**49.4**	74.9
Non-assurance services	**31.2**	47.2
Total	**80.6**	122.1

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

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

INTERNAL AUDIT

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

The Group Audit Director plays a major role in monitoring the internal governance and process of the Group for meeting its business objective, reports directly to the Audit Committee and Risk Management Committee and administratively to the Chief Executive Officer, the then Chief Operating Officer. The Group Audit Director also has the right to consult the Audit Committee without reference to management.

INTERNAL CONTROL

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

Control Environment

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

Risk Assessment

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

Control Activities

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

Information & Communication

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

Monitoring Activities

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

Objectives

Operations

Effectiveness and efficiency

Reporting

Reliability, timeliness and transparency

Compliance

Adherence to laws and regulations

Policies, Guidelines and Practices

Enterprise Risk Management Policy

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

Whistleblowing Policy

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

Anti-Corruption Policy

– The policy provides guidelines on standards of conduct and to maintain integrity of the Group. It references principles embodied in the UN Global Compact, UN Convention Against Corruption, World Economic Forum's Partnering Against Corruption Initiative, and Transparency International's Business Principles for Countering Bribery to set a tone-at-top on anti-corruption commitment and relevant reporting channels. All our employees are required to confirm on an annual basis that they have read and have agreed to be bound by the policy.

Conflict of Interest Policy

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

Guide on Disclosure of Inside Information

– The Company has established the Disclosure Committee to oversee internal controls over inside information. The Company has revamped the original Price-Sensitive Information Policy and Procedure Manual into a Disclosure Policy and a Disclosure Procedure Manual which contain the Company's policies and practices for handling and dissemination of inside information with reference to the requirements and principles set out in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), the Listing Rules and the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission. All Directors and employees are bound by the Disclosure Policy and the Disclosure Procedure Manual to safeguard the handling and dissemination of inside information.

Anti-Money Laundering (AML) & Counter-Terrorist Financing (CTF) Policy

– The policy aims to ensure that the Group, its directors, officers and employees understand the AML/CTF requirements to which they and the Group are subject and are aware of their roles and responsibilities in achieving compliance; and set and align AML/CTF compliance objectives, compliance governance framework, compliance control design and monitoring system in order to ensure consistent implementation of AML/CTF controls within the Group.

Responsible Investment Policy

– The policy is developed with the intention to integrate the Group's environmental, social and governance (ESG) commitments, standards and guidelines within its internal investment decision making processes.

Privacy Management Programme

– The privacy management programme sets out a strategic framework to assist the Company in building a robust privacy infrastructure supported by effective on-going review and monitoring processes which provides guidance to all employees of the Group.

Personal Data Privacy Policy and Guidelines

– The policy aims at ensuring the entire personal data life cycle from collection, use, transfer to retention stays within the parameters of the application regulatory regime and offers guidance to all employees on the policies and procedures for the Group operating within the applicable laws.

Personal Data Access and Correction Policy

– The policy offers guidance to all employees of the Group on handling data access requests and data correction requests under applicable laws to which the Group is subject.

Personal Data Privacy Enquiries and Complaints Handling Policy

– The policy offers guidance to all employees of the Group on handling personal data privacy enquiries and complaints under applicable laws to which the Group is subject.

Personal Identifiers Policy

– The policy provides guidance to all employees of the Group on the framework and mechanism in relation to the collection, accuracy, retention, use and security of personal identifiers under the applicable law to which the Group is subject.

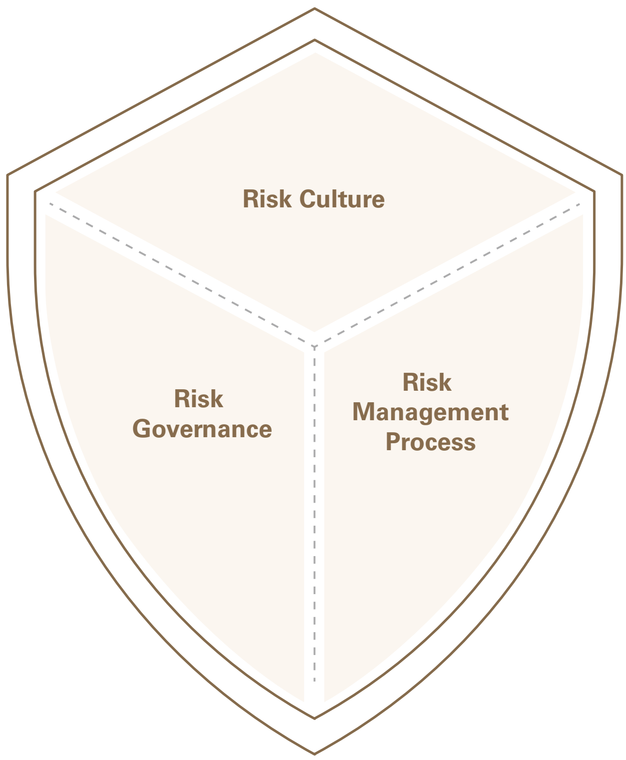
RISK MANAGEMENT

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

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

Enterprise Risk Management Framework

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



Risk Culture

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

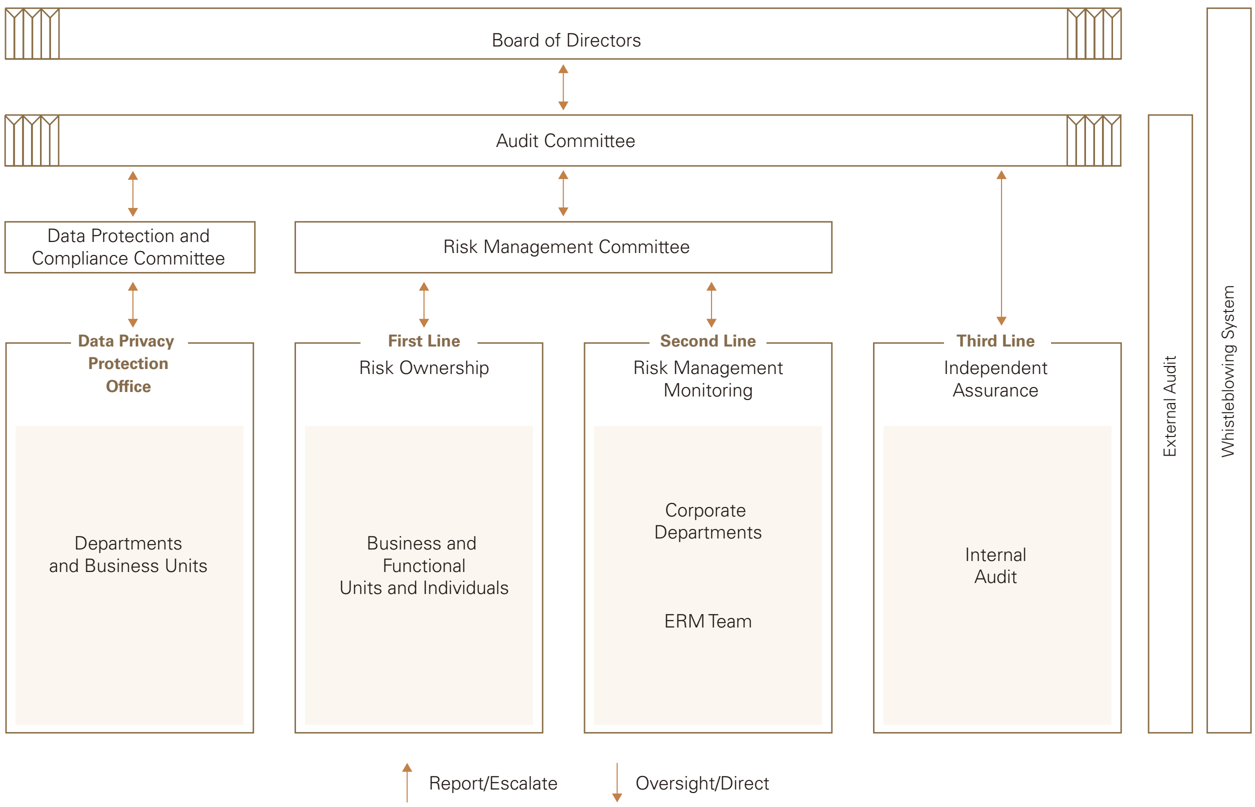
– Everyone is able to identify, understand, openly discuss and efficiently act on current and future risks

– Risks are efficiently and clearly communicated to the relevant stakeholders

– Policies, guidelines and rules are adhered to by everyone

Risk Governance Structure

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



Risk Oversight

Board of Directors

– Set forth proper risk management culture and risk appetite for the Group.

– Evaluate and determine the level of risk that the Group should take and monitor regularly.

– Set the strategic direction by putting forward strategies that are focusing on all key risks, and such strategies should reflect and align with the Group's values and core business.

– Ensure that annual disclosure is compliant with relevant regulations.

– Demonstrate openness, integrity, and accountability to stakeholders in the decision-making process.

Audit Committee

– Review the effectiveness of the Group's risk management system which identifies, assesses, monitors and reports risks.

– Evaluate and ensure that appropriate and effective business, operation and risk management and internal control systems are in place.

– Provide market insights and advice on enhancing the Group's business performance and risk management.

– Assess strategic risks and related reporting from respective risk owners.

– Oversee compliance with data privacy and protection laws and regulations applicable to the Group

Risk Management Committee

– Review ERM activities and the Group's risk profile, and ensure timely communication of both to the Audit Committee at least twice a year and to the Board of Directors where appropriate.

– Ensure a comprehensive approach to manage risks across the Group.

– Assess the ERM framework on a regular basis to ensure that it is fit for purpose with business, operational and regulatory requirements.

– Ensure that all key risks are properly identified, managed and monitored.

Data Protection and Compliance Committee

- Oversee compliance with data privacy and protection laws and regulations applicable to the Company and report to the Audit Committee at least twice a year on the Company's overall compliance situation, problems encountered, complaints in relation to personal data privacy and incidents of possible data breaches.
- Steer the development and implementation of the Company's Privacy Management Programme ("PMP").
- Set up the Data Privacy Protection Office to assist in the day-to-day implementation and management of the programme controls of the PMP.
- Ensure the Company's compliance with data privacy and protection policies, standards and guidelines and review and recommend changes to such policies, standards and guidelines from time to time.
- Review and assess the cyber-risk reduction and incident (including data breach) response strategies to align with market best practices, business objectives, privacy expectations and the Company's risk appetite.
- Review and improve information security standards consistent with the Company's risk tolerance and relevant industry standards.

First Line

Business and Functional Units and Individuals

- Act as risk owners to identify, assess, monitor and report risks.
- Ensure the effectiveness of risk management system and mitigation strategies.
- Execute all proper risk management, mitigation measures and actions as required to protect the Group's interest and efficacy of business performance.

Second Line

Corporate Departments

- Support the risk owners in implementation of risk management framework, and oversight of risk information management.
- Ascertain that risk management processes are functioning properly as intended.
- Make sure that operations are conducted effectively and efficiently with proper consideration, assessment and management of risks.

ERM Team

- Facilitate the risk identification, assessment, monitoring, and reporting processes.
- Aggregate, analyze, prioritise and report key risks to the Risk Management Committee.
- Provide relevant expertise to assist management and risk owners on risk-related matters.
- Support the Group to proactively identify emerging risks.
- Ensure effective ERM framework is in place across the Group.
- Facilitate the integration of ERM with strategy.

Third Line

Internal Audit

- Maintain primary accountability to the governing body and independence from the responsibilities of management.
- Communicate independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organisational objectives and to promote and facilitate continuous improvement.
- Report impairments to independence and objectivity (if any) to the governing body and implements safeguards as required.

External Audit

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

Whistleblowing System

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

Risk Appetite Setting

Risk appetite relates to the willingness of Group to take controlled and well understood risks in the pursuit of broader business objectives. NWD's strategic direction drives the Group's overall risk appetite. All risk-taking activities shall be managed within the Group's overall risk appetite, which defines the risk the Group is willing to assume in pursuit of its objectives.

The board is responsible for approval of the Group risk appetite statement. Senior management and heads of business units should cascade down more detailed interpretations and implementations of the risk appetite and ensure the risk appetite statement is communicated to and understood by internal and external stakeholders. They should monitor and control their activities and business transactions to ensure that it's in line with the risk appetite.

Risk appetite links with the annual planning process, which set business targets in line with the Group's strategic objectives, with the enterprise risk management cycle in which the Group's management analyses the risks and takes risk mitigating actions to manage the risk within the risk appetite. The risk appetite statement should be communicated by management, reviewed by the Risk Management Committee, and disseminated throughout the Group to ensure that all decision-makers understand the risk appetite they must operate within. The risk appetite should be reaffirmed at least on an annual basis to ensure that risk appetite and the Group's strategy align.

The risk appetite statements are as follows:

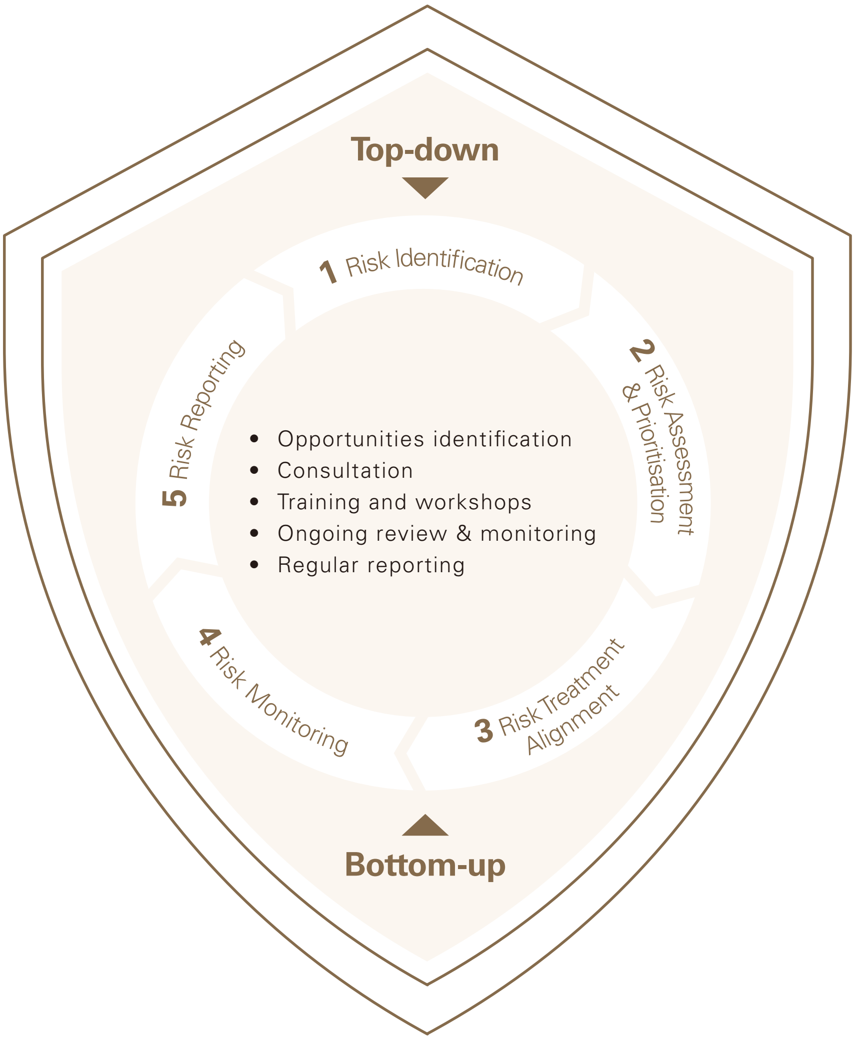
Risk category	Risk Appetite Statement
Strategic	The Group aspires to create shared value and build a better society through innovation and sustainable business growth including but not limited to developing its own ecosystem, redeploying resources from non-core business to core business.
Operational	The Group aims to optimise its operations within its companies' structure to support business growth. The Group accepts that operational risks are an inherent part of the business but will protect its business and customers' assets through cost-effective risk mitigations.
Financial	The Group actively manages profitability, liquidity and funding to support its business strategy and comply with relevant accounting and banking requirements via prudent capital management.
Regulatory	The Group is committed to maintaining the highest standards of compliance with relevant laws, regulations, industry standards as well as internal policies, guidelines and procedures. We have no tolerance for regulatory risks that could expose our organisation to significant legal/compliance violations, penalties, or reputational harm.

Risk Management Process

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

The risk management process is integrated into our daily operations and is an ongoing process involving all parts of the Group from the Board down to each individual staff. The risk owners and risk oversight parties are clearly defined across the Group. They are required to identify, analyse and evaluate the risks facing their businesses with proper management execution to avoid, mitigate or transfer risks, as well as exploit, enhance or share opportunities.

The ERM process is illustrated in the diagram below.



Risk Identification

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

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

Risk Assessment and Prioritisation

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

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

Risk Treatment

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

Risk Monitoring

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

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

Key Risk Indicator ("KRI")

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

Early Risk Flagging Mechanism

Besides, an early risk flagging mechanism is established which enables the Group to proactively identify and assess emerging risks and broad areas of changes, emanating from both internal and external factors, and act on them in a timely manner. Staff members are encouraged to flag and report immediately to the corresponding risk oversight parties when a potential risk is perceived and impact is expected in any business areas.

Risk Reporting

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

Key Risks of the Group

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

Existing Risks	Risk Trend	Mitigation Actions
Macroeconomic Adverse changes in macroeconomic environment due to the uncertainties of local and global financial conditions.	• Increase	• Closely monitor economic conditions and respond with suitable strategies • Identify opportunities for business collaboration and partnership to leverage the synergies within the New World Group ecosystem • Perform sensitivity assessment on potential impacts in relation to economic conditions
Competition Keen industry competition and the need to transform existing business models to cope with adverse changes in the environment and market.	• Increase	• Regularly reinvent our brand concept to differentiate from competitors • Closely monitor the changes of market trends, and constantly enhance quality of products and services to strengthen our brand and market position • Utilise technology to enhance customer experience and to increase operational efficiency and effectiveness
Customer Change in customers' needs, wants and behaviour, impacting company's market share target and/or sales revenue target.	• Increase	• Conduct market update to monitor consumer trends • Review and act on the Voice of the Customer (VoC) • Leverage New World Group ecosystem to increase customer lifetime value
Interest Rate and Inflation Fluctuation of interest rate impacting the future cost of business.	• Decrease	• Maintain an appropriate mix of fixed rate and floating rate debts • Enter into interest rate swaps to hedge against interest rate movements
Funding and Capital Management A risk associated with the company's ability to secure necessary funds to meet its obligations and manage its capital structure including debt and equity	• Unchange	• Maintain an appropriate balance of secured and unsecured borrowings • Regular review on concentration of exposure with banks; explore new financial institutions when necessary • Diversify funding channels to reduce dependency on a single or limited sources of cash inflow • Adopt rolling cashflow forecast and scenario planning to ensure adequate liquidity for operating, investing and financing activities

Existing Risks	Risk Trend	Mitigation Actions
Human Capital and Talent Management Manpower planning and talent development strategies impacting in operational excellence.	• Unchange	• Closely work with different heads and support their manpower planning based on the business needs
Government Policy and Intervention Government intervention, policies and regulations in the market impacting the achievement of financial and/or performance objectives.	• Increase	• Regularly analyze the direction of government policies, as well as to maintain close relationship with district, city and provincial government for various regional offices • Close communication within the management team to communicate and evaluate the observation on the government's direction in order to maintain a comprehensive understanding but also alertness of the government policies and business environment so as to prepare proper contingency plans or adjust business plans • Obtain understandings of the government policies, the town planning and the key government officials relevant to the target project from various channels at the early stage. External consultants (e.g. lawyer, tax consultant etc.) will also be engaged to identify market risks/market situations if necessary
Sales and Market Condition in the market demand, supply and price of the product/service that the company positions impacting the company's sales target.	• Unchange	• Regular market research conducted and close communication with local government bodies to grasp the optimal sales opportunities • Engage professional media agency to assist in spotting and dealing with public relations emergencies in a timely manner • Evaluation on the effectiveness of marketing activities are regularly conducted in multi-dimension to facilitate timely adjustments on marketing strategies

Existing Risks	Risk Trend	Mitigation Actions
Project Management Increase in development costs, including construction costs, and delay in project completion.	• Decrease	• Standard operating procedures (including quality management, materials selection, sustainability requirements, technical standard, compliance check etc.) along with training are available to promote an "Artisanal" and a sound safety culture across the Group and with contractors and sub-contractors • Regular project meetings across functions were held to monitor project quality and subsequent action plans • Supplier due diligence and site inspections are regularly conducted • Early risk flagging mechanism in place to enable proactive approach on risk handling
Climate Resilience and Adaptation Climate change risks are embedded in our risk management process. Physical risks Increased severity and frequency of physical events (rainfall, sea-level rise, heat stress and wind), both acute and chronic resulting from climate change impact the value of our portfolio. Either through physical damage resulting in losses or replacement costs, or operational disruptions impacting revenue generating activities. Transition risks Financial impacts derived by markets shifting under the pressure presented by climate change. Includes costs associated with: • changes in market preferences, • the onboarding of new technologies, • responding to increased policy regulation, and • reputational shifts and investor sentiments.	• Unchange	• Adoption of TCFD recommendations and relevant disclosure requirements (including HKEx climate-related disclosure) • Continued to implement Climate Resilience Guideline to further incorporate climate resilience into assets • Engage both in-house expertise and external consultants to evaluate risks and quantify possible climate financial impacts • Adopt a consistent and practical assessment and prioritisation process to climate risks across the wider NWD portfolio • Implementation of site mitigation measures, including flood protection hardware e.g. flood gate • Sustainability Committee is responsible for overseeing the Group's sustainability risks and opportunities, including those presented by climate change • Climate change training workshops with latest updates on climate change and risk • Regular climate risk scenario analysis, review insurance coverage, update resilience plan and monitor accordingly For details of How NWD Identifies, Assesses and Manages Climate Risks, please refer to Annual Report, Corporate Sustainability Section – pages 40 to 95.

Risks including sustainability considerations

Cybersecurity Risks

Despite cybersecurity risks not ranking among the Group's top 10 risks this year, we have made significant strides in enhancing our cybersecurity framework.

– Senior Management's oversight on cybersecurity initiatives

– Regular review to ensure robust security measures are applied and maintained including attain ISO certifications e.g. ISO 27001

– Conduct mandatory cybersecurity training covering all BUs to raise awareness on importance in adhering to information handling best practices and watch out for potential phishing attacks

Our dedicated team has implemented robust security measures, advanced threat detection systems, and comprehensive employee training programs to fortify our defenses. These proactive initiatives ensure that we remain vigilant and resilient against potential cyber threats, safeguarding our digital assets and maintaining the trust of our stakeholders. We will continue to prioritise cybersecurity and adapt to the evolving landscape to protect our organisation.

Emerging Risks and Responses Strategies

Emerging Risks	Impact	Mitigation Actions
Risks spanning across cybersecurity, technology and AI Category: Technological Description: With the fast-paced technological development, the (1) Cybersecurity risks include potential data breaches, ransomware attacks, (2) Technology risk leading to malfunctioning of the supply chain, and (3) AI risks, are all emerging as forever-expanding web of risks in unprecedented rate threatening to compromise operation on a significant scale.	• Data breach incidents may lead to financial and reputational damage and stakeholders losing faith • Potential operational disruption due to technological failure jeopardising daily operation and customer experience • AI algorithms can inadvertently perpetuate biases, leading to unfair and discriminatory practices. • Ensuring compliance with applicable and evolving laws and regulations around AI and data protection can be challenging and costly	• Implement IT Policy including coverage on acceptable AI usage • Implement robust data protection measures, including both administrative and technical controls to safeguard confidential data • Maintain human oversight to ensure responsible usage of AI • Stay updated with regulatory changes and review regularly on existing controls to ensure compliance with related laws and regulations

Emerging Risks	Impact	Mitigation Actions
Difficulties in recruiting and retaining talents due to the demographic trend Category: Societal Description: The property sector in Hong Kong faces challenges in recruiting and retaining talent due to demographic shifts and evolving workforce expectations. Changes in population structure and job preferences also impact the availability and appeal of property-related roles.	• Fewer young workers are entering property management and development roles • Younger generations prioritise flexible work environments and technology integration • Traditional office-based roles may not attract top talent • Increasing numbers of skilled professionals are emigrating for better opportunities aboard	• Provide different development opportunities and career path to attract and retail young talents • Foster a culture of innovation and inclusivity within the workplace • Implement mentorship programs to transfer knowledge from retiring professionals

By addressing these additional emerging risks, we can enhance resilience, improve our competitive positioning, and capitalise on new opportunities in the rapidly evolving market.

Review of Risk Management and Internal Control Systems Effectiveness

On behalf of the Board, the Audit Committee reviews the effectiveness of the Group's risk management and internal control systems at least half-yearly and for the financial year ended 30 June 2024.

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

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

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

COMPANY SECRETARY

The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

The section also references the Global Reporting Initiative ("GRI") Standards 2021, the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), the International Sustainability Standards Board's ("ISSB") IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Informational and IFRS S2 Climate-related Disclosures, the United Nations Global Compact ("UNGC") and the standard for real estate industry set by the Sustainability Accounting Standards Board ("SASB").

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting ("EGM")

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

Putting Forward Proposals at General Meetings

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

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

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

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

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

Proposing a Person for Election as Director

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

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

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

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

Enquiries to the Board

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

DIVIDEND POLICY

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

- Any restrictions under the Hong Kong Companies Ordinance;

- Any banking or other funding covenants by which the Company is bound from time to time;

- The capital expenditure and operating requirements of the Group; and

- The external economic and market situation.

COMMUNICATION WITH SHAREHOLDERS

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

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

INVESTOR RELATIONS

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

Investor Relations

The Group is committed to facilitating comprehensive interaction with its stakeholders, maintaining close communication and actively engaging with shareholders, institutional investors and analysts through a professional investor relations team to ensure that markets can receive the Group's information in a comprehensive, swift and timely manner to enable effective assessment and informed decision-making on investment.

BOARD'S EMPHASIS ON INVESTOR RELATIONS

The annual general meeting is an important annual event for members of the Board to engage and communicate with shareholders in person. The Chairman and other members of the Board, together with the representatives of the external auditor, attend the meeting and answer questions raised by shareholders on the spot. On the days of annual and interim results announcements, the Group typically holds press conferences and analyst briefings in Hong Kong, at which the Executive Directors and senior management report the operating conditions and development prospects, listen to the feedback from stakeholders of the investment community and address their queries in a bid to promote two-way communications. The press conferences and analyst briefings for the financial year were taken place via live streaming and in three languages (i.e. English, Cantonese and Putonghua), for the convenience of investors from different regions with different language backgrounds.

COMPREHENSIVE, SWIFT AND TIMELY DISCLOSURE OF INFORMATION

Committed to complying with pertinent laws and regulatory requirements, the Group attaches great importance to corporate governance and is committed to maintaining a high level of transparency through establishing effective and mutual communication with its stakeholders, such as shareholders and bond investors. The Board has approved and adopted the Shareholders' Communication Policy, which will be reviewed in due course to ensure its appropriateness and effectiveness. Publicly available information uploaded to the websites of the HKEX (HKEx news) or the Group includes primary corporate governance policies, terms of reference of the Board committees, financial reports, announcements, press releases and newsletters (ARTISANAL CONNECT). Other than shareholders' services provided by the share registrar and transfer office, the Group also addresses general enquiries from shareholders and stakeholders via email and online forms available on the corporate website.

EXCEPTIONAL MARKET RECOGNITION

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

DIVERSIFIED INVESTOR COMMUNICATION CHANNELS

The Group's senior management and investor relations team maintain close relationship with shareholders, institutional investors and analysts. While the Group actively participates in investor conferences and forums, it also hosts a number of investor relations activities to engage its stakeholders in different ways. During the year under review, the investor relations team was active in organising property tours and site visits, including visits to projects in Hong Kong and Mainland China, to allow participants to enhance their understanding about the Group's future development plan.

In further reiteration of the Group's emphasis on sustainable development, the investor relations team works with the sustainability team to attend ESG thematic sessions to address investors' concerns on sustainability initiatives and goals. It also connects with the corporate governance teams, green funds and environmental, social and governance (ESG) funds of institutional investors, in a proactive manner to explore new markets.

Garnered over
30 investor relations awards

Hosted over
40 non-deal roadshows and investors activities

Joined over
15 international investment forums

Engaged in over
400 online meetings and conference calls

Corporate Information

BOARD OF DIRECTORS

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

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

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

COMPANY SECRETARY

Mr. Wong Man-Hoi

CHIEF FINANCIAL OFFICER

Mr. Lau Fu-Keung, Edward

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

SOLICITORS

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

PRINCIPAL BANKERS

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

STOCK CODE

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

INFORMATION FOR INVESTORS

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

WEBSITE

www.nwd.com.hk

Report of the Directors

The Directors have pleasure in presenting their annual report and financial statements for the year ended 30 June 2024.

GROUP ACTIVITIES

The principal activities of the Company remain investment holding and property development and investment. The principal activities of the principal subsidiaries, joint ventures and associated companies are shown in notes 53, 54 and 55 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 30 June 2024 are set out in the consolidated income statement on page 166 of this annual report.

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2024 (2023: HK$0.30 per share). The dividend for the financial year ended 30 June 2024 is HK$0.20 per share (2023: interim and final dividend of HK$0.76 per share and a special dividend of HK$1.59 per share).

BUSINESS REVIEW

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

SHARES ISSUED

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

Details of the share capital of the Company during the year are set out in note 37 to the financial statements.

DEBENTURES ISSUED

On 8 November 2023, NWSH completed the issue of RMB2.0 billion (equivalent to approximately HK$2.15 billion) in aggregate principal amount of 3.900% 2023 Medium-term Notes Series 2 (Bond Connect) (the "Notes") with a maturity date of 8 November 2026 in the PRC at the issue price of 100.000% of the principal amount. The Notes were registered with the National Association of Financial Market Institutional Investors in the PRC. The gross proceeds of the Notes of RMB2.0 billion (equivalent to approximately HK$2.15 billion) and net proceeds of RMB1.99 billion (equivalent to approximately HK$2.14 billion) are for repayment of bank loans and/or repurchase of perpetual capital securities of NWSH and its subsidiaries.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as set out on pages 143 and 144, no equity-linked agreements were entered into by the Company, or existed during the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 June 2024, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622, Laws of Hong Kong), amounted to HK$15,248.1 million (2023: HK$23,143.4 million).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 293 and 294.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, around 11,000 staff were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. A non-listed subsidiary which is not a principal subsidiary (as defined under Rule 17.14 of the Listing Rules) of the Company has share award scheme under which certain employees may be awarded its shares. Under the share option schemes of the Company and its listed subsidiary namely, NWDS which is not a principal subsidiary (as defined under Rule 17.14 of the Listing Rules) of the Company, share options may be granted to certain directors and employees of the Group to subscribe for shares in the Company and/or NWDS.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

NWCL (a wholly-owned subsidiary of the Company) redeemed its whole US$310,000,000 (equivalent to approximately HK$2,418,000,000) 4.750% guaranteed notes due 2023 (stock code: 5468) at principal amount upon maturity on 5 December 2023.

On 23 November 2023, the Company as the offeror launched a tender offer (the "Offer") to purchase for cash for the following debt securities (each unconditionally and irrevocably guaranteed by the Company) which were purchased and redeemed by the Company upon settlement of the Offer on 5 December 2023 and cancelled pursuant to the terms and conditions of the respective debt securities:

Description of the debt securities	Purchase price (as a % of the respective principal amount)	Principal amount purchased and redeemed upon settlement	Total outstanding principal amount as at 30 June 2024
US$600,000,000 (equivalent to approximately HK$4,680,000,000) 4.750% guaranteed notes due 2027 issued by NWCL (stock code: 5343)	90.000%	US$95,779,000 (equivalent to approximately HK$747,076,200)	US$504,221,000 (equivalent to approximately HK$3,932,923,800)
US$200,000,000 (equivalent to approximately HK$1,560,000,000) 5.875% guaranteed notes due 2027 issued by NWD (MTN) Limited ("NWD (MTN)", a wholly-owned subsidiary of the Company) (stock code: 5321)	91.000%	US$28,000,000 (equivalent to approximately HK$218,400,000)	US$172,000,000 (equivalent to approximately HK$1,341,600,000)
US$950,000,000 (equivalent to approximately HK$7,410,000,000) 4.125% guaranteed notes due 2029 issued by NWD (MTN) (stock code: 5418) (the "2029 Notes")	81.000%	US$222,000,000 (equivalent to approximately HK$1,731,600,000)	US$717,799,000 (equivalent to approximately HK$5,598,832,200)
US$600,000,000 (equivalent to approximately HK$4,680,000,000) 4.500% guaranteed notes due 2030 issued by NWD (MTN) (stock code: 40223) (the "2030 Notes")	80.000%	US$111,000,000 (equivalent to approximately HK$865,800,000)	US$442,587,000 (equivalent to approximately HK$3,452,178,600)
US$200,000,000 (equivalent to approximately HK$1,560,000,000) 3.750% guaranteed sustainability-linked notes due 2031 issued by NWD (MTN) (stock code: 40534)	76.000%	US$51,785,000 (equivalent to approximately HK$403,923,000)	US$76,050,000 (equivalent to approximately HK$593,190,000)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (CONTINUED)

Description of the debt securities	Purchase price (as a % of the respective principal amount)	Principal amount purchased and redeemed upon settlement	Total outstanding principal amount as at 30 June 2024
US$1,200,000,000 (equivalent to approximately HK$9,360,000,000) 4.125% guaranteed senior perpetual capital securities issued by NWD Finance (BVI) Limited ("NWD Finance", a wholly-owned subsidiary of the Company) (stock code: 40711)	60.000%	US$55,600,000 (equivalent to approximately HK$433,680,000)	US$1,144,400,000 (equivalent to approximately HK$8,926,320,000)
US$500,000,000 (equivalent to approximately HK$3,900,000,000) 6.150% guaranteed senior perpetual capital securities issued by NWD Finance (stock code: 5312)	87.500%	US$46,119,000 (equivalent to approximately HK$359,728,200)	US$453,881,000 (equivalent to approximately HK$3,540,271,800)

During the period from 20 December 2023 to 3 January 2024 (both dates inclusive), the Company made on-market repurchase of parts of the 2029 Notes, the 2030 Notes and the US$1,000,000,000 (equivalent to approximately HK$7,800,000,000) 5.25% guaranteed senior perpetual capital securities issued by NWD Finance (stock code: 40262) (the "2020 Securities") in an aggregate principal amount of US$10,201,000 (equivalent to approximately HK$79,567,800), US$9,230,000 (equivalent to approximately HK$71,994,000) and US$1,000,000 (equivalent to approximately HK$7,800,000) (collectively, the "Repurchased Debt Securities") respectively, which were subsequently cancelled on 10 January 2024. The purchase price ranged from 76.916% to 79.460% of the principal amount of the 2029 Notes, 76.250% to 78.200% of the principal amount of the 2030 Notes and 70.630% of the principal amount of the 2020 Securities. After the cancellation of the Repurchased Debt Securities, the outstanding principal amount of the 2029 Notes, the 2030 Notes and the 2020 Securities would be US$717,799,000 (equivalent to approximately HK$5,598,832,200), US$442,587,000 (equivalent to approximately HK$3,452,178,600) and US$999,000,000 (equivalent to approximately HK$7,792,200,000) respectively.

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

DONATIONS

The Group made charitable and other donations during the year of HK$35.3 million (2023: HK$289.1 million).

MAJOR ACQUISITIONS AND DISPOSALS

1. On 26 June 2023, Century Acquisition Limited (a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited ("CTF")) as the offeror announced to make a conditional voluntary general cash offer to acquire all the issued shares of NWSH not already beneficially owned by Chow Tai Fook (Holding) Limited and its subsidiaries (the "NWS Offer Shares") at an offer price of HK$9.15 per NWS Offer Share (the "NWS Share Offer") subject to the satisfaction or waiver (where applicable) of certain pre-conditions. The NWS Share Offer is also subject to, amongst others, the condition that the Group will dispose of all its shares in NWSH by accepting the NWS Share Offer (the "NWS Disposal"). The NWS Disposal was completed at the close of business on 17 November 2023 and the Group ceased to have any interest in NWSH and NWSH ceased to be a subsidiary of the Group.

2. On 26 June 2024, Total Partner Holdings Limited (an indirect wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Shine Through Holdings Limited (a wholly-owned subsidiary of CTF) to dispose of 30% of the entire issued share capital of Sky Treasure Development Limited ("Sky Treasure") at consideration of approximately RMB1,440.5 million (equivalent to approximately HK$1,548.9 million). The transaction was completed on 27 August 2024 and the Group ceased to have any interests in Sky Treasure and Sky Treasure ceased to be an associate of the Group.

CONNECTED TRANSACTIONS

Connected transactions of the Company during the year and up to the date of this report are set out on pages 146 to 151.

RULES 13.20 AND 13.22 OF THE LISTING RULES

The disclosure pursuant to Rules 13.20 and 13.22 of the Listing Rules is set out on page 154.

DIRECTORS

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

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

Non-executive Directors
Mr. Doo Wai-Hoi, William *BBS JP (Non-executive Vice-chairman)*
Dr. Cheng Chi-Kong, Adrian *SBS JP (Non-executive Vice-chairman)* (re-designated on 26 September 2024)
Mr. Cheng Kar-Shing, Peter
Mr. Cheng Chi-Heng
Mr. Cheng Chi-Ming, Brian

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

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Doo Wai-Hoi, William, Dr. Cheng Chi-Kong, Adrian, Mr. Ma Siu-Cheung, Mr. Cheng Kar-Shing, Peter, Ms. Cheng Chi-Man, Sonia and Mr. Chan Johnson Ow will retire by rotation at the 2024 annual general meeting and, being eligible, will offer themselves for re-election.

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

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

AUDIT COMMITTEE

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" on pages 146 to 151 of this annual report and contracts amongst group companies, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company and the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, interests of the Directors in shares, underlying shares and debentures of the Company and its associated corporations which were recorded in the register to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") are set out on pages 152 to 154.

PERMITTED INDEMNITY PROVISION

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

The Company and its listed subsidiaries namely, NWDS and NWSH (ceased to be a subsidiary of the Company at the close of business on 17 November 2023), have taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONTINUED)

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONTINUED)

	Businesses which are considered to compete or likely to compete with the businesses of the Group		
Name of Director	**Name of entity**	**Description of businesses**	**Nature of interest of the Director in the entity**
Ms. Huang Shaomei, Echo	Chow Tai Fook Business Development (Wuhan) Co., Ltd.	Property investment, development and management	Director
	Chow Tai Fook Chuangdi Real Estate (Wuhan) Co., Ltd.	Property investment and development, estate agency and carpark management	Director
	Guangzhou Junfu Real Estate Development Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyu Operation Management Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyuxian Yinghui Business Management Co., Ltd.	Carpark leasing and management	Director
	Shenzhen Fusheng Investments Co., Ltd.	Hotel operations, property investment and management	Director
	Tianjin New World Huan Bo Hai Real Estate Development Co., Ltd.	Property investment and management	Director
	Wuhan Xinhuiye Real Estate Co., Ltd.	Property investment and development and carpark management	Director

* resigned on 1 October 2023

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

MANAGEMENT CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the share option schemes of the Company and its listed subsidiaries, namely NWDS and NWSH (ceased to be a subsidiary of the Company at the close of business on 17 November 2023), which are not principal subsidiaries (as defined under Rule 17.14 of the Listing Rules) of the Company, certain Directors may be granted share options to subscribe for shares in the Company, NWDS and/or NWSH. No share option of the Company was granted to any Director during the year or remains outstanding and held by any Director as at 30 June 2024 under the share option scheme of the Company. No share option was granted by NWDS to any Director since adoption of its share option scheme. The following Directors had personal interests in options to subscribe for shares of NWSH as detailed below during the year:

			Number of share options						
Name	**Date of grant**	**Exercisable period** (Note)	**Balance as at 1 July 2023**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Cancelled during the year[2]**	**Balance as at 30 June 2024**	**Exercise price per share HK$**
Dr. Cheng Kar-Shun, Henry	25 July 2022	(1)	10,990,000	—	—	—	(10,990,000)	—	7.83
Dr. Cheng Chi-Kong, Adrian	25 July 2022	(1)	5,495,000	—	—	—	(5,495,000)	—	7.83
Mr. Ma Siu-Cheung	25 July 2022	(1)	7,693,000	—	—	—	(7,693,000)	—	7.83
Mr. Cheng Chi-Ming, Brian	25 July 2022	(1)	6,868,750	—	—	—	(6,868,750)	—	7.83

Notes:

(1) Details of the vesting schedule are as follows:

		Date of vesting	**Exercisable period**
(i)	15% of the share options granted (First Tranche)	25 August 2022	From 25 August 2022 to 24 July 2032#
(ii)	15% of the share options granted (Second Tranche)	25 July 2023	From 25 July 2023 to 24 July 2032#
(iii)	20% of the share options granted (Third Tranche)	25 July 2024	From 25 July 2024 to 24 July 2032#
(iv)	50% of the share options granted (Fourth Tranche)	25 July 2025	From 25 July 2025 to 24 July 2032#

Reference was made to the composite document ("Composite Document") dated 13 October 2023 jointly issued by CTF, Century Acquisition Limited ("CAL" or the "Offeror") and NWSH in relation to, inter alia, the offer to cancel all the outstanding share options of NWSH ("NWSH Option Offer"). As the Offeror has gained control of NWSH after the completion of disposal of shares of NWSH held by the Company and its subsidiaries on 17 November 2023, pursuant to the rules of the share option scheme of NWSH, the option holders are entitled to exercise options of NWSH (whether or not it has vested at the relevant time) for a period of six months and the options would lapse upon the expiry of such six-month period. Accordingly, the Third Tranche and Fourth Tranche of share options have become exercisable with effect from 18 November 2023 and all the four tranches of share options were exercisable up to 17 May 2024.

