



# NWS Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock code: 659

## Annual Report 2024



# Corporate Structure





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# Chairman's Statement





Dear Shareholders,

A solid foundation is the paramount enabler for enduring success.

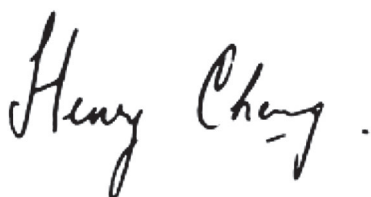
Amidst the financial year marked by a series of macroeconomic headwinds and uneven post-pandemic recovery, the Group's diversified and counter-cyclical businesses continued to exhibit resiliency. The strong cashflow generated from our businesses and its proactiveness in its capital management not only empowered the Group to continue to grow its businesses by making opportunistic acquisition when the right opportunity arises, it also enables the Group to maintain its sustainable and progressive dividend policy, thus enabling the sharing of success and prosperity with shareholders as always.

Dedicated to maximizing return to shareholders, one of the key strategic priorities for the Group over the preceding years has been the ongoing optimization of its business portfolio. This deliberate initiative has allowed the Group to streamline its operations and unlock value for stakeholders. This judicious process has yielded tangible and quantifiable benefits by freeing up capital from non-core assets and reinvesting those resources into opportunities with growth trajectory and higher cash flow visibility. The high-quality development of the businesses and enhanced earnings quality align with the Group's long-term strategic vision: value creation for its shareholders.

Prudent and proactive financial management has also enabled the Group to adapt to the evolving and uncertain macro environment. For instance, to cope with the elevated interest rate environment, the Group exercised agility to reduce interest expense through the replacement of higher-cost Hong Kong dollar and US dollar offshore debts with lower-cost RMB debt financing. Furthermore, the Group has distinguished itself as a pioneering Hong Kong conglomerate to issue Green Panda Bonds in March 2024.

Alongside with its business development and expansion, the Group has remained steadfast in its commitment to ESG. Significant strides have been taken to minimize environmental impact in achieving net zero by 2050. In the social sphere, the Group has deepened engagement with the local community, supporting various social and philanthropic initiatives that address pressing societal challenges. From the governance perspective, the oversight and decision-making frameworks have been further strengthened and fortified in January 2024. Notably, all board committees (other than executive committee) of the Company now are comprised of majority of independent non-executive directors and are chaired by an independent non-executive director to ensure a high standard of transparency and accountability.

None of the successes would have been possible without the tireless efforts and unwavering dedication of the experienced management leaders, our dedicated colleagues as well as the empowerment and backing from the stakeholders. With the fully and unconditional support of the Chow Tai Fook Group, the Group will keep advancing bravely and adhering to transform challenges into opportunities for maintaining its preeminent position among the market in this ever-changing world. It is with this solid foundation that the Group will continue to navigate the headwinds and capitalize on the opportunities that lie ahead — one where businesses prosper, people flourish, and communities thrive.



**Dr Cheng Kar Shun, Henry**  
Chairman

Hong Kong, 25 September 2024

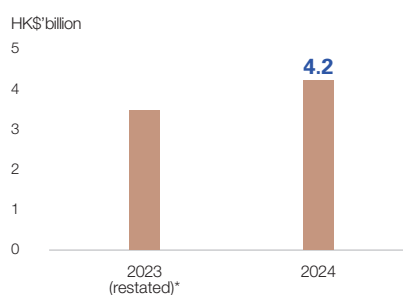
# Financial Highlights

	2024 HK\$'m	2023 HK\$'m (restated)
Revenue	<b>26,421.6</b>	27,121.4
Profit attributable to shareholders of the Company	<b>2,084.2</b>	1,446.9
Attributable Operating Profit	<b>4,167.4</b>	3,443.9
Adjusted EBITDA	<b>7,240.5</b>	5,860.8
Dividend per share		
— Ordinary dividend	<b>HK\$0.65</b>	HK\$0.61
— Special dividend	<b>HK\$1.79</b>	—

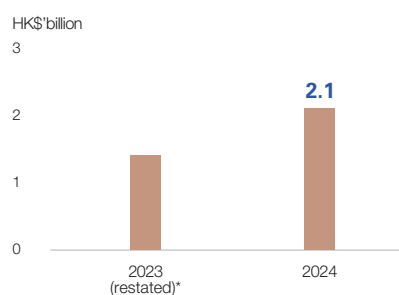
	2024 HK\$'m	2023 HK\$'m (restated)
Total assets	<b>155,083.7</b>	154,505.1
Net Assets	<b>43,351.7</b>	55,742.5
Net Assets per share	<b>HK\$10.84</b>	HK\$14.25
Cash and bank balances	<b>14,788.0</b>	19,255.9
Net Debt	<b>15,107.4</b>	4,541.0
Net Gearing Ratio	<b>35%</b>	8%

**AOP**

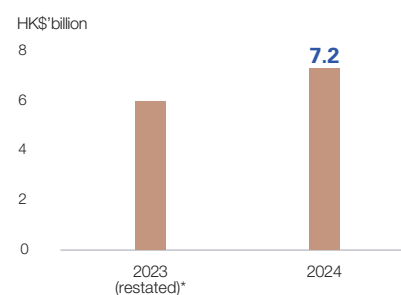
for the year ended 30 June

**Profit attributable to shareholders of the Company**

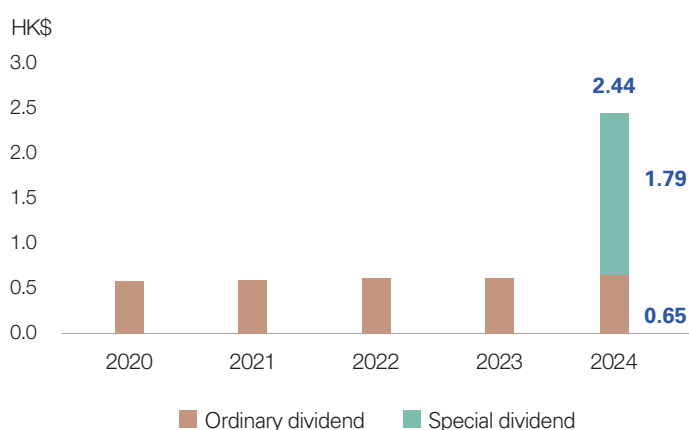
for the year ended 30 June

**Adjusted EBITDA**

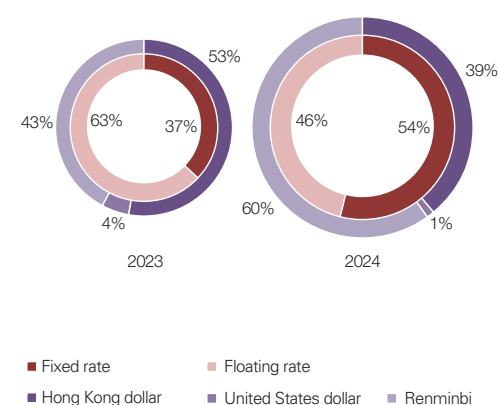
for the year ended 30 June

**Dividend per share**

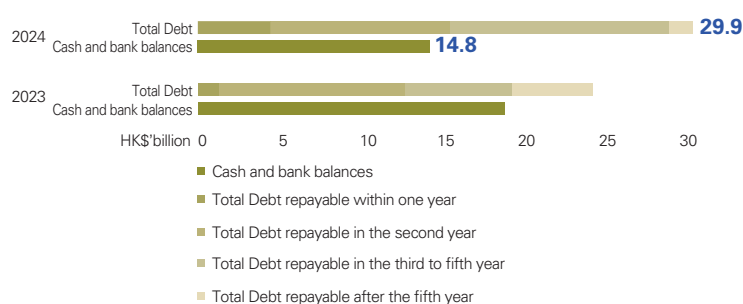
for the year ended 30 June

**Debt profile**

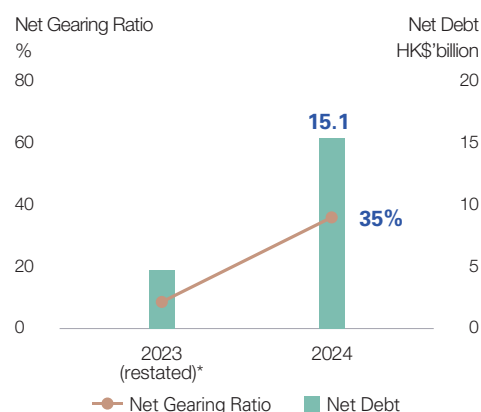
as at 30 June

**Cash and bank balances and Total Debt**

as at 30 June

**Net Gearing Ratio and Net Debt**

as at 30 June



\* From 1 July 2023, the Group adopted HKFRS 17 "Insurance Contracts", which replaced HKFRS 4 "Insurance Contracts". Comparative data for FY2023 have been restated accordingly.

# Management Discussion and Analysis

## GROUP OVERVIEW

The Group closed FY2024 with a solid set of results despite the uneven post-pandemic recovery in the Mainland and Hong Kong. The overall operating results of the Group recorded a healthy growth compared to FY2023, undeterred by the pressure from escalated interest rates and RMB depreciation. Taking into account the restatement of results of last financial year due to the adoption of Hong Kong Financial Reporting Standard 17 “Insurance Contracts” (“HKFRS 17”), profit attributable to shareholders of the Company soared noticeably by 44% year-on-year to HK\$2,084.2 million. Most businesses of the Group have shown sequential improvement. The overall AOP (a non-HKFRS measure) of the Group increased by 21% year-on-year to HK\$4,167.4 million in FY2024.

Benefiting from the portfolio optimization strategy in the past years, the Group’s operating businesses continued to demonstrate resilience. The Group’s overall AOP surged in FY2024, primarily attributable to (i) the rise in the AOP of the Insurance segment, supported by the increase in CSM release from business growth, higher yield from the surplus assets, lower expected credit loss provision and one-off impact related to the adoption of HKFRS 17 during the financial year; (ii) the turnaround of the Facilities Management segment to AOP from AOL due to the substantial improvement of all the three major businesses under the segment; and (iii) the stable performance of the Roads segment and Logistics segment notwithstanding the negative impact from RMB depreciation.

Other than the growth in AOP of the Group’s operating businesses, there was a drop in net impairments and provisions in respect of the Group’s certain investments, and a lower profit attributable to holders of perpetual capital securities following the redemption of the US\$1,300 million 5.75% senior perpetual capital securities (the “2019 Perpetual Capital Securities”) with the outstanding principal amount of US\$1,019.1 million in January 2024. The above positive factors were partly offset by a net loss on the fair value of the Group’s certain investment properties and the increase in net finance costs during the financial year.

During FY2024, the Group continued to make further progress in growing its businesses in a cautious manner. In the Roads segment, the Group acquired an additional approximately 5.2% stake in Shenzhen-Huizhou Expressway (Huizhou Section), increasing its ownership to 38.5% in September 2023 following the extension of its concession period by 13 years. Additionally, upon completion of the expansion works of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway, which commenced in November 2022 and the end of 2023 respectively, the Group will be eligible to apply for an extension of their concession periods. Concurrently, the Logistics segment has also made commendable strides, evidenced by the full year contribution from logistics properties in Chengdu and Suzhou, which further enhances the Group’s overall performance.



Operations in Hong Kong accounted for 59% of the AOP in FY2024 (FY2023 restated: 52%), while the Mainland contributed 39% of the AOP (FY2023 restated: 48%). Adjusted EBITDA (a non-HKFRS measure) surged by 24% year-on-year to HK\$7,240.5 million. Basic earnings per share was HK\$0.56 in FY2024, reflecting a growth of 39% year-on-year.

Net finance costs in FY2024 increased by 38% as a result of a larger debt base and decrease in cash and bank balances following the redemption of the 2019 Perpetual Capital Securities in January 2024 and the special dividend payment in April 2024. The Group strategically further raised the RMB debt proportion to 60% of its total debt as at 30 June 2024, compared to 49% as at 31 December 2023 and 43% as at 30 June 2023. This partly mitigated the impact of the significant escalation in the HIBOR, which serves as the benchmark rate for the Group's Hong Kong Dollar-denominated bank loans. Despite the increase of more than 1.5% of average HIBOR in FY2024, the Group's average borrowing costs has been controlled at approximately 4.7% (FY2023: 4.1%) per annum for FY2024. On the other hand, profit attributable to holders of perpetual capital securities fell significantly by 25% during the year. The Group continues to evaluate available financing options to achieve the financial targets.

During FY2024, the Group continued to optimize the capital structure to adapt to the unanticipated changes in the operating environment. In January 2024, the Group utilized internal resources and external borrowings for the redemption of the 2019 Perpetual Capital Securities. Furthermore, the Group issued the second tranche of Panda Bonds with a principal amount of RMB2.0 billion, with an annual interest rate of 3.9% and tenor of 3 years in November 2023, and the Group issued its first ever Green Panda Bonds with a principal amount of RMB100.0 million, with an annual interest rate of 3.55% and tenor of 3 years in March 2024. Together with the first tranche of Panda Bonds issued in May 2023, the Group has issued an aggregate amount of RMB3.6 billion of Panda Bonds as of 30 June 2024. In June 2024, the Group applied to the CSRC and the Shanghai Stock Exchange for the registration of corporate bonds in an aggregate amount of not more than RMB5.0 billion, to be issued in multiple tranches as and when appropriate within two years from the receipt of the notice of acceptance of registration from the CSRC. If the application is approved, the Group will choose the right timing to issue the corporate bonds, and the proceeds from the issuance are intended to be used for the repayment of higher cost offshore debts, redemption of perpetual capital securities, and working capital replenishment.

Furthermore, China Lianhe Credit affirmed the credit rating of the Company at “AAA” with a stable outlook in January 2024. In addition, the Group has been successfully awarded the inaugural “A+” Foreign Currency Long-term Issuer Rating and “A+” Local Currency Long-term Issuer Rating with a stable outlook from Japan Credit Rating Agency, Ltd. in FY2024. These will facilitate the Group’s financing activities and cooperation opportunities with financial institutions and investors. The Group has also pursued other sustainable, social and green finance options to demonstrate its commitment to ESG and further lower the finance costs. As at 30 June 2024, the Group’s sustainability-linked facilities amounted to approximately HK\$14.1 billion (30 June 2023: approximately HK\$6.2 billion).

In FY2024, the Group continued to maintain a healthy financial position with total available liquidity of approximately HK\$26.8 billion as at 30 June 2024, comprising cash and bank balances of approximately HK\$14.8 billion and unutilized committed banking facilities of approximately HK\$12.0 billion, notwithstanding that the net debt balance as of 30 June 2024 increased to approximately HK\$15.1 billion (30 June 2023: approximately HK\$4.5 billion), and the net gearing ratio, calculated as net debt over total equity, as of 30 June 2024 increased to 35% (30 June 2023 restated: 8%). As of 30 June 2024, ratio of fixed-rate debt to total debt further expanded to 54% from 37% as of 30 June 2023 and ratio of RMB liabilities to RMB assets further increased to about 65% as of 30 June 2024 (30 June 2023: about 39%) as RMB-denominated debts can act as a natural hedge for the Group’s RMB assets and help control the finance costs despite the rise in interest rates of Hong Kong Dollar-denominated bank loans.

The Group is committed to delivering a sustainable and progressive dividend policy, which aims to steadily increase or at least maintain the Hong Kong Dollar value of ordinary dividend per share annually. For FY2024, the Board of the Company has resolved to recommend a final ordinary dividend of HK\$0.35 per share, an increase of 13% comparing with the final ordinary dividend of HK\$0.31 per share in FY2023. This demonstrates our confidence in the Company’s future growth prospects as well as our ongoing effort to create value for our shareholders. Together with the interim ordinary dividend of HK\$0.30 per share distributed to shareholders of the Company, the total ordinary dividend distribution by the Company for FY2024 will be HK\$0.65 per share representing an increase of 7% comparing with the total ordinary dividend of HK\$0.61 per share in FY2023. Additionally, a one-off special dividend of HK\$1.79 per share was distributed concurrently with the interim ordinary dividend in April 2024 and hence the total dividend distribution by the Company for FY2024 will be HK\$2.44 per share.

Pursuant to the scrip dividend scheme for the total interim dividend distribution of HK\$2.09 per share, the Company has issued and allotted 85,629,736 scrip shares to shareholders of the Company who elected to receive the relevant dividends wholly or partly in scrip form, increasing the public float of the Company to approximately 23.83%, a positive step towards satisfying the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules. The Group is considering all possible avenues to restore the public float as soon as reasonably practicable.

## Profit Contribution

For the year ended 30 June

	2024 HK\$m	2023 HK\$m (restated)
<b>Attributable Operating Profit</b>	<b>4,167.4</b>	3,443.9
<i>Non-operating and unallocated corporate office items</i>		
Net (loss)/gain on fair value of investment properties, net of tax	(342.6)	78.7
Impairments and provisions, net	(51.5)	(490.8)
Net gain/(loss) on disposal of projects, net of tax	12.3	(64.6)
Share of non-operating expenses of a joint venture	(52.8)	–
Net gain on redemption of senior notes	–	88.6
Share-based payment	(44.4)	(51.8)
Net gain on fair value of derivative financial instruments	1.9	67.9
Net finance costs	(744.1)	(538.7)
Net exchange gain/(loss)	5.1	(45.5)
Expenses and others	(409.2)	(428.8)
	<b>(1,625.3)</b>	(1,385.0)
<b>Profit for the year after tax and non-controlling interests</b>	<b>2,542.1</b>	2,058.9
<b>Profit attributable to:</b>		
Shareholders of the Company	<b>2,084.2</b>	1,446.9
Holders of perpetual capital securities	<b>457.9</b>	612.0
	<b>2,542.1</b>	2,058.9

## Adjusted EBITDA

For the year ended 30 June

	2024 HK\$m	2023 HK\$m (restated)
Operating profit	3,662.6	2,854.3
<i>Adjustments</i>		
Depreciation and amortization <sup>(1)</sup>	1,758.5	1,677.4
Other non-operating/non-cash items		
Net loss/(gain) on fair value of investment properties <sup>(2)</sup>	380.5	(59.5)
Impairment losses related to associated companies, net of reversal <sup>(2)</sup>	118.8	104.1
Reversal of provisions <sup>(2)</sup>	(250.6)	–
(Profit)/loss on disposal of interest in a joint venture <sup>(2)</sup>	(6.4)	101.9
Profit on reclassification of interest in an associated company to a financial asset <sup>(2)</sup>	(5.9)	–
Gain on redemption of fixed rate bonds <sup>(2)</sup>	–	(90.5)
Share-based payment <sup>(3)</sup>	44.4	51.8
Dividends received from associated companies and joint ventures <sup>(4)</sup>	1,235.5	1,121.9
Other adjustment <sup>(5)</sup>	303.1	99.4
<b>Adjusted EBITDA</b>	<b>7,240.5</b>	<b>5,860.8</b>

Notes:

- <sup>(1)</sup> Being the sum of amortization of intangible assets and intangible concession rights as well as depreciation of property, plant and equipment and right-of-use assets as individually disclosed in note 9 to the consolidated financial statements.
- <sup>(2)</sup> As disclosed in note 10 to the consolidated financial statements.
- <sup>(3)</sup> As disclosed in note 12(a) to the consolidated financial statements.
- <sup>(4)</sup> As disclosed in consolidated statement of cash flows.
- <sup>(5)</sup> Adjustment is made to include the sum of dividends from an associated company and joint ventures which were reinvested by the Group as disclosed in notes 23(f) and 24(g) to the consolidated financial statements respectively.



## OPERATIONAL REVIEW

### AOP Contribution by Segment

For the year ended 30 June

	2024 HK\$m	2023 HK\$m (restated)	Change % Fav./(Unfav.)
Roads	1,571.4	1,532.8	3
Insurance	964.9	624.7	54
Logistics	722.3	678.5	6
Construction	705.0	745.5	(5)
Facilities Management	228.3	(61.9)	469
Strategic Investments	(24.5)	(75.7)	68
Total	4,167.4	3,443.9	21

### Roads

During FY2024, the Group's Roads segment continued to benefit from the gradual economic recovery in the Mainland following the easing of COVID-19 containment measures, with overall like-for-like average daily traffic flow and toll revenue growing by 7% and 5% year-on-year, respectively. The Roads segment performed particularly robustly in the first half of FY2024. This pace moderated in the second half of FY2024, largely attributable to the impact of inclement weather in the Mainland on travel demand and the expiry of the concession period of Guangzhou City Northern Ring Road on 22 March 2024. Total AOP of the Roads segment rose by 3% year-on-year to HK\$1,571.4 million in FY2024. Excluding the impact of RMB depreciation, the underlying AOP of the Roads segment registered a 7% year-on-year increase.

The Group's major expressways, including Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road, Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), and the three expressways in the Central region (Suiyuenan Expressway, Sui-Yue Expressway and Changliu Expressway), collectively contributed around 85% of the Roads segment's AOP. These major expressways recorded a 5% year-on-year growth in like-for-like average daily traffic flow notwithstanding the aforementioned negative impact.

The concession period of the two toll roads in Shanxi Province, namely Roadway No. 309 (Changzhi Section) and Taiyuan-Changzhi Roadway (Changzhi Section), expired at the end of 2023 has immaterial impact on the Roads segment's AOP. Additionally, pursuant to the toll fee exemption policy implemented by the government of the PRC for all toll roads during the COVID-19 pandemic in 2020, Guangzhou City Northern Ring Road was eligible to submit a compensation application one year before the original concession expiry date. The compensation application has been approved, resulting in an extension of the concession right for Guangzhou City Northern Ring Road until 22 March 2024.

Although the expiration of Guangzhou City Northern Ring Road's concession will have a short-term negative effect on the Roads segment's AOP, the Group is pursuing several strategic initiatives to mitigate the impact. During the financial year, the Group increased its stake in Shenzhen-Huizhou Expressway (Huizhou Section) by approximately 5.2% to 38.5% in September 2023, after the extension of the concession period for 13 years, positioning the Group to benefit from the positive outlook for the expressway, driven by increasing traffic flow and the development of the Greater Bay Area. Meanwhile, expansion works have commenced on Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway since November 2022 and the end of 2023, respectively. Upon completion of the expansion, the Group will be eligible to apply for an extension of the expressway's concession period. The ramp-up of recently acquired road projects are also now gradually bearing fruits with solid financial returns.

As at 30 June 2024, the overall average remaining concession period of the Group's road portfolio is lengthened to approximately 12 years. The long remaining concession period is expected to generate sustainable income and cash flow for the Group in the years ahead.



Guangzhou-Zhaoqing Expressway

## Insurance

Owing to the adoption of HKFRS 17, the restated FY2023 Insurance segment revenue is lowered as the investment component is excluded, while the Insurance revenue is recognized based on the services provided over the coverage period of the insurance contract.

The Group's Insurance segment demonstrated a substantial 54% year-on-year growth in AOP in FY2024, achieving an AOP of HK\$964.9 million. This remarkable result is primarily driven by the increase in the CSM release due to business growth, a higher yield from the surplus assets, a drop in expected credit loss provision, and a one-off impact related to the adoption of HKFRS 17. Excluding the one-off impact related to the adoption of HKFRS 17, the AOP of the Insurance segment would have increased by 34%. Contributed by the strong new business, CSM grew by 15% year-on-year to approximately HK\$8.2 billion as at 30 June 2024 which will fuel the profits to be booked over the contract period in the future.

FTLife Insurance Company Limited announced in July 2024 that it has been rebranded as Chow Tai Fook Life Insurance Company Limited, a strategic move aimed at bolstering its association with the renowned "Chow Tai Fook" brand and enhancing its market presence. CTF Life registered a robust growth of 77% year-on-year in APE, totalling HK\$4,548.9 million, driven by attractive product offerings, the release of pent-up demand from Mainland visitors post-border reopening, and its marketing efforts. Nearly 60% of the APE stemmed from Mainland visitors, surpassing pre-COVID-19 levels. VONB achieved a noticeable growth of 37% year-on-year to HK\$1,229.5 million which strengthened its long-term value. VONB margin moved to 27% from 35% a year ago due to shift of product mix. Investment income of CTF Life's fixed income investment portfolio<sup>#</sup> in FY2024 was 4.5% per annum (FY2023 restated: 4.4%). In the first six months of 2024, CTF Life's ranking stood at 10th among Hong Kong life insurance companies by APE.

Alongside its wealth management solutions, such as the launch of MyWealth Savings Insurance Plan in the first half of FY2024, CTF Life also offers a comprehensive suite of insurance products to cater the diverse needs of its clients. CTF Life introduced the "FamCare 198 Critical Illness Protector" ("FamCare 198") in the second half of FY2024. FamCare 198 is recognized as the most comprehensive critical illness plan available, providing coverage for up to 198 illnesses with unlimited top-up benefits for critical conditions such as cancer, stroke and heart attack. Additionally, it offers extended protection for family members without the need for additional underwriting. Expectant mothers can enroll in the "Pregnancy Baby Protection Plan" as early as 18 weeks of gestation, ensuring critical illness coverage for their unborn child.

<sup>#</sup> This includes interest income of the fixed income investments in CTF Life's participating, non-participating and surplus portfolios, excluding the unit-linked assets. This excludes the total return assets, for example, listed equities and alternative funds which goal is to deliver long term capital gain on top of the investment income.





FTLife Insurance Company Limited has been rebranded as Chow Tai Fook Life Insurance Company Limited

CTF Life received numerous accolades in FY2024. In addition to awards garnered in the first half of FY2024 that underscored the company's commitment to ESG initiatives, CTF Life secured 13 prestigious industry awards in the second half of FY2024, recognizing its achievements in product development, service innovation, marketing strategy, team excellence, talent training and corporate social responsibility. These awards include the Bloomberg Businessweek/Chinese Edition "Financial Institutions Awards 2024" and the Metro Radio "GBA Insurance Awards — Hong Kong & Macau 2024".

As of 30 June 2024, CTF Life maintained a robust financial position, with a solvency ratio on the prevailing HKIO basis of 337%, significantly exceeding the minimum regulatory requirement of 150%. Under the HKRBC basis which came into effect on 1 July 2024, the HKRBC solvency ratio was 289% as at 30 June 2024, which is distinctly higher than the minimum regulatory requirement of 100%. The embedded value calculated under the prevailing HKIO basis increased by approximately 10% from 30 June 2023, reaching HK\$21.2 billion, spurred by strong VONB and expected returns, despite some adverse effects from unfavourable equity performance and interest rate hikes. Moody's affirmed the insurance financial strength rating of CTF Life at "A3/Stable", while Fitch Ratings has maintained CTF Life's "A-" insurer financial strength rating with stable rating outlook.



## Logistics

The Logistics segment registered a stable improvement in operations during FY2024. The resilient performance of ATL and the full-year contribution from the newly acquired logistics properties in the Mainland were partially offset by a slight profit drop of CUIRC. Overall, the Logistics segment's AOP grew by 6% year-on-year to HK\$722.3 million.

As at 30 June 2024, the Logistics Asset & Management's portfolio comprises ATL in Hong Kong and logistics properties in the Mainland with a gross leasable area of approximately 5.9 million square feet and 6.5 million square feet, respectively. During FY2024, ATL contributed over 70% of the Logistics segment's AOP. Benefiting from its unparalleled warehouse location, ATL delivered an exceptional average rental growth of 6% in FY2024. The occupancy rate of ATL remained strong at 96.3% as at 30 June 2024 (30 June 2023: 99.8%). Seven logistics properties in the Mainland altogether accounted for over 13% of the Logistics segment's AOP in FY2024. As at 30 June 2024, six logistics properties in Chengdu and Wuhan marked an average occupancy of 85.4% (30 June 2023: 82.8%) and the logistics property in Suzhou remained fully let (30 June 2023: 100%). Average rental growth of seven logistics properties in the Mainland was 2% in FY2024.

Favourable policies from the government of the PRC and good demand for multimodal transportation services continued to benefit CUIRC. The throughput expanded by 15% year-to-year to 6,373,000 TEUs. However, increase in operating expenses, a decrease in other income, and RMB depreciation led to a 7% year-on-year decline in CUIRC's AOP during FY2024. CUIRC continued to enlarge the existing capacity of its terminals with the expansion works of the Xi'an terminal handling capacity completed in FY2024, while the doubling of the Tianjin terminal handling capacity has commenced and is targeted to be completed in the first half of 2025.



Logistics Property in Chengdu

### Construction

The Construction segment of the Group was mainly represented by NWS Construction Group, which comprises (i) Hip Hing Group, which focuses on the design and construction of building works within the Hong Kong market; (ii) Vibro Group, which specializes in the design and construction of civil engineering projects, with particular expertise in foundations and site investigation works; and (iii) Quon Hing Group, which provides ready-mixed concrete for various landmark projects in Hong Kong. The Construction segment also includes an 11.5% interest in Wai Kee.

In FY2024, NWS Construction Group's AOP remained relatively stable at HK\$774.9 million, while the overall AOP of the Construction segment slightly decreased by 5% to HK\$705.0 million due to the share of operating loss attributable to the Group's interest held in Wai Kee. Major projects undertook by NWS Construction Group during FY2024 included commercial and residential developments at Kai Tak, office development at 2 Murray Road, Central and residential development at Yin Ping Road, Tai Wo Ping.



Kai Tak Sports Park is one of the Group's construction management projects



Leveraging its technical proficiency and proven track record, NWS Construction Group continues to effectively navigate the highly competitive construction market in Hong Kong. During FY2024, new contracts secured by NWS Construction Group surged by 321% year-on-year to HK\$21.9 billion. As at 30 June 2024, the gross value contracts on hand for NWS Construction Group amounted to approximately HK\$63.9 billion, representing a growth of 13% from 30 June 2023. The remaining works to be completed also increased by 22% from 30 June 2023 to around HK\$30.9 billion. In order to mitigate the reduction in project supply within the private sector, NWS Construction Group has strategically shifted its focus towards procuring projects from institutional clients as well as the Hong Kong Government. About 48% of the remaining works to be completed were from government and institutional related projects as of 30 June 2024. This figure has risen from 32% as of 30 June 2023. The remaining 52% were from private sector, which included both commercial and residential projects.

Key projects awarded during FY2024 included main contract works for Dedicated Rehousing Estate at Kwu Tung North Area 24, commercial development at Caroline Hill Road in Causeway Bay, SOUTHSIDE Package Six property development, subsidized sale flats development at Anderson Road Quarry Site R2-4 and excavation, lateral support, foundation and pile cap works for residential and commercial development at Kai Hing Road, Kowloon Bay as well as foundation and tunnel works for proposed residential development at Kai Tak, Sung Wong Toi Station, New Kowloon Inland Lot No. 6649, Kai Tak Area 2A Site 4, Site 5(B) & Site 10.

Subsequent to the resignation of the Group's representatives from the board of directors at Wai Kee in June 2024, the Group has reclassified its 11.5% interest in Wai Kee from an associated company to financial assets at fair value through other comprehensive income and it will not be included in the Construction segment of the Group going forward.

## Facilities Management

The Facilities Management segment achieved a reversal from an AOL of HK\$61.9 million in FY2023 to an AOP of HK\$228.3 million in FY2024. This substantial improvement was primarily driven by the recovery of business performance of HKCEC and Free Duty, as well as the continuous growth momentum of GHK Hospital.

HKCEC sustained its rebound trajectory, buoyed by the return of large-scale international and regional exhibitions coupled with the addition of new events. In FY2024, the number of events hosted at HKCEC rose by 8% year-on-year to 823, while total patronage surged by 33%<sup>Ⓢ</sup> year-on-year to approximately 7.3 million.

To demonstrate the Group's ongoing efforts in optimizing its business portfolio and unlock the value for shareholders, the Group entered into a sale and purchase agreement with Avolta Group pursuant to which the Group agreed to dispose of its entire interest in the Free Duty business. The closing of the transaction is subject to satisfaction or waiver of conditions precedent and completion is expected to take place in the fourth quarter of 2024 upon which the Group will have fully exited the duty free business.

<sup>Ⓢ</sup> Total patronage for FY2023 has been restated from 5.3 million to 5.5 million to cover event visitors, exhibitors and contractors.



Hong Kong Convention and Exhibition Centre

The further ramp-up of operations and provision of superior healthcare services have helped fortifying the reputation of GHK Hospital. This, in turn, has contributed to narrowing of its AOL. Its network expansion and service offerings enhancement led the number of inpatients, outpatients and day cases to escalate by 20%, 12% and 10% year-on-year, respectively. Revenue registered a decent increase in FY2024, and EBITDA soared by 93% compared with FY2023, with the EBITDA margin continuing to improve. As at 30 June 2024, the number of regular utilized bed expanded to 313 (30 June 2023: 276), with an average occupancy rate of 65%. Additionally, the Group's business venture with IHH Healthcare Berhad, namely, Parkway Medical, which focuses on ancillary healthcare services with an aim to support the development of GHK Hospital, opened two new clinics in Wong Chuk Hang and Marina Square in October 2023 and March 2024, respectively. The clinic in Wong Chuk Hang offers a comprehensive range of services, including specialist, imaging and health screening, while the Marina Square clinic provides general practitioner services along with health screening and vaccination services. These expansions, alongside Gleneagles Medical Clinic Central, Gleneagles Pro-HEART Cardiac Centre and Parkway Laboratory Services Central, collectively form a robust service network that effectively diverts more patients to GHK Hospital.

### Strategic Investments

This segment includes investments with strategic value to the Group and with growth potential, which will enhance and create value for our shareholders. In FY2024, AOL narrowed by 68% to HK\$24.5 million (FY2023: HK\$75.7 million), which mainly comprised the share of results, net fair value change, interest and dividend income from various investments. The result was mainly attributable to the decrease in expected credit loss provision in relation to certain bond investments.



## BUSINESS OUTLOOK

### Roads

Robust commuter and passenger traffic are partially offset by the decline in truck volume amidst the prevailing short-term economic headwinds and depreciation pressure on the RMB. The outlook of the Roads segment has remained cautiously steady, though the anticipated macroeconomic recovery may fuel the resurgence of truck traffic, which may lead to sequential improvement in the profitability of the Roads segment.

The Group is actively seeking ways to enhance return on the Roads segment to stakeholders. The expansion works of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway, which commenced in November 2022 and in late 2023, respectively, will enable these expressways to apply for an extension of their concession periods once the expansion works are completed within the next few years. The lengthening of overall average remaining concession period of the road portfolio is expected to safeguard sustainable income and cash flow for the Group in coming years.

### Insurance

The insatiable demand for healthcare safeguards, enhanced yields, and asset diversification remains the preeminent catalysts fuelling the blooming of Hong Kong's wealth management business and, consequently, the growth of the insurance industry.

The ceaseless release of demand from the Mainland visitors has undoubtedly driven the business expansion of CTF Life. To capitalize on this trend, CTF Life is persistently adapting its strategies and product offerings to meet the sophisticated financial needs of this client group. Furthermore, CTF Life focuses on clientele with high potential buying power and long-term financial goals by providing tailored life planning solutions. As there is a growing demand for customers to allocate their savings towards financial instruments, CTF Life recognizes the need to offer comprehensive wealth management solutions that address insurance protection, wealth preservation, succession planning and risk diversification. These holistic solutions, integrating life insurance, health coverage, investment-linked products and retirement planning, aim to meet the increasing customer focus on managing their overall financial well-being.

The adoption of the "Chow Tai Fook" brand demonstrates the parent company's steadfast commitment to the Insurance segment. CTF Life launched the new brand identity in July 2024, a strategic move aimed at strengthening its synergy with the diverse conglomerate of the prestigious CTF Group. The strong association with the CTF Group will further boost the confidence of customers, agents (Life Planners) and cooperative partners toward CTF Life. By leveraging the highly recognized brand, CTF Life aims to facilitate customer engagement and expand its outreach to the Mainland customer base. As the only Hong Kong insurance company backed by a diverse conglomerate and leveraging on its extensive resources, CTF Life introduced the "CTF Life CIRCLE" program, an integrated loyalty club forged through CTF Group's membership alliance with strategic partners across sectors. This shows the dedication to upholding brand promise to create "Value Beyond Insurance" by delivering exceptional and multifaceted living experiences to cater to the evolving needs of customers throughout their life journey — from wellbeing, growth and healthcare to legacy.

To capitalize on the burgeoning wealth management sector, CTF Life is dedicated to continuously offering diversified products to stand out in a rapidly changing competitive landscape. In July 2024, it unveiled the “Prime Treasure Savings Insurance Plan” (“Prime Treasure”), a flexible and stable savings and wealth management solution that enables customers to manage their finances in a personalized manner and to achieve ambitious goals. “Prime Treasure” offers guaranteed cash value accumulation for a secure financial foundation, includes a “Policy Split Option” for flexible asset planning, and features a “Dual Succession Scheme” for seamless wealth transfer across generations.

Looking ahead, CTF Life will deepen its collaboration with the CTF Group and explore new distribution channels to strengthen its market position and brand awareness through various marketing initiatives. The Group will continue to expand CTF Life’s business as a wealth management platform, including exploring complementary business opportunities to enhance service offerings and meet evolving customer needs.

Regarding the solvency regime, the replacement of HKIO basis by HKRBC basis has come into effect in July 2024. The implementation of the new basis is poised to align Hong Kong’s insurance regulatory environment with international standards and ensure an enhancement to overall financial stability. Under the HKRBC regime, capital requirements will become more sensitive to the level of risk borne by individual insurers. CTF Life has well prepared for HKRBC regime before it is effective and maintained a robust solvency ratio under the new regime.

### Logistics

The Mainland’s slower-than-anticipated economic recovery and short-term destocking pressures have led tenants to adopt a more conservative approach in committing to long-tenor leasing arrangement. While these factors create headwinds and pressure on pricing and occupancy in the near-term, the 2024 Government Work Report has underscored the pivotal role of developing logistics real estate and systems in the Mainland’s economic growth. The Group believes that the sustained demand in e-commerce and import/export in the Mainland will continue to fuel the logistics industry in the mid-to-long term. The current sectoral challenges present the Group with opportunities to proactively seek out high-quality, well-situated logistics warehouses in prime and strategic locations that generate strong recurring cash flow. In conjunction with its existing logistics asset portfolio, the Group aims to cultivate an ecosystem within the Logistics segment to bring long-term benefits.

ATL will persist in surpassing the competition and maintain its preeminent position in the market, leveraging its superior warehouse facilities and unparalleled location. Despite the short-term uncertainties in the Mainland’s economy that pose near-term pressures on rental rates and occupancy, the Group’s Mainland logistics operations maintain a sanguine mid-to-long term outlook, buoyed by the desirable locations of the properties in the strategic hubs of Chengdu, Wuhan and Suzhou.

The government of the PRC advocates favourable policies on the sea-rail intermodal and international rail container freight to promote sustainable transportation. This drives robust demand for CUIRC’s sound operating network and logistics services. Furthermore, the expansion of terminal capacity will secure CUIRC’s profitability improvement and promising outlook.

## Construction

The Hong Kong Government is pursuing a multi-pronged approach to augment land supply, targeting to have a total of 3,370 hectares of developable land over the next decade. Over 40% of this land comes from the Northern Metropolis. This, coupled with the Government's unwavering commitment to increasing public housing stock, presents promising medium to long-term prospects for the construction sector.

The pending acquisition of Hsin Chong Aster Building Services Limited, a leading electrical and mechanical (E&M) engineering services contractor, announced in July 2024, is highly complementary to NWS Construction Group. The strengthened E&M capabilities will enable NWS Construction Group to offer comprehensive, one-stop solutions to clients, facilitating its ability to make competitive "Design & Build" bids, thereby enhancing profitability.

Furthermore, NWS Construction Group is committed to enforcing rigorous safety standards for its workforce through a multifaceted approach, including education, supervision, incentives, and disciplinary measures. NWS Construction Group is further endeavouring to elevate site safety standards by leveraging advanced artificial intelligence (A.I.) and robotics technologies. This strategic initiative aims to effectively raise safety awareness and implementation from management down to on-site personnel.

To address the labour shortage in the construction sector, the Hong Kong Government has introduced a series of policies to facilitate worker importation. NWS Construction Group is expanding its recruitment channels to include Mainland and overseas markets, while also providing enhanced professional training to young engineers, thereby strengthening its talent pipeline.

## Facilities Management

The Group maintains a positive outlook regarding the ongoing performance enhancement of the Facilities Management segment. The AOP from HKCEC is on a recovery trajectory towards pre-COVID-19 levels. The official Incentive Scheme for Recurrent Exhibitions encourages private exhibition organizers to expand their recurring events and launch new types of exhibitions aligned with prevailing trends by providing rental subsidies, which has and will continue to benefit HKCEC. It also observes a robust demand for high-tech, specialized "confex" (combined conference and exhibition) events, which should further contribute to HKCEC's performance. Its catering services are gradually recovering, and the venue will keep on introducing additional ancillary services to diversify revenue streams and improve profit margins. HKCEC will continue to maintain agility in responding to evolving market conditions.

GHK Hospital's AOL continues to narrow, buoyed by the expansion of its service offerings and the increasing demand for its high-quality medical services. Leveraging the newly opened clinics and laboratory by Parkway Medical as well as the growing popularity and reputation of GHK Hospital, it is expected that all operational and financial matrix will continue to improve. In May 2024, Parkway Medical signed a Memorandum of Understanding with Caritas — Hong Kong to redevelop Precious Blood Hospital (Caritas). This collaboration enhances the asset-light model and expands Parkway Medical's footprint to Kowloon, creating synergies together with GHK Hospital to improve efficiency and strengthen market position. The key strategies include providing more affordable and high-quality healthcare services to a wider community and actively participating in Public-Private Partnership Programmes. These initiatives aim to deliver timely care to patients and help relieving pressure on public hospital services. Additionally, Parkway Medical continues to expand its clinic network, with a new facility in the Western District set to open in the fourth quarter of 2024, offering general practitioner, health screening, vaccination as well as traditional Chinese medicine and acupuncture. The addition of this holistic and integrative healthcare hub can greatly benefit the growth of GHK Hospital by serving as a feeder and referral source, aligning with the rising demand for comprehensive, patient-centric care. Riding on the increasing popularity of cross-border healthcare, GHK Hospital aims to cater to high-net-worth patients from the Greater Bay Area. Further exploration of collaboration and business opportunities within the CTF Group's ecosystem is set to create additional growth potential.

The Hong Kong Government's steadfast commitment to attracting and promoting mega events is expected to boost the performance of Kai Tak Sports Park (which the Group has 25% interest) upon its grand opening in 2025 and further bolster the performance of HKCEC. These developments will collectively enhance the overall performance of the Group's Facilities Management segment in the coming years.

## LOOKING FORWARD

The Group is maintaining agility in the face of ongoing multifaceted uncertainties across economies and markets. Leveraging the strong support from CTF Group, the Group's foundational strength of its diversified business portfolio will allow it to deliver solid performance amid market volatilities. With the government of the PRC stepping up its efforts to stimulate the economy, the Group believes the Mainland will remain as one of the key growth engines of the world, which is conducive to the Group's long-term development.

To capture market opportunities that arise from challenges, the Group will proactively explore avenues for expanding the Logistics and Insurance segments and their complementary businesses, particularly those that provide stable cash flow and synergies to the existing operations of the Group as well as inject fresh growth impetus to the Group. Concomitantly, the Group will uphold its vigilant business strategy and stringent risk management policy in investment decisions as well as in the operations of businesses.

The Group will continue to adopt a prudent approach in cash flow and capital management to strengthen its financial position and maintain a healthy liquidity profile. The Group also advocates ESG and sustainability commitments to combat climate-related risks. In FY2024, the Group made the complete phase-out of fossil fuel investments from its portfolio by disposing of its interests of the coal-fired Chengdu Jintang Power Plant, which demonstrated the Group's determination of facilitating the transition to a low-carbon economy. These measures all enable the Group to build stronger resilience to bring sustainable growth and enhancing value for our stakeholders.

## FINANCIAL RESOURCES

### Treasury management and cash funding

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group operates a centralized treasury function to monitor its cash position, cash flow and debt profile as well as optimize its funding cost-efficiency. In order to maintain maximum financial flexibility with adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will continue to optimize our capital structure and expand our sources of funding which include perpetual capital securities, debt issuance in the capital markets and bank borrowings, for which the proportion will change depending on financial market conditions. The capital structure of the Group was 41% debt and 59% equity as at 30 June 2024, compared with 30% debt and 70% equity as at 30 June 2023. The Group has redeemed all of the outstanding 2019 Perpetual Capital Securities (US\$1,019.1 million) at par on its first call date on 31 January 2024. The Group has also issued US\$300.0 million in aggregate principal amount of senior perpetual capital securities with floating rate coupon to a private investor in June 2024.

In addition, with an aim to further broaden the Group's funding source, to hedge against the currency exchange fluctuation in RMB whereby a significant portion of the Group's assets are denominated and to provide the Group with an alternative funding source at lower cost which could in turn optimize the Group's capital structure, the Company made an application in June 2024 to the CSRC and the Shanghai Stock Exchange in the Mainland for registration of corporate bonds in an aggregate amount of not more than RMB5.0 billion to be issued by the Company in multiple tranches as and when appropriate within two years from the receipt of the notice of acceptance of registration from the CSRC. For the purpose of such application, the Company has obtained the consent of China Lianhe Credit, to make reference to the Long-Term Credit Rating Report of the Company issued by China Lianhe Credit on 10 January 2024, which confirms that the Company maintains its highest long-term credit rating of "AAA" with a stable rating outlook.

The Group manages its financial risks including mainly interest rate exposure and foreign exchange risks. Interest rate swap contracts are used to hedge against part of the Group's exposures to changes in interest rates, while foreign exchange forward contracts are used to hedge against foreign currency exposures of the Group's businesses which involve foreign currencies. Cross currency swap contracts are entered into and more RMB borrowings are raised to manage the Group's cost of funding and the exposure to foreign exchange risk mainly from RMB denominated assets. The Group's Insurance segment enters into cross currency swaps and forward starting swaps contracts to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. The Group operates mainly in Hong Kong and the Mainland and did not have any material exposure to foreign exchange risk other than RMB and United States Dollar during FY2024. Through a notable increase in RMB debts by issuing Panda Bonds, raising other new RMB loans and entering into cross currency swap contracts, a significant portion of the Group's RMB denominated assets are naturally hedged.

### Liquidity and capital resources

As at 30 June 2024, the Group's total cash and bank balances amounted to HK\$14,788.0 million, compared with HK\$19,255.9 million as at 30 June 2023. Cash and bank balances as at 30 June 2024 were mainly denominated as to 27% in Hong Kong Dollar, 54% in United States Dollar and 19% in RMB. The Group's net debt as at 30 June 2024 was HK\$15,107.4 million, compared with HK\$4,541.0 million as at 30 June 2023. The increase in net debt was mainly due to the payments of dividends, redemption of perpetual capital securities and investments made, partly offset by net operating cash inflow, dividends received from associated companies and joint ventures as well as an issuance of perpetual capital securities to a private investor. The Group's net gearing ratio increased from 8% as at 30 June 2023 to 35% as at 30 June 2024. The Group had unutilized committed banking facilities of approximately HK\$12.0 billion as at 30 June 2024.

### Debt profile and maturity

In order to mitigate the risk of escalating interest rates of Hong Kong Dollar borrowings and the negative impact on the Group's equity resulting from the depreciation of the RMB against the Hong Kong Dollar, the Group further optimized its debt profile during FY2024 and further increase the proportion of its RMB borrowings to total debts through issuance of Panda Bonds, raising other new RMB loans and entering into cross currency swap contracts. In November 2023, the Group has issued the second tranche of Panda Bonds with principal amount of RMB2.0 billion at 3.9% per annum. Similar to the first tranche of RMB1.5 billion which was issued in May 2023, the second tranche of Panda Bonds was a 3-year tenor note and the proceeds are for the repayment of offshore debts. In March 2024, the Group has further issued the third tranche of Panda Bonds with principal amount of RMB100.0 million at 3.55% per annum which is a 3-year tenor green note and the proceeds are for capital expenditures (including asset improvements or additions), repayment of principal and interest of interest-bearing liabilities and replenishment of working capital (including but not limited to property service fees, on-site operating and maintenance fees, management company expenses and professional service fees) of logistics green warehousing projects. As at 30 June 2024, RMB borrowings, Hong Kong Dollar borrowings and United States Dollar borrowings accounted for 60%, 39% and 1% respectively of the Group's total debt (30 June 2023: 43%, 53% and 4%).

As at 30 June 2024, the Group's total debt increased to HK\$29,895.4 million from HK\$23,796.9 million as at 30 June 2023. The Group has managed to spread out its debt maturity profile to reduce refinancing risks. Amongst the total debt as at 30 June 2024, 15% will mature in the next 12-month, 36% will mature in the second year, 42% will mature in the third to fifth year and 7% will mature after the fifth year. In FY2024, the average borrowing cost of the Group's debt portfolio is approximately 4.7% per annum (FY2023: 4.1%). As at 30 June 2024, the Group has provided pledges over the concession rights of operation of Changliu Expressway and Sui-Yue Expressway as securities for bank loans made to the subsidiary companies which own and operate the expressways. The Group has also provided a pledge over a proportion of equity interest in a joint venture as a security for bank loans of that joint venture. Besides, the Group has provided pledges over the investment properties which include a logistics centre in Suzhou as well as certain office units and carpark spaces in Hong Kong as securities for certain bank loans of the Group.



### Commitments

The Group's total outstanding commitments for capital expenditures was HK\$5,259.4 million as at 30 June 2024, compared with HK\$3,156.1 million as at 30 June 2023. These comprised commitments for capital contributions to certain associated companies, joint ventures as well as investment funds, financial and other investments of HK\$5,130.0 million as well as additions of intangible assets and property, plant and equipment of HK\$129.4 million. Sources of funds for capital expenditures include internal resources of the Group and committed external financing from reputable international banks.

### Financial guarantee

Financial guarantee of the Group were HK\$4,839.5 million as at 30 June 2024, compared with HK\$2,140.1 million as at 30 June 2023. These comprised guarantees for banking facilities of associated companies and joint ventures.

In addition, the Company and NWD, through their respective wholly-owned subsidiaries, provided a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by KTSPL under the contract entered into between the Hong Kong Government and KTSPL for the design, construction and operation of Kai Tak Sports Park. Taking into consideration the deed of counter-indemnity which has been entered into, the Group's guarantee towards KTSPL is up to the extent of 25% of the contract sum or an amount of approximately HK\$7.5 billion as at 30 June 2024 and 30 June 2023. KTSPL is an associated company of the Group in which the Group has a 25% interest.

Under the main transaction agreement and the related transaction documents in relation to the disposal of aircraft leasing business by Goshawk to SMBC Aviation Capital Limited ("SMBC") which completed during FY2023, the Group provides a financial guarantee to support the performance of Goshawk of its payment obligation to satisfy claims that may be brought by SMBC against Goshawk. The Group's potential liability under the financial guarantee is limited to a total amount of US\$197.1 million (equivalent to HK\$1,537.4 million) as at 30 June 2024 and 30 June 2023.

# Board of Directors



**DR CHENG KAR SHUN, HENRY** *GBM, GBS*  
*Chairman*

Dr Cheng, aged 77, was appointed as Executive Director in March 2000 and became the Chairman from March 2001. He is also the Chairman of the Executive Committee of the Company and a director of a subsidiary of the Group. Dr Cheng is the Chairman and an executive director of NWD and Chow Tai Fook Jewellery Group Limited, the Chairman and a non-executive director of FSE Lifestyle Services Limited and i-CABLE Communications Limited, all being listed public companies in Hong Kong. He is also a director and the Honorary Chairman of New World China Land Limited and a director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, CTFCL, CTFH and CTF Enterprises. 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 HKSAR. Dr Cheng is the father of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher, and the uncle of each of Mr William Junior Guilherme Doo and the spouse of Mr Tsang On Yip, Patrick.



**MR CHENG CHI MING, BRIAN**  
*Executive Director and Group Co-Chief Executive Officer*

Mr Cheng, aged 41, joined the Company in January 2008 and was appointed as Executive Director in July 2009 and Co-Chief Executive Officer in January 2024. He is also a member of the Executive Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee of the Company. He is also a director of certain subsidiaries of the Group. Mr Cheng is a non-executive director of NWD and the Chairman and a non-executive director of Integrated Waste Solutions Group Holdings Limited, both being listed public companies in Hong Kong. He is a director of PBA International Pte. Ltd. and a number of companies in Mainland China. He was also a non-executive director of Haitong International Securities Group Limited (resigned on 13 March 2024) (the company was delisted from the Hong Kong Stock Exchange on 11 January 2024) and Wai Kee (resigned on 26 June 2024) (a listed public company in Hong Kong). 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 Company, Mr Cheng 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, USA. Mr Cheng is the son of Dr Cheng Kar Shun, Henry, the brother of Dr Cheng Chi Kong, Adrian and Mr Cheng Chi Leong, Christopher, the cousin of Mr William Junior Guilherme Doo and cousin-in-law of Mr Tsang On Yip, Patrick.