(2) The share options were cancelled by NWSH on 23 November 2023 after the above Directors had validly tendered their acceptance of the NWSH Option Offer in respect of the share options held by them. Please refer to the Composite Document and the announcement dated 23 November 2023 jointly issued by CTF, CAL and NWSH for details.

(3) The cash consideration paid by the above Directors for the grant of share options is HK$10.

Other than the above share option schemes, at no time during the year was the Company or any of its specified undertakings (as defined under the Hong Kong Companies (Directors' Report) Regulation) a party to any arrangements to enable the Directors or chief executives of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME OF THE COMPANY

On 22 November 2016, the Company adopted a share option scheme (the "Scheme"). Under the Scheme, the Directors of the Company may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in the Company.

Summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

	The Scheme
Purpose of the Scheme	To reward directors and employees of the Group for past service or performance, to provide incentive, motivation or reward to eligible participants for increasing performance or making contribution to the Group, to attract and retain persons of right caliber with the necessary experience to work for or make contribution to the Group, to foster a sense of corporate identity and to allow the eligible participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the Scheme	Eligible participant may be a person or an entity belonging to any of the following classes: (i) any eligible employee (including directors) of the Group or any invested entity of the Group (the "Invested Entity"); (ii) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.
Total number of shares available for issue under the Scheme and percentage of issued shares it represents as at the date of this annual report	The Company had granted share options to subscribe for 34,812,500 shares of the Company under the Scheme up to the date of this report. The total number of shares available for issue under the Scheme is 226,834,911 representing approximately 9.01% of the Company's total number of issued shares as at the date of this report.
Maximum entitlement of each participant under the Scheme	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1.0% of the total number of shares of the Company in issue.
The period within which the option may be exercised by the grantee under the Scheme	A period to be specified by the Directors and not to exceed 10 years from the date of grant of options.
The vesting period of options granted under the Scheme	Any period as determined by the Directors.

SHARE OPTION SCHEME OF THE COMPANY (CONTINUED)

	The Scheme
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	HK$10.0 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price of options granted	The exercise price is determined by the Directors which must be at least the higher of (i) the closing price of the shares on the HKEx as stated in the HKEx's daily quotations sheets on the date of grant, which must be a dealing day; and (ii) the average closing price of the shares as stated in the HKEx's daily quotation sheets for the five dealing days immediately preceding the date of grant.
The remaining life of the Scheme	The Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 22 November 2016.

The number of options available for grant under the Scheme mandate as at 1 July 2023 and 30 June 2024 is 226,834,911.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2024, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

Name	Number of shares held			Approximate % of shareholding as at 30 June 2024
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")[(1)]	—	**1,140,728,609**	**1,140,728,609**	**45.33**
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")[(2)]	—	**1,140,728,609**	**1,140,728,609**	**45.33**
Chow Tai Fook Capital Limited ("CTFC")[(3)]	**2,300,000**	**1,138,428,609**	**1,140,728,609**	**45.33**
Chow Tai Fook (Holding) Limited ("CTFHL")[(4)]	—	**1,138,428,609**	**1,138,428,609**	**45.24**
CTF[(5)]	**1,035,392,823**	**103,035,786**	**1,138,428,609**	**45.24**

Notes:

(1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTFC.

(2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTFC.

(3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.

(4) CTFHL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.

(5) CTF together with its subsidiaries.

OTHER PERSON'S INTERESTS IN SECURITIES

As at 30 June 2024, the interests or short positions of persons (other than Directors or chief executive or substantial shareholders (as defined in the Listing Rules) of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding as at 30 June 2024
BlackRock, Inc.	Interest of controlled corporation	**143,409,995**	**143,409,995**(1)	**5.70**

Note:

(1) The interests included interest in 8,962,000 underlying shares through its holding of certain cash settled unlisted derivatives.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2024.

SUFFICIENCY OF PUBLIC FLOAT

According to information that is available to the Company, the percentage of the Company's shares which are in the hands of the public exceeds 25.0% of the Company's total number of issued shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30.0% of the Group's turnover and less than 30.0% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

AUDITOR

The financial statements have been audited by Messrs. PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

On Behalf of the Board

Dr. Cheng Kar-Shun, Henry
Chairman
Hong Kong, China, 26 September 2024

CONNECTED TRANSACTIONS

(1) On 22 March 2012, NWDS and Chow Tai Fook Jewellery Group Limited ("CTFJ") entered into a master concessionaire counter agreement (the "Master Concessionaire Counter Agreement") commencing from 24 April 2012 up to and including 30 June 2014, pursuant to which members of the NWDS Group (i.e. NWDS and its subsidiaries) and the CTFJ Group (i.e. CTFJ and its subsidiaries) may from time to time enter into definitive concessionaire agreements in relation to any transactions arising from the concessionaire arrangements or rental agreements in respect of retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in the PRC owned by, or leased to the NWDS Group or at which the NWDS Group operates its business.

The Master Concessionaire Counter Agreement will be automatically renewed for a successive period of three years after the initial term or subsequent renewal term subject to compliance with relevant requirements of the Listing Rules. Upon expiry of its third renewed term on 30 June 2023, the Master Concessionaire Counter Agreement was automatically further renewed for three years commencing from 1 July 2023 up to and including 30 June 2026. Details of the fourth renewal of the Master Concessionaire Counter Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

As CTFJ is a fellow subsidiary of CTF which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company under the Listing Rules. Accordingly, the renewal of the Master Concessionaire Counter Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2024, the aggregate amount of the transactions under the Master Concessionaire Counter Agreement amounted to approximately RMB28.0 million (equivalent to approximately HK$30.4 million), which is within the annual cap of RMB89.0 million (equivalent to approximately HK$96.7 million).

(2) On 28 April 2023, the Company and Mr. Doo Wai-Hoi, William ("Mr. Doo") entered into a master services agreement (the "Mr. Doo MSA") for a term of three years commencing from 1 July 2023 up to and including 30 June 2026 in respect of the provision of the contracting services, cleaning and landscaping services, facility management services, insurance, medical and health care services, property management services, security, guarding and event servicing services, rental and procurement services between members of the Group and members of the Services Group (being (1) Mr. Doo and his immediate family members (as defined under the Listing Rules) and (2) any company in the equity capital of which Mr. Doo and/or his immediate family member(s) (individually or together) is/are or will be directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary). Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2026 were disclosed in the announcement of the Company dated 28 April 2023 and were approved by the independent shareholders of the Company on 27 June 2023.

Mr. Doo is a Non-executive Vice-chairman of the Company and a director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company, and hence a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Mr. Doo MSA and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2024, the aggregate amount of the transactions under the Mr. Doo MSA amounted to approximately HK$1,319.6 million, which is within the annual cap of HK$4,391.9 million.

CONNECTED TRANSACTIONS (CONTINUED)

(3) On 28 April 2023, the Company and CTF entered into a master services agreement (the "CTF MSA") for a term of three years commencing from 1 July 2023 up to and including 30 June 2026 in respect of the provision of services including administrative services, contracting services, general and rental services, insurance, medical and health care services, and project management and consultancy services between members of the Group and members of the CTF Services Group (being CTF, (a) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company, and/or (b) any other company in the equity capital of which CTF and such other companies referred to in (a) above taken together are directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings or to control the composition of a majority of the board of directors, and any other company which is its subsidiary, but excluding members of the Group. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the CTF MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). Details of the CTF MSA and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

In anticipation of expected increases in the annual transaction values under the CTF MSA upon completion of the NWS Disposal (as defined below), the Board proposed the revision of annual caps for the three financial years ending 30 June 2026 as set out in the announcement of the Company dated 12 October 2023. The new annual caps became effective upon completion of the NWS Disposal at the close of business on 17 November 2023 as disclosed in the announcement of the Company dated 20 November 2023.

As CTF is a connected person of the Company, the entering into of the CTF MSA and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2024, the aggregate amount of the transactions under the CTF MSA amounted to approximately HK$999.4 million, which is within the revised annual cap of HK$3,087.7 million.

(4) On 28 April 2020, the Company and CTFJ entered into the master leasing and licensing agreement (the "Master Leasing and Licensing Agreement") for a term of three years commencing from 1 July 2020 up to and including 30 June 2023 in relation to transactions arising from the leases or tenancy agreements, licensing agreements, concession agreements, other similar collaboration agreements or any other agreements in relation to any real properties (including without limitation retail shops, shops-in-shops and counters) between members of the Group and members of the CTFJ Group.

Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Leasing and Licensing Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). Upon expiry of its initial term on 30 June 2023, the Master Leasing and Licensing Agreement was automatically renewed for a further term of three years commencing from 1 July 2023 up to and including 30 June 2026. Details of the renewal of the Master Leasing and Licensing Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were set out in the announcement of the Company dated 28 April 2023.

As CTFJ is a fellow subsidiary of CTF which is a substantial shareholder of the Company, CTFJ is therefore a connected person of the Company under the Listing Rules. Accordingly, the renewal of the Master Leasing and Licensing Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2024, the aggregate amount of the transactions under the Master Leasing and Licensing Agreement amounted to approximately HK$78.5 million, which is within the annual cap of HK$102.7 million.

CONNECTED TRANSACTIONS (CONTINUED)

(5) On 10 April 2017, the Company and CTF entered into a master hotel management services agreement (the "Master Hotel Management Services Agreement") regarding the provision of hotel management and consultancy services by members of the CTF Group (i.e. CTF and its subsidiaries) to members of the Group. The Master Hotel Management Services Agreement is for a term of 10 years commencing from 1 July 2017 up to and including 30 June 2027 and will be automatically renewed for a further term of 10 years upon expiration of the initial term subject to compliance with the relevant requirements under the Listing Rules.

In anticipation of the expiry of the annual caps for the transactions under the Master Hotel Management Services Agreement on 30 June 2023, the Board determined new annual caps for the three financial years ending 30 June 2026 as set out in the announcement of the Company dated 28 April 2023.

As CTF is a connected person of the Company, the entering into of the Master Hotel Management Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2024, the aggregate amount of the transactions under the Master Hotel Management Services Agreement amounted to approximately HK$220.6 million, which is within the annual cap of HK$236.7 million.

(6) On 10 April 2017, the Company and CTF entered into a master hotel leasing agreement (the "Master Hotel Leasing Agreement") regarding the leasing of hotels and licensing of related licences to members of the CTF Group from members of the Group for a term of 10 years commencing from 1 July 2017 up to and including 30 June 2027. The Master Hotel Leasing Agreement will be automatically renewed for a further term of 10 years upon expiration of the initial term subject to compliance with the relevant requirements under the Listing Rules.

In anticipation of the expiry of the annual caps for the transactions under the Master Hotel Leasing Agreement on 30 June 2023, the Board determined new annual caps for the three financial years ending 30 June 2026 as set out in the announcement of the Company dated 28 April 2023.

As CTF is a connected person of the Company, the entering into of the Master Hotel Leasing Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2024, the aggregate amount of the transactions under the Master Hotel Leasing Agreement amounted to approximately HK$281.0 million, which is within the annual cap of HK$297.1 million.

(7) On 28 April 2023, the Company and Mr. Choy Hon-Ping ("Mr. Choy") entered into a master construction services agreement (the "Master Construction Services Agreement") in respect of the provision of the construction services by the Construction Services Group (being (1) Hip Seng Construction Group Limited together with its subsidiaries and joint venture; (2) Mr. Choy; (3) the immediate family members (as defined under the Listing Rules) of Mr. Choy; and (4) any company in the equity capital of which Mr. Choy and/or his immediate family member(s) (individually or together) is/are or will be directly or indirectly interested so as to exercise or control the exercise of 30.0% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary) to the Group for a term of three years commencing from 1 July 2023 up to and including 30 June 2026. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Construction Services Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The Master Construction Services Agreement and the annual caps set for each of the three financial years ending 30 June 2026 were disclosed in the announcement of the Company dated 28 April 2023 and were approved by the independent shareholders of the Company on 27 June 2023.

Mr. Choy was a director of certain subsidiaries of the Group and hence a connected person of the Company. Accordingly, the entering into of the Master Construction Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

For the year ended 30 June 2024, the aggregate amount of the transactions under the Master Construction Services Agreement amounted to approximately HK$3,226.6 million, which is within the annual cap of HK$6,112.5 million.

CONNECTED TRANSACTIONS (CONTINUED)

(8) On 26 June 2023, Century Acquisition Limited (the "Offeror", a wholly-owned subsidiary of CTF) as the offeror announced their intention to make a conditional voluntary general cash offer to acquire all the issued shares of NWSH not already beneficially owned by Chow Tai Fook (Holding) Limited and its subsidiaries (the "NWS Offer Shares") at an offer price of HK$9.15 per NWS Offer Share (the "NWS Share Offer") and to cancel all the outstanding share options of NWSH (collectively the "NWS Offers"), subject to the satisfaction or waiver (where applicable) of certain pre-conditions. The NWS Offers were also subject to, amongst others, the condition that the Group would dispose of all its shares in NWSH by accepting the NWS Share Offer (the "NWS Disposal").

As CTF is a connected person of the Company, the NWS Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The NWS Disposal also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

Details of the NWS Offers and the NWS Disposal were disclosed in the joint announcement of the Offeror, CTF, the Company and NWSH dated 26 June 2023. The NWS Disposal was approved by the independent shareholders of the Company on 2 November 2023 and completed at the close of business on 17 November 2023. Thereafter, the Group ceased to have any interests in NWSH and NWSH ceased to be a subsidiary of the Group.

(9) On 26 June 2024, Total Partner Holdings Limited (the "Vendor", an indirect wholly-owned subsidiary of the Company) as vendor entered into a conditional sale and purchase agreement (the "SP Agreement") with Shine Through Holdings Limited (the "Purchaser", a wholly-owned subsidiary of CTF) as purchaser and the Company as the Vendor's guarantor, pursuant to which the Vendor conditionally agreed to sell and assign, and the Purchaser conditionally agreed to purchase and take the assignment of, the three ordinary shares representing 30% of the entire issued share capital of Sky Treasure Development Limited (the "Target Company") and the entire amount of the unsecured, non-interest bearing and repayable on demand shareholder's loan owing from the Target Company to the Vendor at an initial consideration of RMB1,440,450,187 (equivalent to approximately HK$1,548.9 million) (the "Initial Consideration"), subject to adjustment (if any) (the "Sky Treasure Disposal"). Prior to the Sky Treasure Disposal, the Target Company was owned as to 70% and 30% by the Purchaser and the Vendor respectively.

The Target Company is principally engaged through its wholly-owned PRC subsidiary in the development, management and operation of a 43-storey office building including 3-storey fire protection layer and 5-storey retail shopping mall, and car parks located at No. 66 Shuniu Avenue, Nanshan Subdistrict, Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC with total gross floor area of 125,656.57 sq m.

As CTF is a connected person of the Company, the Sky Treasure Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Sky Treasure Disposal also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Details of the Sky Treasure Disposal were disclosed in the announcement of the Company dated 26 June 2024 and the circular of the Company dated 2 August 2024. Following the approval of the Sky Treasure Disposal by the independent shareholders of the Company on 22 August 2024, the Sky Treasure Disposal was completed on 27 August 2024. The Initial Consideration had been paid and was adjusted downward by RMB1,631,226 (equivalent to approximately HK$1.8 million) (the "Adjustment Amount") to RMB1,438,818,961 (equivalent to approximately HK$1,547.1 million) in accordance with the SP Agreement. The Adjustment Amount was paid by the Vendor to the Purchaser in cash on 16 September 2024 (within five business days after the agreement of the completion accounts) in accordance with the SP Agreement. After completion of the Sky Treasure Disposal, the Company ceased to own any direct or indirect interest in the Target Company and the Target Company ceased to be an associate of the Group.

CONNECTED TRANSACTIONS (CONTINUED)

(10) On 26 September 2024, the Company, K11 Group Limited ("Vendor A") and K11 Professional Company Limited ("Vendor B", together with Vendor A, the "Vendors", both wholly-owned subsidiaries of the Company) as vendors and AC Group Limited (the "Purchaser", a company wholly-owned by Dr. Cheng Chi-Kong, Adrian, together with its affiliates, the "Purchaser Group") as purchaser entered into the agreements (the "SPAs") in respect of the sale of all the issued shares in, and the assignment of shareholders loans (if any) of K11 Commercial Management Group Company Limited, K11 Gentry Club Limited, Share for Good Company Limited, K11 Loyalty Program Limited and Globo Travel Agency Limited (collectively the "Target Companies") at the consideration of HK$26.3 million, HK$27,211,000, HK$489,000, HK$4.0 million and HK$1.0 million respectively subject to the terms and conditions as set out in each SPA.

The aggregate consideration of the SPAs is payable by instalments as follows:

(a) on completion of the disposal of the relevant Target Company – 30% of the consideration set out in the relevant SPA;

(b) on the first anniversary of the completion of the disposal of the relevant Target Company – 35% the consideration set out in the relevant SPA; and

(c) on the second anniversary of the completion of the disposal of the relevant Target Company – balance of the consideration of the relevant SPA.

Subject to completion of the SPAs, the Company will cease to have any equity interest in the Target Companies which will cease to be subsidiaries of the Group.

Also, on 26 September 2024, the Company and the Purchaser entered into an agreement (the "Rights Agreement", together with the SPAs, the "Disposal Agreements") pursuant to which the Company agreed to grant or procure to grant to the Purchaser Group the exclusive right (the "Rights") to enter into definitive agreements in respect of the provision of project management and consultancy services for certain property projects as set out in the Rights Agreement at a consideration of HK$150,000,000 payable in 180 equal instalments subject to the terms and conditions contained therein. Details of the Disposal Agreements were disclosed in the announcement of the Company dated 26 September 2024.

On 26 September 2024, Dr. Cheng Chi-Kong, Adrian has entered into a guarantee in favour of the Vendors to unconditionally and irrevocably guarantee the due and punctual performance and observance by the Purchaser of its payment obligations of the considerations under or pursuant to the Disposal Agreements.

In light of the aforesaid disposal of the Target Companies and the grant of Rights, on 26 September 2024, the Company and the Purchaser entered into the 2024 master services agreement (the "2024 Master Services Agreement") in relation to all future transactions between members of the Purchaser Group and members of the Group in respect of provision of the administrative services, general and rental services, general management and advisory services, project management and consultancy services, and such other types of services as the Purchaser and the Company may agree upon from time to time in writing with an initial term of three years commencing from 1 October 2024. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the 2024 Master Services Agreement will be renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). Details of the 2024 Master Services Agreement and the annual caps set for the 9 months ending 30 June 2025, two financial years ending 30 June 2026 and 2027 and 3 months ending 30 September 2027 were disclosed in the announcement of the Company dated 26 September 2024.

CONNECTED TRANSACTIONS (CONTINUED)

(10) (continued)

On 26 September 2024, Glaze Fortune (HK) Limited ("Licensor A", a wholly-owned subsidiary of the Company) and Vendor A (together with Licensor A, the "Licensors"), as licensors, entered into a trademark licensing agreement (the "Trademark Licensing Agreement") with the Purchaser, pursuant to which the Licensors agreed to grant to the Purchaser an exclusive, irrevocable, sub-licensable and non-transferable licence to use the trademark "K11" (details of which are set out in the Trademark Licensing Agreement) for the purposes set out in the Trademark Licensing Agreement in the Territory (as defined in the Trademark Licensing Agreement) subject to the terms of the Trademark Licensing Agreement. The Trademark Licensing Agreement shall have a term of 30 years commencing from 1 October 2024 and shall be automatically renewed for another term of 30 years upon its expiry subject to compliance with the Listing Rules, unless terminated earlier pursuant to the terms of the Trademark Licensing Agreement. As the annual royalty fee income expected to be received by the Group under the Trademark Licensing Agreement for 9 months ending 30 June 2025, two financial years ending 30 June 2026 and 2027 and 3 months ending 30 September 2027 are de minimis, the entering into of the Trademark Licensing Agreement is fully exempt from reporting, announcement, annual review, circular and independent shareholders' approval requirements under the Listing Rules. Details of the Trademark Licensing Agreement were disclosed in the announcement of the Company dated 26 September 2024.

As the Purchaser is a company directly wholly-owned by Dr. Cheng Chi-Kong, Adrian, a director of the Company, the Purchaser is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Disposal Agreements constitute connected transactions for the Company under the Listing Rules, and the entering into of the 2024 Master Services Agreement and the Trademark Licensing Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

The price and terms of the continuing connected transactions mentioned in paragraphs (1) to (7) above were determined in accordance with the pricing policies and guidelines as set out in the relevant announcements of the Company. These continuing connected transactions have been reviewed by the Independent Non-executive Directors who have confirmed that the transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions stated in paragraphs (1) to (7) above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

Save as disclosed above, a summary of significant related party transactions that did not constitute connected transactions made during the year was disclosed in note 50 to the financial statements.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests of the Directors in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO were as follows:

(A) Long positions in shares

	Number of shares				Approximate % of shareholding as at 30 June 2024
	Personal interests	**Spouse interests**	**Corporate interests**	**Total**	
NWD					
(Ordinary shares)					
Dr. Cheng Kar-Shun, Henry	**5,168,909**	—	—	**5,168,909**	**0.21**
Dr. Cheng Chi-Kong, Adrian	**2,559,118**	—	—	**2,559,118**	**0.10**
Mr. Cheng Kar-Shing, Peter	**213,444**	**141,641**[(1)]	—	**355,085**	**0.01**
Mr. Cheng Chi-Heng	**133,444**	—	—	**133,444**	**0.01**
Ms. Cheng Chi-Man, Sonia	**825,672**	—	—	**825,672**	**0.03**
Ms. Chiu Wai-Han, Jenny	**29,899**	—	—	**29,899**	**0.00**
NWDS					
(Ordinary shares of HK$0.10 each)					
Ms. Cheng Chi-Man, Sonia	**92,000**	—	—	**92,000**	**0.01**
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	**9,500,500**[(2)]	**9,500,500**	**50.00**

Notes:

(1) These shares were jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.

(2) These shares were beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(B) Long positions in debentures

(1) NWCL

Name	Amount of debentures issued by NWCL				Approximate % to the total amount of debentures in issue as at 30 June 2024
	Personal interests HK$	Spouse interests HK$	Corporate interests HK$	Total HK$	
Mr. Doo Wai-Hoi, William	—	27,167,400[(1)]	—	27,167,400	0.69

Note:

(1) These debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(2) NWD Finance

Name	Amount of debentures issued in US$ by NWD Finance				Approximate % to the total amount of debentures in issue as at 30 June 2024
	Personal interests US$	Spouse interests US$	Corporate interests US$	Total US$	
Mr. Doo Wai-Hoi, William	—	107,875,000	10,000,000[(1)]	117,875,000	2.56
Mr. Cheng Kar-Shing, Peter	4,000,000	—	—	4,000,000	0.09
Mr. Ip Yuk-Keung, Albert	—	750,000[(2)]	—	750,000	0.02

Notes:

(1) These debentures were beneficially owned by a company which was wholly owned by Mr. Doo Wai-Hoi, William.

(2) These debentures were jointly held by Mr. Ip Yuk-Keung, Albert and his spouse.

(3) NWD (MTN)

Name	Amount of debentures issued by NWD (MTN)				Approximate % to the total amount of debentures in issue as at 30 June 2024
	Personal interests HK$	Spouse interests HK$	Corporate interests HK$	Total HK$	
Mr. Doo Wai-Hoi, William	—	78,000,000[(1)]	—	78,000,000	0.39
Mr. Ip Yuk-Keung, Albert	—	3,900,000[(2)]	—	3,900,000	0.02

Notes:

(1) These debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(2) These debentures were jointly held by Mr. Ip Yuk-Keung, Albert and his spouse, and were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

At 30 June 2024, the Group had given financial assistance and guarantees to its joint ventures and associated companies (collectively "affiliated companies") as set out below:

	2024 **HK$m**	2023 HK$m
Amounts due by affiliated companies (note)	**26,446.6**	34,564.0
Guarantees given for affiliated companies in respect of banking and other credit facilities	**8,601.4**	10,974.6
Commitments to capital injections and loan contributions	**—**	1,643.6
	35,048.0	47,182.2

Note:

The advances were unsecured and were interest free except for an aggregate amount of HK$10,118.0 million (2023: HK$19,755.7 million) which carried interest ranging from 3.45% to 10% per annum (2023: from 1.3% over HIBOR to 12.15% above Secured Overnight Financing Rate per annum). The advances had no fixed repayment terms.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 30 June 2024 are presented as follows:

	Combined statement of financial position **HK$m**	**Group's attributable interests** **HK$m**
Non-current assets	**42,819.4**	**21,656.1**
Current assets	**99,028.8**	**36,106.6**
Current liabilities	**(67,309.6)**	**(25,665.5)**
Total assets less current liabilities	**74,538.6**	**32,097.2**
Non-current liabilities	**(66,947.6)**	**(29,924.7)**
Net assets	**7,591.0**	**2,172.5**

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2024.

Management Discussion and Analysis

During the year under review, the Group recorded consolidated revenues of HK$35,782 million and core operating profit of HK$6,898 million (note) from continuing operations, a decrease of 34% and 18% year-on-year respectively.

In FY2024, the Group maintained continuous stringent cost control efforts as evidenced by an approximately 23% and 17% year-on-year decrease respectively in capital expenditures and administrative and other operating expenses from continuing operations.

Note: Reconciliation of (loss)/profit from continuing operations to core operating profit as follows:

	FY2024 HK$m	FY2023 HK$m
(Loss)/profit from continuing operations	**(9,810.8)**	1,272.1
Changes in fair value of investment properties, include share of results of joint ventures and associated companies	**2,734.2**	595.1
Gain on transfer to investment properties	**(2,237.2)**	—
Taxation	**5,062.4**	5,258.1
Financing income	**(1,233.3)**	(1,341.9)
Financing costs	**5,508.1**	4,571.8
Impairment loss on properties held for sale, properties under development, property, plant and equipment and right-of-use assets, include share of results of joint ventures and associated companies	**6,261.0**	277.1
Write back of loss allowance on properties for development	**(169.0)**	(818.0)
Loss/(gain) on disposal of non-core assets and remeasurement of the disposal group	**782.4**	(337.0)
Remeasurement of cost of disposal	**—**	(1,081.7)
Core operating profit	**6,897.8**	8,395.6

The following provides analysis on performance of each segment.

REVENUES – ANALYSED BY BUSINESS SEGMENTS

	FY2024 HK$m	FY2023 HK$m (Restated)
From continuing operations		
Property Development	**16,124.9**	27,308.1
Property Investment	**5,197.2**	4,995.7
Construction	**9,388.7**	17,285.8
Hotel operations	**1,381.2**	1,091.2
Others	**3,690.2**	3,885.4
Total	**35,782.2**	54,566.2

REVENUES – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

From continuing operations	**FY2024 HK$m**	FY2023 HK$m (Restated)
Property Development		
Hong Kong	**2,411.9**	16,754.9
Mainland China	**13,713.0**	10,553.2
Total	**16,124.9**	27,308.1

From continuing operations	**FY2024 HK$m**	FY2023 HK$m (Restated)
Property Investment		
Hong Kong	**3,356.3**	3,087.0
Mainland China	**1,840.9**	1,908.7
Total	**5,197.2**	4,995.7

Revenues from overall property development segment decreased by 41% year-on-year, mainly due to less bookings from property development in Hong Kong.

In FY2024, Hong Kong property development segment revenue was mainly contributed by residential projects including Mount Pavilia and The Masterpiece, and the Group's grade-A office project at 888 Lai Chi Kok Road.

During the year under review, the Group's revenues of property development in Mainland China amounted to HK$13,713 million, increased by 30% year-on-year. The contributions were mainly from residential projects in Hangzhou River Opus, Guangzhou Park Paradise and Shenyang New World Garden.

The Group's revenues of property investment in Hong Kong during the year under review was HK$3,356 million, representing a year-on-year increase of 9%. The growth was mainly attributed to the improvement in rental activities of K11 MUSEA and K11 Art Mall in Tsim Sha Tsui.

Revenues of property investment in Mainland China reached HK$1,841 million, representing a year-on-year decrease of 4%. The occupancy rates of major projects in the investment property portfolio remained stable.

Revenues from the construction segment amounted to HK$9,389 million.

Revenues from the hotel segment increased by 27% year-on-year.

SEGMENT RESULTS – ANALYSED BY BUSINESS SEGMENTS

	FY2024 HK$m	FY2023 HK$m (Restated)
From continuing operations		
Property Development	**5,757.1**	8,706.7
Property Investment	**3,490.1**	3,193.6
Construction	**(248.5)**	(423.2)
Hotel operations	**(369.4)**	(443.9)
Others	**(1,253.8)**	(1,431.6)
Total	**7,375.5**	9,601.6

SEGMENT RESULTS – GEOGRAPHIC CONTRIBUTION (PROPERTY RELATED SEGMENTS)

Property Development	FY2024 HK$m	FY2023 HK$m (Restated)
From continuing operations		
Hong Kong	**499.0**	3,394.3
Mainland China	**5,258.1**	5,312.4
Total	**5,757.1**	8,706.7

Property Investment	FY2024 HK$m	FY2023 HK$m (Restated)
From continuing operations		
Hong Kong	**2,536.1**	2,262.7
Mainland China	**954.0**	930.9
Total	**3,490.1**	3,193.6

The Group's consolidated segment results in FY2024 amounted to HK$7,376 million, decreased by 23% year-on-year, mainly due to the decrease in Hong Kong property development.

Property Development

During the year under review, the Group's segment results of property development in Hong Kong was HK$499 million. The major contributions were attributed by residential projects including Mount Pavilia and The Masterpiece, and the Group's grade-A office project at 888 Lai Chi Kok Road.

As at 30 June 2024, among the unrecognised attributable income of the Group from contracted sales of properties in Hong Kong, HK$11,194 million would be booked in FY2025 and FY2026.

During the year under review, the Group's segment results from property development in Mainland China amounted to HK$5,258 million. The contributions from the Mainland China segment mainly derived from residential projects in Hangzhou River Opus, Guangzhou Park Paradise and Shenyang New World Garden.

As at 30 June 2024, the Group's unrecognised gross revenue from contracted sales of properties in Mainland China amounted to approximately RMB16.3 billion, which will be recognised in FY2025 and FY2026.

Property Investment

In FY2024, the overall property investment segment recorded a contribution of HK$3,491 million, increased by 9%.

Segment results of Hong Kong's investment properties was HK$2,536 million, year-on-year increased by 12%, mainly attributable to K11 MUSEA and K11 Art Mall's solid performance, with increases in both footfall and rental activities. Both malls have recorded high occupancy rates. K11 MUSEA recorded a year-on-year increase of 17% and 20% in sales and total footfall, respectively. K11 Art Mall maintained the overall occupancy rate at 99% with sales and footfall increased by 16% and 10% respectively year-on-year.

During the year under review, the segment results of the property investment in Mainland China was HK$954 million, increased by 2%. The occupancy rate of major projects in the investment property portfolio remained stable.

Construction

The contribution from construction segment recorded a loss of HK$249 million, loss narrowed by 41%.

Hotel Operations

Hotel operations segment recorded a loss of HK$369 million, loss narrowed by 17%.

Others

Others segment recorded a loss of HK$1,254 million, loss narrowed by 12%.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Consolidated net debt	**123,657.1**	130,755.9
NWS Holdings Limited ("NWSH") (stock code: 0659)	**—**	4,325.9
New World Department Store China Limited ("NWDS") (stock code: 0825)		
– net cash and bank balances	**(119.0)**	(132.0)
Net debt (exclude listed subsidiaries)	**123,776.1**	126,562.0

The Group's debts were primarily denominated in Hong Kong dollar, United States Dollar and Renminbi. In respect of the Group's operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging. The Renminbi currency exposure of the Group is mainly derived from the translation of non-current assets and liabilities of the subsidiaries, associated companies and joint ventures in Mainland China with functional currency of Renminbi and the Renminbi deposits held for future development costs to Hong Kong Dollar. As at 30 June 2024, the translation of non-current assets and liabilities of subsidiaries, associated companies and joint ventures with functional currency other than Hong Kong Dollar to Hong Kong Dollar by using exchange rates at that day resulted a loss of HK$1,001.9 million is recognised in equity. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were arranged on both floating rate and fixed rate basis. The financing costs had increased to HK$5,895.2 million, of which HK$5,508.1 million from continuing operations, due to increase in interest rate. The Group used interest rate swaps, cross currency swaps and foreign exchange forward contracts to hedge part of the Group's underlying interest rate and foreign exchange exposure. As at 30 June 2024, the Group had outstanding cross currency swaps in the amounts of approximately HK$17,825.4 million, and had outstanding interest rate swaps in the amounts of HK$30,411.7 million.

New World China Land Limited ("NWCL", a wholly-owned subsidiary of the Company) redeemed its whole US$310,000,000 (equivalent to approximately HK$2,418,000,000) 4.750% guaranteed notes due 2023 (stock code: 5468) at principal amount upon maturity on 5 December 2023.

On 23 November 2023, the Company as the offeror launched a tender offer (the "Offer") to purchase for cash for the following debt securities (each unconditionally and irrevocably guaranteed by the Company) which were purchased and redeemed by the Company upon settlement of the Offer on 5 December 2023 and cancelled pursuant to the terms and conditions of the respective debt securities:

Category	**Principal (equivalent to HK$)**	**Interest rate**	**Due date**	**Price range**	**Net settlement (equivalent to HK$)**	**Outstanding principal amount as at 30 June 2024 (equivalent to HK$)**
GN	US$600.0 million (HK$4,680.0 million)	4.750%	2027	90.000%	US$95.8 million (HK$747.1 million)	US$504.2 million (HK$3,932.9 million)
GN	US$200.0 million (HK$1,560.0 million)	5.875%	2027	91.000%	US$28.0 million (HK$218.4 million)	US$172.0 million (HK$1,341.6 million)
GN	US$950.0 million (HK$7,410.0 million)	4.125%	2029	81.000%	US$222.0 million (HK$1,731.6 million)	US$717.8 million (HK$5,598.8 million)
GN	US$600.0 million (HK$4,680.0 million)	4.500%	2030	80.000%	US$111.0 million (HK$865.8 million)	US$442.6 million (HK$3,452.3 million)
GLN	US$200.0 million (HK$1,560.0 million)	3.750%	2031	76.000%	US$51.8 million (HK$403.9 million)	US$76.1 million (HK$593.2 million)
P	US$1,200.0 million (HK$9,360.0 million)	4.125%	N/A	60.000%	US$55.6 million (HK$433.7 million)	US$1,144.4 million (HK$8,926.3 million)
P	US$500.0 million (HK$3,900.0 million)	6.150%	N/A	87.500%	US$46.1 million (HK$359.7 million)	US$453.9 million (HK$3,540.3 million)

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

Following the disposals of NWSH and non-core assets of HK$7.7 billion, the Group used the proceeds for repayment of bank loans, purchase and redemption of bonds and general working capital purpose. During the period from 20 December 2023 to 3 January 2024 (both dates inclusive), the Company has also made on-market repurchase of parts of the 2029 Notes, the 2030 Notes and the US$1,000,000,000 (equivalent to approximately HK$7,800,000,000) 5.25% guaranteed senior perpetual capital securities issued by NWD Finance (stock code: 40262) ("the 2020 Securities") in an aggregate principal amount of US$10,201,000 (equivalent to approximately HK$79,567,800), US$9,230,000 (equivalent to approximately HK$71,994,000) and US$1,000,000 (equivalent to approximately HK$7,800,000) (collectively, the "Repurchased Debt Securities") respectively, which were subsequently cancelled on 10 January 2024. The purchase price ranged from 76.916% to 79.460% of the principal amount of the 2029 Notes, 76.250% to 78.200% of the principal amount of the 2030 Notes and 70.630% of the principal amount of the 2020 Securities. After the cancellation of the Repurchased Debt Securities, the outstanding principal amount of the 2029 Notes, the 2030 Notes and the 2020 Securities would be US$717,799,000 (equivalent to approximately HK$5,598,832,200), US$442,587,000 (equivalent to approximately HK$3,452,178,600) and US$999,000,000 (equivalent to approximately HK$7,792,200,000) respectively.

As at 30 June 2024, the Group's cash and bank balances (including restricted bank balances) stood at HK$27,990.1 million (30 June 2023: HK$54,517.9 million) and the consolidated net debt amounted to HK$123,657.1 million (30 June 2023: HK$130,755.9 million). The net debt to equity ratio was 55.0%; an increase of 7.3 and 6.3 percentage points as compared to 30 June 2023 restated ratio and original ratio respectively.

As at 30 June 2024, the Group's long-term bank loans, other loans and fixed rate bonds and notes payable amounted to HK$141,132.1 million (30 June 2023: HK$170,564.3 million). Short-term bank loans and other loans as at 30 June 2024 were HK$10,515.1 million (30 June 2023: HK$14,709.5 million). The maturity of bank loans, other loans and fixed rate bonds and notes payable as at 30 June 2024 and 30 June 2023 was as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Within first year	**41,631.9**	49,234.8
In the second year	**32,157.7**	43,847.8
In the third to fifth year	**57,409.7**	67,990.0
After the fifth year	**20,447.9**	24,201.2
	151,647.2	185,273.8

Equity of the Group as at 30 June 2024 decreased to HK$224,888.8 million against HK$274,092.8 million (Restated) as at 30 June 2023 mainly due to disposal of NWSH and its subsidiaries during the year.

pwc

羅兵咸永道

Independent Auditor's Report
To the Members of New World Development Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of New World Development Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 166 to 292, comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties; and
- Recoverability of properties for/under development and properties held for sale held by the Group and its joint ventures.