**MR HO GILBERT CHI HANG**
*Executive Director and Group Co-Chief Executive Officer*

Mr Ho, aged 48, joined the Company as senior director in January 2018 and has been serving as Executive Director since July 2018. He was appointed as Chief Operating Officer in February 2022 and Co-Chief Executive Officer in January 2024. He is a member of the Executive Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee of the Company. He is also a director of certain subsidiaries of the Group. Mr Ho is the co-chief executive officer of CTF Enterprises, a holding company and substantial shareholder of the Company. Prior to joining the Group, Mr Ho was a director and/or senior executive in several Hong Kong listed public companies. He was the senior investment director of NWD and an executive director of New World Strategic Investment Limited. He was also a partner of an international law firm Fried, Frank, Harris, Shriver & Jacobson LLP. Mr Ho is an independent non-executive director of Asia Allied Infrastructure Holdings Limited and Kam Hing International Holdings Limited, and a non-executive director of Shoucheng Holdings Limited, all being listed public companies in Hong Kong. He was also a non-executive director of Wai Kee (resigned on 26 June 2024) (a listed public company in Hong Kong). He is the Vice Chairman of the China Committee of Hong Kong General Chamber of Commerce, the Vice Chairperson of the Chamber of Hong Kong Listed Companies, the Deputy Chairman of the Greater Bay Area Committee of CPA Australia, a member of the Hong Kong Logistics Development Council, a member of the Advisory Council on Career Development of Hong Kong University of Science and Technology, and a standing committee member of the Youth Federation of Inner Mongolia. He was also a committee member of the Industry Advisory Committee of Insurance Authority from June 2020 to May 2022 and a committee member of the Chinese People's Political Consultative Conference of Shenyang from December 2007 to December 2021. Mr Ho holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney, Australia and was admitted as a solicitor in New South Wales, Australia and England and Wales and as a solicitor and barrister in the High Court of Australia. He is also a fellow member of CPA Australia.


**MR LAM JIM**
*Executive Director and  
Group Chief Operating and Financial Officer*

Mr Lam, aged 54, was appointed as Executive Director in January 2024 and is a member of the Executive Committee and the ESG Committee of the Company. Mr Lam joined the Company in January 2021 as Chief Financial Officer and is responsible for overseeing the overall finance and accounting as well as investor relations functions of the Group. With effect from 1 October 2024, Mr Lam was appointed as the Chief Operating and Financial Officer of the Company. He is also a director of certain subsidiaries of the Group. Before joining the Company, he was the director of Finance and Accounts of NWD, a listed public company in Hong Kong. Prior to working with NWD, Mr Lam was the chief financial officer of ANTA Sports Products Limited as well as an executive director and the chief financial officer of SOHO China Limited, both being listed public companies in Hong Kong. Mr Lam is a member of the HKICPA. He holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong and a Master of Science degree in Accounting and Finance from The London School of Economics and Political Science. Mr Lam is also a seasoned investor relations professional with a strong equity research background. He was awarded the Hong Kong Investor Relations Association's Best IR by CFO Large Cap, Institutional Investor's Best CFOs by Buy-side (Consumer Discretionary) and Best CFOs by Sell-side (Industrials), as well as Finance Asia's Best CFO HKSAR.



**MR CHENG CHI LEONG, CHRISTOPHER**  
*Executive Director*

Mr Cheng, aged 35, was appointed as Executive Director on 1 December 2020 and is a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Group. He has been with the Company since January 2019 and is mainly responsible for overseeing the business development and strategic investments of the Group. Mr Cheng is a director and the co-chief executive officer of CTF Enterprises, a holding company and substantial shareholder of the Company. He is also a non-executive director of Giordano International Limited, a listed public company in Hong Kong (appointed on 3 April 2024). Mr Cheng is currently a member of the thirteenth Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Prior to joining the Company, Mr Cheng had worked in the venture capital and hedge fund industry for a number of years and has in-depth experience in portfolio management of global equities with focus on Asian developed markets, management of various hedge funds, trade bookings and executions on a variety of products and has substantial experience in corporate finance. Mr Cheng holds a Bachelor of Arts in Economics Degree from Harvard University. He is the son of Dr Cheng Kar Shun, Henry, the brother of Dr Cheng Chi Kong, Adrian and Mr Cheng Chi Ming, Brian, the cousin of Mr William Junior Guilherme Doo and cousin-in-law of Mr Tsang On Yip, Patrick.



**DR CHENG CHI KONG, ADRIAN** SBS, JP  
*Non-executive Director (resigned on 26 September 2024)*

Dr Cheng, aged 44, was appointed as Executive Director in October 2019, re-designated as Non-executive Director in January 2024 and he resigned as Non-executive Director on 26 September 2024. He is a non-executive director and non-executive Vice Chairman of NWD and the Chairman and a non-executive director of Arta TechFin Corporation Limited, both being listed public companies in Hong Kong. He is also a director of CTFH and CTF Enterprises, both being holding companies and substantial shareholders of the Company. Dr Cheng was the chairman and non-executive director of New World Department Store China Limited (resigned on 26 September 2024) and an executive director of Chow Tai Fook Jewellery Group Limited (resigned on 26 September 2024), a non-executive director of New Century Healthcare Holding Co. Limited (resigned on 1 June 2022), a non-executive director of Giordano International Limited (resigned on 1 December 2022) and a non-executive director and a Co-Chairman of Meta Media Holdings Limited (resigned on 5 October 2023), all being listed public companies in Hong Kong.

Dr Cheng serves as a member of the Fourteenth 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 ESNB Task Force on Innovation. He is the founder of The WEMP Foundation and the Chairman of China Young Leaders Foundation. Dr Cheng was appointed as Justice of the Peace since 2016 and was awarded the Silver Bauhinia Star in 2022 by the Government of the HKSAR. He was made an Officier de l'Ordre des Arts et des Lettres in 2017 and Officier de l'Ordre National du Mérite in 2022 by the French Government. Dr Cheng holds a Bachelor of Arts Degree (*cum laude*) from Harvard University, and received the Honorary Doctorate of Humanities from 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. Prior to joining NWD in 2006, Dr Cheng worked in a major international bank and has substantial experience in corporate finance. He is the son of Dr Cheng Kar Shun, Henry, the brother of Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher, the cousin of Mr William Junior Guilherme Doo and cousin-in-law of Mr Tsang On Yip, Patrick.



**MR WILLIAM JUNIOR GUILHERME DOO** *BBS, JP*  
Non-executive Director

Mr Doo, aged 50, was appointed as Director in December 2005 and was re-designated from Executive Director to Non-executive Director in July 2014. Mr Doo is an executive director of FSE Lifestyle Services Limited and an independent non-executive director of The Bank of East Asia, Limited, both being listed public companies in Hong Kong. He is also an independent director of Shengyi Technology Co., Ltd., a listed company in Shanghai. Mr Doo is a solicitor admitted in the HKSAR and is currently a non-practising solicitor in England and Wales. He had legal practice experience in one of the largest global law firms specializing in finance and corporate transactions. He is a member of the Fourteenth National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr Doo has been appointed as Justice of the Peace and was awarded the Bronze Bauhinia Star by the Government of the HKSAR. Mr Doo is the nephew of Dr Cheng Kar Shun, Henry, the cousin of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher and the cousin-in-law of Mr Tsang On Yip, Patrick.



**MR LAM WAI HON, PATRICK**  
Alternate director to Mr William Junior Guilherme Doo

Mr Lam, aged 62, was appointed as Executive Director in January 2003 and was re-designated as Non-executive Director in January 2016, and retired on 25 November 2020. He was appointed as an alternate director to Mr William Junior Guilherme Doo, a Non-executive Director of the Company, on 25 November 2020. Mr Lam is currently an executive director and the Chief Executive Officer of FSE Holdings Limited. He is also an executive director, an Executive Vice-Chairman of the board of directors and the Chief Executive Officer of FSE Lifestyle Services Limited, a listed public company in Hong Kong. Mr Lam is a fellow of the HKICPA, the Institute of Chartered Accountants in England and Wales and the Chartered Professional Accountants of Ontario, Canada. He is Acting Chairman of the Asia Advisory Board of Ivey Business School of Western University, Canada, a founding director of the University of Edinburgh Hong Kong Foundation, and a member of the Hong Kong Essex Global Leader Network, University of Essex. In addition, Mr Lam is a Governor of the Canadian Chamber of Commerce in Hong Kong. In 2021, he was made a Chevalier of the Order of National Merit of Finance.





**MR TSANG ON YIP, PATRICK** *BBS*  
*Non-executive Director*

Mr Tsang, aged 53, was appointed as a Non-executive Director in January 2024. Mr Tsang is a director and the co-chief executive officer of CTF Enterprises, a director of Century Acquisition Limited and a director of CTFH, each a holding company and substantial shareholder of the Company. He is also the Chairman and a non-executive director of Giordano International Limited, a Vice Chairman and an executive director of i-CABLE Communications Limited, an executive director of Melbourne Enterprises Limited and UMP Healthcare Holdings Limited, and a non-executive director of SJM Holdings Limited, all of which are listed public companies in Hong Kong. Mr Tsang was a non-executive director of Greenheart Group Limited and Integrated Waste Solutions Group Holdings Limited, all of which are listed public companies in Hong Kong, until his retirement from the office in May 2022 and August 2022 respectively. Mr Tsang is a director of Cheng Yu Tung Foundation Limited, the founder and a director of CTFE Social Solutions Limited, a governor of Chow Tai Fook Charity Foundation Limited, a member of Election Committee of the HKSAR, and a Vice Chairman of Employers' Federation of Hong Kong. He has been a member of the Fourteenth Beijing Municipal Committee of the Chinese People's Political Consultative Conference since 2023. Mr Tsang was awarded the Bronze Bauhinia Star in 2023 by the Government of the HKSAR. Mr Tsang obtained a Bachelor of Arts degree in Economics from Columbia College of Columbia University in New York, USA. Mr Tsang's spouse is a niece of Dr Cheng Kar Shun, Henry, and he is a cousin-in-law of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian, Mr Cheng Chi Leong, Christopher and Mr William Junior Guilherme Doo.



**MR SHEK LAI HIM, ABRAHAM** *GBS, JP*  
*Independent Non-executive Director*

Mr Shek, aged 79, was appointed as Independent Non-executive Director in September 2004 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr Shek is an independent non-executive director of Alliance International Education Leasing Holdings Limited, China Resources Building Materials Technology Holdings Limited (formerly known as China Resources Cement Holdings Limited), Chuang's China Investments Limited (also acts as Honorary Chairman), Chuang's Consortium International Limited, Cosmopolitan International Holdings Limited, CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, ITC Properties Group Limited (also acts as Joint Vice Chairman), Lai Fung Holdings Limited, Paliburg Holdings Limited and Shin Hwa World Limited, all being listed public companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both of the trusts are listed on the Hong Kong Stock Exchange. Mr Shek is an executive director and the Chairman of Goldin Financial Holdings Limited (in liquidation and delisted from the Hong Kong Stock Exchange on 31 October 2023) and an independent non-executive director of Lifestyle International Holdings Limited (the company withdrew its listing on the Hong Kong Stock Exchange on 20 December 2022 due to privatization). He was also an independent non-executive director of Country Garden Holdings Company Limited (resigned on 15 March 2024), a listed public company in Hong Kong. Mr Shek was a member of the Legislative Council for the HKSAR representing real estate and construction functional constituency from 2000 to 2021. He was appointed as Justice of the Peace in 1995 and was awarded the Gold Bauhinia Star in 2013. Mr Shek graduated from the University of Sydney with Bachelor of Arts and attained a Juris Doctor degree of The City University of Hong Kong.



**MR LEE YIU KWONG, ALAN**  
Independent Non-executive Director

Mr Lee, aged 80, was appointed as Independent Non-executive Director in October 2012 and he is also the Chairman of the Nomination Committee and a member of the Audit Committee, the Remuneration Committee and the ESG Committee of the Company. Mr Lee is an independent non-executive director of a subsidiary of the Group.

Previously, Mr Lee served as the Chief Executive Officer of CSX World Terminals Hong Kong Limited and ATL. He has garnered over 40 years of experience in the shipping and logistics industry, including 15 years of international operating and management experiences in the United States, the Netherlands, Malaysia, Singapore, and Thailand.

Mr Lee also served as Chairman of the Hong Kong Container Terminal Operators Association. Additionally, he was a member of several committees: Hong Kong Business Advisory Committee, Logistics Advisory Committee of the Hong Kong Trade Development Council, Hong Kong Port Development Council, Hong Kong Logistics Development Council, and the Hong Kong Sailors' Home and Missions to Seamen (renamed Hong Kong Sailors Home and Mission to Seafarers).

Mr Lee is a trained accountant with over six years of experience at KPMG.



**MRS OEI WAI CHI GRACE FUNG**  
Independent Non-executive Director

Mrs Oei, aged 71, was appointed as Independent Non-executive Director in January 2016 and is also a member of the ESG Committee of the Company. She is currently the Chairperson of Ronald McDonald House Charities in Hong Kong since September 2008 and she has been elected to the global board of trustees of Ronald McDonald House Charities in Chicago since 1 January 2015. Mrs Oei had worked in investment banking and wholesale banking for 36 years. She was the Vice Chairman, Corporate & Institutional Clients, at Standard Chartered Bank, Hong Kong when she retired from the bank in November 2014. Before joining Standard Chartered Bank in 2002, she had worked with UBS for nine years including service as Managing Director responsible for corporate finance and fixed income. During her service with UBS, Mrs Oei had regional responsibilities for institutional sales, fixed income, supervising a team in Hong Kong and Singapore which covered 13 countries in Asia (excluding Japan). Her team advised central banks and other institutional investors in Asia on fixed income investments and hedging strategies for interest rates and currencies. Mrs Oei had taken on a number of public service responsibilities over the years, including as a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission and a member of the Finance Committee of the Hong Kong Housing Authority. Mrs Oei graduated from the London School of Economics and Political Science, London University, with a BSc (Econ) degree, majoring in Accounting and Finance.



**MR WONG KWAI HUEN, ALBERT** SBS, BBS, JP  
*Independent Non-executive Director*

Mr Wong, aged 72, was appointed as Independent Non-executive Director in July 2018 and is also the Chairman of the ESG Committee of the Company. He is currently the principal of Huen Wong Consultancy. He was the principal of Fried, Frank, Harris, Shriver & Jacobson (China Offices) and has served as its Managing Partner in Asia from 2006 until 2011. He is also an independent non-executive director of Hua Hong Semiconductor Limited, a listed public company in Hong Kong. He was an independent non-executive director of China Oilfield Services Limited (retired on 1 June 2022), a listed public company in Hong Kong, and Vinda International Holdings Limited (resigned on 31 August 2024) (the company was delisted from the Hong Kong Stock Exchange on 16 August 2024). Mr Wong holds a Bachelor of Arts degree from The Chinese University of Hong Kong and a Bachelor of Laws degree from the University of London, United Kingdom. He is admitted as a solicitor in Hong Kong, the United Kingdom and Singapore. Mr Wong is the Honorary Chairman of Hong Kong International Arbitration Centre. He is also the Chairman of the Board of Review (Inland Revenue Ordinance) and the Board of Directors of HKBU Chinese Medicine Hospital Company Limited and the Honorary Legal Adviser of Hong Kong Business Accountants Association. He was formerly the President of the Law Society of Hong Kong and the Inter-Pacific Bar Association, Chairman of the Copyright Tribunal, Honorary Adviser of Financial Reporting Council and a council member of The Hong Kong Institute of Directors. Mr Wong holds the posts of honorary lecturer, external examiner and professorships at The University of Hong Kong, The Chinese University of Hong Kong, City University of Hong Kong, The Hang Seng University of Hong Kong and Hong Kong Shue Yan University. He was appointed as Justice of the Peace in 2010 and was awarded the Bronze Bauhinia Star and Silver Bauhinia Star by the Government of the HKSAR in 2014 and 2022 respectively.



**PROFESSOR CHAN KA KEUNG, CEAJER** GBS, SBS, JP  
*Independent Non-executive Director*

Prof. K.C. Chan, aged 67, was appointed as Independent Non-executive Director on 1 January 2022 and is also the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company. Prof. K.C. Chan is the Chairman and a non-executive director of WeLab Bank Limited and Senior Advisor of WeLab Holdings Limited, a leading fintech company in Asia with one of the first virtual banks established in Hong Kong. He is also an independent non-executive director of Langham Hospitality Investments and Langham Hospitality Investments Limited, Guotai Junan International Holdings Limited and China Overseas Land & Investment Limited, all being listed companies in Hong Kong, as well as an independent non-executive director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust which is listed in Hong Kong). Prof. K.C. Chan is an independent non-executive director of Greater Bay Area Homeland Investments Limited. He was also the independent non-executive director of USPACE Technology Group Limited (resigned on 28 November 2023), whose shares are listed on the Hong Kong Stock Exchange.

Prof. K.C. Chan was appointed as the Secretary for Financial Services and the Treasury of the Government of the HKSAR from July 2007 to June 2017. Prior to that, he was Dean of Business and Management in the Hong Kong University of Science and Technology ("HKUST"). He is currently Adjunct Professor at HKUST Business School. Prof. K.C. Chan received his bachelor's degree in economics from Wesleyan University and his M.B.A. and Ph.D. in finance from the University of Chicago. He specialized in assets pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics. Prof. K.C. Chan is a director of the One Country Two Systems Research Institute. In the past, he held a number of public service positions including Chairman of the Consumer Council, a director of the Hong Kong Futures Exchange, a non-executive director of The Hong Kong Mortgage Corporation Limited, and a member of the Commission on Strategic Development, Commission on Poverty, Competition Commission, the Exchange Fund Advisory Committee, the Hang Seng Index Advisory Committee and the Hong Kong Council for Academic Accreditation.



**MS NG YUEN TING, YOLANDA** *MH*  
*Independent Non-executive Director*

Ms Ng, aged 49, was appointed as Independent Non-executive Director on 1 December 2022 and is also a member of the ESG Committee of the Company. She is a media veteran and multi-channel network (MCN) incubator, and holds a number of public service positions.

Ms Ng is currently a board member of the West Kowloon Cultural District Authority ("WKCD"), the Hong Kong Palace Museum and the Hong Kong Resource Centre for Heritage and chairs the WKCD's Working Group on Youth and Community Engagement. She is also Co-Chairperson of the Cultural and Art Committee of Hong Kong Women Professionals and Entrepreneurs Association, Advisor for Our Hong Kong Foundation and the degree of Master of Arts in Arts Tech and Digital Communication, Hong Kong Chu Hai College, Director of The Hong Kong Institute for Promotion of Chinese Culture, General Secretary of Cultural Power and a member of the Hong Kong Public Governance Association, Mega Arts and Cultural Events Committee and Commission on Children. She is also the Founder of InspirNation and the Director of Business Development of Cheer Champion Cyber Limited. Ms Ng served as a Wan Chai District councilor for 12 years from 2008-2019 and was the Chairperson of the Cultural and Sports Committee of the Wan Chai District Council.

Ms Ng is an active member of the creative and media industries and at present a programme host of Radio Television Hong Kong ("RTHK"). Previously she was a journalist, a programme host, and playwright for radio drama and new media programmes. Ms Ng hosted various current affairs programmes on RTHK and HK Open TV. Her numerous published works cover such contemporary themes as women's societal and community engagement, memoirs and culture of Hong Kong and social issues of teenage pregnancy.

# Senior Management

## **Mr Cheng Chi Kwok**

*Senior Director — Roads*  
*NWS Holdings Limited*

Mr Cheng, aged 60, joined New World Group in 1993 and is the Senior Director (Roads) of the Company. He is also a director of NWS Infrastructure Management Limited, a wholly owned subsidiary of the Company. Mr Cheng holds a Bachelor of Business Administration degree and he has over 30 years of experience in project development, investment and management in the infrastructure and roads business in Mainland China.

## **Mr Tang Wai Yau**

*Company Secretary and Head of Legal*  
*NWS Holdings Limited*

Mr Tang, aged 54, joined the Company in November 2018 as Head of Legal and was appointed as the Company Secretary of the Company on 1 March 2021. He is a solicitor qualified to practise in Hong Kong and England and Wales. Prior to joining the Company, Mr Tang served as Head of Legal, Legal and Compliance Department of CMB International Capital Corporation Limited and worked in various international law firms and corporates. He has over 30 years of experience in legal, compliance and company secretarial fields.

Mr Tang holds a Bachelor of Arts degree in Public Policy and Management from University of Ulster, a Master of Social Sciences degree and postgraduate certificate in Laws from The University of Hong Kong, a Bachelor of Laws degree from Manchester Metropolitan University, a Master of Laws degree from University College London, a Bachelor of Laws degree from Peking University and a Master of Science degree in Law, Governance, Risk and Compliance from The University of Law. He is a fellow member of Hong Kong Securities and Investment Institute.

## **Mr Chu Tat Chi**

*Managing Director*  
*Hip Hing Construction Company Limited*

Mr Chu, aged 67, joined Hip Hing Construction Company Limited, a wholly owned subsidiary of the Company, in 1979 and is currently its Managing Director. Mr Chu graduated from the Hong Kong Polytechnic in 1978 with a Diploma in Building Studies. He has over 40 years of experience in the civil engineering and construction industries. Mr Chu is also a director of Quon Hing Concrete Company Limited. Prior to joining Hip Hing Construction Company Limited, he had worked in the Public Works Department of Hong Kong Government.



### **Ms Lee Yuk Har, Monica** *MH*

*Managing Director*

*Hong Kong Convention and Exhibition Centre (Management) Limited*

Ms Lee, aged 59, joined HML, a wholly owned subsidiary of the Company, in 1994 and is currently its Managing Director. Ms Lee is a proven veteran in the hospitality industry and venue management for over 30 years. She is an executive committee member of the Hong Kong Exhibition & Convention Industry Association. She is the Vice-President of UFI — The Global Association of the Exhibition Industry for 2023–2026 to lead the organization, which comprised 874 members in 89 countries and regions. Ms Lee serves as a Vice Chairman of the Industry Advisory Committee on the School of Hotel and Tourism Management of the Hong Kong Polytechnic University for 2022–2026. Ms Lee was conferred the Honorary Fellowship by the Vocational Training Council (“VTC”) in 2016. She has been appointed as Council Member of VTC for 2023–2025 and is currently a Director of the Board of Directors of VTC School of Business and Information Systems. Ms Lee holds a Master degree in Management from Macquarie University, Sydney, Australia, a Professional Certificate in Event Management & Marketing from the School of Business and Public Management of George Washington University, USA.

### **Mr Wong Ho Shing, Alex**

*Chief Executive Officer*

*Sky Connection Limited*

Mr Wong, aged 68, joined Sky Connection Limited, a wholly owned subsidiary of the Company, in November 2019 as Director — Operations and is currently its Chief Executive Officer. Prior to joining Sky Connection Limited, Mr Wong worked in Dannemann Cigars (Burger Sohne Group) and was in charge of tobacco sales, marketing and brand building for both Domestic and Duty Free market in Asia Pacific Region. He has also worked in DFS Group Limited for many years with procurement function on liquor and tobacco products. Mr Wong has over 37 years of experience in duty free business operation development and with in-depth knowledge on investment and marketing development of tobacco business, in particular the market of Mainland China.

### **Mr Ip Man Kit**

*Chief Executive Officer*

*Chow Tai Fook Life Insurance Company Limited*

Mr Ip, aged 60, joined CTF Life (formerly known as FTLife Insurance Company Limited), a wholly owned subsidiary of the Company, in February 2022 and is currently its Chief Executive Officer. He has over 30 years’ experience in life insurance industry dedicated for AIA. He had held various executives roles in information technology, operations, project management, transformation as well as health and wellness business development in Hong Kong and Mainland China. Mr Ip was also very active in industry associations including Medical Insurance Association and Hong Kong Federation of Insurance by being the Chairman and/or member. In recent years, he was heavily involved in the medical insurance reform for the industry and also digitalization development for AIA Hong Kong. Before joining CTF Life, his last held position was Chief Operations Officer at AIA Hong Kong. He holds a Bachelor of Arts in Commerce and Economics and Computer Science, University of Toronto, Canada.

# Corporate Governance Report

*Corporate Governance refers to the process by which a company is managed and overseen and it is about people and processes. Good corporate governance is expected to contribute to good business performance and sustainable growth that could benefit the Company's shareholders and other stakeholders.*

The Company has been striving to achieve good corporate governance and devoting considerable efforts to enhance its practices in light of the regulatory requirements and expectation of the shareholders and other stakeholders.

Throughout FY2024, the Company has complied with all the applicable code provisions under the Corporate Governance Code (the "CG Code") as contained in Appendix C1 of the Listing Rules which reflects that the Company has committed to applying the principles of good corporate governance (the "Principles"). Such application of the Principles could also be illustrated from the disclosure of the Company's corporate purpose, core values, strategy and their alignment with culture and governance, board composition and nomination, directors' responsibilities, delegation and board proceedings, audit, internal control and risk management, remuneration and shareholders engagement.

## KEY DEVELOPMENTS DURING THE YEAR

### Change of holding company

- During FY2024, the Company became a subsidiary of CTF Enterprises
- In June 2023, Century Acquisition Limited ("Offeror", a wholly owned subsidiary of CTF Enterprises), made pre-conditional voluntary general cash offers to acquire, inter alia, all the issued shares of the Company ("NWS Share Offer") other than those beneficially owned by CTF Enterprises and its fellow subsidiary. The Offeror subsequently announced its intention to maintain the listing status of the Company on the Hong Kong Stock Exchange after the close of the offer
- Valid acceptances of the NWS Share Offer from NWD, the then ultimate holding company of the Company, and its subsidiaries in respect of all the shares held in the Company were received on 9 November 2023. Therefore, CTF Enterprises became the holding company of the Company with effect from 17 November 2023

### Board renewal

As part of the ongoing succession planning process, the following changes to the Board and important executive functions took effect on 1 January 2024, lowering average tenure of Board members and contributing to the development of a more diverse Board:

- Appointment of Mr Lam Jim and Mr Tsang On Yip, Patrick as Executive Director and Non-Executive Director respectively
- Resignation of Mr Ma Siu Cheung as Executive Director and Chief Executive Officer and resignation of Mr To Hin Tsun, Gerald and Mr Dominic Lai as Non-Executive Directors
- Re-designation of Dr Cheng Chi Kong, Adrian as Non-Executive Director <sup>(Note)</sup>
- Appointment of Mr Cheng Chi Ming, Brian and Mr Ho Gilbert Chi Hang as Co-Chief Executive Officers

Note: Dr Cheng Chi Kong, Adrian resigned as Non-Executive Director on 26 September 2024

### Board committee refresh

- Reconstitution of the five board committees on 1 January 2024 to enhance transparency and independence of nomination and appointment process of Independent Non-Executive Directors (“INED”) as well as promoting better practices and standards in Board recruitment, appointment and succession planning. The new committee membership is shown on page 62. Following the reshuffling, with the exception of the Executive Committee, all the board committees comprise a majority of INEDs and are chaired by INED
- Establishment of ESG Committee on 1 January 2024 to reinforce our commitment to effective ESG oversight and integration of ESG perspectives in business decision process
- Dissolution of the Corporate Governance Committee and Sustainability Committee on 1 January 2024, with the delegation of powers and functions by the Board to these two committees consolidating into the delegated powers and functions of the Environmental, Social and Governance Committee

### LEADERSHIP

- Board governance
- Board composition
- Roles in the boardroom
- Diversity
- Commitment and independence
- Board refreshment

### EFFECTIVENESS

- Board operations
- Board activities
- Board evaluation
- Continuous professional development and induction to Directors
- Company secretary

## GOVERNANCE OVERSIGHT

### ACCOUNTABILITY

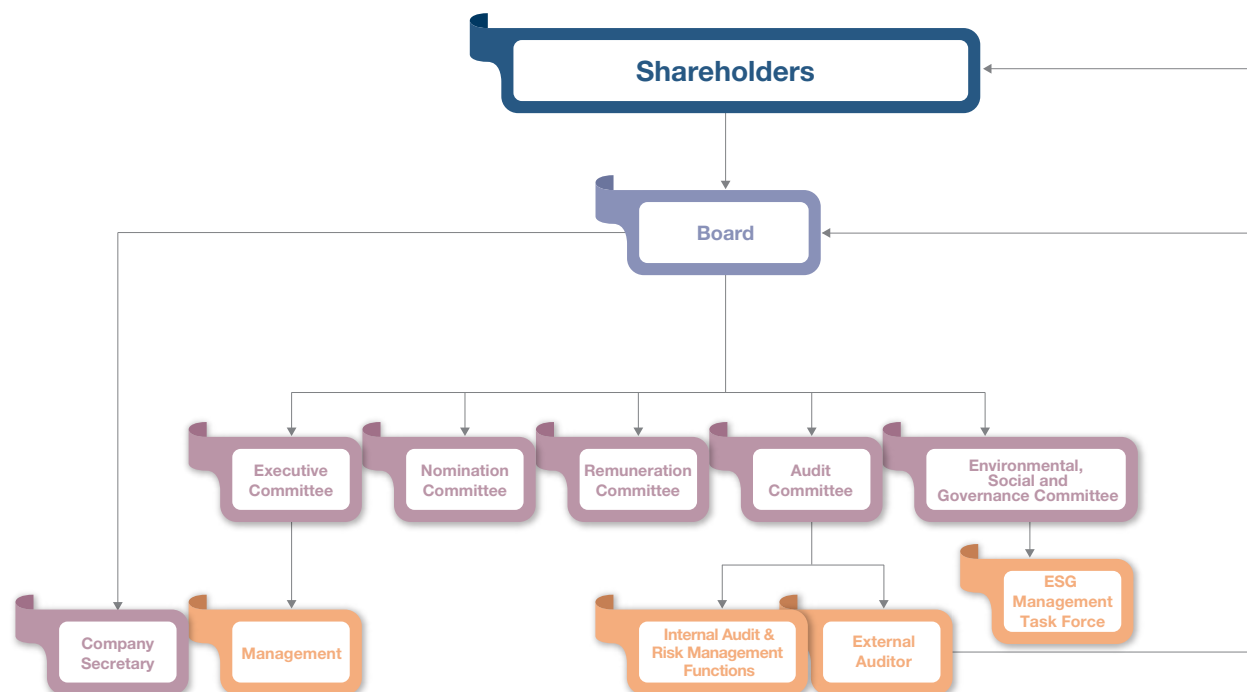
- Board committees
- Risk management and internal control
- Directors’ responsibilities for financial reporting and disclosures
- External auditor
- Review of audited results

### ENGAGEMENT

- Communication with shareholders
- Key shareholder information
- General meetings
- Investor relations
- Constitutional documents

## GOVERNANCE FRAMEWORK

The corporate governance architecture is established to continually enhance Board effectiveness and support oversight of management in its delivery of the Company's strategy as well as ensuring accountability, transparency and ethical behaviours. There is proper allocation of responsibilities among board committees.



This framework is designed with reference to the applicable legislations and Listing Rules, and is backboneed by a collection of guidelines, policies and procedures formulated by the Board. The Board and/or the relevant board committees conducted regular review of, and as appropriate, updates to the guidelines, policies and procedures due to changes in applicable legislations and Listing Rules, external environment, market practices and/or internal requirements.

Policies and Guidelines			
Governance		ESG	
<ul style="list-style-type: none"> <li>o Director's Manual</li> <li>o Corporate Governance Manual</li> <li>o Board Diversity Policy</li> <li>o Terms of reference for various board committees</li> <li>o Disclosure Policy for Inside Information</li> </ul>		<ul style="list-style-type: none"> <li>o ESG Board Oversight Statement</li> <li>o ESG Policy</li> </ul>	
Risk Management and Internal Control		Stakeholders	
<ul style="list-style-type: none"> <li>o Guideline on Risk Management &amp; Internal Control Systems</li> <li>o Enterprise Risk Management Policy</li> <li>o Enterprise Risk Management Manual</li> <li>o Anti-Fraud and Counter-Corruption Policy</li> <li>o Whistleblowing Policy</li> </ul>		<ul style="list-style-type: none"> <li>o Shareholders' Communication Policy</li> <li>o Corporate Policy on Staff Responsibility</li> <li>o Dividend Policy</li> </ul>	

## LEADERSHIP

### Board Governance

#### Major Roles and Responsibilities of the Board

- For the purpose of enabling long term success of the Group and enhancing shareholder value, the Board develops the culture, sets the overall strategy and directs the affairs of the Group, as well as supervises management and ensures good corporate governance policies and practices are implemented within the Group.
- In the course of discharging its duties, the Board acts with integrity and in good faith, with due diligence and care, and in the best interests of the Company and its shareholders as a whole.
- The Board is responsible for performing the corporate governance duties. Specific terms of reference are set out in the Corporate Governance Manual of the Company and the relevant duties include:
  - (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 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 directors; and
  - (e) to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

#### Delegation by the Board

- Day-to-day operation of the businesses of the Company is delegated to the management which is led by the Executive Committee. The management is closely monitored by the Board and is accountable for the performance of the Company as measured against the corporate goals and business targets set by the Board.
- The Board carries out certain of its oversight responsibilities through its committees, allowing more in depth attention devoted to overseeing key issues.

#### Chairman and Co-Chief Executive Officers

- The Chairman is Dr Cheng Kar Shun, Henry and the Co-Chief Executive Officers are Mr Cheng Chi Ming, Brian and Mr Ho Gilbert Chi Hang. The two posts are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Co-Chief Executive Officers' responsibility to manage the Company's business.
- Division of responsibilities between the Chairman and the Co-Chief Executive Officers are clearly established and set out in writing.



Our Purpose, Core Values, Strategy and their alignment with Culture



ACT WITH INTEGRITY

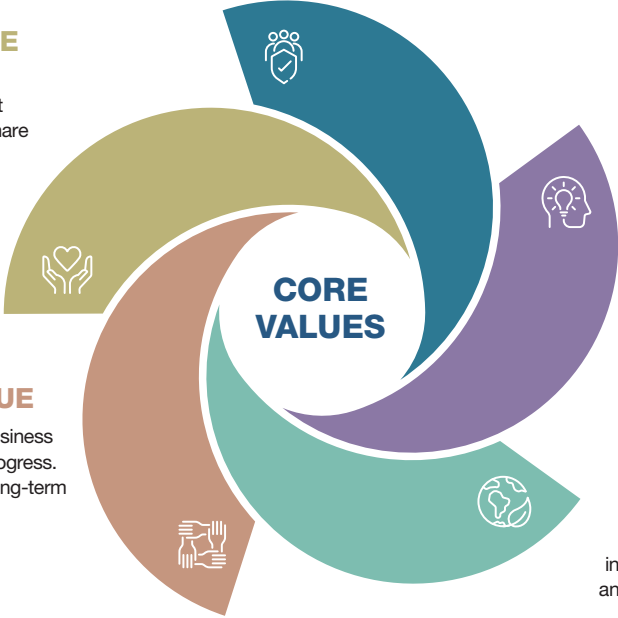
Acting with integrity is our most important and inherent core value. It ensures fairness and a high level of ethical standards in our work. Integrity supports the growth of our business and helps nurture our long-term relationships

GROW AS ONE

Every team member is empowered to excel at NWS. We grow and share success as one

CREATE SHARED VALUE

We aspire to tie our business success with social progress. Our goal is to create long-term value, not only for our shareholders but all stakeholders in the communities we serve



ADVANCE WITH AGILITY

Being resilient and agile is ingrained in our culture. In this ever-changing world, we stay ready to turn challenges into opportunities to maintain our lead in the market

EVOLVE SUSTAINABLY

We are building a more sustainable future for our next generation, communities, and businesses. We do this by incorporating new practices and innovations into the way we work every day

The Board believes that a robust culture is fundamental to the success of our business and is determined to nurture a culture which drives the achievement of our purpose, mission and delivery of strategy. Good corporate governance involves developing and promoting a culture that will underpin the diversity of strong business performance without excessive risk taking. Our purpose-led culture, developed throughout the years and put in practice by our directors and staff, is endogenous in nature. It is deeply embedded into our thoughts, beliefs, attitudes, norms and behavioural patterns and brought to life by our five interconnected and complementary core values: **“Act with Integrity”**, **“Grow as One”**, **“Advance with Agility”**, **“Create Shared Value”** and **“Evolve Sustainably”**. This set of values cascades down the organization from the Board to every one of our colleagues, outlining our expected behaviour for driving the desired culture. The Board sets the cultural tone from the top and performs the role of the guardian of our culture and core values, ensuring our culture is aligned with our strategy, overseeing our conduct and business with the aim of promoting the success of the Group for the benefit of our shareholders, other stakeholders and the wider community. Our culture comprises, inter alia, the five core values that have been fully integrated into our business practices and operations with particular emphasis in their contributions towards sustainability and sustainable business growth. Further information relating thereto could be found in our ESG report.

## Our Core Values

### Act with Integrity

The Company is committed to upholding the highest standards of integrity. Our core value of acting with integrity guides the decisions, actions and behaviours throughout the organization and lays down the foundation for the way in which we conduct our business. Directors, management and other employees are required to act lawfully, ethically and responsibly. To this end, various policies, guidelines, controls and systems have been established and updated from time to time in light of the evolving regulatory landscape, including but not limited to, Corporate Policy on Staff Responsibility, Employee Handbook (containing Code of Conduct), Anti-Fraud and Counter-Corruption Policy, Conflict of Interest Policy and Whistleblowing Policy. During FY2024, Anti-Corruption training sessions had been provided to the directors and staff of the Company. Whistleblowing Policy continues to provide channels for employees and external parties to raise concerns in confidence. Please refer to the ESG report which contains our other measures in relation to this core value. All the above enhances the established practice of acting with integrity of our directors and staff.

### Grow as One

It is our belief for the Company and its staff to grow as one, through programs and measures to fostering growth and promoting well-being of our staff, and enhancing their sense of belonging as an important part of building a strong culture to ensure that our leadership team possesses the appropriate skills and traits. We seek to invest in leadership development through one-on-one coaching or group workshop to enhance management capability. Our efforts for promoting the core value of “Grow as One” are set out in our ESG report.

### Advance with Agility

In face of the rapidly changing economic, social, geopolitical and regulatory landscape, we remain agile to address the challenges ahead with the aim of mitigating risk associated therewith and leverage on opportunities arising therefrom. For the purpose of updating our directors on the opportunities and challenges of our business segments, business briefing sessions were conducted to facilitate directors’ interaction with senior management and discharge of directors’ oversight responsibilities. In line with our core value “Advance with Agility”, we have also taken proactive approaches in green financing as well as incorporated ESG due diligence evaluation process in our investment analysis and decision making process. Please refer to our ESG report which describes our efforts, measures and actions in relation to this core value.

### Create Shared Value

The core value “Create Shared Value” represents our efforts in promoting economic growth and societal advancement and is reflected in our collaboration with suppliers, business partners, local communities and customers along our value chain. Among the aforesaid efforts, the collaborations with local communities involved our charity foundation and volunteer alliance which aim to focus on “Empower for change”, “Build for Support” and “Drive for the Future” for the purpose of creating positive impact on the society. Please find further information in relation to this core value in our ESG report.

### Evolve Sustainably

It is expected from all stakeholders that substantial efforts shall be placed on the initiatives which lead to positive environmental change and full compliance with the relevant regulations. The core value “Evolve Sustainably” involved on the part of the Company’s attempts to strive for continuous improvement and to drive operational optimization and product excellence. Such attempts had been embedded in our belief as well as in operations of various businesses and segments. As a highlight, “Evolve Conference 2024” offered valuable opportunities to share insights on innovative sustainability practice with management and different business units and Mini Fireside Chats had helped staff to enhance awareness in various ESG aspects. Please find in our ESG report the relevant measures and disclosures relating to this core value.

### Board Composition

- As at the date of this report, the Board is a diversified board of 14 members, representing a balanced approach to director tenure, allowing the Board to benefit from the experience of longer-serving directors combined with fresh perspectives from newer directors:

Executive Directors (5)	Non-Executive Directors (3)	Independent Non-Executive Directors (6)
<ul style="list-style-type: none"> <li>Dr Cheng Kar Shun, Henry</li> <li>Mr Cheng Chi Ming, Brian</li> <li>Mr Ho Gilbert Chi Hang</li> <li>Mr Lam Jim</li> <li>Mr Cheng Chi Leong, Christopher</li> </ul>	<ul style="list-style-type: none"> <li>Dr Cheng Chi Kong, Adrian <sup>(Note)</sup></li> <li>Mr William Junior Guilherme Doo <i>(alternate director to Mr William Junior Guilherme Doo: Mr Lam Wai Hon, Patrick)</i></li> <li>Mr Tsang On Yip, Patrick</li> </ul>	<ul style="list-style-type: none"> <li>Mr Shek Lai Him, Abraham</li> <li>Mr Lee Yiu Kwong, Alan</li> <li>Mrs Oei Wai Chi Grace Fung</li> <li>Mr Wong Kwai Huen, Albert</li> <li>Professor Chan Ka Keung, Ceajer</li> <li>Ms Ng Yuen Ting, Yolanda</li> </ul>

Note: Dr Cheng Chi Kong, Adrian resigned as Non-Executive Director on 26 September 2024

- Their biographical details (including their relationships (if any)) are set out in the “Board of Directors and Senior Management” section of this annual report and available on the Company’s website.
- The independent non-executive directors have actively participated in the board committees of the Company and have made significant contribution of their skills and expertise to these committees. Coming from diverse business and professional backgrounds, the independent non-executive directors have shared their valuable experience to the Board for promoting the best interests of the Company and its shareholders.

## Roles in the Boardroom

### Chairman of the Board

- Leadership and management of the Board to ensure its effective functioning
- Leading the discussions on the Company's overall strategy
- Responsible for establishment of robust corporate governance practices and procedures
- Ensuring clear Board and committee structure for effective operation
- Promoting a culture of openness and communication between Board members
- Meeting regularly with all the Independent Non-Executive Directors without the presence of other directors
- Seeking to ensure effective communication and maintaining relationship with shareholders and other stakeholders

### Executive Directors

- Leadership and management of the Group's business and operational matters on a daily basis
- Devising strategy and formulating policies for consideration and approval by the Board
- Leading the implementation of the Group's strategy and decisions made by the Board
- Driving business and financial performance and development of the Group
- Promotion of culture across the Group
- Implementing and monitoring internal controls
- Leading management succession planning

### Non-Executive Directors

- Providing advice and guidance on strategy, policy and performance
- Offering constructive advice to management in the delivery of corporate objectives
- Scrutinising the performance of the Executive Directors and management
- Must abstain from voting on resolutions where the risk of conflict of interest arises

### Independent Non-Executive Directors

- Bringing independent oversight in respect of Board decisions, accountability, key appointments and standards of conduct
- Raising queries and holding management to account
- Promoting high standards of integrity and corporate governance
- Taking the lead where potential conflicts of interests arise
- Serving on Board committees
- Ensuring that the interests of minority shareholders are protected
- Holding Executive Directors to account to support good decision making by the Board
- Scrutinising the Company's performance in achieving agreed corporate goals and objectives and monitoring performance reporting
- Satisfying themselves on the integrity of financial information and reviewing the Group's risk exposure and controls

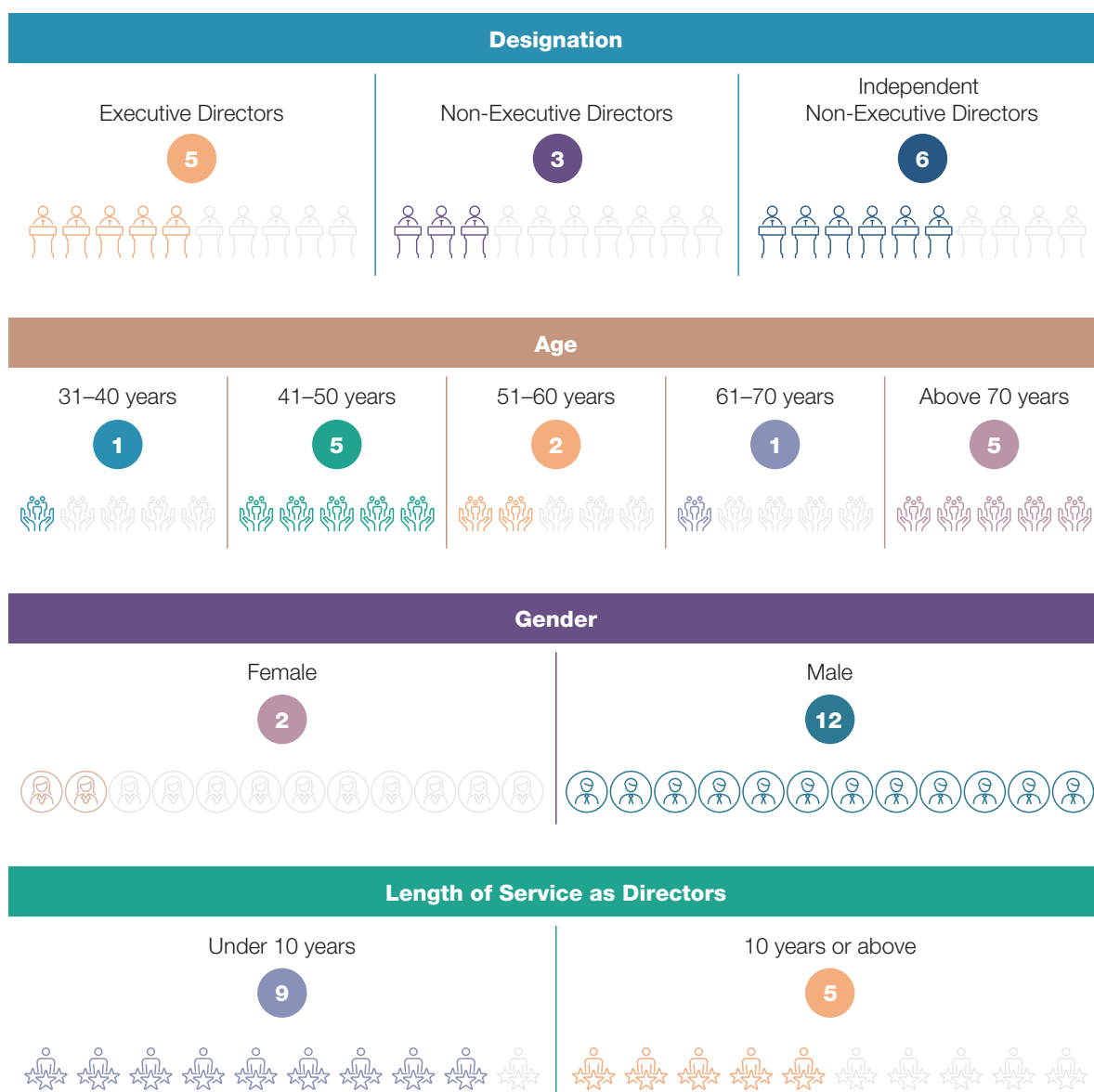
### Diversity

#### Board Diversity

- The Board adopted the “Board Diversity Policy” in June 2013 which was revised and updated in September 2022, setting out the approach to achieve diversity on the Board, and drawing on a broad spectrum of directors’ background in a bid to achieve comprehensive considerations in forming board decisions and contribute to the achievement of long-term objectives of the Company.
- According to the “Board Diversity Policy”, a truly diverse board will include and make good use of differences in the skills, regional and industrial experience, background, race, gender and other qualities of the members of the Board. These differences will be taken into account in determining the optimal composition of the Board.
- The “Board Diversity Policy” also states that the Nomination Committee is responsible for setting annual measurable objectives to implement diversity on the Board and recommends them to the Board for adoption. The “Board Diversity Policy” was reviewed by the Nomination Committee on a regular basis to ensure its effectiveness.
- All Board appointments are made on merit, in the context of the requisite skills and relevant experience for the Board to oversee our strategic development and reflect the nature of our business.
- The Nomination Committee has taken into consideration the skills, expertise and experience of Mr Lam Jim and Mr Tsang On Yip, Patrick, who were appointed directors of the Company during FY2024, when determining their eligibility as directors of the Company.



- Our Board has a balance of tenure, diversity and age, with an effective mix of experience and fresh perspective. The following and the section “Board Expertise” illustrate the diversity profile of the Board members as at the date of this report:



- When considering new or replacement appointment of Board members, we might seek appropriate candidates to enhance gender diversity of our Board. Following the change of board composition during FY2024, the proportion of female representation at board level has been increased from 13% to 14%. We are committed to maintaining board representation by director(s) of each gender to be no less than 10%.

## Board Expertise

- Our directors bring varying perspectives to the Board based on their distinct backgrounds and experience. The table below highlights the attributes of our directors, whose capability aligns with the scale, complexity and strategic positioning of our business:

Expertise	Relevance to the Company	No. of Directors
<b>Extensive board and executive management experience</b>	Experience in a leading role facilitates understanding of many facets of the Group, including strategy, financial reporting and compliance, risk oversight.	14
<b>Relevant industry experience of the Group, including toll roads operation, insurance, logistics, construction, facilities management and strategic investment</b>	Deep industry knowledge assists in understanding the issues faced by the Group and can direct the Company to focus on value drivers.	14
<b>Other listed company directorship roles</b>	Understanding of financial, legal and regulatory requirements applicable to listed companies is crucial to maintenance of high corporate governance standard.	10
<b>Experience in government organizations, public bodies and/or regulatory authorities and their respective committees</b>	Relevant experience contributes to compliance with a variety of regulatory requirements and development of constructive relationship with public bodies or organizations.	14
<b>In-depth knowledge of Asian markets and economic, political and regulatory development</b>	This is important as the majority of our operations are located within the Asian region.	14
<b>Experience in leading large and complex organizations</b>	Provides valuable insight on challenges and opportunities conglomerates encounter in diverse business environment and market conditions, and management of change.	14
<b>Considerable risk management experience</b>	The Board plays a pivotal role in risk oversight and managing most significant risks facing the Company.	4
<b>Environmental, Social and Governance expertise</b>	Relevant expertise and knowledge are crucial for the Board to discharge its role in ESG governance and drive forward the Company's sustainability initiatives.	7
<b>Professional</b> i. Investment banking, commercial banking and investments ii. Accounting and finance iii. Legal and listed company governance iv. Academia	The complex and diverse nature of our business necessitates valuable input from professionals with oversight, advisory and operational experience.	i. 8 ii. 4 iii. 3 iv. 1

**Diversity and Inclusion across Workforce**

- At workforce level (including senior management), our objectives towards achieving diversity are, firstly, to promote equal opportunity in recruitment practices, and secondly, to create an inclusive workplace. We are committed to equal opportunities and aspire to be an inclusive place to work where employees can leverage their unique strengths. We will harness talent assessment tools to reduce bias in the recruitment process. To arouse employees' awareness of diversity and inclusion and to promote their understanding and appreciation of diverse perspectives, relevant training will be provided to all employees. We are determined to balance gender and governance within the workforce with the appropriate mix of experience and strength.
- By bringing together employees from diverse backgrounds and giving each person the opportunity to contribute their expertise, experience and perspectives, we are able to develop the best solutions to challenges and deliver value to the Company and its shareholders. We continue to optimize the gender balance and partnering with employment agencies to increase appropriate candidate pipeline and talent pool.
- As at 30 June 2024, the ratio of women to men in the workforce (excluding directors of the Company) was 34:66. For details of gender distribution, please refer to our separate ESG Report. Notwithstanding the foregoing, gender diversity for construction business segment of the Group may be less relevant due to the nature of work.

## Commitment and Independence

### Directors' Attendance

- Directors of the Company play an active role in participating in the Company's meetings through contribution of their professional opinions and their active participation in discussion.
- The attendance record of each of the directors for the Board meetings, board committees meetings and general meeting held during FY2024 is listed as follows:

Name of director	Meetings attended/held							
	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Sustainability Committee meeting <sup>(1)</sup>	Corporate Governance Committee meeting <sup>(1)</sup>	Environmental, Social and Governance Committee meeting <sup>(2)</sup>	General meeting
Executive directors:								
Dr Cheng Kar Shun, Henry <sup>(3)</sup> (Chairman of the Board)	4/5	–	1/1	–	–	–	–	1/1
Mr Ma Siu Cheung <sup>(4)</sup>	3/3	–	1/1	–	1/1	1/1	–	1/1
Mr Cheng Chi Ming, Brian <sup>(5)</sup>	5/5	1/1 <sup>(6)</sup>	–	1/1	1/1	–	0/1	1/1
Mr Ho Gilbert Chi Hang <sup>(5)</sup>	5/5	2/2 <sup>(6)</sup>	–	1/1	1/1	1/1	1/1	1/1
Mr Lam Jim <sup>(7)</sup>	2/2	2/2 <sup>(6)</sup>	–	–	–	–	1/1	–
Mr Cheng Chi Leong, Christopher	5/5	–	–	–	–	–	–	1/1
Non-executive directors:								
Dr Cheng Chi Kong, Adrian <sup>(8)</sup>	5/5	–	–	–	–	–	–	1/1
Mr To Hin Tsun, Gerald <sup>(9)</sup>	3/3	–	–	–	–	–	–	0/1
Mr Dominic Lai <sup>(10)</sup>	3/3	1/1	–	–	1/1	–	–	1/1
Mr William Junior Guilherme Doo	5/5	–	–	–	1/1	–	–	1/1
Mr Tsang On Yip, Patrick <sup>(11)</sup>	2/2	–	–	–	–	–	–	–
Independent non-executive directors:								
Mr Shek Lai Him, Abraham	5/5	2/2	1/1	1/1	–	–	–	1/1
Mr Lee Yiu Kwong, Alan <sup>(12)</sup>	5/5	2/2	1/1	1/1	1/1	–	1/1	1/1
Mrs Oei Wai Chi Grace Fung <sup>(13)</sup>	5/5	–	–	–	1/1	1/1	1/1	1/1
Mr Wong Kwai Huen, Albert <sup>(14)</sup>	5/5	–	–	–	–	1/1	1/1	1/1
Professor Chan Ka Keung, Ceajer	5/5	2/2	1/1	1/1	–	–	–	1/1
Ms Ng Yuen Ting, Yolanda <sup>(13)</sup>	5/5	–	–	–	1/1	–	1/1	1/1

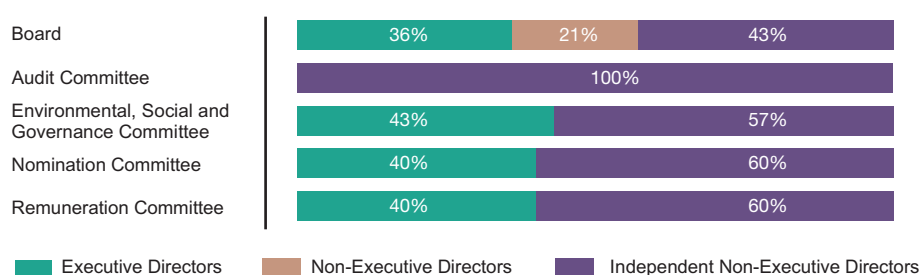
## Notes:

1. Sustainability Committee and Corporate Governance Committee were dissolved on 1 January 2024.
2. Environmental, Social and Governance Committee was established on 1 January 2024.
3. Dr Cheng Kar Shun, Henry has ceased to be the chairman and member of Nomination Committee with effect from 1 January 2024.
4. Mr Ma Siu Cheung has resigned as an executive director of the Company and a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, and Chairman and member of Sustainability Committee with effect from 1 January 2024.
5. Mr Cheng Chi Ming, Brian and Mr Ho Gilbert Chi Hang were appointed as members of each of Nomination Committee, Remuneration Committee and Environmental, Social and Governance Committee with effect from 1 January 2024.
6. Attended the meeting as an invitee.
7. Mr Lam Jim has been appointed as an executive director of the Company as well as a member of the Environmental, Social and Governance Committee with effect from 1 January 2024.
8. Dr Cheng Chi Kong, Adrian has been re-designated from an executive director to a non-executive director of the Company with effect from 1 January 2024 and has resigned as a non-executive director of the Company with effect from 26 September 2024.
9. Mr To Hin Tsun, Gerald has resigned as a non-executive director of the Company with effect from 1 January 2024.
10. Mr Dominic Lai has resigned as a non-executive director of the Company and a member of Audit Committee and Sustainability Committee with effect from 1 January 2024.
11. Mr Tsang On Yip, Patrick has been appointed as a non-executive director of the Company with effect from 1 January 2024.
12. Mr Lee Yiu Kwong, Alan has been appointed as the chairman of Nomination Committee as well as a member of Environmental, Social and Governance Committee with effect from 1 January 2024.
13. Mrs Oei Wai Chi Grace Fung and Ms Ng Yuen Ting, Yolanda have been appointed as members of Environmental, Social and Governance Committee with effect from 1 January 2024.
14. Mr Wong Kwai Huen, Albert has been appointed as the Chairman of Environmental, Social and Governance Committee with effect from 1 January 2024.