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KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to notes 7(a), 8 and 18 to the consolidated financial statements. As at 30 June 2024, the investment properties held by the Group were stated at fair value of HK$207,711.8 million with fair value loss of HK$3,145.6 million recognised in the consolidated income statement. Independent external valuers were engaged to determine the fair value of investment properties as at 30 June 2024. For completed investment properties, fair value was generally derived by income capitalisation method, direct comparison method and discounted cash flow method. Income capitalisation method was based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates and prevailing market rents. Direct comparison method was based on comparable market transactions, as adjusted by the property-specific qualitative factors. Discounted cash flow method was based on daily room rates, growth rates and discount rates assumptions. For investment properties under construction, fair value was derived using the residual method based on capitalising the rental income that would be generated from the investment property in its completed form and deducting development costs together with developer's profit and risk margins from the estimated capital value of the proposed development assuming completed as at the date of valuation. We focused on this area due to the fact that there are significant judgements and estimation uncertainty involved in the valuation of investment properties.	Our procedures in relation to the valuation of investment properties included: • We understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors; • We evaluated the competence, capability and objectivity of the independent external valuers; • We obtained the valuation reports and met the independent external valuers to discuss the valuation methodologies and key assumptions; • We involved our in-house valuation experts and assessed the appropriateness of the valuation methodologies and the reasonableness of the key assumptions used in the valuation of investment properties, based on our knowledge of the property industry, research evidence of capitalisation rates, prevailing market rents, comparable market transactions for similar properties, daily room rates, growth rates and discount rates, where applicable; • We tested, on a sample basis, the data used in the valuation of investment properties, including rental rates from existing tenancies and estimated cost to complete, by agreeing them to the underlying agreements with the tenants and approved budgets, respectively. We also compared the estimated developer's profit and risk margins to properties with comparable stage of development, where appropriate; and • We assessed the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRSs disclosure requirements. Based on the procedures performed, we found the methodologies used in preparing the valuations were appropriate and the key assumptions were supportable in light of available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of properties for/under development and properties held for sale held by the Group and its joint ventures	
Refer to notes 7(b) and 28 to the consolidated financial statements. As at 30 June 2024, the carrying values of the Group's properties for development, properties under development and properties held for sale amounted to HK$15,286.8 million, HK$43,483.4 million and HK$28,346.1 million respectively. The Group also has significant property development projects for sale held by its joint ventures. Management assessed the recoverability of the property portfolios held for sale by the Group and its joint ventures based on estimates of the net realisable values of the underlying properties. These involved the estimation of selling prices of the properties based on current market prices of properties of comparable locations and conditions, the costs necessary to make the sales and the construction costs to complete based on the existing development plans, where applicable. Based on the results of the recoverability assessments, management concluded that the current level of provision for the properties held for/under development and properties held for sale as at 30 June 2024 was appropriate. If the estimated net realisable values of the underlying properties were significantly different from their carrying values as a result of changes of market conditions and/or significant variation in the budgeted development costs, material reversal or impairment provision for properties for/under development and properties held for sale may result. Accordingly, the existence of significant estimates warrants specific audit focus and attention on this area.	Our procedures in relation to management's assessment of recoverability of properties for/under development and properties held for sale included: • We understood management's control and processes of the assessment of the recoverability of property portfolios and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated and tested the operating effectiveness of key controls around the property development cycle with particular focus on, but not limited to, controls over cost budgeting for estimated costs to completion, where applicable; • We evaluated management's assessment on the recoverability of property portfolios, with particular focus on properties with relatively low gross profit margins or those with cost exceeding the net realisable value; and • We assessed the reasonableness of key assumptions and estimates in management's assessment including: (i) For the estimated selling prices, we compared, on a sample basis, to the contracted selling prices of the underlying properties or current market prices of properties of comparable locations and conditions, where applicable; and (ii) For the estimated costs necessary to make the sales and costs to completion, we assessed the reasonableness of the costs necessary to make sales and the latest budgets of total construction costs and tested, on a sample basis, to committed contracts and other supporting documentation. Based on the procedures performed, we found the key assumptions in the recoverability assessment were supportable in light of available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ho Chiu Ping, Dennis.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 September 2024

Consolidated Income Statement

For the year ended 30 June 2024

	Note	2024 HK$m	2023 HK$m (Restated)
Continuing operations			
Revenues	8	**35,782.2**	54,566.2
Cost of sales		**(22,933.0)**	(38,121.0)
Gross profit		**12,849.2**	16,445.2
Other income	9	**43.8**	47.2
Other (losses)/gains, net	10	**(4,978.5)**	1,917.3
Selling and marketing expenses		**(1,285.7)**	(1,788.1)
Expenses of department store's operation		**(1,036.1)**	(1,030.3)
Administrative and other operating expenses		**(4,195.7)**	(5,068.1)
Gain on transfer to investment properties	18	**2,237.2**	–
Changes in fair value of investment properties	18	**(3,145.6)**	(514.6)
Operating profit	11	**488.6**	10,008.6
Financing income		**1,233.3**	1,341.9
Financing costs	12	**(5,508.1)**	(4,571.8)
		(3,786.2)	6,778.7
Share of results of			
Joint ventures		**(295.6)**	(291.9)
Associated companies		**(666.6)**	43.4
(Loss)/profit before taxation		**(4,748.4)**	6,530.2
Taxation	13	**(5,062.4)**	(5,258.1)
(Loss)/profit from continuing operations		**(9,810.8)**	1,272.1
Discontinued operations			
(Loss)/profit from discontinued operations		**(7,315.1)**	2,229.0
(Loss)/profit for the year		**(17,125.9)**	3,501.1
Attributable to:			
Shareholders of the Company	40		
From continuing operations		**(11,806.5)**	(419.0)
From discontinued operations		**(7,876.4)**	967.0
Holders of perpetual capital securities			
From continuing operations		**1,906.2**	1,928.1
From discontinued operations		**269.3**	612.0
Non-controlling interests			
From continuing operations		**89.5**	(237.0)
From discontinued operations		**292.0**	650.0
		(17,125.9)	3,501.1
			(Restated)
Basic and diluted (losses)/earnings per share (HK$)	14		
From continuing operations		**(4.60)**	(0.17)
From discontinued operations		**(3.13)**	0.41

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	2024 HK$m	2023 HK$m (Restated)
(Loss)/profit for the year	**(17,125.9)**	3,501.1
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Net fair value changes on equity instruments as financial assets at fair value through other comprehensive income	**(442.1)**	(269.7)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets	**3,010.1**	45.8
– deferred tax arising from revaluation thereof	**—**	(2.0)
Remeasurement of post-employment benefit obligation	**—**	2.2
Translation differences	**(64.7)**	(1,084.9)
Items that had been reclassified/may be reclassified subsequently to profit or loss		
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	**(293.9)**	(222.7)
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income	**(3.0)**	3.2
Release of reserves upon disposal of interests in a joint venture	**—**	(6.4)
Release of reserves and reclassification of reserve upon disposal of subsidiaries	**4,339.5**	(168.9)
Net insurance finance expenses	**(46.7)**	(115.9)
Share of other comprehensive loss of joint ventures and associated companies	**(91.9)**	(1,463.1)
Cash flow/fair value hedges	**(782.3)**	412.7
Translation differences	**(843.5)**	(11,164.0)
Other comprehensive income/(loss) for the year	**4,781.5**	(14,033.7)
Total comprehensive loss for the year	**(12,344.4)**	(10,532.6)
Attributable to:		
Shareholders of the Company		
From continuing operations	**(10,570.5)**	(11,394.7)
From discontinued operations	**(4,027.1)**	(521.8)
Holders of perpetual capital securities		
From continuing operations	**1,906.2**	1,928.1
From discontinued operations	**269.3**	612.0
Non-controlling interests		
From continuing operations	**46.0**	(958.7)
From discontinued operations	**31.7**	(197.5)
	(12,344.4)	(10,532.6)

Consolidated Statement of Financial Position

	Note	**As at 30 June 2024 HK$m**	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Assets				
Non-current assets				
Investment properties	18	**207,711.8**	209,478.8	211,220.7
Property, plant and equipment	19	**13,207.4**	15,566.3	19,684.3
Right-of-use assets	20	**3,860.4**	5,124.0	6,298.2
Intangible concession rights	21	**—**	13,236.5	13,011.4
Intangible assets	22	**1,174.6**	8,375.2	8,395.2
Interests in joint ventures	23	**37,503.9**	54,527.4	48,745.2
Interests in associated companies	24	**8,578.1**	13,857.3	16,193.1
Insurance contract assets		**—**	1,160.3	–
Reinsurance contract assets		**—**	28.5	–
Financial assets at amortised costs	31	**129.7**	55.2	–
Financial assets at fair value through profit or loss	32	**6,285.7**	56,024.5	44,130.2
Financial assets at fair value through other comprehensive income	33	**2,303.6**	11,738.0	13,695.2
Derivative financial instruments	25	**402.6**	1,219.2	781.6
Properties for development		**15,286.8**	16,115.1	23,310.6
Deferred tax assets	26	**2,204.9**	2,342.4	2,015.0
Other non-current assets	27	**28,493.3**	28,267.8	27,036.1
		327,142.8	437,116.5	434,516.8
Current assets				
Properties under development	28	**43,483.4**	56,424.6	62,066.2
Properties held for sale		**28,346.1**	21,536.4	21,770.6
Inventories	29	**139.0**	497.4	504.9
Debtors, prepayments and contract assets	30	**15,276.1**	23,266.9	31,738.3
Investments related to unit-linked contracts	34	**—**	8,940.1	8,649.2
Financial assets at fair value through profit or loss	32	**841.0**	5,968.9	4,609.7
Financial assets at fair value through other comprehensive income	33	**—**	578.7	1,066.8
Derivative financial instruments	25	**178.3**	150.8	27.4
Restricted bank balances	35	**590.5**	1,254.0	4,494.5
Cash and bank balances	35	**27,399.6**	53,263.9	57,715.6
		116,254.0	171,881.7	192,643.2
Assets of disposal groups held for sale	36	**1,760.8**	15.8	20.1
		118,014.8	171,897.5	192,663.3
Total assets		**445,157.6**	609,014.0	627,180.1

	Note	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Equity				
Share capital	37	**78,382.1**	78,382.1	78,382.1
Reserves	40	**101,449.8**	121,079.9	138,111.3
Shareholders' funds		**179,831.9**	199,462.0	216,493.4
Perpetual capital securities	38	**36,280.5**	47,439.3	47,614.2
Non-controlling interests	39	**8,776.4**	27,191.5	29,138.7
Total equity		**224,888.8**	274,092.8	293,246.3
Liabilities				
Non-current liabilities				
Long-term borrowings and other interest-bearing liabilities	41	**114,437.8**	138,222.9	143,038.9
Lease liabilities	42	**3,701.4**	4,013.8	4,517.3
Insurance contract liabilities		**—**	5,588.3	4,986.7
Liabilities related to unit-linked contracts	34	**—**	123.1	123.0
Deferred tax liabilities	26	**7,762.2**	9,270.7	10,045.3
Derivative financial instruments	25	**317.0**	347.6	221.6
Other non-current liabilities	43	**92.2**	370.5	211.0
		126,310.6	157,936.9	163,143.8
Current liabilities				
Creditors, accrued charges and contract liabilities	44	**39,658.9**	57,357.7	68,028.5
Current portion of long-term borrowings and other interest-bearing liabilities	41	**31,198.3**	36,790.3	36,175.1
Short-term borrowings and other interest-bearing liabilities	41	**10,913.8**	15,388.5	14,094.5
Lease liabilities	42	**701.1**	1,160.4	1,285.2
Insurance contract liabilities		**—**	50,826.1	36,025.3
Reinsurance contract liabilities		**—**	12.2	56.1
Liabilities related to unit-linked contracts	34	**—**	4,301.5	4,480.3
Derivative financial instruments	25	**0.3**	12.7	0.4
Current tax payable		**10,787.7**	11,104.5	10,614.1
		93,260.1	176,953.9	170,759.5
Liabilities of disposal groups held for sale	36	**698.1**	30.4	30.5
		93,958.2	176,984.3	170,790.0
Total liabilities		**220,268.8**	334,921.2	333,933.8
Total equity and liabilities		**445,157.6**	609,014.0	627,180.1

Dr. Cheng Kar-Shun, Henry
Director

Mr. Ma Siu-Cheung
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
At 30 June 2023, previously stated	78,382.1	115,331.5	2,338.8	196,052.4	47,439.3	24,999.7	268,491.4
Adoption of HKFRS 17	—	122.1	3,287.5	3,409.6	—	2,191.8	5,601.4
At 30 June 2023, restated	78,382.1	115,453.6	5,626.3	199,462.0	47,439.3	27,191.5	274,092.8
Adoption of HKFRS 17 after restatement	—	(525.7)	695.5	169.8	—	109.2	279.0
At 1 July 2023	78,382.1	114,927.9	6,321.8	199,631.8	47,439.3	27,300.7	274,371.8
(Loss)/profit for the year	—	(19,682.9)	—	(19,682.9)	2,175.5	381.5	(17,125.9)
Other comprehensive income							
Net fair value changes on equity instruments as financial assets at FVOCI	—	—	(388.9)	(388.9)	—	(53.2)	(442.1)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	—	—	3,010.1	3,010.1	—	—	3,010.1
Share of other comprehensive loss of joint ventures and associated companies	—	—	(77.7)	(77.7)	—	(14.2)	(91.9)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	—	—	(178.9)	(178.9)	—	(115.0)	(293.9)
Release of reserves upon disposal of debt instruments as financial assets at FVOCI	—	—	(1.8)	(1.8)	—	(1.2)	(3.0)
Release of reserves and reclassification of reserves upon disposal of subsidiaries	—	5,210.9	(871.4)	4,339.5	—	—	4,339.5
Cash flow/fair value hedges	—	—	(745.1)	(745.1)	—	(37.2)	(782.3)
Net insurance finance expenses	—	—	(28.4)	(28.4)	—	(18.3)	(46.7)
Translation differences	—	—	(843.5)	(843.5)	—	(64.7)	(908.2)
Other comprehensive income/(loss) for the year	—	5,210.9	(125.6)	5,085.3	—	(303.8)	4,781.5
Total comprehensive (loss)/income for the year	—	(14,472.0)	(125.6)	(14,597.6)	2,175.5	77.7	(12,344.4)

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
Transactions with owners							
(Distributions to)/contributions by owners							
Dividends	–	(5,259.7)	–	(5,259.7)	–	(608.8)	(5,868.5)
Contribution from non-controlling interest	–	–	–	–	–	32.4	32.4
Share options lapsed	–	–	(31.6)	(31.6)	–	–	(31.6)
Redemption of perpetual capital securities	–	220.7	–	220.7	(801.2)	–	(580.5)
Release of reserves upon disposal of equity instruments as financial assets at FVOCI	–	–	13.4	13.4	–	–	13.4
Distribution to perpetual capital security holders	–	–	–	–	(2,138.8)	–	(2,138.8)
Transfer of reserves	–	55.6	(55.6)	–	–	–	–
	–	(4,983.4)	(73.8)	(5,057.2)	(2,940.0)	(576.4)	(8,573.6)
Change in ownership interests in subsidiaries							
Disposal/partial disposal of subsidiaries	–	(145.1)	–	(145.1)	(10,394.3)	(18,025.6)	(28,565.0)
	–	(145.1)	–	(145.1)	(10,394.3)	(18,025.6)	(28,565.0)
Total transactions with owners	–	(5,128.5)	(73.8)	(5,202.3)	(13,334.3)	(18,602.0)	(37,138.6)
At 30 June 2024	78,382.1	95,327.4	6,122.4	179,831.9	36,280.5	8,776.4	224,888.8

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
At 30 June 2022, previously stated	78,382.1	119,353.9	15,624.1	213,360.1	47,614.2	27,124.5	288,098.8
Adoption of HKFRS 17	—	(58.4)	3,191.7	3,133.3	—	2,014.2	5,147.5
At 1 July 2022, restated	78,382.1	119,295.5	18,815.8	216,493.4	47,614.2	29,138.7	293,246.3
Profit for the year	—	548.0	—	548.0	2,540.1	413.0	3,501.1
Other comprehensive income							
Net fair value changes on equity instruments as financial assets at FVOCI	—	—	(215.1)	(215.1)	—	(54.6)	(269.7)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	—	—	42.3	42.3	—	1.5	43.8
Remeasurement of post-employment benefit obligation	—	1.3	—	1.3	—	0.9	2.2
Share of other comprehensive income/(loss) of joint ventures and associated companies	—	5.0	(1,132.2)	(1,127.2)	—	(335.9)	(1,463.1)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	—	—	(135.8)	(135.8)	—	(86.9)	(222.7)
Release of reserves upon disposal of debt instruments as financial assets at FVOCI	—	—	1.9	1.9	—	1.3	3.2
Release of reserves and reclassification of reserves upon disposal of subsidiaries	—	124.2	(293.1)	(168.9)	—	—	(168.9)
Release of reserves upon disposal of interest in a joint venture	—	—	(3.9)	(3.9)	—	(2.5)	(6.4)
Cash flow/fair value hedges	—	—	378.9	378.9	—	33.8	412.7
Net insurance finance expenses	—	—	(74.0)	(74.0)	—	(41.9)	(115.9)
Translation differences	—	—	(11,164.0)	(11,164.0)	—	(1,084.9)	(12,248.9)
Other comprehensive income/(loss) for the year	—	130.5	(12,595.0)	(12,464.5)	—	(1,569.2)	(14,033.7)
Total comprehensive income/(loss) for the year	—	678.5	(12,595.0)	(11,916.5)	2,540.1	(1,156.2)	(10,532.6)

	Share capital HK$m	Retained profits HK$m	Other reserves HK$m	Shareholders' funds HK$m	Perpetual capital securities HK$m	Non-controlling interests HK$m	Total HK$m
Transactions with owners							
(Distributions to)/contributions by owners							
Dividends	—	(4,932.6)	—	(4,932.6)	—	(975.8)	(5,908.4)
Employees' share-based payments	—	—	24.1	24.1	—	—	24.1
Share options lapsed	—	61.5	(61.5)	—	—	—	—
Issuance of perpetual capital securities	—	—	—	—	2,092.0	—	2,092.0
Redemption of perpetual capital securities	—	345.4	—	345.4	(2,222.1)	48.6	(1,828.1)
Release of reserves upon disposal of equity instruments as financial assets at FVOCI	—	39.1	(39.1)	—	—	—	—
Transaction cost in relation to the issuance of perpetual capital securities	—	(19.8)	—	(19.8)	—	—	(19.8)
Distribution to perpetual capital security holders	—	—	—	—	(2,584.9)	—	(2,584.9)
Transfer of reserves	—	(14.0)	14.0	—	—	—	—
	—	(4,520.4)	(62.5)	(4,582.9)	(2,715.0)	(927.2)	(8,225.1)
Change in ownership interests in subsidiaries							
Acquisition of a subsidiary	—	—	—	—	—	22.9	22.9
Acquisition of additional interest in subsidiaries	—	—	(532.0)	(532.0)	—	113.0	(419.0)
Deemed disposal of interests in subsidiaries	—	—	—	—	—	0.3	0.3
	—	—	(532.0)	(532.0)	—	136.2	(395.8)
Total transactions with owners	—	(4,520.4)	(594.5)	(5,114.9)	(2,715.0)	(791.0)	(8,620.9)
At 30 June 2023, restated	78,382.1	115,453.6	5,626.3	199,462.0	47,439.3	27,191.5	274,092.8

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 HK$m	2023 HK$m (Restated)
Cash flows from operating activities			
Net cash generated from operations	49(a)	**12,083.7**	31,420.0
Hong Kong profits tax paid		**(604.7)**	(558.9)
Mainland China and overseas taxation paid		**(3,541.7)**	(5,368.6)
Net cash from operating activities before net purchases of financial assets in relation to insurance business		**7,937.3**	25,492.5
Purchases of financial assets in relation to insurance business		**(29,287.9)**	(36,440.0)
Disposal of financial assets in relation to insurance business		**21,688.1**	21,916.7
Net purchase of financial assets in relation to insurance business		**(7,599.8)**	(14,523.3)
Net cash from operating activities		**337.5**	10,969.2
Cash flows from investing activities			
Interest received		**1,766.9**	3,369.3
Dividends received from			
Joint ventures		**589.7**	1,623.5
Associated companies		**98.2**	258.6
Financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVPL")		**45.7**	58.9
Additions of investment properties, property, plant and equipment, intangible assets and intangible concession rights		**(4,824.6)**	(7,228.3)
(Increase)/decrease in interests in/advances to joint ventures		**(410.1)**	762.2
Decrease/(increase) in interests in/advances to associated companies		**288.4**	(2,079.1)
Increase in short-term bank deposits maturing after more than three months		**(792.7)**	(266.7)
Acquisition of subsidiaries (net of cash and cash equivalents)	49(d)	**—**	(339.4)
Deemed disposal of a subsidiary		**—**	0.5
Purchase of financial assets at FVOCI and financial assets at FVPL		**(2,111.1)**	(1,990.5)
Purchase of financial assets at amortised cost		**(49.9)**	(1,738.8)
Increase in other non-current assets		**(1,222.9)**	(3,817.7)
Proceeds from settlement of derivative financial instruments		**—**	92.7
Proceeds from disposal/partial disposal of			
Associated companies		**—**	1,828.6
Joint ventures		**2.0**	594.8
Financial assets at amortised cost		**39.0**	88.9
Financial assets at FVOCI and financial assets at FVPL		**1,318.5**	2,697.2
Investment properties, property, plant and equipment and intangible concession rights		**4,587.1**	1,180.9
Subsidiaries (net of cash and cash equivalents)	49(f)	**7,163.6**	6,593.6
Net cash from investing activities		**6,487.8**	1,689.2

	Note	**2024 HK$m**	2023 HK$m (Restated)
Cash flows from financing activities			
Issue of fixed rate bonds, net of transaction costs		**—**	3,900.2
Redemption of fixed rate bonds and notes payable		**(9,486.1)**	(11,324.3)
Drawdown of bank and other loans		**29,936.1**	60,349.2
Repayment of bank and other loans		**(34,729.7)**	(54,226.3)
Repayment of financing received under a financial reinsurance arrangement		**(28.5)**	(53.1)
Increase in loans from non-controlling shareholders		**22.7**	0.6
Principal elements of lease liabilities payments		**(679.7)**	(789.2)
Increase/(decrease) in cash collateral received from counterparties		**21.2**	(26.7)
Decrease in restricted bank balances		**663.5**	3,240.5
Payments to acquire additional interests in subsidiary companies		**—**	(803.6)
Contributions from non-controlling interests		**32.4**	—
Interest paid		**(8,972.0)**	(6,531.7)
Dividends paid to shareholders of the Company		**(5,259.7)**	(4,932.6)
Dividends paid to non-controlling shareholders		**(608.8)**	(975.8)
Proceeds from issuance of perpetual capital securities, net of transaction costs		**—**	2,072.2
Repurchase of perpetual capital securities		**(580.5)**	(2,098.0)
Distribution to holders of perpetual capital securities		**(2,138.8)**	(2,584.9)
Net cash used in financing activities		**(31,807.9)**	(14,783.5)
Net decrease in cash and cash equivalents		**(24,982.6)**	(2,125.1)
Cash and cash equivalents at beginning of the year		**52,539.3**	57,269.3
Translation differences		**(1,605.1)**	(2,604.9)
Cash and cash equivalents at end of the year		**25,951.6**	52,539.3
Analysis of cash and cash equivalents			
Cash at banks and on hand	35	**17,065.3**	34,808.1
Cash and bank balances attributable to investments related to unit-linked contracts	34	**—**	15.7
Short-term bank deposits maturing within three months	35	**8,801.3**	17,715.5
Cash and bank balances of subsidiaries reclassified as non-current assets classified as assets held for sale	36	**85.0**	—
		25,951.6	52,539.3

Notes to the Financial Statements

1 GENERAL INFORMATION

New World Development Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is 30/F, New World Tower, 16-18 Queen's Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together the "Group") are principally engaged in property development and investment, construction, hotel operations, and other businesses (including department store and other strategic businesses).

These consolidated financial statements have been approved by the Board of Directors on 26 September 2024.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, certain financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7 below.

The management also makes assessment on potential cash generation, liquidity and available funding to the Group. As at the date of which the consolidated financial statements were authorised for issue, the Directors of the Company consider it is appropriate to continue to adopt going concern basis in preparing the consolidated financial statements.

(a) Adoption of new standard and amendments to standards

The Group has adopted the following new standard and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2024:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the adoption of the above new standard and amendments to standards does not have any significant effect on the results and financial position of the Group.

The adoption of HKAS 12 (Amendments) – Deferred Tax related to Assets and Liabilities from a Single Transaction requires the Group to recognise deferred tax for all temporary differences related to leases. The retrospective application from 1 July 2022 primarily impacts disclosures of components of deferred tax assets and liabilities before offsetting, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as at 1 July 2022 and 30 June 2023 as the related deferred tax balances qualify for offsetting under HKAS 12.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of Hong HKFRS 17 "Insurance Contracts"

HKFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaced the previous HKFRS 4 "Insurance Contracts" ("HKFRS 4"). Under HKFRS 17, a comprehensive model (general measurement model) is introduced to measure insurance contracts based on the estimates of the present value of future cash flows with a risk adjustment (the fulfilment cash flows) and the unearned profits (the contractual service margin ("CSM")). The fulfilment cash flows are the current estimates of the future cash flows that the Group expects to collect from premiums and payout for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The CSM represents the estimate of unearned profits of the insurance contracts, and is systematically recognised as insurance revenue based on the services provided over the coverage period of the insurance contract. Details of the changes in accounting policies and critical accounting estimates and judgements are set out in notes 3 and 7 respectively.

Transition

The Group adopted HKFRS 17 on 1 July 2023 (i.e. the date of initial adoption) and has applied the full retrospective approach on transition to all contracts issued on or after 1 July 2022 (i.e. the transition date). For contracts issued prior to 1 July 2022, fair value approach was applied as obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort (e.g. assumptions that would have been made in an earlier period and information is only available at higher levels of aggregation).

Under fair value approach, the Group determined the CSM to be the difference between the fair value of a group of insurance contracts, and its fulfilment cash flows at 1 July 2022. The fair value of an insurance contract is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. Assumptions about expected future cash flows and risk allowances to determine the fair value of the insurance contracts were adjusted for the market participant's view, as required by HKFRS 13 "Fair Value Measurement". The entire amount of the CSM of the Group at 1 July 2022 is attributable to the insurance contracts applying the fair value approach.

Redesignation of financial assets at the date of initial application of HKFRS 17

The Group has adopted HKFRS 9 "Financial Instruments" ("HKFRS 9") before 1 July 2023. In accordance with HKFRS 17, the Group reassessed its business models for managing financial assets and redetermined the classification of financial assets if they are connected with contracts within the scope of HKFRS 17 at the date of initial application of HKFRS 17 on 1 July 2023. The Group has applied the classification overlay for the purpose of presenting comparative information. The classification overlay is based on how the Group expects the financial assets would be designated at the date of initial application of HKFRS 17.

The following table presents the measurement category and carrying amount of financial assets before and after the date of initial application of HKFRS 17 on 1 July 2023.

	As at 30 June 2023 HK$m (previously stated)	Adjustments HK$m	As at 30 June 2023 HK$m (restated)	Adjustments HK$m	As at 1 July 2023 HK$m (restated)
Financial assets at amortised costs	6,895.0	(6,839.8)	55.2	1,299.6	1,354.8
Financial assets at fair value through other comprehensive income ("FVOCI")	44,106.9	(31,790.2)	12,316.7	(1,359.4)	10,957.3
Financial assets at fair value through profit or loss ("FVPL")	23,253.4	38,740.0	61,993.4	338.8	62,332.2

Debt instruments are reclassified to FVPL out of FVOCI or amortised cost categories and equity instruments are reclassified to FVPL out of FVOCI category as for eliminating accounting mismatch on connected insurance contract liabilities.

Debt instruments are reclassified to amortised cost out of FVOCI category as a result of reassessment on their business model on the basis of facts and circumstances that exist at 1 July 2023.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of HKFRS 17 "Insurance Contracts" (continued)

Transition (continued)

Overall effect on adoption of HKFRS 17

The Group has applied the transition provisions in HKFRS 17 and has not disclosed the impact of the adoption of HKFRS 17 on each financial statement line item. The tables show the impact on adoption of HKFRS 17 on total equity of the Group.

	As at 30 June 2022 HK$m (previously stated)	Adjustments HK$m	As at 1 July 2022 HK$m (restated)
Consolidated statement of financial position (extract)			
Total equity	288,098.8	5,147.5	293,246.3

	As at 30 June 2023 HK$m (previously stated)	Adjustments HK$m	As at 1 July 2023 HK$m (restated)
Consolidated statement of financial position (extract)			
Total equity	268,491.4	5,880.4	274,371.8

HKFRS 17 significantly reduces the accounting mismatch between financial assets and insurance contract liabilities, with mechanisms to adjust insurance contract liabilities considering market fluctuation from assets. As a result, insurance contract liabilities under HKFRS 17 were significantly reduced when compared with the previous HKFRS 4 basis, leading to the increase in total equity upon transition.

In addition, deferred acquisition costs, value of business acquired for insurance contracts (and the related deferred tax liabilities) as well as other receivables and payables under previous accounting practices including premium receivable, policy loans and payable to policyholders are derecognised on transition date and are remeasured in the insurance contracts liabilities under HKFRS 17. Insurance and investment contracts liabilities (including unit-linked contracts) under previous accounting practices are also reassessed if they meet the definition of insurance contracts under HKFRS 17, which are recalculated with the new measurement models.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) New standard, amendments to standards and interpretation which are not yet effective

The following new standard, amendments to standards and interpretation are mandatory for accounting periods beginning on or after 1 July 2024 or later periods but which the Group has not early adopted:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 21	Lack of Exchangeability
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRS 18	Presentation and Disclosure in Financial Statements
HKFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRSs	Annual Improvements to HKFRSs – Volume 11

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

(d) Restatements due to discontinued operations

During the year ended 30 June 2024, the Group announced that all its shares in NWSH had been disposed of by the Group. Their results for the year are presented separately as one-line item below (loss)/profit from continuing operations as "discontinued operations" in the consolidated income statement and the consolidated statement of comprehensive income and the disclosures relating to their operations as "discontinued operations" have been represented for the comparative period. Further details of financial information of the discontinued operations are set out in note 48.

3 CHANGE IN ACCOUNTING POLICIES

As explained in note 2(b) above, the Group has adopted HKFRS 17 which resulted in change in accounting policies used in the preparation of the consolidated financial statements.

Accounting policies applied from 1 July 2023

Insurance contracts, investment contracts with discretionary participating features ("DPF") and reinsurance contracts held

The Group uses different measurement approaches, depending on the type of contract, as follows:

	Product classification	Measurement model
Insurance contracts issued		
Traditional life and annuities participating contracts	Insurance contracts or investment contracts with DPF	Variable Fee Approach ("VFA")
Traditional life non-participating contracts and protection products	Insurance contracts	General Measurement Model ("GMM") or Premium Allocation Approach ("PAA")
Universal life contracts	Insurance contracts	GMM
Unit linked insurance contracts	Insurance contracts	VFA
Unit linked investment contracts without DPF	Investment contracts	Financial liabilities measured at FVPL under HKFRS 9
Reinsurance contracts held		
Reinsurance contracts	Reinsurance contracts	GMM or PAA

(a) Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Contracts that have a legal form of insurance but do not transfer significant insurance risk are classified as investment contracts, and they follow financial instruments accounting under HKFRS 9. Investment contracts without DPF issued by the Group fall under this category and classified as financial liabilities.

Some investment contracts issued by the Group contain DPF, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under HKFRS 17.

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(a) Definition and classification (continued)

The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets.

A reinsurance contract held transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts.

All references to insurance contracts in the consolidated financial statements apply to insurance contracts issued, reinsurance contracts held and investment contracts with DPF, unless specifically stated otherwise.

(b) Level of aggregation and separation of insurance components

Insurance contracts are aggregated into groups, and groups into portfolios, subject to similar risks and managed together. Each portfolio is further disaggregated into semi-annual cohorts and each cohort into three groups based on their profitability: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

(c) Fulfilment of cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some marketing and training costs, are recognised in general and administrative expenses or selling and marketing expenses as incurred.

(d) Insurance acquisition cash flows

Insurance acquisition cash flows represent cash flows arising from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis and considering, in an unbiased way, all reasonable and supportable information available without undue cost or effort. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(e) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

(f) Initial measurement – Groups of contracts not measured under PAA

The Group measures a group of contracts as the sum of: (a) the fulfilment cash flows, which include estimates of future cash flows, an adjustment to reflect time value of money, and a risk adjustment for non-financial risk; and (b) the CSM.

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group of contracts is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the consolidated statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised.

(g) Subsequent measurement – Groups of contracts not measured under the PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC"). The LRC comprises (a) the fulfilment cash flows related to future service allocated to the group at that date and (b) the CSM of the group at that date. The LIC includes the fulfilment cash flows related to incurred claims and expenses that have not yet been paid and allocated to the group at the reporting date.

The fulfilment cash flows are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows, of discount rates and of non-financial risk. For insurance contracts measured under the VFA, the Group's share of the investment experience and assumption changes are absorbed by the CSM and released over time to profit or loss. For insurance contracts measured under the GMM, the fair value change of the investment assets backing these policies does not affect the measurement of insurance contracts.

(h) Initial and subsequent measurement – Groups of contracts measured under the PAA

The Group uses the PAA to simplify the measurement of groups of contracts in the following situations:

- the Group reasonably expects that the measurement of LRC would not differ materially from the result of apply accounting policies of contracts not measured under the PAA; or

- where the coverage period of each contract is one year or less.

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(i) Reinsurance contracts held

Reinsurance contracts held measured under the GMM

The Group applies the same accounting policies as that applied to the underlying insurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods; and (b) any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Reinsurance contracts held measured under the PAA

The Group applies the same accounting policy to measure the reinsurance contracts held under PAA, as the underlying insurance contracts.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised.

(j) Derecognition and modification

An insurance contract is derecognised when:

- it is extinguished, i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled; or

- its terms modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

(k) Presentation of insurance contracts

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held.

The Group disaggregates amounts recognised in the consolidated income statement and the consolidated statement of comprehensive income into (a) insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(k) Presentation of insurance contracts (continued)

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as "net income/(expenses) from reinsurance contracts held". The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance revenue.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Insurance revenue – insurance contracts not measured under the PAA

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period;
- changes in the risk adjustment for non-financial risk relating to current services;
- amounts of the CSM recognised for the services provided in the period; and
- other amounts, including experience adjustments for premium receipts for current or past services.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.

Release of the CSM – insurance contracts not measured under the PAA

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period.

Insurance revenue – insurance contracts measured under the PAA

For groups of insurance contracts measured under the PAA, the Group allocated the expected premium into insurance revenue based on the (a) passage of time; or (b) the expected timing of the incurred expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

Loss component – insurance contracts not measured under PAA

For contracts not measured under the PAA, the Group establishes a loss component of the LRC for onerous group of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component.

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(k) Presentation of insurance contracts (continued)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and include the following:

- incurred claims, benefits, and other incurred directly attributable expenses;
- insurance acquisition cash flows amortisation;
- losses on onerous contract or reversals of those losses; and
- changes that relate to past service.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above. For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in general and administrative expenses or selling and marketing expenses in the profit or loss.

Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held based on the allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Group under groups of reinsurance contracts held.

For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts and reinsurance contracts held arising from the effect of the time value of money and changes in the time value of money, the effect of financial risk and changes in financial risk.

The Group presents insurance finance income or expenses for the insurance contracts measured under the VFA in profit or loss. Such insurance finance income or expenses includes changes in the measurement of the group of contracts impacted by the changes in the value of underlying items (excluding additions and withdrawals). It therefore has an offsetting impact to investment income earned on underlying assets backing insurance contracts, which include the gain or losses arising on assets measured at FVPL under the line "other (losses)/gains, net".

For the insurance contracts measured under the GMM, the Group disaggregates total insurance finance income or expenses between profit or loss and other comprehensive income. The amount recognised in profit or loss is determined by a systematic allocation of the expected total finance income or expenses over the duration of the group of insurance contracts. Insurance finance income or expenses presented in other comprehensive income, which reflects the effect of changes in discount rates on measurement of these insurance contracts, are accumulated in the insurance finance reserve. If the Group derecognises these insurance contracts, its related remaining amount accumulated in insurance finance reserve is reclassified to profit or loss.

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(k) Presentation of insurance contracts (continued)

An analysis by measurement component of insurance contracts are as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Estimates of present value of future cash flows	—	46,796.7	33,249.2
Risk adjustment for non-financial risk	—	1,240.8	1,182.6
CSM	—	7,216.6	6,580.2
Net balance	—	55,254.1	41,012.0
Insurance contract assets	—	(1,160.3)	—
Insurance contract liabilities	—	56,414.4	41,012.0
	—	55,254.1	41,012.0

An analysis by measurement component of reinsurance contracts held are as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Estimates of present value of future cash flows	—	150.4	139.3
Risk adjustment for non-financial risk	—	(47.7)	(53.4)
CSM	—	(119.0)	(29.8)
Net balance	—	(16.3)	56.1
Reinsurance contract assets	—	(28.5)	—
Reinsurance contract liabilities	—	12.2	56.1
	—	(16.3)	56.1

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(k) Presentation of insurance contracts (continued)

The following reconciliations show how the net carrying amounts of insurance contracts changed. The Group presents a table separately analysing movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the consolidated income statement and consolidated statement of comprehensive income. A second reconciliation is presented for contracts not measured under the premium allocation approach, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

The estimates of the present value of future cash flows from insurance contract assets represent the Group's maximum exposure to credit risk from these assets.

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach

FY2023	Liabilities for remaining coverage			
	Excluding loss component HK$m	Loss component HK$m	Liabilities for incurred claims HK$m	Total HK$m
Opening assets	—	—	—	—
Opening liabilities	40,469.5	—	456.8	40,926.3
Net opening balance	40,469.5	—	456.8	40,926.3
Insurance revenue	(2,527.1)	—	—	(2,527.1)
Insurance service expenses				
Incurred claims and other insurance service expenses	—	(6.3)	1,288.1	1,281.8
Amortisation of insurance acquisition cash flows	345.4	—	—	345.4
Losses and reversals of losses on onerous contracts	—	25.3	—	25.3
Adjustments to liabilities for incurred claims	—	—	122.6	122.6
Total insurance service expenses	345.4	19.0	1,410.7	1,775.1
Investment components	(1,825.3)	—	1,825.3	—
Total insurance service result	(4,007.0)	19.0	3,236.0	(752.0)
Net finance expenses from insurance contracts	(43.0)	0.1	7.9	(35.0)
Total changes in the consolidated statement of comprehensive income	(4,050.0)	19.1	3,243.9	(787.0)
Cash flows				
Premium received	20,529.5	—	—	20,529.5
Claims and other insurance service expenses paid; including investment components	—	—	(3,365.8)	(3,365.8)
Insurance acquisition cash flows	(2,329.7)	—	—	(2,329.7)
Other amounts received	60.6	—	—	60.6
Total cash flows	18,260.4	—	(3,365.8)	14,894.6
Net closing balance	54,679.9	19.1	334.9	55,033.9

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(k) Presentation of insurance contracts (continued)

Analysis by measurement component of insurance contracts not measured under the premium allocation approach

FY2023			CSM		
	Estimates of present value of future cash flows HK$m	Risk adjustment for non-financial risk HK$m	Contracts under fair value transition approach HK$m	Other contracts HK$m	Total HK$m
Opening assets	—	—	—	—	—
Opening liabilities	33,163.5	1,182.6	6,580.2	—	40,926.3
Net opening balance	33,163.5	1,182.6	6,580.2	—	40,926.3
Insurance service result					
Changes that relate to current services					
CSM recognised for services received	—	—	(675.3)	(65.3)	(740.6)
Change in risk adjustment for non-financial risk	—	(16.2)	—	—	(16.2)
Experience adjustments	(143.1)	—	—	—	(143.1)
Changes that relate to future services					
Contracts initially recognised in the year	(1,810.1)	235.2	—	1,600.1	25.2
Changes in estimates that adjust the CSM	244.5	(165.5)	248.2	(327.2)	—
Changes in estimates that result in losses and reversals of losses on onerous contracts	(4.6)	4.7	—	—	0.1
Changes that relate to past services					
Adjustments to assets for incurred claims	122.6	—	—	—	122.6
Total insurance service result	(1,590.7)	58.2	(427.1)	1,207.6	(752.0)
Net finance expenses/(income) from insurance contracts	109.1	—	(45.3)	(98.8)	(35.0)
Total changes in the consolidated statement of comprehensive income	(1,481.6)	58.2	(472.4)	1,108.8	(787.0)
Cash flows					
Premium received	20,529.5	—	—	—	20,529.5
Claims and other insurance service expenses paid; including investment components	(3,365.8)	—	—	—	(3,365.8)
Insurance acquisition cash flows	(2,329.7)	—	—	—	(2,329.7)
Other amounts received	60.6	—	—	—	60.6
Total cash flows	14,894.6	—	—	—	14,894.6
Net closing balance	46,576.5	1,240.8	6,107.8	1,108.8	55,033.9

3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(k) Presentation of insurance contracts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts under the premium allocation approach

FY2023	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component HK$m	Loss component HK$m	Estimate of present value of future cash flows HK$m	Risk adjustment for non-financial risk HK$m	Total HK$m
Opening assets	—	—	—	—	—
Opening liabilities	55.7	—	30.0	—	85.7
Net opening balance	55.7	—	30.0	—	85.7
Insurance revenue	(169.5)	—	—	—	(169.5)
Insurance service expenses					
Incurred claims and other insurance service expenses	—	—	119.0	—	119.0
Amortisation of insurance acquisition cash flows	24.8	—	—	—	24.8
Losses and reversals of losses on onerous contracts	—	—	—	—	—
Adjustments to liabilities for incurred claims	—	—	9.4	—	9.4
Total insurance service expenses	24.8	—	128.4	—	153.2
Investment components	—	—	—	—	—
Total insurance service result	(144.7)	—	128.4	—	(16.3)
Net finance expenses from insurance contracts	—	—	—	—	—
Total changes in the consolidated statement of comprehensive income	(144.7)	—	128.4	—	(16.3)
Cash flows					
Premium received	232.1	—	—	—	232.1
Claims and other insurance service expenses paid; including investment components	—	—	(47.3)	—	(47.3)
Insurance acquisition cash flows	(34.0)	—	—	—	(34.0)
Other amounts received	—	—	—	—	—
Total cash flows	198.1	—	(47.3)	—	150.8
Net closing balance	109.1	—	111.1	—	220.2

Discount rates

The spot rates used to discount the cash flows of insurance contracts as at 30 June 2023 was 4.76%-5.59%.

4 CHANGE IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As explained in note 2(b) above, the critical accounting estimates and judgements for insurance business of the Group upon adoption of HKFRS 17 are as follows:

(a) Measurement of insurance contracts not measured under the PAA

Estimates of present value of future cash flows

The estimates of future cash flows requires the use of appropriate actuarial methodologies and also various economic and operational assumptions. The assumptions used include discount rates, mortality and morbidity rates, lapse and partial lapse rates, persistency, expenses, inflation, policy dividend and fund growth rate. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and national mortality tables that reflect historical mortality experience, adjusted, where appropriate, to reflect the Group's unique risk exposure. The estimated number of deaths determines the value of possible future benefits to be paid out which will be factored into ensuring sufficient cover by reserves, which in return is monitored against the current and future premiums. Lapse rates are based on the historical experience of the Group. Expenses are based on the renewal compensation cost structure and the maintenance expenses level of the Group.

The estimates of future cash flows are adjusted using discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The bottom-up approach has been primarily adopted for the derivation of discount rates. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free yield was derived using swap rates available in the market or sovereign bonds denominated in the same currency. Management uses judgement to assess liquidity characteristics of the liability cash flows.

Estimates for discount rates, mortality rates, lapse rates and expenses are determined at the date of acquisition, where applicable, and at the initial recognition of the insurance contract and are used to calculate the liability over the term of the contract. At each reporting date, these estimates are reassessed and changes will be reflected in adjustments to the liability. Details of key assumptions are included in note 6g(i).

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled.

Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique. The Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile over the expected present value of the future cash flows.

(b) Determining coverage units for recognition of the contractual service margin in insurance revenue

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Group applies judgement in these determinations.

5 MATERIAL ACCOUNTING POLICIES

In addition to the accounting policies adopted as described in notes 3, the significant accounting policies adopted for the presentation of the consolidated financial statements, which have been consistently applied to all the year presented are set out as below:

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 June.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice, on the basis of each acquisition to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amount of acquiree's identifiable net assets. If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the carrying amount for the purposes of subsequently accounting for the retained interest as associated companies, joint ventures or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

Impairment testing of the interests in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(ii) Joint arrangements

Under HKFRS 11 "Joint Arrangements", investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations each investor has.

(1) Joint ventures

The Group recognises its interests in joint ventures using equity method of accounting. Interests in joint ventures are stated in the consolidated financial statements at cost (including goodwill on acquisition) plus the share of post-acquisition results and movements in other comprehensive income less provision for impairment losses. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired joint ventures at the date of acquisition.

The Group's interests in joint ventures include the loans and advances to the joint ventures which, in substance, form part of the Group's net investments in the joint ventures. The loans and advances to the joint ventures are a form of commercial arrangement between the parties to the joint ventures to finance the development of projects and viewed as means by which the Group invests in the relevant projects. These loans and advances have no fixed repayment terms and will be repaid when the relevant joint venture has surplus cash flow. Please refer to note 5(i) for the impairment of loans and advances to joint ventures.

The share of post-acquisition results and other comprehensive income is based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

(a) Equity joint ventures/joint ventures in wholly foreign owned enterprises

Equity joint ventures/joint ventures in wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios and share of net assets of the venturers are in proportion to the capital contribution ratios.

(b) Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

(c) Companies limited by shares

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investments in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(ii) Joint arrangements (continued)

(1) Joint ventures (continued)

For equity accounting purpose, accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in joint ventures are stated at cost less provision for impairment losses. The results of joint ventures are accounted for by the Company on the basis of dividend received and receivable.

(2) Joint operations

The assets that the Group has the rights and the liabilities that the Group has the obligations in relation to the joint operations are recognised in the consolidated statement of financial position on an accrual basis and classified according to the nature of the item. The share of expenses that the Group incurs and its share of income that it earns from the joint operations are included in the consolidated income statement.

(iii) Associated companies

An associated company is a company other than a subsidiary and a joint venture, in which the Group has significant influence, but not control, exercised through representatives on the board of directors.

The Group's interests in associated companies include the loans and advances to the associated companies which, in substance, form part of the Group's interests in the associated companies. The provision of loans and advances to the associated companies are a form of commercial arrangement between the parties to the associated companies to finance the development of projects and viewed as a means by which the Group invests in the relevant projects.

Interests in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's interests in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associated companies at the date of acquisition. The interests in associated companies also include long-term receivables that, in substance, form part of the Group's net investments in the associated companies. Please refer to note 5(i) for the impairment of long-term receivables.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interests in the associated company, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred legal and constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interests in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend income received and receivable.

Gains or losses on deemed disposal on dilution arising from interests in associated companies are recognised in the consolidated income statement.

The cost of an associated company acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) Associated companies (continued)

The Group ceases to use the equity method from the date an investment ceases to be an associated company that is the date on which the Group ceases to have significant influence over the associated company or on the date it is classified as held for sale.

(iv) Transactions with non-controlling interests

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling shareholders are also recorded in equity.

(b) Intangible assets

(i) Goodwill

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of joint ventures and associated companies is included in interests in joint ventures and associated companies respectively and is tested for impairment as part of overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of testing for impairment. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(ii) Trademarks

Separately acquired trademarks are initially recognised at initial cost. Trademarks acquired in a business combination are recognised at fair value at the date of acquisition. Trademarks have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

(iii) Operating right

Operating right primarily resulted from the acquisition of right to operate facilities rental and other businesses. Separately acquired operating rights are initially recognised at cost. Operating rights acquired in a business combination are initially recognised at fair value at the acquisition date. Operating right is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over the period of the operating right.

(iv) Intangible concession rights

The Group has entered into various service arrangements ("Service Concessions") with local government authorities for its participation in the development, financing, operation and maintenance of infrastructural projects ("Infrastructures"). The Group carries out the construction or upgrade work of Infrastructures from the granting authorities in exchange for the right to operate the Infrastructures concerned and the right to change users of the respective Infrastructures. The fees collected during the operating periods are attributable to the Group. The relevant Infrastructures are required to be returned to the local government authorities upon the expiry of the operating rights without significant compensation to the Group.

The Group applies the intangible asset model to account for the Infrastructures where they are paid by the users of the Infrastructures and the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable. The consideration to be received during the construction or upgrade period is classified as contract assets and reclassified as intangible concession rights upon completion.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets (continued)

(iv) Intangible concession rights (continued)

Amortisation of intangible concession rights is calculated to allocate their costs, where applicable, on an economic usage basis for roads whereby the amount of amortisation is provided based on the ratios of actual volume compared to the total projected volume. The total projected volume of the respective Infrastructures is reviewed regularly with reference to both internal and external sources of information and appropriate adjustments will be made should there be a material change.

(v) Other intangible assets

Other intangible assets mainly represent computer software. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to consolidated income statement on a straight-line basis over the assets' estimated useful lives or 3 to 5 years, whichever is shorter.

(c) Non-current assets or disposal groups held for sale and discontinued operations

Non-current assets or disposal groups are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. For assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are carried at fair value, would continue to be measured in accordance with the policies set-out elsewhere in note 5.

A remeasurement loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative remeasurement loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement and the consolidated statement of comprehensive income.

(d) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases are accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Property held by the lessee as a right-of-use asset for long-term rental yields or for capital appreciation or both is classified as investment property.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (continued)

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional qualified valuers on an open market value basis at the end of each reporting period. Changes in fair value are recognised in the consolidated income statement.

Property that is being constructed or developed for future use as investment property is stated at fair value.

Subsequent expenditure is included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to properties for/under development. The property's deemed cost for subsequent accounting as properties for/under development is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if the fair value of the property at the date of transfer which results in a reversal of the previous impairment loss, the write-back is recognised in the consolidated income statement.

For a transfer from properties for/under development or property held for sale to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in the consolidated income statement. Transfers to investment properties shall be made when, and only when, there is a change in use. The inception of a lease to another party is generally an evidence of a change in use. A change in use has occurred is based on an assessment of all relevant facts and circumstances. The relevant facts include but not limited to the Group's business plan, financial resources and legal requirements.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged in the consolidated income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

(i) Assets under construction

All direct costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

(ii) Depreciation

No depreciation is provided on assets under construction until such time when the relevant assets are completed and available for intended use. No depreciation is provided on freehold land.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	20 to 40 years
Other assets	2 to 25 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Gain or loss on disposal

The gain or loss on disposal of property, plant and equipment is determined by comparing the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

(f) Impairment of investments in subsidiaries, joint ventures, associated companies and non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use. Impairment losses on goodwill are not reversed. For the purpose of assessing impairment, assets are grouped as CGUs for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment testing of the interests in subsidiaries, joint ventures or associated companies is required upon receiving dividends from these interests if the dividend exceeds the total comprehensive income of the subsidiaries, joint ventures or associated companies in the period the dividend is declared or if the carrying amount of the interest in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

(g) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through profit or loss); and

(b) those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

(i) Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in the consolidated income statement or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Except for trade debtors that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest method.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest method. Foreign exchange gains and losses and impairment loss are presented in "other income and gains, net".

(c) Financial assets at fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in the consolidated income statement and presented net in the period in which it arises.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

(iii) Measurement (continued)

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on investments in equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investments. Dividends from such investments continue to be recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of investments in equity instruments at FVPL are recognised in the consolidated income statement. Investments in equity instruments at FVOCI are not subject to impairment assessment.

(h) Derivative financial instruments and hedging activities

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges) or the changes in fair value of recognised assets or liabilities (fair value hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that quantity for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised in OCI and accumulated in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised in OCI and accumulated in the costs of hedging reserve within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in OCI and accumulated in the cash flow hedge reserve within equity.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities (continued)

Cash flow hedges that quantity for hedge accounting (continued)

Amounts accumulated in equity are transferred to the consolidated income statement in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of such asset. The deferred amounts are ultimately recognised in consolidated income statement as the hedged item affects profit or loss. The gain or loss relating to the effective portion of the hedging instrument is recognised in the consolidated income statement at the same time as the expense on the hedged items.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to the consolidated income statement.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

- the credit/debit value adjustment on the hedging instrument which is not matched by the hedged item; and
- differences in critical terms between the hedged item and hedging instrument.

Fair value hedges

Change in the fair value on hedging instrument is recognised in OCI when the hedged item is an equity instrument for which the Group has elected to present changes in fair value in OCI.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

(i) Impairment of financial assets

The Group's financial assets measured at amortised cost, including trade and other debtors, deposits, premium receivables, retention receivables for contract works, amounts due from associated companies, amounts due from joint ventures and amounts due from non-controlling shareholders, cash and bank balances, and other debt instruments at FVOCI as well as contract assets are subject to expected credit loss model under HKFRS 9 "Financial Instruments" ("HKFRS 9").

For trade debtors, retention receivables and contract assets, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision.

For all other instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 6(b) details how the Group determines whether there has been a significant increase in credit risk.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Properties for/under development

Properties for/under development comprise leasehold land and land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Net realisable value takes into account the proceeds ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to complete. Upon completion, the properties are transferred to properties held for sale. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

(k) Properties held for sale

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(m) Trade and other debtors

Trade and other debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Details of impairment of trade debtors is disclosed in note 5(i).

(n) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in the consolidated income statement exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in the consolidated income statement.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade debtors as described in notes 5(i) and 6(b). Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

(o) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the consolidated statement of financial position.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

(r) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(v) Borrowings and other interest-bearing liabilities

Borrowings and other interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Borrowings and other interest-bearing liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement or capitalised as stated in note 5(y) over the period of the borrowings using the effective interest method.

Borrowings and other interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors after eliminating sales within the Group.

Revenue is recognised when it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Rental

Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

(ii) Property sales

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(iii) Construction revenue

Revenue from construction service contract is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

(iv) Toll revenue

Toll revenue from road operations is recognised at a point in time when services are rendered.

(v) Service fee income

Property and facilities management service fees and property letting agency fee are recognised over time and at a point in time respectively when services are rendered.

(vi) Sales of goods

Income from sales of goods is recognised at a point in time when the goods are delivered to customers and title has passed.

(vii) Hotel operations

Revenue from hotel and restaurant operations is recognised upon provision of the services.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(viii) Department store operations

Revenue from sale of goods to retail customers is recognised when the Group sells the product to the customers and the revenue from sale of goods to wholesalers is recognised when control of the products has transferred, being when the products are delivered to the wholesaler. The Group recognises commission income from concessionaire sales upon sale of goods.

Payments received in advance that are related to sales of goods or provision of services not yet delivered to customers are deferred and recognised as contract liabilities. Revenue is recognised when goods or services are delivered to customers.

Marketing or promotional offer made to customers at the time of the sale of goods is a separate performance obligation, and the likelihood of settlement of the outstanding performance obligation must be estimated and allocated to the consideration received.

(ix) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(x) Dividend income

Dividend income is recognised when the right to receive payment is established.

(xi) Revenue related to insurance business

Accounting policies of revenue recognition in relation to insurance business are set out in note 3.

(x) Leases

The Group leases various land, office buildings and premises. Rental contracts are made for a range of fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Some leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the consolidated income statement in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

(y) Borrowing cost

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

(z) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Employee benefits (continued)

(iii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the Mandatory Provident Fund ("MPF") Scheme and employee pension schemes established by municipal government in The People's Republic of China ("PRC") are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the consolidated income statement.

(v) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

On lapse of share options according to the plan, corresponding amount recognised in employees' share-based compensation reserve is transferred to retained profits.

The grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, with a corresponding credit to equity in the parent entity accounts.

(aa) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the end of the reporting period are recognised in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each consolidated statement of financial position presented are translated at the exchange rate ruling at the date of that consolidated statement of the financial position;

(2) income and expenses for each consolidated income statement are translated at the average exchange rate during the period covered by the consolidated income statement; and

(3) all resulting translation differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate ruling at the end of the reporting period.

(iv) Disposal of foreign operation and partial disposal

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the translation differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated translation differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated translation difference is reclassified to the consolidated income statement.

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors of the Company has appointed an Executive Committee which assess the financial performance and position of the Group, and makes strategic decisions. The Executive Committee, which has been identified as being the chief operating decision-maker, consists of executive directors of the Company.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible assets, financial assets at FVOCI, financial assets at FVPL, properties for development, other non-current assets, properties under development, properties held for sale, inventories, receivables and non-current assets classified as assets held for sale and exclude interests in joint ventures and associated companies, investments related to unit-linked contracts, derivative financial instruments, deferred tax assets, restricted bank balances and cash and bank balances. Segment liabilities comprise operating liabilities and exclude items such as current tax payable, deferred tax liabilities and borrowings.

(ac) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the financial period when the dividends are approved by the Company's shareholders/directors, where appropriate.

(ad) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

(ae) Deferred Income

Deferred income is included in both current and non-current liabilities and is credited to the consolidated income statement on a straight-line basis over the concession periods.

(af) Non-controlling interests

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling shareholders are also recorded in equity.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group is also exposed to insurance risk relating to the activities of its insurance business. The Group has centralised treasury function for all of its subsidiaries except for listed subsidiaries which arrange their financial and treasury affairs on a stand-alone basis and in a manner consistent with the overall policies of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are mainly in Hong Kong and Mainland China. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into foreign exchange forward contracts and foreign exchange swaps to reduce the exposure should the need arises.

At 30 June 2024, the Group's entities with functional currency of Hong Kong dollar had aggregate United States dollar net monetary assets of HK$8,878.5 million (2023: HK$5,891.1 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there are no significant foreign exchange risk with respect to the United States dollar.

At 30 June 2024, the Group's entities with functional currency of Hong Kong dollar had aggregate Renminbi net monetary assets of HK$2,402.2 million (2023: HK$1,970.5 million). If Hong Kong dollar had strengthened/weakened by 5% (2023: 5%) against Renminbi with all other variables unchanged, the Group's loss before taxation would have been HK$120.1 million higher/lower (2023: profit before taxation would have been HK$98.5 million lower/higher).

At 30 June 2024, the Group's entities with functional currency of Renminbi had aggregate United States dollar net monetary assets of HK$13.6 million (2023: HK$73.1 million). If Renminbi had strengthened/weakened by 5% (2023: 5%) against United States dollar with all other variables unchanged, the Group's loss before taxation would have been HK$0.7 million higher/lower (2023: profit before taxation would have been HK$3.7 million lower/higher).

At 30 June 2024, the Group's entities with functional currency of Renminbi had aggregate Hong Kong dollar net monetary liabilities of HK$816.6 million (2023: HK$889.3 million). If Renminbi had strengthened/weakened by 5% (2023: 5%) against Hong Kong dollar with all other variables unchanged, the Group's loss before taxation would have been HK$40.8 million lower/higher (2023: profit before taxation would have been HK$44.5 million higher/lower).

During the year, the results and financial position of the Group's operations in Mainland China having Renminbi as their functional currency fluctuated against the Hong Kong dollar. This gave rise to an unrealised loss of approximately of HK$1,001.9 million (2023: HK$13,559.0 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associates and joint ventures. This unrealised gain/loss was reflected as a movement in other reserves under the heading of exchange fluctuation reserve. If Renminbi had strengthened/weakened by 2.5% (2023: 2.5%) against Hong Kong dollar with all other variables unchanged, the Group's total equity would have been HK$2,454.3 million (2023: HK$2,627.2 million) higher/lower.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period from the end of the reporting period until the end of next reporting period. There are no other significant monetary balances held by group companies at 30 June 2024 and 2023 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 "Financial Instruments: Disclosures" ("HKFRS 7") arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets on a floating rate basis mainly include deposits at bank and amounts due from joint ventures and associated companies. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. The Group's borrowings issued at fixed rates exposed the Group to fair value interest rate risk.

The Group is also exposed to fair value interest risk mainly in relation to the financial assets at FVOCI (debt instruments) and derivative financial instruments. Fair value interest rate risk is the risk that the fair value of the future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

To mitigate the risk, the Group has maintained an appropriate mix of fixed and floating rate interests. To match with underlying risk faced by the Group, the level of fixed rate instrument for the Group is decided after taking into consideration the potential impact of higher interest rates on the consolidated income statement, interest cover and the cash flow cycles of the Group's businesses and investments. Variance interest bearing financial assets and liabilities are mainly subject to an interest repricing risk of one year or below.

If interest rates had been 100 basis points (2023: 100 basis points) higher/lower with all other variables held constant, the Group's loss before taxation would have been HK$116.7 million lower/higher (2023: profit before taxation would have been HK$44.9 million higher/lower respectively and the Group's FVOCI reserve would have been HK$4.9 billion lower/higher), the sensitivity analysis has been determined assuming that the change in rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the end of the reporting period. The 100 basis points (2023: 100 basis points) increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

(iii) Price risk

The Group is exposed to securities price risk arising from the listed and unlisted investments held by the Group. Gains or losses arising from changes in the fair value of financial assets at FVOCI and financial assets at FVPL are dealt with in equity and the consolidated income statement respectively. The performance of the Group's listed and unlisted investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is also exposed to other price risk arising from fair value of certain interest rate swaps which is determined based on the in-house indexes of banks. Changes in fair value of these interest rate swaps are dealt with in the consolidated income statement. The Group is not exposed to commodity price risk.

At 30 June 2024, if the price of listed and unlisted investments in financial assets at FVOCI had been 25% (2023: 25%) higher/lower with all other variables held constant, the Group's financial assets at FVOCI reserve would have been HK$575.9 million (2023: HK$11,026.7 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

At 30 June 2024, if the price of listed and unlisted investments in financial assets at FVPL had been 25% (2023: 25%) higher/lower with all other variables held constant, the Group's profit before taxation would have been HK$1,781.7 million (2023: HK$5,813.3 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months and assumed no impact from overlay approach adjustments.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk

The credit risk of the Group mainly arises from trade and other receivables, contract assets, other non-current assets, balances receivable from investee companies, joint ventures and associated companies, deposits with banks, and debt instruments at FVOCI.

The Group considers the probability of default from initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis by close monitoring against established credit policies in each of its core business. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets, generally on individual basis, as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are generally incorporated:

- external credit rating (if any);
- average default rate by independent external parties;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' ability to meet their obligations; and
- significant actual and expected changes in the performance and behaviour of the counterparties, including changes in the payment status of counterparties in the Group and changes in the operating results of the counterparties.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. Financial assets are considered to be credit-impaired and written off when there is no reasonable expectation of recovery.

For trade debtors, retention receivables and contract assets in relation to provision of services and infrastructure operations, expected credit loss allowance has been provided under lifetime expected credit loss assessment with reference to the historical credit loss experience with counterparties and ageing analysis, adjusted for forward-looking factors specific to the counterparties and the economic environment.

For trade debtors in relation to property sales, the Group normally receives deposits or progress payments from individual customers and possesses the control of the property unit prior to the completion of sales transaction. Taking into account the historical settlement of contractual payment and forward-looking factors, management considered the lifetime expected credit loss surrounding property sales receivables is immaterial.

For trade debtors in relation to rental income, the Group carries out regular review on these balances and follow-up action on any overdue amounts to minimise exposures to credit risk. The Group measures the lifetime expected credit losses based on the outstanding balances with debtors, offset with the deposit placed to the Group by the counterparties or the assets held by the counterparties expected to be frozen by the court for confiscation, and historical credit loss experience adjusted by the current and forecast economic conditions that may affect the ability of the counterparties to settle receivables.

There is no concentration of credit risk with respect to trade debtors and contract assets from third party customers as the customer bases are widely dispersed in different sectors and industries.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk (continued)

For mortgage loans receivables, similar to other financial institutions, credit assessments are part of the normal process before approving loans to applicants. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. At the end of each reporting period, the Group reviews the recoverable amount of each individual receivable, taking into account the historical settlement of contractual payments and forward-looking factors under general approval, to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any.

Impairment on financial assistance provided to investee companies, joint ventures and associated companies, other debtors and other non-current assets such as loans receivables, is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition, through the management's critical assessment on the recoverable amounts based on underlying assets, historical repayment pattern, the actual and expected changes in business performance and general market default rate. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to investee companies, associated companies and joint ventures through exercising joint control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. The Group determines the probability of default and recovery rate based on the underlying financial information, the actual and expected changes in business performance and general market default and recovery rate. The Group has also considered the forward-looking information by incorporating a set of different economic scenarios.

Deposits with banks mainly placed with high-credit-quality financial institutions, such balances are considered to be of low credit risk. Debt securities are limited to financial institutions or investment counterparties with high quality. Aaa and AAA are the highest credit ratings in the Moody's and Standard & Poor's credit rating systems, respectively. The Group classifies its investment in bonds below ratings of Baa3 and BBB- in the Moody's and Standard & Poor's credit rating systems respectively as non-investment grade bonds. As at 30 June 2023, the amount of the non-investment grade bonds held by the Group was approximately 1.8% of its invested assets.

The Group provides guarantees to banks in connection with certain property purchasers' borrowing of mortgage loans to finance their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the Mainland China. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchaser's deposit and sell the property to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at the end of each reporting period the liabilities based on the current estimates of future cash flows. As at 30 June 2024 and 2023, no provision on the above guarantees to banks had been made in the consolidated financial statements.

The maximum exposure to credit risk is represented by the carrying amounts of financial assets in the consolidated statement of financial position after deducting any loss allowance.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management involves managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities, renewal of loan facilities upon maturity and the ability to close out market positions so as to mitigate liquidity risk. It is the Group's policy to actively and continuously monitor current and expected liquidity requirements, ensuring adequate funding is available for operating, investing and financing activities by performing cash flow forecast at least for the next twelve months of the Group by considering different plans and measures, such as but not limited to refinancing and entering into existing and new loans and bonds, disposing of non-core assets, and optimising operating and capital expenditures. Upon successful realisation of these plans and measures, together with evaluating the values of major asset items and translating foreign operations, the forecast facilitates management to actively monitor and ensure compliance of banking requirements. The Group maintains adequate flexibility to respond to opportunities and events by ensuring that committed credit lines are available to meet future funding requirements. The Group also maintains adequate undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements (including financing for the Group's capital commitments as detailed in note 46(b). The Directors of the Company are of the view that the Group has sufficient resources to meet the Group's commitments and liabilities as and when they fall due.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. Except for the liabilities related to unit-linked contracts where these unit-linked contracts typically include options for policyholders to surrender early, often subject to surrender or other penalties. The Group's investment related to unit-linked contracts are held to back the liabilities to the policyholders. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Carrying amount HK$m	Total contractual undiscounted cash flow HK$m	Within 1 year or on demand HK$m	Over 1 year but within 5 years HK$m	After 5 years HK$m	Unit-linked HK$m
At 30 June 2024						
Creditors and accrued charges	**31,058.9**	**31,058.9**	**28,566.2**	**1,058.3**	**1,434.4**	**–**
Short-term borrowings and other interest-bearing liabilities	**10,913.8**	**11,411.6**	**11,411.6**	**–**	**–**	**–**
Long-term borrowings and other interest-bearing liabilities	**145,636.1**	**168,361.0**	**37,481.8**	**105,878.5**	**25,000.7**	**–**
Lease liabilities	**4,402.5**	**5,492.8**	**682.9**	**1,972.9**	**2,837.0**	**–**
At 30 June 2023						
Creditors and accrued charges	43,671.5	43,671.5	39,624.9	2,606.1	1,440.5	–
Short-term borrowings and other interest-bearing liabilities	15,388.5	17,774.7	17,774.7	—	—	–
Long-term borrowings and other interest-bearing liabilities	175,013.2	193,195.8	38,714.9	118,690.5	35,790.4	—
Liabilities related to unit-linked contracts (note 34)	8,445.5	8,445.5	—	—	—	8,445.5
Lease liabilities	5,174.2	6,375.2	1,142.5	3,136.0	2,096.7	—

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk (continued)

Derivative financial liabilities:

	Total contractual undiscounted cash flow HK$m	Within 1 year or on demand HK$m	Over 1 year but within 5 years HK$m	After 5 years HK$m
At 30 June 2024				
Derivative financial instruments (net settled)	**(174.8)**	**33.5**	**49.9**	**(258.2)**
At 30 June 2023				
Derivative financial instruments (net settled)	149.9	52.3	123.9	(26.3)
Derivative financial instruments (gross settled)				
Cash inflow	(206.5)	(132.0)	(74.5)	—
Cash outflow	217.4	142.9	74.5	—
	10.9	10.9	—	—

The major liquidity risks the Group's insurance business confronts are the daily calls on its available cash resources in respect of claims arising from insurance and investment contracts and the maturity of debt instruments.

The Group's insurance business manages liquidity through its liquidity risk policy which includes determining what constitutes liquidity risk and the minimum proportion of funds to meet emergency calls, the setting up of contingency funding plans, specifying the sources of funding and the events that would trigger the plan, specifying the concentration of funding sources, the reporting of liquidity risk exposures and breaches to the monitoring authority, monitoring the compliance with liquidity risk policy and the reviewing of liquidity risk policy for pertinence and changing environment.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk (continued)

The table below presents the estimated amounts (on a discounted basis) and timing of cash outflow/(inflow) arising from liabilities under insurance contracts, projected based on the Group's best estimate assumptions. The Group's insurance business has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts and early surrender of policies for surrender value. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Group's insurance business manages this risk by monitoring and setting an appropriate level of cash position to settle these liabilities.

	Total discounted cash flow HK$m	Within 1 year HK$m	Over 1 year but within 5 years HK$m	After 5 years HK$m
At 30 June 2023 (Restated)				
Insurance contract liabilities	49,319.6	2,057.1	(1,466.4)	48,728.9
Reinsurance contract liabilities	12.2	(89.3)	69.1	32.4

(d) Asset liability management framework

The Group's insurance business exposes to financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risks that the Group's insurance business faces due to the nature of its investments and liabilities are interest rate risk and duration risk. The Group's insurance business manages these positions within an asset liability management ("ALM") framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders.

ALM also forms an integral part of the insurance risk management policy in order to ensure in each period sufficient cash flows are available to meet liabilities arising from insurance and investment contracts.

(e) Regulatory framework of the Group's insurance business

The operations of the Group's insurance business are subject to local regulatory requirements in Hong Kong. The Group's insurance business is required to maintain an appropriate solvency position to meet unforeseen liabilities arising from economic shocks and/or natural disasters.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(f) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group generally obtains long-term financing to on-lend or contribute as equity to its subsidiaries, joint ventures and associated companies to meet their funding needs in order to provide more cost efficient financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue or repurchase shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's gearing ratio and makes adjustments to it in light of changes in economic conditions and business strategies. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total long-term and short-term borrowings and other interest-bearing liabilities (excluding loans from non-controlling shareholders) less cash and bank balances and restricted bank balances.

The Group's insurance business has an internal risk management framework for identifying risks to its business it exposed to. The internal framework estimates and indicates how much capital is needed to mitigate the risk of insolvency.

The Group's insurance business always maintains a solvency position higher than 150% of the solvency margin required by the Insurance Authority ("IA") to ensure an adequate surplus position. Further objectives are set by the Group's insurance business to maintain a strong credit rating and healthy capital ratios in order to support its business.

The Group's insurance business manages its capital requirements by assessing probable shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's insurance business activities.

The Group's insurance business fully complied with capital requirements imposed by the IA throughout the period since acquisition to the reporting date.

The gearing ratios were as follows:

	2024 **HK$m**	2023 HK$m (Restated)
Consolidated total borrowings*	**151,647.2**	185,273.8
Less: cash and bank balances and restricted bank balances	**(27,990.1)**	(54,517.9)
Consolidated net debt	**123,657.1**	130,755.9
Total equity	**224,888.8**	274,092.8
Gearing ratio	**55.0%**	47.7%

* Excluding loans from non-controlling shareholders, financing received under a financial reinsurance arrangement and cash collateral received for cross currency swap and forward starting interest rate swap contracts.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(g) Insurance risk

The Group's insurance business is in the business of insuring against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. The Group's insurance business retains a maximum of US$150,000 for each risk it insures, with the excess being reinsured through surplus treaties, coinsurance treaties, facultative reinsurance, catastrophe treaties and quota share arrangements with reputable international reinsurers. Consequently, total claims payable in any given year can be predicted with a higher degree of precision. As part of the quality control process, the Group's insurance business regularly invites reinsurers to audit its underwriting and claim practices and procedures, to ensure that it meets the highest industry standards.

(i) Key assumptions

Liabilities on insurance contracts offered by the Group are predominantly conventional whole life insurance for which premiums are paid for a limited period of time or the whole of life, with fixed benefits paid upon death and surrender benefits increasing with the duration of policy.

Some plans provide for guaranteed periodic payments. Most of the whole life insurance products are entitled to annual dividends and some with terminal dividend upon policy termination.

The key assumptions used for the determination of future liabilities for most products is detailed below:

As at 30 June 2023

Mortality rates	For products with full underwriting, 85% 2018 Hong Kong Assured Life Mortality tables for males and females, with selection factor 50% at year 1 and 75% at year 2. For products without full underwriting, 85% 2018 Hong Kong Assured Life Mortality tables for males and females.
Lapse rates	Based on Group's experience
Expenses	Based on Group's experience

(ii) Sensitivities

The sensitivity analyses below have been determined based on reasonably possible changes in the respective key assumptions occurring at the end of the reporting period, while holding all the other assumptions constant.

As at 30 June 2023 (Restated)

	Increase/ decrease	Increase/ decrease in profit before income tax HK$m	Increase/ decrease in total equity (before the effects of taxation) HK$m
Sensitivity analysis before risk mitigation by reinsurance			
Mortality rates	10%	26.2	21.5
Morbidity rates	10%	22.3	19.1
Expenses	10%	10.4	8.7
Lapse and surrenders rates	10%	50.0	23.4
Sensitivity analysis after risk mitigation by reinsurance			
Mortality rates	10%	15.9	19.5
Morbidity rates	10%	11.9	19.9
Expenses	10%	10.3	8.6
Lapse and surrenders rates	10%	48.8	23.2

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation

The Group's financial instruments that are measured at fair value are disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Management determined the fair value of these financial assets within level 2 and level 3 as follows:

- The fair value of forward starting swap contracts and forward exchange contracts is determined by discounting the contractual future cash flows. The discount rate used is derived from the relevant swap curve as at the reporting date with potential adjustment made for various collateralisation agreement when appropriate;

- The fair value of cross currency swap contracts is determined by discounting the contractual future cash flows. The exchange rate and discount rate used are derived from the relevant foreign exchange forward rates and swap curve as at the reporting date, with potential adjustment made for various collateralisation agreement when appropriate;

- For investments in unlisted investment funds, management discussed with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund managers in order to evaluate whether the fair values as stated in the fund statements at the end of reporting period is appropriate;

- For investments in unlisted equity and debt instruments with recent transactions, management determined the fair value at the end of reporting period with reference to recent transaction prices of these financial assets; investments in bonds are classified as level 2 financial instruments if there was no active market for such investments;

- For investments in unlisted equity and debt instruments without recent transactions, management has established fair values of these investments by using appropriate valuation techniques such as discounted cash flow with the credit risk of the issuer taken into consideration for investments in bonds and the purchase price paid by the Group with consideration to the latest financial information, movement of market comparable/market indices and the latest business development of the investee companies, where applicable. Independent external valuer has been involved in determining the fair value, when appropriate;

- The fair values of "financial liabilities related to unit-linked contracts" are determined with reference to the accumulation value.

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

The carrying amounts of the financial instruments of the Group are as follows. See note 18 for disclosure relating to the investment properties which are measured at fair value.

Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. They are included in level 1.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available.

The fair value of long-term 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.

The carrying values of bank balances, receivables, payables and short-term borrowings approximately their fair values due to the short-term maturities of these assets and liabilities.

The carrying amounts of mortgage loans receivables, which carry interest rates with reference to bank's lending rates, approximate their fair values that are determined based on the discounted cash flow projections with reference to the unobservable inputs, including lending rates from financial institutions, ranging from Hong Kong Prime rate minus 2.85% to Hong Kong Prime rate (2023: Hong Kong Prime rate minus 2.85% to Hong Kong Prime rate) per annum, and loan repayment pattern and dates over the terms not more than 30 years (2023: 30 years).

The following table presents the Group's financial instruments, including financial assets at FVOCI, financial assets at 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 30 June 2024 and 30 June 2023:

As at 30 June 2024

	Level 1 HK$m	Level 2 HK$m	Level 3 HK$m	Total HK$m
Financial assets at FVOCI	**292.4**	**2.3**	**2,008.9**	**2,303.6**
Financial assets at FVPL	**623.6**	**117.9**	**6,385.2**	**7,126.7**
Derivative financial instruments				
Derivative financial assets	**—**	**580.9**	**—**	**580.9**
	916.0	**701.1**	**8,394.1**	**10,011.2**
Derivative financial instruments				
Derivative financial liabilities	**—**	**(317.3)**	**—**	**(317.3)**

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

As at 30 June 2023 (Restated)

	Level 1 HK$m	Level 2 HK$m	Level 3 HK$m	Total HK$m
Financial assets at FVOCI	7,198.7	3,073.4	2,044.6	12,316.7
Financial assets at FVPL	40,787.3	8,941.1	12,265.0	61,993.4
Investments related to unit-linked contracts				
Investment funds	8,924.4	—	—	8,924.4
Derivative financial instruments				
Derivative financial assets	—	1,370.0	—	1,370.0
	56,910.4	13,384.5	14,309.6	84,604.5
Financial liabilities related to unit-linked contracts	—	(4,424.6)	—	(4,424.6)
Derivative financial instruments				
Derivative financial liabilities	—	(360.3)	—	(360.3)
	—	(4,784.9)	—	(4,784.9)

The following table presents the changes/transfers in level 3 financial instruments for the year ended 30 June 2024 and 30 June 2023:

	Financial assets at FVOCI HK$m	**Financial assets at FVPL HK$m**	**Derivative financial assets HK$m**	**Derivative financial liabilities HK$m**
At 1 July 2023 (Restated)	**2,044.6**	**12,265.0**	**—**	**—**
Additions	**—**	**1,672.3**	**—**	**—**
Transfer to level 1 instruments	**—**	**(17.8)**	**—**	**—**
Transfer in/(out)	**88.9**	**(68.4)**	**—**	**—**
Net loss recognised in the consolidated statement of comprehensive income/ income statement	**(60.2)**	**(174.8)**	**—**	**—**
Disposals	**(64.4)**	**(7,291.1)**	**—**	**—**
At 30 June 2024	**2,008.9**	**6,385.2**	**—**	**—**

6 FINANCIAL AND INSURANCE RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

	Financial assets at FVOCI HK$m	Financial assets at FVPL HK$m
Adjusted balance at 1 July 2022	2,075.7	12,430.6
Additions	51.3	2,397.3
Transfer to level 1 instruments	—	(378.7)
Net loss recognised in the consolidated statement of comprehensive income/ income statement	(31.5)	(558.0)
Disposals	(50.9)	(1,626.2)
Adjusted balance at 30 June 2023	2,044.6	12,265.0

In determining the fair values of financial assets at FVOCI and financial assets at FVPL included in level 3:

- The fair value of financial assets relating to property investment industry of HK$753.5 million (2023: HK$813.3 million) will be determined with reference to the reported net asset value at the end of the reporting period;

- Majority of other level 3 financial instruments comprise investment funds, unlisted debt and equity instruments and derivative financial assets/(liabilities). Fair values of the investment funds are mainly determined based on the net asset value, representing the fair value of the funds reported by respective fund managers and relevant factors if deemed necessary. Fair value of unlisted debt and equity instruments is determined primarily based on the purchase price paid by the Group and taking into account of the analysis of the investees' financial position and results, risk profile, prospects, industry trend and other factors. Recent transaction prices, if any, are referenced or independent external valuer is involved, where appropriate, to determine the fair value.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

(a) Valuation of investment properties

The fair value of each completed investment property is individually determined at the end of each reporting period by independent valuers based on a market value assessment. The valuers have relied on the capitalisation of income approach as their primary methods, supported by the direct comparison method. Management also determines fair value based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset, and uses alternative valuation methods such as recent prices on less active markets. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cash flow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The fair values of investment properties under development are determined by reference to independent valuations. For majority of the Group's investment properties under development, their fair value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include value of completed properties, period of development, outstanding construction costs, finance costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or cost.

At 30 June 2024, if the market value of investment properties had been 5% (2023: 5%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK$10,385.6 million (2023: HK$10,473.9 million) higher/lower.

(b) Recoverability of properties for/under development and properties held for sale

The Group assesses the carrying amounts of properties for/under development and properties held for sale according to their estimated net realisable value based on the realisability of these properties, taking into account construction costs to completion based on the existing development plans and the estimation of selling prices of the properties of comparable locations and conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of significant estimates.

(c) Impairment of interests in joint ventures and associated companies

The Group determines whether interests in joint ventures and associated companies are impaired by regularly review whether there are any indicators of impairment of the investments by reference to the requirements under HKAS 28 (2011) "Investments in Associates and Joint Ventures" and HKAS 36 "Impairment of Assets".

For investments where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use. The value in use of the underlying businesses is determined based on the discounted cash flow projections. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, unit price and discount rates. Independent external valuers were also involved in the fair value and value in use assessments, where appropriate. Based on the results of these impairment assessments, management concluded that the current level of impairment provision for the Group's interests in joint ventures and associated companies as at 30 June 2024 was appropriate.

For the measurement of expected credit losses of the amounts receivable from joint ventures and associated companies, please refer to note 6(b).

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Impairment of assets

The Group tests annually whether goodwill has suffered any impairment according to their recoverable amounts determined by the CGUs based on either fair value less cost of disposal or value in use calculations whichever is higher. These calculations require the use of estimates which are subject to change of economic environment in future. Details are set out in note 22.

Property, plant and equipment and right-of-use assets are regularly reviewed for impairment whenever there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its estimated recoverable amount. The recoverable amounts of property, plant and equipment have been determined based on the higher of their fair values less costs of disposal and value in use, taking into account the latest market information and past experience.

In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

The Group assesses whether there is objective evidence as stated in note 5(i) that trade and other debtors, deposits, premium receivables, retention receivables for contract works, amounts due from associated companies, amounts due from joint ventures and amounts due from non-controlling shareholders, cash and bank balances, contract assets, and debt instruments at amortised cost are impaired.

(e) Fair value of financial assets at FVPL and financial assets at FVOCI

The fair value of financial assets at FVPL and financial assets at FVOCI that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and determine the fair values primarily based on the purchase price paid by the Group, net asset value and taking into account of the analysis of the investees' financial trends and results, risk profile, prospects, industry trends and other factors. Recent transaction prices, if any, are referenced and independent external valuer has been involved in determining fair value of certain unlisted investments. The key assumptions adopted on projected cash flow are based on management's best estimates.

(f) Estimate of revenue for construction contracts

For revenue from construction work that is recognised over time, the Group recognised such revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the Group's costs incurred up to the reporting date and budgeted costs which depict the Group's performance towards satisfying the performance obligation. Significant estimates and judgements are required in determining the accuracy of the budgets. In making the above estimation, the Group conducts periodic review on the budgets and makes reference to past experience and work of internal quantity surveyors.

(g) Distinction between property development projects, investment properties and owner-occupied properties

When the Group determines whether a property qualifies as an investment property, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Properties for/under development and properties held for sale are assets under development and held for sale in the ordinary course of business. The Group shall reclassify a property when, and only when, there is evidence of a change in use.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold or leased out separately, the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(h) Judgement in determining the lease term for lease contracts with renewal option

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

8 REVENUES AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2024 HK$m	2023 HK$m (Restated)
Revenues		
From continuing operations		
Property development	**16,124.9**	27,308.1
Property investment	**5,197.2**	4,995.7
Construction	**9,388.7**	17,285.8
Hotel operations	**1,381.2**	1,091.2
Others	**3,690.2**	3,885.4
Total from continuing operations	**35,782.2**	54,566.2
From discontinued operations		
Roads	**1,108.9**	2,731.8
Construction	**7,043.5**	15,262.5
Insurance	**1,299.1**	2,893.8
Others	**1,163.7**	1,903.0
Total from discontinued operations	**10,615.2**	22,791.1
Total	**46,397.4**	77,357.3

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

The Executive Committee considers the business from products and services perspectives, which comprises property development, property investment, roads, construction, insurance, hotel operations and others (including facilities management, logistic, department store, technology and other strategic businesses) segments. During the year ended 30 June 2024, following the completion of the disposal of NWSH and to better reflect the nature of the income streams and group strategies, the segments related to NWSH are presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("HKFRS 5") as detailed in note 48. The comparative segment information for the year ended 30 June 2023 and as at 30 June 2023 has been restated to conform with the current year presentation accordingly.