### Board Independence

- As at 30 June 2024, 6 out of the 14 directors of the Company are independent non-executive directors, which has exceeded the requirements under Rules 3.10(1) and 3.10A of the Listing Rules for the Board to have at least one-third (and not less than three) directors being independent non-executive directors. The Company has also fulfilled the requirement under the Listing Rules to have at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. Such high level of independence has facilitated in bringing to the Board independent advice and judgement.
- All the Board committees (except for the Executive Committee which comprises all Executive Directors) comprise a majority of independent non-executive directors and are chaired by an independent non-executive director.



- Mr Shek Lai Him, Abraham and Mr Lee Yiu Kwong, Alan, both being independent non-executive directors of the Company, have served the Board for more than nine years. Notwithstanding their long-term service, Mr Shek and Mr Lee have never engaged in any executive management role of the Group and, after having considered all the factors as stipulated in Rule 3.13 of the Listing Rules, there exists no circumstance which can adversely impact their independence. Given their extensive business experience, the Board is of the opinion that they can continue to bring independent and objective perspectives to the Company's affairs.

### Mechanisms for Ensuring Independence

- A written confirmation was received by the Company from each of the independent non-executive directors in relation to his/her independence based on the criteria set out in Rule 3.13 of the Listing Rules to the Company. After having considered all the factors as stipulated in Rule 3.13 of the Listing Rules, the Company considers all its independent non-executive directors to be independent.
- The Board has separate and independent access to the senior management and the Company Secretary at all times. Senior management or department heads are invited to present to the Board on different topics. Directors can request management to provide further information to the Board on request. Besides, independent professional advice can be obtained at any time when he/she thinks appropriate.
- All directors are required to declare any actual or potential conflicts of interest at Board meeting in relation to the matters on the agenda. Where such conflicts exist, the relevant director(s) shall abstain from voting on such agenda item(s).
- Appropriate liability insurance for the directors of the Company has been arranged for indemnifying their liabilities arising out of corporate activities. This insurance coverage is reviewed on an annual basis.

### **Mechanisms for Ensuring Independent Views and Input Are Available to the Board**

- In assessing candidates for directorship, the Nomination Committee considers their profiles, including external appointments which may affect potential time commitment, skills mix, any potential conflict of interest and their individual circumstances in order to ensure that there are no relationships or matters likely to impact their judgement.
- The Board structure is effective and appropriate taking into consideration the proportion of independent non-executive directors, annual independence confirmation, independent non-executive directors' non-involvement in daily operation and separation of roles of Chairman and Co-Chief Executive Officers.
- A Board culture which encourages open discussion and expression of opinion contributes to effective oversight of Board decision-making.
- The Nomination Committee annually reviews the time each director dedicates to the Company and is satisfied that their other commitments do not overshadow with those as directors of the Company.
- Board evaluation, a fixed-fee remuneration package for independent non-executive directors (without reference to the performance of the Company) and access to independent advice lead to greater transparency and improved governance practices.
- With their broad range of skills, experience, background and knowledge, independent non-executive directors share their valuable insight with the Board for promoting the best interests of the Company and its shareholders.
- The Board annually reviews the implementation of independent input mechanisms to ensure its effectiveness.

### **Remuneration of Directors**

- Each director will be entitled to a director's fee which is determined by the Board with authorization granted by the shareholders of the Company at the Company's annual general meeting.
- The remuneration of executive directors and senior management of the Company is determined with reference to their respective role, duties and responsibilities benchmarking against the industry and the prevailing market conditions and the Company's performance and profitability. The Group Human Resources and Corporate Services Department assists in providing relevant remuneration data and market conditions for the Remuneration Committee's consideration. Remuneration is performance-based and coupled with an incentive system which is competitive to attract and retain talented employees.
- The emoluments paid to each director for FY2024 are shown in note 17(a) to the financial statements contained in this annual report.

### Board Refreshment

- The Company strives for a Board that spans a range of leadership, skills and experience relevant to our strategic vision, paying attention to the Company's circumstances, near and long-term strategic goals and aspirations, changes in industry and regulatory initiatives, global political, economic and governance trends as well as the views of shareholders and other key stakeholders. In consideration of anticipated retirements and departures, the Company continues to proactively evaluate the Board's composition to facilitate a smooth transition of skills, experience and diversity in the boardroom.

### Nomination, Appointment and Re-election of Directors

#### Nomination

- Our Nomination Committee evaluates directors' perspectives in the context of our Company's evolving business and prioritizes diversity to ensure effective Board oversight. Recognizing that the selection of qualified directors is crucial to the long-term success of the Company, formal nomination procedures were adopted by the Board for governing the nomination of directors. Nomination Committee's process for identifying and recommending candidates are as follows:



**Appointment**

- The Board, having considered the recommendation from the Nomination Committee, will decide whether to approve the proposed appointment.
- None of the directors of the Company has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).
- All non-executive directors are appointed under fixed term of three years and are also subject to retirement on a rotational basis in accordance with the bye-laws of the Company.

*During FY2024, the respective appointments of Mr Lam Jim and Mr Tsang On Yip, Patrick as executive and non-executive directors of the Company were considered by the Nomination Committee and recommendation was made to the Board for approval of their appointments. These appointments were then approved by the Board and took effect on 1 January 2024.*

*Each of Mr Lam Jim and Mr Tsang On Yip, Patrick has obtained legal advice from a firm of solicitors engaged by the Company and qualified to advise on Hong Kong law. The advice pertained to the requirements under the Listing Rules applicable to them as directors of the Company and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange. Each of them has confirmed that he understood his obligations as a director of the Company. Mr Lam and Mr Tsang obtained the relevant advice on 22 December 2023 and 29 December 2023 respectively.*

### Re-election

- The Nomination Committee will make recommendations to the Board on the re-appointment of directors as appropriate, having regard to the profile of the director seeking re-appointment, the strategy of the Company and the structure, size and composition of the Board at the relevant time.
- The Board will consider whether to put forward the proposal for re-election of directors for shareholders' consideration.
  - o Newly appointed directors  
All directors appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

*Mr Lam Jim and Mr Tsang On Yip, Patrick, who were appointed as executive director and non-executive director of the Company on 1 January 2024 respectively, hold office until the conclusion of the forthcoming annual general meeting (the "2024 AGM") and, being eligible, will offer themselves for re-election at the 2024 AGM.*

- o Existing directors  
One-third of the directors who have been the longest in office since their last re-election or appointment shall retire and be eligible for re-election at each annual general meeting. Each director is subject to retirement by rotation at least once every three years.

Any further re-appointment of an independent non-executive director, who has served the Board for more than nine years, will be subject to a separate resolution to be approved by the shareholders. The Nomination Committee and the Board consider the factors and discuss why the proposed director is still independent.

*Mr William Junior Guilherme Doo, Mr Lee Yiu Kwong, Alan, Mrs Oei Wai Chi Grace Fung and Professor Chan Ka Keung, Ceajer will retire by rotation at the 2024 AGM. Each of the aforementioned directors, being eligible, will offer for re-election at the 2024 AGM.*



## EFFECTIVENESS

### Board Operations

#### Board Meeting

- The Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate. Five Board meetings were held during FY2024.
- Notice of no less than 14 days was given to all directors for the regular Board meetings. Draft agendas for Board meetings were prepared by the Company Secretary and were circulated to all directors for comment before each meeting. Directors were given an opportunity to include any other matters in the agenda. As far as practicable, board papers were made available to the directors not less than three business days before the intended date of the Board meetings.
- Minutes of Board meetings were prepared by the Company Secretary with details of decisions reached, any concerns raised and dissenting views expressed. The draft minutes were sent to all directors within a reasonable time after each meeting for their comment before being formally signed by the chairman of the meeting. Final versions of minutes of the Board meetings were made available to the directors for information and record.
- At each regular Board meeting, executive directors of the Company or management made presentations to the Board on various aspects, including business performance, financial performance, corporate governance and outlook, etc.
- Throughout FY2024, directors of the Company also participated in the consideration and approval of matters of the Company by way of written resolutions circulated to them. Supporting written materials were provided in the circulation and verbal briefings were given by the subject executive directors or the Company Secretary when required.
- Pursuant to the bye-laws of the Company, a director, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his/her interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered. Furthermore, a director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates is to his/her knowledge materially interested. Matters to be decided at Board meetings are decided by a majority of votes from directors entitled to vote. These bye-laws were strictly observed throughout FY2024.

#### Securities Transactions of Directors and Relevant Employees

- The Company has adopted the Model Code as its own code of conduct for securities transactions by directors. Specific enquiry was made with all directors of the Company and it was established that they had all complied with the required standard of the Model Code during FY2024.
- The Company has also adopted the “Code for Securities Transactions by Relevant Employees”, which is no less exacting than the Model Code, for governing the securities transactions of specified employees (“Relevant Employees”) who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees had confirmed that they complied with the standard set out in the “Code for Securities Transactions by Relevant Employees” during FY2024.
- Employees are bound by the corporate policy issued by the Company, among other things, to keep unpublished inside information confidential and refrain from dealing in the Company’s securities if they are in possession of such inside information.
- Formal notifications are sent by the Company to all directors and Relevant Employees reminding them that they should not deal in the securities of the Company during the “black-out period” specified in the Model Code.

### Board Activities

- With a deep commitment to proper oversight and leadership of the Company's affairs, the Board devotes considerable attention to the aspects of strategy, business performance, leadership, governance and risk. Set out below are the Board's focus during FY2024:



#### Strategy

- Ongoing impact of geopolitical tensions, macroeconomic environment, government policies and risks (including ESG risks) on business
- Market trend and industry outlook
- Acquisition of a leading contractor engaged in providing comprehensive electrical and mechanical engineering services in Hong Kong
- Formation of joint venture to tender construction contracts
- Liquidity position and re-financing plans, including issuance of perpetual capital securities and corporate bonds



#### Business and Financial Performance

- FY2023 preliminary results and annual report
- FY2024 interim and quarterly results, including the impact of the adoption of new accounting standard HKFRS 17 "Insurance Contracts"
- Results forecasts
- Review of business operations and their challenges and opportunities
- Declaration or recommendation of dividend, including a scrip option for interim ordinary and special dividend
- Monthly management updates



#### Leadership

- Change of Board members
- Chairman's annual meeting with independent non-executive directors



#### Governance

- FY2023 sustainability report
- Refinement of the ESG governance structure via the establishment of the ESG Committee
- Change in composition and/or leadership of certain Board committees
- Revision of terms of reference of ESG Committee and ESG-related statement and policies



#### Risk

- Review of risk management and internal control systems
- Revision of policies and manual regarding risk management and internal control

## Board Evaluation

- Board evaluation offers invaluable insight to the entire Board, directors and Board committees, which in turn enables the Board to enhance its leadership, effectiveness and focus. It is also regarded as an important component of the mechanism to ensure independent views and input are available to the Board.

## Progress Made Against Board Evaluation for FY2023

To address areas highlighted by the Board evaluation for FY2023, the following steps have been taken:

Key recommendations	Actions taken
1. Streamlining the size of the Board for more efficient decision-making	The Board has undergone a refreshment in January 2024, as a result of which the size of the Board has been reduced from 15 to 14 directors. The appointment of Mr Lam Jim, the Chief Financial Officer of the Company, and Mr Tsang On Yip, Patrick, director and co-chief executive officer of the Company's holding company, CTF Enterprises, as directors of the Company has enhanced diversity and skills of the Board and has demonstrated that management succession planning was in place.
2. Further enhancement of the diversity of the Board	
3. Management succession planning	

## Board Evaluation for FY2024

- An internal board evaluation exercise was conducted for FY2024 to solicit directors' view on the effectiveness and performance of the Board, with focus on, inter alia, the following areas:
  - Board performance in core areas
  - Board priorities in the next 1 to 2 years
  - Quality of board effectiveness enablers (including board composition, meetings, provision of information)
- The evaluation was conducted via circulation of self-assessment questionnaire by directors, which was designed to provoke critical self-evaluation and reflection on areas for further consideration.
- The responses received were then analysed and a report summarizing the findings was compiled. The results were then considered by the Nomination Committee and the Board.

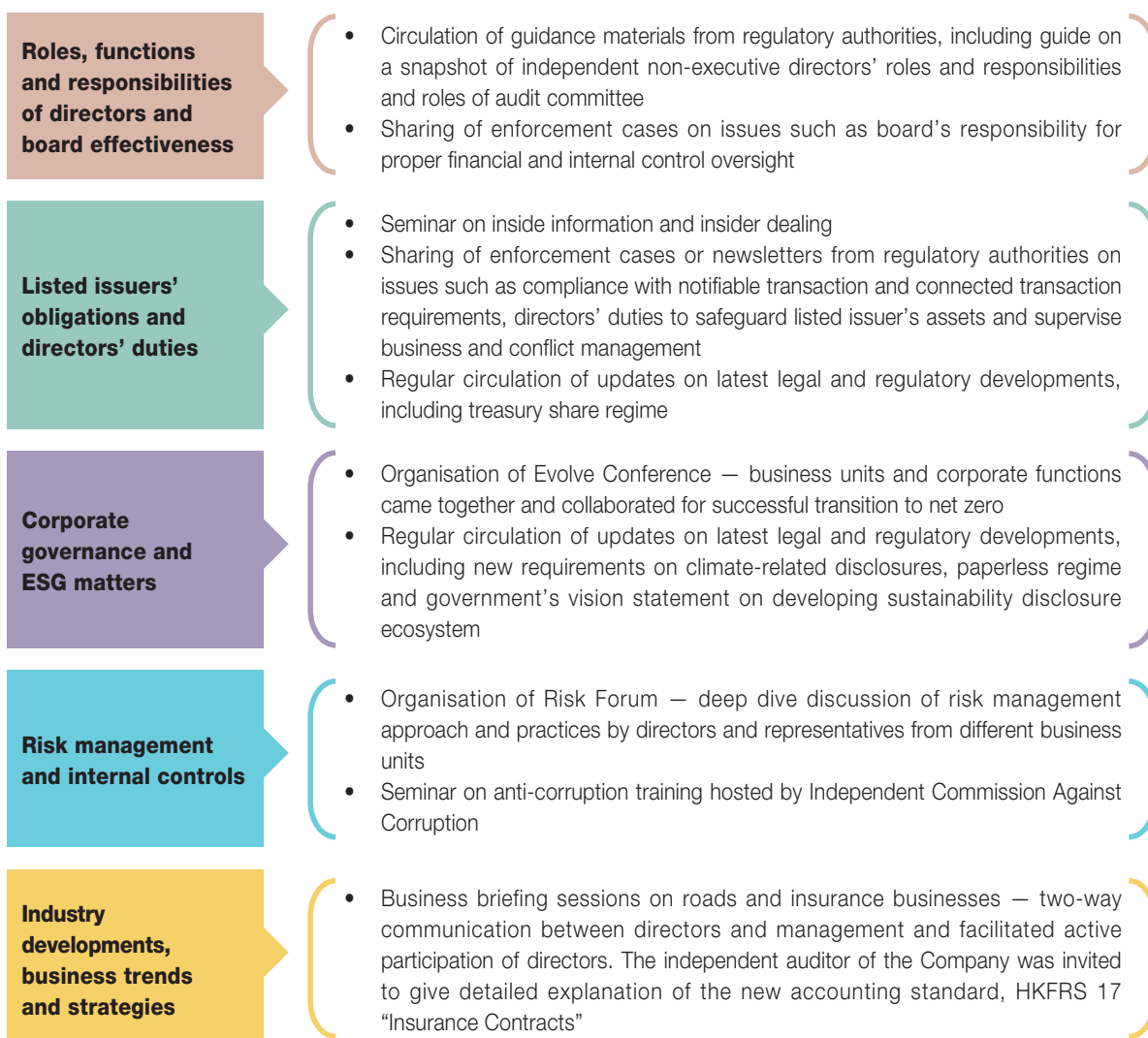
### Summary of Findings

- In general the Board continued to function well with a high level of commitment from all directors. Feedback revealed that there is very strong confidence in the leadership of the Board. There was clear understanding of directors' role and their duties and responsibilities. Boardroom atmosphere facilitated candid discussion and Board members were keen on expressing opinions and providing constructive input during meetings.
- The Board has been successful in leading the Group navigate through the volatile external environment and has been supporting the management in withstanding challenges. There was broad consensus that the Board was performing effectively in monitoring performance and risks.
- Directors were generally appreciative of the performance of the Board committees, in particular, the support from the Audit Committee and ESG Committee.
- Portfolio optimization in the past few years was perceived as strengthening our financial position, enabling reinvestment in core businesses. In addition, the Board was able to strike a balance in assessing opportunities and risks.
- There was a good, respectful and open relationship between the Board and management. They were able to work together for the overall interest of the Company. Directors welcomed the opportunity to meet with management on various occasions.
- Succession planning was perceived to be more transparent in the past twelve months.
- It was considered that the Board has the appropriate expertise, while also recognising the importance of enhancing diversity.
- As in the previous year, directors acclaimed the business briefing sessions which could help to build up the strength of the Board.
- The review also identified some matters for consideration by the Board, including the following priorities:
  - o Further streamlining in the size of the Board
  - o Continued focus on driving diversity of the Board
  - o Regular refinement of strategic decision-making process
  - o Additional opportunities to increase informal engagement between the Board and management

## Continuous Professional Development and Induction to Directors

### Continuous Professional Development

- To facilitate fulfillment of directors' duties and obligations, training is provided for directors to keep abreast of relevant knowledge and skills on an ongoing basis. According to the training records maintained by the Company, the Company has arranged the following training for directors during FY2024 in a manner that best fit their own circumstances:



### Director Induction

- Newly appointed directors are provided with orientation immediately upon his/her appointment that includes an overview of the Company's business strategy and operations, financial condition, legal and regulatory framework and other relevant topics.
- They are also provided with a director's manual containing a package of orientation materials on the operations and businesses of the Group, together with information relating to the duties and responsibilities of directors under regulatory requirements and the Listing Rules.

- In accordance with the training records provided by the Company's directors, an average of approximately 28 training hours were undertaken by each director (not including time spent for reviewing information relevant to the Company or its businesses or attending corporate events of the Group) during FY2024.

Name of director	Type of continuous professional development	
	Attending expert briefings/seminars/conferences relevant to the businesses or directors' duties	Reading regulatory updates or corporate governance related materials
<i>Executive directors:</i>		
Dr Cheng Kar Shun, Henry	✓	✓
Mr Cheng Chi Ming, Brian	✓	✓
Mr Ho Gilbert Chi Hang	✓	✓
Mr Lam Jim <sup>(1)</sup>	✓	✓
Mr Cheng Chi Leong, Christopher	✓	✓
Mr Ma Siu Cheung <sup>(2)</sup>	✓	✓
<i>Non-executive directors:</i>		
Dr Cheng Chi Kong, Adrian <sup>(3)</sup>	✓	✓
Mr William Junior Guilherme Doo	✓	✓
Mr Lam Wai Hon, Patrick (alternate director to Mr William Junior Guilherme Doo)	✓	✓
Mr Tsang On Yip, Patrick <sup>(4)</sup>	✓	✓
Mr To Hin Tsun, Gerald <sup>(5)</sup>	✓	✓
Mr Dominic Lai <sup>(5)</sup>	✓	✓
<i>Independent non-executive directors:</i>		
Mr Shek Lai Him, Abraham	✓	✓
Mr Lee Yiu Kwong, Alan	✓	✓
Mrs Oei Wai Chi Grace Fung	✓	✓
Mr Wong Kwai Huen, Albert	✓	✓
Professor Chan Ka Keung, Ceajer	✓	✓
Ms Ng Yuen Ting, Yolanda	✓	✓



Notes:

1. Mr Lam Jim was appointed an executive director of the Company on 1 January 2024.
2. Mr Ma Siu Cheung resigned as executive director of the Company on 1 January 2024.
3. Dr Cheng Chi Kong, Adrian was re-designated as a non-executive director of the Company on 1 January 2024 and resigned as a non-executive director of the Company on 26 September 2024.
4. Mr Tsang On Yip, Patrick was appointed a non-executive director of the Company on 1 January 2024.
5. Mr To Hin Tsun, Gerald and Mr Dominic Lai resigned as non-executive directors of the Company on 1 January 2024.

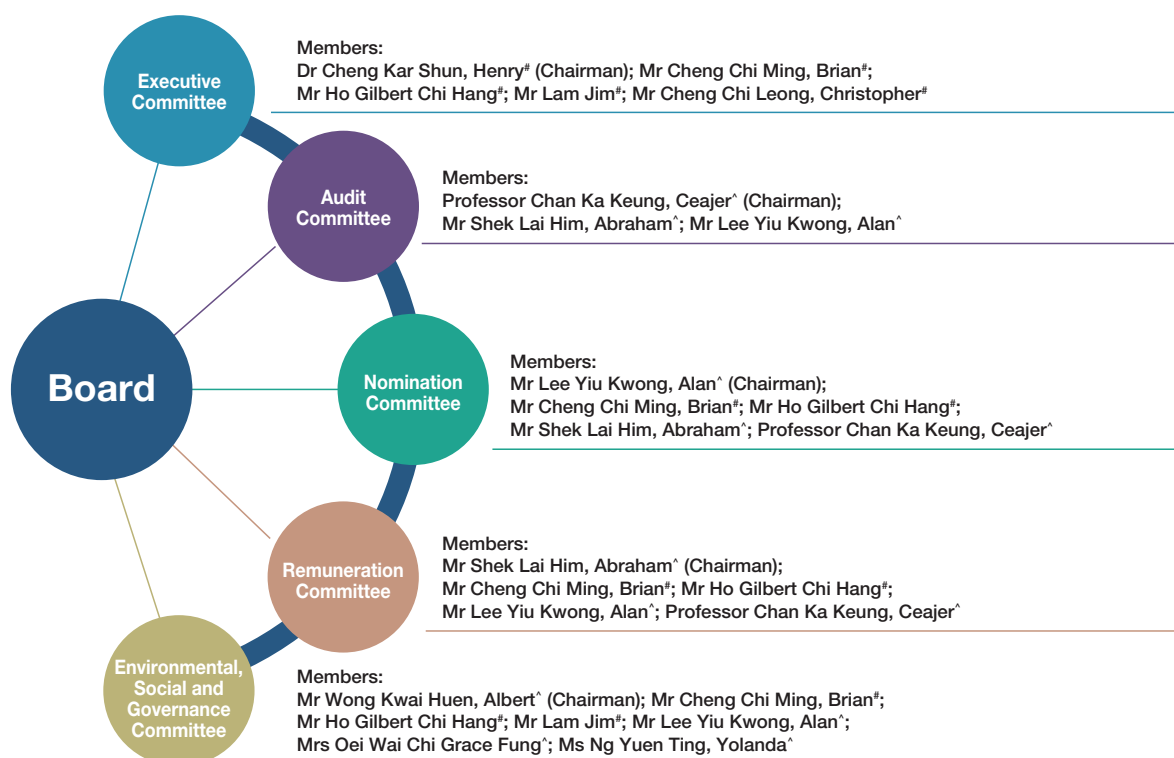
### Company Secretary

- As an employee of the Group, the Company Secretary reports to the Co-Chief Executive Officers and the Board. He is responsible for providing advice on compliance and corporate governance matters and ensuring the effective conduct of meetings and proper procedures are followed.
- The Company Secretary has undertaken not less than 15 hours of professional training during FY2024 for updating his skills and knowledge.

## ACCOUNTABILITY

### Board Committees

- The Board delegates its powers and authorities from time to time to committees in order to ensure operational efficiency and specific issues are handled with relevant expertise.
- Each of the five board committees, namely, the Executive Committee, the Audit Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee has its specific duties and authorities as set out in its own terms of reference, which are reviewed from time to time.
- Written terms of reference of each of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the website of each of the Hong Kong Stock Exchange and the Company pursuant to the requirements under the Listing Rules. Written terms of reference of the ESG Committee are available on the website of the Company.
- Regular board committee meetings were held during the year and the number of meetings and attendance of individual committee members are set out on page 48 of this annual report.
- All board committees are provided with sufficient resources to discharge their duties and are entitled to obtain independent legal or other professional advice at the Company's expense.



<sup>#</sup> Executive director  
<sup>^</sup> Independent non-executive director

Note: Committee composition as at the date of this report

## Executive Committee

### Meeting schedule

- meets from time to time as and when required

### Major roles and functions

- to review the Group's performance, direct its daily operations and manage its assets and liabilities in accordance with the policies and directives of the Board
- to consider and approve transaction(s) of the Group which fall within the scope of general authorisation by the Board
- to make recommendations to the Board in respect of the overall strategy for the Group from time to time

## Audit Committee

### Meeting schedule

- two meetings were held during FY2024
- a private meeting with the Company's external auditor was held during FY2024 in the absence of the Company's management

### Major roles and functions

- to monitor the financial reporting process of the Company and to ensure its financial statements comply with relevant accounting standards
- to review the Company's financial control, risk management and internal control systems, internal audit functions and arrangements under the Company's "Whistleblowing Policy"
- to govern the engagement of external auditor and its performance and independence

### Work performed for FY2024

- reviewing the audited consolidated financial statements of the Group for FY2023 and the interim results of the Group for the six months ended 31 December 2023
- reviewing the continuing connected transactions of the Company during FY2023 and during the six months ended 31 December 2023
- reviewing the risk management and internal control systems of the Company
- making recommendations to the Board on the revised "Anti-Fraud and Counter-Corruption Policy", "Whistleblowing Policy", "Risk Management and Internal Control Guideline" and "Enterprise Risk Management Manual" of the Company
- reviewing the internal audit plan of the Group for FY2025 and the internal audit reports for FY2024 prepared by the Group Audit & Risk Assurance Department of the Company ("GARA")

- reviewing the effectiveness of the Company's internal audit function
- reviewing the audit plans from external auditor and its remuneration
- making recommendation to the Board on the re-appointment of the external auditor
- reviewing the resources of GARA and the Group's finance team
- reviewing the performance, constitution and terms of reference of the Audit Committee

### **Nomination Committee**

#### **Meeting schedule**

- one meeting was held during FY2024

#### **Major roles and functions**

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board, including from the aspect of diversity
- to identify qualified individuals and to make recommendations to the Board on the appointment or re-appointment of directors

#### **Work performed for FY2024**

- reviewing the terms of reference of the committee
- reviewing the structure, size and composition of the Board
- reviewing the implementation and effectiveness of the Board Diversity Policy
- reviewing the results of the board evaluation exercise
- reviewing the independence of independent non-executive directors
- identifying and evaluating director candidates based on skills, expertise, experience, race, gender and characteristics guided by the overall needs of the Company
- making recommendations to the Board in relation to the re-appointment of the retiring directors
- making recommendations to the Board in relation to the appointment of directors

## Remuneration Committee

### Meeting schedule

- one meeting was held during FY2024

### Major roles and functions

- to review and make recommendations to the Board on the Company's policy and structure for remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration
- to make recommendations to the Board on the remuneration packages, including benefits in kind, pension rights and compensation payments, of individual directors
- to determine the remuneration packages of senior management
- to review and/or approve matters relating to share schemes

### Work performed for FY2024

- reviewing the terms of reference of the committee
- reviewing the remuneration policy, structure and packages for directors and senior management
- approving the terms of executive directors' service contracts
- making recommendations to the Board regarding the directors' fee and other allowances for FY2024 and the remuneration packages of directors
- determining the remuneration packages of senior management
- making recommendation to the Board regarding the remuneration package for newly appointed directors

During FY2024, the Remuneration Committee has not reviewed and/or approved any material matter relating to share schemes under Chapter 17 of the Listing Rules.

### **Sustainability Committee (dissolved on 1 January 2024)**

#### **Meeting schedule**

- one meeting was held during FY2024

#### **Major roles and functions**

- to review and report to the Board on the Group's sustainability frameworks, standards, priorities and goals, and to oversee group-level strategies, policies and sustainability matters to attain those standards and goals
- to oversee and evaluate the Group's sustainability performance in terms of internationally-recognized metrics relevant to the industry
- to review and advise the Board on public reporting of the Group's performance on sustainability matters
- to oversee the Group's community, charitable and environmental partnerships, strategies and related group-level policies

#### **Work performed for FY2024**

- reviewing the terms of reference of the Sustainability Committee
- reviewing the progress of the Group's overall corporate sustainability development, including key initiatives such as the Imp[ACT] Fund, target setting, sustainable finance, performance review and reporting
- reviewing the development and implementation of the Group's corporate social responsibility, human resources management and environmental-friendly initiatives
- reviewing the funding commitments and statement of financial position of NWS Holdings Charities Foundation
- reviewing the Sustainability Report of the Company for FY2023
- reviewing the resources of the sustainability team



### **Corporate Governance Committee (dissolved on 1 January 2024)**

#### **Meeting schedule**

- one meeting was held during FY2024

#### **Major roles and functions**

- to develop and review the Company's policies and practices on corporate governance and to make recommendations to the Board
- to review and monitor the training and continuous professional development of directors and senior management of the Company
- to review and monitor the Company's policies and practices on investor relations, and compliance with legal and regulatory requirements

#### **Work performed for FY2024**

- reviewing the terms of reference of the committee
- reviewing the Corporate Governance Report and Risk Management Report of the Company for FY2023
- reviewing the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board
- reviewing the directors' training
- reviewing the investor relations strategy and activities and the implementation and effectiveness of the Shareholders' Communication Policy

### **Environmental, Social and Governance Committee (established on 1 January 2024)**

#### **Meeting schedule**

- one meeting was held during FY2024

#### **Major roles and functions**

- to develop, review, formulate and endorse ESG standards, priorities and goals of the Group, to advise the Board on the Group's ESG approaches and practices, to review and evaluate the adequacy and effectiveness of Group-level frameworks of ESG and to develop, review and monitor the Company's ESG policies, procedures and code of conduct

- to review the ESG-related training, education, and awareness programmes for employees, management and the Board of Directors
- to review and advise the Board on public reporting of the Company as regards its performance on ESG matters
- to oversee strategic plans for philanthropic initiatives, defining priority focus areas, target outcomes and methods for evaluating the impact of charitable contributions
- to develop and review the Company's policies and practices on corporate governance and to make recommendations to the Board
- to review and monitor the training and continuous professional development of directors and senior management of the Company
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements

### **Work performed for FY2024**

- reviewing the terms of reference of the committee
- approving the appointment of secretary of the committee
- reviewing the progress of the Group's overall ESG development, including key initiatives such as Imp[ACT] Fund and capacity building events, baseline and target setting, climate strategy, sustainable finance, performance review and reporting
- approving the establishment of the NWS Holdings Charities Foundation Limited Committee, a sub-committee of the committee, adopting the Charitable Giving Policy and reviewing the financial position of the Charities Foundation
- reviewing the performance and developments on staff engagement and wellness, learning and development and other human resources matters
- reviewing the investor relations strategy and activities, ESG risk profile, key developments in paperless initiative
- approving or making recommendation to the Board on the revised ESG-related policies, statement, code and guide

The Disclosure Committee, a sub-committee, was set up in 2013 under the supervision of the Executive Committee to provide guidance on the dissemination of inside information within the Group and proper compliance procedures.

## Risk Management and Internal Control

- Risk management and internal control are essential parts of corporate governance. With reference to the “Internal Control — Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), ISO 31000 Risk Management Standard from International Organization for Standardization (“ISO”), and the “Internal Control and Risk Management — A Basic Framework” issued by HKICPA, the main features of our risk management and internal control systems are illustrated below:



### Risk Management

- The Board is responsible for overseeing the risk management and internal control systems (including ESG and climate-related risks) while the Group Risk Management (“GRM”) Team assists by establishing and maintaining an appropriate and effective Enterprise Risk Management (“ERM”) framework to facilitate business and functional units and corporate office departments in the risk management process. The Three Lines Model, details of the ERM framework and risk management processes are described in the Risk Management Report of this annual report.

### Internal Audit

#### Internal Audit Framework

- The internal audit function is carried out by GARA, which serves as the third line that is independent of management, and directly reports to the Audit Committee. The primary role of GARA is to provide independent assurance on the effectiveness of our risk management and internal control systems. In addition, GARA provides value-added consulting services to assist management in accomplishing the Group’s missions and objectives as well as fulfilling its obligations and creating shared values to stakeholders. GARA also facilitates continuous improvement through the application and sharing of expertise and insights across the Group.
- The audit charter, which was approved by the Audit Committee, granted GARA unrestricted access to all records, information, assets, personnel and physical properties of the Group in carrying out its duties.

#### Assurance and Consulting Services

- GARA provides independent and objective assurance on the adequacy and effectiveness of the Group’s corporate governance, risk management and internal control systems which include ESG risks, for business and functional units and corporate office departments, which the Group is involved in day-to-day management.
- GARA adopts a risk-based approach, concerning areas with significant risks or areas with major changes. In formulating the 5-year rolling audit plan, the frequency and scope are determined by taking into account of the risk factors, amongst others, the materiality and dynamic of business operations and environment, as well as regular risk profile updates from GRM Team. The core businesses are audited at least once every year and the other major businesses and corporate office departments are audited once in about every three years.
- Audit or review reports, which include the audit observations identified and recommendations, are issued to management for their remedial actions. GARA would follow up with the implementation of the agreed actions, with tracking and review. Key audit findings and the remediation status are periodically reported to senior management and the Audit Committee.
- Follow-up reviews are performed for each of the prior audits performed in the previous half year, based on the rating of the audit reports. Furthermore, GARA has expanded its consultancy portfolio by offering after-audit services, which the Group Audit team would provide consultation and also share the best practices to auditees for remediating specific areas of higher risk or with significant deficiencies.

- In view of the increasing concern and demand on ESG aspects, the compliance of the ESG-related policies and guidelines at the corporate level has been embedded as part of the internal audit scope for various business cycles. Regular dialogue between GARA and the Group ESG Department is maintained pertaining to ESG-related issues, so that their status, including compliance of associated policies and guidelines, is being updated from time to time and reported to the senior management accordingly.
- High-level reviews are conducted by GARA on the internal audit results from the business units with in-house internal audit teams or external consultants.
- When applicable, GARA performs co-sourced audits with the business unit's in-house internal audit teams or external consultants, and also ad-hoc projects when requested by senior management and/or the Audit Committee. Ad-hoc projects include, but not limited to fraud investigation, procedural review, compliance review and special project review.
- The execution of the FY2024 audit plan was completed and the FY2025 annual audit plan has been approved by the Audit Committee.

### **Policies, Guidelines and Practices**

#### **Guideline on Risk Management & Internal Control Systems**

- The guideline, which has been reviewed and revised in February 2024, outlines the regulatory requirements on corporate governance and describes the Group's risk management and internal control systems. It provides guidance to business and functional units and corporate office departments of the Group in implementing risk management and internal control measures.

#### **Whistleblowing Policy**

- The "Whistleblowing Policy" sets out the general principles for the reporting and handling of whistleblowing cases. The policy is established for anyone (employees or third parties) to directly report, in confidence and anonymity, to GARA for any serious concerns about suspected or actual fraud, corruption, breach, malpractice, misconduct or irregularity of the Group and/or its staff members. The reported cases will be investigated in a confidential and timely manner and GARA will report the results of investigations to the Audit Committee and the Executive Committee.
- In FY2024, there was no whistleblowing case with reportable concern received via the whistleblowing channel of GARA.
- A Whistleblowing Policy Information Sharing Session was held to provide reference and share insights with the senior management of CTF Life.

### Anti-Fraud and Counter-Corruption Policy

- The Company promotes and supports anti-corruption laws and regulations by implementing “Anti-Fraud and Counter-Corruption Policy” and corporate governance. Operating in conjunction with other relevant corporate policies of the Company including “Whistleblowing Policy”, “Guideline on Risk Management & Internal Control Systems” and “Corporate Policy on Staff Responsibility”, this policy also serves as an integral part of the Company’s corporate governance framework. It outlines the Anti-Fraud and Counter-Corruption Control Framework as well as the Company’s culture, expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected or actual fraud, corruption and other irregularities.
- The “Anti-Fraud and Counter-Corruption Policy” and “Whistleblowing Policy” have been reviewed and revised in February 2024, and with the relevant training materials updated.
- Together with the ERM framework, both policies are incorporated in the induction program for new joiners. New joiners within the NWS Group are required to attend the in-person briefing session, which the “Anti-Fraud and Counter-Corruption Policy” and “Whistleblowing Policy” session would be covered by GARA. For new joiners at NWS Corporate Office, they are required to further complete the training videos and the acknowledgement form.

### Environmental, Social and Governance Policy

- The policy outlines the Company’s commitment to apply ESG principles across all aspects of the business, from strategic planning and community investment to the operations thereof, through minimizing environmental impacts, promoting green living, health and well-being, and improving the quality of the communities where the Company operates while providing a reasonable return to the investors.

### Corporate Policy on Staff Responsibility/Human Rights Policy

- Upholding high standards of ethics and integrity by all staff is critical to the success of our business. The Company has the “Corporate Policy on Staff Responsibility” and the “Human Rights Policy” which provide guidelines and instructions on best management and personal integrity.
- These policies ensure the Group’s businesses are conducted in accordance with applicable laws and regulations, including those on health and safety at working environment, equal opportunities, social responsibilities, safeguard of company information and assets, avoidance of conflict of interest, and work against corruption in all forms, including extortion, fraud, and bribery.
- It is the duty of every staff member to comply with the policies. These policies are under periodic review by the Board and the relevant board committees. Reporting mechanisms and communication channels between the staff and management are in place to ensure compliance of these policies across the Group.



### Disclosure Policy for Inside Information

- The Company has adopted this policy and established the Disclosure Committee, under the authority delegated by the Executive Committee, to promote consistent disclosure practices. Various internal control measures such as management review, use of project codes and assignment of project coordinators are instituted in the reporting procedures. Furthermore, GARA conducts a review on the compliance of the policy and reports the results to the Audit Committee annually.

### Review on the Effectiveness of Risk Management and Internal Control Systems

- The Board has reviewed the effectiveness of the risk management and internal control systems (including ESG risks and climate-related risks) of the Group in FY2024 on a semi-annual basis. With the assistance from the Audit Committee and the ESG Committee, the Board evaluated the effectiveness of the Group's risk management and internal control systems through communication with management, GARA and external auditors as well as review of their reporting. Details of factors considered in the review are described in the Risk Management Report of this annual report. There was no significant issue identified that might have material impact on the Group for FY2024. Management confirmed the effectiveness of the risk management and internal control systems to the Board through the Integrated Internal Control Self-Assessment Certificate and such systems were considered to remain effective and adequate during the period. However, these systems are designed to manage rather than eliminate the risks, and they could only provide reasonable assurance but not absolute assurance against such risks.

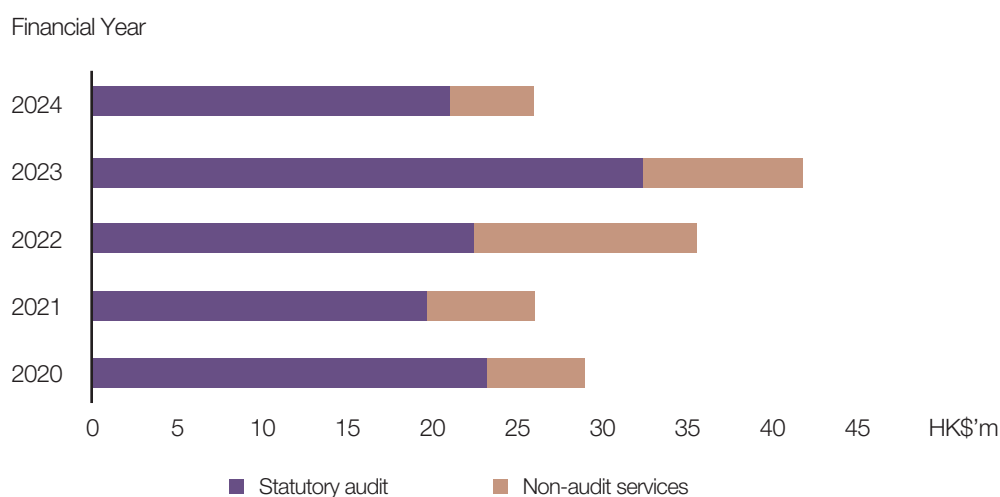
### Directors' Responsibilities for Financial Reporting and Disclosures

- The Company's directors acknowledge their responsibilities to prepare accounts for each half and full financial year which give a true and fair view of the state of affairs of the Group. The directors consider that in preparing financial statements, the Group ensures statutory requirements are met, applies appropriate accounting policies that are consistently adopted and makes judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards.
- The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group. They consider that the Group has adequate resources to continue in operational existence for the foreseeable future and are not aware of material uncertainties in relation to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Group's financial statements have accordingly been prepared on a going concern basis.
- The directors are responsible for ensuring that proper accounting records are kept so that the Group can prepare financial statements in accordance with statutory requirements and the Group's accounting policies. The Board is aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorizes their publication as and when required.

### External Auditor

- The Audit Committee is responsible for considering the appointment, re-appointment and removal of external auditor subject to endorsement by the Board and final approval and authorization by the shareholders of the Company in general meetings.
- PricewaterhouseCoopers, who was first appointed in 2000 and is also the Group's principal auditor, is the existing auditor of the Company. The reporting responsibilities of PricewaterhouseCoopers are stated in the Independent Auditor's Report on pages 142 to 149 of this annual report.
- Total auditors' remuneration for FY2024 in relation to statutory audit work of the Group amounted to HK\$20.9 million (2023: HK\$34.8 million), of which a sum of HK\$19.4 million (2023: HK\$32.6 million) was paid/payable to PricewaterhouseCoopers. A sum of HK\$5.0 million (2023: HK\$9.1 million) was paid/payable to PricewaterhouseCoopers for its non-audit services provided to the Group for FY2024. The remuneration paid/payable to PricewaterhouseCoopers and its affiliated firms for services rendered is illustrated as follows:

#### Auditor's Remuneration



Note: Non-audit services for the year comprise primarily review of interim financial information, tax advisory, other consulting and capital market transactions related services.

- A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the 2024 AGM.

### Review of Audited Results

- The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for FY2024.

## ENGAGEMENT

### Communication with Shareholders

#### Shareholders' Communication Policy

- The Board recognizes the importance of communication with the Company's shareholders. A "Shareholders' Communication Policy", which is published on the Company's website, was adopted by the Board for ensuring effective and transparent communication between the Company and its shareholders.
- According to the Shareholders' Communication Policy:
  - o corporate communications which contain regulatory disclosures and notices of the Company, are published in accordance with the legal and regulatory requirement applicable to the Company. Corporate communications and other general information concerning the Company and its businesses are posted on the corporate website ([www.nws.com.hk](http://www.nws.com.hk)) and/or distributed to the media as soon as practicable.
  - o shareholders are encouraged to participate in general meetings or to appoint proxies to attend and, on poll, vote at meetings for and on their behalf if they are unable to attend. The chairman of general meetings will allow reasonable time for shareholders to raise questions and comments during the meeting.
  - o the Company's investor relations team, comprising executive directors and members of senior management, regularly arranges or participates in one-on-one meetings, roadshows, conferences, forums, site visits and briefing sessions to maintain an open dialogue with financial analysts and institutional investors in Hong Kong and overseas.
  - o for the purpose of enhancing effective communications, all shareholders are encouraged to send their enquiries and views on various matters affecting the Company by email to the Group Investor Relations Department of the Company at [ir@nws.com.hk](mailto:ir@nws.com.hk).
- In consideration of the following measures, the Board concluded that the Shareholders' Communication Policy was effectively implemented throughout the year:
  - o Annual and interim reports, announcements and circulars are published on a timely basis in accordance with the Listing Rules.
  - o The 2023 AGM was conducted in hybrid format to encourage shareholder participation. Electronic voting at the general meeting facilitated vote counting.
  - o On-going engagement is maintained with institutional investors, analysts and investment managers through various communications with them. Conferences, webinars, roadshows and briefing sessions were held during the year. Please refer to the section "Investor Relations" for further details.
  - o Press releases and presentation materials posted on the Company's website facilitate shareholders and other stakeholders' understanding and appraisal of the Group's latest developments in different areas, including acquisition, disposal and financing activities and our sustainable development initiatives.

- o Shareholders' enquiries, either received by telephone or by email, are properly attended and are addressed to the appropriate committees or the Board, if necessary.
- o Shareholders with 10% voting rights or above can convene general meetings, details of which are explained in the section "Shareholders' Rights" below.

### Company's Website and Annual Report

- To ensure all shareholders have equal and timely access to important company information, the Company makes extensive use of the Company's website to deliver up-to-date information. Latest information regarding the activities and publications of the Group, including financial reports, policies on corporate governance and sustainability, media resources as well as presentations and webcasts delivered by management are readily accessible on the Company's website at [www.nws.com.hk](http://www.nws.com.hk).
- The Company's annual report is printed in both English and Chinese and is available on the Company's website. Shareholders may at any time change their choice of means of receiving the Company's corporate communications free of charge by notice in writing to the Company's branch share registrar in Hong Kong, Tricor Standard Limited.

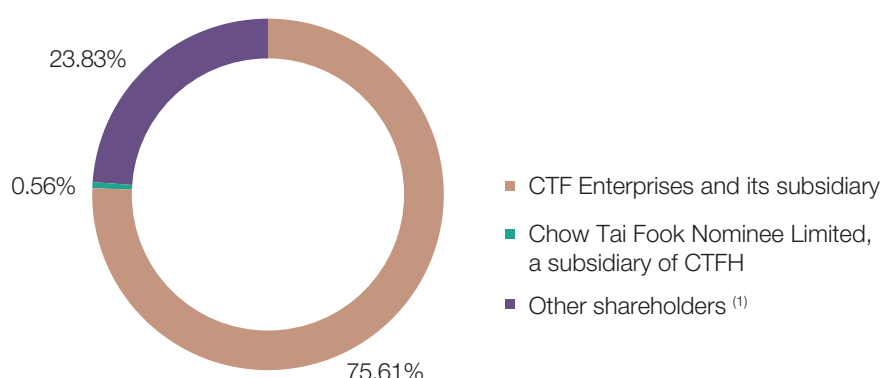
### Shareholders' Rights

- The Board and management shall ensure shareholders' rights and all shareholders are treated equitably and fairly. Pursuant to the Company's bye-laws, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders who hold not less than one-tenth of the paid up capital of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.
- The procedures for shareholders to put forward proposals at general meetings are stated as follows:
  1. The written requisition must state the purposes of the meeting, and must be signed by all the shareholders concerned and may consist of several documents in like form each signed by one or more shareholders concerned.
  2. The written requisition must be deposited at the Company's registered office in Bermuda as well as the principal place of business in Hong Kong at 21/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong for the attention of the Company Secretary.
  3. The written requisition will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the relevant resolution in the agenda for such general meeting provided that the shareholders concerned have deposited a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders. Such general meeting shall be held within two months after deposit of such requisition.
  4. If within 21 days of such deposit, the Board fails to proceed to convene such general meeting, the shareholders concerned, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

- Details of the abovementioned procedures are also available on the website of the Company. Any vote of shareholders at a general meeting must be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under the Listing Rules.
- Chairman of each of the board committees, or failing the Chairman, any member from the respective committees, must attend the annual general meetings of the Company to address shareholders' queries. External auditor is also invited to attend the Company's annual general meetings and is available to assist the directors in addressing queries from shareholders relating to the conduct of the audit, the preparation and content of its auditor's report, the accounting policies and auditor independence.

## Key Shareholder Information

Shareholding Structure as at 30 June 2024



Note:

<sup>(1)</sup> Including individuals, institutions, corporates and nominees.

### Stock Code

- 00659 (Listed on the Main Board of the Hong Kong Stock Exchange)

### Board Lot

- 1,000 shares

### Shareholder Services

- Any matter in relation to the transfer of shares, change of name or address, or loss of share certificates or dividend cheques, registrations and requests for printed copies of annual/interim report should be addressed to the Company's branch share registrar as follows:

Tricor Standard Limited  
 17/F, Far East Finance Centre  
 16 Harcourt Road  
 Hong Kong  
 Tel: 2980 1333  
 Fax: 2810 8185

### Dividend Policy

- The Board has adopted a new dividend policy of the Company in 2019.
- The Company is committed to delivering a sustainable and progressive dividend policy. The aim of its dividend policy is to steadily increase or at least maintain the Hong Kong dollar value of ordinary dividend per share annually. The prospective dividend growth, however, remains dependent upon the financial performance and future funding needs of the Company.
- Subject to the financial performance of the Company, we expect to pay two dividends each financial year.

### Financial Calendar

Announcement of FY2024 annual results	25 September 2024
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For determining eligibility to attend and vote at the 2024 AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on 18 November 2024
Closure of register of members	19 to 22 November 2024 (both days inclusive)
Record date	22 November 2024
2024 AGM date	22 November 2024

For determining entitlement to the proposed final ordinary dividend:

Latest time to lodge transfer documents for registration	4:30 p.m. on 27 November 2024
Closure of register of members	28 November 2024
Record date	28 November 2024
Final ordinary dividend payment date	on or about 18 December 2024

### General Meetings

#### Hybrid general meetings

General meetings of the Company provides an opportunity for communication between the Board and the shareholders of the Company. The 2023 AGM was held in a hybrid (physical and virtual via live webcast) format. Shareholders were able to participate in the general meetings online in a convenient and efficient way from anywhere with an internet connection, in addition to the traditional physical attendance. All shareholders may submit questions and vote at the meeting both physically and online. To improve the voting process, apart from the physical submission of the proxy form, shareholders have the option of submitting their proxy appointment electronically.

Through the deployment of general meeting facilitating technology, this meeting format enhances and facilitates attendance by providing convenient access for all of our shareholders, which in turn encourages shareholder participation, protects shareholders' right to attend general meetings and promote transparency.



## 2023 AGM

**Matters resolved**

- (i) Receipt and consideration of the audited financial statements and Reports of the Directors and Independent Auditor for FY2023.
- (ii) Declaration of final dividend of HK\$0.31 per share for FY2023.
- (iii) Re-election of Ms Ng Yuen Ting, Yolanda, Dr Cheng Kar Shun, Henry, Mr Ma Siu Cheung, Mr Ho Gilbert Chi Hang, Mr Cheng Chi Leong, Christopher and Mr Wong Kwai Huen, Albert as directors and authorization of the Board to fix directors' remuneration.
- (iv) Re-appointment of PricewaterhouseCoopers as the Company's auditor and authorization of the Board to fix the auditor's remuneration.
- (v) Granting a general mandate to directors to issue shares not exceeding 20% of the then existing issued share capital of the Company.
- (vi) Granting a general mandate to directors to repurchase shares not exceeding 10% of the then existing issued share capital of the Company.
- (vii) Extending the general mandate granted to directors pursuant to the resolution in (v) above.

**Notice, proceedings, attendance and results**

- At least 21 clear days' notice was given for the 2023 AGM in accordance with the bye-laws of the Company.
- Voting on each resolution was conducted by way of poll.
- Poll voting procedure was explained fully to shareholders.
- A separate resolution was proposed by the chairman of the meetings in respect of each separate issue.
- Tricor Standard Limited, the branch share registrar of the Company in Hong Kong, was appointed as scrutineer to monitor and count the poll votes cast at the meetings.
- Chairman and members of the board committees and representative from the Company's external auditor were available at the 2023 AGM to answer questions from shareholders.
- All resolutions proposed at the above general meeting were passed by the Company's shareholders.