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

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

8 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Continuing operations						Discontinued operations					
	Property development HK$m	Property investment HK$m	Construction HK$m	Hotel operations HK$m	Others HK$m	Subtotal HK$m	Roads HK$m	Construction HK$m	Insurance HK$m	Others HK$m	Subtotal HK$m	Consolidated HK$m
For the year ended 30 June 2024												
Total revenues	16,266.4	5,270.0	9,478.5	1,381.2	4,376.2	36,772.3	1,108.9	7,167.7	1,299.1	1,171.2	10,746.9	47,519.2
Inter-segment	(141.5)	(72.8)	(89.8)	–	(686.0)	(990.1)	–	(124.2)	–	(7.5)	(131.7)	(1,121.8)
Revenues – external	16,124.9	5,197.2	9,388.7	1,381.2	3,690.2	35,782.2	1,108.9	7,043.5	1,299.1	1,163.7	10,615.2	46,397.4
Revenues from contracts with customers:												
– Recognised at a point in time	16,124.9	–	–	459.5	1,879.8	18,464.2	1,108.9	–	–	1,163.7	2,272.6	20,736.8
– Recognised over time	–	–	9,388.7	921.7	1,810.4	12,120.8	–	7,043.5	82.0	–	7,125.5	19,246.3
	16,124.9	–	9,388.7	1,381.2	3,690.2	30,585.0	1,108.9	7,043.5	82.0	1,163.7	9,398.1	39,983.1
Revenues from other source:												
– Rental income	–	5,197.2	–	–	–	5,197.2	–	–	–	–	–	5,197.2
– Insurance revenue	–	–	–	–	–	–	–	–	1,217.1	–	1,217.1	1,217.1
	–	5,197.2	–	–	–	5,197.2	–	–	1,217.1	–	1,217.1	6,414.3
	16,124.9	5,197.2	9,388.7	1,381.2	3,690.2	35,782.2	1,108.9	7,043.5	1,299.1	1,163.7	10,615.2	46,397.4
Segment results (note (a))	5,782.5	3,409.2	(239.0)	(162.7)	(1,302.2)	7,487.8	501.0	332.9	2,297.3	234.8	3,366.0	10,853.8
Other losses, net	(3,539.9)	20.3	–	(1,208.8)	(250.1)	(4,978.5)	–	–	(1,910.4)	(313.9)	(2,224.3)	(7,202.8)
Gain on transfer to investment properties	–	2,237.2	–	–	–	2,237.2	–	–	–	–	–	2,237.2
Changes in fair value of investment properties	–	(3,145.6)	–	–	–	(3,145.6)	–	–	–	(48.4)	(48.4)	(3,194.0)
	2,242.6	2,521.1	(239.0)	(1,371.5)	(1,552.3)	1,600.9	501.0	332.9	386.9	(127.5)	1,093.3	2,694.2
Unallocated items												
Corporate expenses						(1,112.3)					(133.6)	(1,245.9)
Financing income (note (a))						1,233.3					189.8	1,423.1
Financing costs (note (a))						(5,508.1)					(367.3)	(5,875.4)
						(3,786.2)					782.2	(3,004.0)
Share of results												
Joint ventures	(1,029.6)	968.3	–	(222.7)	(11.6)	(295.6)	273.1	–	–	101.5	374.6	79.0
Associated companies	(239.6)	(406.8)	(9.5)	–	(10.7)	(666.6)	62.6	21.0	–	(44.8)	38.8	(627.8)
(Loss)/profit before taxation						(4,748.4)					1,195.6	(3,552.8)
Taxation						(5,062.4)					(253.6)	(5,316.0)
(Loss)/profit before loss on disposal of discontinued operations						(9,810.8)					942.0	(8,868.8)
Loss on disposal of discontinued operations						–					(8,257.1)	(8,257.1)
Loss for the year						(9,810.8)					(7,315.1)	(17,125.9)
As at 30 June 2024												
Segment assets	109,601.7	212,195.5	20,344.4	8,048.6	18,109.5	368,299.7	–	–	–	–	–	368,299.7
Interests in joint ventures	25,748.3	6,601.5	–	3,018.5	2,135.6	37,503.9	–	–	–	–	–	37,503.9
Interests in associated companies	7,115.4	11.7	–	–	1,451.0	8,578.1	–	–	–	–	–	8,578.1
Unallocated assets						30,775.9					–	30,775.9
Total assets						445,157.6					–	445,157.6
Segment liabilities	31,557.7	4,610.5	1,513.7	719.4	6,450.4	44,851.7	–	–	–	–	–	44,851.7
Unallocated liabilities						175,417.1					–	175,417.1
Total liabilities						220,268.8					–	220,268.8
For the year ended 30 June 2024												
Additions to non-current assets (note (b))	41.0	7,142.2	1,350.8	239.8	481.8	9,255.6	98.6	29.4	75.0	36.0	239.0	9,494.6
Depreciation and amortisation	81.4	72.2	0.1	349.0	725.9	1,228.6	453.4	–	30.5	241.5	725.4	1,954.0
Impairment charge and provision	3,709.9	–	–	1,208.8	1,002.0	5,920.7	61.0	–	–	149.6	210.6	6,131.3

8 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Continuing operations						Discontinued operations					
	Property development HK$m	Property investment HK$m	Construction HK$m	Hotel operations HK$m	Others HK$m	Subtotal HK$m	Roads HK$m	Construction HK$m	Insurance HK$m	Others HK$m	Subtotal HK$m	Consolidated HK$m
For the year ended 30 June 2023 (Restated)												
Total revenues	27,311.8	5,134.0	19,879.7	1,091.2	4,561.3	57,978.0	2,731.8	19,638.5	2,895.8	1,903.0	27,169.1	85,147.1
Inter-segment	(3.7)	(138.3)	(2,593.9)	—	(675.9)	(3,411.8)	—	(4,376.0)	(2.0)	—	(4,378.0)	(7,789.8)
Revenues – external	27,308.1	4,995.7	17,285.8	1,091.2	3,885.4	54,566.2	2,731.8	15,262.5	2,893.8	1,903.0	22,791.1	77,357.3
Revenues from contracts with customers:												
– Recognised at a point in time	25,243.8	—	—	438.2	2,173.4	27,855.4	2,731.8	—	—	1,903.0	4,634.8	32,490.2
– Recognised over time	2,064.3	—	17,285.8	653.0	1,712.0	21,715.1	—	15,262.5	199.2	—	15,461.7	37,176.8
	27,308.1	—	17,285.8	1,091.2	3,885.4	49,570.5	2,731.8	15,262.5	199.2	1,903.0	20,096.5	69,667.0
Revenues from other source:												
– Rental income	—	4,995.7	—	—	—	4,995.7	—	—	—	—	—	4,995.7
– Insurance revenue	—	—	—	—	—	—	—	—	2,694.6	—	2,694.6	2,694.6
	—	4,995.7	—	—	—	4,995.7	—	—	2,694.6	—	2,694.6	7,690.3
	27,308.1	4,995.7	17,285.8	1,091.2	3,885.4	54,566.2	2,731.8	15,262.5	2,893.8	1,903.0	22,791.1	77,357.3
Segment results (note (a))	8,669.3	3,161.7	(447.4)	(225.2)	(1,296.3)	9,862.1	1,220.7	789.2	2,093.0	(195.5)	3,907.4	13,769.5
Other gains/(losses), net	2,673.7	394.5	32.3	—	(1,183.2)	1,917.3	—	1.8	(1,266.4)	(163.2)	(1,427.8)	489.5
Changes in fair value of investment properties	—	(514.6)	—	—	—	(514.6)	—	—	—	215.0	215.0	(299.6)
	11,343.0	3,041.6	(415.1)	(225.2)	(2,479.5)	11,264.8	1,220.7	791.0	826.6	(143.7)	2,694.6	13,959.4
Unallocated items												
Corporate expenses						(1,256.2)					(148.3)	(1,404.5)
Financing income (note (a))						1,341.9					236.9	1,578.8
Financing costs (note (a))						(4,571.8)					(727.7)	(5,299.5)
						6,778.7					2,055.5	8,834.2
Share of results												
Joint ventures	(1.5)	(46.8)	—	(218.9)	(24.7)	(291.9)	528.6	—	—	225.4	754.0	462.1
Associated companies	45.8	(9.6)	—	—	7.2	43.4	189.0	18.2	—	(30.4)	176.8	220.2
Profit before taxation						6,530.2					2,986.3	9,516.5
Taxation						(5,258.1)					(757.3)	(6,015.4)
Profit for the year						1,272.1					2,229.0	3,501.1
As at 30 June 2023 (Restated)												
Segment assets	113,815.1	208,466.0	19,742.0	9,658.5	19,900.7	371,582.3	14,831.4	6,874.3	65,351.0	14,819.9	101,876.6	473,458.9
Interests in joint ventures	24,425.5	6,647.7	—	3,327.1	2,470.8	36,871.1	5,638.8	—	—	12,017.5	17,656.3	54,527.4
Interests in associated companies	7,055.6	2,064.1	—	—	206.3	9,326.0	2,190.7	255.3	—	2,085.3	4,531.3	13,857.3
Unallocated assets						38,550.1					28,620.3	67,170.4
Total assets						456,329.5					152,684.5	609,014.0
Segment liabilities	36,740.3	4,449.7	828.3	299.2	9,013.8	51,331.3	684.7	8,292.9	57,742.2	1,296.1	68,015.9	119,347.2
Unallocated liabilities						179,272.7					36,301.3	215,574.0
Total liabilities						230,604.0					104,317.2	334,921.2
For the year ended 30 June 2023 (Restated)												
Additions to non-current assets (note (b))	1,853.3	6,846.4	3,729.1	354.0	752.3	13,535.1	2,538.2	62.9	150.1	108.2	2,859.4	16,394.5
Depreciation and amortisation	70.0	41.5	58.4	371.5	904.5	1,445.9	1,131.0	51.2	340.8	276.3	1,799.3	3,245.2
Impairment charge and provision	329.9	—	14.5	—	1,224.7	1,569.1	—	74.1	489.5	143.3	706.9	2,276.0

8 REVENUES AND SEGMENT INFORMATION (CONTINUED)

	Hong Kong HK$m	Mainland China HK$m	Others HK$m	Total HK$m
For the year ended 30 June 2024				
Revenues				
From continuing operations				
Property development	**2,411.9**	**13,713.0**	**—**	**16,124.9**
Property investment	**3,356.3**	**1,840.9**	**—**	**5,197.2**
Construction	**8,966.9**	**421.8**	**—**	**9,388.7**
Hotel operations	**411.0**	**570.7**	**399.5**	**1,381.2**
Others	**1,420.3**	**2,269.9**	**—**	**3,690.2**
	16,566.4	**18,816.3**	**399.5**	**35,782.2**
From discontinued operations				
Roads	**—**	**1,108.9**	**—**	**1,108.9**
Construction	**7,043.5**	**—**	**—**	**7,043.5**
Insurance	**1,299.1**	**—**	**—**	**1,299.1**
Others	**1,099.7**	**64.0**	**—**	**1,163.7**
	9,442.3	**1,172.9**	**—**	**10,615.2**
Consolidated total	**26,008.7**	**19,989.2**	**399.5**	**46,397.4**
As at 30 June 2024				
Non-current assets (note (b))				
From continuing operations	**142,457.7**	**97,686.2**	**1,097.1**	**241,241.0**
From discontinued operations	**—**	**—**	**—**	**—**
	142,457.7	**97,686.2**	**1,097.1**	**241,241.0**

	Hong Kong HK$m	Mainland China HK$m	Others HK$m	Total HK$m
For the year ended 30 June 2023 (Restated)				
Revenues				
From continuing operations				
Property development	16,754.9	10,553.2	—	27,308.1
Property investment	3,087.0	1,908.7	—	4,995.7
Construction	16,625.8	660.0	—	17,285.8
Hotel operations	351.0	401.2	339.0	1,091.2
Others	1,543.9	2,341.5	—	3,885.4
	38,362.6	15,864.6	339.0	54,566.2
From discontinued operations				
Roads	—	2,731.8	—	2,731.8
Construction	15,262.5	—	—	15,262.5
Insurance	2,893.8	—	—	2,893.8
Others	1,715.8	187.2	—	1,903.0
	19,872.1	2,919.0	—	22,791.1
Consolidated total	58,234.7	18,783.6	339.0	77,357.3
As at 30 June 2023 (Restated)				
Non-current assets (note (b))				
From continuing operations	155,830.5	98,243.0	1,121.4	255,194.9
From discontinued operations	11,151.2	16,873.4	29.7	28,054.3
	166,981.7	115,116.4	1,151.1	283,249.2

8 REVENUES AND SEGMENT INFORMATION (CONTINUED)

Notes:

(a) For the year ended 30 June 2024, segment results of insurance segment included insurance related financing income of HK$1,087.0 million (2023 (restated): HK$2,148.9 million) and financing costs of HK$19.8 million (2023: HK$90.7 million).

(b) Non-current assets represent non-current assets other than financial instruments, interests in joint ventures, interests in associated companies, deferred tax assets, and long-term loans and receivables and long-term prepayments and deposits within other non-current assets.

9 OTHER INCOME

	2024 HK$m	2023 HK$m (Restated)
From continuing operations		
Dividend income from financial assets at FVOCI and financial assets at FVPL	**43.8**	47.2

10 OTHER (LOSSES)/GAINS, NET

	2024 HK$m	2023 HK$m (Restated)
From continuing operations		
Net loss on fair value of financial assets at FVPL	**(344.2)**	(107.2)
Gain on redemption of fixed rate bonds	**726.2**	183.4
Net gain on fair value of derivative financial instruments	**491.4**	252.5
Write back of loss allowance on		
Properties for development	**169.0**	818.0
Loans and other receivables	**1.1**	53.9
Other payables	**107.4**	0.5
Inventories	**7.5**	—
Net (loss)/gain on disposal of		
Financial assets at FVPL	**(211.3)**	(76.2)
Investment properties, property, plant and equipment, right-of-use assets and intangible assets	**212.8**	159.5
Subsidiaries	**22.8**	868.2
Joint ventures	**26.9**	47.6
Associated companies	**—**	342.8
Remeasurement of cost of disposal of a subsidiary (note)	**—**	1,081.7
Impairment loss/loss allowance on		
Loans, debtors and other receivables	**(335.7)**	(851.7)
Interests in associated companies	**(39.3)**	(418.8)
Interests in joint ventures	**(43.5)**	—
Goodwill	**(414.5)**	—
Intangible assets	**(38.0)**	—
Inventories	**—**	(21.5)
Properties held for sale	**(3,060.0)**	(174.6)
Properties under development	**(649.9)**	(98.8)
Property, plant and equipment	**(990.9)**	(1.7)
Right-of-use assets	**(348.9)**	(2.0)
Loss on remeasurement of the disposal group	**(284.9)**	—
Rent concession, government grants and subsidies	**11.9**	13.1
Loss allowance, loss on derecognition and lease modification of lease receivables	**—**	(14.2)
Net exchange gains/(losses)	**5.6**	(137.2)
	(4,978.5)	1,917.3

Note: The amount for the year ended 30 June 2023 represented the remeasurement of cost of disposal of a subsidiary in the prior years, as certain conditions in this disposal were lapsed during the year, and the cost of disposal related to this disposal was distinguished in the consolidated income statement.

11 OPERATING PROFIT

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

	2024 HK$m	2023 HK$m (Restated)
Gross rental income from investment properties	**5,197.2**	4,995.7
Outgoings	**(1,395.5)**	(1,630.1)
	3,801.7	3,365.6
Cost of inventories sold	**(9,970.5)**	(17,166.0)
Cost of services rendered	**(11,567.0)**	(19,324.9)
Depreciation		
Property, plant and equipment	**(725.7)**	(778.0)
Right-of-use assets	**(453.8)**	(637.8)
Amortisation		
Intangible assets	**(49.1)**	(30.1)
Other lease expenses		
Short-term lease expense	**(70.6)**	(105.8)
Variable lease expenses not included in lease liabilities	**(79.2)**	(57.0)
Staff costs (note 16(a))	**(4,218.1)**	(4,914.4)
Auditors' remuneration		
Audit services	**(40.1)**	(42.3)
Non-audit services	**(24.9)**	(39.1)

12 FINANCING COSTS

	2024 HK$m	2023 HK$m (Restated)
From continuing operations		
Interest on bank loans and overdrafts	**6,953.9**	4,660.9
Interest on fixed rate bonds and notes payable	**1,428.4**	2,006.0
Interest on loans from non-controlling shareholders	**94.5**	106.7
Interest on lease liabilities	**219.8**	211.8
	8,696.6	6,985.4
Capitalised as (note):		
Cost of properties for/under development	**(2,115.0)**	(1,440.4)
Cost of assets under construction and investment properties under development	**(1,073.5)**	(973.2)
	5,508.1	4,571.8

Note:

To the extent funds are borrowed generally and used for the purpose of financing certain properties for/under development, assets under construction and investment properties under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 6% per annum (2023: 4% per annum).

13 TAXATION

	2024 HK$m	2023 HK$m (Restated)
From continuing operations		
Current taxation		
Hong Kong profits tax	**264.7**	700.8
Mainland China and overseas taxation	**1,656.4**	1,698.3
Mainland China land appreciation tax	**2,889.4**	3,252.0
Deferred taxation (note 26)		
Valuation of investment properties	**533.7**	49.7
Other temporary differences	**(707.7)**	(319.3)
Mainland China land appreciation tax	**425.9**	(123.4)
	5,062.4	5,258.1

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 12% to 28% (2023: 12% to 28%).

Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2023: 5% or 10%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2023: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of results of joint ventures and associated companies is stated after deducting the share of taxation of joint ventures and associated companies of HK$151.8 million and credit of HK$27.4 million (2023 (restated): HK$32.5 million and HK$51.5 million), respectively.

13 TAXATION (CONTINUED)

The taxation from continuing operations on the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2024 HK$m	2023 HK$m (Restated)
(Loss)/profit before taxation and share of results of joint ventures and associated companies	**(3,786.2)**	6,778.7
Calculated at a taxation rate of 16.5% (2023: 16.5%)	**(624.7)**	1,118.5
Effect of different taxation rates in other countries	**380.8**	888.6
Income not subject to taxation	**(104.2)**	(498.8)
Expenses not deductible for taxation purposes	**2,604.4**	1,413.1
Tax losses not recognised	**422.9**	39.9
Temporary differences not recognised	**(13.0)**	112.6
Utilisation of previously unrecognised tax losses	**(144.0)**	(283.4)
Deferred taxation on undistributed profits	**(12.6)**	45.9
Recognition of previously unrecognised temporary differences	**(14.7)**	118.2
Over provision in prior years	**(25.4)**	(12.2)
Land appreciation tax deductible for calculation of income tax purpose	**(722.4)**	(812.9)
	1,747.1	2,129.5
Mainland China land appreciation tax	**3,315.3**	3,128.6
Taxation charge	**5,062.4**	5,258.1

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was not yet enacted in Hong Kong and is expected to come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal ("GloBE") effective tax rate for each jurisdiction and the 15% minimum rate.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists for assisting in applying the legislation.

14 BASIC AND DILUTED (LOSSES)/EARNINGS PER SHARE

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

	2024 **HK$m**	2023 HK$m (Restated)
(Loss)/profit attributable to shareholders of the Company for calculating basic and diluted earnings per share		
From continuing operations	**(11,806.5)**	(419.0)
Adjust for gain from redemption of perpetual capital securities	**220.7**	—
	(11,585.8)	(419.0)
From discontinued operations	**(7,876.4)**	967.0
Adjust for gain from redemption of perpetual capital securities	**—**	75.5
	(7,876.4)	1,042.5

	Number of shares (million)	
	2024	2023
Weighted average number of shares for calculating basic and diluted (losses)/earnings per share	**2,516.6**	2,516.6

The share options granted by the Company have potential dilutive effect on the (losses)/earnings per share.

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

For the year ended 30 June 2024, the Company had no outstanding share options and therefore no potentially dilutive ordinary shares in issue.

For the year ended 30 June 2023, the adjusted exercise price was above the average market price of the ordinary shares. Accordingly, the share options of the Company had an anti-dilutive effect on the basic (losses)/earnings per share and therefore were not included in the calculation of diluted (losses)/earnings per share.

15 DIVIDENDS

	2024 **HK$m**	2023 HK$m
Interim dividend of HK$0.20 per share (2023: HK$0.46 per share)	**503.3**	1,157.7
No final dividend proposed (2023: HK$0.30 per share)	**—**	755.0
Conditional special dividend of HK$1.59 per share for 2023	**—**	4,001.4
	503.3	5,914.1

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2024 (2023: HK$0.30 per share).

16 STAFF COSTS

(a) Staff costs

	2024 **HK$m**	2023 HK$m (Restated)
From continuing operations		
Wages, salaries and other benefits	**4,351.7**	5,616.0
Pension costs – defined benefit plans	**—**	1.1
Pension costs – defined contribution plans	**146.9**	253.2
	4,498.6	5,870.3
Less: Amounts capitalised as costs of investment properties under development and properties for/under development	**(280.5)**	(955.9)
	4,218.1	4,914.4

Staff costs include directors' remuneration.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 5 directors (2023: 4 directors) whose emoluments are reflected in the analysis shown in note 17(a). The emoluments to the remaining 1 individual of during 2023 were as follows:

	2024 **HK$m**	2023 HK$m
Wages, salaries and other benefits	**—**	10.5
Discretionary bonuses	**—**	6.3
Employer's contributions to retirement benefit schemes	**—**	0.8
Share options	**—**	4.7
	—	22.3

The emoluments of the individuals fell within the following bands:

	Number of individuals	
	2024	2023
Emolument band (HK$)		
22,000,001 – 22,500,000	**—**	1

17 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Name of Directors	As Director (note (i)) Fees HK$m	As Director (note (i)) Allowances and other benefits (note (iii)) HK$m	As management (note (ii)) Basic salaries, allowances and other benefits HK$m	As management (note (ii)) Employer's contribution to a retirement benefit scheme HK$m	Total HK$m
For the year ended 30 June 2024					
Dr. Cheng Kar-Shun, Henry	1.3	5.9	39.2	1.4	47.8
Paid by the Company and its unlisted subsidiaries	1.0	–	33.7	1.1	35.8
Paid by NWSH	0.3	5.9	5.5	0.3	12.0
Mr. Doo Wai-Hoi, William	0.4	–	–	–	0.4
Dr. Cheng Chi-Kong, Adrian	0.8	2.9	37.0	2.3	43.0
Paid by the Company and its unlisted subsidiaries	0.6	–	34.2	2.0	36.8
Paid by NWSH	0.1	2.9	2.8	0.3	6.1
Paid by NWDS	0.1	–	–	–	0.1
Mr. Ma Siu-Cheung	0.9	4.1	18.1	0.9	24.0
Paid by the Company and its unlisted subsidiaries	0.5	–	12.8	0.7	14.0
Paid by NWSH	0.4	4.1	5.3	0.2	10.0
Mr. Cheng Kar-Shing, Peter	0.4	–	8.7	0.8	9.9
Mr. Lee Luen-Wai, John	1.0	–	–	–	1.0
Mr. Ip Yuk-Keung, Albert	0.8	–	–	–	0.8
Mr. Cheng Chi-Heng	0.4	–	1.9	0.2	2.5
Ms. Cheng Chi-Man, Sonia	0.4	–	16.1	1.5	18.0
Mr. Sitt Nam-Hoi	0.5	–	16.8	1.3	18.6
Ms. Huang Shaomei, Echo	0.4	–	22.6	0.9	23.9
Ms. Chiu Wai-Han, Jenny	0.6	–	6.5	0.5	7.6
Paid by the Company and its unlisted subsidiaries	0.5	–	6.5	0.5	7.5
Paid by NWDS	0.1	–	–	–	0.1
Mr. Chan Johnson Ow	0.8	–	–	–	0.8
Mr. Cheng Chi-Ming, Brian	0.7	3.7	4.1	0.2	8.7
Paid by the Company and its unlisted subsidiaries	0.4	–	–	–	0.4
Paid by NWSH	0.3	3.7	4.1	0.2	8.3
Mrs. Law Fan Chiu-Fun, Fanny	0.6	–	–	–	0.6
Ms. Lo Wing-Sze, Anthea	0.7	–	–	–	0.7
Ms. Wong Yeung-Fong, Fonia	0.7	–	–	–	0.7
Total	11.4	16.6	171.0	10.0	209.0

17 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

Name of Directors	As Director (note (i)) Fees HK$m	As Director (note (i)) Allowances and other benefits (note (iii)) HK$m	As management (note (ii)) Basic salaries, allowances and other benefits HK$m	As management (note (ii)) Employer's contribution to a retirement benefit scheme HK$m	Total HK$m
For the year ended 30 June 2023					
Dr. Cheng Kar-Shun, Henry	1.7	6.9	49.9	1.8	60.3
Paid by the Company and its unlisted subsidiaries	1.0	—	35.5	1.2	37.7
Paid by NWSH	0.7	6.9	14.4	0.6	22.6
Mr. Doo Wai-Hoi, William	0.4	—	—	—	0.4
Dr. Cheng Chi-Kong, Adrian	1.2	3.5	45.5	2.6	52.8
Paid by the Company and its unlisted subsidiaries	0.5	—	37.1	2.0	39.6
Paid by NWSH	0.6	3.5	8.4	0.6	13.1
Paid by NWDS	0.1	—	—	—	0.1
Mr. Yeung Ping-Leung, Howard*	0.2	—	—	—	0.2
Mr. Cheng Kar-Shing, Peter	0.4	—	8.9	0.8	10.1
Mr. Ho Hau-Hay, Hamilton*	0.3	—	—	—	0.3
Mr. Lee Luen-Wai, John	0.9	—	—	—	0.9
Mr. Liang Cheung-Biu, Thomas*	0.3	—	—	—	0.3
Mr. Ip Yuk-Keung, Albert	0.8	—	—	—	0.8
Mr. Cheng Chi-Heng	0.4	—	1.9	0.2	2.5
Ms. Cheng Chi-Man, Sonia	0.4	—	16.7	1.5	18.6
Mr. Sitt Nam-Hoi	0.5	—	16.8	1.4	18.7
Ms. Huang Shaomei, Echo	0.4	—	32.6	0.8	33.8
Ms. Chiu Wai-Han, Jenny	0.6	—	6.1	0.4	7.1
Paid by the Company and its unlisted subsidiaries	0.5	—	6.1	0.4	7.0
Paid by NWDS	0.1	—	—	—	0.1
Mr. Chan Johnson Ow	0.8	—	—	—	0.8
Mr. Ma Siu-Cheung	1.6	4.8	17.3	0.5	24.2
Paid by the Company and its unlisted subsidiaries	0.4	—	3.6	0.1	4.1
Paid by NWSH	1.2	4.8	13.7	0.4	20.1
Mr. Cheng Chi-Ming, Brian**	0.9	4.3	9.7	0.6	15.5
Paid by the Company and its unlisted subsidiaries	0.2	—	—	—	0.2
Paid by NWSH	0.7	4.3	9.7	0.6	15.3
Mrs. Law Fan Chiu-Fun, Fanny**	0.4	—	—	—	0.4
Ms. Lo Wing-Sze, Anthea**	0.4	—	—	—	0.4
Ms. Wong Yeung-Fong, Fonia**	0.4	—	—	—	0.4
Total	13.0	19.5	205.4	10.6	248.5

* resigned during the year

** appointed during the year

17 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

Notes:

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary.

(ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.

(iii) Other benefits represented share options. The value of the share options granted to the directors of the Company under the share option schemes of the Company and its subsidiaries represents the fair value of these options charged to the consolidated income statement for the year in accordance with HKFRS 2 "Share-based Payment".

(iv) No director waived or agreed to waive any emoluments during the year.

(b) Directors' material interests in transactions, arrangements or contracts

On 24 April 2020, a master services agreement (the "Mr. Doo MSA") was entered into between the Company and Mr. Doo Wai-Hoi, William, Non-executive Vice-chairman ("Mr. Doo") for a term of three years commencing from 1 July 2021 up to and including 30 June 2024 in respect of the provision of the operational and rental services by companies owned by Mr. Doo to the Group, and vice versa. Subject to compliance with the relevant requirements under the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Mr. Doo MSA will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules). The Mr. Doo MSA and the annual caps set for each of the three financial years ending 30 June 2024 were approved by the independent shareholders of the Company on 24 April 2020. For the year ended 30 June 2024, the aggregate amount of the transactions amounted to approximately HK$1,319.6 million (2023: HK$3,043.0 million).

Same as mentioned above, no other significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

18 INVESTMENT PROPERTIES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Completed investment properties	**177,725.2**	167,120.2
Investment properties under development	**29,986.6**	42,358.6
	207,711.8	209,478.8

	Completed investment properties HK$m	**Investment properties under development HK$m**	**Total HK$m**
At 1 July 2023	**167,120.2**	**42,358.6**	**209,478.8**
Translation differences	**(50.5)**	**(2.2)**	**(52.7)**
Disposal of subsidiaries	**(5,988.4)**	**—**	**(5,988.4)**
Additions	**1,529.4**	**3,605.1**	**5,134.5**
Transfer between investment properties, property, plant and equipment and right-of-use assets	**3,618.2**	**—**	**3,618.2**
Transfer between investment properties and properties held for development	**956.8**	**—**	**956.8**
Reclassification to finance lease receivables	**(5.8)**	**—**	**(5.8)**
Disposals	**(4,471.6)**	**(1.2)**	**(4,472.8)**
Gain on transfer to investment properties	**2,237.2**	**—**	**2,237.2**
Changes in fair value (note)	**(1,989.7)**	**(1,204.3)**	**(3,194.0)**
Transfer upon completion	**14,769.4**	**(14,769.4)**	**—**
At 30 June 2024	**177,725.2**	**29,986.6**	**207,711.8**

	Completed investment properties HK$m	Investment properties under development HK$m	Total HK$m
At 1 July 2022	169,073.5	42,147.2	211,220.7
Translation differences	(4,365.4)	(2,530.7)	(6,896.1)
Disposal of subsidiaries	(3,156.0)	—	(3,156.0)
Additions	1,495.5	5,301.5	6,797.0
Transfer between investment properties, property, plant and equipment and right-of-use assets	2,427.8	394.2	2,822.0
Reclassification to finance lease receivables	(21.6)	—	(21.6)
Disposals	(987.6)	—	(987.6)
Changes in fair value	95.4	(395.0)	(299.6)
Transfer upon completion	2,558.6	(2,558.6)	—
At 30 June 2023	167,120.2	42,358.6	209,478.8

Note: The amount represents realised loss in fair value of HK$1,333.6 million (2023: nil) and unrealised loss in fair value of HK$1,860.4 million (2023: HK$299.6 million). The amount includes HK$3,145.6 million (2023: HK$514.6 million) arising from continuing operations and HK$48.4 million (2023: gain of HK$215.0 million) arising from discontinued operations (note 8).

18 INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, AVISTA Group, Savills Valuation and Professional Services Limited, Knight Frank Petty Limited and Vincorn Consulting and Appraisal Limited, independent qualified valuers, who hold recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 30 June 2024 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuation performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the Audit Committee. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department verifies all major inputs to the independent valuation reports; assesses property valuation movements when compared to the prior year valuation reports; and holds discussions with the independent valuers.

Valuation techniques

Fair value of completed investment properties in Hong Kong and Mainland China is generally derived by income capitalisation method, direct comparison method and discounted cash flow method. Income capitalisation method is based on capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The discounted cash flow analysis requires periodic net cash flows to be forecasted over the life of the investment property and discounted at a risk-adjusted opportunity cost of capital to arrive at a present value. The discounted cash flow analysis takes into consideration the yearly net cash flows after deductions for expenditure, and having regard to the assumptions made relating to rental growth rate and occupancy rate. The discounted cash flow analysis incorporates reversionary value discounted by an appropriate discount rate to derive at a net present value. The valuation techniques of certain completed investment properties are changed after taken into account its highest and best use as at 30 June 2024.

Fair value of investment properties under development is generally derived using the residual method and wherever appropriate, by direct comparison method. Residual method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk margin from the estimated capital value of the proposed development assuming completed as at the date of valuation.

At 30 June 2024 and 2023, all investment properties were included in level 3 in the fair value hierarchy. There were no transfers among the fair value hierarchy during the year.

18 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Information about fair value measurements using significant unobservable inputs:

	As at 30 June 2024 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs Prevailing market rent per month	Unit price	Discount rate	Capitalisation rate
Completed investment properties						
Hong Kong						
Commercial	**80,943.6**	Income capitalisation	HK$11-HK$320 per square feet	N/A	N/A	2.5%-6.0%
	26,300.0	Discount cash flow	HK$20-HK$35 per square feet or HK$3,700-HK$6,500 per room per night	N/A	6%	N/A
	17,662.1	Direct comparison	N/A	HK$300-HK$20,000 per square feet	N/A	N/A
Carparks	**2,050.0**	Direct comparison	N/A	HK$1,900,000 to HK$2,700,000 per carpark space	N/A	N/A
	301.4	Income capitalisation	HK$3,800-HK$7,100 per carpark space	N/A	N/A	2.8%-3.75%
Mainland China and others						
Commercial	**27,024.6**	Income capitalisation	HK$11-HK$553 per square metre	N/A	N/A	3.0%-6.8%
	13,916.2	Direct comparison	N/A	HK$3,849-HK$95,157 per square metre	N/A	N/A
Serviced apartment	**3,629.2**	Direct comparison	N/A	HK$18,715-HK$115,254 per square metre	N/A	N/A
Carparks	**5,898.1**	Direct comparison	N/A	HK$130,434-HK$988,142 per carpark space	N/A	N/A
Total	**177,725.2**					

	As at 30 June 2024 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs Prevailing market rent per month	Unit price	Estimated developer's profit and risk margins
Investment properties under development					
Commercial and carparks	**29,986.6**	Residual	HK$148-HK$407 per square metre	HK$25,263-HK$68,377 per square metre HK$141,304-HK$206,522 per carpark space	0%-15.0%
Total	**29,986.6**				

18 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Information about fair value measurements using significant unobservable inputs: (continued)

	As at 30 June 2023 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Capitalisation rate
Completed investment properties					
Hong Kong					
Commercial	95,190.7	Income capitalisation	HK$11-HK$340 per square feet	N/A	1.5%-5.2%
	16,006.6	Direct comparison	N/A	HK$9,300 per square feet	N/A
Carparks	3,344.0	Income capitalisation	HK$2,900-HK$7,120 per carpark space	N/A	2.8%-4.0%
Mainland China and others					
Commercial	43,012.5	Income capitalisation	HK$11-HK$781 per square metre	N/A	2.0%-7.0%
	250.4	Direct comparison	N/A	HK$3,400-HK$58,800 per square metre	N/A
Serviced apartment	2,688.6	Income capitalisation	HK$112-HK$241 per square metre	N/A	2.75%-6.25%
Carparks	6,627.4	Direct comparison	N/A	HK$129,800-HK$757,000 per carpark space	N/A
Total	167,120.2				

	As at 30 June 2023 Fair value HK$m	Valuation techniques	Range of significant unobservable inputs: Prevailing market rent per month	Unit price	Estimated developer's profit and risk margins
Investment properties under development					
Commercial	42,139.1	Residual	N/A	HK$1,400-HK$56,200 per square feet	0%-15.0%
Carparks	219.5	Residual	N/A	HK$237,900 per carpark space	1.0%
Total	42,358.6				

18 INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates and developer's profit and risk margins are estimated by independent valuers based on the risk profile of the properties being valued and the market conditions. The lower the rates and the margins, the higher the fair value.

Discount rates are estimated by independent valuers based on the risk-adjusted opportunity cost of capital. The lower the rates, the higher the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2024.

The sensitivity of the fair value change in office under commercial investment properties based on significant unobservable inputs are as below.

At 30 June 2024, if market value had increased/decreased by 2.5% with all other variables unchanged, the valuation of commercial investment properties in Hong Kong and Mainland China would have been HK$776.6 million higher or HK$776.4 million lower respectively. If prevailing rent per month had increased/decreased by 2.5% with all other variables unchanged, the valuation of commercial investment properties in Hong Kong and Mainland China would have been HK$1,162.7 million higher or HK$1,201.2 million lower respectively. If capitalisation rate had increased/decreased by 0.1% with all other variables unchanged, the valuation of commercial investment properties in Hong Kong and China would have been HK$1,725.7 million lower or HK$1,849.3 million higher respectively.

The impact of possible change in the assumptions for other investment properties would not be material.

At 30 June 2024, the aggregate fair value of completed investment properties and investment properties under development pledged as securities for the Group's borrowings amounted to HK$63,223.3 million (2023: HK$50,737.7 million) and HK$16,490.0 million (2023: HK$590.7 million) respectively.

19 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land HK$m	Buildings HK$m	Others (note (b)) HK$m	Assets under construction HK$m	Total HK$m
Cost					
At 1 July 2023	265.7	12,706.1	7,899.5	3,260.2	24,131.5
Translation differences	—	(68.1)	(9.9)	(2.0)	(80.0)
Additions	23.3	120.3	368.4	78.1	590.1
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	217.2	4.3	14.8	236.3
Transfer between properties held for sale, properties under development and property, plant and equipment	—	7.9	—	—	7.9
Transfer upon completion	—	1,032.9	351.3	(1,384.2)	—
Deconsolidation of a subsidiary	—	—	(59.6)	—	(59.6)
Disposal of subsidiaries	(0.7)	(164.3)	(3,349.6)	(5.0)	(3,519.6)
Disposals	—	(3.3)	(375.8)	—	(379.1)
At 30 June 2024	288.3	13,848.7	4,828.6	1,961.9	20,927.5
Accumulated depreciation and impairment					
At 1 July 2023	—	3,141.7	5,178.7	244.8	8,565.2
Translation differences	—	(28.0)	19.2	(0.1)	(8.9)
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(35.1)	—	—	(35.1)
Depreciation (note (a))	—	373.5	477.0	—	850.5
Impairment (note (d))	—	967.5	136.3	20.6	1,124.4
Deconsolidation of a subsidiary	—	—	(52.2)	—	(52.2)
Disposal of subsidiaries	—	(61.5)	(2,332.9)	—	(2,394.4)
Disposals	—	(21.2)	(308.2)	—	(329.4)
At 30 June 2024	—	4,336.9	3,117.9	265.3	7,720.1
Net book value (note (c))					
At 30 June 2024	288.3	9,511.8	1,710.7	1,696.6	13,207.4

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold Land HK$m	Buildings HK$m	Others (note (b)) HK$m	Assets under construction HK$m	Total HK$m
Cost					
At 1 July 2022	265.7	16,318.1	8,816.9	3,537.6	28,938.3
Translation differences	—	(859.8)	(383.1)	(269.1)	(1,512.0)
Acquisition of a subsidiary	—	—	42.1	—	42.1
Additions	—	88.6	698.8	259.7	1,047.1
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(1,998.6)	(642.7)	20.9	(2,620.4)
Transfer between properties held for sale, properties under development and property, plant and equipment	—	—	(9.7)	(288.9)	(298.6)
Disposal of subsidiaries	—	(828.3)	(126.1)	—	(954.4)
Disposals	—	(13.9)	(496.7)	—	(510.6)
At 30 June 2023	265.7	12,706.1	7,899.5	3,260.2	24,131.5
Accumulated depreciation and impairment					
At 1 July 2022	—	3,295.6	5,713.6	244.8	9,254.0
Translation differences	—	(162.9)	(259.4)	—	(422.3)
Transfer between property, plant and equipment, right-of-use assets and investment properties	—	(297.7)	(331.9)	—	(629.6)
Depreciation (note (a))	—	468.7	607.0	—	1,075.7
Impairment	—	—	1.7	—	1.7
Disposal of subsidiaries	—	(156.8)	(97.8)	—	(254.6)
Disposals	—	(5.2)	(454.5)	—	(459.7)
At 30 June 2023	—	3,141.7	5,178.7	244.8	8,565.2
Net book value (note (c))					
At 30 June 2023	265.7	9,564.4	2,720.8	3,015.4	15,566.3

Notes:

(a) Depreciation charge of HK$850.5 million (2023: HK$1,075.7 million) includes HK$725.7 million (2023: HK$778.0 million) (note 11) arising from continuing operations and HK$124.8 million (2023: HK$297.7 million) arising from discontinuing operations.

(b) Others mainly represented leasehold improvements, plant and machinery, motor vehicles, furniture and fixtures, office equipment and computer.

(c) At 30 June 2024, the aggregate net book value of property, plant and equipment pledged as securities for the Group's borrowings amounted to HK$976.1 million (2023: HK$1,127.7 million).

(d) The impairment of HK$133.5 million in others was included in the loss on remeasurement of disposal group.

20 RIGHT-OF-USE ASSETS

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Leasehold land (note (a))	**162.1**	314.2
Land use rights (note (a))	**1,176.6**	1,585.6
Buildings, plant and equipment	**2,521.7**	2,769.1
Others	**—**	455.1
	3,860.4	5,124.0

Notes:

(a) As at 30 June 2024, the aggregate net book value of leasehold land pledged as securities for the Group's borrowings amounted to HK$951.7 million (2023: HK$148.9 million).

(b) For the year ended 30 June 2024, additions to the right-of-use assets were HK$2,439.4 million (2023: HK$844.3 million) and total cash outflows for leases was HK$1,010.1 million (2023: HK$1,383.1 million).

(c) Depreciation of right-of-use assets

	2024 HK$m	2023 HK$m
Leasehold land	**3.2**	8.0
Land use rights	**59.7**	71.4
Buildings, plant and equipment	**494.6**	710.8
Others	**—**	84.0
	557.5	874.2
Representing:		
Continuing operations	**453.8**	637.8
Discontinued operations	**103.7**	236.4
	557.5	874.2

Rental contracts are typically made for fixed periods range from 3 months to 19 years (2023: 13 months to 19 years) for buildings, plant and equipment and others, but may have extension options which majority of these options are exercisable only by the Group and not by the respective lessors. Lease term for leasehold land ranges from 3 years to 980 years (2023: 3 years to 981 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Some property leases contain variable payment terms that are linked to revenue generated from leased assets, or the higher of a guaranteed rent or revenue rent throughout the lease terms. Revenue rent represents a percentage of gross revenue derived from the leased properties ranging from 3% to 34% (2023: ranging from 3% to 34%).

21 INTANGIBLE CONCESSION RIGHTS

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Cost		
At beginning of the year	**22,378.1**	22,035.4
Translation differences	**—**	(2,032.0)
Additions	**87.7**	142.9
Acquisition of a subsidiary	**–**	2,231.8
Disposal of subsidiaries	**(22,465.8)**	—
At end of the year	**—**	22,378.1
Accumulated amortisation and impairment		
At beginning of the year	**9,141.6**	9,024.0
Translation differences	**—**	(921.2)
Amortisation	**453.4**	1,038.8
Disposal of subsidiaries	**(9,595.0)**	—
At end of the year	**—**	9,141.6
Net book value		
At end of the year	**—**	13,236.5

At 30 June 2023, intangible concession rights of HK$6,666.2 million were pledged as securities for the Group's borrowings.

22 INTANGIBLE ASSETS

	Goodwill HK$m	Trademarks HK$m	Operating right and others HK$m	Total HK$m
Cost				
At 1 July 2023	**9,693.9**	**124.9**	**1,184.6**	**11,003.4**
Translation differences	**(10.3)**	**—**	**1.1**	**(9.2)**
Additions	**—**	**0.4**	**85.4**	**85.8**
Disposal of subsidiaries	**(6,770.9)**	**—**	**(969.7)**	**(7,740.6)**
Reclassified to assets of disposal groups held for sale (note (a))	**—**	**(42.5)**	**—**	**(42.5)**
At 30 June 2024	**2,912.7**	**82.8**	**301.4**	**3,296.9**
Accumulated amortisation and impairment				
At 1 July 2023	**1,867.1**	**38.4**	**722.7**	**2,628.2**
Translation differences	**(2.8)**	**—**	**2.3**	**(0.5)**
Amortisation (note (b))	**—**	**5.9**	**86.7**	**92.6**
Disposal of subsidiaries	**(386.3)**	**—**	**(664.2)**	**(1,050.5)**
Impairment	**414.5**	**38.0**	**—**	**452.5**
At 30 June 2024	**1,892.5**	**82.3**	**147.5**	**2,122.3**
Net book value				
At 30 June 2024	**1,020.2**	**0.5**	**153.9**	**1,174.6**

22 INTANGIBLE ASSETS (CONTINUED)

	Goodwill HK$m	Trademarks HK$m	Operating right and others HK$m	Total HK$m
Cost				
At 1 July 2022	9,936.1	79.8	972.7	10,988.6
Translation differences	(199.7)	—	—	(199.7)
Additions	—	2.6	211.9	214.5
Transfer	(42.5)	42.5	—	—
At 30 June 2023	9,693.9	124.9	1,184.6	11,003.4
Accumulated amortisation and impairment				
At 1 July 2022	1,956.9	30.3	606.2	2,593.4
Translation differences	(89.8)	—	—	(89.8)
Amortisation (note (b))	—	8.1	116.5	124.6
At 30 June 2023	1,867.1	38.4	722.7	2,628.2
Net book value				
At 30 June 2023	7,826.8	86.5	461.9	8,375.2

Notes:

(a) Trademark of HK$42.5 million was subsequently impaired and included in the loss on remeasurement loss of the disposal group.