### 2024 AGM

- The 2024 AGM will be held on 22 November 2024. Details of the meeting are set out in the notice of the 2024 AGM which constitutes part of the circular to shareholders. Notice of the 2024 AGM and the proxy form are available on the HKEXnews website and the Company's website.

### Investor Relations

- The Company believes that robust communication with the investment community is crucial for building trust and transparency, which are the keys to good corporate governance. The investor relations ("IR") team is dedicated to accurate and timely dissemination of essential public information, enabling investors to effectively evaluate the Company's shares and securities issued by the Group. This commitment establishes sufficient interactions with investors through various channels, including but not limited to analyst briefings, one-on-one and group meetings, investor conferences, non-deal roadshows, site visits and media engagement.
- During FY2024, the IR team participated in over 15 non-deal roadshows and investor events, conducting more than 60 investor meetings with over 400 institutional investors and analysts. The Company also organized its inaugural Investor Day. Approximately 300 stakeholders joined either in person or via livestream. The 3-hour event featured detailed presentations from the CEO, CFO and head of each business unit on the FY2024 interim results, strategic plans, operations, opportunities, and challenges. This facilitated direct discussions between stakeholders and our senior executives, enhancing understanding of our operations and reinforcing confidence in our leadership and strategic direction.
- To advocate proactive stakeholder engagement, the Company has designated the Head of Group Investor Relations to oversee investor relations activities. Press conference and analyst briefing session are held as soon as practicable following results announcements, offering opportunities for open dialogue between investment community and our senior management team. During FY2024, positive endorsements from prominent financial research institutions like CLSA, and HSBC underscore the Company's commitment to transparency and accountability. Additionally, the management team engages with the media and responds to inquiries in a timely manner, ensuring responsiveness to our stakeholders' interests and concerns.
- The Company utilizes multiple communication channels such as results announcements and presentations, press releases, annual and interim reports, corporate website and webinars to warrant equitable access to material information. The utilization of these various communication platforms enables the Company to cater to the unique needs and preferences of different stakeholder groups.
- The Company aims to foster a culture of comprehensive two-way communication. Various initiatives are implemented to ensure our stakeholders are well-informed about the Company's development progress and outlook. Feedback, views and suggestions are gathered from the investment community to drive continuous improvements and strategic alignment. The Board receives regular reports on investor relations activities, including our shareholder base analysis, share price performance as well as investors' queries and concerns.
- The Company received its debut rankings in the Leaders Table of the Institutional Investor 2024, achieving top-tier recognition by garnered a total of nine awards within the Industrials (including Infrastructure) sector. The Company secured positions within the top three in six major categories including Best Company Board of Director, Best CFO, Best ESG, Best Investor Relations, Best IR Professionals as well as Best IR Team. Additionally, it received the "Best ESG(G) (Mid Cap)" award at the HKIRA 10th IR Awards in FY2024 and earned a Certificate of Excellence from IR Magazine Awards — Greater China. These accolades reflect the Company's dedication to investor relations best practices, and the trust and recognition it has earned from the investment community.

### Constitutional Documents

- The Company has not made any change to its constitutional documents during FY2024.
- Consolidated version of the Company's constitutional documents is available on the website of each of the Hong Kong Stock Exchange and the Company.

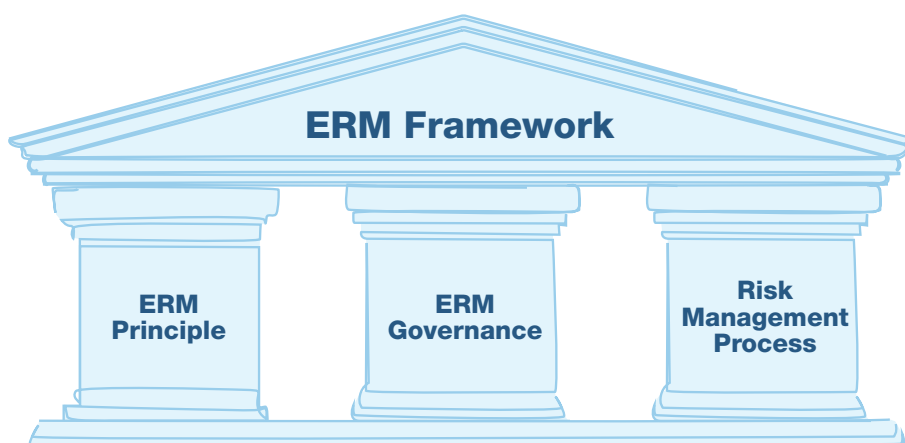
# Risk Management Report

## **Effective risk management is essential to achieve the Group's business objectives and sustainable growth**

The Board recognizes the importance of effective risk management and internal control systems. The Audit Committee, delegated by the Board, oversees the overall risk management and internal control systems including the implementation of the ERM framework, and reviews the effectiveness of these systems.

### **OUR ERM FRAMEWORK**

With reference to the international standards published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and the International Organization for Standardization ("ISO"), the Group establishes its own tailor-made ERM framework, which fits in with the business nature, structure, sustainable growth and development of the Group. The ERM framework consists of three components:



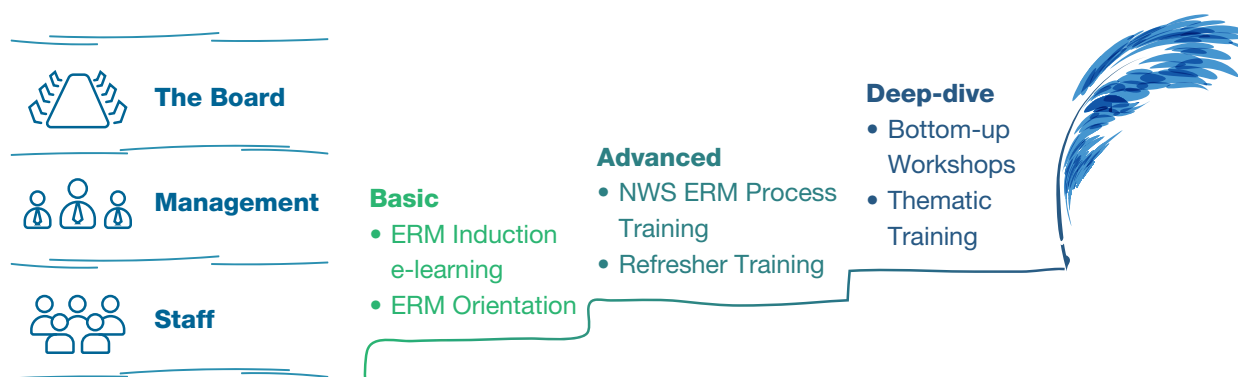
### **ERM Principles**

#### **Risk Culture**

The Group embraces a risk-aware culture and believes that an ingrained risk culture is the key to effective risk management, while training is a useful tool to promote and engage management and employees in ERM implementation. The Group promotes the risk culture with the following key themes:

- Effective ERM is beyond processes and forms — it is a change of culture in terms of mindset and behaviour.
- ERM is not a standalone programme — it should be tailored and embedded in the Group's business processes.
- ERM deals with both risks and opportunities — appropriate risk-based treatments can control risks and even seize further opportunities of value creation.

### Cultivating risk awareness through training



Effective ERM changes mindset and behaviour, and further forms a risk-aware culture. It guides and directs staff's awareness, attitude and action towards risks. Training is a key initiative to enhance the overall risk management capability and maintain a risk-aware culture. Therefore, the Group devotes resources to a systematic training programme on ERM.

Considering various staff roles in the Group, a shallow-to-deep training journey is formulated to customize training approach and contents. The training is classified as basic, advanced, and deep-dive, and delivers vital knowledge to support staff in executing their risk management duties. At the basic level, the ERM induction and orientation deliver elementary knowledge of risk and ERM to general staff. Meanwhile, the advanced level training equips key personnel across different corporate office departments and business units with the knowledge required for regular risk assessment and monitoring. The deep-dive training includes bottom-up workshops and thematic training. These workshops zoom into specific business unit and demonstrate detailed risk assessment techniques through group exercises with senior management and risk owners, while the thematic training delves into specific risk topic to raise risk awareness and share best practices with a particular focus on selected key risks or emerging risks of the year.

Participants take the chance to share valuable risk insights from their experience, and enhance the collaboration among business units and departments. The Group Risk Management ("GRM") Team takes the lead to organize risk training, and continues to cultivate risk awareness across the Group.

## Creating a Platform for Exchange of Risk Insights and Best Practices

In today's ever-changing business landscape, effective risk management is crucial for organizations to not only sustain operations but also achieve growth and success. To raise group-wide business resilience and risk awareness, we have organized a Risk Forum themed "Strengthen Connection, Building Resilience" with the aim to create a platform for Group management and business units to share key risk insights and best practices across different business segments.

The forum commenced with a panel discussion featuring our Group Co-CEO, Company Secretary and Head of Group Legal and INEDs, facilitated by our Head of GARA. Their discussion sparked fruitful exchanges of management foresight on the risk megatrend and risk management practices from a strategic perspective.

Representatives from our subsidiaries — CTF Life and Hip Hing also delivered keynote speeches on third party risk, sharing their experiences and successful practices to manage the risks associated with engaging different types of third parties. Their sharing generated actionable insights to our audiences on improving their third-party management through technological innovation, strengthened vendor governance and continuity planning.

Amid the growing attention on ESG issues and climate change, we have also invited our Head of Group ESG and external ESG specialist to host an interactive quiz challenge. This session enlightened the audiences with ESG principles and recent corporate practices in a fun and easy-to-understand manner.

The risk forum attracted colleagues from different business segments and regions across the Group and received very positive feedback. This showcased how the strong connections within NWS Group foster synergy, enabling us to grow together. As we move forward, we remain committed to cultivating mutual learning opportunities and enhancing both our risk management capabilities and business resilience.



## Risk Management Objectives

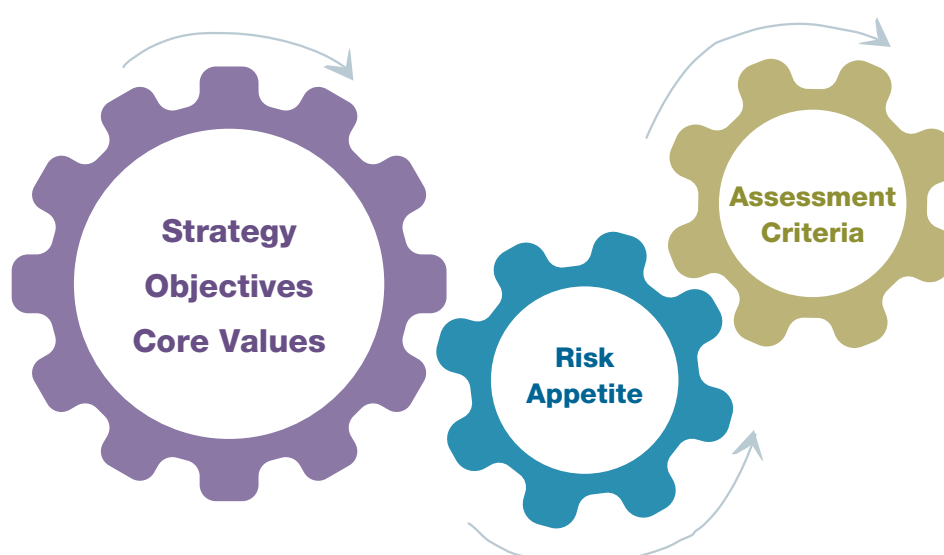
The Group's ERM Framework aims to enhance the ability to achieve our vision and mission, and fulfil the five core values. In support of this, the Group has established a robust ERM framework with the following risk management objectives:

- to fulfil our commitment to integrity, ethics and compliance as an integral part of our corporate governance
- to build agility and resilience amid uncertainty in dynamic business environment
- to facilitate risk-informed decisions and align the Group's objectives, strategy and operations with the risk appetite
- to strengthen our capacity for seizing opportunities and safeguarding our assets to support our sustainable growth and create shared value

## Risk Appetite

Risk appetite is defined to establish the extent and nature of risks the Group is willing to take in achieving our vision and mission. The Group's risk appetite statement is disseminated across the Group and incorporated into our risk assessment criteria in order to align with our business objectives, core values, strategy, as well as risk management activities. The risk appetite statement is reviewed by the Board periodically to keep abreast of the ever-changing business environment and the latest development of the Group. The Group's risk appetite is as follows:

- The Group upholds the highest standards of integrity, compliance, and ethics and has no tolerance for any material breaches of laws and regulations.
- The Group has no compromise on any threats which may significantly impact the health and safety of our people.
- The Group has strong interest in protecting the environment and upholding social sustainability and does not engage in activities which will significantly damage the environment and society.
- The Group does not expose ourselves to any potential material damage to our reputation or brand.
- The Group endeavours to minimize any business interruptions and significant operational impacts to business continuity.
- The Group is prudent to make decisions which may threaten our long term financial viability and liquidity to meet our financial commitments.
- The Group balances risks and opportunities whilst implementing a strategy to minimize failure in business decisions and optimize the Group's value.

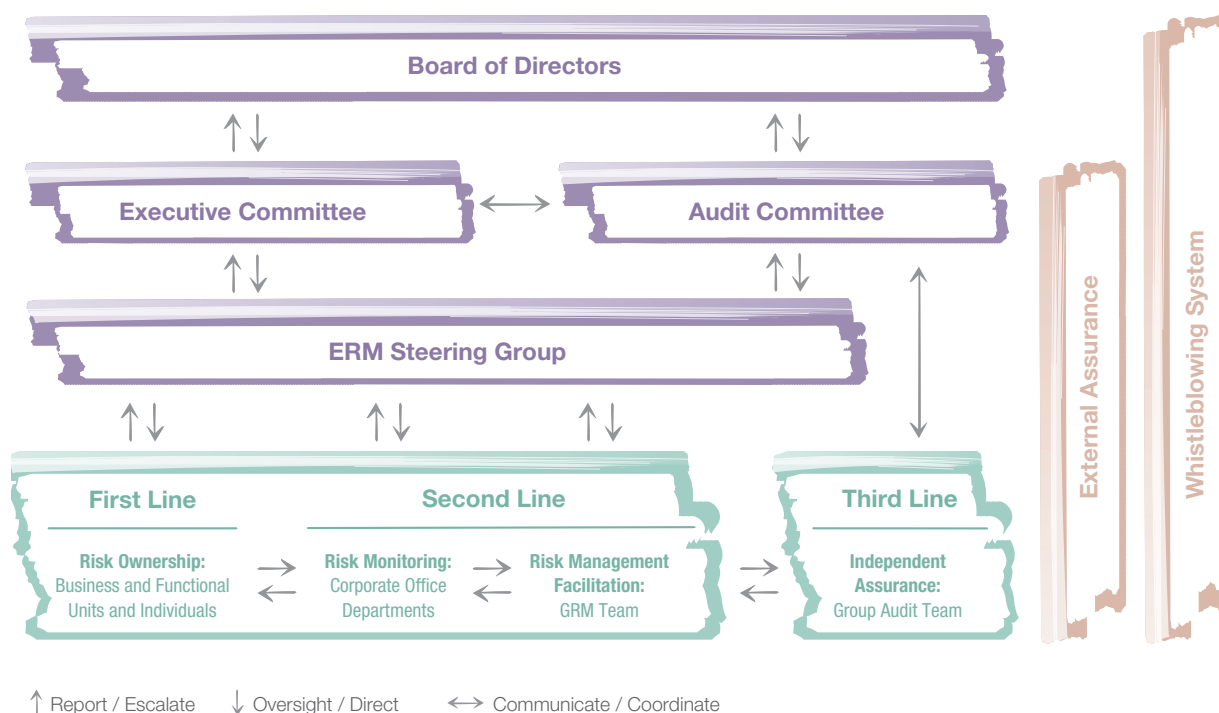




### ERM Governance

#### Risk Governance Structure

The overall risk management process is overseen by the Board. With the emphasis on value creation and protection, the Group adopts the Three Lines Model as its risk governance structure. The model clearly defines the responsibilities with enhancing collaboration and communication among different roles, which facilitates alignment of risk management activities and provides assurance to the Board.



#### Governing Body

##### Board of Directors

- Hold the ultimate responsibility for risk oversight including setting and reviewing the risk appetite
- Ensure the Group maintains appropriate and effective risk management and internal control systems
- Empower and delegate the ERM oversight responsibility to the Audit Committee

##### Audit Committee

- Oversee the risk management and internal control systems and review their adequacy and effectiveness
- Review the risk profile of the Group and advise the Board on the current and potential risk exposures and their corresponding risk treatment plans

##### Executive Committee

- Determine and allocate sufficient resources to effectively implement the ERM system
- Review and prioritize the Group's key risks and endorse the risk treatment plans
- Ascertain the effectiveness of the risk management and internal control

### ERM Steering Group

- Lead and supervise the ERM implementation
- Advise the Audit Committee and the Executive Committee on all ERM-related matters
- Improve risk awareness and promote risk-aware culture across the Group

### Work performed by ERM Steering Group in FY2024

Chaired by the Chief Financial Officer, and comprised of the representatives from business and functional units and corporate office departments

- Reviewed the half-year risk profile, ranking of the top risks (including ESG risks and climate-related risks) and risk trend, for reporting to the Audit Committee and the Executive Committee
- Reviewed the result of Key Risk Indicators ("KRI") and major mitigation measures implemented for the KRIs exceeding pre-defined thresholds
- Reviewed the enhancements of the effectiveness of the ERM framework and its implementation
- Reviewed the integration progress of ESG-related risks (including climate-related risks) into the ERM process
- Made recommendations on the focus topics of risk culture training and risk management system features

## First Line

### Business and Functional Units and Individuals (Frontline Staff and Operational Management)

- Act as risk owners to perform risk assessments to identify, analyze, and evaluate risks in daily operations and in areas of accountability
- Design, prioritize and implement risk treatment plans and report in the Risk Register
- Conduct periodic self-assessment on the effectiveness of risk treatment plans

## Second Line

### Corporate Office Departments

- Act as risk owners and perform ERM responsibilities for respective departments
- Remain current with best practices and provide recommendations to the ERM Steering Group

### Group Risk Management Team

- Assist management in the design and development of ERM processes and risk controls
- Facilitate the risk management process, including the identification and monitoring of the known and emerging risks, aggregation and prioritization of the key risks identified by the Group as well as reporting to senior management and committees
- Promote risk-aware culture across the Group
- Review the implementation of risk treatment plans

### Third Line

#### Group Audit Team

- Evaluate the adequacy, effectiveness and efficiency of the risk management and internal control systems
- Consider the key and emerging risks upon formulating the annual audit plan and planning for each audit
- Perform risk-based validation of the risk treatment plans

### External Assurance

#### External Auditor

- Provide independent observations and recommendations on the Group's processes and controls over financial reporting

#### Independent Experts from Respective Professions

- Advise on best practice and/or assure compliance, if necessary

#### Regulatory Authorities

- Execute regulatory oversight on relevant entities, areas or activities

### Whistleblowing System

#### Whistleblowing

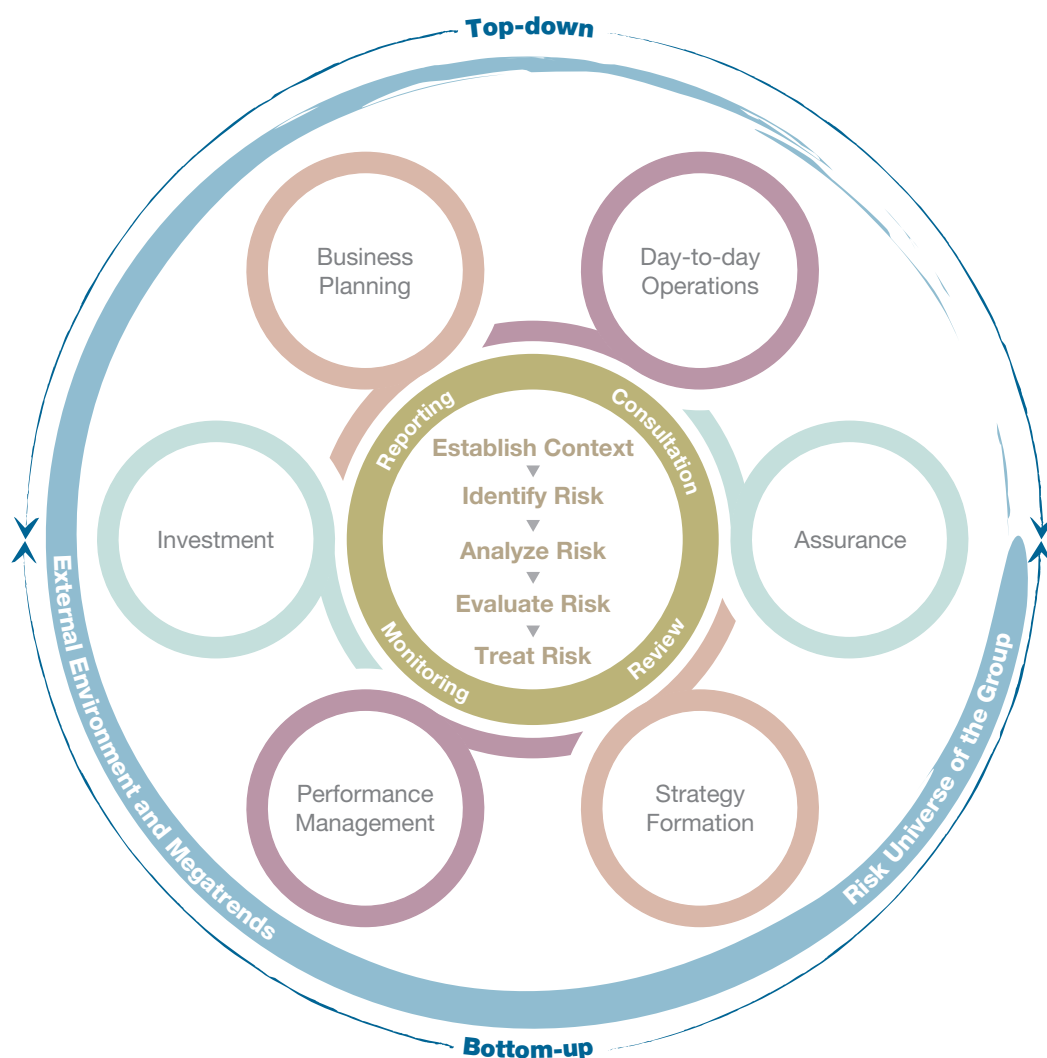
- Provide an independent and confidential channel for stakeholders to directly report to GARA for any serious concerns about suspected or actual fraud, corruption, breach, malpractice, misconduct or irregularity of the Group and/or its staff member. Please refer to the Corporate Governance Report of this annual report for details

## RISK MANAGEMENT PROCESS

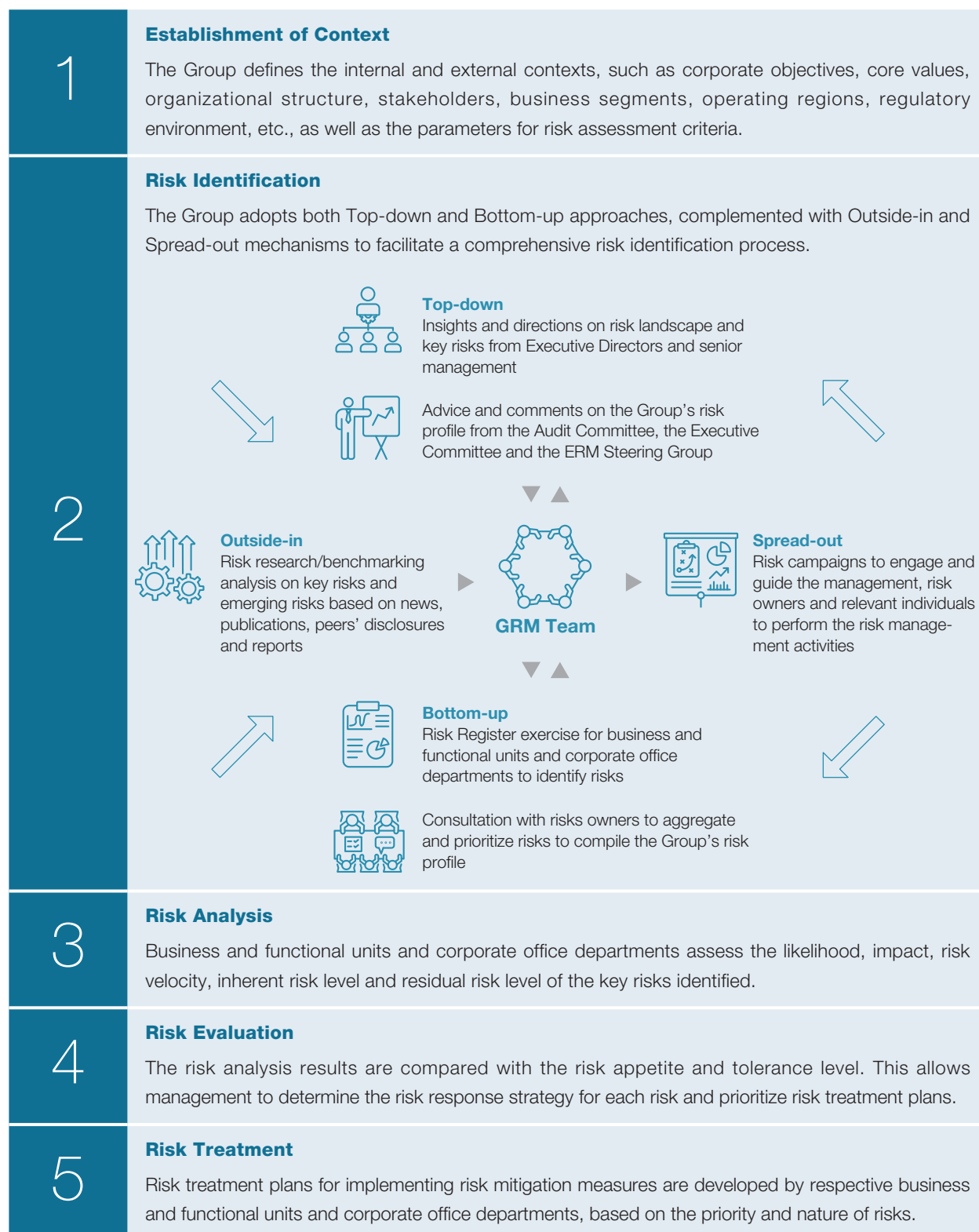
Risk management process starts from the establishment of context, by taking into the consideration of the external environment and megatrends, as well as risk universe of the Group. Risks are then identified, analyzed, evaluated and treated with measures. With constant review, monitoring, reporting and consultation, the risk management process integrates with various business processes and activities in optimizing the risk and return.

To facilitate a comprehensive and robust risk management process, top-down and bottom-up approaches are employed to gather risk insights as well as to monitor and manage risks from the perspectives of both sides, together with “ERM Policy” and “ERM Manual” to provide proper guidance. Also, interactive communication between the risk owners and the GRM Team is in place to enable both parties to keep abreast of risk updates.

### Risk Management Process



## Risk Assessment and Treatment



## Monitoring and Review

Continual tracking, review and validation of the implementation of our ERM framework have been in place to monitor various risks, change in risk exposure, their residual risk levels, as well as to ensure and increase the effectiveness and quality of ERM framework and outcomes.

<b>Risk Register</b>	Business and functional units and corporate office departments perform self-assessment of the effectiveness of the risk treatment plans upon the submission of the Risk Register every half year.
<b>Key Risk Indicator</b>	KRIs are set by risk owners to measure and monitor changes in risk exposure of key risks. If there is any KRI value exceeding the pre-defined threshold, risk alerts to management will be mandated so that they can timely administer corresponding responses, and proper reporting to Executive Directors will be made.
<b>Risk Treatment Validation</b>	The GRM Team reviews the implementation and effectiveness of risk mitigation measures stated in the Risk Register. The Internal Audit Team also performs risk-based validation to test risk mitigation measures of key risks during the internal audit process.
<b>Early Flagging Mechanism</b>	An early risk flagging mechanism is applied across the Group, to proactively identify and assess emerging risks and risks with high velocity, such as quality, health and safety, disaster and media events. When a potential risk is perceived with significant impact, the risk should be flagged and reported to line manager and risk oversight parties.
<b>Whistleblowing Mechanism</b>	The Group has established a whistleblowing policy and provided reporting channels for internal and external stakeholders. Whistleblowing cases are reported to the Executive Committee and the Audit Committee. For details, please refer to the Corporate Governance Report of this annual report.

### **Review on the Effectiveness of Risk Management and Internal Control Systems**

The Board, with the assistance from the Audit Committee and ESG Committee, reviewed and evaluated the effectiveness of the Group's risk management and internal control systems (including ESG risks and climate-related risks), including the consideration of the following factors:

- The scope of work performed by both internal and external auditors and any significant findings identified in their audit reports during the year, as well as the extent of any potential or actual impact derived from those findings on financial performance or conditions of the Group
- The scope and quality of our ongoing monitoring of risks (including ESG risks and climate-related risks) and internal controls (including financial, operational and compliance controls) as well as the communication mechanism for results of the ongoing monitoring systems including but not limited to KRIs and internal control reviews
- The adequacy of the resources, as well as staff experience, qualifications and training, of the Group's risk management, internal audit, finance, and ESG functions
- The opportunities and progress of continuous improvement of risk management and internal control systems
- The design and implementation of the Group's ERM framework, and outcomes of the risk management process
- The changes in the nature and extent of significant risks (including ESG risks and climate-related risks) and the Group's risk profile since the last review, and the capacity and response strategies of the Group for changes in business, external environment and megatrends
- The effectiveness of financial reporting and regulatory compliance processes

In addition to the above, the Integrated Internal Control Self-Assessment Certificate is applied across the Group to evaluate the effectiveness of its risk management and internal control systems semi-annually by business and functional units and corporate office departments, with reference to the COSO framework. Regarding the review of the effectiveness of the risk management and internal control systems and its results, please refer to the Corporate Governance Report of this annual report for details.



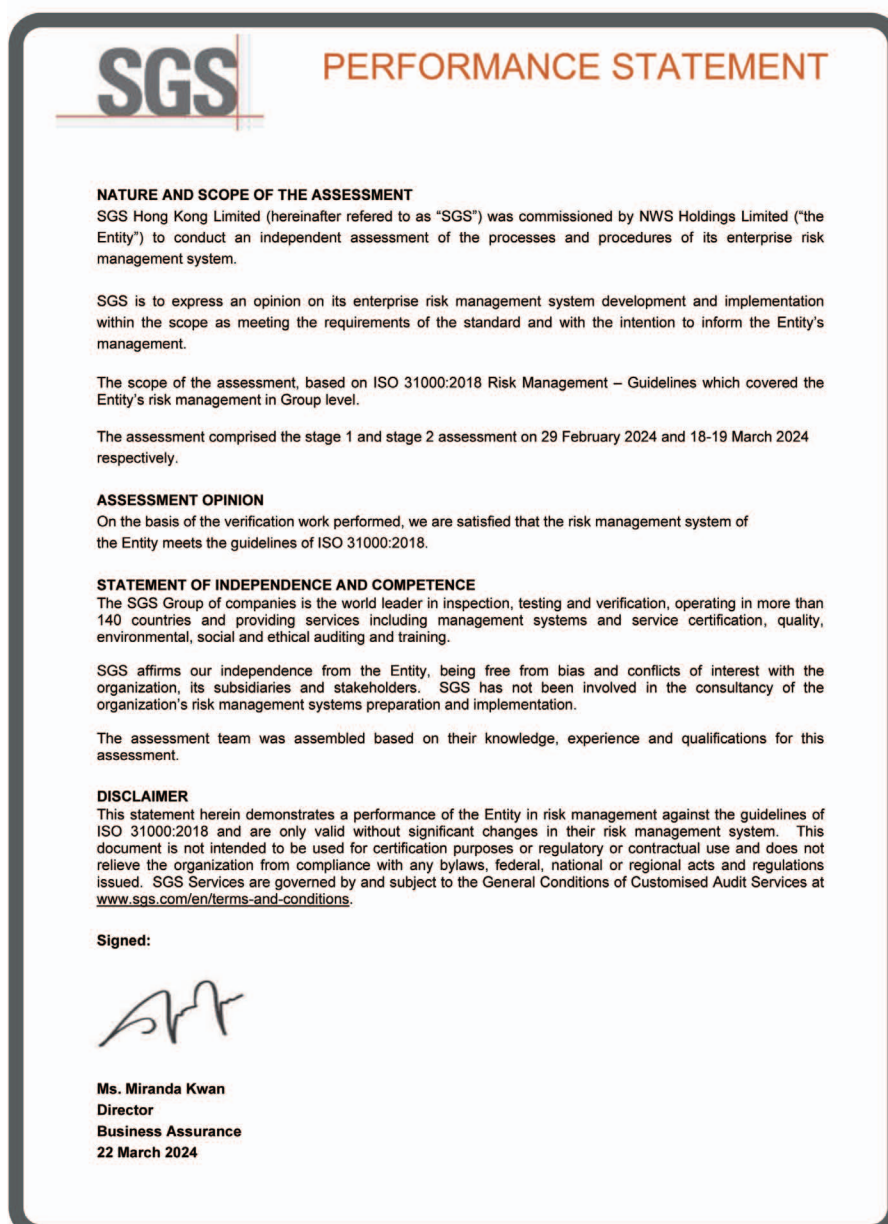
## Consultation and Reporting

Regular reporting, regarding identified risks and the status of risk management activities, is provided to management, the ERM Steering Group, the Executive Committee and the Audit Committee to facilitate the risk management process and decision-making. The ERM Steering Group Meeting is held every half year to discuss key risk matters and updates.

## Independent Assessment of ERM Framework

During FY2024, SGS Hong Kong Limited was engaged to conduct an independent assessment of the processes and procedures of NWS's ERM system, based on ISO 31000:2018 Risk Management — Guideline. The independent assessor was satisfied that the risk management system of NWS met the guidelines of ISO 31000:2018.

For further information regarding the assessment, please refer to the Performance Statement below.



### Integration of Risk Management

**ERM is embedded into decision-making and business processes, including but not limited to the following key organizational processes:**

Business Planning	Investment	Day-to-day Operations
Potential risks, which may impact the achievement of business objectives, are identified and considered in strategic planning, and project and operational plans. This could better align business strategy and process with the risk appetite set at the early stage.	Investment proposals are reviewed with the consideration of risks (including ESG risks and climate-related risks) before decision-making. Feasibility study and/or due diligence are conducted to identify and assess potential risks and relevant costs for risk treatment. Review and reporting processes are in place to analyze and monitor the change of risks throughout the investment management cycle. Response strategy is formulated and executed timely to address any material changes of risk exposure of an investment project.	The Group establishes a framework for business and functional units and corporate office departments to understand and evaluate their risk profiles and exposures (including ESG risks and climate-related risks) systematically. Risk treatment plans designed during the ERM process have been incorporated with their operational plans and implemented with regular monitoring. KRI mechanism is applied to detect abnormal changes to risk exposures for timely escalation and treatment.

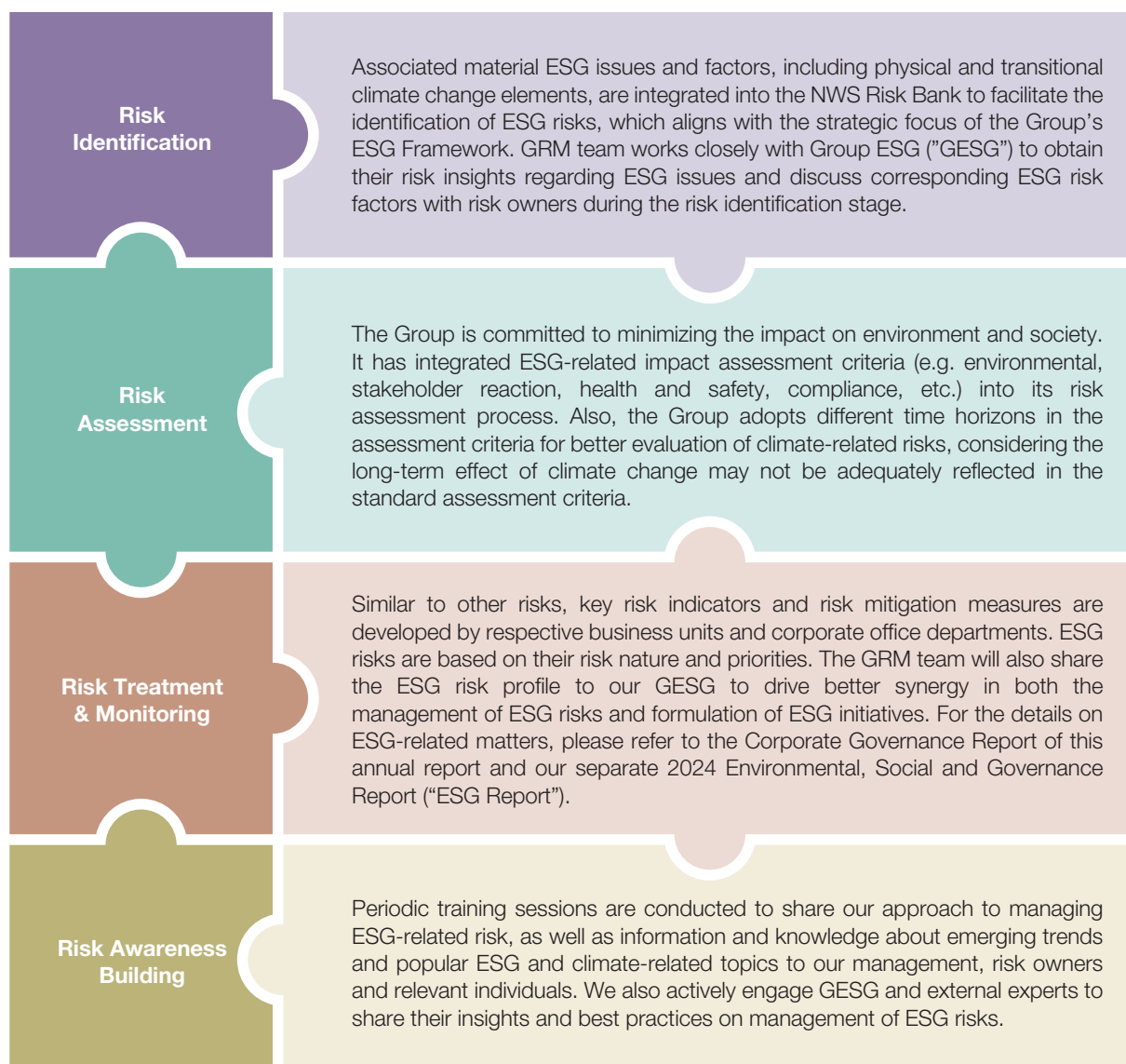
### INTEGRATION OF ESG RISKS AND CLIMATE-RELATED RISKS

ESG issues and climate change are widely recognized as key topics that all sectors need to address, as it could bring multi-faceted impacts to sustainable business growth and community development. The Group emphasizes the importance of ESG risks and climate-related risks, and therefore has integrated those risks into our ERM framework in order to facilitate the achievement of the NWS sustainability targets and develop resilience for both physical and transition impacts under climate change.

The Board takes ultimate responsibility for ESG and sustainability of the Group, which oversees the Group's ESG strategy and progress against respective goals and targets. With the delegation from the Board, the Audit Committee oversees risks including ESG risks and climate-related risks and evaluates the effectiveness of mitigations to manage the risks.

The Group applies the aforementioned risk management process, ranging from risk assessment and treatment to consultation and reporting, to the management of ESG risks including climate-related risks which have been incorporated into the Group's risk profile, such as talent attraction and retention, regulatory compliance, environmental, sustainability governance, etc., which are also integrated into the regular reporting to the ERM Steering Group, Executive Committee and Audit Committee.

## Embedding ESG in our Risk Management Process



### Key Risk Management Activities in FY2024

Effectiveness of the ERM framework and related activities are continuously reviewed and enhanced to manage the uncertainty of the fast-changing business environment. With the oversight and expertise from the Board and Audit Committee, the following risk management activities have been implemented during the year.



#### Reviewing ERM implementation by independent consultant

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- Engaged SGS Hong Kong Limited (“SGS”), an independent consultant, for the assessment of our ERM system. Obtained recognition from SGS that our ERM system demonstrated robustness and coherence to ISO 31000:2018 Risk Management — Guideline, a widely adopted international standard.
- Maximized our strengths in the ERM implementation with SGS’s recommendations. In the assessment report, SGS also highlighted our systematic and comprehensive ERM structure, the integration of ESG risks in the risk management process, and the effort in cultivating risk awareness culture through training and creating platform for exchange of risk insights.



#### Strengthening risk management process

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- Enriched the top-down engagement with a PESTLE analysis session to conduct in-depth risk discussion on recent political, economic, social, technology, legal and environmental agenda in our business context with the senior management of both the Group and business units to obtain their insights on the risk landscape faced by the Group.
- Collaborated with GESG to conduct a study to analyze the bilateral interaction between the material ESG issues and the risk items prescribed in NWS Risk Bank to identify the associated ESG issues and ESG factors for each risk item. This exercise ensures the completeness of risk consideration to applicable material ESG issues in NWS Risk Universe.
- Enhance the NWS Risk Bank by tagging the associated material ESG issues to applicable risk items and supplementing relevant ESG-related risk factors to facilitate the identification of ESG risks. Risk refinement, consolidation and re-classification were also performed to reflect the latest business and operational conditions for better usability and facilitate risk communication and reporting.



### Promoting risk culture through training

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- Conducted ERM refresher training sessions for risk owners and risk reporting persons to provide latest updates of the ERM Framework, revision of the risk appetite and assessment criteria, refresher of risk assessment process, and integration of ESG in the ERM process.
- Organized a Risk Forum to provide a platform for different business units to exchange risk knowledge and best practices, which involved
  - i. A panel discussion which invited our INEDs and Group senior management to share their insights on the risk megatrend and emerging risks that affect the risk landscape of the Group.
  - ii. A quiz challenge session which invited our GESG representative and external consultant to share ESG principles and ESG-related risks through an interactive way.
  - iii. A thematic sharing session on third-party risks which invited our Business Unit representatives to share the types of third-party risks in their daily operations and the risk measures they adopted to address the risks.
- Organized different thematic training sessions to raise the staff awareness of emerging risks such as cybersecurity risk and risk of using artificial intelligence, which invited external professionals to share the latest cyber threats, risks and opportunities associated with AI and how could we protect ourselves and the company from these cyber threats or when we embrace the transformative potential of AI technology.

### RISK FOCUS IN FY2024

The Group invests and operates a wide range of businesses predominantly in Hong Kong and the Mainland. Our businesses include toll roads, construction, insurance, logistics, and facilities management.

Through the comprehensive risk management process mentioned in the previous section, the Group identified major risks which may affect the achievement of the Group's business objectives. However, risk evolves from the interactions of many dynamic forces and factors in the business environment. Some risks are not significant now but could become key ones in the future; certain risks exist but we are not aware of; and/or new risks come to light. Therefore, our risk portfolio would be reviewed and updated to react and respond to the changing risk landscape.

### Overall Risk Trend

Despite the gradual recovery of the Mainland and Hong Kong economy over the past year, the rebound has been slower than anticipated and performance across various sectors has been uneven. Ongoing uncertainties stemming from geopolitical tensions, trade disputes, the direction of US interest rates and currency fluctuations particularly the impact from the weakening of RMB present unexpected challenges. The Group will stay alert and continuously monitor the business environment to adjust our business and financial strategies and optimize capital expenditure to sustain a robust financial standing. Throughout the years, we have been vigilant in navigating these conditions by implementing financial initiatives such as issuing Panda Bonds.

Under the uncertain macroeconomic condition, geopolitical dynamics, and higher-interest rate environment, market competition remains fierce as customers are exercising greater caution in their spending and competitors adopt more aggressive strategies to capture market share. To sustain our competitive advantage, we are focusing on enhancing the value of our products and services through innovation, optimizing operational efficiencies, and leveraging the diverse conglomerate of the Chow Tai Fook Group.

Meanwhile, the threat from climate change has become increasingly apparent to businesses, as we are witnessing more frequent and severe natural disasters such as extreme rainstorms, typhoons, and snowstorms, which cause significant disruptions to transportation and business operations. To enhance our business resilience, we have been revamping our business continuity management framework to adopt a more systematic approach to contingency planning. In addition to the impact of natural disasters, extreme heat poses health and safety risks, particularly for outdoor workers. Health and safety are among our top priorities in business operations, and we have spared no efforts in enhancing our standard to create a healthier and safer working environment for our people.

Last but not least, cybersecurity has remained a critical concern. While technological advancements, such as the rise of artificial intelligence, offer numerous benefits in terms of efficiency and innovation, it also introduces new vulnerabilities and risks. Cyber threats are becoming increasingly sophisticated, with malicious actors leveraging artificial intelligence to conduct more targeted and effective attacks. Protecting sensitive data and maintaining robust security protocols are essential to safeguarding our operations and reputation. To counter these evolving threats, we are committed to investing in robust cybersecurity technology, conducting regular security reviews, and fostering a culture of awareness and vigilance among our employees.

The Group will continue to monitor and manage uncertainties in pursuit of our business objectives. Please refer to the following table for the major risks identified by the Group and the corresponding mitigation measures. This table is not intended to be exhaustive or comprehensive.

Risk Description	Risk Trend	Mitigation Measures
<b>Macroeconomic Risk</b>		
Global economic uncertainties and slow recovery affecting business growth and financial performance	◀▶	<ul style="list-style-type: none"> <li>Evaluate the potential impacts from the economy by analyzing the financial performance and monitoring business and economic data continuously</li> <li>Optimize business/customer portfolios to reduce impact from economic fluctuation and diversify the risk</li> <li>Identify opportunities for business collaboration and partnership to leverage the synergies within the conglomerate of Chow Tai Fook Group</li> <li>Perform sensitivity assessment on potential impacts in relation to economic conditions leading to lower valuation</li> <li>Explore new business opportunities or new sources of income for new growth drivers</li> <li>Closely monitor movement of foreign currency rates and consider to arrange currency hedging contracts should the need arises</li> </ul>
<b>Government Policy and Intervention Risk</b>		
Imposition of government policies, intervention, laws or regulations, exposing the Group to legal or regulatory liabilities, business disruption, reputational and/or financial loss	◀▶	<ul style="list-style-type: none"> <li>Implement close monitoring of the change of applicable government policies, laws and regulations</li> <li>Formulate responsive strategy and plans for anticipated and upcoming changes</li> <li>Provide updates and/or training to staff to cope with the new government policies and practices</li> <li>Proactively communicate with external parties (e.g. the relevant council or association) to understand the changes and express opinions collectively</li> <li>Partner with consultants, scholars and university to get the advice on adapting changes of government</li> </ul>






- ▲ Risk Level increased during FY2024
- ▼ Risk Level decreased during FY2024
- ◀▶ Risk Level remained
- 🌿 ESG-related Risk
- 🌍 Climate-related Risk









Risk Description	Risk Trend	Mitigation Measures
<b>Geopolitical Risk</b>		
Conflicts between nations, political issues towards individual business, political instability and etc., impacting the Group's ability to sustain its profitability	▲	<ul style="list-style-type: none"> <li>• Pay close attention to the latest development of geopolitical issues and assess impact of the issues</li> <li>• Seek professional advice on any regulatory changes due to political factors such as sanctions</li> <li>• Widen investment universe by considering investors and assets from different background (e.g. industry, nationality, source of funds, etc.)</li> <li>• Delay spending of capital expenditure in concerned regions based on the situation</li> </ul>
<b>Competition Risk</b>		
Intense competition arising from existing competitors and/or new entrants to the market regarding the businesses the Group is operating	◀▶	<ul style="list-style-type: none"> <li>• Expand and maintain the market share by effective customer incentive programs and sound customer relationship management</li> <li>• Analyze competitors and the market for effective monitoring on the competitive situation and formulate corresponding strategic plans</li> <li>• Utilize technology to enhance customer experience and to increase operational efficiency and effectiveness</li> </ul>
<b>Interest Rate Risk</b>		
Adverse movement in interest rate, exposing the company to higher future cost of business and/or finance cost	◀▶	<ul style="list-style-type: none"> <li>• Maintain a portfolio of bank loans with spreading interest periods and interest rate reset dates to enhance flexibility and avoid concentration of bank loan rollovers at a single date</li> <li>• Closely monitor the trend and fluctuation of HIBOR of different interest period and vary the length of drawdown interest periods of different loans whenever necessary</li> <li>• Periodically review the adequacy of the hedge proportion of the floating rate bank loans and the market pricing of new swaps</li> <li>• Regularly review and optimize its debt and capital structure and financing strategy, and looks for different sources of funding</li> <li>• Review existing insurance products based on the latest interest rate outlook and investment market conditions</li> <li>• Regularly monitor solvency risk appetite including the interest rate stress scenario on the solvency position</li> </ul>






- ▲ Risk Level increased during FY2024
- ▼ Risk Level decreased during FY2024
- ◀▶ Risk Level remained
- 🌿 ESG-related Risk
- 🌍 Climate-related Risk

Risk Description	Risk Trend	Mitigation Measures
<b>Talent Attraction and Retention Risk</b>  <p>Failure to attract and/or retain qualified staff to support operations impacting the achievement of business objectives</p> <p><b>Associated ESG Issue:</b> Talent Attraction and Retention</p>		<ul style="list-style-type: none"> <li>Review the existing remuneration packages and compare with industry benchmark periodically</li> <li>Provide development and training programs to improve staff's competency and promote career progression</li> <li>Foster the caring culture by employee engagement activities and channels to enhance cohesion between the Group and its employees, and to obtain voice of employees and address their needs</li> <li>Expand channels of reaching talents and promote the Group's employer branding to increase the competitiveness in the talent market</li> </ul>
<b>Natural Disaster Risk</b>   <p>Major natural disaster and extreme weather events (e.g. typhoon, earthquake, tsunami, heavy rain storm, etc.), interrupting the operations, production and service delivery, which may impact the company's ability to sustain the operation</p> <p><b>Associated ESG Issue:</b> Climate Change</p>		<ul style="list-style-type: none"> <li>Establish necessary procedures including business continuity and recovery plans to respond to various natural disaster</li> <li>Conduct regular drill exercises and periodic training</li> <li>Leverage on technology to strengthen inspection and perform enhancement work on physical assets and facilities that are vulnerable to natural disaster and extreme weather</li> <li>Assess and ensure adequate insurance coverage to minimize potential financial loss</li> </ul>
<b>Cyber Security Risk</b>  <p>Cyber security issues compromising data integrity, confidentiality and system availability, which may lead to adverse impacts on reputation, financial conditions, and operational performance</p> <p><b>Associated ESG Issue:</b> Responsible Product</p>		<ul style="list-style-type: none"> <li>Establish comprehensive information security protection with well-defined policies and security controls such as authorization and authentication mechanisms, firewalls with advanced threat controls, network immune system, etc.</li> <li>Provide periodic training and conduct phishing drill exercises to promote cyber security awareness</li> <li>Purchase cyber security insurance to cover losses arising from cyber incidents or data loss events</li> <li>Engage information security specialists to assess cyber security vulnerabilities and controls</li> </ul>

-  Risk Level increased during FY2024
-  Risk Level decreased during FY2024
-  Risk Level remained
-  ESG-related Risk
-  Climate-related Risk

Risk Description	Risk Trend	Mitigation Measures
<p><b>Quality, Health and Safety Risk</b>  </p> <p>Sub-standard or unsafe product, service or business activities impacting the achievement of the Group's quality, health and safety goals</p> <p><b>Associated ESG Issue:</b> Responsible Product and Health and Safety</p>		<ul style="list-style-type: none"> <li>• Conduct quality assurance programs and review performance data to ensure consistent performance and service quality</li> <li>• Develop procedures and guidelines to set standards for quality, health and safety and deliver regular training to employees to enhance their safety awareness as well as service performance</li> <li>• Arrange customer satisfaction surveys to collect voice of the customers</li> <li>• Perform evaluation of each accident or complaint to identify improvement areas and take follow-up actions</li> <li>• Establish designated committee to enhance the governance on complaint handling</li> <li>• Establish comprehensive safety management system and conduct regular safety inspection and audit</li> </ul>
<p><b>Legal/Regulatory Compliance Risk</b>  </p> <p>Violation to legal/regulatory requirements of the jurisdiction/supervisory agency, exposing the company to legal/regulatory action, reputational and financial loss</p> <p><b>Associated ESG Issue:</b> Business Ethics and Anti-Corruption</p>		<ul style="list-style-type: none"> <li>• Closely monitor changes/updates on relevant legal and regulatory requirement, including ESG-related regulations, and make timely action plans for adapting to the changes</li> <li>• Develop detailed policies and procedures to provide guidance on executing compliance controls</li> <li>• Perform regular monitoring of compliance status</li> <li>• Provide regular trainings to employees to ensure awareness and understanding of the latest legal and regulatory requirements</li> </ul>

For further details of mitigation measures regarding ESG and climate-related matters, please refer to the Corporate Governance Report of this annual report and our separate 2024 ESG Report.

-  Risk Level increased during FY2024
-  Risk Level decreased during FY2024
-  Risk Level remained
-  ESG-related Risk
-  Climate-related Risk

## RISK ANALYSIS BY BUSINESS

Roads	Macroeconomics, Government Policy and Natural Disaster Risks
	<p>Numerous factors may affect the traffic flow of toll roads, including the pace of worldwide and regional economic recovery from COVID-19 pandemic, export level and the development of nearby infrastructure and related transportation needs. The economic environment in the Mainland continues to be challenging, contributing to uncertainties in traffic patterns and toll revenue.</p> <p>To evaluate the potential impacts from the economy, management performs ongoing analysis on financial performance and closely monitors business and economic data. Management also keeps track of the development progress of nearby infrastructure projects, industrial and manufacturing areas and tourist attractions to identify collaboration opportunities that can enhance traffic flow to our projects. Besides, management has also implemented cost-saving measures and optimized capital expenditures to reduce the impact of economic fluctuations.</p> <p>In order to provide support to the economy, the government authorities may implement new policies from time to time, which may affect toll revenue and limit project return. We have maintained close communication with relevant government authorities regarding their latest actions on the development and implementation of relevant policies. In the past, we have successfully negotiated with the government for compensation or financial support on major policies impacting toll revenue such as the toll fee exemption during COVID-19. We have strived our best to safeguard stakeholders' interest.</p> <p>The increasing frequency and intensity of natural disasters and extreme weather events such as typhoons, rainstorms and snowstorms, pose threats to our toll roads operations, potentially causing traffic disruptions, assets damage, and increased maintenance costs, ultimately affecting toll revenue and safety.</p> <p>To mitigate these risks, various preventive measures have been implemented to reduce assets damage and ensure road safety, such as use of upgraded water-proof materials and better drainage system design to improve drainage, slope stability and their anti-scouring performance, leverage on technology (e.g. use of drones) to strengthen inspection as well as timely snow removal. Insurance coverage is regularly reviewed to adequately protect against economic losses caused by natural disasters. Furthermore, management closely monitors weather patterns particularly during rainy or foggy seasons and maintains close coordination with government officials in the event of road closures. Emergency plans and procedures have been developed based on safety guidelines and project specific circumstances to enable quick response time of resolving incidents.</p> <p>Also, climate-related considerations are an integral part of our investment assessment process, ensuring we avoid projects located in areas with a high risk or history of severe natural disasters.</p> <p>These proactive measures have enabled the Group to mitigate the adverse impact of natural disasters and extreme weather events.</p>

### Insurance

#### Macroeconomics, Competition and Insurance Risks

The macroeconomic environment has been volatile and is expected to remain so in the near term. External factors, such as risk of slowdown in economic growth, multiple elections in 2024, conflicts in the Middle East and Russian/Ukraine, will continue to impact the financial markets. Amidst the market uncertainties, CTF Life has adopted a disciplined approach on asset & liability management (“ALM”) to manage the balance sheet volatility, ensuring the financial and solvency positions are resilient to financial stresses. The Hong Kong risk-based capital regime (“HKRBC”) has taken into effect on 1 July 2024. Under the new regime, CTF Life’s solvency position is robust and more resilient to stresses as HKRBC better reflects CTF Life’s risk profile and risk management measures. Despite the near-term uncertainties, we believe the long-term prospects for our business remain solid.

During the year, we continue to face fierce competition on customer acquisition, talent as well as the products offerings via three key distribution channels — Agency, Partnership and Premier Business. Our business performance for the past year has been strong, particularly in term of the business from the mainland Chinese visitors. We achieved this impressive result by offering a comprehensive suite of products, complemented by innovative product ideas, to serve customer needs. Additionally, we offer seamless sales support as value adding service to our partners. On the agency side, we continued to boost agency recruitment through quality recruitment programmes and competitive financial incentives. In July 2024, we officially rebranded as CTF Life. The new brand identity and unique positioning allow us to leverage the diverse conglomerate of Chow Tai Fook Group to create Value Beyond Insurance by offering comprehensive services beyond traditional insurance coverages to our customers.

Medical inflation, increasing health awareness, and advancement in medical treatments have led to rising medical claims cost in the market. CTF Life continues to manage the risk through multiple measures including regular re-pricing and product review, educating customers and distributors, and participating in industry initiatives in combating abuses and fraud claims. As a result, the medical claim ratio has shown steady improvement over the year.

**Logistics****Macroeconomics and Competition Risks**

The development and performance of the logistics industry are closely interconnected with the worldwide and regional market condition as well as the economic activity growth. The current economic environment in the Mainland remains difficult and a sustained recovery has yet to be seen. The unfavourable business environment may hinder our business growth and profitability as we observed an increasing trend among our existing tenants facing downsizing pressure as part of their cost-saving strategy. Moreover, the high vacancy rate in some of the cities' surrounding areas has further intensified the competition in warehouse leasing markets, leading to heightened price competition. The economic downturn has also raised credit risk, as tenants may struggle to meet their financial obligations.

To mitigate the negative impact from the economy, our team has adopted proactive leasing strategies including maintaining high-quality property services and actively approaching tenants for contract renewals. We have also closely monitored the rental rate, occupancy rate, supply and demand for warehouse space in the regions, thereby formulating appropriate plans to promote vacant spaces in order to increase and maintain the occupancy. Apart from the occupancy rate, we have achieved a diversified portfolio of tenants including but not limited to e-commerce, third-party logistic companies and retailers to avoid over-concentration and maintain resilient to market volatility.

In addition to these leasing strategies, we have implemented rigorous cost control measures and continue to explore energy-saving initiatives across our facilities to improve operational efficiency and maintain profitability. By carefully managing our costs, we can better withstand the pressure on rental rates and maintain a healthy profit margin.

Credit risk management is also crucial for warehouse leasing business, especially in the current uncertain economic climate. To this end, we have implemented a series of credit control procedures such as closely monitoring rental arrears and outstanding receivables, requiring upfront rental deposit, as well as conducting thorough credit reviews of our tenants. In addition, we have maintained consistent and transparent communication channels with our tenants and have evaluated their business conditions so that we can implement necessary measures well in advance to minimize potential financial loss.

Construction	Competition and Work Safety Risks
	<p>Hip Hing Group is proactively addressing the challenges posed by the construction industry's downward market trends and reduced project pipeline. To optimize its project portfolio, Hip Hing Group undertakes a thorough review of its customer mix, identifying opportunities for strategic expansion and diversification. By leveraging its recently acquired subsidiary, Hip Hing Group is well-positioned to capitalize on new growth prospects in small-scale public works projects, further enhancing its competitive edge. Hip Hing Group also focuses on Design &amp; Build tenders that align with its established strengths, while exploring joint ventures and strategic partnerships to bolster capabilities and project success rates. Through diversification into a broader range of construction projects, including management contracts, alterations and additions, and term contracts, Hip Hing Group is able to expand its service offerings and solidify its competitive position.</p> <p>In response to recent concerns within Hong Kong's construction industry, Hip Hing Group is undertaking a comprehensive revamp of its Health and Safety Management System. The guiding principle, “安全先行, 共同監管” (Safety First, Co-governance), underscores Hip Hing Group's unwavering commitment to prioritizing safety across all operations and promoting organization-wide engagement in health and safety management.</p> <p>With a long-term objective to foster a robust safety culture and optimize the overall safety management system, Hip Hing Group's proactive approach encompasses a range of short-term initiatives, including “Site Safety Day”, “Safety Control Groups”, and the “Safety Diary” program. Medium-term strategies focus on enhancing training and introducing mentorship programs. Furthermore, Hip Hing Group will continue to enhance and innovate our Smart Site Safety System (4S) to improve site supervision and monitoring, further reinforcing its dedication to creating a safer work environment.</p> <p>This comprehensive approach seeks to elevate safety awareness and practices throughout the organization, solidifying Hip Hing Group's position as a leader in occupational safety and health within the construction sector.</p>



**Facilities Management****Cyber Security and Supplier Performance Risks**

Being the professional management company of one of the best convention and exhibition centres globally, HML embraces technology to continuously enhance event experiences of the visitors, exhibitors and users of the HKCEC and at the same time to improve productivity and efficiency. However, with the increasing integration of technology in our operations, any malfunction or breakdown of key operating and computer systems could affect the venue operation, potentially hindering service delivery or even disrupting scheduled events. To ensure our business continuity, HML has implemented both preventive and contingency measures, such as regular system health check, system capacity review, backup policy, and recovery plan etc.

On the other hand, data protection is equally important for HML's business operation to secure the personal data of our customers and our commercial data. In view of the increasing trend and sophistication of cyber threats, HML regularly reviews its security posture and implements necessary enhancements such as system review and improvement, deployment of cyber security solutions, staff awareness programme and updates of internal guidelines and measures based on evolving industry best practices, etc. These enhancements aim to strengthen protection of our IT assets, network, endpoints, data, access control as well as the system resilience. To adopt a more proactive approach against cyber threats, we are in the progress of engaging Security Operation Centre Services, which will monitor abnormal cyber activities and provide early alerts, enabling us to take necessary actions before any threats materialize.

Despite reliance on technology, HML procures a variety of services from external providers, including outsourced labour to support frontline services such as food and beverage, security and housekeeping etc. Ensuring our suppliers' performance is also crucial to maintaining our world-class quality of services. Amid the persistent challenge of the citywide labour shortage, HML develops effective planning to identify the labour requirement in advance, especially for mega events, and successfully secures adequate labour supply from our providers by leveraging our bargaining power and maintaining a strong relationship with them. To strengthen our quality control, we maintain close communication with our suppliers to discuss constructive feedback received from event organizers and visitors, and establish KPIs for specific suppliers to closely monitor their performance. This ensures timely review for necessary remediation and the achievement of KPIs and remedy actions are considered for contract renewal, along with other evaluation criteria.

For further analysis by business, please refer to Management Discussion and Analysis section of this annual report.

# Environmental, Social and Governance Report Highlights

## MESSAGE FROM THE GROUP CO-CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE ENVIRONMENT, SOCIAL AND GOVERNANCE MANAGEMENT TASK FORCE

Dear Stakeholders,

I am pleased to present our FY2024 ESG report, offering a comprehensive overview of our sustainability journey, and highlighting our progress and achievements.

This year marks a significant milestone for NWS as we turn a new page in our sustainability efforts. Thanks to our colleagues' unwavering dedication, we have met all targets set in the Group's 2018 Sustainable Development Vision. As we embark on this new chapter, we begin with a new ESG framework — Breakthrough 2050, paving a clear path forward. This framework sets forth new goals and targets to address the challenges and opportunities in the rapidly changing economic landscape. It reinforces our commitment to ensure the resilience and future-readiness of our business, positioning us to embrace and capitalize on emerging opportunities.

### THE NEW FRAMEWORK

While the new framework may require changes to the way we conduct our businesses and may even present challenges, we view them as opportunities for us to continue to review, improve and innovate our business. This new framework can also act as catalysts for transformation, driving us to make strategic decisions that seamlessly integrate ESG principles into our operations.

This year, we established the ESG Committee by consolidating the powers and functions previously delegated to the Corporate Governance Committee and Sustainability Committee. This strategic move is expected to drive more effective governance and sustainable growth. By combining resources, we enhance our focus on ESG issues, ensuring comprehensive oversight, optimized resource allocation, and strategic alignment with our broader corporate goals.

### ACCELERATE TOWARDS 2050

As part of our ESG strategy, we have developed a clear roadmap that prioritizes tasks and goals towards achieving net zero by 2050. Through a phased approach, we meticulously align each business unit with the Science Based Targets initiative ("SBTi") standards. We are dedicated to setting measurable, achievable KPIs, ensuring our efforts are impactful, and strategically positioned for long-term benefits.

Innovation is one of the key focuses of our new ESG framework. The introduction of the Imp[ACT] Fund in FY2024 exemplifies our dedication to fostering a culture of innovation and excellence. This internal fund empowers our teams to develop and implement sustainable and innovative solutions, driving continuous improvement and operational efficiency across all segments.

Our people-centric approach extends beyond our employees to their families and our communities promoting holistic support and well-being. In FY2024, we enhanced our charitable giving strategy to better align with causes that leverage our business strengths and networks, amplifying our positive impact on the communities we serve. This strategic approach not only supports present needs, but also ensures sustained growth and builds the capacity of our communities.

### GOING FORWARD

As we move forward, our strategic focus remains on driving sustainability through our core values: Acting with Integrity, Advancing with Agility, Evolving Sustainably, Growing as One, and Creating Shared Value. These values ensure that our ESG efforts are both integrated and impactful. Our Breakthrough 2050 framework is not merely a roadmap, but a strategic vision to navigate the complex landscape ahead. By continuing to integrate ESG principles into our core strategies, we aim to create long-term shared value and secure a sustainable future for all stakeholders.

#### **Gilbert Ho**

*Group Co-Chief Executive Officer and Chairman of the  
Environment, Social, and Governance Management Task Force*

Our sustainability performance will be disclosed in detail in a separate ESG report, which will be available on our website. This report complies with the ESG Reporting Guide (“ESG Guide”) set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). It was prepared based on reporting principles of materiality, quantitative, consistency and balance as set out in the ESG Guide.

In addition, this report references the Global Reporting Initiative Standards 2021 (“GRI”). To enhance our climate-related disclosures and address stakeholder expectations, we have also provided additional disclosures with reference to IFRS S2 Climate-related Disclosures published by the International Sustainability Standards Board (“ISSB”). In FY2024, NWS continued to enhance our disclosures on sustainability-related risks and opportunities by preparing this report with reference to ISSB’s IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. The ESG performance of the Company was independently verified by a third party, PricewaterhouseCoopers (PwC), which provides limited assurance. PwC undertook an assurance engagement with respect to selected sustainability information provided by the Company. They verified ESG performance data and presented an Independent Practitioner’s Limited Assurance Report to the Board of Directors of the Company.

**The full ESG Report  
is available here:**








## SUSTAINABILITY VISION

NWS endeavors to delivering quality products and services that will meet the evolving needs of our customers, while creating long-lasting, positive impacts for our stakeholders. Building upon the values of community, innovation and responsible growth, we have woven sustainability principles into our corporate vision:

***To serve as the building blocks to accelerate our portfolio companies, value chains, and communities for sustainability transition in line with our corporate values.***

Building resilience against the emerging challenges on ESG is integral in our business development. Sustainability is at the heart of our daily operations and we strive to align with the expectations of our key stakeholders we serve in a responsible manner.

Through our dedicated efforts over recent years, we have proactively explored innovative and efficient ways to enhance our operational processes and minimize associated impacts. As a result, we significantly exceeded our targets set in 2018. In FY2024, we are excited to introduce our new sustainability strategy — Breakthrough 2050. This ambitious plan, aligned with our Five Core Values, sets even higher targets to drive further innovation and efficiency improvements. Our goal is to make a meaningful contribution to the global shift towards a sustainable future.

Five Core Values	Our Targets	FY2024 Status
<b>Act With Integrity</b> Acting with integrity is our most important and inherent core value. It ensures fairness and a high level of ethical standards in our work. Integrity supports the growth of our business and helps nurture our long-term relationships. 	<b>Business Ethics and Anti-corruption</b> <ul style="list-style-type: none"> <li>Maintain 0 convicted cases of corruption</li> </ul>	✓ <b>Zero convicted cases</b> of corruption
<b>Advance With Agility</b> Being resilient and agile is ingrained in our culture. In this ever-changing world, we stay ready to turn challenges into opportunities to maintain our lead in the market. 	<b>Sustainable Finance and Investment</b> <ul style="list-style-type: none"> <li>50% of bond and loan facilities from sustainability-linked or green financing by 2030</li> </ul>	✓ <b>32%</b> of bond and loan facilities from sustainability-linked or green financing (as of 30 June 2024)
<b>Evolve Sustainably</b> Building a more sustainable future for our next generation, communities, and businesses. We do this by incorporating new practices and innovations into the way we work every day. 	<b>Climate Change</b> <ul style="list-style-type: none"> <li>Reducing 50% GHG emissions by 2035 relative to 2023 levels and reaching global net-zero emissions or at a sector level in eligible 1.5°C-aligned pathways by 2050</li> </ul>	✓ <b>9% reduction</b> in GHG emissions <sup>1</sup> of Scope 1 & 2 compared to FY2023
<b>Grow As One</b> Empowering every team member is to excel at NWS. We grow and share success as one. 	<b>Talent Attraction and Retention</b> <ul style="list-style-type: none"> <li>Rethink upskilling, embrace flexibility and deliver on purpose-driven work to build trust</li> </ul>	✓ Please refer to the “Grow as One” section for FY2024 highlights
<b>Create Shared Value</b> Aspiring to tie our business success with social progress. Our goal is to create long-term value, not only for our shareholders but all stakeholders in the communities we serve. 	<b>Community Investment</b> <ul style="list-style-type: none"> <li>Support 40 scalable and self-sustaining community projects and solutions, both internally and externally by 2030</li> </ul>	✓ <b>Eight projects</b> supported <sup>2</sup>

<sup>1</sup> The GHG emissions reduction reported in “FY2024 Status and Highlights” excluded the emissions from Kai Tak Sports Park to align with the calculation methodology of baseline year, FY2023, and allow for meaningful comparison of data.

<sup>2</sup> The 8 projects supported in FY2024 included 3 projects from Imp[ACT] Fund and 5 community projects. For more details, please refer to the sections “Investing for the Future” and “Fostering an Inclusive Community” in the ESG report.

## ACT WITH INTEGRITY

Acting with integrity is a fundamental value at the core of NWS. It serves as the basis for building trust, credibility, and collective value. We stay updated on changing regulations and requirements across various jurisdictions and sectors. Good corporate governance serves as the foundation for maintaining our organizational capacity and ensuring the continued success of our diverse businesses. Our dedication to integrity and ethical business practices ensures that sustainability is seamlessly integrated into our strategies, decision-making processes, and operations.

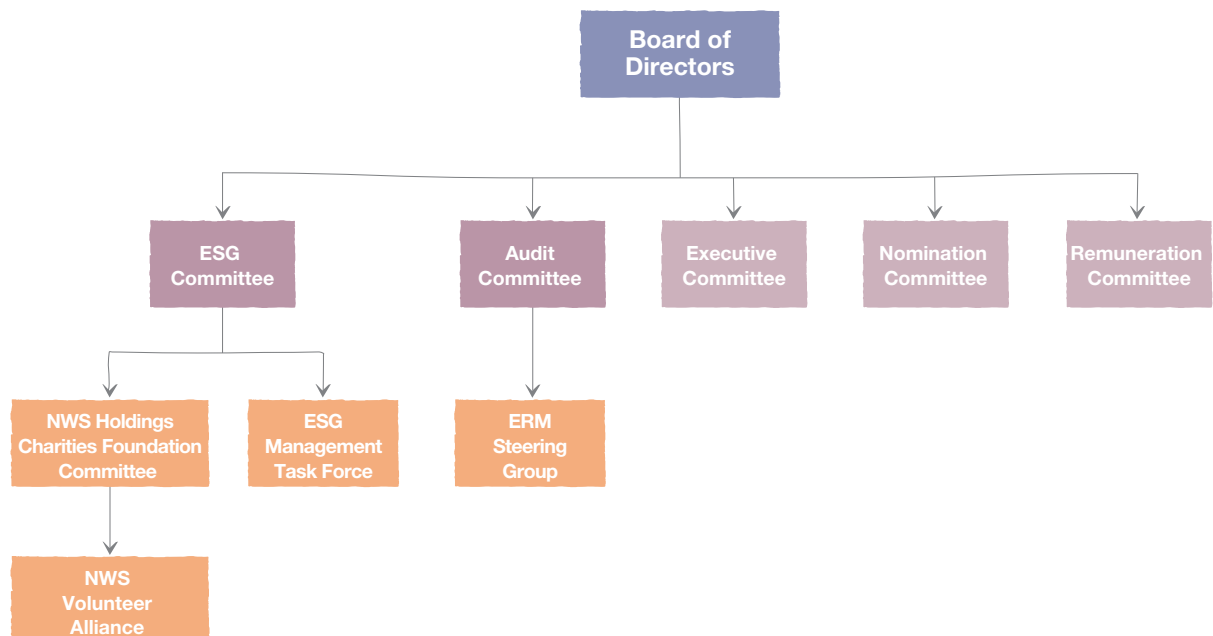
### ESG Governance

The Board and senior executives hold full responsibility for our sustainability strategy and its advancement, ensuring its integration from the top of our organizational structure. To ensure effective oversight, the Audit Committee and the ESG Committee regularly report to the Board, enhancing the accountability and monitoring of our sustainability efforts. The ESG

In December 2023, the establishment of ESG Committee has been approved by the Board to consolidate the powers and functions previously delegated to the Corporate Governance Committee and Sustainability Committees. This strategic move is expected to drive more effective governance and sustainable growth. Combining resources enhances focus on ESG issues, ensuring comprehensive oversight. It allows better allocation of resources and time, while strategic alignment integrates ESG goals with broader corporate strategy.

Committee, established by the Board and operating within its defined terms of reference, is responsible for evaluating and reviewing the effectiveness of our ESG framework. This includes managing important ESG issues, and monitoring the progress of our sustainability strategy, Breakthrough 2050.

We promote collaboration with task forces and sub-committees across the organization, fostering partnerships and synergies with both internal and external stakeholders to drive the transition towards sustainability. The committees regularly present recommendations to the Board, drawing from internal reviews and external consultations, to ensure the successful implementation of initiatives and continuous improvement, creating long-term shared value for our stakeholders.



### ADVANCE WITH AGILITY

Being resilient and agile is ingrained in our culture. In this ever-changing world, we stay proactive, ready to turn challenges into opportunities to maintain our lead in the market. To achieve this, we do not only manage risks through cultivating a strong risk culture at group level, but also take ESG considerations into account when taking investment actions to capitalize on emerging opportunities. By securing green finance, we support our journey towards net zero transition.

#### Sustainable Finance and Investment



### Issuance of First-ever Green Panda Bonds with Proceeds Allocated for Logistics Warehousing

We successfully issued our RMB denominated 2024 Medium-term Green Notes Series 1 (Bond Connect) (the “Green Panda Bonds”) in March 2024. This is the first-ever Green Panda Bonds issued by a Hong Kong conglomerate with proceeds allocated for logistics warehousing.

#### Divestment To Drive Long-term Value

In January 2024, we announced the disposal of interest in Chengdu Jintang Power Plant, marking the complete phase-out of fossil fuel investments from NWS’ portfolio. The divestment decision is to align our investments with our climate ambitions, reduce exposure to volatile fossil fuel markets, and capitalize on emerging opportunities in sustainable energy. By doing so, we aim to reshape the economic landscape and address emerging sustainability challenges.



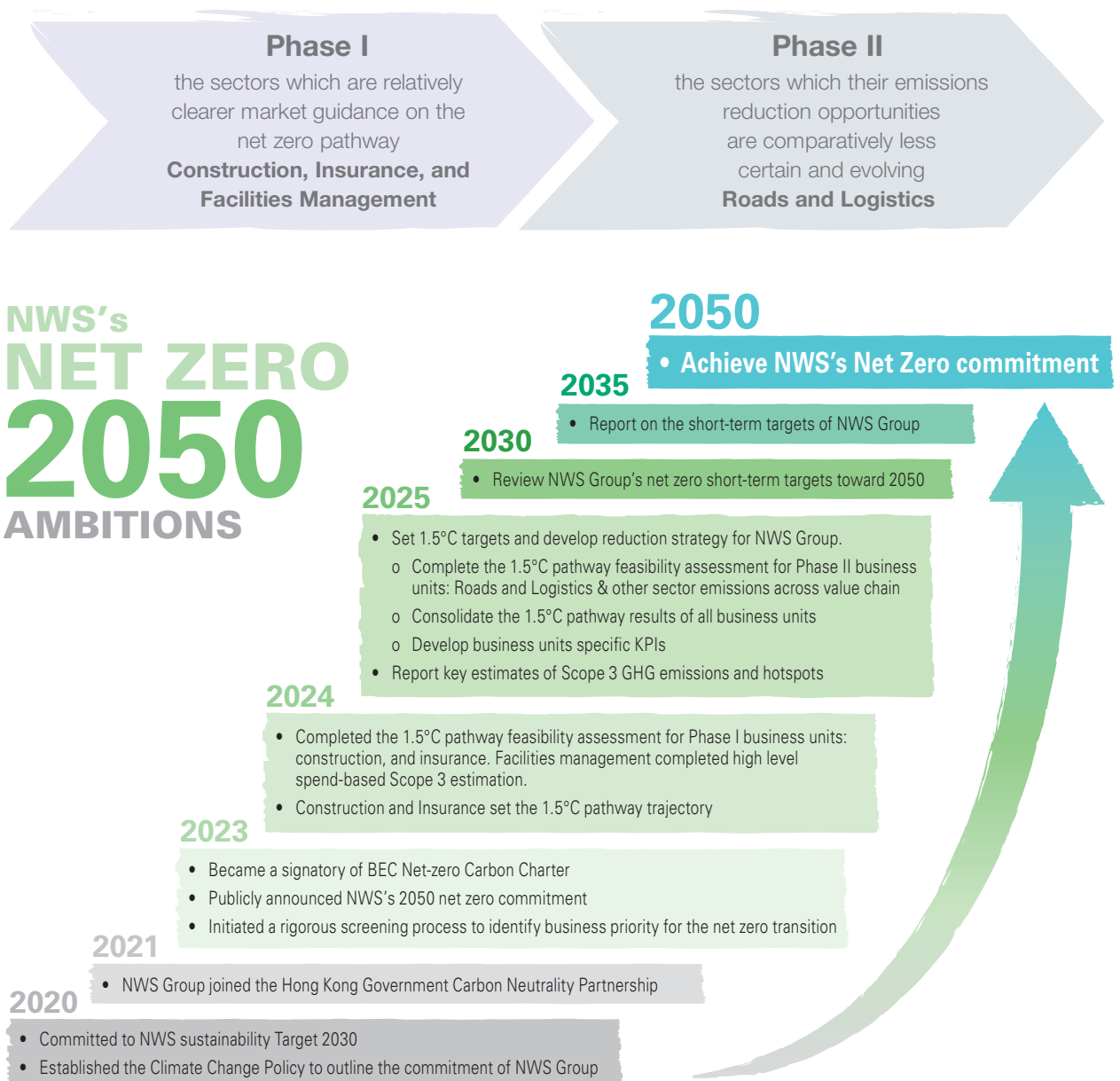
#### Promoting Internal ESG Practices via Imp[ACT] Fund

In FY2024, we introduced an internal project fund for sustainability, the Imp[ACT] Fund, which was a specially designed financial mechanism and capacity building programme to foster and support ESG practices within the Group. This fund will annually allocate a total of HK\$1 million project fund to support three initiatives dedicated for creating positive impacts to our operation and value chains.



## ACCELERATING TO NET ZERO

We have developed a clear roadmap that prioritizes tasks and goals towards net zero in 2050. NWS' businesses span across various sectors with different operational models and climate impacts. To ensure we carefully consider and strike a balance between business expansion and greenhouse gas reduction, we adopt a phased approach for aligning our business units to approach net-zero following the Science Based Targets initiative (SBTi) standards. For the overview of the 1.5°C pathway feasibility assessment for construction and insurance business segments, please refer to ESG Report 2024.

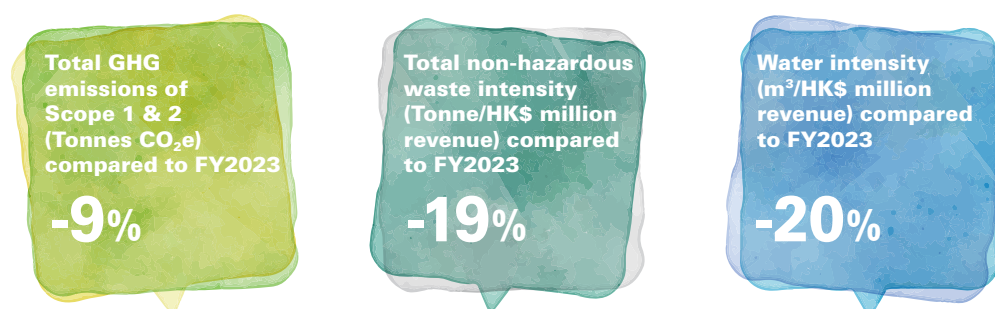




### EVOLVE SUSTAINABLY

In response to growing environmental challenges, environmental regulations have become increasingly stringent in different geographies. Stakeholders now expect businesses to lead positive environmental change. At NWS, we view environmental and social stewardship as key driver for process optimization and we meticulously offer better products to create significant values for our customers. We leverage innovative technologies to contribute positively to the environment and society.

#### Environmental Impacts Highlights in FY2024<sup>3</sup>



#### Construction — Innovate in Construction Technology



Hip Hing's envisions construction informatics and robotization as the key drivers for industry prosperity. Our strategy revolves around a collaborative approach to innovation, focusing on nurturing new ideas in four main areas: digital technologies, artificial intelligence, advanced materials and construction automation.

In October 2023, Hip Hing achieved a significant milestone in the expansion of the LegCo Complex as it lifted the project's first MiC module into position. This installation of MiC module is also the first occasion to apply MiC technology in the development of a multi-storey office building in Hong Kong. Other than shortening construction time and reducing risks of construction site hazard, by mass production of pre-tested prototype modules in a controlled factory environment, dust and noise nuisance to the surrounding environment at site were reduced and construction waste was minimized.



The first MiC multi-storey building in Hong Kong

#### Facilities Management — Enhance Efficiency for Growth



HML has collaborated with business partners and participants of exhibitions and events to implement eco-friendly practices and technologies at the HKCEC. Key strategies include large-scale renovation and facility retrofits.

HML obtained the Gold Rating of "LEED Certification of Existing Building" in FY2024, and won the Operations & Services Award 2023 by UFI, the global association of the exhibition industry, for its outstanding achievements in reducing its carbon footprint. To ensure a comfortable visitor experience and uphold their environmental commitment, HML upgraded its cooling system. In FY2024, Air Handling Units ("AHU") replacement projects were initiated. These projects along with the optimization efforts for the operation control of air side equipment, resulted in an impressive energy saving of 812,000 kwh.



The replacement of exhibition hall lightings for Hall 1DE, Hall 3DE, and Hall 5E

<sup>3</sup> Included one road, six warehouses and 4 car parks in the comparison to FY2023

## Roads — Transition for Road Management



As a toll road operator, NWS is committed to sustainability by integrating advanced technology to enhance operational efficiency, reduce congestion and maintain road safety. We are also proactively investing in infrastructure to support the transition to renewable vehicles, ensuring our facilities meet the evolving needs of a greener future.

The West Lake Southern Service Building renovation project has achieved the highest level LEED Platinum Certification requirements by implementing in-situ redevelopment, environmentally friendly construction processes, and energy-saving systems. The project prioritized the use of low-carbon and green building materials and has installed various green infrastructures, including photovoltaic system, sewage treatment pond and the largest number of electric vehicles (“EV”) charging stations in the country.



The West Lake Southern Service Building

## Insurance — Create Value Beyond Insurance



CTF Life is dedicated to creating value beyond insurance, helping our customers and their families navigate through life journey with personalized planning solutions and diverse lifestyle experiences.

CTF Life has introduced the “FamCare 198”, which is an innovative Critical Illness Protection Products, to help shield customers and their families from the emotional and financial burden of critical illnesses. They have also launched the “FamCare 198” Critical Illness Protector — Pregnancy Baby Protection, specially crafted to help expectant mother safeguard their unborn child from 18 weeks of gestation. By offering extensive coverage for up to 198 illnesses and pioneering benefits like SEN Care, we ensure that our clients receive the best possible support during challenging times.



The “Critical Illness Protection” received the Outstanding Performance by the Bloomberg Businessweek/Chinese Edition

## Logistics — Achieve Operational Excellence



We are committed to acquiring premium quality assets that meet our rigorous standards for sustainability and operational excellence. Our strategic investments in logistics properties are exemplified by the recent acquisition of six top-tier warehouses in Chengdu and Wuhan.

All six newly acquired logistics properties have achieved Grade 1 (3-star), the highest grading in the esteemed “Green Warehousing Certification” awarded by the China Association of Warehousing and Distribution (CAWD). This accolade underscores our dedication to environmental sustainability and operational efficiency.



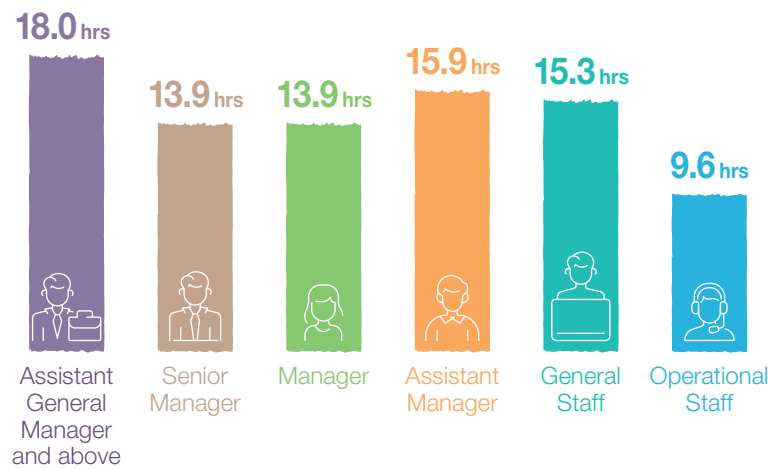
Logistics Property in Chengdu

GROW AS ONE

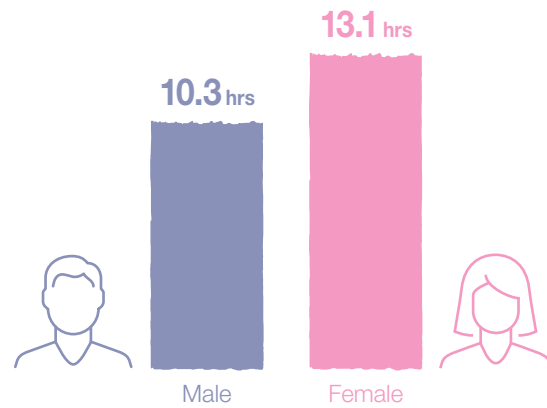
Our employees are the cornerstone of our achievements, embodying the essence of our company. We are committed to fostering an inclusive, diverse, and supportive organizational culture that provides equal opportunities for everyone, regardless of their background. Our approach is centered on our people and extends to supporting their families as well. We place a strong emphasis on employee well-being, health and safety, and we are dedicated to upskilling our workforce as we evolve and grow. To cultivate a strong talent pipeline, we proactively engage with young talents both within and outside our organization, offering them pathways to grow and thrive with us.

Training and Development

Average Training Hours Per Employee by Category



Average Training Hours Per Employee by Gender

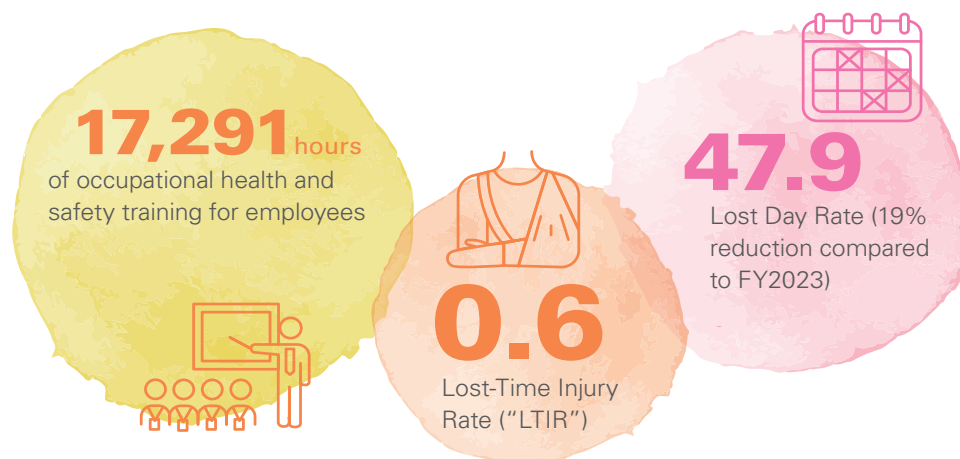


### Our Training and Development Focuses

	Description	Types of Training
<b>Capabilities Building</b> 	Identify and prioritize the development areas for employees to enhance their general skillsets for their roles.	Offer a wide range of training on topics spanning sustainability, IT, business strategies, corporate culture, and legal regulations.
<b>Career Development</b> 	Equip potential leaders with the necessary skills to tackle increasingly complex challenges that may arise as they transition into leadership roles.	Adopt a nomination-based leadership development program and utilize findings from regular performance review sessions. Through these initiatives, we identify and nurture high-potential employees and assist their transition to leadership roles within the Group.
<b>Leadership Training</b> 	Help leaders enhance self-awareness and clarify career goals, enabling them to leverage their strengths and reach their full potential.	Deliver a comprehensive Transformational Leadership Training Program that aims to develop a common language, common goals, and common behaviours among our leadership team.

### Employee Health and Safety

To ensure continuous improvement, we adhere to international standards, including International Labor Organization (“ILO”) Guidelines on Occupational Safety and Health Management System (“OSHMS”), Occupational Safety and Health Ordinance (Cap. 509) and Companies Ordinance (Cap. 622), updating our system as needed.



### OUR OSH APPROACH

#### OSH System and Policy



Our business units have established a robust hierarchy of control under our “Health and Safety Policy” to effectively address workplace hazard identification, assessment, and incident investigation. The overarching objective is to proactively eliminate hazards across our operations.

Hip Hing’s OSH system has achieved ISO 45001 certification. This certification underscores our adherence to international standards and our compliance with the Code of Practice of Factories & Industrial Undertakings (Safety Management Systems) Regulations.

#### Hazard Identification and Risk Assessment



Each of our business units has established independent OSH management systems, incorporating tailored reporting mechanisms and risk assessment procedures to address their specific requirements. For instance, Hip Hing involves an independent Registered Safety Auditor to review the root causes and prevention strategies in case of incidents. This panel conducts thorough analysis and documentation to learn from the case and improve safety practices.

#### Hazard Prevention and Control



In response to identified H&S risks, we take a range of follow-up actions. Our safety forums serve as platforms for open discussions and knowledge sharing among stakeholders. To communicate revised safety measures effectively, we circulate work procedure ensuring that all relevant parties are informed of necessary changes. Project Special Safety Surveillance Teams are formed to conduct regular assessments at construction sites, promoting safety compliance and identifying potential risks.

#### Education and Training



We place a strong emphasis on our safety-first culture by providing OSH training. We ensure clear communication of our health and safety expectations to both employees and sub-contractors. We actively seek feedback from both parties to enhance awareness and improve performance in matters of OSH.

#### Performance Monitoring and Continuously Improvement



When we identify insufficiencies in preventive and protective measures against safety hazards, we implement corrective measures for enhancement. An initiative within Hip Hing is the active involvement of top management in morning exercise sessions and lunchtime gatherings at our sites. This enables staff and workers at all levels to share their feedback on site safety and health with our key decision-makers.

## CREATE SHARED VALUE

As we navigate our path towards achieving sustainable business growth and addressing the emerging risks, such as natural resource crises, the involvement of our community and business partners is indispensable. We aim to promote economic growth and societal advancement without compromising our competitiveness in the market. This requires us to closely collaborate with our partners along the value chain and continue our efforts in building an inclusive community.

### Fostering an Inclusive Community

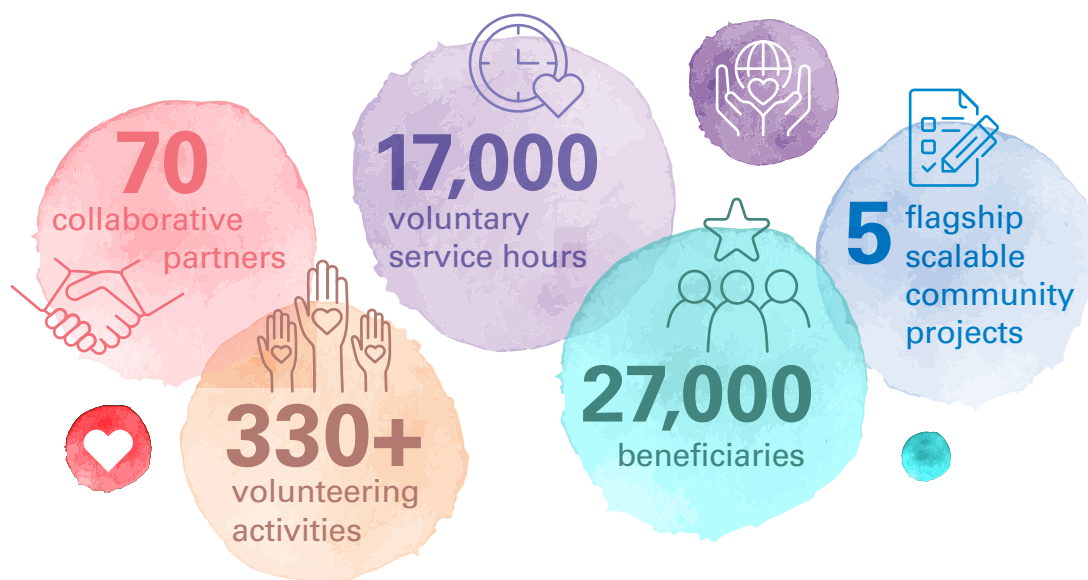
NWS strives to nurture a sustainable and inclusive community by closely collaborating with our business units and building deeper ties with local communities. Leveraging our resources and network, the NWS Holdings Charities Foundation Committee leads our community impact investment which focus on three key areas: “Empower for Change”, “Build for Support”, and “Drive for the Future”. Through financial support, in-kind donations, and volunteering services, we aim to partner with charity partners to drive positive changes, fostering a sustainable and inclusive community for all.

#### Our Key Focuses





### Social Impacts Highlights in FY2024



A range of volunteer activities



# Report of the Directors

The directors of NWS Holdings Limited submit their report together with the audited financial statements of the Group for FY2024.

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include the development of, investment in and/or operation of toll roads, insurance, logistics, construction and facilities management businesses.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 8 to the financial statements.

## BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position, as well as the outlook for the Group's business, are provided in the "Chairman's Statement" (pages 2 and 3) and the "Management Discussion and Analysis" (pages 6 to 25) sections. Particulars of significant events affecting the Group that have occurred since the end of FY2024, if applicable, can also be found in the aforesaid sections. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report, particularly in the "Risk Management Report" (pages 82 to 107). An analysis using financial key performance indicators is provided in the "Financial Highlights" section (pages 4 and 5). Description of the Group's relationships with its key stakeholders is included in the "Corporate Governance Report" (pages 36 to 81) and the "Environmental, Social and Governance Report Highlights" (pages 108 to 120) sections as well as our separate 2024 ESG Report. Furthermore, the Group's environmental policies and performance are set out in the "Environmental, Social and Governance Report Highlights" section (pages 108 to 120) and our separate 2024 ESG Report and details regarding the Group's compliance with relevant laws and regulations which have a significant impact on the Group are provided in the "Corporate Governance Report" (pages 36 to 81) and the "Environmental, Social and Governance Report Highlights" (pages 108 to 120) sections as well as our separate 2024 ESG Report.

This above discussion forms part of this report of the directors.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year and the state of affairs of the Company and of the Group as at 30 June 2024 are set out in the financial statements on pages 150 to 289.

The Board has resolved to recommend a final ordinary dividend for FY2024 (the "Final Dividend") of HK\$0.35 per share (2023: HK\$0.31 per share) in cash to the shareholders whose names appear on the register of members of the Company on 28 November 2024. Together with the interim ordinary dividend of HK\$0.30 per share (2023: HK\$0.30 per share) and special dividend of HK\$1.79 per share paid in April 2024, total distribution of dividend by the Company for FY2024 will be HK\$2.44 per share (2023: HK\$0.61 per share).

Subject to the passing of the relevant resolution at the 2024 AGM, it is expected that the Final Dividend will be paid on or about 18 December 2024.

## Report of the Directors

### SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 49 to the financial statements.

### ASSOCIATED COMPANIES AND JOINT VENTURES

Particulars of the Group's principal associated companies and joint ventures are set out in notes 50 and 51 to the financial statements respectively.

### RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in notes 48 and 35 to the financial statements respectively.

### DISTRIBUTABLE RESERVES

At 30 June 2024, the Company's reserves available for distribution amounted to HK\$16,706.7 million (2023: HK\$24,862.7 million).

### DONATIONS

During the year, the charitable donations made by the Group amounted to HK\$1.1 million (2023: HK\$5.7 million).

### INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 20 to the financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 21 to the financial statements.

### SHARE CAPITAL

During the year, the Company issued shares as follows:

- (a) the Company declared interim ordinary dividend and special dividend for the year ended 30 June 2024 (the "Relevant Dividends") in cash (with scrip option). On 19 April 2024, a total of 85,629,736 ordinary shares of the Company were issued and allotted to the shareholders of the Company who elected to receive the Relevant Dividends wholly or partly in scrip form for a total consideration of HK\$562.4 million; and
- (b) as a result of the exercise of share options under the share option scheme of the Company, a total of 1,428,000 ordinary shares of the Company, fully paid, were issued for a total consideration of HK\$11.2 million.

Details of the movements in the issued share capital of the Company and share options during the year are set out in note 34 to the financial statements.

## DEBENTURES ISSUED

During the year ended 30 June 2024, the Company and its wholly owned subsidiary had issued guaranteed senior perpetual capital securities and notes as follows:

- (a) Pursuant to the registration made by the Company at the National Association of Financial Market Institutional Investors in the PRC for the debt financing instruments in the aggregate amount of not more than RMB5,000.0 million to be issued in multiple tranches (“Panda Bonds”), the Company completed the following issuance:
  - (i) RMB2,000.0 million in aggregate principal amount of 2023 Medium-term Notes Series 2 (Bond Connect) (the “2023 Series 2 Notes”) on 8 November 2023 with a maturity date of 8 November 2026 at the issue price of 100% of the principal amount, which are traded on the China Interbank Bond Market. The gross proceeds of the 2023 Series 2 Notes of RMB2,000.0 million (equivalent to approximately HK\$2,146.9 million) and net proceeds of RMB1,991.4 million (equivalent to approximately HK\$2,137.6 million) are for repayment of bank loans and/or repurchase of perpetual capital securities of the Group; and
  - (ii) RMB100.0 million in aggregate principal amount of 2024 Medium-term Green Notes Series 1 (Bond Connect) (the “2024 Series 1 Notes”) on 21 March 2024 with a maturity date of 21 March 2027 at the issue price of 100% of the principal amount, which are traded on the China Interbank Bond Market. The gross proceeds of the 2024 Series 1 Notes of RMB100.0 million (equivalent to approximately HK\$108.6 million) and net proceeds of RMB99.4 million (equivalent to approximately HK\$108.0 million) are for capital expenditures (including asset improvements or additions), repayment of principal and interest of interest-bearing liabilities and replenishment of working capital (including but not limited to property service fees, on-site operating and maintenance fees, management company expenses and professional service fees) of logistics green warehousing projects of the Group.
- (b) On 27 June 2024, Celestial Miles Limited (“CML”), an indirect wholly owned subsidiary of the Company, issued US\$300.0 million guaranteed senior perpetual capital securities at the price of 100% of the principal amount, which was consolidated and form a single series with the US\$268.2 million guaranteed senior perpetual capital securities issued by CML on 16 December 2022. The gross proceeds of the perpetual capital securities of US\$300.0 million (equivalent to approximately HK\$2,340.0 million) and net proceeds of US\$297.5 million (equivalent to approximately HK\$2,320.3 million) are for general corporate purposes of the Group.

Save as disclosed above, the Group has not issued any debentures during the year.

## BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

Particulars of the borrowings and other interest-bearing liabilities of the Group are set out in note 39 to the financial statements.

## EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company (the “2021 Share Option Scheme”) disclosed in the section headed “Share Option Scheme” below and note 34 to the financial statements, no equity-linked agreements were entered into by the Group, or existed during the year.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company’s bye-laws or the laws of Bermuda.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

In June 2023, Century Acquisition Limited (“CAL” or the “Offeror”), a wholly owned subsidiary of CTF Enterprises, made pre-conditional voluntary general cash offers to acquire, inter alia, all the issued shares of the Company (“NWS Share Offer”) (other than those beneficially owned by CTF Enterprises and its fellow subsidiary) for a cash consideration of HK\$9.15 per share. On 9 November 2023, Financial Concepts Investment Limited (“Financial Concepts”), an indirect wholly owned subsidiary of the Company, tendered its acceptance of the NWS Share Offer in respect of all the 2,979,975 shares of the Company held by Financial Concepts at an aggregate consideration of HK\$27,266,771.25 (before expenses). Such disposal of shares was completed on 17 November 2023.

On 31 January 2024, CML redeemed the 2019 Perpetual Capital Securities, which were listed on the Hong Kong Stock Exchange, issued by CML and unconditionally and irrevocably guaranteed by the Company at their outstanding principal amount, together with distribution accrued to such date. All the outstanding 2019 Perpetual Capital Securities were redeemed and listing of the securities on the Hong Kong Stock Exchange was withdrawn with effect from the close of business on 8 February 2024.

No treasury share was held by the Company during the year ended 30 June 2024.

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

### MAJOR CUSTOMERS AND SUPPLIERS

The amount of revenue attributable to the Group’s five largest customers in aggregate and the Group’s largest customer accounted for 34% and 8% respectively of the Group’s total revenue for FY2024. None of the directors, their close associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company’s issued shares) had an interest in these major customers.

The aggregate amount of purchases attributable to the Group’s five largest suppliers accounted for less than 30% of the Group’s total purchases for FY2024.

### SIGNIFICANT CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section “Connected Transactions” below, the Group and the controlling shareholders of the Company did not enter into any contract of significance during the year.

### 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.

### PERMITTED INDEMNITY PROVISIONS

The bye-laws of the Company provide that directors, secretary or other officers of the Company shall be indemnified out of the assets and profits of the Company from and 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.

In addition, a directors and officers liability insurance policy insuring claims made against, among others, the directors and the senior management of the Group members and the persons representing the Group in associates as directors or senior management was in effect throughout FY2024 and remained in effect up to the date of this report.

## 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 ( <i>Chairman</i> )	
Mr Ma Siu Cheung ( <i>Chief Executive Officer</i> )	(resigned on 1 January 2024)
Mr Cheng Chi Ming, Brian ( <i>Co-Chief Executive Officer</i> )	(appointed as Co-Chief Executive Officer on 1 January 2024)
Mr Ho Gilbert Chi Hang ( <i>Co-Chief Executive Officer</i> )	(appointed as Co-Chief Executive Officer on 1 January 2024)
Mr Lam Jim ( <i>Chief Financial Officer</i> )	(appointed on 1 January 2024)
Mr Cheng Chi Leong, Christopher	

### Non-executive Directors

Dr Cheng Chi Kong, Adrian	(re-designated from executive director on 1 January 2024) <sup>(Note)</sup>
Mr To Hin Tsun, Gerald	(resigned on 1 January 2024)
Mr Dominic Lai	(resigned on 1 January 2024)
Mr William Junior Guilherme Doo	
Mr Lam Wai Hon, Patrick ( <i>alternate director to Mr William Junior Guilherme Doo</i> )	
Mr Tsang On Yip, Patrick	(appointed on 1 January 2024)

### Independent Non-executive Directors

Mr Shek Lai Him, Abraham  
 Mr Lee Yiu Kwong, Alan  
 Mrs Oei Wai Chi Grace Fung  
 Mr Wong Kwai Huen, Albert  
 Professor Chan Ka Keung, Ceajer  
 Ms Ng Yuen Ting, Yolanda

Note: Dr Cheng Chi Kong, Adrian resigned as a non-executive director of the Company on 26 September 2024

In accordance with bye-law 83(2) of the Company's bye-laws, Mr Lam Jim and Mr Tsang On Yip, Patrick, each of whom was appointed as a director of the Company by the Board with effect from 1 January 2024, hold office until the conclusion of the 2024 AGM and, being eligible, will offer themselves for re-election at the 2024 AGM.

Moreover, in accordance with bye-law 84 of the Company's bye-laws, Mr William Junior Guilherme Doo, Mr Lee Yiu Kwong, Alan, Mrs Oei Wai Chi Grace Fung and Professor Chan Ka Keung, Ceajer will retire by rotation at the 2024 AGM. All of the aforementioned directors, being eligible, will offer themselves for re-election at the 2024 AGM.

## DIRECTORS' SERVICE CONTRACTS

No director has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" below and note 17(b) to the financial statements, and the contracts amongst group companies, no other transactions, arrangements or contracts of significance in relation to the Group's businesses to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party, and in which any director of the Company or 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 COMPETING BUSINESS

During the year and up to the date of this report, pursuant to Rule 8.10(2) of the Listing Rules, the following directors of the Company are considered to have interests in the business which competes or is 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) as set out below:

<b>Name</b>	<b>Entity whose business is considered to compete or likely to compete with the businesses of the Group</b>	<b>Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group</b>	<b>Nature of interest of the director in the entity</b>
Dr Cheng Kar Shun, Henry	CTF Enterprises group of companies	Investment in healthcare business	Director
	FSE Lifestyle Services Limited group of companies	Carpark management	Director
Mr Ma Siu Cheung	China Resources (Holdings) Company Limited group of companies	Construction and healthcare	Director
Mr Cheng Chi Leong, Christopher	CTF Enterprises group of companies	Investment in healthcare business	Director
Dr Cheng Chi Kong, Adrian	CTF Enterprises group of companies	Investment in healthcare business	Director
Mr To Hin Tsun, Gerald	Mongolia Energy Corporation Limited	Investment in coal mining business	Director
Mr William Junior Guilherme Doo	FSE Holdings Limited group of companies	Carpark management	Director
	The Dynasty Club Limited	Food and beverage operations	Director
Mr Lam Wai Hon, Patrick	FSE Holdings Limited group of companies	Carpark management	Director
Mr Tsang On Yip, Patrick	CTF Enterprises group of companies	Investment in healthcare business	Director

As the Board is independent of the boards of the abovementioned entities and none of the above directors of the Company can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the interests disclosed in the section headed "Directors' Interests in Securities" below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executives of the Company or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Directors' Interests in Securities

As at 30 June 2024, the directors of the Company had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

#### (a) Long position in shares

Name	Number of shares			Total	Approximate percentage of shareholding as at 30.06.2024
	Personal interests	Family interests	Corporate interests		
Associated corporation:					
Chow Tai Fook Jewellery Group Limited (“Chow Tai Fook Jewellery”)					
(Ordinary shares)					
Dr Cheng Kar Shun, Henry	10,000,000	420,000 <sup>(1)</sup>	–	10,420,000	0.104%
Dr Cheng Chi Kong, Adrian	–	–	20,000 <sup>(2)</sup>	20,000	0.000%

Notes:

(1) The shares were held by the spouse of Dr Cheng Kar Shun, Henry.