(b) Amortisation charge of HK$92.6 million (2023: HK$124.6 million) includes HK$49.1 million (2023: HK$30.1 million) (note 11) arising from continuing operations and HK$43.5 million (2023: HK$94.5 million) arising from discontinued operations.

Impairment test for goodwill

A summary of the goodwill allocation is presented below:

	Hong Kong HK$m	**Mainland China HK$m**	**Total HK$m**
2024			
Property development	**2.5**	**227.0**	**229.5**
Property investment	**—**	**225.3**	**225.3**
Others	**3.1**	**562.3**	**565.4**
	5.6	**1,014.6**	**1,020.2**

	Hong Kong HK$m	Mainland China HK$m	Total HK$m
2023			
Property development	2.5	227.0	229.5
Property investment	—	236.6	236.6
Insurance	5,576.3	—	5,576.3
Others	872.8	911.6	1,784.4
	6,451.6	1,375.2	7,826.8

22 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill (continued)

Goodwill is allocated to the Group's cash generating units identified according to country of operation and business segment. For the purpose of impairment test for goodwill, the recoverable amount of the business unit is determined based on either fair value less costs of disposal or value in use calculations whichever is higher. The key assumptions adopted on growth rates and discount rates used in the value in use calculations are based on management best estimates and past experience.

For the segment of property development, the recoverable amount of the business unit is determined based on value-in-use calculations, which use cash flow projections based on financial budgets and a pre-tax discount rate.

For the segment of property investment, growth rates are determined by considering both internal and external factors relating to the relevant segments. Discount rate used also reflect specific risks relating to the relevant segment, which was 12.4% (2023: 12.4%).

For the year ended 30 June 2023, for the segment of insurance, annual growth rates for premium from new business being 3% to 31% for the first five projection years and steady growth rate of 5% for the next five projection years were determined by considering both internal and external factors. Discount rate of 7.75% was used to reflect specific risk relating to such business.

Included in others segment is an amount of HK$558.3 million (2023: HK$561.4 million) relating to department stores operation. The key assumptions used in the cash flow projections (where applicable), namely average annual gross revenue growth rate being 8.2% for the year ended 30 June 2024 (2023: 11.1%); average gross margin ratios ranging from 13% to 15% (2023: from 13% to 15%), are determined by considering both internal and external factors relating to department stores operation of each CGU; the long term growth rate of 3% (2023: 3%) is consistent with the forecast of the businesses and the discount rate of 14.5% (2023: 12.4%) is post-tax and reflects specific risks relating to the relevant businesses. If the annual gross revenue had been 15% (2023: 15%) or gross margin ratios had been 1% (2023: 1%) lower than management's current estimates, the profit before taxation for the year would have been approximately HK$240.0 million and HK$29.1 million lower (2023: HK$413.0 million and HK$64.6 million lower) respectively. If the discount rate had been 0.5% (2023: 0.5%) higher than management's current estimates, the profit before taxation for the year would have been approximate HK$2.1 million lower (2023: HK$47.3 million lower).

For the year ended 30 June 2023, the remaining goodwill balance of HK$1,223.0 million which were relating to roads and other construction segments, the key assumptions adopted on growth rates and discount rates used in the value in use calculations were based on management's best estimates and past experience.

23 INTERESTS IN JOINT VENTURES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Equity joint ventures/joint ventures in wholly foreign owned enterprises		
Group's share of net assets	**327.5**	5,567.8
Goodwill on acquisition	**2.2**	2.2
Amounts receivable less provision (note (a))	**250.5**	452.6
	580.2	6,022.6
Co-operative joint ventures		
Cost of investments less provision	**3,188.7**	4,904.1
Share of undistributed post-acquisition results	**321.8**	610.7
Amounts receivable less provision (note (a))	**7,298.4**	8,440.8
	10,808.9	13,955.6
Companies limited by shares		
Group's share of net assets	**8,575.1**	12,506.2
Goodwill on acquisition	**175.8**	175.8
Amounts receivable less provision (note (a))	**17,363.9**	21,867.2
	26,114.8	34,549.2
	37,503.9	54,527.4

Notes:

(a) Amounts receivable less provisions are analysed as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Interest bearing		
Fixed rates (note (i))	**4,088.4**	3,936.3
Floating rates (note (ii))	**6,011.3**	15,159.4
Non-interest bearing	**14,813.1**	11,664.9
	24,912.8	30,760.6

note (i) Carry interest rates ranging from 3.45% to 10% (2023: 4.0% to 10.0%) per annum.

note (ii) Carry interest rates ranging from 1.5% below Hong Kong Prime rate to 0.725% over HIBOR (2023: 1.5% below Hong Kong Prime rate to 1.5% over HIBOR) per annum.

As at 30 June 2024, the net carrying value of amounts receivable included provision of HK$1,266.7 million (2023: HK$3,925.6 million).

The amounts were unsecured and not repayable within 12 months from the end of the reporting period. As at 30 June 2024, the carrying amounts are not materially different from their fair values.

The amounts receivable form part of the Group's net interests in joint ventures.

(b) The directors of the Company were of the view that as at 30 June 2024, there is no individual joint venture that was material to the Group. The Group's share of results of the joint ventures from continuing operations were summarised below:

	2024 HK$m	2023 HK$m
For the year ended 30 June		
Loss for the year	**(295.6)**	(291.9)
Other comprehensive loss for the year	**(124.9)**	(98.0)
Total comprehensive loss for the year	**(420.5)**	(389.9)

(c) Management regularly reviews whether there are any indications of impairments of the Group's interests in joint ventures based on value in use calculations, as detailed in note 7(c).

(d) Details of principal joint ventures are stated in note 54.

24 INTERESTS IN ASSOCIATED COMPANIES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Group's share of net assets		
Hong Kong listed shares	**158.3**	1,316.4
Overseas listed shares	**—**	660.6
Unlisted shares	**7,185.2**	8,799.7
	7,343.5	10,776.7
Goodwill	**—**	164.3
Amounts receivable less provision (note (a))	**1,234.6**	2,916.3
	8,578.1	13,857.3
Market value of listed shares	**24.5**	2,014.3

Notes:

(a) Amounts receivable less provision are analysed as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Fixed rate (note)	**—**	109.7
Non-interest bearing	**1,234.6**	2,806.6
	1,234.6	2,916.3

note: Carry interest rate of nil (2023: 8%) per annum.

As at 30 June 2024, the net carrying value of amounts receivable included provision of HK$32.5 million (2023: HK$1,774.2 million).

The amounts were unsecured and not repayable within 12 months from the end of the reporting period. As at 30 June 2024, the carrying amounts were not materially different from their fair values.

The amounts receivable form part of the Group's net interests in associated companies.

(b) During the year ended 30 June 2024, the Group reclassified the interest in an associated company to disposal groups held for sale (note 36).

(c) Management regularly reviews whether there are any relevant indications of impairments of the Group's interests in associated companies based on value in use calculations, as detailed in note 7(c).

(d) The directors of the Company were of the view that as at 30 June 2024, there is no individual associated company that was material to the Group. The Group's share of results of the associated companies from continuing operations were summarised below:

	2024 HK$m	2023 HK$m
For the year ended 30 June		
(Loss)/profit for the year	**(666.6)**	43.4
Other comprehensive income/(loss) for the year	**33.0**	(170.8)
Total comprehensive loss for the year	**(633.6)**	(127.4)

(e) Details of principal associated companies are stated in note 55.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Non-current assets		
Foreign currency and interest rate swaps		
– cash flow hedges (note)	**402.6**	1,219.2
Current assets		
Foreign currency forward contracts, foreign currency, interest rate swaps		
– cash flow hedges (note)	**178.3**	135.3
– others	**—**	11.2
Put option	**—**	4.3
	178.3	150.8
	580.9	1,370.0
Non-current liabilities		
Interest rate swaps		
– cash flow hedges (note)	**(251.9)**	(59.6)
– others	**(65.1)**	(288.0)
	(317.0)	(347.6)
Current liabilities		
Foreign currency swaps		
– cash flow hedges (note)	**(0.3)**	—
– foreign currency forward contracts	**—**	(9.9)
Put option	**—**	(2.8)
	(0.3)	(12.7)
	(317.3)	(360.3)

The total notional principal amounts of the outstanding derivative financial instruments as at 30 June 2024 was HK$42,316.7 million (2023: HK$41,794.0 million).

Note:

The total notional principal amount of the outstanding financial instruments designated as cash flow hedges as at 30 June 2024 was US$600.0 million (2023: US$212.3 million) and HK$24,511.7 million (2023: HK$20,340.0 million).

The Group enters into the hedging instruments that have similar critical terms as the hedged item.

The Group does not hedge all of its loans, therefore the hedged item is identified as a proportion of the outstanding hedged items up to the notional amount of the hedging instruments with one-to-one hedge ratio. As all critical terms matched substantially, the economic relationship exists, and the cash flow hedges was assessed to be highly effective during the year.

During the years ended 30 June 2024 and 2023, there were insignificant ineffectiveness in relation to these hedging instruments.

26 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position.

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Deferred tax assets	**2,204.9**	2,342.4	2,015.0
Deferred tax liabilities	**(7,762.2)**	(9,270.7)	(10,045.3)
	(5,557.3)	(6,928.3)	(8,030.3)

	2024 HK$m	2023 HK$m (Restated)
At beginning of the year	**(6,928.3)**	(8,303.2)
Adoption of HKFRS 17	**—**	272.9
Translation differences	**361.9**	750.1
Acquisition of subsidiaries	**—**	(159.0)
Disposal of subsidiaries	**1,248.4**	(22.1)
(Charged)/credited to consolidated income statement (note)	**(228.8)**	535.0
Charged to reserves	**—**	(2.0)
Transfer to disposal group classified as held for sale	**(10.5)**	—
At end of the year	**(5,557.3)**	(6,928.3)

Note:

Deferred taxation charge of HK$228.8 million (2023: HK$535.0 million credit) includes HK$251.9 million (2023: HK$393.0 million credit) arising from continuing operations and HK$23.1 million credit (2023: HK$142.0 million credit) arising from discontinuing operations.

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year was as follows:

Deferred tax assets

	Provisions		**Accelerated accounting depreciation**		**Tax losses**		**Unrealised intra-group profit**		**Lease liabilities**		**Other items**		**Total**	
	2024 HK$m	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m
At beginning of the year	**2,435.6**	1,884.7	**78.2**	36.0	**1,227.4**	1,441.7	**125.1**	125.1	**527.6**	—	**37.9**	50.1	**4,431.8**	3,537.6
Impact of amendments to HKAS 12	**–**	—	**–**	—	**–**	—	**–**	—	**–**	684.8	**–**	—	**–**	684.8
Translation differences	**(18.4)**	(249.7)	**10.4**	—	**12.3**	(4.1)	**–**	—	**(2.4)**	(50.9)	**(10.5)**	(14.5)	**(8.6)**	(319.2)
Acquisition of a subsidiary	**–**	—	**–**	—	**–**	2.8	**–**	—	**–**	—	**–**	—	**–**	2.8
Disposal of subsidiaries	**–**	(14.1)	**–**	—	**(82.7)**	(8.0)	**–**	—	**–**	—	**(18.8)**	—	**(101.5)**	(22.1)
Credited/(charged) to consolidated income statement	**424.0**	814.7	**(0.9)**	42.2	**(158.5)**	(205.0)	**–**	—	**(45.1)**	(106.3)	**(2.6)**	2.3	**216.9**	547.9
Transfer to disposal group classified as held for sale	**(10.0)**	—	**–**	—	**(0.5)**	—	**–**	—	**–**	—	**–**	—	**(10.5)**	—
At end of the year	**2,831.2**	2,435.6	**87.7**	78.2	**998.0**	1,227.4	**125.1**	125.1	**480.1**	527.6	**6.0**	37.9	**4,528.1**	4,431.8

26 DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities

	Accelerated accounting depreciation		Valuation of properties		Fair value adjustments of properties on acquisitions		Amortisation of intangible concession rights		Undistributed profits of sub, JCE & asso		Right-of-use assets		Other items		Total	
	2024 HK$m	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m	**2024 HK$m**	2023 HK$m (Restated)	**2024 HK$m**	2023 HK$m (Restated)	**2024 HK$m**	2023 HK$m (Restated)
At beginning of the year	**(2,401.0)**	(2,426.8)	**(4,114.2)**	(4,244.6)	**(1,949.9)**	(2,436.5)	**(1,209.3)**	(1,270.6)	**(933.2)**	(996.0)	**(527.6)**	–	**(224.9)**	(466.3)	**(11,360.1)**	(11,840.8)
Adoption of HKFRS 17	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	272.9	**–**	272.9
Impact of amendments to HKAS 12	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(684.8)	**–**	–	**–**	(684.8)
Translation differences	**240.9**	121.5	**(9.3)**	239.6	**2.5**	475.0	**(2.3)**	101.6	**100.0**	81.2	**2.3**	50.9	**36.4**	(0.5)	**370.5**	1,069.3
Acquisition of subsidiaries	**–**	–	**–**	(1.5)	**–**	(6.0)	**–**	(154.3)	**–**	–	**–**	–	**–**	–	**–**	(161.8)
Disposal of subsidiaries	**7.7**	–	**–**	–	**–**	–	**1,149.6**	–	**170.2**	–	**–**	–	**22.4**	–	**1,349.9**	–
Credited/(charged) to income statement	**(232.1)**	(95.7)	**(533.7)**	(105.7)	**188.9**	17.6	**62.0**	114.0	**19.2**	(18.4)	**45.1**	106.3	**4.9**	(31.0)	**(445.7)**	(12.9)
Charged to reserves	**–**	–	**–**	(2.0)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(2.0)
At end of the year	**(2,384.5)**	(2,401.0)	**(4,657.2)**	(4,114.2)	**(1,758.5)**	(1,949.9)	**–**	(1,209.3)	**(643.8)**	(933.2)	**(480.2)**	(527.6)	**(161.2)**	(224.9)	**(10,085.4)**	(11,360.1)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$16,056.8 million (2023: HK$16,512.6 million) to carry forward for offsetting against future taxable income. These tax losses have no expiry dates except for the tax losses of HK$6,849.3 million (2023: HK$6,516.0 million) which will expire at various dates up to and including 2029 (2023: 2028).

For the investment properties that are located outside Hong Kong, they are held by certain subsidiaries with a business model to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale, the presumption is rebutted and related deferred tax continues to be determined based on recovery of use. For the remaining investment properties, the tax consequence is on the presumption that they are recovered entirely by sale.

As at 30 June 2024, the aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised totalled approximately HK$2.1 billion (2023: HK$15.0 billion), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

27 OTHER NON-CURRENT ASSETS

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Long-term loans and receivables (note)	**9,995.5**	10,446.3	13,917.5
Long-term prepayments and deposits	**1,771.3**	2,422.5	1,275.4
Deposits and other prepayments for development projects	**1,864.4**	1,824.0	1,814.6
Contract assets related to construction services (note 30(d))	**14,862.1**	13,575.0	10,028.6
	28,493.3	28,267.8	27,036.1

Note:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Mortgage loans receivables (note (i))	**2,093.6**	2,561.0	3,300.7
Mortgage loans receivables within one year included in debtors, prepayments, premium receivables and contract assets	**(4.1)**	(5.6)	(79.6)
Consideration receivable	**—**	269.7	658.5
Other receivables	**7,906.0**	7,621.2	10,037.9
	9,995.5	10,446.3	13,917.5

(i) Mortgage loans receivables are advances to purchasers of development projects of the Group in Hong Kong and are secured by first or second mortgages on the related properties. The balance included first mortgage loans of HK$1,823.6 million (2023: HK$2,375.0 million).

The mortgage loans receivables are repayable by monthly with various tenors not more than 30 years (2023: not more than 30 years) at the year end date and carrying interest at floating rates.

During the year ended 30 June 2024, the cash inflow in relation to the repayment and disposal of mortgage loans receivables amounted to HK$513.9 million (2023: HK$722.1 million) and there is no addition to mortgage loans receivables for both 2024 and 2023.

Management assessed the expected credit loss allowance of mortgage loans receivables, with reference to both historical loss experience and forward-looking information. The Group has not provided any loss allowance for its mortgage loans receivables during the year (2023: nil).

28 PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Expected to be completed after 12 months	**32,482.4**	31,377.8
Expected to be completed within 12 months	**11,001.0**	25,046.8
	43,483.4	56,424.6

At 30 June 2024, the aggregate carrying value of properties under development pledged as securities for the Group's borrowings amounted to HK$6,857.0 million (2023: HK$5,863.3 million).

29 INVENTORIES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Raw materials	**18.4**	41.4
Finished goods	**120.6**	456.0
	139.0	497.4

30 DEBTORS, PREPAYMENTS AND CONTRACT ASSETS

	Note	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Trade debtors	(a)	**1,573.4**	3,331.3	3,189.4
Retention receivables for contract works		**216.4**	2,303.9	1,913.2
Contract assets	(d)	**2,888.8**	5,017.5	6,960.0
Prepayment for purchase of land and land preparatory costs		**1,225.6**	943.2	1,026.4
Deposits, prepayments and other debtors		**8,439.4**	10,034.5	11,128.4
Amounts due from associated companies		**—**	58.2	56.8
Amounts due from joint ventures		**299.2**	828.7	6,808.7
Amounts due from non-controlling shareholders	(f)	**633.3**	749.6	655.4
	(b), (c), (e)	**15,276.1**	23,266.9	31,738.3

Notes:

(a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Retention receivables for contract works are settled in accordance with the terms of respective contracts.

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

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m	As at 1 July 2022 HK$m
Less than 30 days	**807.4**	2,632.1	2,231.5
31 to 60 days	**30.7**	123.2	300.4
Over 60 days	**735.3**	576.0	657.5
	1,573.4	3,331.3	3,189.4

There is no concentration of credit risk with respect to trade debtors as the customer bases are widely dispersed in different sectors and industries.

30 DEBTORS, PREPAYMENTS AND CONTRACT ASSETS (CONTINUED)

Notes: (continued)

(b) The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for trade debtors, retention receivables for contract works and contract assets. In relation to premium receivables, deposits, other debtors and amounts due from associated company and joint ventures, the expected credit loss allowances are measured as either 12 month or lifetime expected credit loss. The carrying value is net of loss allowance HK$1,866.2 million (2023: HK$1,995.9 million). The movement of loss allowance is as follows:

2024	Note	**Trade debtors HK$m**	**Retention receivables for contract works HK$m**	**Deposits and other debtors HK$m**	**Contract assets HK$m**	**Amounts due from joint ventures HK$m**	**Total HK$m**
As at 1 July 2023		**231.3**	**136.8**	**1,597.0**	**22.8**	**8.0**	**1,995.9**
Translation differences		**(0.2)**	**—**	**—**	**—**	**—**	**(0.2)**
Increase in loss allowance recognised in consolidated income statement	10	**20.1**	**—**	**315.6**	**—**	**—**	**335.7**
Amounts recovered	10	**—**	**—**	**(1.1)**	**—**	**—**	**(1.1)**
Amounts written off		**(0.9)**	**—**	**—**	**—**	**—**	**(0.9)**
Disposal of subsidiaries		**(40.4)**	**(136.8)**	**(255.2)**	**(22.8)**	**(8.0)**	**(463.2)**
As at 30 June 2024		**209.9**	**—**	**1,656.3**	**—**	**—**	**1,866.2**

2023 (Restated)	Trade debtors HK$m	Retention receivables for contract works HK$m	Deposits and other debtors HK$m	Contract assets HK$m	Amounts due from joint ventures HK$m	Total HK$m
As at 1 July 2022	384.6	113.5	758.3	50.9	8.0	1,315.3
Translation differences	(5.1)	—	(22.8)	—	—	(27.9)
Increase in loss allowance recognised in consolidated income statement	(74.7)	23.3	1,022.4	(28.1)	—	942.9
Amounts recovered	(33.3)	—	(160.9)	—	—	(194.2)
Amounts written off	(40.2)	—	—	—	—	(40.2)
As at 30 June 2023	231.3	136.8	1,597.0	22.8	8.0	1,995.9

During the current year, management has assessed the expected credit loss on performing financial assets based on methodology set out in note 6(b) and HK$18.8 million (2023: HK$231.3 million) expected credit loss provision has been made. For non-performing assets including trade debtors, retention receivables for contract works, deposits and other debtors, management has assessed the expected credit loss based on lifetime expected credit loss approach with reference to the creditability of the specific counterparties and HK$316.9 million (2023: HK$711.6 million) expected credit loss provision has been made.

(c) The carrying amounts of the debtors, prepayments and contract assets, which approximate their fair values, are denominated in the following currencies:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Hong Kong dollar	**8,048.7**	15,466.8	15,283.7
Renminbi	**7,086.3**	6,654.4	8,107.4
United States dollar	**66.8**	1,075.1	8,312.7
Others	**74.3**	70.6	34.5
	15,276.1	23,266.9	31,738.3

30 DEBTORS, PREPAYMENTS AND CONTRACT ASSETS (CONTINUED)

Notes: (continued)

(d) The Group has recognised the following revenue-related contract assets:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m	As at 1 July 2022 HK$m
Current portion:			
Contract acquisition cost related to property sales (note (i))	**683.7**	895.0	1,809.3
Contract assets related to construction services (note (ii))	**2,205.1**	4,122.5	5,150.7
	2,888.8	5,017.5	6,960.0
Non-current portion:			
Contract assets related to construction services (note (ii))	**14,862.1**	13,575.0	10,028.6
	17,750.9	18,592.5	16,988.6

note (i) Contract acquisition cost related to property sales consists of sales commissions incurred directly attributable to obtaining contract.

note (ii) Contract assets related to construction services consist of unbilled amount resulting from construction when the cost-to-cost method of revenue recognised exceeds the amount billed to the customer.

(e) Except for certain collaterals held as securities for other debtors, the Group does not hold other collateral as securities for the debtors and prepayments. The maximum exposure to credit risk at the end of the reporting period is the carrying value mentioned above.

(f) The balances are interest-free, unsecured and repayable on demand.

31 FINANCIAL ASSETS AT AMORTISED COST

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Debt securities			
Unlisted	**129.7**	55.2	—

The carrying amounts of financial assets at amortised cost are denominated in the following currencies:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
United States dollar	**129.7**	55.2	—

32 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Equity securities			
Unlisted (note (a))	**596.6**	2,201.8	2,387.2
Listed			
Hong Kong	**20.2**	1,756.1	1,879.6
Overseas	**243.1**	156.5	395.2
	859.9	4,114.4	4,662.0
Debt securities			
Unlisted (note (a))	**1,416.4**	6,578.1	4,536.4
Listed			
Hong Kong	**58.2**	7,910.6	5,735.8
Overseas	**302.1**	29,019.4	22,813.9
	1,776.7	43,508.1	33,086.1
Investment funds (note (b))			
Unlisted (note (a))	**4,490.1**	9,899.9	8,622.3
Listed	**—**	4,471.0	2,369.5
	4,490.1	14,370.9	10,991.8
Total	**7,126.7**	61,993.4	48,739.9
Expected to recover after 12 months	**6,285.7**	56,024.5	44,130.2
Expected to recover within 12 months	**841.0**	5,968.9	4,609.7
	7,126.7	61,993.4	48,739.9

Notes:

(a) Unlisted investments are stated at fair values which are estimated using a variety of valuation methods or assessed the reasonableness with reference to market comparables, with the assistance of independent external valuers, when necessary.

(b) As at 30 June 2024, the Group holds certain investment funds with fair value of HK$2,248.5 million (2023: HK$5,038.2 million) which are managed by the general partner while the Group participated in the funds as a limited partner. Management considered that the Group has neither significant influence nor joint control over the fund and therefore it is classified as financial assets at FVPL.

(c) Financial assets at FVPL related to unit-linked contracts is detailed in note 34.

(d) The carrying amounts of financial assets at FVPL are denominated in the following currencies:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
United States dollar	**5,134.5**	52,355.1	40,963.6
Hong Kong dollar	**1,429.0**	7,500.1	5,472.4
Renminbi	**339.6**	1,546.4	1,684.9
Others	**223.6**	591.8	619.0
	7,126.7	61,993.4	48,739.9

33 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Equity instruments			
Unlisted (note)	**2,011.3**	2,047.0	2,078.0
Listed			
Hong Kong	**292.3**	1,654.9	1,989.6
Overseas	**—**	24.5	32.9
	2,303.6	3,726.4	4,100.5
Debt instruments			
Unlisted (note)	**—**	1,712.7	1,715.0
Listed			
Hong Kong	**—**	651.0	799.0
Overseas	**—**	6,226.6	8,147.5
	—	8,590.3	10,661.5
Total	**2,303.6**	12,316.7	14,762.0
Expected to recover after 12 months	**2,303.6**	11,738.0	13,695.2
Expected to recover within 12 months	**—**	578.7	1,066.8
	2,303.6	12,316.7	14,762.0

Note: Unlisted investments are stated at fair values which are determined by the recent transaction price or estimated using a variety of valuation methods or assessed the reasonableness with reference to market comparables, with the assistance of independent external valuer when necessary.

33 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Maturity profile of the debt instruments is as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Within one year	**—**	56.8	311.5
In the second to fifth year	**—**	626.1	336.1
After the fifth year	**—**	7,907.4	10,013.9
	—	8,590.3	10,661.5

The carrying amounts of financial assets at FVOCI are denominated in the following currencies:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
United States dollar	**185.9**	10,543.9	10,792.8
Hong Kong dollar	**2,053.2**	1,700.4	3,935.9
Others	**64.5**	72.4	33.3
	2,303.6	12,316.7	14,762.0

34 INVESTMENTS/LIABILITIES RELATED TO UNIT-LINKED CONTRACTS

Investments related to unit-linked contracts as analysed as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m	As at 1 July 2022 HK$m
Financial assets at FVPL – Investment funds, at fair value	—	8,924.4	8,621.9
Cash and bank balances	—	15.7	27.3
	—	8,940.1	8,649.2

The balance is expected to recover within 12 months.

Liabilities related to unit-linked contracts are analysed as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Expected to settle after 12 months	—	123.1	123.0
Expected to settle within 12 months	—	4,301.5	4,480.3
	—	4,424.6	4,603.3

35 CASH AND BANK BALANCES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Cash at banks and on hand	**17,065.3**	34,808.1
Bank deposits – unrestricted and maturing within three months	**8,801.3**	17,715.5
	25,866.6	52,523.6
Bank deposits – unrestricted and maturing after more than three months	**1,533.0**	740.3
Cash and bank balances	**27,399.6**	53,263.9
Bank deposits – restricted	**590.5**	1,254.0
	27,990.1	54,517.9

The effective interest rates on bank deposits range from 0.20% to 5.20% (2023: 0.03% to 5.20%) per annum and these deposits have maturities ranging from 4 to 365 days (2023: 6 to 365 days).

35 CASH AND BANK BALANCES (CONTINUED)

The carrying amounts of cash and bank balances and restricted bank balances are denominated in the following currencies:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Renminbi	**14,704.0**	25,426.3
Hong Kong dollar	**12,140.1**	24,207.5
United States dollar	**995.0**	4,729.6
Others	**151.0**	154.5
	27,990.1	54,517.9

The conversion of Renminbi denominated balances into foreign currencies and the remittance of foreign currencies denominated bank balances and cash out of the Mainland China are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

The cash and bank balances included unreleased guarantee deposits for construction of pre-sale properties of HK$625.5 million placed in designated bank accounts as at 30 June 2024, and will be released in accordance with certain construction progress milestones.

36 DISPOSAL GROUPS HELD FOR SALE

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m	As at 1 July 2022 HK$m
Assets of disposal groups held for sale			
Interests in joint ventures	**18.6**	15.8	20.1
Interest in an associated company	**1,367.9**	—	—
Debtors and prepayments	**100.1**	—	—
Deferred tax assets	**10.5**	—	—
Cash and bank balances	**85.0**	—	—
Financial assets at FVOCI	**18.0**	—	—
Other non-current assets	**160.7**	—	—
	1,760.8	15.8	20.1

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m	As at 1 July 2022 HK$m
Liabilities of disposal groups held for sale	**698.1**	30.4	30.5

37 SHARE CAPITAL

	2024		2023	
	Number of shares (million)	**HK$m**	Number of shares (million)	HK$m
Issued and fully paid (note)**:**				
At beginning and end of the year	**2,516.6**	**78,382.1**	2,516.6	78,382.1

Note:

The shares have no par value.

38 PERPETUAL CAPITAL SECURITIES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Issued by a wholly owned subsidiary of the Company (the "NWD Issuer")		
US$1,300.0 million 6.25% guaranteed senior perpetual securities issued in 2019	**10,427.6**	10,431.6
US$1,000.0 million 5.25% guaranteed senior perpetual securities issued in 2020	**7,876.5**	7,884.2
US$700.0 million 4.80% guaranteed senior perpetual securities issued in 2020	**5,476.0**	5,476.0
US$1,200.0 million 4.125% guaranteed senior perpetual securities issued in 2021	**8,950.1**	9,383.9
US$500.0 million 6.15% guaranteed senior perpetual securities issued in 2022	**3,550.3**	3,910.0
	36,280.5	37,085.7
Issued by a wholly owned subsidiary of NWSH		
US$1,300.0 million 5.75% guaranteed senior perpetual securities issued in 2019	**—**	8,253.9
US$268.2 million 8.77% guaranteed senior perpetual securities issued in 2022	**—**	2,099.7
	—	10,353.6
Total	**36,280.5**	47,439.3

In June 2022, the NWD Issuer issued US$500.0 million 6.15% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$3,876.6 million.

In June 2021, the NWD Issuer issued US$1,200.0 million 4.125% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$9,295.5 million.

In December 2020, the NWD Issuer issued US$700.0 million 4.80% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$5,418.7 million.

In June 2020, the NWD Issuer issued US$850.0 million 5.25% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$6,597.2 million. In September 2021, the NWD Issuer further issued US$150.0 million 5.25% guaranteed senior perpetual capital securities at 106.06% with the aggregate net proceeds after transaction cost of HK$1,237.9 million, which was consolidated and formed a single series with the original issue in June 2020.

In March 2019, the NWD Issuer issued US$500.0 million 6.25% guaranteed senior perpetual capital securities with the aggregate net proceeds after transaction cost of HK$3,857.5 million. In July and November 2019, the NWD Issuer further issued US$400.0 million and US$400.0 million 6.25% guaranteed senior perpetual capital securities respectively, with the aggregate net proceeds after transaction cost of HK$6,271.2 million, which were consolidated and formed a single series with the original issue in March 2019.

The perpetual capital securities issued by the NWD Issuer are listed on the Stock Exchange and guaranteed by the Company. There is no maturity of the securities and the payments of distribution can be deferred at the discretion of the Issuers, and there is no limit as to the number of times of deferral of distribution. The perpetual capital securities are callable. When the Company elects to declare dividends to their respective ordinary shareholders, the NWD Issuer shall make distribution to the holders of perpetual capital securities at the distribution rate as defined in the subscription agreements.

39 NON-CONTROLLING INTERESTS

The total non-controlling interests as at 30 June 2023 was HK$27,191.5 million, of which HK$18,119.7 million was attributable to NWSH. The total comprehensive loss attributable to non-controlling interests for the year ended 30 June 2023 was HK$1,156.2 million, of which HK$197.5 million was attributable to NWSH. NWSH was disposed during the year ended 30 June 2024. The summarised 2023 financial information for NWSH which was a subsidiary with material non-controlling interest to the Group are set out in note 48. The non-controlling interests in respect of other subsidiaries are not material to the Group.

40 RESERVES

	Property revaluation reserve HK$m	Movement of insurance finance reserves HK$m	Financial assets at FVOCI reserve (non-recycling) HK$m	Financial assets at FVOCI reserve (recycling) HK$m	General reserve HK$m	Employees' share-based compensation reserve HK$m	Exchange reserve HK$m	Retained profits HK$m	Total HK$m
At 30 June 2023, previously stated	13,292.6	–	618.9	(5,311.0)	1,193.0	31.6	(7,486.3)	115,331.5	117,670.3
Adoption of HKFRS 17	–	(70.6)	138.2	3,237.7	(17.8)	–	–	122.1	3,409.6
At 30 June 2023, restated	13,292.6	(70.6)	757.1	(2,073.3)	1,175.2	31.6	(7,486.3)	115,453.6	121,079.9
Adoption of HKFRS 17 after restatement	–	–	–	695.5	–	–	–	(525.7)	169.8
At 1 July 2023	13,292.6	(70.6)	757.1	(1,377.8)	1,175.2	31.6	(7,486.3)	114,927.9	121,249.7
Loss attributable to shareholders	–	–	–	–	–	–	–	(19,682.9)	(19,682.9)
Net fair value changes on equity instruments as financial assets at FVOCI	–	–	(388.9)	–	–	–	–	–	(388.9)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	–	–	–	(178.9)	–	–	–	–	(178.9)
Net insurance finance expenses	–	(28.4)	–	–	–	–	–	–	(28.4)
Share options lapsed	–	–	–	–	–	(31.6)	–	–	(31.6)
Release of reserves and reclassification of reserves upon disposal of subsidiaries	(3,856.3)	99.0	(740.7)	1,558.5	(171.9)	–	2,240.0	5,210.9	4,339.5
Disposal/partial disposal of subsidiaries	–	–	–	–	–	–	–	(145.1)	(145.1)
Share of other comprehensive (loss)/income of joint ventures and associated companies	–	–	38.0	–	(22.0)	–	(93.7)	–	(77.7)
Cash flow/fair value hedges	–	–	–	–	(745.1)	–	–	–	(745.1)
Redemption of perpetual capital securities	–	–	–	–	–	–	–	220.7	220.7
Transfer of reserves	–	–	–	–	(55.9)	–	0.3	55.6	–
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	3,010.1	–	–	–	–	–	–	–	3,010.1
Release of reserve upon disposal of equity instruments as financial assets at FVOCI	–	–	13.4	–	–	–	–	–	13.4
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	–	–	–	(1.8)	–	–	–	–	(1.8)
Translation differences	–	–	–	–	–	–	(843.5)	–	(843.5)
2023 final dividend paid	–	–	–	–	–	–	–	(4,756.4)	(4,756.4)
2024 interim dividend paid	–	–	–	–	–	–	–	(503.3)	(503.3)
At 30 June 2024	12,446.4	–	(321.1)	–	180.3	–	(6,183.2)	95,327.4	101,449.8

40 RESERVES (CONTINUED)

	Property revaluation reserve HK$m	Movement of insurance finance reserves HK$m	Financial assets at FVOCI reserve (non-recycling) HK$m	Financial assets at FVOCI reserve (recycling) HK$m	General reserve HK$m	Employees' share-based compensation reserve HK$m	Exchange reserve HK$m	Retained profits HK$m	Total HK$m
At 30 June 2022, previously stated	13,374.5	—	681.1	(4,684.1)	1,304.5	69.0	4,879.1	119,353.9	134,978.0
Adoption of HKFRS 17	—	—	405.1	2,744.7	41.9	—	—	(58.4)	3,133.3
At 1 July 2022, restated	13,374.5	—	1,086.2	(1,939.4)	1,346.4	69.0	4,879.1	119,295.5	138,111.3
Profit attributable to shareholders	—	—	—	—	—	—	—	548.0	548.0
Net fair value changes of equity instruments as financial assets at FVOCI	—	—	(215.1)	—	—	—	—	—	(215.1)
Net fair value changes and other net movements of debt instruments as financial assets at FVOCI	—	—	—	(135.8)	—	—	—	—	(135.8)
Employees' share-based payments	—	—	—	—	—	24.1	—	—	24.1
Share options lapsed	—	—	—	—	—	(61.5)	—	61.5	—
Redemption of perpetual capital securities	—	—	—	—	—	—	—	345.4	345.4
Release of reserves upon disposal of subsidiaries	(124.2)	—	—	—	—	—	(168.9)	124.2	(168.9)
Release of reserves upon disposal of interests in joint ventures	—	—	—	—	—	—	(3.9)	—	(3.9)
Acquisition of additional interests in subsidiaries	—	—	—	—	(532.0)	—	—	—	(532.0)
Share of other comprehensive (loss)/income of joint ventures and associated companies	—	—	(74.9)	—	(22.5)	—	(1,034.8)	5.0	(1,127.2)
Cash flow/fair value hedges	—	—	—	—	378.9	—	—	—	378.9
Remeasurement of post-employment benefit obligation	—	—	—	—	—	—	—	1.3	1.3
Transfer of reserves	—	—	—	—	7.8	—	6.2	(14.0)	—
Net finance expenses from insurance contracts	—	(70.6)	—	—	(3.4)	—	—	—	(74.0)
Revaluation of investment properties upon reclassification from property, plant and equipment and right-of-use assets, net of taxation	42.3	—	—	—	—	—	—	—	42.3
Release of reserve upon disposal of equity instruments as financial assets at FVOCI	—	—	(39.1)	—	—	—	—	39.1	—
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	—	—	—	1.9	—	—	—	—	1.9
Transaction costs in relation to the issuance of perpetual capital securities	—	—	—	—	—	—	—	(19.8)	(19.8)
Translation differences	—	—	—	—	—	—	(11,164.0)	—	(11,164.0)
2022 final dividend paid	—	—	—	—	—	—	—	(3,774.9)	(3,774.9)
2023 interim dividend paid	—	—	—	—	—	—	—	(1,157.7)	(1,157.7)
At 30 June 2023, restated	13,292.6	(70.6)	757.1	(2,073.3)	1,175.2	31.6	(7,486.3)	115,453.6	121,079.9

41 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Long-term borrowings and other interest-bearing liabilities		
Secured bank loans	**33,346.3**	30,695.1
Unsecured bank loans	**82,854.8**	101,308.4
Fixed rate bonds and notes payable	**24,931.0**	38,560.8
Loans from non-controlling shareholders (note (b))	**4,504.0**	4,335.1
Financing received under a financial reinsurance arrangement (note (c))	**—**	113.8
	145,636.1	175,013.2
Current portion of long-term borrowings and other interest-bearing liabilities	**(31,198.3)**	(36,790.3)
	114,437.8	138,222.9
Short-term borrowings and other interest-bearing liabilities		
Secured bank loans	**425.0**	300.0
Unsecured bank loans	**10,085.0**	14,404.4
Other unsecured loans	**5.1**	5.1
Loans from non-controlling shareholders (note (b))	**398.7**	577.3
Financing received under a financial reinsurance arrangement (note (c))	**—**	81.8
Cash collateral received for cross currency swap and forward starting interest rate swap agreements	**—**	19.9
	10,913.8	15,388.5
Current portion of long-term borrowings and other interest-bearing liabilities	**31,198.3**	36,790.3
	42,112.1	52,178.8
Total borrowings and other interest-bearing liabilities	**156,549.9**	190,401.7

41 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

Notes:

(a) Bank loans, other loans and fixed rate bonds and notes payable are repayable as follows:

	Bank loans		Other loans		Fixed rate bonds and notes payable	
	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m	**As at 30 June 2024 HK$m**	As at 30 June 2023 HK$m	**As at 30 June 2024 HK$m**	As at 30 June 2023 HK$m
Within one year	**41,594.4**	40,694.5	**5.1**	5.1	**32.4**	8,535.7
In the second year	**30,798.5**	43,819.7	**—**	—	**1,359.2**	28.1
In the third to fifth year	**49,852.2**	58,164.4	**—**	—	**7,557.5**	9,825.0
After the fifth year	**4,466.0**	4,029.3	**—**	—	**15,981.9**	20,172.0
	126,711.1	146,707.9	**5.1**	5.1	**24,931.0**	38,560.8

(b) Loans from non-controlling shareholders

Except for the loans of HK$2,427.8 million (2023: HK$2,320.5 million), that are interest bearing at 4.3% to 6.5% per annum (2023: 6.5% per annum), the remaining loans are interest free. All the loans from non-controlling shareholders are unsecured. An amount of HK$2,346.2 million (2023: HK$2,070.5 million) is not repayable within the next 12 months and the remaining balances have no specific repayment term.

(c) During the year ended 30 June 2023, the Group had a financial reinsurance arrangement with a reinsurer. Under the financial reinsurance arrangement, the Group had received an up-front fee of US$103.0 million at a finance cost of 3-month HIBOR plus 2.975%. The fair value of the financing approximately equals to the corresponding carrying value.

(d) Effective interest rates

	As at 30 June 2024				As at 30 June 2023			
	Hong Kong dollar	**Renminbi**	**United States dollar**	**Others**	Hong Kong dollar	Renminbi	United States dollar	Others
Bank loans	**5.3%**	**3.7%**	**6.6%**	**4.3%**	5.0%	3.7%	4.9%	4.1%
Fixed rate bonds and notes payable	**4.3%**	**3.5%**	**4.5%**	**—**	4.8%	3.9%	4.5%	—
Loans from non-controlling shareholders	**—**	**5.8%**	**—**	**—**	—	5.7%	—	—
Other unsecured loans	**3.0%**	**—**	**—**	**—**	3.0%	—	—	—

(e) Carrying amounts and fair values of the borrowings and other interest-bearing liabilities

The fair value of the fixed rate bonds and notes payable at the end of the reporting period is HK$23,172.1 million (2023: HK$38,034.9 million). The carrying amounts of other borrowings approximate their fair values.

(f) Currencies

The carrying amounts of the borrowings and other interest-bearing liabilities are denominated in the following currencies:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Hong Kong dollar	**117,767.1**	138,604.3
United States dollar	**17,977.7**	25,664.1
Renminbi	**18,838.2**	23,001.1
Others	**1,966.9**	3,132.2
	156,549.9	190,401.7

41 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

Notes: (Continued)

(g) The contractual repricing dates or maturity dates (whichever is earlier) of the interest-bearing borrowings are as follows:

	Bank loans HK$m	Other loans HK$m	Fixed rate bonds and notes payable HK$m	Loans from non-controlling shareholders HK$m	Total HK$m
As at 30 June 2024					
Within five years	**122,245.1**	**5.1**	**8,949.1**	**2,427.8**	**133,627.1**
After the fifth year	**4,466.0**	**—**	**15,981.9**	**—**	**20,447.9**
	126,711.1	**5.1**	**24,931.0**	**2,427.8**	**154,075.0**
As at 30 June 2023					
Within five years	142,678.6	5.1	18,388.8	2,320.5	163,393.0
After the fifth year	4,029.3	—	20,172.0	—	24,201.3
	146,707.9	5.1	38,560.8	2,320.5	187,594.3

42 LEASE LIABILITIES

The maturity of lease liabilities is as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Current		
Within 1 year	**701.1**	1,160.4
Non-current		
In the second to fifth year	**1,592.2**	2,916.6
After the fifth year	**2,109.2**	1,097.2
	3,701.4	4,013.8
	4,402.5	5,174.2

As at 30 June 2024, the weighted average lessee's incremental borrowing rates applied was 3.61% (2023: 4.29%).

As at 30 June 2024, the balance included the lease liabilities payable to joint ventures and related companies of HK$13.5 million (2023: HK$85.4 million).

43 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Deferred income	**0.3**	21.2	154.1
Provision for long service payments	**1.4**	15.5	11.4
Long-term accounts payable	**90.5**	333.8	45.5
	92.2	370.5	211.0

44 CREDITORS, ACCRUED CHARGES AND CONTRACT LIABILITIES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Trade creditors (note (a))	**9,102.5**	10,391.5	10,962.0
Contract liabilities (note (b))	**8,600.0**	15,942.2	26,283.5
Amounts due to joint ventures (note (e))	**2,486.3**	2,828.7	1,727.7
Amounts due to associated companies (note (e))	**5,173.0**	5,421.0	5,971.7
Other creditors and accrued charges	**14,297.1**	22,774.3	23,083.6
	39,658.9	57,357.7	68,028.5

Notes:

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

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m	As at 1 July 2022 HK$m
Less than 30 days	**3,788.2**	5,818.9	6,248.0
31 to 60 days	**127.6**	191.9	117.2
Over 60 days	**5,186.7**	4,380.7	4,596.8
	9,102.5	10,391.5	10,962.0

(b) The Group has recognised the following revenue-related contract liabilities:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m	As at 1 July 2022 HK$m
Contract liabilities related to property sales (note)	**8,428.9**	15,411.0	25,040.7
Contract liabilities related to construction services (note)	**4.3**	325.2	674.9
Contract liabilities related to other operations	**166.8**	206.0	567.9
	8,600.0	15,942.2	26,283.5

Note:

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties and construction services.

44 CREDITORS, ACCRUED CHARGES AND CONTRACT LIABILITIES (CONTINUED)

Notes: (Continued)

(c) The following table shows the amount of the revenue recognised in the current reporting period relates to contract liabilities at the beginning of the year and the amount relates to performance obligations that were satisfied in prior year.

	2024 HK$m	2023 HK$m
Revenue recognised that was included in contract liabilities at the beginning of the year		
– Property sales	**10,913.6**	18,985.8
– Construction services	**—**	584.2
– Other operations	**80.8**	367.2
	10,994.4	19,937.2
Revenue recognised from performance obligations satisfied/partially satisfied in previous periods		
– Construction services	**—**	1,297.2
– Other operations	**—**	—
	—	1,297.2

(d) The following table shows the amount of unsatisfied performance obligations resulting from property sales, construction services and other operations for contracts with an original expected duration of one year or more:

	2024 HK$m	2023 HK$m
Expected to be recognised within one year	**14,675.1**	33,707.0
Expected to be recognised after one year	**593.6**	16,713.0
	15,268.7	50,420.0

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(e) The amounts payable are interest free, unsecured and have no fixed terms of repayment.

(f) The carrying amounts of creditors, accrued charges, payable to policyholders and contract liabilities, which approximate their fair values, are denominated in the following currencies:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)	As at 1 July 2022 HK$m (Restated)
Hong Kong dollar	**14,319.3**	23,095.0	28,747.6
Renminbi	**25,203.7**	31,903.2	37,801.7
United States dollar	**56.5**	2,265.4	1,237.4
Others	**79.4**	94.1	241.8
	39,658.9	57,357.7	68,028.5

45 FINANCIAL INSTRUMENTS BY CATEGORY

In accordance with HKFRS 7, the financial assets and financial liabilities of the Group as shown in the consolidated statements of financial position are classified as follows:

(a) Financial assets measured at fair value are disclosed in note 6(h);

(b) Amounts receivable included in interests in joint ventures and interests in associated companies; other receivables and long-term deposits included in other non-current assets; trade and other debtors; deposits and amounts due from associated companies, joint ventures and non-controlling shareholders included in debtors; prepayments; premium receivable; restricted bank balances and cash and bank balances are categorised as financial assets at amortised cost and carried at amortised cost using the effective interest method; and

(c) Borrowings and other interest-bearing liabilities, lease liabilities, trade creditors and loan and other creditors are categorised as financial liabilities and carried at amortised cost using the effective interest method. Derivative financial instruments, investment contract liabilities, liabilities related to unit-linked contracts are carried at fair value.

46 COMMITMENTS

(a) Operating lease receivable

The future minimum rental receivable under non-cancellable operating leases are as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m (Restated)
In the first year	**2,910.6**	2,848.7
In the second to fifth year	**6,741.8**	5,262.9
After the fifth year	**891.6**	1,034.1
	10,544.0	9,145.7

The Group’s operating leases are for terms ranging from 1 to 15 years (2023: 1 to 15 years).

46 COMMITMENTS (CONTINUED)

(b) Other commitments

The outstanding commitments for capital expenditure are as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Contracted but not provided for		
Property, plant and equipment	**40.3**	237.6
Investment properties	**6,582.6**	4,061.3
Intangible assets	**—**	15.4
Capital contributions to associated companies and joint ventures (note)	**—**	1,514.0
Other investments	**778.0**	4,328.0
	7,400.9	10,156.3

Note:

The Group has been committed to providing sufficient funds in the form of advances, capital and loan contributions to certain associated companies and joint ventures to finance relevant projects. The Group estimates that the share of projected funds requirements of these projects would be approximately HK$1,514.0 million in 2023 which represents the attributable portion of the capital and loan contributions to be made to the associated companies and joint ventures.

The Group's share of capital commitments of the joint ventures not included above are as follows:

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Contracted but not provided for	**75.3**	298.0

47 FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Financial guarantee contracts:		
Mortgage facilities for certain purchasers of properties	**2,910.7**	2,633.7
Guarantees for credit facilities granted to		
Joint ventures	**8,602.6**	9,454.6
Associated companies	**—**	1,520.0
	11,513.3	13,608.3

48 DISCONTINUED OPERATIONS

On 17 November 2023, the Group disposed of all its shares in NWSH (the "Relevant NWS Shares") and the consideration of the Relevant NWS Shares had been received by the Group on 20 November 2023. Accordingly, the Group did not hold any shares in NWSH and NWSH had ceased to be a subsidiary of the Group, following which the business operations and performance of NWSH would not be consolidated with and reflected in the financial information of the Group subsequent to 17 November 2023. The Group had recognised an aggregated net loss on disposal of HK$8,257.1 million in the consolidated income statement for the year.

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

(a) Results from discontinued operations

	Note	**2024 HK$m**	2023 HK$m (Restated)
Discontinued operations			
Revenues	8	**10,615.2**	22,791.1
Cost of sales		**(8,148.7)**	(17,256.9)
Gross profit		**2,466.5**	5,534.2
Other income		**114.5**	290.8
Other losses, net		**(2,224.3)**	(4,359.8)
Selling and marketing expenses		**(64.8)**	(137.1)
Administrative and other operating expenses		**(351.0)**	(1,055.0)
Changes in fair value of investment properties	18	**(48.4)**	215.0
Operating (loss)/profit		**(107.5)**	488.1
Financing income		**1,276.8**	2,385.8
Financing costs		**(387.1)**	(818.4)
Share of results of			
Joint ventures		**374.6**	754.0
Associated companies		**38.8**	176.8
Profit before taxation		**1,195.6**	2,986.3
Taxation		**(253.6)**	(757.3)
Profit from discontinued operations		**942.0**	2,229.0
Loss on disposal of discontinued operations		**(8,257.1)**	—
(Loss)/profit for the year from discontinued operations		**(7,315.1)**	2,229.0

48 DISCONTINUED OPERATIONS (CONTINUED)

(a) Results from discontinued operations (Continued)

Note:

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.

(b) Total comprehensive loss from discontinued operations

	2024 HK$m	2023 HK$m (Restated)
(Loss)/profit from discontinued operations	**(7,315.1)**	2,229.0
Other comprehensive (loss)/income		
Net fair value changes of equity instruments as financial assets at fair value through other comprehensive income	**(189.2)**	(139.8)
Remeasurement of post-employment benefit obligation	**—**	2.2
Net fair value changes and other net movements of debt instruments as financial assets at fair value through other comprehensive income	**(354.2)**	(222.7)
Release of reserves upon disposal of interest in a joint venture	**—**	(6.4)
Share of other comprehensive loss of joint ventures and associated companies	**—**	(858.4)
Cash flow hedges	**(57.1)**	86.4
Translation differences	**(100.3)**	(1,084.9)
Net insurance finance expenses	**(46.7)**	(115.9)
Release of reserves upon disposal of debt instruments as financial assets at fair value through other comprehensive income	**(3.0)**	3.2
Release and reclassification of reserves upon disposal of subsidiaries	**4,339.5**	—
Other comprehensive income/(loss) for the year	**3,589.0**	(2,336.3)
Total comprehensive loss for the year from discontinued operations	**(3,726.1)**	(107.3)

(c) Cash flows from discontinued operations

	2024 HK$m	2023 HK$m (Restated)
Net cash (used in)/from operating activities	**(1,927.6)**	5,285.4
Net cash from investing activities	**338.0**	4,440.8
Net cash used in financing activities	**(2,579.7)**	(3,679.8)
Net cash (used in)/from discontinued operations	**(4,169.3)**	6,046.4

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2024 HK$m	2023 HK$m (Restated)
Operating (loss)/profit from continuing and discontinued operations	**(7,876.0)**	10,496.7
Depreciation	**1,408.0**	1,949.9
Amortisation	**546.0**	1,163.4
Changes in fair value of investment properties	**956.8**	299.6
Net insurance finance income	**(1,885.6)**	(157.1)
Net losses on remeasurement on assets classified as held for sale	**284.9**	—
Write back the loss allowance on		
Properties held for sale	**(169.0)**	(818.0)
Loans and other receivables	**(1.1)**	(194.2)
Net loss/(gain) associated with investments related to unit-linked contracts	**124.7**	(260.4)
Net gain on fair value of financial assets at FVPL and derivative financial instruments	**2,706.1**	2,236.4
Net (gain)/loss on disposal of		
Debt instruments as financial assets at FVOCI	**(2.9)**	3.3
Financial assets at FVPL	**211.3**	76.2
Investment properties, property, plant and equipment, right-of-use assets and intangible concession rights	**(212.8)**	(149.9)
Subsidiaries, joint ventures and associated companies	**8,207.4**	(1,158.4)
Impairment loss/loss allowance on		
Loans, debtors, premium receivables and other receivables	**337.4**	942.9
Debt instruments as financial assets at FVOCI	**61.3**	142.1
Interests in joint ventures	**43.5**	—
Interests in associated companies	**186.8**	522.9
Goodwill	**414.5**	—
Intangible assets	**38.0**	—
Inventories	**—**	21.5
Properties held for sale	**3,060.0**	174.6
Properties under development	**649.9**	98.8
Property, plant and equipment	**990.9**	1.7
Right-of-use assets	**348.9**	2.0
Remeasurement of cost of disposal	**—**	(1,081.7)
Dividend income from financial assets at FVOCI and financial assets at FVPL	**(158.3)**	(338.0)
Share option expenses	**44.0**	51.8
Reversal of provision on other payables	**(107.4)**	(37.3)
Loss allowance, loss on derecognition and lease modification of lease receivables	**—**	14.2
Gain on redemption of fixed rate bonds	**(726.2)**	(273.9)
Net exchange gains	**27.0**	282.9
Operating profit before working capital changes	**9,508.1**	14,012.0
Decrease/(increase) in inventories	**86.4**	(14.0)
Decrease in properties for/under development and properties held for sale	**5,445.6**	7,192.6
Decrease in debtors, prepayments and contract assets and other non-current assets	**628.4**	3,165.2
Decrease in creditors, accrued charges and contract liabilities	**(7,269.4)**	(7,210.1)
Changes in insurance contracts	**3,783.7**	14,277.1
Changes in reinsurance contracts held	**(107.4)**	(66.2)
Dividends received from financial assets in relation to insurance business and investment related to unit-linked contracts	**162.0**	355.7
(Decrease)/increase in liabilities related to unit-linked contracts	**(227.2)**	145.7
Additions of financial assets at FVPL associated with investments related to unit-linked contracts	**(2,194.7)**	(4,291.6)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	**2,268.2**	3,853.6
Net cash generated from operations	**12,083.7**	31,420.0

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings and other interest-bearing liabilities			
	Long-term borrowings HK$m	**Short-term borrowings HK$m**	**Lease liabilities HK$m**	**Total HK$m**
At 1 July 2023	**175,013.2**	**15,388.5**	**5,174.2**	**195,575.9**
Changes from cash flows				
Proceeds from new borrowings	**23,944.4**	**7,014.4**	**—**	**30,958.8**
Repayment of borrowings	**(36,395.3)**	**(8,849.0)**	**—**	**(45,244.3)**
Increase in cash collateral received from counterparties	**—**	**21.2**	**—**	**21.2**
Other changes				
Disposal of subsidiaries	**(16,580.0)**	**(2,614.4)**	**(889.9)**	**(20,084.3)**
Principal elements of lease liabilities payments	**—**	**—**	**(679.7)**	**(679.7)**
Interest elements of lease liabilities payments	**—**	**—**	**(235.0)**	**(235.0)**
New leases entered/lease modified	**—**	**—**	**887.6**	**887.6**
Interest expenses (note 12)	**—**	**—**	**235.0**	**235.0**
Gain on redemption on fixed rate bonds	**(726.2)**	**—**	**—**	**(726.2)**
Transfer to liabilities of disposal groups held for sale	**—**	**—**	**(71.2)**	**(71.2)**
Other non-cash movement	**115.0**	**8.8**	**—**	**123.8**
Translation differences	**68.0**	**(70.5)**	**(18.5)**	**(21.0)**
Amortisation of front-end fee	**197.0**	**14.8**	**—**	**211.8**
At 30 June 2024	**145,636.1**	**10,913.8**	**4,402.5**	**160,952.4**
At 1 July 2022	179,214.0	14,094.5	5,802.5	199,111.0
Changes from cash flows				
Proceeds from new borrowings	60,623.5	3,681.8	—	64,305.3
Repayment of borrowings	(63,445.8)	(2,213.2)	—	(65,659.0)
Decrease in cash collateral received from counterparties	—	(26.7)	—	(26.7)
Other changes				
Acquisition of subsidiaries	986.4	—	—	986.4
Principal elements of lease liabilities payments	—	—	(789.2)	(789.2)
Interest elements of lease liabilities payments	—	—	(251.7)	(251.7)
New leases entered/lease modified	—	—	439.9	439.9
Interest expenses (note 12)	—	—	251.7	251.7
Gain on redemption on fixed rate bonds	(273.9)	—	—	(273.9)
Other non-cash movement (note)	(1,128.9)	—	—	(1,128.9)
Translation differences	(1,143.9)	(259.6)	(279.0)	(1,682.5)
Amortisation of front-end fee	181.8	111.7	—	293.5
At 30 June 2023	175,013.2	15,388.5	5,174.2	195,575.9

Note: During the year ended 30 June 2023, the Group settled loans from a non-controlling shareholder amounted to HK$1,128.9 million, through amounts receivable from the non-controlling shareholder included in "Other non-current assets".

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Acquisition of subsidiaries

	As at 30 June 2023 HK$m
Net assets acquired	
Property, plant and equipment	42.1
Intangible concession rights	2,231.8
Deferred tax assets	2.8
Debtors, prepayments and contract assets	3.9
Cash and bank balances	160.2
Borrowings and other interest-bearing liabilities	(986.4)
Deferred tax liabilities	(161.8)
Creditors, accrued charges and contract liabilities	(125.5)
Current tax payable	(5.0)
Net assets acquired	1,162.1
Interests originally held by the Group as a joint venture	(0.4)
Interests originally held by the Group as an associated company	(573.9)
Cash consideration	587.8

(d) Analysis of net cash flows of cash and cash equivalents in respect of acquisition of subsidiaries

	As at 30 June 2023 HK$m
Cash consideration	(587.8)
Unpaid cash consideration classified as creditors	88.2
Cash and cash equivalents acquired	160.2
	(339.4)

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(e) Disposal of subsidiaries

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Net assets disposed		
Investment properties	**5,988.4**	3,156.0
Property, plant and equipment	**1,125.2**	699.8
Right-of-use assets	**1,005.4**	—
Inventories	**272.1**	—
Intangible assets	**305.5**	—
Intangible concession rights	**12,870.7**	—
Investments in associated companies	**4,451.0**	—
Investments in joint ventures	**17,259.3**	—
Financial assets at amortised costs	**1,355.5**	—
Insurance contract assets	**1,051.1**	—
Reinsurance contract assets	**123.7**	—
Other non-current assets	**698.3**	—
Goodwill	**6,384.6**	—
Deferred tax assets	**101.5**	22.1
Properties under development	**—**	5,282.1
Properties held for sale	**289.7**	—
Debtors, prepayments and contract assets	**7,884.3**	1,901.7
Financial assets at fair value through profit or loss	**56,448.0**	—
Financial assets at fair value through other comprehensive income	**8,265.5**	—
Cash and bank balances	**15,086.7**	544.1
Short-term borrowings	**(2,614.4)**	—
Long-term borrowings	**(16,580.0)**	—
Creditors, accrued charges and contract liabilities	**(10,573.9)**	(2,662.7)
Other non-current liabilities	**(331.8)**	—
Derivative financial instruments	**(60.1)**	—
Current tax payable	**(401.9)**	(6.0)
Deferred tax liabilities	**(1,349.9)**	—
Lease liabilities	**(889.9)**	—
Investment related to unit-linked contracts	**8,715.6**	—
Liabilities related to unit-linked contracts	**(4,173.3)**	—
Insurance contract liabilities	**(58,203.3)**	—
	54,503.6	8,937.1
Interest retained by the Group as a joint venture	**—**	(2,958.0)
Release of reserves upon disposal of subsidiaries	**4,339.5**	(168.9)
Non-controlling interests	**(18,002.6)**	—
Perpetual securities	**(10,394.3)**	—
Net gain on disposal of subsidiaries	**(8,234.3)**	868.2
Consideration	**22,211.9**	6,678.4
Represented by		
Cash consideration	**22,250.3**	7,158.6
Other creditors and accrued charges	**(38.4)**	(480.2)
	22,211.9	6,678.4

49 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(f) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	As at 30 June 2024 HK$m	As at 30 June 2023 HK$m
Cash consideration	**22,250.3**	7,158.6
Consideration receivable	**—**	(20.9)
Cash and cash equivalents disposed	**(15,086.7)**	(544.1)
	7,163.6	6,593.6

50 RELATED PARTY TRANSACTIONS

In addition to those disclosed in other sections of the consolidated financial statements, the following significant related party transactions have been entered into by the Group during the year:

	2024 HK$m	2023 HK$m (Restated)
Joint ventures and associated companies		
Interest income (note (a))	**174.7**	403.7
Interest expense on lease liabilities (note (a))	**12.1**	3.4
Provision of construction work services (note (b))	**—**	5.7
Rental expenses (note (c))	**77.4**	76.9
Additions to right-of-use assets	**158.5**	—
Management services fee income (note (d))	**9.5**	19.0
Project management fee income	**6.4**	4.3
Related companies (note (h))		
Rental income (note (c))	**342.9**	321.1
Rental expenses (note (c))	**27.6**	30.4
Management services fee income (note (d))	**0.2**	17.8
Management services fee expenses (note (d))	**178.8**	173.7
Concessionaires commissions (note (e))	**30.4**	35.3
Sales of goods, prepaid shopping cards and vouchers (note (f))	**2.4**	2.0
Engineering and mechanical services (note (g))	**481.2**	3,035.4
Security services expenses (note (g))	**41.0**	109.6
Cleaning and landscaping services (note (g))	**81.4**	95.8
Insurance expenses (note (i))	**42.0**	37.6
Repair and maintenance expenses (note (g))	**43.0**	54.5

Notes:

(a) Interest income is charged at interest rates as specified in notes 23(a) and 24(a) on the outstanding amounts. Interest expense on lease liabilities is charged at interest rates as specified in note 42.

(b) Revenue from provision of construction work services is principally charged in accordance with relevant contracts.

(c) Rental income and expenses are charged and additions to right-of-use assets are measured in accordance with respective tenancy agreements.

(d) Management services fee income and expenses are charged in accordance with the terms of respective management service agreements.

(e) The income is charged in accordance with concessionaire counter agreements with Chow Tai Fook Jewellery Group Limited ("CTFJ") and its subsidiaries (collectively "CTFJ Group"). The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.

(f) This represents the amounts received in respect of the sales of goods, prepaid shopping cards and vouchers to the Group as payment of purchase of goods and settlement of the relevant value from CTF and its subsidiaries (collectively "CTF Group"), CTFJ Group and companies owned by Mr. Doo.

(g) Engineering and mechanical services, security services expenses, cleaning and landscaping expenses and repair and maintenance expenses are charged in accordance with relevant contracts.

(h) Related companies refer to subsidiaries and joint ventures of CTF Group, CTFJ Group and companies owned by Mr. Doo.

(i) Insurance expenses are charged in accordance with the terms of respective insurance agreements.

(j) The balances with joint ventures and associated companies are disclosed in notes 23, 24, 30 and 44.

(k) No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 17.

51 COMPANY STATEMENT OF FINANCIAL POSITION

	2024 HK$m	2023 HK$m
Assets		
Non-current assets		
Intangible assets	**150.0**	177.1
Investment property	**102.0**	137.0
Property, plant and equipment	**7.9**	10.9
Right-of-use assets	**9.6**	29.2
Interests in subsidiaries	**60,509.2**	73,059.0
Interests in joint ventures	**183.4**	256.1
Interests in associated companies	**14.2**	8.4
Amounts receivable from associated companies and joint ventures	**7,969.5**	2,152.0
Financial assets at FVPL	**401.3**	401.9
Financial assets at FVOCI	**1.0**	1.0
	69,348.1	76,232.6
Current assets		
Properties held for sale	**29.7**	34.5
Debtors, prepayments and contract assets	**208.1**	210.4
Amounts receivable from subsidiaries	**137,877.3**	143,967.8
Financial assets at FVPL	**351.5**	182.4
Cash and bank balances	**38.3**	153.2
	138,504.9	144,548.3
Total assets	**207,853.0**	220,780.9
Equity		
Share capital	**78,382.1**	78,382.1
Reserves (note)	**15,348.0**	23,225.2
Total equity	**93,730.1**	101,607.3
Liabilities		
Non-current liabilities		
Lease liabilities	**0.5**	20.1
Current liabilities		
Creditors, accrued charges and contract liabilities	**1,295.0**	1,396.6
Amounts payable to subsidiaries	**112,816.3**	117,745.8
Lease liabilities	**11.1**	11.1
	114,122.4	119,153.5
Total liabilities	**114,122.9**	119,173.6
Total equity and liabilities	**207,853.0**	220,780.9

Dr. Cheng Kar-Shun, Henry
Director

Mr. Ma Siu-Cheung
Director

51 COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

Note:

Reserves

	Financial assets at FVOCI reserve (non-recycling) HK$m	Retained profits HK$m	Total HK$m
At 1 July 2023	**(8.9)**	**23,234.1**	**23,225.2**
Loss for the year	**—**	**(2,617.5)**	**(2,617.5)**
2023 final dividend paid	**—**	**(755.0)**	**(755.0)**
Conditional special dividend paid	**—**	**(4,001.4)**	**(4,001.4)**
2024 interim dividend paid	**—**	**(503.3)**	**(503.3)**
At 30 June 2024	**(8.9)**	**15,356.9**	**15,348.0**

	Financial assets at FVOCI reserve (non-recycling) HK$m	Employees' share-based compensation reserve HK$m	Retained profits HK$m	Total HK$m
At 1 July 2022	(8.9)	69.0	23,066.2	23,126.3
Share options lapsed	—	(69.0)	69.0	—
Profit for the year	—	—	5,031.5	5,031.5
2022 final dividend paid	—	—	(3,774.9)	(3,774.9)
2023 interim dividend paid	—	—	(1,157.7)	(1,157.7)
At 30 June 2023	(8.9)	—	23,234.1	23,225.2

52 EVENTS AFTER REPORTING PERIOD

In September 2024, the Group entered into disposal agreements with AC Group Limited which is wholly-owned by Dr. Cheng Chi-Kong, Adrian to transfer the entire issued capital of K11 Commercial Management Group Company Limited, K11 Loyalty Program Limited, K11 Gentry Club Limited, Globo Travel Agency Limited and Share for Good Company Limited which mainly relate to the management of the properties under the "K11" brand and related businesses at a consideration of HK$209.0 million (subject to instalment arrangements). As part of the disposal, all parties also entered into rights agreement and trademark licensing agreement. The transaction is yet to complete up to the date of this report. Upon completion of the disposal, it is anticipated that there will be immaterial gain or loss to be derived from the disposal for the year ending 30 June 2025.

53 PRINCIPAL SUBSIDIARIES

As at 30 June 2024

	Share capital issued#			
	Number of shares	Issued and paid up share capital HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong				
Addlight Investments Limited	9,998	9,998	63	Property development
	2[1]	2	63	
All Speed Investment Limited	2	2	100	Property investment
Asia Rich Incorporation Limited	1	1	100	Property investment
Billion Huge (International) Limited	950,001	950,001	100	Investment holding
Billion Park Investment Limited	1,000,000	1,000,000	88	Investment holding
Birkenhead Properties and Investments Limited	1,200,000	1,200,000	64	Property investment
Bremont Investments Limited	1	1	100	Property investment
Bright Moon Company, Limited	260,000	2,600,000	75	Property investment
Broad Park Limited	1	1	75	Investment holding and provision of management services
Broad Reach Company Limited	100	100	100	Property investment
Cheer Best Enterprises Limited	2	2	100	Property investment
Cheong Sing Company Limited	10,000	10,000	100	Property investment
Chi Lam Investment Company Limited	7,000	700,000	100	Investment holding
CiF Solutions Limited	10	1,000	100	Provision of information technology
	160,000[1]	16,000,000	100	solutions
Come City Limited	2	2	100	Property investment
Daily Land Limited	1	1	100	Property investment
Eminent Elite Limited	1	1	100	Investment holding
Fook Hong Enterprises Company, Limited	10,000	1,000,000	100	Property investment
Fortune Land Development Limited	1	1	62	Property development
Full Asset Enterprises Limited	1	1	100	Property investment
Full Sense Limited	1	1	100	Property development
Good Sense Development Limited	1	1	100	Property development
Guidetone Investments Limited	100,000	100,000	80	Property investment
Happy Champion Limited	2	2	100	Investment holding
Happy Growth Investment Limited	1	1	75	Investment holding and provision of management services
Hong Kong Golf & Tennis Academy Management Company Limited	1,000,000	1,000,000	100	Operator of golf and tennis academy
Hong Kong Island Development Limited	33,400,000	167,000,000	100	Property investment
Hong Kong Jing-Guang Development Limited	100,000	1,000,000	82	Investment holding
Hong Kong Multiple Intelligence Education Company Limited	1	1	100	Provision of training courses
Hong Kong Ticketing (International) Limited	1	1	100	Provision of ticketing services
Honour Shares Limited	100	100	100	Investment holding
Housing Finance Limited	2	2	100	Financial services
Istaron Limited	4	4	100	Investment holding
Join Base Development Limited	1	1	100	Property investment

53 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2024

	Share capital issued# Number of shares	Share capital issued# Issued and paid up share capital HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong (continued)				
K11 Art Mall Properties Company Limited	1	1	100	Property investment
K11 (China) Limited	1	1	100	Investment holding
K11 Concepts Limited	1	1	100	Provision of property management consultancy services
K11 Cultural & Creation Company Limited	1	1	100	Culture and recreation
K11 Sales & E-Commerce Company Limited	1	1	100	Retail and corporate sales
Kai Tak Sports Park Limited	300	906,666,900	75	Development and operation of sports park
Kin Kiu Enterprises, Limited	10,000	10,000,000	100	Investment holding
Land Chain Limited	2	2	100	Property investment
Lingal Limited	1,800	1,800	100	Investment holding
	200[1]	200	–	
Legarleon Finance Limited	4,400,000	44,000,000	100	Financing
Lucrative Venture Limited	1,500,000	15,000,000	100	Property development
Million Noble Investments Limited	1	1	100	Investment holding
New World China Construction Limited	1	1	100	Investment holding
New World Corporate Services Limited	1	1	100	Provision of information technology service
New World Department Store (Investment) Limited	3	410,045,794	75	Investment holding
New World Department Stores Limited	2	2	75	Investment holding and provision of management services
New World Development (China) Limited	2	4	100	Investment holding
New World Finance Company Limited	200,000	20,000,000	100	Financial services
New World Hotels (Holdings) Limited	576,000,000	510,795,731	100	Investment holding
New World (Login) Company Limited	1	1	100	Supply chain management
New World Intelligent Centre Company Limited	2	2	100	Provision of accountancy and advisory services
New World Loyalty Programme Limited	1	1	100	Loyalty programme
New World Project Management (China) Limited	1	1	100	Project management
New World Property Management Company Limited	1	1	100	Property management
New World Real Estate Agency Limited	2	2	100	Estate agency
New World Strategic Partnerships Company Limited	200	200	100	Agency
New World Tower Company Limited	2	20	100	Property investment
NW Project Management (HK) Limited	1	1	100	Project management
NW Project Management Limited	2	2	100	Project management
Pacific Great Investment Limited	50,000,000	50,000,000	100	Investment holding
Pridemax Limited	2	2	100	Property investment

53 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2024

	Share capital issued#			
	Number of shares	Issued and paid up share capital HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong (continued)				
Queen's Land Investment Limited	1,000	1,000	100	Property development
Reach High Development Limited	1	1	62	Property development
Roxy Limited	1	1	100	Construction and operation of Skycity
Scienward Fashion and Luxury Limited	20,000	100,010,000	100	Investment holding and fashion trading
Scienward Sports and Casual Limited	100	100	100	Provision of management services
Seaworthy Investments Limited	1	1	100	Property investment
Silver Grow Investment Limited	1	1	75	Investment holding
Smart Surplus Mega Trade Limited	1	1	100	Property investment
Spotview Development Limited	10	10	100	Financial services
Super Record Limited	1	1	100	Property investment
The Town Club (HK) Limited	1	1	100	Operation of club house
Treasure Tower Holdings Limited	1,000,000	1,000,000	100	Property investment
Up Fair Limited	2	2	100	Property development
Winmark Properties Limited	1	1	100	Property investment
Winpo Development Limited	2	2	100	Property investment

	Share capital issued#			
	Number of shares	Par value per share	Attributable interest to the Group (%)	Principal activities
Incorporated in the Cayman Islands and operate in Hong Kong				
New World China Land Limited	8,702,292,242	HK$0.1	100	Investment holding
New World Department Store China Limited	1,686,145,000	HK$0.1	75	Investment holding
Incorporated and operates in the Philippines				
New World International Development Philippines, Inc.	6,988,016	Peso100	62	Hotel operation
Incorporated and operates in Malaysia				
Taipan Eagle Sdn. Bhd.	1,000,000	MYR1	71	Property development

Represented ordinary share capital, unless otherwise stated

1 Non-voting deferred shares

53 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2024

	Fully paid capital	Attributable interest[α] to the Group (%)	Principal activities
Incorporated and operate in the PRC			
Beijing Chong Yu Real Estate Development Co., Ltd.	US$171,840,000[W]	100	Property investment and development
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB200,000,000[E]	75	Land development
Beijing New World Huamei Real Estate Development Co. Ltd.	RMB748,000,000[E]	75	Property development
Beijing New World Liying Department Store Co., Ltd.	RMB18,000,000[W]	75	Department store operation
Beijing New World Qianzi Department Store Co., Ltd.	HK$60,000,000[W]	75	Department store operation
Beijing New World Trendy Department Store Co., Ltd.	RMB25,000,000[W]	75	Department store operation
Beijing Wanya Department Store Co., Ltd.	RMB100,000[+]	75[α]	Department store operation
Beijing Yixi New World Department Store Co., Ltd.	RMB65,000,000[W]	75	Department store operation
Changsha New World Trendy Plaza Co., Ltd.	RMB60,000,000[W]	75	Department store operation
Chongqing New World Department Store Co., Ltd.	RMB100,000,000[W]	75	Department store operation
Dalian New World Plaza International Co., Ltd.	RMB58,000,000[E]	88	Property investment and development
Dalian New World Tower Co., Ltd.	US$197,324,700[W]	100	Property investment and development
Foshan Da Hao Hu Real Estate Development Co., Ltd.	RMB1,364,500,500[W]	91	Property development
Foshan International Country Club Company Ltd.	US$52,923,600[C]	91	Golf club operation
Guangzhou Bright Way Enterprises Co., Ltd.	RMB1,100,000,000[W]	100	Property investment
Guangzhou Fong Chuen-New World Property Development Ltd.	RMB330,000,000[C]	100	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US$24,000,000[C]	100	Property development
Guangzhou New World Property Asset Business Management Co., Ltd.	RMB200,000,000[W]	100	Investment holding
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000[W]	100	Property development
Guangzhou Xinsui Tourism Centre Ltd.	HK$350,000,000[W]	100	Property development
Guangzhou Xin Yi Development Limited	HK$286,000,000[C]	90	Property investment and development
Guangzhou Xinpei Enterprises Management Co., Ltd.	RMB550,000,000[W]	100	Investment holding
Guangzhou Xinpei Investment Co. Ltd.	RMB200,000,000[W]	100	Investment holding
Guangzhou Yao Ce Co. Ltd.	RMB710,000,000[W]	100	Investment holding
Guangzhou Yao Sheng Real Estate Development Co., Ltd.	RMB2,692,100,000[E]	65	Property development
Guangzhou Yibo Real Estate Development Co., Ltd.	RMB392,500,000[W]	100	Property development
Guangzhou Yong Pei Hotel Co., Ltd.	RMB20,000,000[W]	100	Hotel investment
Guangzhou Yong Pei Properties Development Co., Ltd.	RMB2,384,000,000[W]	100	Property development
Guangzhou Yongjun Enterprises Co., Ltd	RMB100,000,000[W]	100	Property development
Guangzhou Zengpei Properties Development Co., Ltd.	RMB1,710,000,000[W]	100	Property development
Hangzhou Xinyu Industrial Development Co. Ltd.	RMB10,500,000,000[W]	100	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB640,000,000[W]	100	Property investment
Hunan Fortune Lake Property Development Co., Ltd.	RMB465,800,000[W]	100	Property development
Jiangsu New World Department Store Co., Ltd.	RMB16,000,000[W]	75	Department store operation
Jinan New World Sunshine Development Ltd.	US$69,980,000[W]	100	Property development
K11 Business Management (Wuhan) Co., Ltd	RMB2,500,000,000[W]	100	Property investment
K11 Concepts (Beijing) Limited	RMB20,000,000[W]	100	Business consultancy
K11 Concepts (Shanghai) Limited	RMB50,000,000[W]	100	Business consultancy
Langfang New World Properties Development Co., Ltd.	US$145,300,000[W]	100	Property development

53 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2024

	Fully paid capital	Attributable interest[α] to the Group (%)	Principal activities
Incorporated and operate in the PRC (continued)			
Langfang Xin Zhong Properties Development Co., Ltd.	US$98,200,000[W]	100	Property development
Lanzhou New World Department Store Co., Ltd.	RMB30,000,000[W]	75	Department store operation
Mianyang New World Department Store Co., Ltd.	RMB14,000,000[W]	75	Department store operation
Miaogou (Beijing) Department Store Co., Ltd.	RMB1,000,000[+]	75[α]	Department store operation
Nanjing New World Real Estate Co., Ltd.	US$45,339,518[W]	100	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US$5,500,000[W]	100	Property investment
New World (Anshan) Property Development Co., Ltd.	RMB1,420,000,000[W]	100	Property development
New World (China) Co., Ltd.	RMB50,513,400[W]	100	Investment holding
New World China Land Investments Company Limited	US$80,000,000[W]	100	Investment holding
New World Department Store (China) Co., Ltd.	RMB50,000,000[W]	75	Department store operation
New World Department Stores Investment (China) Co., Ltd.	US$150,000,000[W]	75	Investment holding
New World Development (Wuhan) Co., Ltd.	US$128,500,000[W]	100	Property investment and development
New World Goodtrade (Wuhan) Limited	US$219,500,000[W]	100	Property investment and development
New World HHC Construction Limited	RMB453,045,000[W]	100	Construction
New World Langfang Hotel Management Co. Ltd.	RMB15,000,000[W]	100	Hotel operation
New World Login (Guangzhou) Co., Ltd.	RMB50,000,000[W]	100	Supply chain management
New World New Land Real Estate (Wuhan) Co., Ltd.	US$590,900,000[W]	100	Property development
New World Project Management (Shenzhen) Limited	RMB10,000,000[W]	100	Project management
New World (Shenyang) Property Development Limited	RMB5,647,800,000[W]	100	Property investment and development
New World Strategic (Beijing) Investment Consultancy Limited	US$2,400,000[W]	100	Investment consultancy
Ningbo Gong Tai Properties Co., Ltd.	RMB235,000,000[W]	100	Property development
Ningbo Xin Li Real Estate Co., Ltd.	US$861,000,000[W]	100	Property investment and development
Peak Moral High Commercial Development (Shanghai) Co., Ltd.	US$40,000,000[W]	75	Property investment and shopping mall operation
Scienward Fashion and Luxury (Shanghai) Co., Ltd.	US$50,000,000[W]	100	Fashion retailing and trading
Shang Ji Properties (Shenzhen) Co. Ltd.	RMB1,478,000,000[W]	51	Property development
Shang Shun Properties (Shenzhen) Co. Ltd.	RMB1,216,000,000[W]	51	Property development
Shanghai Luxba Trading Ltd.	US$7,150,000[W]	100	Properties investment and fashion trading
Shanghai New World Department Store Co., Ltd.	RMB18,000,000[W]	75	Shopping mall operation
Shanghai New World Huiya Department Store Co., Ltd.	RMB240,000,000[W]	75	Department store operation
Shanghai New World Huiyan Department Store Co., Ltd	RMB85,000,000[W]	75	Property investment and shopping mall operation
Shanghai New World Huiying Department Store Co., Ltd.	RMB93,970,000[W]	75	Department store operation
Shanghai New World Xinying Department Store Co., Ltd.	HK$100,000,000[W]	75	Department store operation
Shenyang Expo Convention and Exhibition Co., Ltd.	RMB25,000,000[W]	100	Expo operation
Shenyang New World Department Store Ltd.	RMB30,000,000[W]	75	Property investment and shopping mall operation

53 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2024

	Fully paid capital	Attributable interest[ø] to the Group (%)	Principal activities
Incorporated and operate in the PRC (continued)			
Shenyang New World Xin Hui Properties Co., Ltd.	RMB501,520,000[W]	100	Property development
Shenyang Sheng Xin Yi Le Property Co Ltd	RMB6,000,000,000[W]	100	Property investment
Shenyang Trendy Property Company Limited	RMB27,880,000[W]	75	Property investment
Shenyang Xincheng Hotel Limited (formerly known as KHOS Shenyang Limited)	RMB70,000,000[W]	100	Hotel operation
Shenzhen City Hengtai Property Development Co., Ltd.	RMB100,000,000[+]	70	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK$10,000,000[C]	100	Property development
Tang Shan New World Property Development Co., Ltd.	US$162,000,000[W]	100	Property development
Tianjin New World Department Store Co., Ltd.	US$5,000,000[W]	75	Shopping mall operation
Tianjin New World Properties Development Co., Ltd.	US$91,000,000[W]	100	Property development
Tianjin Xin Guang Development Co., Ltd.	US$4,500,000[W]	100	Property investment
Wuhan New Eagle Enterprises Co., Limited	US$2,830,000[W]	100	Property investment
Wuhan New World Department Store Co., Ltd.	US$15,630,000[W]	75	Property investment and department store operation
Wuhan New World Qianzi Department Store Co., Ltd.	RMB500,000[+]	75[α]	Department store operation
Yantai New World Department Store Co., Ltd.	RMB80,000,000[W]	75	Department store operation
Zhaoqing New World Property Development Limited	US$16,500,000[W]	100	Property development
Zhengzhou New World Department Store Co., Ltd.	RMB50,000,000[W]	75	Shopping mall operation

α The Group indirectly holds equity interest in these subsidiaries through non-wholly owned subsidiaries, and has control over each of these subsidiaries

ø Profit or cash sharing percentage was adopted for certain PRC entities

W Registered as wholly foreign owned enterprises under PRC law

E Registered as sino-foreign equity joint ventures under PRC law

C Registered as sino-foreign co-operative joint ventures under PRC law

\+ Registered as limited company under PRC law

53 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2024

	Share capital issued[#]			
	Number of shares	**Par value per share**	**Attributable interest to the Group (%)**	**Principal activities**
Incorporated in the British Virgin Islands				
Crown Success Limited	100	US$1	100	Investment holding
Eagle Eyes Developments Limited	1	US$1	100	Investment holding
Fotoland Limited	1	US$1	100	Investment holding
Gigantic Global Limited	2	US$1	100	Investment holding
HH Holdings Corporation	600,000	HK$1	61	Investment holding
K11 Group Limited	1	HK$1	100	Investment holding
K11 Investment Company Limited	1	US$1	100	Investment holding
Karnival Limited	1	US$1	100	Investment holding
Kee Shing Investments Limited	1,000	US$1	100	Investment holding
Lotsgain Limited	100	US$1	100	Investment holding
New World Hotels Corporation Limited	1	US$1	100	Investment holding
Penta Enterprises Limited	1	US$1	100	Investment holding
Radiant Glow Limited	1	US$1	100	Investment holding
Right Choice International Limited	200	US$1	52	Property investment
Steadfast International Limited	2	US$1	100	Investment holding
Winner World Group Limited	10	US$1	100	Investment holding
Incorporated in the British Virgin Islands and operate in Hong Kong				
Allied Win Investments Limited	1	US$1	100	Investment holding
Citiplus Investment Limited	1	US$1	100	Investment holding
Constar Investment Limited	1	US$1	75	Financing
Esteemed Sino Limited	1	US$1	100	Investment holding
Fine Reputation Incorporated	10,000	US$1	100	Investment holding
Hing Loong Limited	20,010,000	US$1	100	Investment holding
Magic Chance Limited	1	US$1	100	Investment holding
New World Capital Finance Limited	1	US$1	100	Bond issuer
New World Strategic Investment Limited	1	US$1	100	Investment holding
NWD Finance (BVI) Limited	1	US$1	100	Bond issuer
NWD (MTN) Limited	1	US$1	100	Bond issuer
Silvery Yield Development Limited	100	US$1	100	Investment holding
South Scarlet Limited	1	US$1	100	Hotel operation
Summer Haze Holdings Limited	10,000	US$1	63	Investment holding
Sweet Prospects Enterprises Limited	1	US$1	100	Investment holding
True Blue Developments Limited	1	US$1	100	Investment holding
Total Partner Holdings Limited	1	US$1	100	Investment holding
Whitecroft Gate Limited	1	US$1	100	Financing
Incorporated in the British Virgin Islands and operates in the PRC				
Nacaro Developments Limited	2	US$1	100	Property investment
Incorporated and operates in Thailand				
Emerald Bay Resort Co., Ltd.	7,380,000	THB100	100	Hotel operation

[#] Represented ordinary share capital, unless otherwise stated

54 PRINCIPAL JOINT VENTURES

As at 30 June 2024

	Fully paid capital	Attributable interest[Ω] to the Group (%)	Principal activities
Co-operative joint ventures			
Incorporated and operate in the PRC			
Beijing Chong Wen • New World Properties Development Ltd.	US$225,400,000	70[s]	Property investment, development and hotel operation
Beijing Xin Lian Hotel Co., Ltd.	US$12,000,000	55[s]	Hotel operation
China New World Electronics Ltd.	US$57,200,000	70[s]	Property investment and development
Huizhou New World Housing Development Limited	RMB80,000,000	62[s]	Property development
Wuhan Wuxin Hotel Co., Ltd.	US$49,750,000	60[s]	Hotel operation
Wholly foreign owned enterprises			
Incorporated and operate in the PRC			
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	62[s]	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	62[s]	Property development
Guangzhou Shengpei Enterprises Co. Ltd.	RMB35,000,000	40	Property development
Wuhan New World Hotel Properties Co., Ltd.	RMB83,507,110	60[s]	Property investment

Ω Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

s The Group through its subsidiaries holds more than 50% interests in these joint ventures. Under the respective contractual agreements, the Group does not control these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing the control.