(2) The shares were held by a company wholly owned by Dr Cheng Chi Kong, Adrian.

As at 30 June 2024, all the directors of the Company did not have any interest in the shares, underlying shares and debentures of the Company.



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

### (I) The Company – share options

The following directors of the Company had personal interests in options to subscribe for shares of the Company as detailed below:

Name	Date of grant (Note 1)	Vesting period/ Exercisable period	Number of share options					Balance as at 30.06.2024	Exercise price per share HK\$
			Balance as at 01.07.2023	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year		
The Company									
Dr Cheng Kar Shun, Henry	25 July 2022	(Note 3)	10,990,000	–	–	–	(10,990,000)	–	7.830
Mr Ma Siu Cheung <sup>(Note 2)</sup>	25 July 2022	(Note 3)	7,693,000	–	–	–	(7,693,000)	–	7.830
Mr Cheng Chi Ming, Brian	25 July 2022	(Note 3)	6,868,750	–	–	–	(6,868,750)	–	7.830
Mr Ho Gilbert Chi Hang	25 July 2022	(Note 3)	7,418,250	–	–	–	(7,418,250)	–	7.830
Mr Cheng Chi Leong, Christopher	25 July 2022	(Note 3)	6,868,750	–	–	–	(6,868,750)	–	7.830
Dr Cheng Chi Kong, Adrian	25 July 2022	(Note 3)	5,495,000	–	–	–	(5,495,000)	–	7.830
Mr To Hin Tsun, Gerald <sup>(Note 2)</sup>	25 July 2022	(Note 3)	769,300	–	–	–	(769,300)	–	7.830
Mr Dominic Lai <sup>(Note 2)</sup>	25 July 2022	(Note 3)	769,300	–	–	–	(769,300)	–	7.830
Mr William Junior Guilherme Doo	25 July 2022	(Note 3)	769,300	–	–	–	(769,300)	–	7.830
Mr Shek Lai Him, Abraham	25 July 2022	(Note 3)	1,648,500	–	–	–	(1,648,500)	–	7.830
Mr Lee Yiu Kwong, Alan	25 July 2022	(Note 3)	1,648,500	–	–	–	(1,648,500)	–	7.830
Mrs Oei Wai Chi Grace Fung	25 July 2022	(Note 3)	1,648,500	–	–	–	(1,648,500)	–	7.830
Mr Wong Kwai Huen, Albert	25 July 2022	(Note 3)	1,648,500	–	–	–	(1,648,500)	–	7.830
Professor Chan Ka Keung, Ceajer	25 July 2022	(Note 3)	1,648,500	–	–	–	(1,648,500)	–	7.830

Notes:

- (1) The closing price per share on the trading day immediately before the date of grant was HK\$7.75.
- (2) Mr Ma Siu Cheung, Mr To Hin Tsun, Gerald and Mr Dominic Lai resigned as directors of the Company on 1 January 2024.
- (3) 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 <sup>#</sup>
(ii) 15% of the share options granted (Second Tranche)	25 July 2023	From 25 July 2023 to 24 July 2032 <sup>#</sup>
(iii) 20% of the share options granted (Third Tranche)	25 July 2024	From 25 July 2024 to 24 July 2032 <sup>#</sup>
(iv) 50% of the share options granted (Fourth Tranche)	25 July 2025	From 25 July 2025 to 24 July 2032 <sup>#</sup>

<sup>#</sup> Reference was made to the Composite Document dated 13 October 2023 jointly issued by CTF Enterprises, the Offeror and the Company ("Composite Document") in relation to, *inter alia*, the offer to cancel all the outstanding share options of the Company ("NWS Option Offer"). As the Offeror has gained control of the Company after the completion of disposal of shares of the Company held by NWD and its subsidiaries on 17 November 2023, pursuant to the rules of the share option scheme of the Company, the option holders are entitled to exercise options of the Company (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.

- (4) The share options were cancelled by the Company on 23 November 2023 after the directors of the Company had validly tendered their acceptance of the NWS 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 Enterprises, CAL and the Company for details.
- (5) The cash consideration paid by each of the directors for the grant of share options is HK\$10.
- (6) Dr Cheng Kar Shun, Henry is the father of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher and the uncle of Mr William Junior Guilherme Doo.

**(II) Chow Tai Fook Jewellery – share awards**

Under the share award scheme of Chow Tai Fook Jewellery, the Company's associated corporation, the following directors of the Company had personal interests in unvested awards for ordinary shares of Chow Tai Fook Jewellery. Details of the share awards granted by Chow Tai Fook Jewellery to the directors are as follows:

Name	Balance as at 01.07.2023	Granted during the year (Note)	Vested during the year	Lapsed/ cancelled during the year	Balance as at 30.06.2024
Dr Cheng Kar Shun, Henry	–	335,600	–	–	335,600
Dr Cheng Chi Kong, Adrian	–	109,800	–	–	109,800

Note: Date of grant — 10 August 2023, at nil consideration

Date of vesting — 1 July 2026, subject to fulfilment of performance targets and other requirements

Save as disclosed above, as at 30 June 2024, none of the directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and any of its associated corporations as defined in the SFO which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

**SHARE OPTION SCHEME**

The 2021 Share Option Scheme has been approved by the shareholders of the Company and NWD at their respective annual general meetings and the 2021 Share Option Scheme became effective on 23 November 2021.

A summary of the 2021 Share Option Scheme disclosed in accordance with the Listing Rules is as follows:

Purpose of the 2021 Share Option Scheme	To reward directors and employees of the Group for their past service or performance; providing incentive, motivation or reward to eligible participants for optimizing their performance or making contribution to the Group; attracting and retaining persons of right caliber with the necessary experience to work for or make contribution to the Group; fostering a sense of corporate identity; and allowing the eligible participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the 2021 Share Option Scheme	Any director (including any executive director, non-executive director or independent non-executive director) and employee (whether full time or part time) of the Company, any subsidiary or member of the Group.
Total number of shares available for issue under the 2021 Share Option Scheme and percentage of the issued shares as at the date of this report	<p>The Company had offered to grant share options to certain eligible participants to subscribe for 85,978,050 ordinary shares of the Company under the 2021 Share Option Scheme up to the date of this report.</p> <p>The total number of shares available for issue under the 2021 Share Option Scheme is 307,216,934 ordinary shares, representing approximately 7.69% of the Company's total number of issued shares as at the date of this report.</p>

## Report of the Directors

Maximum entitlement of each participant under the 2021 Share Option 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% of the total number of shares of the Company in issue.
The period within which the shares must be taken up under an option	At any time during a period as specified by the directors, however in any event the share options must be exercised within 10 years from the date of grant.
The minimum period for which an option must be held before it can be exercised	Any period as determined by the directors.
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 paid	HK\$10 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	The exercise price is determined by the directors which must be at least the highest of: (i) the closing price of the share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the share as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five dealing days immediately preceding the date of grant; and (iii) the nominal value of the share.
The remaining life of the 2021 Share Option Scheme	The 2021 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 23 November 2021. The remaining life of the 2021 Share Option Scheme is approximately 7 years and 2 months.

During the year ended 30 June 2024, the movements of share options granted by the Company under the 2021 Share Option Scheme are as follows:

- (1) Details of the movement of share options granted to directors of the Company are disclosed under the section headed "Directors' Interests in Securities" above.
- (2) Details of the movement of share options granted to other eligible participants, being employees of the Group (excluding directors of the Company), are as follows:

Date of grant	Vesting period/ exercisable period	Number of share options							Exercise price per share HK\$ (Note 4)
		Balance as at 01.07.2023	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed during the year	Cancelled during the year	Balance as at 30.06.2024	
(Note 1)				(Note 3)	(Note 4)		(Note 5)		
25 July 2022	(Note 2)	28,620,000	–	(1,428,000)	1,586	(663,386)	(26,530,200)	–	7.830

## Notes:

- (1) The closing price per share on the trading day immediately before the date of grant was HK\$7.75.
- (2) 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 <sup>#</sup>
(ii) 15% of the share options granted (Second Tranche)	25 July 2023	From 25 July 2023 to 24 July 2032 <sup>#</sup>
(iii) 20% of the share options granted (Third Tranche)	25 July 2024	From 25 July 2024 to 24 July 2032 <sup>#</sup>
(iv) 50% of the share options granted (Fourth Tranche)	25 July 2025	From 25 July 2025 to 24 July 2032 <sup>#</sup>

<sup>#</sup> Reference was made to the Composite Document. As the Offeror has gained control of the Company after the completion of disposal of shares of the Company held by NWD and its subsidiaries on 17 November 2023, pursuant to the rules of the share option scheme of the Company, the option holders are entitled to exercise options of the Company (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.

- (3) The weighted average closing price of the shares of the Company immediately before the dates on which such share options were exercised was approximately HK\$9.142 per share.
- (4) The Company declared interim ordinary dividend and special dividend for the year ended 30 June 2024 payable in cash (with scrip option) during the year. Accordingly, adjustments were made to the number and exercise price of outstanding share options. The exercise price per share of the outstanding share options was adjusted from HK\$7.830 to HK\$7.786 on 19 April 2024.
- (5) The share options were cancelled by the Company on 23 November 2023 after the eligible participants of the Company had validly tendered their acceptance of the NWS 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 Enterprises, CAL and the Company for details.
- (6) The consideration paid by each of the eligible participants for the grant of share options was HK\$10.
- (7) None of the participants (including directors of the Company and other eligible participants) has been granted share options in excess of the 1% individual limit.
- (8) All of the grant of share options to directors of the Company and other eligible participants were made prior to 1 January 2023, being the date when certain amendments to Chapter 17 (Share Schemes) of the Listing Rules took effect.

The number of share options available for grant under the 2021 Share Option Scheme at the beginning and the end of the year ended 30 June 2024 are 306,555,134 and 307,216,934 respectively.

Save as disclosed above, as at 30 June 2024, no share option of the Company has been granted or exercised or has lapsed or cancelled under the 2021 Share Option Scheme.

### SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at 30 June 2024, so far as are known to the directors of the Company, the following parties (other than a director or chief executive of the Company) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of shares			Approximate percentage to the issued share capital of the Company as at 30.06.2024
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	3,044,748,215 <sup>(1)</sup>	3,044,748,215	76.17%
Cheng Yu Tung Family (Holdings II) Limited	–	3,044,748,215 <sup>(2)</sup>	3,044,748,215	76.17%
CTFC	–	3,044,748,215 <sup>(3)</sup>	3,044,748,215	76.17%
CTFH	–	3,044,748,215 <sup>(4)</sup>	3,044,748,215	76.17%
CTF Enterprises	97,034,424	2,925,701,291 <sup>(5)</sup>	3,022,735,715	75.61%
CAL	2,925,701,291	–	2,925,701,291	73.19%

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC held approximately 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the shares deemed to be interested by CTFH.
- (4) CTFH held 100% direct interest in CTF Enterprises and was accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises. CTFH also held 99.90% direct interest in Chow Tai Fook Nominee Limited and was accordingly deemed to have an interest in the shares interested by Chow Tai Fook Nominee Limited.
- (5) CTF Enterprises held 100% direct interest in CAL and was accordingly deemed to have an interest in the shares interested by CAL.
- (6) All the interests stated above represented long positions.

Save as disclosed above, as at 30 June 2024, there was no other person (other than the directors or chief executives of the Company whose interests in shares, underlying shares and debentures of the Company or any of its associated corporation are set out on pages 127 to 129) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## 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 is approximately 23.83% up to the date of this report, which remains slightly below the minimum public float requirement of 25% prescribed in Rule 8.08(1)(a) of the Listing Rules. On 30 May 2024, the Hong Kong Stock Exchange granted to the Company a temporary waiver from strict compliance with the public float requirements for a period up to 31 December 2024.

The Company is taking appropriate steps to restore the required minimum public float as soon as practicable.

For more details of the status of public float, please refer to the Composite Document and the announcements of the Company dated 23 November 2023, 5 December 2023, 19 April 2024, 23 May 2024 and 30 May 2024.

## CONNECTED TRANSACTIONS

The following connected transactions of the Group have been entered into or subsisting during the year and up to the date of this report:

- (1) On 1 October 2022, a medical services agreement (the "Medical Services Agreement") was entered into between FTLife Insurance Company Limited (currently known as CTF Life) and UMP Professional Management Limited ("UMP Professional") (an indirect wholly owned subsidiary of UMP Healthcare Holdings Limited ("UMP Healthcare Holdings")) whereby UMP Professional agreed (or procure its applicable affiliates) to arrange or provide and administer medical services to the insured and/or policyholders of CTF Life and/or respective family members of policyholders of CTF Life including spouse and children.

As at the date of signing of the Medical Services Agreement, NWD together with its subsidiaries held approximately 60.9% of the total issued share capital of the Company. CTF Enterprises together with its subsidiaries held approximately 45.2% of the total issued share capital of NWD and CTF Enterprises held approximately 2.5% of the total issued share capital of the Company. CTF Enterprises together with its subsidiaries held approximately 15.3% of the total issued share capital of UMP Healthcare Holdings. Dr Sun Yiu Kwong, being a brother-in-law of Dr Cheng Kar Shun, Henry and an uncle of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian, Mr Cheng Chi Leong, Christopher and Mr William Junior Guilherme Doo, held approximately 36.8% of the total issued share capital of UMP Healthcare Holdings. UMP Professional was therefore considered to be a connected person of the Company under the Listing Rules. Accordingly, the Medical Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The Medical Services Agreement has a fixed term of three years commencing from 1 October 2022, unless terminated in accordance with the terms of the Medical Services Agreement.

During the year ended 30 June 2024, the contract amounts for the medical services under the Medical Services Agreement are summarized as follows:

Category	Approximate total	Annual cap
	contract sum HK\$'m	
Medical services by UMP Professional (or its applicable affiliates) to CTF Life	35.7	50.0

## Report of the Directors

- (2) On 28 April 2023, a master services agreement was entered into between the Company and CTF Enterprises (the “CTF Enterprises Master Services Agreement”) whereby each of the Company and CTF Enterprises agreed to, and agreed to procure that members of the Group or the CTF Enterprises Group (as defined in the CTF Enterprises Master Services Agreement) (to the extent practicable), engage relevant members of the CTF Enterprises Group or the Group to provide certain operational services to relevant members of the Group or the CTF Enterprises Group (as the case may be) during the term of the CTF Enterprises Master Services Agreement.

As at the date of signing of the CTF Enterprises Master Services Agreement, NWD together with its subsidiaries held approximately 60.9% of the total issued share capital of the Company. CTF Enterprises together with its subsidiaries held approximately 45.2% of the total issued share capital of NWD and CTF Enterprises held approximately 2.5% of the total issued share capital of the Company. Accordingly, CTF Enterprises was considered to be a connected person of the Company under the Listing Rules and the CTF Enterprises Master Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The CTF Enterprises Master Services Agreement has an initial term of three years commencing from 1 July 2023. Subject to re-compliance with the applicable Listing Rules at the relevant time, the CTF Enterprises Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules).

During the year ended 30 June 2024, the contract amounts for the operational services under the CTF Enterprises Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum	Annual cap
	HK\$'m	HK\$'m
Operational services by members of the Group to members of the CTF Enterprises Group	10.0	106.0
Operational services by members of the CTF Enterprises Group to members of the Group	271.8	517.0



- (3) On 28 April 2023, a master services agreement was entered into between the Company and NWD (the “NWD Master Services Agreement”) whereby each of the Company and NWD agreed to, and agreed to procure that members of the Group or the NWD Group (as defined in the NWD Master Services Agreement) (to the extent practicable), engage relevant members of the NWD Group or the Group to provide certain operational services to relevant members of the Group or the NWD Group (as the case may be) during the term of the NWD Master Services Agreement.

As at the date of signing of the NWD Master Services Agreement, NWD together with its subsidiaries held approximately 60.9% of the total issued share capital of the Company. Accordingly, NWD was a connected person of the Company under the Listing Rules and the NWD Master Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The NWD Master Services Agreement, the transactions contemplated thereunder and the related annual caps were approved by the independent shareholders at the special general meeting of the Company held on 26 June 2023 (the “2023 SGM”). The NWD Master Services Agreement has an initial term of three years commencing from 1 July 2023. Subject to re-compliance with the applicable Listing Rules at the relevant time, the NWD Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules).

During the year ended 30 June 2024, the contract amounts for the operational services under the NWD Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum	Annual cap
	HK\$m	HK\$m
Operational services by members of the Group to members of the NWD Group	300.3	1,099.0
Operational services by members of the NWD Group to members of the Group	64.5	198.0

## Report of the Directors

- (4) On 28 April 2023, a master services agreement (the “DOO Master Services Agreement”) was entered into between the Company and Mr Doo Wai Hoi, William (“Mr Doo”) whereby each of the Company and Mr Doo agreed to, and agreed to procure that members of the Group or the Services Group (as defined in the DOO Master Services Agreement) (to the extent practicable), engage relevant members of the Services Group or the Group to provide certain operational services to relevant members of the Group or the Services Group (as the case may be) during the term of the DOO Master Services Agreement.

As at the date of signing of the DOO Master Services Agreement, Mr Doo was the father of Mr William Junior Guilherme Doo, brother-in-law of Dr Cheng Kar Shun, Henry and uncle of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher, all of whom (except Mr Doo) were directors of the Company. Mr Doo was therefore a connected person of the Company under the Listing Rules. Certain members of the Services Group were majority-controlled companies of Mr Doo and/or his immediate family member and hence connected persons of the Company. Accordingly, the DOO Master Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The DOO Master Services Agreement, the transactions contemplated thereunder and the related annual caps were approved by the independent shareholders at the 2023 SGM. The DOO Master Services Agreement has an initial term of three years commencing from 1 July 2023. Subject to re-compliance with the applicable Listing Rules at the relevant time, the DOO Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules).

During the year ended 30 June 2024, the contract amounts for the operational services under the DOO Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum	Annual cap
	HK\$'m	HK\$'m
Operational services by members of the Group to members of the Services Group	1.4	41.0
Operational services by members of the Services Group to members of the Group	1,232.8	2,144.0

- (5) On 22 July 2024, Power Might Enterprises Limited (an indirect wholly owned subsidiary of the Company) (the “Purchaser”), Efficient League Limited and Golden Celosia Limited (together, the “Vendors”) and a subsidiary of CTFH (as the Vendor Guarantor) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”), pursuant to which the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase from the Vendors the entire issued share capital of Hsin Chong Aster Building Services Limited (the “Target Company”) at an initial consideration of HK\$508.6 million to be adjusted in accordance with a performance bonus and adjustment mechanism. Golden Celosia Limited also conditionally agreed to sell and assign, and the Purchaser conditionally agreed to purchase and take assignment of, a shareholder’s loan with the principal amount of HK\$30 million in the consideration of HK\$30 million plus interests accrued thereupon up to the completion date. The total consideration for the aforementioned purchase of the entire issued share capital of the Target Company and purchase and assignment of the shareholder’s loan (together, the “Aster Acquisition”) shall be subject to a cap of HK\$1,000 million. The Target Company is a leading contractor in providing comprehensive electrical and mechanical engineering (“E&M”) services, and offers a full spectrum of solutions, including heating, ventilation and air conditioning systems, fire services, electrical installations and other E&M solutions.

CTFH, indirectly holding approximately 76.2% of the total issued share capital of the Company through its subsidiaries as at the date of entering into the Sale and Purchase Agreement, was a substantial shareholder and hence a connected person of the Company. Golden Celosia Limited, being wholly owned by Chow Tai Fook Nominee Limited, which was a subsidiary of CTFH, was therefore an associate of CTFH and hence a connected person of the Company. Accordingly, the Aster Acquisition constituted a connected transaction of the Company.

As at the date of entering into the Sale and Purchase Agreement, there were ongoing transactions in relation to the provision of E&M services by the Target Company under certain pre-existing construction contracts between the Target Company and NWD Group (the “Ongoing Transactions”). The Ongoing Transactions were expected to continue after completion of the Aster Acquisition until the completion of works which was expected to be in the first quarter of 2025.

NWD, as a company indirectly owned as to approximately 45.2% by CTFH as at the date of signing the Sale and Purchase Agreement, is an associate of CTFH and hence a connected person of the Company. Upon completion, the Target Company will become an indirect wholly owned subsidiary of the Company and the Ongoing Transactions will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Ongoing Transactions will then fall within the scope of, and the relevant agreements will be regarded as, individual agreements under the NWD Master Services Agreement conforming with the provisions contained therein. The annual transaction amounts of the transactions under the NWD Master Services Agreement together with the annual transaction amounts under the Ongoing Transactions are not expected to exceed the annual caps approved by the independent shareholders of the Company at the 2023 SGM.

With effect from 17 November 2023, NWD has disposed of all the shares of the Company held by it and its subsidiaries and CTF Enterprises has become the holding company of the Company. As CTF Enterprises together with its subsidiaries hold 45.2% of the issued share capital of NWD, NWD is an associate of CTF Enterprises. Accordingly, NWD and its subsidiaries continue to be connected persons of the Company.

## Report of the Directors

The price and terms of the continuing connected transactions mentioned in (1) to (4) above have been determined in accordance with the pricing policies and guidelines as set out in the announcements of the Company dated 28 April 2023 and 29 May 2023 and the circular of the Company dated 5 June 2023. These continuing connected transactions have been reviewed by the independent non-executive directors of the Company who have confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better;
- (c) 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; and
- (d) within the caps as set out in the relevant announcements and circular.

The Company's auditor was engaged to report on the Group's continuing connected transactions 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 HKICPA. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules.

Save as disclosed above, a summary of significant related party transactions made during the year, which included the abovesaid connected transactions of the Company, if applicable, is disclosed in note 45 to the financial statements. In respect of these connected transactions, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

## DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2024, the Group has provided financial assistance, by way of shareholders' loans or advances, in the aggregate amount of HK\$6,207.6 million to its affiliated companies (included in the amounts disclosed in notes 23, 24 and 29 to the financial statements), guarantees given for bank loans and other credit facilities for the benefit of the affiliated companies and the guarantee in relation to KTSPL and Goshawk in the aggregate amount of HK\$13,876.9 million (included in the amounts disclosed in note 43 to the financial statements) and contracted to provide an aggregate amount of HK\$1,878.2 million in capital and loan contributions to affiliated companies (included in the amount disclosed in note 42(a)(i) to the financial statements). The said amounts, in aggregate, represent approximately 14.3% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. Affiliated companies include associated companies and joint ventures of the Group.

The advances are unsecured, interest free and have no definite repayment terms except for (i) an amount of HK\$101.8 million which carries interest at 8% per annum; (ii) an amount of HK\$29.0 million which carries interest at Hong Kong prime rate; (iii) an amount of HK\$1,620.0 million which carries interest at 6-month HIBOR plus a margin of 1.3% per annum and is not repayable within the next 12 months from the end of the reporting period; (iv) an amount of HK\$578.5 million which carries compound interest at 5% per annum; (v) an amount of HK\$124.8 million which carries interest at Secured Overnight Financing Rate administered by the Federal Reserve Bank of New York plus a margin of 12.15% per annum; (vi) an amount of HK\$151.1 million which carries interest at 4% per annum; (vii) an amount of HK\$32.3 million which carries interest at 3.65% per annum and is not repayable within the next 12 months from the end of the reporting period; (viii) an amount of HK\$237.3 million which is not repayable within the next 12 months from the end of the reporting period; and (ix) an amount of HK\$320.5 million which is repayable within the next 12 months from the end of the reporting period. The advances also include an amount of HK\$197.5 million which has been subordinated to certain indebtedness of an affiliated company. Contracted capital and loan contributions to affiliated companies would be funded by internally generated resources and banking facilities of the Group.

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30 June 2024 are presented as follows:

	<b>Proforma combined statement of financial position</b> HK\$m	<b>The Group's attributable interest</b> HK\$m
Total assets	59,507.1	26,839.5
Total liabilities	(39,103.9)	(17,109.1)
	20,403.2	9,730.4

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustments to conform with the Group's material accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2024.

### DISCLOSURE OF LEASING ASSURANCE PURSUANT TO RULE 14.36B OF THE LISTING RULES

Reference is made to the announcement of the Company dated 16 May 2022 (the “Announcement”) in relation to, among other things, the acquisition of the entire equity interest and shareholder’s loan (where applicable) in GCD4 LLC and Goodman Chengdu Developments No.4 Limited (collectively, the “Targets”) by Glorious Hope Limited (an indirect wholly owned subsidiary of the Company) (the “Buyer”) from Goodman Developments Asia and Goodman China Logistics Holding Limited (collectively, the “Sellers”). The Targets, through a subsidiary incorporated in the PRC, indirectly own Goodman Xindu Logistics Centre (the “Logistics Centre”), a logistics warehouse located in Xindu, Chengdu, the PRC (the “Acquisition”). Unless otherwise defined, capitalised terms used herein shall have the meanings ascribed to them in the Announcement.

As disclosed in the Announcement, the share purchase agreement dated 14 May 2022 entered into between, inter alia, the Buyer and the Sellers in respect of the Acquisition (the “Share Purchase Agreement”) had provided for a leasing assurance arrangement (the “Leasing Assurance”) pursuant to which the Sellers would provide the Reduced Leasing Assured Amount to the Buyer during the Leasing Assurance Period, being the period of 12 months from the date of completion of the Acquisition (the “Completion”) which took place on 12 January 2023, and the final consideration to be paid by the Buyer to the Sellers in respect of the Targets under the Share Purchase Agreement would be adjusted based on the Reduced Leasing Assured Amount. The Reduced Leasing Assured Amount would be subject to post-Completion adjustments and determined with reference to the leases that were entered into by tenants of the Logistics Centre during the Leasing Assurance Period.

For the purpose of Rule 14.36B(2) of the Listing Rules and under the Leasing Assurance, the Signing Date Leasing Assured Amount (i.e. the estimated Leasing Assured Amount of approximately RMB12 million as disclosed in the Announcement) could be regarded as a guarantee provided by the Sellers. If income from leases entered into by tenants of the Logistics Centre up to the end of the Leasing Assurance Period was below the Signing Date Leasing Assured Amount, such shortfall would constitute the Reduced Leasing Assurance Amount which as mentioned above should be utilized to adjust the final consideration to be paid by the Buyer.

As at the expiry date of the Leasing Assurance Period on 11 January 2024, after taking into account the leases entered into by tenants of the Logistics Centre, the Reduced Leasing Assured Amount was approximately RMB3.6 million. As at the date of this report, such Reduced Leasing Assured Amount had been deducted from the final consideration paid by the Buyer in respect of the Targets under the Share Purchase Agreement. The Board is of the view that the Sellers have fulfilled their obligations under the Leasing Assurance in the Share Purchase Agreement. The Share Purchase Agreement did not provide for any option to sell by the Buyer in relation to the Leasing Assurance.

Save for the Leasing Assurance, there is no other performance-related guarantee nor any put option or similar rights available to the Group under the Share Purchase Agreement which require disclosure pursuant to Rule 14.36B of the Listing Rules.

The above disclosure had been made by an announcement of the Company on 25 September 2024.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, approximately 13,200 staff were employed by entities under the Group’s management of which approximately 3,500 staff were employed in Hong Kong. Total staff related costs, including provident funds, staff bonus and deemed share option benefits but excluding directors’ remunerations and their deemed share option benefits during FY2024 were HK\$2.999 billion (2023: HK\$2.882 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

## **FIVE-YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 290 and 291.

## **AUDITOR**

The financial statements for the year ended 30 June 2024 have been audited by PricewaterhouseCoopers, who will retire at the 2024 AGM and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

**Dr Cheng Kar Shun, Henry**

*Chairman*

Hong Kong, 25 September 2024



# Independent Auditor's Report



羅兵咸永道

**To the shareholders of NWS Holdings Limited**

*(incorporated in Bermuda with limited liability)*

## OPINION

### What we have audited

The consolidated financial statements of NWS Holdings Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 150 to 289, 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 disclosure requirements of 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 (CONTINUED)

Key audit matters identified in our audit are summarised as follows:

- Fair value measurement of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss
- Assessment on valuation of insurance contract liabilities
- Valuation of investment properties held by the Group and its joint venture

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>(i) Fair value measurement of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss</b></p> <p>(Refer to notes 7, 26, 27 and 31 to the consolidated financial statements)</p> <p>As at 30 June 2024, the Group's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss (including those classified as investments related to unit-linked contracts) amounted to HK\$11,624 million and HK\$68,765 million respectively.</p> <p>Management determined the fair value of these investments at the end of reporting period as follows:</p> <ul style="list-style-type: none"> <li>• For investments with quoted market prices, management determined the fair value based on quoted market prices;</li> <li>• For investments in unlisted investment funds, management determined the fair value based on the latest fund statements obtained from respective fund managers. Management discussed with respective fund managers to understand the performance of the underlying investments in the investment funds and fair value measurement basis used in estimating the fair value of the investment funds as stated in the fund statements;</li> <li>• For investments in unlisted equity and debt instruments with recent transactions, management determined the fair value with reference to recent transaction prices of these financial assets; and</li> </ul>	<p>Our procedures to assess management's judgements in respect of the fair value measurement of investment funds and equity and debt instruments included:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the management's controls and processes of fair value measurement of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors;</li> <li>• We performed control testing over the investment system and evaluated and validated management's control procedures over investment cycle on a sample basis where applicable;</li> <li>• We performed the following work in relation to fair value measurement of investment funds or equity and debt instruments: <ul style="list-style-type: none"> <li>• For investments with quoted market prices, we checked, on a sample basis, fair value determined by management against the quoted market prices or quotes obtained from independent sources;</li> <li>• For investments in unlisted investment funds, we obtained fund statements from fund managers and selected a sample of investments to (i) enquire fund managers on the performance of the underlying investments in the investment funds and the methodologies and key assumptions used in determining the fair value as stated in the fund statements and (ii) assess management basis on the determination of fair value of the unlisted investment funds;</li> </ul> </li> </ul>

### KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>(i) <b>Fair value measurement of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss (continued)</b></p> <ul style="list-style-type: none"> <li>For investments in unlisted equity and debt instruments without quoted market prices and recent transactions, management determined fair values of these investments by using appropriate valuation techniques, such as discounted cash flow and quantitative assessments with reference to market comparable or market indices with consideration to the latest business development of the investee companies. Independent external valuer has been involved in determining the fair value, where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>For investments in unlisted equity and debt instruments with recent transactions, we agreed, on a sample basis, to the evidence of recent transaction prices of those financial assets; and</li> <li>For investments in unlisted equity and debt instruments without quoted market prices and recent transactions, with the support from our in-house valuation experts, if applicable, we (i) evaluated the competence, capability and objectivity of the independent valuer if independent valuer was involved, and (ii) assessed, on a sample basis, the appropriateness of methodologies and key assumptions used in the fair value measurement of these financial assets, and the reasonableness of the key observable and unobservable inputs used in the valuation by comparing key assumptions used against appropriate available market information such as public stock prices of comparable companies and bond yields of comparable debt instruments or by assessing the reasonableness and appropriateness of the market comparable/market indices used.</li> </ul>

We focused on this area because of the financial significance of the balances and management judgements involved in determining the fair values of these financial assets.

Based on the procedures performed above, we found judgements exercised by management in the fair value measurement of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss to be reasonable.

## KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>(ii) Assessment on valuation of insurance contract liabilities</b></p> <p>(Refer to note 38 to the consolidated financial statements)</p> <p>The Group had insurance contract liabilities of HK\$64,566 million as at 30 June 2024, representing approximately 58% of the Group's total liabilities.</p> <p>The valuation of insurance contract liabilities requires the use of appropriate actuarial methodologies and various economic and operational assumptions that are subject to a high degree of management's judgements. The key assumptions used in measuring the insurance contract liabilities include discount rates, mortality rates, lapse rates and expenses.</p> <p>We focused on this area due to significant management judgements and estimates required in the valuation of insurance contract liabilities at the end of reporting period.</p>	<p>We involved our in-house actuarial experts in performing the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the production processes of valuation of insurance contract liabilities;</li> <li>• We evaluated whether the methodologies are consistent and in line with HKFRS 17. This includes the review of HKFRS 17 related assessments, such as significant insurance risk, Variable Fee Approach eligibility, and onerousness tests;</li> <li>• We evaluated the appropriateness of the models selected and perform model point testing on a sample basis to validate the algorithm within the actuarial models applied;</li> <li>• We evaluated the reasonableness of the key assumptions applied in the valuation of insurance contract liabilities based on market observable data, the Group's past experience, market observable data and our industry experience; and</li> <li>• We performed analysis of the movements in insurance contract liabilities to assess whether the changes were in line with our understanding of the assumptions used in the valuation and any developments and changes during the period.</li> </ul> <p>Based on the procedures performed above, we found the methodologies and key assumptions used by management in the valuation of insurance contract liabilities to be reasonable.</p>

## KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>(iii) Valuation of investment properties held by the Group and its joint venture</b></p> <p>Refer to notes 7, 20 and 24 to the consolidated financial statements.</p> <p>As at 30 June 2024, the investment properties held by the Group were stated at fair value of HK\$5,479 million. The Group also shared significant interest in investment properties held by its joint venture of HK\$8,401 million.</p> <p>Independent external valuers were engaged to determine the fair value of investment properties held by the Group and its joint venture as at 30 June 2024, where considered necessary.</p> <p>Fair value was generally derived by the income approach and where appropriate, by the direct comparison method. Income approach was based on either the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates and prevailing market rents or discounted cash flow forecast. Sales comparison method was based on comparable market transactions, as adjusted by the property-specific qualitative factors.</p> <p>We focused on this area due to the fact that there are significant judgements and estimation uncertainty involved in the valuation of investment properties.</p>	<p>Our procedures in relation to the valuation of investment properties included:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We evaluated the competence, capability and objectivity of the independent external valuers;</li> <li>• We obtained the valuation reports and discuss the valuation methodologies and key assumptions used with the independent external valuers;</li> <li>• We, on a sample basis, involved our in-house valuation experts and assessed the appropriateness of 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 capitalization rates, prevailing market rents and comparable market transactions for similar properties, where applicable; and</li> <li>• We tested, on a sample basis, the data used in the valuation of investment properties, including rental rates from existing tenancies, by agreeing to the underlying agreements with the tenants.</li> </ul> <p>Based on the procedures performed, we found the methodologies used in preparing the valuations were appropriate and the key assumptions used in the valuation were supportable in light of available evidence.</p>

## **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 THE 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 disclosure requirements of 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 90 of the Companies Act 1981 of Bermuda, 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional skepticism 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.
- 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.



## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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. Chu Ho Kwan Raphael.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 25 September 2024

# Consolidated Income Statement

For the year ended 30 June

	Note	2024 HK\$m	2023 HK\$m (restated)
Revenue			
Non-insurance		<b>22,968.5</b>	24,225.6
Insurance		<b>3,453.1</b>	2,895.8
	8	<b>26,421.6</b>	27,121.4
Cost of sales	9, 11	<b>(19,977.7)</b>	(21,624.7)
Insurance service expenses	9, 38	<b>(2,508.0)</b>	(1,928.3)
Net income/(expenses) from reinsurance contracts held		<b>79.9</b>	(21.6)
Net insurance finance (expenses)/income		<b>(1,431.0)</b>	157.1
Other income and gains, net	10	<b>2,217.8</b>	382.8
Selling and marketing expenses	9	<b>(194.4)</b>	(137.1)
General and administrative expenses	9	<b>(945.6)</b>	(1,095.3)
Operating profit	9	<b>3,662.6</b>	2,854.3
Finance costs	13	<b>(1,198.8)</b>	(938.2)
Share of results of			
Associated companies		<b>14.8</b>	176.8
Joint ventures		<b>842.0</b>	754.1
Profit before income tax		<b>3,320.6</b>	2,847.0
Income tax expenses	14	<b>(700.6)</b>	(763.9)
<b>Profit for the year</b>		<b>2,620.0</b>	2,083.1
Profit attributable to			
Shareholders of the Company		<b>2,084.2</b>	1,446.9
Holders of perpetual capital securities		<b>457.9</b>	612.0
Non-controlling interests		<b>77.9</b>	24.2
		<b>2,620.0</b>	2,083.1
Basic and diluted earnings per share attributable to shareholders of the Company	16	<b>HK\$0.56</b>	HK\$0.40

# Consolidated Statement of Comprehensive Income

For the year ended 30 June

	2024 HK\$m	2023 HK\$m (restated)
Profit for the year	<b>2,620.0</b>	2,083.1
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Net fair value change on equity instruments as financial assets at FVOCI	<b>(87.3)</b>	(284.3)
Remeasurement of post-employment benefit obligation	<b>15.9</b>	2.2
Items that have been reclassified/may be subsequently reclassified to profit or loss		
Net fair value change on debt instruments as financial assets at FVOCI and other net movement	<b>(27.8)</b>	(222.7)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	<b>123.7</b>	3.2
Release of reserve upon deregistration of subsidiaries	<b>(9.1)</b>	–
Release of reserve upon reclassification of interest in an associated company to financial assets at FVOCI	<b>(5.9)</b>	–
Release of reserve upon disposal of interest in a joint venture	<b>–</b>	(6.4)
Share of other comprehensive income of associated companies	<b>2.2</b>	0.2
Cash flow hedges	<b>(39.2)</b>	41.4
Net insurance finance expenses	<b>(21.2)</b>	(115.9)
Currency translation differences	<b>(40.5)</b>	(1,753.8)
Other comprehensive loss for the year, net of tax	<b>(89.2)</b>	(2,336.1)
Total comprehensive income/(loss) for the year	<b>2,530.8</b>	(253.0)
Total comprehensive income/(loss) attributable to		
Shareholders of the Company	<b>1,997.8</b>	(883.6)
Holders of perpetual capital securities	<b>457.9</b>	612.0
Non-controlling interests	<b>75.1</b>	18.6
	<b>2,530.8</b>	(253.0)

# Consolidated Statement of Financial Position

		<b>As at 30 June 2024 HK\$m</b>	As at 30 June 2023 HK\$m (restated)	As at 1 July 2022 HK\$m (restated)
	Note			
<b>ASSETS</b>				
Intangible assets	18	<b>5,928.8</b>	5,863.2	5,890.1
Intangible concession rights	19	<b>12,226.1</b>	13,306.4	13,081.9
Investment properties	20	<b>5,479.1</b>	5,875.0	4,842.2
Property, plant and equipment	21	<b>1,252.2</b>	1,317.0	1,315.7
Right-of-use assets	22	<b>974.4</b>	1,192.2	1,360.7
Associated companies	23	<b>4,540.3</b>	4,708.3	6,443.4
Joint ventures	24	<b>17,403.8</b>	17,773.3	15,413.5
Insurance contract assets	38	<b>548.3</b>	1,160.3	–
Reinsurance contract assets	38	<b>221.2</b>	28.5	–
Debt instruments as financial assets at amortized cost	25	<b>1,391.4</b>	55.2	–
Financial assets at FVOCI	26	<b>11,624.4</b>	11,384.1	12,111.0
Financial assets at FVPL	27	<b>59,746.6</b>	53,742.6	42,428.2
Derivative financial instruments	28	<b>367.2</b>	287.8	91.9
Inventories		<b>18.4</b>	239.6	170.0
Trade and other receivables	29	<b>9,158.9</b>	9,375.6	14,816.6
Investments related to unit-linked contracts	31(a)	<b>9,041.3</b>	8,940.1	8,649.2
Cash and bank balances	32	<b>14,788.0</b>	19,255.9	13,452.6
Assets held-for-sale	33	<b>373.3</b>	–	–
Total assets		<b>155,083.7</b>	154,505.1	140,067.0
<b>EQUITY</b>				
Share capital	34	<b>3,997.5</b>	3,910.5	3,911.1
Reserves	35	<b>34,898.7</b>	41,427.6	44,544.9
Shareholders' funds		<b>38,896.2</b>	45,338.1	48,456.0
Perpetual capital securities	36	<b>4,436.4</b>	10,353.6	10,528.5
Non-controlling interests		<b>19.1</b>	50.8	50.1
Total equity		<b>43,351.7</b>	55,742.5	59,034.6

## Consolidated Statement of Financial Position

		<b>As at 30 June 2024 HK\$m</b>	As at 30 June 2023 HK\$m (restated)	As at 1 July 2022 HK\$m (restated)
	Note			
<b>LIABILITIES</b>				
Deferred tax liabilities	37	<b>1,266.5</b>	1,412.5	1,514.3
Insurance contract liabilities	38	<b>64,565.9</b>	56,414.4	41,012.0
Reinsurance contract liabilities	38	<b>55.5</b>	12.2	56.1
Financial liabilities related to unit-linked contracts	31(b)	<b>4,188.8</b>	4,424.6	4,603.3
Borrowings and other interest-bearing liabilities	39	<b>29,895.4</b>	23,796.9	23,590.9
Derivative financial instruments	28	<b>384.9</b>	216.6	172.7
Trade and other payables	40	<b>9,699.2</b>	10,819.6	8,289.4
Lease liabilities	41	<b>738.9</b>	963.4	1,124.7
Taxation		<b>570.9</b>	702.4	669.0
Liabilities directly associated with assets held-for-sale	33	<b>366.0</b>	–	–
<b>Total liabilities</b>		<b>111,732.0</b>	98,762.6	81,032.4
<b>Total equity and liabilities</b>		<b>155,083.7</b>	154,505.1	140,067.0

**Dr Cheng Kar Shun, Henry**  
*Director*

**Mr Ho Gilbert Chi Hang**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

HK\$'m	Notes	Shareholders' funds					Perpetual capital securities	Non-controlling interests	Total
		Share capital	Share premium	Revenue reserve	Other reserves	Total			
As at 30 June 2023, previously stated		3,910.5	17,817.0	23,709.5	(5,700.3)	39,736.7	10,353.6	50.8	50,141.1
Adoption of HKFRS 17	2(b)	-	-	(712.2)	6,313.6	5,601.4	-	-	5,601.4
As at 30 June 2023, restated		3,910.5	17,817.0	22,997.3	613.3	45,338.1	10,353.6	50.8	55,742.5
Adoption of HKFRS 17	2(b)	-	-	(863.6)	1,142.6	279.0	-	-	279.0
As at 1 July 2023		3,910.5	17,817.0	22,133.7	1,755.9	45,617.1	10,353.6	50.8	56,021.5
Total comprehensive income/(loss) for the year		-	-	2,149.4	(151.6)	1,997.8	457.9	75.1	2,530.8
(Distribution to)/contributions by owners									
Dividends paid to									
Shareholders of the Company	15, 35	-	-	(9,388.6)	-	(9,388.6)	-	-	(9,388.6)
Non-controlling interests		-	-	-	-	-	-	(55.9)	(55.9)
Distribution to perpetual capital securities holders		-	-	-	-	-	(663.1)	-	(663.1)
Scrip dividends									
New shares issued		85.6	476.8	-	-	562.4	-	-	562.4
Share options									
Value of services provided		-	-	-	44.4	44.4	-	-	44.4
New shares issued		1.4	9.8	-	-	11.2	-	-	11.2
Share of reserve of a joint venture		-	-	-	(35.2)	(35.2)	-	-	(35.2)
Deregistration of subsidiaries		-	-	4.7	(0.6)	4.1	-	(50.9)	(46.8)
Issuance of perpetual capital securities	36	-	-	-	-	-	2,340.0	-	2,340.0
Transaction cost in relation to issuance of perpetual capital securities	36	-	-	(19.7)	-	(19.7)	-	-	(19.7)
Redemption of perpetual capital securities	35, 36	-	-	102.7	-	102.7	(8,052.0)	-	(7,949.3)
Transfer of reserves	35	-	-	(517.7)	517.7	-	-	-	-
Total transactions with owners		87.0	486.6	(9,818.6)	526.3	(8,718.7)	(6,375.1)	(106.8)	(15,200.6)
As at 30 June 2024		3,997.5	18,303.6	14,464.5	2,130.6	38,896.2	4,436.4	19.1	43,351.7

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

HK\$'m	Notes	Shareholders' funds					Perpetual capital securities	Non-controlling interests	Total
		Share capital	Share premium	Revenue reserve	Other reserves	Total			
As at 30 June 2022, previously stated		3,911.1	17,821.5	24,406.7	(2,830.8)	43,308.5	10,528.5	50.1	53,887.1
Adoption of HKFRS 17	2(b)	–	–	(211.9)	5,359.4	5,147.5	–	–	5,147.5
As at 1 July 2022, restated		3,911.1	17,821.5	24,194.8	2,528.6	48,456.0	10,528.5	50.1	59,034.6
Total comprehensive income/(loss) for the year		–	–	1,457.2	(2,340.8)	(883.6)	612.0	18.6	(253.0)
<i>(Distribution to)/contributions by owners</i>									
Dividends paid to									
Shareholders of the Company	35	–	–	(2,385.3)	–	(2,385.3)	–	–	(2,385.3)
Non-controlling interests		–	–	–	–	–	–	(40.8)	(40.8)
Distribution to perpetual capital securities holders		–	–	–	–	–	(656.8)	–	(656.8)
Share repurchase		(0.7)	(4.9)	–	–	(5.6)	–	–	(5.6)
Share options									
Value of services provided		–	–	–	51.8	51.8	–	–	51.8
New shares issued		0.1	0.4	–	–	0.5	–	–	0.5
Issuance of perpetual capital securities		–	–	–	–	–	2,092.0	–	2,092.0
Transaction cost in relation to issuance of perpetual capital securities		–	–	(19.8)	–	(19.8)	–	–	(19.8)
Redemption of perpetual capital securities		–	–	124.1	–	124.1	(2,222.1)	–	(2,098.0)
Consolidation of a subsidiary		–	–	–	–	–	–	22.9	22.9
Transfer of reserves	35	–	–	(373.7)	373.7	–	–	–	–
Total transactions with owners		(0.6)	(4.5)	(2,654.7)	425.5	(2,234.3)	(786.9)	(17.9)	(3,039.1)
As at 30 June 2023, restated		3,910.5	17,817.0	22,997.3	613.3	45,338.1	10,353.6	50.8	55,742.5

# Consolidated Statement of Cash Flows

For the year ended 30 June

	Note	2024 HK\$'m	2023 HK\$'m (restated)
Cash flows from operating activities			
Net cash generated from operations	44(a)	<b>11,984.5</b>	18,845.2
Finance costs paid		<b>(1,035.5)</b>	(853.0)
Interest received		<b>2,967.5</b>	2,301.9
Dividends received from financial assets in relation to insurance business and investments related to unit-linked contracts		<b>247.3</b>	355.7
Hong Kong profits tax paid		<b>(346.3)</b>	(195.9)
The Mainland and overseas taxation paid		<b>(558.7)</b>	(645.2)
Net cash generated from operating activities before net purchase of financial assets in relation to insurance business		<b>13,258.8</b>	19,808.7
Purchases of financial assets in relation to insurance business		<b>(51,222.2)</b>	(36,440.0)
Disposal of financial assets in relation to insurance business		<b>40,412.1</b>	21,916.7
		<b>(10,810.1)</b>	(14,523.3)
Net cash generated from operating activities		<b>2,448.7</b>	5,285.4
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		–	(405.6)
Dividends received from associated companies	23(f)	<b>257.4</b>	258.6
Dividends received from joint ventures	24(g)	<b>978.1</b>	863.3
Increase in investments in and advances to associated companies		<b>(69.2)</b>	(223.3)
Decrease in investments in and advances to joint ventures		<b>58.2</b>	4,000.4
Proceeds received from disposal of interests in associated companies, joint ventures and subsidiaries		<b>12.7</b>	594.8
Additions of investment properties	20	–	(1,189.4)
Additions of intangible assets, intangible concession rights and property, plant and equipment		<b>(490.3)</b>	(516.8)
Purchases of debt instruments as financial assets at amortized cost		<b>(49.9)</b>	(138.8)
Purchases of financial assets at FVPL		<b>(270.7)</b>	(440.3)
Disposal of debt instruments as financial assets at amortized cost		<b>122.9</b>	88.9
Disposal of financial assets at FVOCI		<b>247.5</b>	50.7
Disposal of financial assets at FVPL		<b>1,687.7</b>	1,383.1
Disposal of property, plant and equipment		<b>0.6</b>	3.9
Settlement of derivative financial instruments		<b>9.5</b>	92.7
Dividends received from financial assets at FVOCI and financial assets at FVPL		<b>3.7</b>	11.6
Increase in time deposits with original maturity more than three months		–	(1.0)
Others		<b>18.4</b>	8.0
Net cash generated from investing activities		<b>2,516.6</b>	4,440.8



## Consolidated Statement of Cash Flows

For the year ended 30 June

	Note	2024 HK\$m	2023 HK\$m (restated)
Cash flows from financing activities			
Issuance of new shares from share options exercised		11.2	0.5
Share repurchase	34	–	(5.6)
New bank loans and other borrowings	44(b)	13,660.2	8,051.7
Issuance of fixed rate bonds	44(b)	2,245.6	1,674.1
Repayment of bank loans and other borrowings	44(b)	(9,704.3)	(7,379.0)
Redemption of fixed rate bonds	44(b)	–	(2,585.1)
Repayment of financing received under a financial reinsurance arrangement	44(b)	(50.7)	(53.1)
Distribution to perpetual capital securities holders		(663.1)	(656.8)
Proceeds from issuance of perpetual capital securities, net of transaction costs	36	2,320.3	2,072.2
Redemption of perpetual capital securities	36	(7,949.3)	(2,098.0)
Capital element of lease liabilities payments	44(b)	(248.7)	(237.4)
Decrease in cash collateral received from counterparties	44(b)	(4.4)	(26.7)
Repayment of loan from non-controlling interest	44(b)	–	(10.5)
Dividends paid to shareholders of the Company		(8,826.2)	(2,385.3)
Dividends paid to non-controlling interests		(55.9)	(40.8)
Net cash used in financing activities		(9,265.3)	(3,679.8)
Net (decrease)/increase in cash and cash equivalents		(4,300.0)	6,046.4
Cash and cash equivalents at the beginning of year		19,257.9	13,466.1
Currency translation differences		(7.2)	(254.6)
Cash and cash equivalents at the end of year		14,950.7	19,257.9
Analysis of cash and cash equivalents			
Cash and bank balances	32	14,788.0	19,255.9
Cash and bank balances attributable to investments related to unit-linked contracts	31(a)	23.3	15.7
Cash and bank balances of subsidiaries classified as assets held-for-sale	33	153.0	–
Time deposits with original maturity more than three months	32	(13.6)	(13.7)
		14,950.7	19,257.9

# Notes to the Financial Statements

## 1 GENERAL INFORMATION

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

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include the development of, investment in and/or operation of toll roads, insurance, logistics, construction and facilities management businesses.

The Company has its listing on the Main Board of Hong Kong Stock Exchange.

The consolidated financial statements were approved for issuance by the Board on 25 September 2024.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and interpretations (collectively, the “HKFRS”) issued by the 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 notes 4 and 6 below.

### (a) Adoption of new standard and amendments to standards

During FY2024, the Group has adopted the following new standard and amendments to standards which are relevant to the Group’s operations and are mandatory for FY2024:

HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform — Pillar Two Model Rules

Except for HKFRS 17 as detailed below, the adoption of the amendments to standards does not have significant effect on the results and financial position of the Group.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (b) Adoption of 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 recognized 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 4 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.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (b) Adoption of HKFRS 17 “Insurance Contracts” (continued)

#### Transition (continued)

*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 carrying amount of financial assets by measurement categories 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)
Debt instruments as financial assets at amortized cost	6,895.0	(6,839.8)	55.2	1,299.6	1,354.8
Financial assets at FVOCI	43,174.3	(31,790.2)	11,384.1	(2,787.7)	8,596.4
Financial assets at FVPL	15,002.6	38,740.0	53,742.6	1,767.1	55,509.7

Debt instruments are reclassified to FVPL out of FVOCI or amortized 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 amortized 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)
<b>Total equity</b>	<b>53,887.1</b>	<b>5,147.5</b>	<b>59,034.6</b>

	As at 30 June 2023 HK\$m (previously stated)	Adjustments HK\$m	As at 1 July 2023 HK\$m (restated)
<b>Total equity</b>	<b>50,141.1</b>	<b>5,880.4</b>	<b>56,021.5</b>

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 derecognized 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) Change in presentation of consolidated statement of financial position

The Group, taken into account the characteristics of insurance contracts and expectation on the scaling of assets and liabilities of its insurance business with the adoption of HKFRS 17 due to the capitalization of future profits in the CSM as liabilities and natural business growth, changes the presentation of its consolidated statement of financial position in FY2024 that provides relevant, comparable and understandable information to present all assets and liabilities in the order of liquidity in accordance with HKAS 1 “Presentation of Financial Statements”. The comparative figures have been restated accordingly.

### (d) Standards, amendments to standards and interpretation which are not yet effective

The following new standards, amendments to standards and interpretation are mandatory for accounting period beginning on or after 1 July 2024 or later periods but which the Group has not early adopted:

HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HKFRS 18	Presentation and Disclosure in Financial Statements
HKFRS 19	Subsidiaries without Public Accountability: Disclosures
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKAS 21 (Amendments)	Lack of Exchangeability
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs Amendments	Annual Improvements to HKFRS Accounting Standards — Volume 11

The Group has commenced the assessment on the impact of adoption of the 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.