54 PRINCIPAL JOINT VENTURES (CONTINUED)

As at 30 June 2024

	Share capital issued#			
	Number of shares	Issued and paid up share capital HK$	Attributable interest to the Group (%)	Principal activities
Companies limited by shares				
Incorporated and operate in Hong Kong				
Bonson Holdings Limited	1	1	49	Property development
Calpella Limited	2	20	50	Property investment
Chow Tai Fook Qianhai Investments Company Limited	700	700	29	Shopping mall operation
GH Hotel Company Limited	1,001	64,109,750	50	Hotel operation
Global Perfect Development Limited	1,000,000	1,000,000	50	Investment holding
Global Trinity China Limited	1	1	40	Financial services
Golden Kent International Limited	1	1	40	Property development
Great TST Limited	2	863,878,691	50	Hotel operation
Hotelier Finance Limited	1	1	50	Financing
Infinite Sun Limited	1	1	10	Property development
Kayson Limited	1	1	50	Property development
Loyalton Limited	2	20	50	Property investment
Marble Edge Investments Limited	1	1	18	Property development
New Synergy Limited	1	1	51	Property development
New World Harbourview Hotel Company Limited	1,001	109,109,750	50	Hotel operation
Rich Fast International Limited	2	5,697,223,960	50	Property development
Top Leader Creation Limited	1	1	40	Property development
Voyage Mile Limited	1	1	29	Property development
Wise Come Development Limited	30	30	50	Property investment

54 PRINCIPAL JOINT VENTURES (CONTINUED)

As at 30 June 2024

	Share capital issued#		Attributable interest to the Group	Principal activities
	Number of shares	Par value per share US$	(%)	
Companies limited by shares (continued)				
Incorporated in the British Virgin Islands and operate in the PRC				
Holicon Holdings Limited	2	1	50	Property investment
Jaidan Profits Limited	2	1	50	Property investment
Jorvik International Limited	2	1	50	Property investment
Orwin Enterprises Limited	2	1	50	Property investment
Incorporated in the British Virgin Islands				
Great Hotels Holdings Limited	6	1	50	Investment holding
Group Program Limited	110	1	54	Loyalty programme
Landso Investment Limited	100	—	35	Investment holding
Incorporated and operates in Singapore				
Cuscaden Homes Pte. Ltd.	2,000,000	—	45	Property development

Represented ordinary share capital, unless otherwise stated

55 PRINCIPAL ASSOCIATED COMPANIES

As at 30 June 2024

	Share capital issued#			
	Number of shares	Issued and paid up share capital HK$	Attributable interest to the Group (%)	Principal activities
Incorporated and operate in Hong Kong				
Conduit Road Development Limited	100	10,000	30	Property development
Ever Light Limited	1,000	1,000	40	Property investment
Profit Point Enterprises Limited	1	1	25	Property development
Pure Jade Limited	1,000,000	1,000,000	27	Property investment
Ranex Investments Limited	100	100	10^	Property investment
Sky Treasure Development Limited	10	10	30	Investment holding

	Share capital issued#			
	Number of shares	Par value per share HK$	Attributable interest to the Group (%)	Principal activities
Incorporated in Bermuda and operates in Hong Kong and Mainland China				
DTXS Silk Road Investment Holdings Company Limited	667,525,230	0.5	17	Provision of auction, production and sale of wines, trading of merchandise, property development and investment

	Fully paid capital RMB	Attributable interestΩ to the Group (%)	Principal activities
Incorporated and operate in the PRC			
Shenzhen City Prince Bay Lewan Properties Co. Ltd.	2,147,876,079	49	Property development
Shenzhen City Prince Bay Shangding Properties Co. Ltd.	2,036,732,549	49	Property development
Shenzhen Tiande Property Development Co. Ltd.	4,530,000,000	30	Property development
Shanghai Zhaoxin Jinshi Properties Co. Ltd.	1,710,000,000	20	Property development

\# Represented ordinary share capital, unless otherwise stated

Ω Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

^ The directors of the Company considered the Group has significant influence over this company through its representatives on the board of directors or potential voting right of this company

Five-year Financial Summary

CONSOLIDATED INCOME STATEMENT

For the years ended 30 June

	2024 HK$m	2023 HK$m (Restated)[(i)/(ii)]	2022 HK$m	2021 HK$m	2020 HK$m
Continuing operation					
Revenues	**35,782.2**	54,566.2	68,212.7	68,233.2	59,007.8
Operating profit	**488.6**	10,008.6	8,133.0	8,450.5	12,035.4
Net financing (costs)/income	**(4,274.8)**	(3,229.9)	259.0	53.3	(2,010.9)
Share of results of joint ventures and associated companies	**(962.2)**	(248.5)	822.5	1,828.7	769.9
(Loss)/profit before taxation	**(4,748.4)**	6,530.2	9,214.5	10,332.5	10,794.4
Taxation	**(5,062.4)**	(5,258.1)	(4,912.7)	(5,661.6)	(7,528.0)
(Loss)/profit for the year from continuing operations	**(9,810.8)**	1,272.1	4,301.8	4,670.9	3,266.4
Discontinued operations					
Loss for the year from discontinued operation	**(7,315.1)**	2,229.0	—	—	—
(Loss)/profit for the year	**(17,125.9)**	3,501.1	4,301.8	4,670.9	3,266.4
Profit attributable to holders of perpetual capital securities	**(2,175.5)**	(2,540.1)	(2,377.2)	(2,282.6)	(1,688.3)
Profit attributable to non-controlling interests	**(381.5)**	(413.0)	(675.4)	(1,236.8)	(481.9)
(Loss)/profit attributable to shareholders of the Company	**(19,682.9)**	548.0	1,249.2	1,151.5	1,096.2
Dividend per share (HK$)					
Interim	**0.20**	0.46	0.56	0.56	0.56
Final	**—**	0.30	1.50	1.50	1.48
Conditional special dividend	**—**	1.59	—	—	—
Full year	**0.20**	2.35	2.06	2.06	2.04
		(Restated)[(i)/(ii)]			
Basic and diluted (losses)/earnings per share (HK$)					
From continuing operations	**(4.60)**	(0.17)	0.50	0.46	0.43
From discontinued operations	**(3.13)**	0.41	—	—	—

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	2024 HK$m	2023 HK$m (Restated)[(i)/(ii)]	2022 HK$m	2021 HK$m	2020 HK$m
Assets					
Investment properties, property, plant and equipment and land use rights, right-of-use assets and intangible concession rights	**224,779.6**	243,405.6	250,214.6	240,582.4	222,337.2
Intangible assets	**1,174.6**	8,375.2	8,395.2	8,245.9	8,427.6
Value of business acquired and deferred acquisition costs	**—**	—	7,574.8	7,106.6	6,339.7
Interests in joint ventures, associated companies, other investments and other non-current assets	**101,188.6**	185,335.7	176,531.5	163,457.0	180,819.5
Current assets	**118,014.8**	171,897.5	193,167.8	207,685.5	182,271.9
Total assets	**445,157.6**	609,014.0	635,883.9	627,077.4	600,195.9
Equity					
Share capital	**78,382.1**	78,382.1	78,382.1	78,373.3	78,225.7
Reserves	**101,449.8**	121,079.9	134,978.0	144,955.5	134,797.6
Shareholders' funds	**179,831.9**	199,462.0	213,360.1	223,328.8	213,023.3
Perpetual capital securities	**36,280.5**	47,439.3	47,614.2	48,938.2	37,092.0
Non-controlling interests	**8,776.4**	27,191.5	27,124.5	31,925.4	29,629.8
Total equity	**224,888.8**	274,092.8	288,098.8	304,192.4	279,745.1
Current liabilities	**93,958.2**	176,984.3	172,812.8	149,561.3	152,609.4
Non-current liabilities	**126,310.6**	157,936.9	174,972.3	173,323.7	167,841.4
Total equity and liabilities	**445,157.6**	609,014.0	635,883.9	627,077.4	600,195.9

Notes:

(i) From 1 July 2023, the Group adopted HKFRS 17 "Insurance Contracts", which replaced HKFRS 4"Insurance Contracts". Comparative data for the year ended 30 June 2023 have been restated accordingly. Comparative data for the financial years ended 30 June 2022, 2021 and 2020 are prepared on the HKFRS 4 basis.

(ii) During the year ended 30 June 2024, upon completion of the disposal of NWSH, the comparative figures for the year ended 30 June 2023 have been restated accordingly in accordance with HKFRS 5.

Project Summary

HOTEL

No.	Name Of Project	Total Number of Rooms
	Hong Kong	
1	Grand Hyatt Hong Kong	542
2	Renaissance Harbour View Hotel	858
3	Hyatt Regency Hong Kong, Tsim Sha Tsui	381
4	Hyatt Regency Hong Kong, Sha Tin	562
	Subtotal	**2,343**
	Mainland China	
5	Rosewood Beijing	283
6	New World Beijing Hotel	309
7	Beijing Tongpai Hotel	307
8	New World Shunde Hotel	177
9	New World Wuhan Hotel	327
10	New World Langfang Hotel	294
11	New World Shenyang Hotel	374
12	Guangzhou Zengcheng Tongpai Hotel	338
13	New World Guangzhou Hotel	283
	Subtotal	**2,692**
	Southeast Asia	
14	New World Makati Hotel, The Philippines	578
15	New World Saigon Hotel, Vietnam	533
16	Renaissance Riverside Hotel Saigon, Vietnam	336
17	Rosewood Phuket, Thailand	72
	Subtotal	**1,519**
	Grand Total	**6,554**

MAJOR PROPERTY DEVELOPMENT PROJECTS IN HONG KONG

	Name of Property Development Projects	Site Area (s.f.)	Total GFA (s.f.)	The Group (%)
1	8 Castle Road, Mid-Levels	52,466	365,076	35.00%
	– Phase 1			
	– Phase 2			
2	277-291 King's Road, North Point	35,860	440,226	63.52%
3	The Southside Package 5	95,563	636,152	50.00%
4	9-19 Lyndhurst Terrace	4,521	67,813	100.00%
	Hong Kong Island total	**188,410**	**1,509,267**	
5	THE KNIGHTSBRIDGE, New Kowloon Inland Lot No. 6552, 4C2, Kai Tak	105,110	641,258	18.00%
6	Double Coast, New Kowloon Inland Lot No. 6576, 4B1, Kai Tak	103,151	722,060	10.00%
7	The Pavilia Forest, New Kowloon Inland Lot No. 6591, 4B4, Kai Tak	104,497	574,733	50.00%
8	Uptown East, 53-55A Kwun Tong Road	61,499	441,015	20.00%
9	530-538 Canton Road, Jordan	3,004	27,036	100.00%
10	52-56 Kwun Chung Street, Jordan	2,900	24,468	100.00%
11	NKIL 5205, 23-34 Rose Street, Kowloon Tong	38,960	116,880	100.00%
12	43-49A Hankow Road, Tsim Sha Tsui	11,565	138,786	100.00%
13	Yau Tong Redevelopment Project, Kowloon East	808,397	3,982,722	10.88%
14	3-13 Nga Tsin Long Road, Kowloon City	7,030	61,854	40.00%
	Kowloon total	**1,246,113**	**6,730,812**	
15	Phase 3, The Pavilia Farm, Tai Wai Station Property Development(2)	521,107	2,050,327	100.00%
16	Pak Shing Kok Ventilaton Building Property Development	48,449	290,693	51.00%
17	Wu Nga Lok Yeung, Fanling	155,346	1,118,492	50.00%
18	Lung Tin Tsuen (Phase 2), Yuen Long	88,642	443,208	62.00%
19	Lung Tin Tsuen (Phase 4), Yuen Long	55,908	279,541	62.00%
20	Sha Po North (Phase 2), Yuen Long	315,880	528,848	34.81%
21	Sha Ha, Sai Kung	614,624	920,139	77.19%
22	Lin Barn Tsuen, Yuen Long	1,485,238	2,227,857	63.67%
23	Wing Kei Tsuen, Yuen Long	700,962	1,051,444	100.00%
24	Ngau Tam Mei, Yuen Long	239,973	1,199,863	90.81%
25	Lau Fau Shan, Yuen Long	220,178	660,533	100.00%
26	Tong Yan San Tsuen (Phase 3), Yuen Long	101,833	101,833	100.00%
27	Tong Yan San Tsuen (Phase 4), Yuen Long	206,507	743,426	100.00%
28	Tong Yan San Tsuen (Mountain) (Site A), Yuen Long	443,498	1,596,594	100.00%
29	Tong Yan San Tsuen (Mountain) (Site B), Yuen Long	393,747	1,417,490	100.00%
30	Lung Tin Tsuen (Phase 5), Yuen Long	65,230	391,379	93.57%
31	Wing Ning Tsuen, Long Ping Road, Yuen Long	475,747	858,580	100.00%
32	Lam Hau Tsuen, Yuen Long	220,813	772,844	65.20%
	New Territories total	**6,353,682**	**16,653,089**	
	Grand Total	**7,788,205**	**24,893,168**	

Remarks:
(1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation/Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; TBD=To be determined
(2) Property in which the Group is entitled to a share of development profits in accordance with the terms and conditions of the respective development agreement

Attributable GFA Residential (s.f.)	Retail (s.f.)	Office (s.f.)	Others (s.f.)	Total Attributable GFA (s.f.)	Stage of Completion[1]
64,624				64,624	C
63,153				63,153	C
133,438	47,055	75,266	23,872	279,631	F
318,076				318,076	S
		67,813		67,813	D
579,291	**47,055**	**143,079**	**23,872**	**793,297**	
111,539	3,888			115,427	S
72,206				72,206	C
287,367				287,367	S
88,203				88,203	S
22,530	4,506			27,036	SP
21,749	2,719			24,468	SP
116,880				116,880	SP
	39,647	99,139		138,786	D
422,607	10,793			433,400	LE
19,923	4,819			24,742	
1,163,004	**66,372**	**99,139**	**–**	**1,328,515**	
689,144				689,144	S
148,253				148,253	SP
466,038	93,207			559,245	LE
274,789				274,789	LE
173,315				173,315	LE
184,092				184,092	LE
710,255				710,255	LE
1,418,477				1,418,477	P
1,051,444				1,051,444	P
1,089,596				1,089,596	P
660,533				660,533	P
101,833				101,833	P
743,426				743,426	P
1,596,594				1,596,594	P
1,417,490				1,417,490	P
366,224				366,224	P
858,580				858,580	P
503,894				503,894	LE
11,595,396	**93,207**	**–**	**–**	**12,547,183**	
13,337,690	**206,634**	**242,218**	**23,872**	**14,668,995**	

MAJOR PROPERTY INVESTMENT AND OTHER PROJECTS IN HONG KONG

No.	Name of Project	Total GFA (sq ft)	Total Attributable GFA (sq ft)
	COMPLETED		
	Hong Kong Island		
1	Manning House, Central	110,040	110,040
2	New World Tower, Central	640,135	640,135
3	K11 ATELIER King's Road, 704-730 King's Road, North Point	487,504	487,504
4	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai	87,999	87,999
5	Grand Hyatt Hong Kong	524,928	262,464
6	Renaissance Harbour View Hotel	544,518	272,259
7	Pearl City, Causeway Bay – Ground Floor to 5th Floor	53,691	21,476
8	Methodist House, Wan Chai(1)	40,813	40,405
	Subtotal	**2,489,628**	**1,922,282**
	Kowloon		
9	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,307	435,307
	Rosewood Hotel & Rosewood Residences of Victoria Dockside, Tsim Sha Tsui	1,106,055	1,106,055
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,028,791	1,028,791
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,862	379,862
10	K11 Art Mall, Tsim Sha Tsui	335,939	335,939
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,877	138,939
11	THE FOREST, Mong Kok(1)	53,337	26,669
12	ARTISAN HUB, San Po Kong	64,519	64,519
13	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin	10,552	5,382
14	ARTISAN LAB, San Po Kong	120,291	120,291
15	83 King Lam Street, Cheung Sha Wan	1,191,714	1,191,714
	Subtotal	**5,004,244**	**4,833,468**
	New Territories		
16	Hyatt Regency Hong Kong, Sha Tin(1)	538,000	538,000
	Subtotal	**538,000**	**538,000**
	Others	**4,665,449**	**4,665,449**
	Grand Total	**12,697,321**	**11,959,199**
	TO BE COMPLETED/UNDER CONSTRUCTION		
17	8 Castle Road, Mid-Levels	65,259	22,841
18	11 SKIES, SKYCITY Project(1)	3,767,400	3,767,400
	Grand Total	**3,832,659**	**3,790,241**

Remarks:
(1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion
(2) Meeting rooms
(3) Industrial
(4) Total number of carpark of Victoria Dockside
(5) Residence or hotel leased out

Retail (sq ft)	Office (sq ft)	Hotel (sq ft)	Others (sq ft)	Total Number of Carpark	Land Lease Expiry
63,383	46,657				2843
77,948	562,187			385	2863
7,160	480,344			162	2083/2088/2090
69,173			18,826[2]	1,070	2060
		262,464			2060
		272,259			2060
21,476					2868
	40,405				2084
239,140	**1,129,593**	**534,723**	**18,826**	**1,617**	
	435,307				2052
			1,106,055[5]		2052
1,028,791				1,116[4]	2052
			379,862[5]		2052
335,939				240	2057
		138,939			2057
26,669				7	2062
31,087	33,432				2047
5,382					2081
			120,291[3]		2047
49,941	1,141,773			351	2067
1,477,809	**1,610,512**	**138,939**	**1,606,208**	**1,714**	
		538,000		100	2047
–	**–**	**538,000**	**–**	**100**	
24,155			**4,641,294**	**–**	
1,741,104	**2,740,105**	**1,211,662**	**6,266,328**	**3,431**	
–	–		22,841[5]		2857
2,966,774	565,099		235,527		2066
2,966,774	**565,099**		**258,368**	**–**	

FY24 MAJOR PROPERTY DEVELOPMENT PROJECTS IN MAINLAND CHINA

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Southern Region (The Greater Bay Area)		
1	Guangzhou	Guangzhou Covent Garden Remaining Phases	Subsidiary	100%
2	Guangzhou	Guangzhou Hanxi Comprehensive Development Project	Subsidiary	65%
3	Guangzhou	Zengcheng International Community Project	Subsidiary	100%
4	Guangzhou	Panyu International School Project Phase 4	Subsidiary	100%
5	Foshan	Canton First Estate CF28	Subsidiary	90%
	Foshan	Canton First Estate CF33	Subsidiary	90%
	Foshan	Canton First Estate CF40	Subsidiary	90%
	Foshan	Canton First Estate CF23	Subsidiary	90%
	Foshan	Canton First Estate CF37	Subsidiary	90%
	Foshan	Canton First Estate CF24	Subsidiary	90%
	Foshan	Canton First Estate CF25	Subsidiary	90%
	Foshan	Canton First Estate CF34	Subsidiary	90%
	Foshan	Canton First Estate CF26	Subsidiary	90%
	Foshan	Canton First Estate CF22	Subsidiary	90%
	Foshan	Canton First Estate CF36	Subsidiary	90%
	Foshan	Canton First Estate CF04	Subsidiary	90%
	Foshan	Canton First Estate CF05	Subsidiary	90%
	Foshan	Canton First Estate CF18	Subsidiary	90%
	Foshan	Canton First Estate CF14	Subsidiary	90%
	Foshan	Canton First Estate CF39	Subsidiary	90%
	Foshan	Canton First Estate CF08	Subsidiary	90%
	Foshan	Canton First Estate Remaining Phases	Subsidiary	90%
6	Shenzhen	Shenzhen Prince Bay Project DY04–01	Subsidiary	51%
	Shenzhen	Shenzhen Prince Bay Project DY04–02	Subsidiary	51%
	Shenzhen	Shenzhen Prince Bay Project DY04–04	Subsidiary	51%
7	Huizhou	Huizhou Changhuyuan Phase 4	Joint venture	63%
		Subtotal		
		Central Region		
8	Wuhan	Wuhan New World • Times Phase II	Subsidiary	100%
9	Yiyang	Yiyang New World Scenic Heights Phase I D4-D7	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase I F	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase I G	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II A	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II B	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights Phase II C	Subsidiary	100%
	Yiyang	Yiyang New World Scenic Heights South Area	Subsidiary	100%
		Subtotal		

Total GFA (excl. carparks and others) (sq m)	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Development Status	Expected Completion Date
228,738	225,208	3,530	–	–	99,225	Under development	Jan 2025
287,599	145,067	81,000	61,532	–	221,179	Under development	Oct 2024
41,355	38,223	3,132	–	–	143,666	Under development	Jun 2024
–	–	–	–	–	48,661	Under development	Aug 2024
30,993	30,993	–	–	–	12,397	Under development	Dec 2026
53,213	53,213	–	–	–	21,285	Under planning	TBC
18,701	18,701	–	–	–	7,480	Under planning	TBC
3,771	3,771	–	–	–	–	Under planning	TBC
23,009	23,009	–	–	–	–	Under planning	TBC
16,563	16,563	–	–	–	–	Under planning	TBC
3,130	3,130	–	–	–	–	Under planning	TBC
15,225	15,225	–	–	–	–	Under planning	TBC
20,134	20,134	–	–	–	11,506	Under planning	TBC
15,123	15,123	–	–	–	–	Under planning	TBC
23,814	23,814	–	–	–	9,526	Under planning	TBC
2,525	2,525	–	–	–	–	Under planning	TBC
78,864	78,864	–	–	–	28,391	Under planning	TBC
41,144	41,144	–	–	–	–	Under planning	Jan 2026
70,286	70,286	–	–	–	36,774	Under planning	TBC
27,143	27,143	–	–	–	10,857	Under planning	TBC
32,283	32,283	–	–	–	–	Under development	TBC
84,891	–	–	–	84,891	49,254	Under planning	TBC
122,749	–	98,000	24,749	–	64,046	Under development	Dec 2024
8,850	–	8,850	–	–	9,841	Under development	Dec 2024
96,309	–	96,309	–	–	52,945	Under development	Dec 2024
18,526	17,349	1,177	–	–	–	Under development	Dec 2024
1,364,938	**901,768**	**291,998**	**86,281**	**84,891**	**827,033**		
291,379	–	32,527	258,852	–	113,793	Under development	TBC
65,935	63,567	2,368	–	–	21,254	Under development	Aug 2024
16,396	16,396	–	–	–	1,400	Under planning	TBC
10,878	10,878	–	–	–	2,753	Under planning	TBC
56,897	–	56,897	–	–	10,977	Under planning	TBC
14,285	14,285	–	–	–	779	Under planning	TBC
112,969	106,391	6,578	–	–	22,278	Under planning	TBC
138,305	138,305	–	–	–	48,570	Under planning	TBC
707,044	**349,822**	**98,370**	**258,852**	**–**	**221,804**		

FY24 MAJOR PROPERTY DEVELOPMENT PROJECTS IN MAINLAND CHINA (CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Eastern Region (The Yangtze River Delta)		
10	Ningbo	Ningbo New World Project Phase 3	Subsidiary	100%
11	Hangzhou	Hangzhou Wangjiang New Town Project	Subsidiary	100%
12	Shanghai	SHHHL Project	Subsidiary	98%
13	Shanghai	Shanghai Putou Land B2-18	Associate	20%
		Subtotal		
		Northern Region		
14	Beijing	Beijing New View Garden Commercial Centre Remaining Phases	Joint venture	70%
15	Beijing	Beijing Xin Yu Garden Commercial Centre	Joint venture	70%
	Beijing	Beijing Xin Yu Garden Commercial Centre Remaining Phases	Joint venture	70%
16	Langfang	Langfang New World Garden District 2	Subsidiary	100%
		Subtotal		
		North-eastern Region		
17	Shenyang	Shenyang New World Garden Phase 2FG	Subsidiary	100%
18	Shenyang	Shenyang New World Centre SA3	Subsidiary	100%
	Shenyang	Shenyang New World Centre SA1	Subsidiary	100%
	Shenyang	Shenyang New World Centre SA2	Subsidiary	100%
	Shenyang	Shenyang New World Centre O1	Subsidiary	100%
	Shenyang	Shenyang New World Centre O2	Subsidiary	100%
19	Anshan	Anshan New World Garden Phase 1	Subsidiary	100%
	Anshan	Anshan New World Garden Phase 2	Subsidiary	100%
		Subtotal		
		Grand Total		

Note:

Some property developments will be classified as investment properties upon completion

Total GFA (excl. carparks and others) (sq m)	Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Development Status	Expected Completion Date
129,263	–	83,656	45,607	–	149,474	Under development	Sep 2024
184,971	–	110,091	49,880	25,000	113,423	Under development	Dec 2025
91,000	–	52,000	39,000	–	39,000	Under development	2026
50,954	50,954	–	–	–	28,048	Under development	Sep 2025
456,188	**50,954**	**245,747**	**134,487**	**25,000**	**329,945**		
16,400	–	1,960	14,440	–	5,420	Under planning	TBC
60,925	–	60,925	–	–	48,689	Under planning	TBC
431,314	236,590	180,224	14,500	–	319,340	Under planning	TBC
17,860	17,860	–	–	–	23,378	Under development	Dec 2024
526,499	**254,450**	**243,109**	**28,940**	**–**	**396,827**		
43,988	–	43,988	–	–	53,149	Planning completed	Oct 2027
75,354	75,354	–	–	–	–	Under development	Sep 2025
107,589	107,589	–	–	–	–	Under development	Sep 2025
104,142	104,142	–	–	–	–	Under development	Sep 2025
94,616	–	–	94,616	–	–	Under planning	TBC
94,616	–	–	94,616	–	–	Under planning	TBC
80,667	78,617	2,050	–	–	17,648	Under planning	Sep 2027
65,780	64,890	890	–	–	20,150	Under planning	TBC
666,752	**430,592**	**46,928**	**189,232**	**–**	**90,947**		
3,721,421	**1,987,586**	**926,152**	**697,792**	**109,891**	**1,866,556**		

FY24 MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Southern Region (The Greater Bay Area)		
1	Guangzhou	Guangzhou Covent Garden	Subsidiary	100%
2	Guangzhou	Guangzhou Park Paradise	Subsidiary	100%
	Guangzhou	Guangzhou Park Paradise Area 6	Subsidiary	100%
3	Guangzhou	Guangzhou Xintang New World Garden	Joint venture	63%
4	Guangzhou	Guangzhou Central Park-view-L4	Subsidiary	91%
	Guangzhou	Guangzhou Central Park-view-L8	Subsidiary	91%
	Guangzhou	Guangzhou Central Park-view-L13	Subsidiary	91%
5	Guangzhou	Guangzhou New World Oriental Garden No 5	Subsidiary	100%
	Guangzhou	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%
6	Guangzhou	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 3	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 4	Subsidiary	100%
	Guangzhou	Guangzhou Dong Yi Garden Phase 5	Subsidiary	100%
7	Foshan	Canton First Estate CF19A	Subsidiary	90%
	Foshan	Canton First Estate CF19A (T5, T6)	Subsidiary	90%
	Foshan	Canton First Estate CF19B	Subsidiary	90%
8	Huizhou	Huizhou Changhuyuan Phase 1	Joint venture	63%
	Huizhou	Huizhou Changhuyuan Phase 2B	Joint venture	63%
	Huizhou	Huizhou Changhuyuan Phase 3	Joint venture	63%
9	Shunde	Shunde New World Centre	Joint venture	42%
10	Shunde	New World Shunde Hotel	Joint venture	25%
11	Qingyuan	New World Qingyuan	Subsidiary	100%
12	Guangzhou	Panyu International School Project Phase 1	Subsidiary	100%
	Guangzhou	Panyu International School Project Phase 2	Subsidiary	100%
	Guangzhou	Panyu International School Project Phase 3	Subsidiary	100%
13	Guangzhou	New World Zhengcheng Comprehensive Development Project	Subsidiary	100%
14	Zhuhai	Zhuhai Winmost Factory	Subsidiary	100%
		Subtotal		
		Central Region		
15	Wuhan	Wuhan Guanggu New World A	Subsidiary	100%
	Wuhan	Wuhan Guanggu New World B	Subsidiary	100%
16	Wuhan	Wuhan New World International Trade Tower I	Subsidiary	100%
	Wuhan	Wuhan New World International Trade Tower II	Subsidiary	100%
17	Wuhan	Wuhan New World Centre	Subsidiary	100%
18	Wuhan	Wuhan Hankou K11	Subsidiary	100%
19	Wuhan	Wuhan K11 Select	Subsidiary	100%
20	Wuhan	New World Wuhan Hotel	Joint venture	60%
		Subtotal		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
23,751	–	23,751	–	–	10,782	–
105,750	–	58,848	–	46,902	36,214	–
–	–	–	–	–	538	–
27,463	–	27,463	–	–	8,832	–
–	–	–	–	–	3,308	–
47,276	29,868	17,408	–	–	5,157	–
–	–	–	–	–	7,526	–
–	–	–	–	–	3,188	–
3,391	–	3,391	–	–	–	–
–	–	–	–	–	494	–
–	–	–	–	–	1,992	–
–	–	–	–	–	1,429	–
–	–	–	–	–	35	–
–	–	–	–	–	2,259	–
11,043	11,043	–	–	–	–	–
–	–	–	–	–	3,157	–
303	–	303	–	–	6,952	–
–	–	–	–	–	150	–
51	–	51	–	–	10,208	–
26,723	–	26,723	–	–	14,940	–
36,524	–	–	–	36,524	–	–
47,681	–	–	–	47,681	3,766	–
–	–	–	–	–	42,413	–
–	–	–	–	–	35,249	–
–	–	–	–	–	26,412	–
125,183	–	5,850	94,996	24,337	–	–
16,868	–	–	16,868	–	–	–
472,007	**40,911**	**163,788**	**111,864**	**155,444**	**225,001**	**–**
58,714	–	–	–	58,714	6,775	–
2,159	–	2,159	–	–	–	–
104,556	–	–	104,556	–	17,237	–
10,005	–	–	10,005	–	–	–
2,449	–	2,449	–	–	–	–
146,305	–	94,974	51,331	–	64,875	–
57,155	–	56,354	801	–	55,437	–
29,974	–	–	563	29,411	5,639	–
411,317	**–**	**155,936**	**167,256**	**88,125**	**149,963**	**–**

FY24 MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA (CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		Eastern Region (The Yangtze River Delta)		
21	Shanghai	Shanghai Hong Kong New World Tower	Subsidiary	100%
22	Shanghai	Shanghai Regent Place carpark	Joint venture	30%
23	Ningbo	Ningbo New World Plaza (land no.5)	Subsidiary	100%
24	Nanjing	Nanjing New World Centre	Subsidiary	100%
		Subtotal		
		Northern Region		
25	Beijing	Beijing New World Centre Phase I	Joint venture	70%
	Beijing	Beijing New World Centre Phase II	Subsidiary	100%
26	Beijing	Beijing Zhengren Building	Subsidiary	100%
27	Beijing	Beijing New World Garden	Subsidiary	100%
28	Beijing	Beijing Xin Yang Commercial Building	Subsidiary	100%
29	Beijing	Beijing Xin Cheng Commercial Building	Subsidiary	100%
30	Beijing	Beijing Xin Yi Garden	Joint venture	70%
31	Beijing	Beijing New View Garden	Joint venture	70%
32	Beijing	Beijing Xin Yu Garden	Joint venture	70%
33	Beijing	Beijing Xin Kang Garden	Joint venture	70%
34	Beijing	Beijing Baoding Building Shopping Arcade	Subsidiary	100%
35	Beijing	Beijing Chongwenmen Tongpai Hotel	Joint venture	55%
36	Beijing	New World Beijing Hotel	Joint venture	70%
37	Beijing	Rosewood Beijing	Subsidiary	82%
38	Tianjin	Tianjin Xin An New World Plaza	Subsidiary	100%
39	Tianjin	Tianjin Xin Hui Hua Ting	Subsidiary	100%
40	Langfang	Langfang New World Centre District B	Subsidiary	100%
41	Langfang	New World Langfang Hotel	Subsidiary	100%
42	Tangshan	Tangshan New World Centre Phase II	Subsidiary	100%
43	Jinan	Jinan New World Sunshine Garden – District East II	Subsidiary	100%
	Jinan	Jinan New World Sunshine Garden – District West	Subsidiary	100%
		Subtotal		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
116,549	–	36,000	80,549	–	14,362	–
–	–	–	–	–	3,722	–
129,806	–	1,138	82,134	46,534	746	–
41,712	–	41,712	–	–	–	–
288,067	**–**	**78,850**	**162,683**	**46,534**	**18,830**	**–**
74,232	–	74,232	–	–	19,956	–
47,345	–	47,345	–	–	27,014	–
–	–	–	–	–	16,415	–
–	–	–	–	–	34,544	–
–	–	–	–	–	3,439	–
–	–	–	–	–	8,051	–
–	–	–	–	–	43,708	–
4,030	–	4,030	–	–	15,988	–
–	–	–	–	–	21,197	–
12,011	–	12,011	–	–	28,185	–
40,286	–	40,286	–	–	22,000	–
23,988	–	–	–	23,988	–	–
53,998	–	–	–	53,998	–	–
58,262	–	–	–	58,262	–	–
84,278	–	78,283	5,995	–	11,284	–
25,661	–	25,661	–	–	–	–
7,016	–	7,016	–	–	–	–
46,421	–	–	–	46,421	–	–
86,060	–	37,776	48,284	–	–	–
347	–	347	–	–	10,247	–
4,000	–	4,000	–	–	–	–
567,935	**–**	**330,987**	**54,279**	**182,669**	**262,028**	**–**

FY24 MAJOR PROPERTY INVESTMENT PROJECTS AND HOTELS IN MAINLAND CHINA (CONTINUED)

No.	Region	Name of Project	The Group's Accounting Classification	The Group's Interest
		North-eastern Region		
44	Shenyang	Shenyang New World Garden Phase 1AB	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 D	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 1 E	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 A	Subsidiary	100%
	Shenyang	Shenyang New World Garden Commercial Building	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 B	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 D1	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 D2	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 E	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 C1	Subsidiary	100%
	Shenyang	Shenyang New World Garden Phase 2 C2	Subsidiary	100%
45	Shenyang	Shenyang New World Commercial Centre Phase 1	Subsidiary	100%
	Shenyang	Shenyang New World Commercial Centre Phase 2	Subsidiary	100%
46	Shenyang	Shenyang New World Centre	Subsidiary	100%
47	Shenyang	New World Shenyang	Subsidiary	100%
48	Shenyang	Tongpai Shenyang Hotel	Subsidiary	100%
49	Shenyang	Shenyang K11	Subsidiary	100%
50	Anshan	Anshan New World Garden	Subsidiary	100%
51	Dalian	Dalian New World Plaza	Subsidiary	88%
52	Dalian	Dalian New World Tower	Subsidiary	100%
		Subtotal		
		Grand Total		

Total GFA (excl. carparks and others) (sq m)	Serviced Apartment (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carparks and Others (sq m)	Exhibition Centre (sq m)
–	–	–	–	–	5,500	–
–	–	–	–	–	10,372	–
5,039	–	5,039	–	–	22,517	–
4,601	–	4,601	–	–	123,833	–
–	–	–	–	–	753	–
–	–	–	–	–	45,656	–
–	–	–	–	–	41,358	–
5,180	–	5,180	–	–	44,160	–
–	–	–	–	–	12,595	–
11,852	–	11,852	–	–	33,632	–
–	–	–	–	–	38,944	–
–	–	–	–	–	8,710	–
–	–	–	–	–	15,112	–
99,916	–	–	–	–	138,018	99,916
69,751	–	–	–	69,751	–	–
29,924	–	–	–	29,924	–	–
257,037	–	257,037	–	–	38,900	–
2,349	–	2,349	–	–	139,408	–
49,413	–	49,413	–	–	19,783	–
52,835	–	–	–	52,835	21,915	–
587,897	**–**	**335,471**	**–**	**152,510**	**761,166**	**99,916**
2,327,223	**40,911**	**1,065,032**	**496,082**	**625,282**	**1,416,988**	**99,916**

Glossary of Terms

GENERAL TERMS

CEO	Chief Executive Officer
FY	Fiscal year, 1 July to 30 June
Group	NWD and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HK	Hong Kong
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
m	million
HKEx or Stock Exchange	The Stock Exchange of Hong Kong Limited
LIBOR	London Interbank Offered Rate
Listing Rules	Rules Governing the Listing of Securities on the HKEx
Mainland China or the Mainland	The People's Republic of China excluding Hong Kong, Macau and Taiwan for the purposes of this annual report
MYR	Malaysian Ringgit, the official currency of Malaysia
N/A or n/a	not applicable
New World or NWD or New World Development or Company	New World Development Company Limited (新世界發展有限公司)
NWCL or New World China Land	New World China Land Limited
NWDS or New World Department Stores	New World Department Store China Limited
NWSH or NWS Holdings	NWS Holdings Limited
Peso	Philippine Peso, the official currency of the Philippines
PRC	The People's Republic of China
RMB	Renminbi, the lawful currency of PRC
SGD	Singapore dollar, the lawful currency of Singapore
TBC	To be confirmed
THB	Thailand Baht, the official currency of Thailand
US	The United States of America
US$ or USD	United States dollar(s), the lawful currency of US

FINANCIAL TERMS

DAC	Deferred acquisition costs
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
Gearing Ratio	Net Debt divided by total equity
HKAS	Hong Kong Accounting Standards
HKFRS	Hong Kong Financial Reporting Standards
Net Debt	The aggregate of bank loans, other loans and fixed rate bonds and notes payable less cash and bank balances
Total Debt	Net Debt plus cash and bank balances

TECHNICAL TERMS

CJV	Co-operative joint venture
EJV	Equity joint venture
JV	Joint venture
WFOE	Wholly foreign owned enterprise

MEASUREMENTS

km	kilometre(s)
m^3	cubic metre
MW	megawatt(s), equal to 1,000kW
sq ft	square foot (feet)
sq m	square metre(s)

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