### 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
<b>Insurance contracts issued</b>		
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
<b>Reinsurance contracts held</b>		
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 recognized and measured. Such groups are not subsequently reconsidered.

#### (c) Fulfilment 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 recognized in general and administrative expenses or selling and marketing expenses as incurred.

#### (d) Insurance acquisition cash flows

Insurance acquisition cash flows represents cash flows arise 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 recognized 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 recognize 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 recognized 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 recognized in profit or loss immediately, with no CSM recognized on the consolidated statement of financial position on initial recognition, and a loss component is established in the amount of loss recognized.

#### (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 recognized 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 recognized 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 recognized in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognized.

#### (j) Derecognition and modification

An insurance contract is derecognized 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 recognized. 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.

### 3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

#### (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 recognized 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.

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 recognized 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 recognizes insurance revenue. The amount of insurance revenue recognized 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 recognized 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 recognized as insurance revenue with the same amount recognized 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 recognized 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 recognizing 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.

### 3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

#### (k) Presentation of insurance contracts (continued)

##### ***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.

##### ***Insurance service expenses***

Insurance service expenses arising from insurance contracts are recognized 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 amortization;
- losses on onerous contract or reversals of those losses; and
- changes that relate to past service.

For contracts not measured under the PAA, amortization 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, amortization 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 recognizes 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.

### 3 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

#### (k) Presentation of insurance contracts (continued)

##### *Net income/(expenses) from reinsurance contracts held (continued)*

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 recognizes 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 income and 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 recognized 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 derecognizes these insurance contracts, its related remaining amount accumulated in insurance finance reserve is reclassified to profit or loss.

### 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.

### 4 CHANGE IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (a) Measurement of insurance contracts not measured under the PAA (continued)

##### *Estimates of present value of future cash flows (continued)*

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 the key assumptions are included in notes 6(g)(i) and 38.

##### *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 recognized 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 note 3, the material accounting policies adopted for the preparation of the consolidated financial statements, which have been consistently applied to all the years 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

Subsidiaries are entities in 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 Group applies the acquisition method to account for business combinations. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in the consolidated income statement. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized 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 recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment property which are subsequently measured under fair value model and 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.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (a) Consolidation (continued)

##### (i) *Subsidiaries (continued)*

Inter-group transactions, balances and unrealized gains or losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

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 recognized in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognized 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. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement.

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.

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) *Associated companies*

An associated company is a company other than a subsidiary and a joint venture, in which the Group has significant influence 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.

Investments in associated companies are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. The interests in associated companies also include long-term interests that, in substance, form part of the Group's net investment in associated companies.



## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (a) Consolidation (continued)

#### (ii) *Associated companies (continued)*

The Group's share of its associated companies' post-acquisition profits or losses is recognized in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognized in other 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 interest in that associated company, including any other unsecured receivable, the Group does not recognize further losses, unless it has incurred legal and constructive obligations or made payments on behalf of the associated company.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealized 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.

Dilution gains or losses arising from investments in associated companies are recognized 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.

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.

#### (iii) *Joint arrangements*

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has.

##### (1) *Joint operations*

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (a) Consolidation (continued)

##### (iii) Joint arrangements (continued)

###### (2) Joint ventures

A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

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 interests in the joint ventures. The provision of loans and advances to the joint ventures is a form of commercial arrangement between the parties to the joint ventures to finance the development of projects are viewed as a means by which the Group invests in the relevant projects.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of that joint venture.

The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

- **Equity joint ventures**  
Equity joint ventures 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 of the venturers are in proportion to the capital contribution ratios.
- **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.
- **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.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

For equity accounting purpose, accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Non-controlling interests

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent company. 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.

### (c) Intangible assets

#### (i) Goodwill

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of associated companies and joint ventures is included in interests in associated companies and joint ventures respectively and is tested for impairment as part of overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and 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 ("CGU") for the purpose of testing for impairment. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose.

#### (ii) Operating right

Operating right primarily resulted from the acquisition of right to operate facilities management businesses. Separately acquired operating rights are initially recognized at cost. Operating rights acquired in a business combination are initially recognized at fair value at the acquisition date. Operating right is carried at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method to allocate the cost over the period of the operating right.

#### (iii) Intangible concession rights

The Group has entered into various service concessions ("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 charge 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.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (c) Intangible assets (continued)

##### (iii) Intangible concession rights (continued)

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.

Amortization of intangible concession rights is calculated to allocate their costs, where applicable, on an economic usage basis for roads whereby the amount of amortization 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.

##### (iv) Other intangible assets

Other intangible asset mainly represents (i) computer software under the Group's insurance segment and is amortized over a period of 3 to 5 years or the estimated useful life, whichever is shorter and (ii) construction license under the Group's Construction segment and is amortized over the estimated useful life.

Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalized development costs are stated at cost less accumulated amortization and impairment losses.

Operating right and other intangible assets are tested for impairment when there is indication of impairment.

#### (d) Revenue recognition

Revenue is recognized when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time. Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (d) Revenue recognition (continued)

If control of the good or service transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the good or service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Incremental costs incurred to obtain a contract, if recoverable, are capitalized as contract assets and subsequently amortized when the related revenue is recognized.

The Group's recognition policies on revenue from contracts with customers, other sources of revenue and other income are further described as follows:

#### (i) Toll revenue

Toll revenue from road operations is recognized at a point in time when services are rendered.

#### (ii) Service fee income

Property and facilities management service fees and property letting agency fee are recognized over time and at a point in time respectively when services are rendered.

#### (iii) Rental income

Rental income from investment properties is recognized on a straight-line basis over the terms of the lease agreements.

#### (iv) Construction revenue

Revenue from construction service contract is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

#### (v) Sales of goods

Income from sales of goods is recognized at a point in time when the goods are delivered to customers and title has passed.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (d) Revenue recognition (continued)

##### *(vi) Interest income*

Interest income is recognized 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 recognized using the original effective interest rate.

##### *(vii) Dividend income*

Dividend income is recognized when the right to receive payment is established.

##### *(viii) Revenue related to insurance business*

Accounting policies of revenue recognition in relation to insurance business are set out in note 3.

#### (e) Government grants

Grants from the government are recognized 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.

#### (f) 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 recognized 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 primarily include the net present value of the fixed payments, less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (f) Leases (continued)

Right-of-use assets are measured at cost comprising the following items:

- 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 recognized 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 recognized in the consolidated income statement in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

### (g) Investment properties

Investment property, principally comprising land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment property also includes property that is being constructed or developed for future use as investment property.

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 valuation or estimation by management conducted at the end of each reporting period. Changes in fair values are recognized 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.

If a property becomes an investment property because its use has been changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognized in equity as a revaluation of property, plant and equipment. However, if a fair value gives rise to a reversal of the previous impairment loss, the write-back is recognized in the consolidated income statement.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (h) 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 the assets. Subsequent costs are included in the carrying amount of the assets or recognized 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 replaced part is derecognized. All other repairs and maintenance costs are charged in the consolidated income statement during the period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount 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 capitalized as the costs of the assets.

#### (ii) Depreciation

No depreciation is provided in respect of construction in progress until such time when the relevant assets are completed and available for intended use.

Depreciation of property, plant and equipment are calculated to allocate their cost to their estimated residual values over their estimated useful lives or lease terms, using the straight-line method, at the following annual rates:

Properties	2.5%–5%
Other plant and equipment	4%–50%
Motor vehicles	20%–25%

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 recognized in the consolidated income statement.

#### (i) Impairment of interests in associated companies, joint ventures and other non-financial assets

Non-financial assets that have an indefinite useful life (e.g. goodwill) or have not yet been available for use are not subject to amortization 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 recognized 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 CGU 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.



## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (j) Investments and other financial assets

#### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in consolidated income statement or other comprehensive income. 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 FVOCI.

The Group reclassifies its investments in 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 recognized on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognized 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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in 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.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (j) Investments and other financial assets (continued)

##### (iii) Measurement (continued)

###### (1) Debt instruments

Subsequent measurement of investments in 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:

###### Amortized 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 amortized cost. A gain or loss on investment in a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in consolidated income statement when the asset is derecognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

###### Financial assets at 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 other comprehensive income, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognized in consolidated income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to consolidated income statement and recognized in "other income and gains, net". Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses and impairment loss are presented in "other income and gains, net".

###### Financial assets at FVPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on investments in debt instruments that is subsequently measured at FVPL and is not part of a hedging relationship is recognized in consolidated income statement and presented net within "other income and gains, net" in the period in which it arises.

###### (2) 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 investment. Dividends from such investments continue to be recognized in consolidated income statement as "other income and gains, net" when the Group's right to receive payments is established.

Changes in the fair value of investments in equity instruments at FVPL recognized in "other income and gains, net" in the consolidated income statement. Investments in equity instruments at FVOCI are not subject to impairment assessment.

## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment of financial assets

The Group's financial assets measured at amortized cost, including trade and other receivables, amounts receivable from associated companies and joint ventures and cash and bank balances, debt instruments as financial assets at FVOCI, as well as contract assets are subject to expected credit loss model under HKFRS 9.

For trade receivables, retention money receivables and contract assets, the Group applies the simplified approach for provision for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected credit loss provision for these assets.

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 recognizes 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.

### (l) Deferred income

Deferred income is included in "trade and other payable" and is credited to the consolidated income statement on a straight-line basis over the concession periods.

### (m) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their 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 recognized assets or liabilities or highly probable forecast transactions (cash flow hedges), the changes in fair value of recognized assets or liabilities (fair value hedges) or hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, 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 hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (m) Derivative financial instruments and hedging activities (continued)

##### (i) *Cash flow hedges that qualify for hedge accounting*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized 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 recognized 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 recognized in other comprehensive income 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 recognized 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 recognized in other comprehensive income 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 recognized in other comprehensive income and accumulated in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- 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 recognized in consolidated income statement as the hedged item affects profit or loss.
- The gain or loss relating to the effective portion of the hedging instruments is recognized in consolidated income statement at the same time as 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 and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the consolidated income statement.

## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (m) Derivative financial instruments and hedging activities (continued)

#### (ii) Fair value hedges

Change in the fair value on hedging instrument is recognized in other comprehensive income and accumulated in the fair value hedge reserve within equity when the hedged item is an equity instrument for which the Group has elected to presents changes in fair value in other comprehensive income.

#### (iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in exchange reserve in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement.

#### (iv) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the consolidated income statement.

### (n) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. The Group's impairment policies are further described in notes 5(k) and 6(b).

### (o) Inventories

Inventories comprise stocks and work in progress and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average or the first-in first-out methods depending on the operating segments. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

### (p) Contracts 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 recognized as contract assets if the cumulative revenue recognized in consolidated income statement exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognized as contract liabilities if the cumulative payments made by customers exceeds the revenue recognized in consolidated income statement.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (p) Contracts assets and contract liabilities (continued)

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade receivables as described in notes 5(k) and 6(b). Contract liabilities are recognized as revenue when the Group transfers the goods or services to the customers and therefore satisfied its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalized and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortized 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 recognizes an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognized exceeds the remaining amounts of consideration that the Group expects to receive less the costs that relate directly to providing those goods or services that have not been recognized as expenses.

#### (q) Assets (or disposal groups) held-for-sale and discontinued operations

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 recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized 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 recognized. A gain or loss not previously recognized by the date of the sale of the Asset (or disposal group) is recognized at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortized 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 recognized.

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.

#### (r) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on 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 in the consolidated statement of financial position.

#### (s) Trade and other payables

Trade 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (t) Provisions

Provisions are recognized 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 recognized 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 recognized as interest expense.

### (u) Share capital and perpetual capital securities

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.

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

### (v) 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 recognized 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 is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized 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 recognized but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (w) Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

##### **Current tax**

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the regions where the Group, associated companies and joint ventures 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 tax**

Deferred 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, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. The deferred tax is 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 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 tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures 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.

The Group has applied the temporary mandatory exception to recognize and disclose information about deferred tax assets and liabilities associated with Pillar Two income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (x) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the construction period when the asset is being prepared for its intended use. Other borrowing costs are expensed as incurred.

#### (y) 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 financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.



## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (y) Foreign currencies (continued)

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing 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 prevailing at the end of the reporting period are recognized 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 financial assets and liabilities held at FVPL are recognized in consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equity instruments classified as financial assets at FVOCI, are included in other comprehensive income.

#### (iii) Group companies

The results and financial position of all the entities of the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each statement of financial position presented are translated at the exchange rate prevailing at the date of that consolidated statement of financial position;
- (2) income and expenses for each income statement are translated at the average exchange rate during the period covered by the consolidated income statement; and
- (3) all resulting exchange differences are recognized 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 entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in equity.

#### (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 exchange 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 exchange differences is re-attributed to non-controlling interests and not recognized 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 exchange difference is reclassified to the consolidated income statement.

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (z) Employee benefits

##### (i) *Employee leave entitlements*

Employee entitlements to annual leave are recognized 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 recognized until the time of leave.

##### (ii) *Bonus plans*

Provision for bonus plans are recognized 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.

##### (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 Scheme ("MPF") and employee pension schemes established by municipal governments in the Mainland 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 services and compensation.

The liability recognized 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 determined by reference to market yields at the end of the reporting period based on 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to other comprehensive income in the period in which they arise.

##### (v) *Share-based compensation*

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share options is recognized 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 recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

At the expiration of options, the accumulated balance of special reserve recognized for those options is reclassified to revenue reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

## 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (aa) Borrowings and other interest-bearing liabilities

Borrowings and other interest-bearing liabilities are recognized initially at fair value, net of transaction costs incurred. Borrowings and other interest-bearing liabilities are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement or capitalized as stated in note 5(x) over the period of the borrowings using the effective interest method.

### (ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

Segment assets consist primarily of intangible assets, intangible concession rights, investment properties, property, plant and equipment, right-of-use assets, insurance contract assets, reinsurance contract assets, debt instruments as financial assets at amortized cost, financial assets at FVOCI, financial assets at FVPL, derivative financial instruments, inventories, receivables, investments related to unit-linked contracts and cash and bank balances. Segment liabilities primarily comprise deferred tax liabilities, insurance contract liabilities, reinsurance contract liabilities, financial liabilities related to unit-linked contracts, borrowings and other interest-bearing liabilities, derivative financial instruments, payables, lease liabilities and taxation. Additions to assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets comprise additions to investment properties, property, plant and equipment, intangible concession rights, intangible assets and right-of-use assets.

### (ac) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the financial period when the dividends are approved by the Company's shareholders and/or directors, where appropriate.

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION

Financial assets in the consolidated statement of financial position include debt instruments as financial assets at amortized cost, financial assets at FVOCI, financial assets at FVPL, amounts receivables from associated companies and joint ventures, derivative financial instruments, trade and other receivables, investments related to unit-linked contracts and cash and bank balances. All these financial assets are carried at amortized cost using the effective interest method except for the "financial assets at FVOCI", "financial assets at FVPL", "derivative financial instruments" and financial assets at FVPL under "investments related to unit-linked contracts" which are carried at fair value.

Financial liabilities in the consolidated statement of financial position include borrowings and other interest-bearing liabilities, financial liabilities related to unit-linked contracts, derivative financial instruments, lease liabilities and trade and other payables. All these financial liabilities are carried at amortized cost using the effective interest method except for the "derivative financial instruments" and "financial liabilities related to unit-linked contracts" which are carried at fair value.

### 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

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

The Group has centralized treasury function for all of its subsidiaries in a manner consistent with the overall policies of the Group.

#### (a) Market risk

##### (i) 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 cash deposits and amounts due from associated companies and joint ventures. The Group's borrowings are mainly on a floating rate basis, which will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. Cross currency swap contracts and interest rate swap contracts are used to hedge against part of the Group's underlying interest rate exposures.

The Group is also exposed to fair value interest rate risk mainly in relation to the bond investments classified as financial assets at FVOCI and FVPL, derivative financial instruments and insurance contracts. 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.

The Group's interest rate risk policy requires it to manage the interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments.

The Group's asset and liability management policy requires it to manage the interest rate risk by matching the assets with the liabilities, through various means including managing the effective duration of interest rate sensitive financial assets and financial liabilities.

Variable interest bearing financial assets and liabilities are mainly subject to an interest re-pricing 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 profit for the year would have been HK\$66.9 million higher/lower (2023 restated: HK\$17.1 million higher/lower) respectively and the Group's other reserves would have been HK\$1.1 billion lower/higher (2023 restated: HK\$1.4 billion lower/higher) respectively.

The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to calculate the exposure to interest rate risk for financial instruments in existence at the end of the reporting period. The 100 basis points increase or decrease represents a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of the next reporting period.

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk

The Group operates mainly in Hong Kong and the Mainland. 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's foreign currency exposure arises from that are denominated in foreign currencies other than its functional currency. The Group monitors and controls this foreign exchange risk by entering into foreign exchange forward contracts and cross currency swap contracts to cover its major foreign currency exposure. Besides, the Group also manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into foreign forward exchange contracts and cross currency swap contracts to reduce the exposure should the need arises.

As at 30 June 2024, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in United States dollar of HK\$20,367.7 million (2023 restated: HK\$14,558.8 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 is no significant foreign exchange risk with respect to the United States dollar. The Group also managed the currency risk against United States dollar through entering cross currency swap contracts and foreign currency forward contracts.

As at 30 June 2024, the Group's entities with functional currency of Hong Kong dollar had net monetary liabilities denominated in Renminbi of HK\$460.0 million (2023 restated: HK\$306.0 million) which the related foreign exchange risk has not been hedged. If Hong Kong dollar had strengthened/weakened by 5% against Renminbi with all other variables held constant, the Group's profit for the year would have been HK\$23.0 million (2023 restated: HK\$15.3 million) higher/lower respectively.

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 reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. Foreign exchange risk arises on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, and differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (a) Market risk (continued)

#### (iii) Price risk

The Group is exposed to securities price risk because the Group held listed and unlisted investments of which the fair value are subject to changes in market prices. Gains and losses arising from changes in the fair value of financial assets at FVOCI and FVPL are dealt with in other comprehensive income or 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.

As at 30 June 2024, if the price of listed and unlisted investments, classified as financial assets at FVOCI (note 26) and financial assets at FVPL (note 27), excluding the bond investments, had been 25% higher/lower with all other variables held constant, the Group's FVOCI reserve would have been HK\$233.2 million (2023 restated: HK\$297.0 million) higher/lower respectively and profit for the year would have been HK\$781.3 million (2023 restated: HK\$1,032.3 million) higher/lower respectively. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

### (b) Credit risk

The credit risk of the Group mainly arises from debt instruments, deposits with banks, trade and other receivables, and balances receivable from group companies, including amounts due from associated companies and joint ventures.

The Group consider 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 business. To assess whether there is a significant increase in credit risk, the Group compares the risk of 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 behavior 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 there is no reasonable expectation of recovery.

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (b) Credit risk (continued)

Deposits with banks are mainly placed with high-credit-quality financial institutions and the balances are considered to be of low credit risk. Debt instruments are issued by mainly financial institutions or investment counterparties of 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 2024, the amount of the non-investment grade bonds held by the Group was approximately 0.5% (2023: 2.0%) of its invested assets.

For trade receivables, retention money 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 on individual basis 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. There is no concentration of credit risk with respect to trade receivables, retention money receivables and contract assets from third party customers as the customer bases are widely dispersed in different industries.

To determine expected credit loss, the Group mainly refers to probability of default and recovery rate tables from Moody's study, which are derived based on default history of obligors with the same credit rating. The Group has also considered the forward-looking information by incorporating a set of weighted average different economic scenarios developed by Moody's.

In addition, the Group monitors the exposure to credit risk in respect of the amounts due from 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.

### 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

#### (b) Credit risk (continued)

Impairment on debt instruments, cash and bank balances, amounts due from associated companies and joint ventures and other 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. 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.

The maximum exposure to credit risk is represented by the carrying amount of financial assets in the consolidated statement of financial position and financial guarantees as disclosed in note 43 to the financial statements.

#### (c) Liquidity risk

Prudent liquidity risk management includes 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 and the ability to close out market positions. It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group also maintains 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 42). 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 analyzes the Group's 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 financial 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 investments related to unit-linked contracts are held for backing the liabilities to the policyholders.



## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (c) Liquidity risk (continued)

The amounts disclosed in the table are the contractual undiscounted cash outflow/(inflow).

As at 30 June 2024

#### Non-derivative financial liabilities

HK\$m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Unit-linked
Trade payables	40	1,038.6	1,038.6	1,038.6	-	-	-
Retention money payables and other payables		7,699.7	7,699.7	5,333.9	2,364.3	1.5	-
Amounts due to associated companies	40	4.1	4.1	4.1	-	-	-
Amount due to a joint venture	40	240.9	240.9	240.9	-	-	-
Financial liabilities related to unit-linked contracts	31(b)	4,188.8	4,188.8	-	-	-	4,188.8
Borrowings and other interest-bearing liabilities	39	29,895.4	33,702.7	5,922.9	25,569.9	2,209.9	-
Lease liabilities	41	738.9	796.1	245.8	550.0	0.3	-

#### Derivative financial liabilities

HK\$m	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Derivative financial liabilities (net settlement)	336.5	31.3	305.2	-
Derivative financial liabilities (gross settlement)				
Cash inflow	(3,577.8)	(2,917.2)	(660.6)	-
Cash outflow	3,592.7	2,920.8	671.9	-
	14.9	3.6	11.3	-

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (c) Liquidity risk (continued)

As at 30 June 2023 (restated)

#### **Non-derivative financial liabilities**

HK\$'m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Unit-linked
Trade payables	40	1,270.9	1,270.9	1,270.9	–	–	–
Retention money payables and other payables		8,629.1	8,629.1	6,763.4	1,860.2	5.5	–
Amounts due to non-controlling interests	40	121.5	121.5	108.1	13.4	–	–
Amounts due to associated companies	40	14.0	14.0	14.0	–	–	–
Amount due to a joint venture	40	240.9	240.9	240.9	–	–	–
Financial liabilities related to unit-linked contracts	31(b)	4,424.6	4,424.6	–	–	–	4,424.6
Borrowings and other interest-bearing liabilities	39	23,796.9	27,395.0	2,899.3	19,780.0	4,715.7	–
Lease liabilities	41	963.4	1,053.1	266.8	690.9	95.4	–

#### **Derivative financial liabilities**

HK\$'m	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Derivative financial liabilities (net settlement)	222.5	28.5	193.1	0.9
Derivative financial liabilities (gross settlement)				
Cash inflow	(3,486.8)	(3,412.3)	(74.5)	–
Cash outflow	3,497.7	3,423.2	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 RISKS 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 insurance contract liabilities and reinsurance contract liabilities. The Group's insurance business has to meet daily calls on its cash resources, notably from claims arising from its insurance contracts and reinsurance contracts. 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.

As at 30 June 2024

HK\$m	Total discounted cash flow	Within 1 year	Over 1 year but within 5 years	Over 5 years
Insurance contract liabilities	56,119.0	(458.2)	(3,992.2)	60,569.4
Reinsurance contract liabilities	301.2	(79.8)	76.4	304.6

As at 30 June 2023 (restated)

HK\$m	Total discounted cash flow	Within 1 year	Over 1 year but within 5 years	Over 5 years
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 RISKS 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 actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may issue or repurchase shares, issue or redeem perpetual capital securities or raise new debt financing.

The Net Gearing Ratios as at 30 June were as follows:

	Note	2024 HK\$m	2023 HK\$m (restated)
Total borrowings and other interest-bearing liabilities	39	<b>(29,895.4)</b>	(23,796.9)
Add: Cash and bank balances	32	<b>14,788.0</b>	19,255.9
Net Debt		<b>(15,107.4)</b>	(4,541.0)
Total equity		<b>43,351.7</b>	55,742.5
Net Gearing Ratio		<b>35%</b>	8%

The increase in Net Debt was mainly due to payments of dividends, redemption of perpetual capital securities and investments made, partly offset by net operating cash inflow, dividends received from associated companies and joint ventures as well as an issuance of perpetual capital securities to a private investor.

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 aims at maintaining a solvency ratio higher than 150% that required by the Insurance Authority ("IA") to ensure an adequate solvency 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 reporting period.

## 6 FINANCIAL AND INSURANCE RISKS 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 are detailed below:

#### As at 30 June 2024

Mortality rates	For products with full underwriting, 81% 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, 81% 2018 Hong Kong Assured Life Mortality tables for males and females.
Lapse rates	Based on Group's experience
Expenses	Based on Group's experience

#### 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

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (g) Insurance risk (continued)

#### (ii) Sensitivities

The sensitivity analyzes 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 2024

		Increase/ (decrease) in profit before income tax HK\$'m	Increase/ (decrease) in total equity (before the effects of taxation) HK\$'m
<b>Sensitivity analysis before risk mitigation by reinsurance</b>			
Mortality rates	+10%	(30.6)	(35.7)
Morbidity rates	+10%	(20.3)	(16.1)
Expenses	+10%	(12.9)	(10.9)
Lapse and surrenders rates	+10%	(72.7)	(53.2)
<b>Sensitivity analysis after risk mitigation by reinsurance</b>			
Mortality rates	+10%	(20.8)	(36.1)
Morbidity rates	+10%	(8.2)	(24.2)
Expenses	+10%	(12.9)	(10.8)
Lapse and surrenders rates	+10%	(71.4)	(53.6)

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (g) Insurance risk (continued)

#### (ii) Sensitivities (continued)

As at 30 June 2023 (restated)

		Increase/ (decrease) in profit before income tax HK\$'m	Increase/ (decrease) in total equity (before the effects of taxation) HK\$'m
<b>Sensitivity analysis before risk mitigation by reinsurance</b>			
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)
<b>Sensitivity analysis after risk mitigation by reinsurance</b>			
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)

### (h) Fair value estimation

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

- (i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. Unlisted investments are stated at fair values which are based on quoted market price or estimated using other prices observed in recent transactions or valuation techniques when the market is not readily available.
- (ii) The fair value of unlisted long-term financial assets and liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.
- (iii) The carrying values of bank balances, short-term receivables and payables approximate their fair values due to the short-term maturities of these assets and liabilities.
- (iv) The carrying value of debt instruments as financial assets at amortized cost are detailed in note 25(a).

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (h) Fair value estimation (continued)

- (v) The following table presents the Group's financial instruments, including "financial assets at FVOCI", "financial assets at FVPL", "derivative financial instruments", financial assets at FVPL under "investments related to unit-linked contracts" and "financial liabilities related to unit-linked contracts", that are measured at fair value at 30 June 2024 and 30 June 2023 respectively:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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 collateralization 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 collateralization 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 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 instruments;
- For investments in 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; and
- The fair values of "financial liabilities related to unit-linked contracts" are determined with reference to the accumulation value.



## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (h) Fair value estimation (continued)

(v) (continued)

As at 30 June 2024

HK\$m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at FVOCI				
— Equity instruments	899.4	—	4.5	903.9
— Debt instruments	8,777.9	1,942.6	—	10,720.5
Financial assets at FVPL				
— Equity instruments	1,187.4	—	189.2	1,376.6
— Debt instruments	42,028.5	2,568.5	1,325.9	45,922.9
— Investment funds	7,903.6	0.2	4,543.3	12,447.1
Derivative financial instruments	—	367.2	—	367.2
Investments related to unit-linked contracts				
— Investment funds	8,967.1	50.9	—	9,018.0
	69,763.9	4,929.4	6,062.9	80,756.2
<b>Liabilities</b>				
Derivative financial instruments	—	(384.9)	—	(384.9)
Financial liabilities related to unit-linked contracts	—	(4,188.8)	—	(4,188.8)
	—	(4,573.7)	—	(4,573.7)

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (h) Fair value estimation (continued)

(v) (continued)

As at 30 June 2023 (restated)

HK\$m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at FVOCI				
— Equity instruments	1,140.8	—	64.2	1,205.0
— Debt instruments	7,108.0	3,071.1	—	10,179.1
Financial assets at FVPL				
— Equity instruments	1,465.4	117.0	209.5	1,791.9
— Debt instruments	30,637.7	8,692.1	1,602.1	40,931.9
— Investment funds	7,334.8	—	3,684.0	11,018.8
Derivative financial instruments	—	287.8	—	287.8
Investments related to unit-linked contracts				
— Investment funds	8,924.4	—	—	8,924.4
	56,611.1	12,168.0	5,559.8	74,338.9
<b>Liabilities</b>				
Derivative financial instruments	—	(216.6)	—	(216.6)
Financial liabilities related to unit-linked contracts	—	(4,424.6)	—	(4,424.6)
	—	(4,641.2)	—	(4,641.2)

During current year, there were transfer of assets relating to the Group's insurance business as financial assets at FVPL with fair value of HK\$181.8 million and financial assets at FVOCI with fair value of HK\$709.9 million from Level 2 to Level 1 hierarchy.

During FY2023, there were transfer of assets relating to the Group's insurance business as financial assets at FVPL with fair value of HK\$2,110.6 million (restated) from Level 1 to Level 2 hierarchy, financial assets at FVOCI with fair value of HK\$331.8 million (restated) from Level 1 to Level 2 hierarchy and HK\$161.8 million (restated) from Level 2 to Level 1 hierarchy.

Assets are transferred into or out of Level 1 based on whether they are transacted with sufficient frequency and volume in an active market.

## 6 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

### (h) Fair value estimation (continued)

(v) (continued)

The following table presents the changes in Level 3 financial instruments:

HK\$m	Assets		Total
	Financial assets at FVOCI	Financial assets at FVPL	
As at 1 July 2023	64.2	5,495.6	5,559.8
Translation differences	–	(5.0)	(5.0)
Purchases	–	1,405.9	1,405.9
Disposals	–	(794.6)	(794.6)
Net fair value change recognized in other comprehensive income	(59.7)	–	(59.7)
Net fair value change recognized in consolidated income statement	–	(43.5)	(43.5)
<b>As at 30 June 2024</b>	<b>4.5</b>	<b>6,058.4</b>	<b>6,062.9</b>
Net unrealized fair value change recognized in consolidated income statement relating to balances held as at 30 June 2024	–	(62.5)	(62.5)

HK\$m	Assets		Total
	Financial assets at FVOCI	Financial assets at FVPL	
As at 1 July 2022	18.5	6,066.0	6,084.5
Translation differences	–	(91.8)	(91.8)
Purchases	–	1,023.7	1,023.7
Disposals/derecognized	–	(1,121.1)	(1,121.1)
Net fair value change recognized in other comprehensive income	45.7	–	45.7
Net fair value change recognized in consolidated income statement	–	(381.2)	(381.2)
<b>As at 30 June 2023</b>	<b>64.2</b>	<b>5,495.6</b>	<b>5,559.8</b>
Net unrealized fair value change recognized in consolidated income statement relating to balances held as at 30 June 2023	–	(405.4)	(405.4)

### 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. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities are as follows:

**(a) Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss**

For financial assets at FVOCI and financial assets at FVPL with quoted market price, management determined fair value based on quoted market price. The fair value of those financial assets at FVOCI or FVPL that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods as detailed in note 6(h)(v).

**(b) Valuation of investment properties**

The fair value of each investment property is individually determined at the end of each reporting period by management or by independent external valuers based on sales comparison method. Fair value is based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets, income approach or other approaches where appropriate. 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 the 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.

**(c) Impairment of the Group's investments in associated companies and joint ventures**

In accordance with the requirements under HKAS 28 "Investments in Associates and Joint Ventures" and HKAS 36 "Impairment of Assets", management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies and joint ventures and assessed the recoverable amounts based on value in use calculations or fair value less cost of disposal approach where necessary. In determining the value in use, management assesses the present value of estimated future cash flows expected to arise from their businesses. Estimates and judgements are applied in determining these future cash flows and discount rate. The assumptions include discount rate and future revenue growth, which would be affected by selling price, market development and other relevant economic factors.

## 7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (d) Impairment of property, plant and equipment, goodwill and financial assets at FVOCI and amortized cost

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. 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.

The Group tests annually whether goodwill has suffered any impairment according to its recoverable amount determined by the CGU 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 changes of economic environment in future.

The loss allowances for financial assets at FVOCI and amortized cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### (e) Estimated volume of Infrastructures of public services

The amortization for intangible concession rights and impairment assessment of Infrastructures for public services using discounted cash flow model are affected by the estimated volume for public services. Management performs annual reviews to assess the appropriateness of estimated volume by making reference to independent professional studies, if necessary.

The traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads and the existence of other means of transportation. The growth of the traffic flow is also highly tied to the future economic and transportation network development of the area in which the Infrastructures serve. The growth in future traffic flow projected by the management is highly dependent on the realization of the aforementioned factors.

### (f) Estimate of revenue for construction contracts

For revenue from construction work that is recognized over time, the Group recognizes 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) Classification of property, plant and equipment and investment properties

The Group classifies property, plant and equipment and investment properties based on whether the property is more likely to earn rental and whether the ancillary services are significant to the arrangement as a whole after taking into consideration of the latest income mix and business model of the property, and the relevant market trend.

Changes in critical accounting estimates and judgements by the Group upon adoption of HKFRS17 are detailed in note 4.

## 8 REVENUE AND SEGMENT INFORMATION

The Group's revenue is analyzed as follows:

**2024**

<b>HK\$m</b>	<b>Hong Kong</b>	<b>The Mainland</b>	<b>Total</b>
Roads	–	2,807.0	2,807.0
Insurance	3,453.1	–	3,453.1
Logistics	–	160.9	160.9
Construction	17,265.2	–	17,265.2
Facilities Management	2,718.1	17.3	2,735.4
Strategic Investments	–	–	–
	<b>23,436.4</b>	<b>2,985.2</b>	<b>26,421.6</b>

**2023**

<b>HK\$m</b> <b>(restated)</b>	<b>Hong Kong</b>	<b>The Mainland</b>	<b>Total</b>
Roads	–	2,731.8	2,731.8
Insurance	2,895.8	–	2,895.8
Logistics	–	139.5	139.5
Construction	19,638.5	–	19,638.5
Facilities Management	1,685.1	29.9	1,715.0
Strategic Investments	–	0.8	0.8
	<b>24,219.4</b>	<b>2,902.0</b>	<b>27,121.4</b>

## 8 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from insurance business is further analyzed as follows:

	Note	2024 HK\$m	2023 HK\$m (restated)
CSM recognized for services provided		<b>880.7</b>	740.6
Change in risk adjustment for non-financial risk for risk expired		<b>5.7</b>	16.1
Expected incurred claims and other insurance service expenses		<b>1,513.5</b>	1,425.0
Recovery of insurance acquisition cash flows		<b>676.3</b>	345.4
Others		<b>170.3</b>	169.5
Amounts related to changes in liabilities for remaining coverage	38	<b>3,246.5</b>	2,696.6
Fee income on insurance and investment contracts		<b>202.3</b>	194.7
General insurance commission under agency agreements		<b>4.0</b>	4.5
Others		<b>0.3</b>	–
Fee and commission income		<b>206.6</b>	199.2
		<b>3,453.1</b>	2,895.8

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decisions in accordance with HKFRS 8 “Operating Segments”. The Executive Committee reviews the Group’s internal reporting in order to assess performance and allocate resources. The Executive Committee considers the businesses of the Group from product and service perspectives, which comprised (i) Roads; (ii) Insurance; (iii) Logistics; (iv) Construction; (v) Facilities Management; and (vi) Strategic Investments.

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

## 8 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for FY2024 and related comparative figures is as follows:

HK\$m	Roads	Insurance	Logistics	Construction	Facilities Management	Strategic Investments	Total	
<b>2024</b>								
Total revenue	2,807.0	3,454.7	160.9	17,265.9	2,739.6	-	26,428.1	
Inter-segment	-	(1.6)	-	(0.7)	(4.2)	-	(6.5)	
Revenue — external	2,807.0	3,453.1	160.9	17,265.2	2,735.4	-	26,421.6	
Revenue from contracts with customers								
Recognized at a point in time	2,807.0	-	-	-	1,439.1	-	4,246.1	
Recognized over time	-	206.6	-	17,265.2	1,296.3	-	18,768.1	
	2,807.0	206.6	-	17,265.2	2,735.4	-	23,014.2	
Revenue from other sources	-	3,246.5	160.9	-	-	-	3,407.4	
	2,807.0	3,453.1	160.9	17,265.2	2,735.4	-	26,421.6	
Attributable Operating Profit/(Loss)								
Company and subsidiaries	807.0	964.9	100.0	709.8	387.8	(48.6)	2,920.9	
Associated companies	174.7	-	(15.6)	(4.8)	(159.5)	103.3	98.1	
Joint ventures	589.7	-	637.9	-	-	(79.2)	1,148.4	
	1,571.4	964.9	722.3	705.0	228.3	(24.5)	4,167.4	
Reconciliation								
Non-operating items								
Net loss on fair value of investment properties, net of tax							(342.6)	(i)
Impairments and provisions, net							(51.5)	(ii)
Gain on disposal of projects							12.3	(iii)
Share of non-operating expenses of a joint venture							(52.8)	
Share-based payment (note 12(a))							(44.4)	
Unallocated corporate office items								
Gain on fair value of derivative financial instruments							1.9	
Net finance costs							(744.1)	
Net exchange gain							5.1	
Expenses and others							(409.2)	
Profit for the year after tax and non-controlling interests							2,542.1	
Profit attributable to holders of perpetual capital securities							(457.9)	
Profit attributable to shareholders of the Company							2,084.2	

(i) Net loss on fair value of investment properties recognized in the consolidated income statement is HK\$380.5 million (note 10), in which a loss of HK\$26.0 million is recognized as part of Attributable Operating Profit in various reportable segments.

(ii) The amount mainly represents share of impairment loss of a joint venture of HK\$99.7 million (note 24(b)) which included in “share of results of joint ventures”; impairment losses related to associated companies, net of reversal, of HK\$118.8 million (note 23(c)) which included in “other income and gains, net”; and share of impairment losses from an associated company of HK\$63.1 million (note 23(c)) which included in “share of results of associated companies”; net of reversal of provisions of HK\$250.6 million (note 10(a)) which included in “other income and gains, net”.

(iii) The amount represents profit on disposal of interest in a joint venture of HK\$6.4 million (note 10) and profit on reclassification of interest in an associated company to financial assets at FVOCI of HK\$5.9 million (note 10) which are included in “other income and gains, net”.



## 8 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for FY2024 and related comparative figures is as follows: (continued)

HK\$'m	Roads	Insurance	Logistics	Construction	Facilities Management	Strategic Investments	Corporate	Total
<b>2024</b>								
Amortization of intangible assets	-	74.6	-	1.5	31.2	-	-	107.3
Amortization of intangible concession rights	1,101.7	-	-	-	-	-	-	1,101.7
Depreciation of property, plant and equipment	99.7	37.2	0.9	51.7	94.0	-	15.2	298.7
Depreciation of right-of-use assets	0.5	108.2	-	39.2	94.1	-	8.8	250.8
Net insurance finance expenses	-	1,431.0	-	-	-	-	-	1,431.0
Net loss on fair value of financial assets at FVPL	-	1,456.2	-	4.7	-	127.6	-	1,588.5
Interest income	(60.4)	(2,770.8)	(0.7)	(36.1)	(115.4)	(87.4)	(197.1)	(3,267.9)
Finance costs	138.0	41.5	8.6	45.8	23.4	0.3	941.2	1,198.8
Income tax expenses/(credit)	435.5	108.9	(6.5)	147.0	45.0	(28.6)	(0.7)	700.6
Additions to assets (remark)	134.5	159.0	0.2	167.0	120.0	-	13.6	594.3
<b>As at 30 June 2024</b>								
Company and subsidiaries	14,331.6	92,981.3	3,192.5	9,035.5	3,563.7	4,019.7	6,015.3	133,139.6
Associated companies	2,234.5	-	266.3	149.8	166.3	1,720.9	2.5	4,540.3
Joint ventures	5,644.6	-	9,506.3	-	-	1,967.3	285.6	17,403.8
Total assets	22,210.7	92,981.3	12,965.1	9,185.3	3,730.0	7,707.9	6,303.4	155,083.7
Total liabilities	5,159.9	70,188.3	347.1	8,036.2	1,342.7	86.3	26,571.5	111,732.0

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

## 8 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for FY2024 and related comparative figures is as follows: (continued)

HK\$m	Roads	Insurance	Logistics	Construction	Facilities Management	Strategic Investments	Total	
2023 (restated)								
Total revenue	2,731.8	2,897.2	139.5	19,662.4	1,730.7	0.8	27,162.4	
Inter-segment	–	(1.4)	–	(23.9)	(15.7)	–	(41.0)	
Revenue — external	2,731.8	2,895.8	139.5	19,638.5	1,715.0	0.8	27,121.4	
Revenue from contracts with customers								
Recognized at a point in time	2,731.8	–	–	–	797.1	–	3,528.9	
Recognized over time	–	199.2	–	19,638.5	917.9	0.8	20,756.4	
	2,731.8	199.2	–	19,638.5	1,715.0	0.8	24,285.3	
Revenue from other sources	–	2,696.6	139.5	–	–	–	2,836.1	
	2,731.8	2,895.8	139.5	19,638.5	1,715.0	0.8	27,121.4	
Attributable Operating Profit/(Loss)								
Company and subsidiaries	784.1	624.7	59.1	727.3	118.6	(107.8)	2,206.0	
Associated companies	207.9	–	(12.2)	18.2	(180.0)	162.0	195.9	
Joint ventures	540.8	–	631.6	–	(0.5)	(129.9)	1,042.0	
	1,532.8	624.7	678.5	745.5	(61.9)	(75.7)	3,443.9	
Reconciliation								
Non-operating items								
Net gain on fair value of investment properties, net of tax							78.7	(iv)
Impairments							(490.8)	(v)
Net loss on disposal of projects, net of tax							(64.6)	(vi)
Net gain on redemption of senior notes							88.6	(vii)
Share-based payment (note 12(a))							(51.8)	
Unallocated corporate office items								
Net gain on fair value of derivative financial instruments							67.9	
Net finance costs							(538.7)	
Net exchange loss							(45.5)	
Expenses and others							(428.8)	
Profit for the year after tax and non-controlling interests							2,058.9	
Profit attributable to holders of perpetual capital securities							(612.0)	
Profit attributable to shareholders of the Company							1,446.9	

(iv) Net gain on fair value of investment properties recognized in the consolidated income statement was HK\$59.5 million (note 10), in which a gain of HK\$18.7 million was recognized as part of Attributable Operating Profit in various reportable segments. The amount HK\$78.7 million also included gain on fair value of an investment property shared from a joint venture of HK\$46.8 million (net of tax) which was included in "share of results of joint venture".

(v) The amount mainly represented share of impairment loss of a joint venture of HK\$310.7 million (note 24(b)) which included in "share of results of joint ventures"; and impairment losses related to associated companies of HK\$104.1 million (note 23(c)) which included in "other income and gains, net".

(vi) The amount represented loss on disposal of interest in a joint venture of HK\$101.9 million (note 10) which included in "other income and gains, net", and net gain on disposal related to a joint venture of HK\$39.0 million (being mainly a gain on disposal of HK\$92.7 million and other non-operating expenses shared by the Group in "share of results of joint ventures", less transaction costs).

(vii) The amount represented gain on redemption of fixed rate bonds of HK\$90.5 million (note 10) which included in "other income and gains, net", less transaction costs.

## 8 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for FY2024 and related comparative figures is as follows: (continued)

HK\$m	Roads	Insurance	Logistics	Construction	Facilities Management	Strategic Investments	Corporate	Total
2023 (restated)								
Amortization of intangible assets	–	63.3	–	–	31.2	–	–	94.5
Amortization of intangible concession rights	1,039.4	–	–	–	–	–	–	1,039.4
Depreciation of property, plant and equipment	89.7	45.9	0.5	52.0	96.3	0.4	13.0	297.8
Depreciation of right-of-use assets	1.0	107.9	1.0	35.5	92.5	–	7.8	245.7
Net insurance finance income	–	(157.1)	–	–	–	–	–	(157.1)
Net loss on fair value of financial assets at FVPL	–	2,312.1	–	2.1	–	67.5	–	2,381.7
Interest income	(68.4)	(2,148.9)	(1.6)	(15.4)	(79.7)	(97.9)	(95.0)	(2,506.9)
Finance costs	136.1	90.7	1.2	49.8	26.5	0.2	633.7	938.2
Income tax expenses/(credit)	386.6	177.1	10.6	153.4	10.0	29.7	(3.5)	763.9
Additions to assets (remark)	2,538.2	150.1	1,199.3	63.0	56.4	6.0	41.8	4,054.8
As at 30 June 2023 (restated)								
Company and subsidiaries	15,745.2	83,862.2	3,371.7	8,990.1	4,060.2	5,814.3	10,179.8	132,023.5
Associated companies	2,190.7	–	281.4	255.3	206.2	1,771.9	2.8	4,708.3
Joint ventures	5,709.7	–	9,476.1	–	–	2,246.7	340.8	17,773.3
Total assets	23,645.6	83,862.2	13,129.2	9,245.4	4,266.4	9,832.9	10,523.4	154,505.1
Total liabilities	5,896.8	62,506.7	423.4	8,388.9	1,470.2	136.1	19,940.5	98,762.6

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

## 8 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

As at 30 June 2024

HK\$'m	Non-insurance and corporate	Insurance	Total
<b>Assets</b>			
Intangible assets	153.5	5,775.3	5,928.8
Intangible concession rights	12,226.1	–	12,226.1
Investment properties	4,797.5	681.6	5,479.1
Associated companies	4,540.3	–	4,540.3
Joint ventures	17,403.8	–	17,403.8
Insurance contract assets	–	548.3	548.3
Reinsurance contract assets	–	221.2	221.2
Debt instruments as financial assets at amortized cost	105.7	1,285.7	1,391.4
Financial assets at FVOCI	695.2	10,929.2	11,624.4
Financial assets at FVPL	2,393.0	57,353.6	59,746.6
Trade and other receivables	8,653.4	505.5	9,158.9
Investments related to unit-linked contracts	–	9,041.3	9,041.3
Cash and bank balances	8,445.0	6,343.0	14,788.0
Others	2,688.9	296.6	2,985.5
	<b>62,102.4</b>	<b>92,981.3</b>	<b>155,083.7</b>
<b>Liabilities</b>			
Insurance contract liabilities	–	64,565.9	64,565.9
Reinsurance contract liabilities	–	55.5	55.5
Financial liabilities related to unit-linked contracts	–	4,188.8	4,188.8
Borrowings and other interest-bearing liabilities	29,371.3	524.1	29,895.4
Trade and other payables	9,289.0	410.2	9,699.2
Others	2,883.4	443.8	3,327.2
	<b>41,543.7</b>	<b>70,188.3</b>	<b>111,732.0</b>

(c) Information by geographical areas:

HK\$'m	Assets expected to be recovered more than 12 months (remark)	
	2024	2023
Hong Kong	10,299.7	10,580.8
The Mainland	15,533.3	16,943.3
Others	27.6	29.7
	<b>25,860.6</b>	<b>27,553.8</b>

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

## 9 OPERATING PROFIT

Operating profit of the Group is arrived at after crediting and charging the followings:

	Note	2024 HK\$m	2023 HK\$m (restated)
<b>Crediting</b>			
Gross rental income from investment properties		243.0	218.5
Less: outgoings		(64.9)	(56.9)
		<b>178.1</b>	161.6
<b>Charging</b>			
Auditors' remuneration			
— Provision for current year		21.9	32.7
— (Over)/under-provision for prior years		(1.0)	2.1
Cost of inventories sold		1,103.1	507.4
Cost of construction		14,830.3	17,132.1
Amortization of intangible assets	18	107.3	94.5
Amortization of intangible concession rights	19	1,101.7	1,039.4
Depreciation of property, plant and equipment	21	298.7	297.8
Depreciation of right-of-use assets	22(c)	250.8	245.7
Agency commission and allowances		3,040.8	1,912.7
Expenses on short-term leases		11.1	20.1
Expenses on variable lease payments		126.4	170.9
Staff costs (including directors' emoluments (note 17) and share-based payment)	12(a)	3,110.6	2,995.5
Other costs and expenses		1,253.3	1,287.2
		<b>25,255.0</b>	25,738.1
Amounts attributed to insurance contracts		(4,137.3)	(2,881.0)
Amortization of insurance acquisition cash flows		702.8	370.2
Incurred claims and other directly attributable expenses		1,803.0	1,539.1
Losses on onerous contracts, net of reversal		2.2	19.0
		<b>23,625.7</b>	24,785.4
Represented by			
Cost of sales	11	19,977.7	21,624.7
Insurance service expenses		2,508.0	1,928.3
Selling and marketing expenses		194.4	137.1
General and administrative expenses		945.6	1,095.3
		<b>23,625.7</b>	24,785.4

## 10 OTHER INCOME AND GAINS, NET

	Note	2024 HK\$m	2023 HK\$m (restated)
Net gain associated with investments related to unit-linked contracts		<b>641.2</b>	260.4
Reversal of provisions	(a)	<b>250.6</b>	–
Profit/(loss) on disposal of interest in a joint venture		<b>6.4</b>	(101.9)
Profit on reclassification of interest in an associated company to financial assets at FVOCI		<b>5.9</b>	–
Gain on redemption of fixed rate bonds	44(b)	<b>–</b>	90.5
Interest income			
– Debt instruments as financial assets at FVPL		<b>2,240.4</b>	1,627.8
– Debt instruments as financial assets at FVOCI		<b>444.4</b>	516.2
– Debt instruments as financial assets at amortized cost		<b>51.0</b>	10.8
– Bank deposits and others		<b>532.1</b>	352.1
Dividend income		<b>340.9</b>	290.8
Others		<b>288.4</b>	217.3
Net exchange loss		<b>(25.0)</b>	(127.3)
Net loss on fair value of financial assets at FVPL		<b>(1,588.5)</b>	(2,381.7)
Net (loss)/gain on fair value of investment properties	20	<b>(380.5)</b>	59.5
Charges associated with financial liabilities related to unit-linked contracts		<b>(279.7)</b>	(90.9)
Impairment losses related to associated companies, net of reversal	23(c)	<b>(118.8)</b>	(104.1)
Net loss on disposal of debt instruments as financial assets at FVOCI		<b>(123.7)</b>	(3.3)
Expected credit loss provision, net of reversal			
– Debt instruments as financial assets at FVOCI		<b>(105.3)</b>	(296.7)
– Debt instruments as financial assets at amortized cost		<b>(1.6)</b>	–
– Trade and other receivables	29(d)	<b>39.6</b>	63.3
		<b>2,217.8</b>	382.8
Represented by			
Net investment income and gains from insurance business		<b>1,697.7</b>	0.4
Others		<b>520.1</b>	382.4
		<b>2,217.8</b>	382.8

- (a) The amount includes (i) reversal of provision of HK\$105.9 million (2023: nil) due to expiry of an indemnity relating to disposal of a subsidiary in prior years, and (ii) reversal of other provision of HK\$144.7 million (2023: nil) after considering that it is no longer probable the Group will be required to settle as of the end of the reporting period.

## 11 COST OF SALES

	2024 HK\$m	2023 HK\$m (restated)
Cost of inventories sold	1,103.1	507.4
Cost of construction	14,830.3	17,132.1
Cost of services rendered	4,044.3	3,985.2
	19,977.7	21,624.7

## 12 STAFF COSTS

### (a) Staff costs

	Note	2024 HK\$m	2023 HK\$m
Wages, salaries and other benefits		2,926.5	2,800.5
Share-based payment	35	44.4	51.8
Pension costs — defined contribution plans		137.9	141.6
Pension costs — defined benefits plans		1.8	1.6
	9	3,110.6	2,995.5

Directors' emoluments are included in staff costs.

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2023: four) directors whose emoluments are reflected in note 17(a). The emoluments of the remaining one (2023: one) individual(s) during the year are as follows:

	2024 HK\$m	2023 HK\$m
Fees	—	0.1
Basic salaries, allowances and other benefits	5.9	5.7
Discretionary bonuses	6.3	6.8
Employer's contribution to retirement benefits schemes	0.6	0.6
Share-based payment	0.3	0.4
	13.1	13.6

## 12 STAFF COSTS (CONTINUED)

### (b) Five highest paid individuals (continued)

The emoluments of the individual(s) fell within the following bands:

	Number of individual(s)	
	2024	2023
Emolument band (HK\$)		
13,000,001 – 13,500,000	1	–
13,500,001 – 14,000,000	–	1

The aggregate value of deemed share options benefits of the five highest paid individuals during FY2024 amounts to HK\$18.0 million (2023: HK\$21.1 million).

### (c) Emoluments of senior management

Other than the emoluments of five highest paid individuals and directors disclosed in notes 12(b) and 17(a) respectively, the emoluments of the senior management fell within the following bands:

	Number of individual(s)	
	2024	2023
Emolument band (HK\$)		
2,000,001 – 2,500,000	–	1
2,500,001 – 3,000,000	1	–
3,500,001 – 4,000,000	1	–
5,000,001 – 5,500,000	1	3
5,500,001 – 6,000,000	2	–
6,000,001 – 6,500,000	–	1
7,500,001 – 8,000,000	–	1
12,000,001 – 12,500,000	1	–

## 13 FINANCE COSTS

	Note	2024 HK\$'m	2023 HK\$'m
Interest on borrowings and other interest-bearing liabilities		882.1	651.5
Interest on fixed rate bonds		205.9	161.6
Interest on lease liabilities	44(b)	33.7	40.6
Others		77.1	84.5
		1,198.8	938.2

## 14 INCOME TAX EXPENSES

Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year. Taxation on the Mainland and overseas profits has been calculated on the estimated taxable profits for the year at the rates of tax prevailing in the regions in which the Group operates. These rates range from 12% to 25% (2023: 12% to 28%). Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2023: 5% or 10%).



## 14 INCOME TAX EXPENSES (CONTINUED)

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% (2023: 16.5%) of 5% of net premiums (gross premiums received less reinsurance premiums ceded) of the life insurance business in accordance with Section 23(1)(a) of IRO.

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

	Note	2024 HK\$m	2023 HK\$m (restated)
Current tax			
Hong Kong profits tax		254.9	344.5
The Mainland and overseas taxation		544.2	556.2
Deferred tax credit	37	(98.5)	(136.8)
		<b>700.6</b>	763.9

Share of taxation of associated companies and joint ventures of HK\$101.9 million (2023: HK\$124.4 million) and HK\$311.7 million (2023: HK\$462.2 million) respectively are included in the consolidated income statement as share of results of associated companies and joint ventures respectively.

The tax expenses on the Group's profit before income tax differ from the theoretical amount that would arise using the profits tax rate of Hong Kong as follows:

	2024 HK\$m	2023 HK\$m (restated)
Profit before income tax	3,320.6	2,847.0
Excluding share of results of associated companies	(14.8)	(176.8)
Excluding share of results of joint ventures	(842.0)	(754.1)
	<b>2,463.8</b>	1,916.1
Calculated at a taxation rate of 16.5% (2023: 16.5%)	406.5	316.2
Effect of different taxation rates in other tax jurisdictions	84.8	108.7
Tax on 5% of net premium of life insurance business	108.1	176.5
Results of life insurance business not taxable at the statutory rate	(211.7)	(138.8)
Income not subject to taxation	(111.9)	(81.7)
Expenses not deductible for taxation purposes	312.9	248.4
Tax losses not recognized	17.0	22.6
Utilization of previously unrecognized tax losses	(28.6)	(0.6)
Withholding tax	134.4	100.1
(Over)/under-provisions in prior years	(10.9)	3.3
Others	–	9.2
Income tax expenses	<b>700.6</b>	763.9

### 14 INCOME TAX EXPENSES (CONTINUED)

#### Pillar Two income taxes

In December 2021, the Organisation for Economic Co-operation and Development released the Pillar Two model rules (the Global Anti-Base Erosion Model Rules, or “GloBE”) for a new global minimum tax reform, which multinational enterprise groups are required to calculate their GloBE effective tax rate for each jurisdiction they operate and will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Group, as a subsidiary of a wider group, will be in the scope of the Pillar Two tax reform. As the Group is operating in jurisdictions where the Pillar Two legislation has not been enacted or substantially enacted, there is no current tax exposure. The Group will observe the development of the legislations and assess the potential impact.

### 15 DIVIDENDS

	2024 HK\$m	2023 HK\$m
Interim ordinary dividend paid of HK\$0.30 (2023: HK\$0.30) per share	1,173.6	1,173.1
Special dividend paid of HK\$1.79 (2023: nil) per share	7,002.3	–
Final ordinary dividend proposed of HK\$0.35 (2023: paid of HK\$0.31) per share	1,399.1	1,212.7
	9,575.0	2,385.8

At the meeting held on 25 September 2024, the Board recommended a final ordinary dividend of HK\$0.35 per share. This proposed ordinary dividend has not been recognized as a dividend payable in these consolidated financial statements but will be reflected as an appropriation of the retained profits in the consolidated financial statements for FY2025.

Subject to the passing of the relevant resolution at the 2024 AGM, it is expected that the final ordinary dividend will be paid on or about 18 December 2024.

## 16 EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings of HK\$2,186.9 million (2023 restated: HK\$1,571.0 million), which comprised profit attributable to shareholders of the Company of HK\$2,084.2 million (2023 restated: HK\$1,446.9 million) and gain on redemption of perpetual capital securities of HK\$102.7 million (note 35) (2023: HK\$124.1 million); on the weighted average of 3,928,599,060 (2023: 3,910,515,912) ordinary shares outstanding during the year.

For the current year, diluted earnings per share is based on earnings of HK\$2,186.9 million (as stated above) and on the weighted average number of ordinary shares outstanding adjusted by assuming the conversion of all dilutive potential ordinary shares. The calculation of weighted average number of shares for calculating diluted earnings per share for the current year is as follows:

	Number of shares
Weighted average number of shares for calculating basic earnings per share	3,928,599,060
Effect of dilutive potential ordinary shares	
Share options	4,433,803
Weighted average number of shares for calculating diluted earnings per share	3,933,032,863

During FY2023, the share options of the Company had an anti-dilutive effect on the basic earnings per share as the adjusted exercise price of the share options was above the average market price of the ordinary shares during the outstanding period, and therefore were not included in the calculation of diluted earnings per share.

## 17 BENEFITS AND INTERESTS OF DIRECTORS

(a) The aggregate amounts of emoluments of the directors of the Company are as follows:

	Note	2024 HK\$m	2023 HK\$m
Remunerations	(i)	81.3	77.0

In addition to above, the Company has granted share options to directors of the Company during FY2023. The value of deemed share options benefits amounted to HK\$29.9 million (2023: HK\$36.2 million).

Remuneration package, including director's fee, basic salaries, allowances and other benefits, discretionary bonuses, employer's contribution to retirement benefits scheme and share option benefits (if any), is determined according to individual performance, job responsibility and seniority, and is reviewed with reference to market conditions.

During this year, the Group did not pay the directors any inducement to join or upon joining the Group, or as compensation for loss of office. No director waived or agreed to waive any emoluments during the year.

## 17 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) The aggregate amounts of emoluments of the directors of the Company are as follows: (continued)

(i) The remunerations of individual directors are set out below:

Name of director	As director <sup>#</sup>		As management <sup>##</sup>		2024 Total HK\$m	2023 Total HK\$m
	Fees HK\$m	Allowances and other benefits HK\$m	Basic salaries, allowances and other benefits HK\$m	Employer's contribution to retirement benefits schemes HK\$m		
Dr Cheng Kar Shun, Henry	0.88	0.06	14.57	0.65	16.16	15.67
Mr Cheng Chi Ming, Brian	0.89	0.10	12.39	0.78	14.16	10.96
Mr Ho Gilbert Chi Hang	1.27	0.16	12.74	0.80	14.97	12.23
Mr Lam Jim*	–	–	4.70	0.23	4.93	–
Mr Cheng Chi Leong, Christopher	0.30	0.07	7.74	0.36	8.47	8.69
Dr Cheng Chi Kong, Adrian**	0.35	0.07	4.74	0.29	5.45	9.67
Mr Lam Wai Hon, Patrick***	–	–	–	–	–	–
Mr William Junior Guilherme Doo	0.35	0.10	–	–	0.45	0.43
Mr Shek Lai Him, Abraham	0.52	0.11	–	–	0.63	0.61
Mr Lee Yiu Kwong, Alan	0.72	0.13	–	–	0.85	0.62
Mrs Oei Wai Chi Grace Fung	0.39	0.10	–	–	0.49	0.48
Mr Wong Kwai Huen, Albert	0.38	0.09	–	–	0.47	0.45
Professor Chan Ka Keung, Ceajer	0.55	0.11	–	–	0.66	0.57
Ms Ng Yuen Ting, Yolanda	0.35	0.10	–	–	0.45	0.04
Mr Tsang On Yip, Patrick*	–	–	–	–	–	–
Mr Ma Siu Cheung****	0.97	0.12	10.96	0.19	12.24	15.25
Mr To Hin Tsun, Gerald****	0.30	0.04	–	–	0.34	0.35
Mr Dominic Lai****	0.43	0.10	–	–	0.53	0.52
Mr Kwong Che Keung, Gordon*****	–	–	–	–	–	0.47
	8.65	1.46	67.84	3.30	81.25	77.01

\* Appointed on 1 January 2024

\*\* Re-designated as a non-executive director on 1 January 2024

\*\*\* Being the alternate director to Mr William Junior Guilherme Doo

\*\*\*\* Resigned on 1 January 2024

\*\*\*\*\* Retired as an independent non-executive director on 21 November 2022

<sup>#</sup> The amount represented emoluments paid in respect of a person's services as a director, whether of the Company or its subsidiary undertakings.

<sup>##</sup> The amount represented emoluments paid in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings and included basic salaries, discretionary bonuses, employer's contribution to retirement benefit scheme, allowances and other benefits.

**17 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)**

(a) The aggregate amounts of emoluments of the directors of the Company are as follows: (continued)

(ii) The deemed share option benefits of individual directors are set out below:

<b>Name of director</b>	<b>2024 HK\$m</b>	<b>2023 HK\$m</b>
Dr Cheng Kar Shun, Henry	<b>5.87</b>	6.91
Mr Cheng Chi Ming, Brian	<b>3.67</b>	4.33
Mr Ho Gilbert Chi Hang	<b>3.97</b>	4.66
Mr Cheng Chi Leong, Christopher	<b>3.67</b>	4.32
Dr Cheng Chi Kong, Adrian	<b>2.94</b>	3.45
Mr William Junior Guilherme Doo	<b>0.41</b>	0.48
Mr Shek Lai Him, Abraham	<b>0.88</b>	1.03
Mr Lee Yiu Kwong, Alan	<b>0.88</b>	1.04
Mrs Oei Wai Chi Grace Fung	<b>0.88</b>	1.03
Mr Wong Kwai Huen, Albert	<b>0.88</b>	1.04
Professor Chan Ka Keung, Ceajer	<b>0.88</b>	1.03
Mr Ma Siu Cheung	<b>4.11</b>	4.83
Mr To Hin Tsun, Gerald	<b>0.41</b>	0.48
Mr Dominic Lai	<b>0.41</b>	0.48
Mr Kwong Che Keung, Gordon	<b>–</b>	1.04
	<b>29.86</b>	36.15

The deemed share option benefits are calculated in accordance with the requirement as stipulated in HKFRS 2 “Share-based payment”. All of the share options held by the directors have been cancelled during the current year.

(b) Directors’ material interest in transactions, arrangements or contracts

On 28 April 2023, a master services agreement (the “DOO Master Services Agreement”) was entered into between the Company and Mr Doo Wai Hoi, William (“Mr Doo”) whereby each of the Company and Mr Doo agreed to, and agreed to procure that members of the Group or the Services Group (as defined in the DOO Master Services Agreement) (to the extent practicable), engage relevant members of the Services Group or the Group to provide certain operational services to relevant members of the Group or the Services Group during the term of the DOO Master Services Agreement. Mr Doo is the father of Mr William Junior Guilherme Doo, brother-in-law of Dr Cheng Kar Shun, Henry, and uncle of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher, all of whom (except Mr Doo) are directors of the Company. The DOO Master Services Agreement has an initial term of three years commencing from 1 July 2023. During FY2024, the approximate total contract sum was HK\$1,234.2 million (2023: HK\$1,803.9 million).

Save 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 INTANGIBLE ASSETS

HK\$'m	Note	Goodwill	Operating right and others	Total
<b>Cost</b>				
As at 1 July 2023		5,594.3	904.1	6,498.4
Additions		–	179.6	179.6
Disposals/written off		(18.0)	(5.6)	(23.6)
<b>As at 30 June 2024</b>		<b>5,576.3</b>	<b>1,078.1</b>	<b>6,654.4</b>
<b>Accumulated amortization and impairment</b>				
As at 1 July 2023		14.8	620.4	635.2
Amortization	9	–	107.3	107.3
Disposals/written off		(14.8)	(2.1)	(16.9)
<b>As at 30 June 2024</b>		<b>–</b>	<b>725.6</b>	<b>725.6</b>
<b>Net book value</b>				
<b>As at 30 June 2024</b>		<b>5,576.3</b>	<b>352.5</b>	<b>5,928.8</b>

HK\$'m	Note	Goodwill	Operating right and others	Total
<b>Cost</b>				
As at 1 July 2022		5,595.0	836.4	6,431.4
Additions		–	67.7	67.7
Translation differences		(0.7)	–	(0.7)
<b>As at 30 June 2023</b>		<b>5,594.3</b>	<b>904.1</b>	<b>6,498.4</b>
<b>Accumulated amortization and impairment</b>				
As at 1 July 2022		15.4	525.9	541.3
Amortization	9	–	94.5	94.5
Translation differences		(0.6)	–	(0.6)
<b>As at 30 June 2023</b>		<b>14.8</b>	<b>620.4</b>	<b>635.2</b>
<b>Net book value</b>				
<b>As at 30 June 2023</b>		<b>5,579.5</b>	<b>283.7</b>	<b>5,863.2</b>

## 18 INTANGIBLE ASSETS (CONTINUED)

### (a) Goodwill

As at 30 June 2024, the balance of goodwill is wholly attributable to Insurance segment in Hong Kong.

A summary of the goodwill allocation to segment as at 30 June 2023 is presented below:

HK\$m	Hong Kong	The Mainland	Total
Roads	–	3.2	3.2
Insurance	5,576.3	–	5,576.3
	5,576.3	3.2	5,579.5

#### **Impairment tests for goodwill**

Goodwill is allocated to the Group's CGU identified according to country of operation and business segment. For the purpose of impairment test, 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.

For Insurance segment, the value in use is determined based on the embedded value of in-force business and the present value of the expected future new business of the CGU with the use of a 7.75% discount rate to reflect specific risk relating to such business and a 5% growth rate for future new business cash flows beyond 5 years. The assessment indicated no impairment is required on the carrying value of goodwill of Insurance segment as at 30 June 2024.

The assumptions used in the carrying value assessment are highly judgmental, and heavily dependent on the discount rate used and value of new business projection. For example, any increase in the risk premium or any decrease in the value of new business projection with other variables remain constant, if adopted, would result in decrease in the recoverable amount as determined by the value in use calculation. A reasonably possible change in assumption would not result in impairment and as such disclosure of sensitivity analysis is not considered necessary.

## 19 INTANGIBLE CONCESSION RIGHTS

	Note	2024 HK\$m	2023 HK\$m
<b>Cost</b>			
At beginning of year		24,337.6	23,994.9
Acquisition of a subsidiary		–	2,231.8
Additions		87.5	142.9
Written off		(437.2)	–
Translation differences		(129.0)	(2,032.0)
At end of year		23,858.9	24,337.6
<b>Accumulated amortization and impairment</b>			
At beginning of year		11,031.2	10,913.0
Amortization	9	1,101.7	1,039.4
Written off		(437.2)	–
Translation differences		(62.9)	(921.2)
At end of year		11,632.8	11,031.2
<b>Net book value</b>			
At end of year		12,226.1	13,306.4

Intangible concession rights refer to the Group's investment in the Roads segment. Amortization of intangible concession rights is included in the cost of sales in the consolidated income statement.



## 20 INVESTMENT PROPERTIES

HK\$m	Note	Commercial properties in Hong Kong	Commercial properties in the Mainland	Residential properties in the Mainland	Others	Total
As at 1 July 2023		2,725.0	3,116.3	5.3	28.4	5,875.0
Fair value changes	10	(117.0)	(261.1)	(0.4)	(2.0)	(380.5)
Translation differences		–	(15.4)	–	–	(15.4)
<b>As at 30 June 2024</b>		<b>2,608.0</b>	<b>2,839.8</b>	<b>4.9</b>	<b>26.4</b>	<b>5,479.1</b>

HK\$m	Note	Commercial properties in Hong Kong	Commercial properties in the Mainland	Residential properties in the Mainland	Others	Total
As at 1 July 2022		2,698.1	2,106.9	5.8	31.4	4,842.2
Additions		–	1,189.4	–	–	1,189.4
Fair value changes	10	26.9	35.6	–	(3.0)	59.5
Translation differences		–	(215.6)	(0.5)	–	(216.1)
<b>As at 30 June 2023</b>		<b>2,725.0</b>	<b>3,116.3</b>	<b>5.3</b>	<b>28.4</b>	<b>5,875.0</b>

The investment properties of the Group measured at fair value are categorized as Level 3 in the fair value hierarchy. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer among Levels 1, 2 and 3 fair value hierarchy during the year.

### 20 INVESTMENT PROPERTIES (CONTINUED)

(a) Valuation process of the Group

The investment properties were revalued on 30 June 2024 by independent, professionally qualified valuers, Knight Frank Petty Limited and Colliers International (Hong Kong) Limited, based on sales comparison or income approach as detailed in note 7(b).

The Group's management reviews the valuations performed by the independent valuers for financial reporting purposes. 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.

(b) Valuation methods

Fair values of certain commercial properties in Hong Kong and the Mainland are generally derived using the income capitalization method. This valuation method is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization 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.

Fair values of the residential properties in the Mainland and certain commercial properties in Hong Kong are derived using the sales comparison method. This valuation method is based on comparing the properties to be valued directly with other comparable properties transacted and/or asking prices. 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 properties under consideration.

There were no changes to the valuation techniques during the year.

## 20 INVESTMENT PROPERTIES (CONTINUED)

(c) Significant unobservable inputs used to determine fair value

	Fair value at 30 June 2024 HK\$m	Fair value at 30 June 2023 HK\$m	Valuation methods	Unobservable inputs	Range of unobservable inputs for 2024	Range of unobservable inputs for 2023	Note
Commercial properties in Hong Kong	1,547.0	1,629.0	Income capitalization	Capitalization rate	4.2%-5.2%	4.2%-5.2%	(i)
				Average monthly rental	HK\$35- HK\$250/sq ft HK\$3,850 per carpark space	HK\$50- HK\$300/sq ft HK\$3,850 per carpark space	(ii)
	1,061.0	1,096.0	Sales comparison	Property specific adjusting factor	0.80-1.00	0.85-1.10	(ii)
Commercial properties in the Mainland	2,839.8	3,116.3	Income capitalization	Capitalization rate	5.55%-6.25%	5.5%-6.0%	(i)
				Average daily rental	RMB0.74- RMB1.27/ sq m	RMB0.73- RMB1.40/ sq m	(ii)
Residential properties in the Mainland	4.9	5.3	Sales comparison	Property specific adjusting factor	0.98-1.10	1.00-1.10	(ii)
Others	26.4	28.4					
	5,479.1	5,875.0					

Notes: Descriptions of the sensitivity in unobservable inputs and inter-relationship:

- (i) The fair value measurement is negatively correlated to the unobservable input that the lower the factor will result in a higher fair value.
- (ii) The fair value measurement is positively correlated to the unobservable input that the higher the factor will result in a higher fair value.

(d) Sensitivity analysis

As 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\$274.0 million (2023: HK\$293.8 million) higher/lower respectively.

## 20 INVESTMENT PROPERTIES (CONTINUED)

(e) Particulars of major investment properties held by the Group as at 30 June 2024 are as follows:

	Address	Type of use	Land lease expiry
(i)	Shopping arcade units and car parking spaces of Hong Kong Convention and Exhibition Centre, No.1 Harbour Road, Wan Chai, Hong Kong	Retail, meeting rooms and carparks	2060
(ii)	Office units on 18th-20th floors and car parking spaces of NCB Innovation Centre, No. 888 Lai Chi Kok Road, Kowloon, Hong Kong	Offices and carparks	2067
(iii)	No.633 Huiyuan Road, Shuangliu District, Chengdu City, Sichuan Province	Logistics centre	2063
(iv)	No.333 4th Road South, Chengdu Economic & Technological Development Zone (Longquanyi District), Chengdu City, Sichuan Province	Logistics centre	2062
(v)	No.3300 Xichuang Avenue, Puxing Town, Xinjin County, Chengdu City, Sichuan Province	Logistics centre	2064/2065
(vi)	No.1199 Tuoyuan Road, Xindu Town, Xindu District, Chengdu City, Sichuan Province	Logistics centre	2064
(vii)	No.525 Fuhai Road & No.920 Zhantan Road, Xindu District, Chengdu City, Sichuan Province	Logistics centre	2069
(viii)	North side of Tongjiang 2nd Road, Shamao Street, Hannan District, Wuhan City, Hubei Province	Logistics centre	2064
(ix)	No.92 Jinjiang Road, Suzhou Industrial Park, Suzhou, Jiangsu Province	Logistics centre	2068

## 21 PROPERTY, PLANT AND EQUIPMENT

HK\$m	Note	Land and properties	Other plant and equipment	Motor vehicles	Total
<b>Cost</b>					
As at 1 July 2023		251.9	3,289.8	29.1	3,570.8
Additions		–	255.4	1.8	257.2
Disposals		–	(54.9)	(5.4)	(60.3)
Written off		–	(17.2)	–	(17.2)
Classified as assets held-for-sale	33	–	(218.3)	(2.3)	(220.6)
Translation differences		–	(4.5)	–	(4.5)
<b>As at 30 June 2024</b>		<b>251.9</b>	<b>3,250.3</b>	<b>23.2</b>	<b>3,525.4</b>
<b>Accumulated depreciation and impairment</b>					
As at 1 July 2023		32.1	2,196.0	25.7	2,253.8
Depreciation	9	6.5	290.8	1.4	298.7
Disposals		–	(51.0)	(5.4)	(56.4)
Written off		–	(17.2)	–	(17.2)
Classified as assets held-for-sale	33	–	(202.4)	(1.3)	(203.7)
Translation differences		–	(2.0)	–	(2.0)
<b>As at 30 June 2024</b>		<b>38.6</b>	<b>2,214.2</b>	<b>20.4</b>	<b>2,273.2</b>
<b>Net book value</b>					
<b>As at 30 June 2024</b>		<b>213.3</b>	<b>1,036.1</b>	<b>2.8</b>	<b>1,252.2</b>

**21 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

HK\$'m	Note	Land and properties	Other plant and equipment	Motor vehicles	Total
<b>Cost</b>					
As at 1 July 2022		252.7	3,096.5	28.1	3,377.3
Acquisition of a subsidiary		–	35.4	–	35.4
Additions		–	303.5	2.7	306.2
Disposals		–	(89.1)	(1.5)	(90.6)
Translation differences		(0.8)	(56.5)	(0.2)	(57.5)
As at 30 June 2023		251.9	3,289.8	29.1	3,570.8
<b>Accumulated depreciation and impairment</b>					
As at 1 July 2022		25.4	2,010.2	26.0	2,061.6
Depreciation	9	6.8	289.6	1.4	297.8
Disposals		–	(82.3)	(1.5)	(83.8)
Translation differences		(0.1)	(21.5)	(0.2)	(21.8)
As at 30 June 2023		32.1	2,196.0	25.7	2,253.8
<b>Net book value</b>					
As at 30 June 2023		219.8	1,093.8	3.4	1,317.0

## 22 RIGHT-OF-USE ASSETS

	2024 HK\$m	2023 HK\$m
Leasehold land	382.0	395.6
Buildings, plant and equipment	221.4	341.5
Others	371.0	455.1
	974.4	1,192.2

- (a) Rental contracts capitalized as right-of-use assets are typically made for fixed periods range from 13 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 32 years to 125 years (2023: 32 years to 125 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.

- (b) During the year, additions to the right-of-use assets are HK\$70.0 million (2023: HK\$81.4 million).

- (c) Depreciation of right-of-use assets are as follows:

	Note	2024 HK\$m	2023 HK\$m
Leasehold land		25.8	25.4
Buildings, plant and equipment		141.0	136.3
Others		84.0	84.0
	9	250.8	245.7

## 23 ASSOCIATED COMPANIES

	Note	2024 HK\$m	2023 HK\$m
Group's share of net assets, including goodwill			
Listed shares — Hong Kong	(a)	<b>1,054.9</b>	1,120.2
Listed shares — overseas	(a)	<b>635.9</b>	660.1
Unlisted shares		<b>2,730.6</b>	2,781.8
		<b>4,421.4</b>	4,562.1
Amounts receivable			
Gross amount	(d)	<b>2,042.3</b>	1,925.6
Less: provision	(e)	<b>(1,923.4)</b>	(1,779.4)
	(b), (c)	<b>4,540.3</b>	4,708.3

(a) As at 30 June 2024, the share of market value of the Group's listed associated companies amounts to HK\$1,449.2 million (2023: HK\$1,954.3 million).

(b) As at 30 June 2024, the carrying amount mainly represents the Group's investments in various roads, logistics, healthcare, strategic investments and other projects.

(c) During FY2024, the Group has recognized impairment losses related to associated companies, net of reversal, of HK\$118.8 million (2023: HK\$104.1 million) (note 10) in "other income and gains, net", which includes:

- (i) an impairment loss of HK\$101.1 million (2023: nil) provided against an associated company principally engaged in chrome and platinum group metals mining, processing and trading in South Africa as the Group's share of its market value was lower than the carrying value, whereas its recoverable amount was primarily based on value in use approach using discounted cash flow method over a forecast period of life of mine of about 18 years with key assumptions used including metal price projection and discount rate;
- (ii) an impairment loss of HK\$85.4 million (2023: HK\$30.0 million) provided against an associated company principally engaged in development and manufacturing of advanced robotics business taken into consideration the under-performance of its business brought by the downturn in market demand from the slow recovery of economy, whereas management has carried out a recoverability assessment primarily using value in use approach to estimate the present value of future cash flows over five years which has taken into account the key assumptions including revenue projection, terminal growth rate and discount rate; and
- (iii) a reversal of impairment loss HK\$67.7 million (2023: impairment loss of HK\$74.1 million) was recognized by the Group related to an associated company principally engaged in construction business primarily based on fair value less cost of disposal approach with reference to the Group's share of market value of the listed shares on the date which the Group reclassified such investment to financial assets at FVOCI as the Group ceased to have significant influence over that company following the resignation of the Group's representatives from the board of directors of that company.

Except for above and share of impairment losses from an associated company of HK\$63.1 million (2023: nil), management is of the view that there is no other material impairment of the Group's investments in associated companies as at 30 June 2024.



**23 ASSOCIATED COMPANIES (CONTINUED)**

(d) Amounts receivable are analyzed as follows:

	Note	2024 HK\$m	2023 HK\$m
Interest bearing	(i)	<b>1,721.8</b>	1,704.7
Non-interest bearing		<b>320.5</b>	220.9
		<b>2,042.3</b>	1,925.6

(i) The balance includes an amount of HK\$101.8 million (2023: HK\$104.7 million) which carries interest at 8% per annum and an amount of HK\$1,620.0 million (2023: HK\$1,600.0 million) which carries interest at 6-month HIBOR plus a margin of 1.3% per annum.

As at 30 June 2024, the carrying amounts of the amounts receivable are not materially different from their fair values.

- (e) During the current year, provision for amounts receivable from certain associated companies of HK\$144.0 million (2023: HK\$154.7 million) is recognized by the Group. The amount represents the Group's share of results from respective associated companies against the investment in these associated companies.
- (f) Dividend income from associated companies for the current year is HK\$365.0 million (2023: HK\$201.9 million). The amount of dividend income received during the current year amounting to HK\$257.4 million (2023: HK\$258.6 million) is disclosed in the consolidated statement of cash flows. Besides, dividend income of HK\$107.6 million (2023: nil) was reinvested as capital contribution to the corresponding project by the Group.
- (g) Details of principal associated companies are given in note 50. The directors of the Company are of the view that as at 30 June 2024, there is no individual associated company that was material to the Group.
- (h) Financial guarantees relating to associated companies are disclosed in note 43.
- (i) The Group's share of revenue and results of associated companies are summarized below:

	2024 HK\$m	2023 HK\$m
Revenue	<b>6,494.2</b>	6,450.5
Profit for the year	<b>14.8</b>	176.8
Other comprehensive income/(loss) for the year	<b>100.1</b>	(574.4)
Total comprehensive income/(loss) for the year	<b>114.9</b>	(397.6)

## 23 ASSOCIATED COMPANIES (CONTINUED)

(j) The Group's share of assets and liabilities of associated companies are summarized below:

	2024 HK\$m	2023 HK\$m
Total assets	<b>9,005.1</b>	9,732.1
Total liabilities	<b>(6,698.4)</b>	(7,203.9)
Net assets	<b>2,306.7</b>	2,528.2

## 24 JOINT VENTURES

	Note	2024 HK\$m	2023 HK\$m
Co-operative joint ventures			
Group's share of net assets, including goodwill		<b>2,627.5</b>	2,637.4
Amounts receivable	(e)	<b>44.3</b>	21.7
		<b>2,671.8</b>	2,659.1
Equity joint ventures			
Group's share of net assets, including goodwill	(c)	<b>4,965.4</b>	5,020.0
Amounts receivable	(e)	<b>269.6</b>	248.0
		<b>5,235.0</b>	5,268.0
Companies limited by shares			
Group's share of net assets, including goodwill	(d)	<b>8,183.2</b>	8,369.4
Amounts receivable			
Gross amount	(e)	<b>2,589.8</b>	2,815.6
Less: provision	(f)	<b>(1,276.0)</b>	(1,338.8)
		<b>9,497.0</b>	9,846.2
	(a), (b)	<b>17,403.8</b>	17,773.3

(a) As at 30 June 2024, the carrying amount mainly represents the Group's investments in various roads, logistics, strategic investments and other projects.

## 24 JOINT VENTURES (CONTINUED)

- (b) In the current year, the share of results of joint ventures includes the Group's share of impairment of a joint venture of HK\$99.7 million (2023: HK\$310.7 million), which is principally engaged in manufacturing and supply of components used in hydraulic loading and unloading systems. In view of the longer than expected recovery from COVID-19 pandemic and the competitive market environment, management of the joint venture has carried out a recoverability assessment on the carrying value of its assets based on value in use approach using discounted cash flow method. The key assumptions include revenue projection, terminal growth rate and discount rate.

Except for above, management is of the view that there is no other material impairment of the Group's investments in joint ventures as at 30 June 2024.

- (c) As at 30 June 2024, the Group has provided a pledge over a proportion of equity interest in a joint venture, which the carrying amount of the pledged portion is HK\$1,393.4 million, as a security for a bank loan of that joint venture (2023: nil).
- (d) As at 30 June 2024, the Group's share of fair value of an investment property held by a joint venture principally engaged in logistics business amounted to HK\$8,400.5 million (2023: HK\$8,400.5 million). If the market value of this investment property as at 30 June 2024 had been 5% (2023: 5%) higher/lower with all other variables held constant, the Group's share of carrying value of this investment property would have been HK\$420.0 million (2023: HK\$420.0 million) higher/lower respectively.
- (e) Amounts receivable are analyzed as follows:

	Note	2024 HK\$m	2023 HK\$m
Interest bearing	(i)	183.4	402.1
Non-interest bearing	(ii)	2,720.3	2,683.2
		<b>2,903.7</b>	3,085.3

- (i) The balance includes an amount of HK\$151.1 million (2023: HK\$218.2 million) which carries interest at 4% per annum and an amount of HK\$32.3 million (2023: nil) which carries interest at 3.65% per annum. Balance as at 30 June 2023 also included an amount of HK\$21.7 million which carried interest at Hong Kong prime rate and an amount of HK\$162.2 million which carried interest at 90% of over-five-year Renminbi benchmark lending rate published by People's Bank of China.
- (ii) The balance includes an amount of HK\$197.5 million (2023: HK\$197.5 million) which has been subordinated to certain indebtedness of a joint venture.

As at 30 June 2024, the carrying amounts of the amounts receivable are not materially different from their fair values.

- (f) During the current year, net reversal of provision for amounts receivable from certain joint ventures of HK\$33.3 million (2023: net provision of HK\$5.7 million) is recognized by the Group. The amount represents the Group's share of results from respective joint ventures against the investment in these joint ventures.
- (g) Dividend income from joint ventures for the current year is HK\$1,261.0 million (2023: HK\$962.7 million). The amount of dividend income received during the current year amounting to HK\$978.1 million (2023: HK\$863.3 million) is disclosed in the consolidated statement of cash flows. Besides, dividend income of HK\$195.5 million (2023: HK\$99.4 million) was reinvested as capital contribution to the corresponding projects by the Group.

## 24 JOINT VENTURES (CONTINUED)

- (h) Details of principal joint ventures are given in note 51. The directors of the Company are of the view that as at 30 June 2024, there is no individual joint venture that was material to the Group.
- (i) Financial guarantees relating to joint ventures are disclosed in note 43.
- (j) The Group's share of revenue and results of joint ventures are summarized below:

	2024 HK\$m	2023 HK\$m
Revenue	6,663.3	11,908.1
Profit for the year	842.0	754.1
Other comprehensive loss for the year	(44.2)	(290.0)
Total comprehensive income for the year	797.8	464.1

- (k) The Group's share of assets and liabilities of joint ventures are summarized below:

	2024 HK\$m	2023 HK\$m
Total assets	28,111.7	29,960.8
Total liabilities	(13,823.9)	(15,497.3)
Net assets	14,287.8	14,463.5

## 25 DEBT INSTRUMENTS AS FINANCIAL ASSETS AT AMORTIZED COST

	2024 HK\$m	2023 HK\$m (restated)
Listed overseas	1,285.7	–
Unlisted	105.7	55.2
	1,391.4	55.2
Expected to recover after 12 months	1,391.4	55.2

- (a) The aggregate fair value of debt instruments as financial assets at amortized cost is HK\$1,078.3 million (2023 restated: HK\$55.2 million).
- (b) The debt instruments as financial assets at amortized cost are denominated in United States dollar.

## 26 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	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 instruments				
Listed in Hong Kong		<b>885.3</b>	1,116.4	1,398.3
Listed overseas		<b>14.1</b>	24.4	32.8
Unlisted	(a)	<b>4.5</b>	64.2	18.5
		<b>903.9</b>	1,205.0	1,449.6
Debt instruments				
Listed in Hong Kong		<b>760.2</b>	651.0	798.9
Listed overseas		<b>8,194.7</b>	7,815.4	8,147.5
Unlisted	(a)	<b>1,765.6</b>	1,712.7	1,715.0
	(b)	<b>10,720.5</b>	10,179.1	10,661.4
	(c)	<b>11,624.4</b>	11,384.1	12,111.0
Expected to recover after 12 months		<b>10,618.5</b>	10,876.2	11,114.9
Expected to recover within 12 months		<b>1,005.9</b>	507.9	996.1
		<b>11,624.4</b>	11,384.1	12,111.0

(a) Unlisted investments are stated at fair values which are determined using valuation techniques as detailed in note 6(h)(v).

## 26 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) A maturity profile of the debt instruments is as follows:

	<b>As at 30 June 2024 HK\$m</b>	As at 30 June 2023 HK\$m (restated)	As at 1 July 2022 HK\$m (restated)
Within one year	<b>561.8</b>	56.9	311.6
In the second to fifth year	<b>2,687.8</b>	626.1	336.0
After the fifth year	<b>7,470.9</b>	9,496.1	10,013.8
	<b>10,720.5</b>	10,179.1	10,661.4

(c) The financial assets at FVOCI are denominated in the following currencies:

	<b>As at 30 June 2024 HK\$m</b>	As at 30 June 2023 HK\$m (restated)	As at 1 July 2022 HK\$m (restated)
Hong Kong dollar	<b>987.3</b>	1,116.4	1,398.3
United States dollar	<b>10,637.1</b>	10,267.7	10,712.7
	<b>11,624.4</b>	11,384.1	12,111.0

**27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	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 instruments				
Listed in Hong Kong		<b>1,036.1</b>	1,325.2	1,828.9
Listed overseas		<b>151.3</b>	140.2	158.5
Unlisted	(a)	<b>189.2</b>	326.5	416.9
		<b>1,376.6</b>	1,791.9	2,404.3
Debt instruments				
Listed in Hong Kong		<b>5,481.7</b>	7,060.3	7,229.4
Listed overseas		<b>37,568.3</b>	28,967.5	21,792.1
Unlisted	(a)	<b>2,872.9</b>	4,904.1	2,846.0
	(c)	<b>45,922.9</b>	40,931.9	31,867.5
Investment funds				
Listed		<b>5,130.4</b>	4,471.0	2,369.5
Unlisted	(a)	<b>7,316.7</b>	6,547.8	5,786.9
	(b)	<b>12,447.1</b>	11,018.8	8,156.4
	(d)	<b>59,746.6</b>	53,742.6	42,428.2
Expected to recover after 12 months		<b>59,133.1</b>	49,372.0	38,445.2
Expected to recover within 12 months		<b>613.5</b>	4,370.6	3,983.0
		<b>59,746.6</b>	53,742.6	42,428.2

Financial assets at FVPL related to unit-linked contracts are detailed in note 31(a).

- (a) Unlisted investments are stated at fair values which are estimated using a variety of valuation methods as detailed in note 6(h)(v).
- (b) As at 30 June 2024, the Group holds certain investment funds with aggregate carrying amount of HK\$4,482.2 million (2023: HK\$3,608.2 million) which the Group participated in the funds as a limited partner or participating shareholder while all funds are managed by its general partners or management shareholders and/or investment managers. Management considered that the Group has neither significant influence nor joint control over these funds and therefore accounted for as financial assets at FVPL.

## 27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(c) A maturity profile of the debt instruments is as follows:

	<b>As at 30 June 2024 HK\$m</b>	As at 30 June 2023 HK\$m (restated)	As at 1 July 2022 HK\$m (restated)
Within one year	<b>605.7</b>	3,115.1	2,390.4
In the second to fifth year	<b>5,337.2</b>	2,913.0	2,202.5
After the fifth year	<b>39,980.0</b>	34,903.8	27,274.6
	<b>45,922.9</b>	40,931.9	31,867.5

(d) The financial assets at FVPL are denominated in the following currencies:

	<b>As at 30 June 2024 HK\$m</b>	As at 30 June 2023 HK\$m (restated)	As at 1 July 2022 HK\$m (restated)
Hong Kong dollar	<b>4,300.9</b>	6,479.4	7,220.4
United States dollar	<b>53,552.1</b>	45,877.1	33,900.7
Renminbi	<b>1,196.3</b>	1,158.7	1,172.2
Euro	<b>599.2</b>	129.4	36.9
Pound Sterling	<b>97.5</b>	97.5	97.5
Others	<b>0.6</b>	0.5	0.5
	<b>59,746.6</b>	53,742.6	42,428.2



## 28 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	2024 HK\$m	2023 HK\$m
<b>Derivative financial assets</b>			
Cross currency swaps	(a)	347.0	270.0
Interest rate swaps	(b)	9.4	3.2
Foreign currency forward contracts		3.9	10.3
Option contracts		6.9	4.3
		<b>367.2</b>	287.8
Represented by			
Expected to recover after 12 months		59.5	273.1
Expected to recover within 12 months		307.7	14.7
		<b>367.2</b>	287.8
<b>Derivative financial liabilities</b>			
Cross currency swaps	(a)	(334.6)	(203.9)
Interest rate swaps	(b)	(0.7)	–
Foreign currency forward contracts		(2.2)	(9.9)
Option contracts		(47.4)	(2.8)
		<b>(384.9)</b>	(216.6)
Represented by			
Expected to settle after 12 months		(335.0)	(203.9)
Expected to settle within 12 months		(49.9)	(12.7)
		<b>(384.9)</b>	(216.6)

### 28 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Cross currency swaps

As at 30 June 2024, the Group has certain cross currency swap contracts designated as cash flow hedges against its foreign currency risk in respect of cash flows from certain bond investments, bank loans and fixed rate bonds with total notional amount of US\$5.6 million (2023 restated: US\$6.4 million), HK\$5,505.7 million (2023: HK\$5,505.7 million) and US\$240.0 million (2023: US\$120.0 million), respectively and with maturities ranging from 2025 to 2044 (2023: 2023 to 2037). These cross currency swap contracts are entered with several counterparties over-the-counter. The Group seeks to hedge the foreign currency risk by the exchange of payments denominated in targeted currency, and applies a hedge ratio of 1:1. The existence of an economic relationship between the cross currency swap contracts and the highly probable forecast transactions/actual transaction is determined based on their currency amounts and the timing of their respective cash flows. The tenor of the cross currency swap contracts have been negotiated to match the terms of the underlying bond investments, bank loans and fixed rate bonds. The cash flow hedges were assessed to be highly effective and the related cumulative gains in the hedge reserve amounted to HK\$90.4 million (2023 restated: HK\$126.6 million).

As at 30 June 2024, the Group also has certain cross currency swap contracts to hedge against the exposure to foreign exchange risk from translation of net investment in foreign operations denominated in Renminbi. The total notional amount of the net investment hedges amounted to HK\$3,000 million (2023: nil). The cumulative gains on net investment hedges in the exchange reserve amounted to HK\$42.4 million (2023: nil).

#### (b) Interest rate swaps

As at 30 June 2024, the Group has certain interest rate swap contracts designated as cash flow hedges against its interest rate risk in respect of cash flows from certain bank loans with total notional amount of HK\$2,500.0 million (2023: nil) with maturities ranging from 2025 to 2026. These interest rate swap contracts are entered with several counterparties over-the-counter. The Group seeks to hedge the interest rate risk by paying an amount at fixed rate and receiving at floating rate based on HIBOR, and applies a hedge ratio of 1:1. The existence of an economic relationship between the interest rate swap contracts and the highly probable forecast transactions is determined based on their amounts and the timing of their respective cash flows. The tenor of the interest rate swap contracts have been negotiated to match the terms of the underlying bank loans.

As at 30 June 2024, the Group's insurance business has certain forward starting swap contracts designated as cash flow hedges against its interest rate risk in respect of bonds to be purchased in the future. Under the contracts, after the forward date, the Group's insurance business will be entitled to receive fixed rate of around 4% to 5% per annum, and required to pay floating rate based on Secured Overnight Financing Rate administered by the Federal Reserve Bank of New York ("SOFR"). The total notional amount was US\$8.73 million (2023 restated: US\$8.73 million). The Group's insurance business seeks to hedge the interest rate risk by the exchange of payments benchmarked against the targeted fixed interest rate. The Group's insurance business applies an approximate hedge ratio of 1:1 and determines the existence of an economic relationship between the forward starting swap contracts and the debt security investments by matching their critical terms, including the currency and forward date.

These cash flow hedges were assessed to be highly effective and the related cumulative losses in the hedge reserve amounted to HK\$8.6 million (2023 restated: HK\$5.6 million).

## 29 TRADE AND OTHER RECEIVABLES

	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 receivables	(a)	1,927.4	2,093.9	1,723.7
Other receivables, deposits and prepayments	(b)	1,645.1	1,880.1	3,101.2
Retention money receivables		2,216.5	2,175.2	1,830.8
Contract assets	30	2,023.4	1,919.8	1,078.5
Deferred tax assets	37	84.9	136.5	139.1
Amounts due from associated companies	(c)	392.6	450.8	249.3
Amounts due from joint ventures	(c)	869.0	719.3	6,694.0
	(d)	9,158.9	9,375.6	14,816.6
Expected to recover after 12 months		2,431.6	2,408.1	2,533.7
Expected to recover within 12 months		6,727.3	6,967.5	12,282.9
		9,158.9	9,375.6	14,816.6

(a) The ageing analysis of trade receivables 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
Under 3 months	1,836.3	2,016.3	1,572.1
4 to 6 months	58.8	8.7	81.3
Over 6 months	32.3	68.9	70.3
	1,927.4	2,093.9	1,723.7

(b) The balance includes construction related receivables amounting to HK\$298.5 million (2023: HK\$637.5 million) which have not yet been billed at year end.

(c) As at 30 June 2024, the amounts due from associated companies and joint ventures of the Group are interest free, unsecured and repayable on demand or within the next 12 months from the end of the reporting period except for an amount of HK\$578.5 million (2023: HK\$550.3 million) due from a joint venture which carries compound interest at 5% per annum, an amount of HK\$124.8 million (2023: HK\$93.6 million) due from a joint venture which carries interest at SOFR plus 12.15% per annum and an amount of HK\$29.0 million (2023: nil) which carried interest at Hong Kong prime rate.

## 29 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (d) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Retention money receivables in respect of construction services are settled in accordance with the terms of respective contracts and majority of the balances are expected to settle beyond one year after the year end.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for trade receivables, retention money receivables and contract assets. In relation to other receivables, deposits and amounts due from associated companies and joint ventures, the expected credit loss allowances are measured as either 12-month or lifetime expected credit loss. The movement of loss allowances are as follows:

HK\$m	Note	Trade receivables	Other receivables and deposits	Retention money receivables	Contract assets	Amounts due from joint ventures	Total
As at 1 July 2023		40.4	237.8	136.8	22.8	–	437.8
Expected credit loss provision recognized	10	0.1	22.9	6.7	–	0.9	30.6
Reversals	10	(35.5)	(16.0)	–	(18.7)	–	(70.2)
Amount written off		–	(12.6)	–	–	(0.9)	(13.5)
<b>As at 30 June 2024</b>		<b>5.0</b>	<b>232.1</b>	<b>143.5</b>	<b>4.1</b>	<b>–</b>	<b>384.7</b>

HK\$m (restated)	Note	Trade receivables	Other receivables and deposits	Retention money receivables	Contract assets	Amounts due from joint ventures	Total
As at 1 July 2022		139.1	189.6	113.5	50.9	8.0	501.1
Expected credit loss provision recognized	10	33.4	61.4	25.2	10.5	–	130.5
Reversals	10	(132.1)	(13.2)	(1.9)	(38.6)	(8.0)	(193.8)
<b>As at 30 June 2023</b>		<b>40.4</b>	<b>237.8</b>	<b>136.8</b>	<b>22.8</b>	<b>–</b>	<b>437.8</b>

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\$26.9 million expected credit loss provision has been reversed (2023 restated: expected credit loss provision made of HK\$109.3 million). For non-performing assets including trade receivables, other receivables, retention money receivables and contract assets of certain construction projects, management has assessed the expected credit loss based on lifetime expected credit loss approach with reference to the creditability of the specific counterparties, HK\$12.7 million expected credit loss provision has been reversed based on amount recovered during the year (2023: HK\$172.6 million has been reversed).

- (e) Included in the Group's trade and other receivables are HK\$1,142.5 million (2023 restated: HK\$1,057.9 million) denominated in United States dollar and HK\$382.4 million (2023 restated: HK\$257.1 million) denominated in Renminbi. The remaining balances are mainly denominated in Hong Kong dollar.

### 30 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities are related to the Group's construction business, details are as follows:

	Note	2024 HK\$m	2023 HK\$m
Contract assets	29	<b>2,023.4</b>	1,919.8
Contract liabilities	40	<b>(512.3)</b>	(324.3)
		<b>1,511.1</b>	1,595.5

The following table shows the amount of the revenue recognized in the current reporting period relates to contract liability balance at the beginning of the year and the amount relates to performance obligations that were satisfied in previous years:

	2024 HK\$m	2023 HK\$m
Revenue recognized that was included in the contract liability balance at the beginning of the year	<b>305.5</b>	584.2
Revenue recognized from performance obligations satisfied/partially satisfied in previous years	<b>752.2</b>	1,297.2

The following table shows the amount of unsatisfied performance obligations:

	2024 HK\$m	2023 HK\$m
Expected to be recognized within one year	<b>11,878.5</b>	15,910.5
Expected to be recognized after one year	<b>19,033.2</b>	9,471.2
	<b>30,911.7</b>	25,381.7

### 31 INVESTMENTS/FINANCIAL LIABILITIES RELATED TO UNIT-LINKED CONTRACTS

(a) Investments related to unit-linked contracts are analyzed 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	9,018.0	8,924.4	8,621.9
Cash and bank balances	23.3	15.7	27.3
	<b>9,041.3</b>	8,940.1	8,649.2

The balance is expected to recover within 12 months.

(b) Financial liabilities related to unit-linked contracts are analyzed 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	125.3	123.1	123.0
Expected to settle within 12 months	4,063.5	4,301.5	4,480.3
	<b>4,188.8</b>	4,424.6	4,603.3

### 32 CASH AND BANK BALANCES

	2024 HK\$m	2023 HK\$m
Time deposits — with original maturity within three months	5,205.7	9,771.8
Time deposits — with original maturity more than three months	13.6	13.7
Other cash at bank and on hand	9,568.7	9,470.4
	<b>14,788.0</b>	19,255.9

The effective interest rate on time deposits is 4.37% (2023: 4.27%) per annum; these deposits have an average maturity of 20 days (2023: 26 days).

The balances include HK\$1,678.9 million (2023: HK\$1,846.1 million) which are kept in the bank accounts opened with banks in the Mainland where the remittance of funds is subject to foreign exchange control.

### 32 CASH AND BANK BALANCES (CONTINUED)

The cash and bank balances are denominated in the following currencies:

	2024 HK\$m	2023 HK\$m
Hong Kong dollar	3,978.1	11,771.2
United States dollar	7,932.3	3,764.2
Renminbi	2,759.7	3,667.4
Euro	97.0	30.2
Macau Pataca	4.1	3.4
Others	16.8	19.5
	14,788.0	19,255.9

### 33 ASSETS HELD-FOR-SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD-FOR-SALE

During the year, the Group entered into a conditional sale and purchase agreement pursuant to which the Group agreed to dispose of its entire equity interest in certain subsidiaries engaged in duty free operations and general trading business. Accordingly, the related disposal group was classified as assets/liabilities held-for-sale as at 30 June 2024 and was measured at the lower of carrying amount and fair value less costs to sell. No remeasurement loss was recognized for FY2024 in accordance with the provisions under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The closing of the transaction is subject to satisfaction or waiver of conditions precedent and completion is expected to take place in the fourth quarter of 2024 upon which the Group will have fully exited the duty free business.

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

	Note	2024 HK\$m
<b>Assets held-for-sale</b>		
Property, plant and equipment	21	16.9
Right-of-use assets		10.0
Inventories		152.6
Trade and other receivables		40.8
Cash and bank balances		153.0
		373.3
<b>Liabilities directly associated with assets held-for-sale</b>		
Trade and other payables		(335.8)
Lease liabilities	44(b)	(9.0)
Taxation		(21.2)
		(366.0)

## 34 SHARE CAPITAL

	Ordinary Shares	
	No. of shares	HK\$m
<b>Authorized</b>		
<b>As at 1 July 2022, 30 June 2023 and 30 June 2024</b>	<b>6,000,000,000</b>	<b>6,000.0</b>
<b>Issued and fully paid</b>		
As at 1 July 2022	3,911,137,849	3,911.1
Exercise of share options	54,500	0.1
Share repurchase	(710,000)	(0.7)
As at 30 June 2023	<b>3,910,482,349</b>	<b>3,910.5</b>
Exercise of share options	<b>1,428,000</b>	<b>1.4</b>
Issued as scrip dividends	<b>85,629,736</b>	<b>85.6</b>
<b>As at 30 June 2024</b>	<b>3,997,540,085</b>	<b>3,997.5</b>

During FY2023, 710,000 ordinary shares of the Company were repurchased at prices ranging from HK\$7.78 to HK\$7.90 per share. The total amount paid for the repurchase was HK\$5.6 million. All shares repurchased have been cancelled during the year.

## Share Option Scheme

The Group operates equity-settled, share-based compensation plans. A new share option scheme was adopted by the Company on 23 November 2021 (the “2021 Share Option Scheme”), which is valid and effective for a period of ten years from the date of adoption. The Board may, at their discretion, grant options to any eligible participant as defined under the 2021 Share Option Scheme to subscribe for the shares of the Company.

On 25 July 2022, 85,978,050 share options were granted to directors of the Company and certain eligible participants at the exercise price of HK\$7.83 per share. The share options granted have a vesting period of 1 month to 3 years and will be vested according to the 2021 Share Option Scheme and the terms of grant provided that for the vesting to occur the grantee has to remain as an eligible participant on such vesting date.



**34 SHARE CAPITAL (CONTINUED)****Share Option Scheme (continued)**

Movements in the number of share options outstanding during the year are as follows:

	Note	Number of options		Weighted average exercise price of each category	
		2024	2023	2024 HK\$	2023 HK\$
At beginning of year		<b>84,504,150</b>	–	<b>7.830</b>	–
Granted		–	85,978,050	–	7.830
Adjusted		<b>1,586</b>	–	<b>7.786</b>	–
Exercised		<b>(1,428,000)</b>	(54,500)	<b>7.830</b>	7.830
Lapsed/cancelled	(a)	<b>(83,077,736)</b>	(1,419,400)	<b>7.830</b>	7.830
<b>At end of year</b>		–	84,504,150	–	7.830
<b>Exercisable as at end of year</b>		–	12,647,655	–	7.830

- (a) During the current year, 82,414,350 share options were cancelled by the Company since they had been tendered for acceptance under cash offer made by Century Acquisition Limited for the cancellation of all the outstanding share options of the Company.

The remaining options were lapsed pursuant to the rules of 2021 Share Option Scheme and/or upon expiry of a six-month period since the date which Century Acquisition Limited obtained control of the Company after the completion of disposal of shares of the Company held by NWD and its subsidiaries on 17 November 2023.

## Notes to the Financial Statements

### 35 RESERVES

HK\$m	Note	Share premium	Special reserves	Property revaluation reserve	Hedge reserves	FVOCI reserve (non-recycling)	FVOCI reserve (recycling)	Insurance finance reserve	Exchange reserve	Revenue reserve	Total
As at 30 June 2023, previously stated		17,817.0	561.0	6,335.3	150.4	(1,370.7)	(9,496.1)	-	(1,880.2)	23,709.5	35,826.2
Adoption of HKFRS 17	2(b)	-	-	-	(29.4)	227.1	6,231.8	(115.9)	-	(712.2)	5,601.4
As at 30 June 2023, restated		17,817.0	561.0	6,335.3	121.0	(1,143.6)	(3,264.3)	(115.9)	(1,880.2)	22,997.3	41,427.6
Adoption of HKFRS 17	2(b)	-	-	-	-	-	1,142.6	-	-	(863.6)	279.0
As at 1 July 2023		17,817.0	561.0	6,335.3	121.0	(1,143.6)	(2,121.7)	(115.9)	(1,880.2)	22,133.7	41,706.6
Profit attributable to shareholders of the Company		-	-	-	-	-	-	-	-	2,084.2	2,084.2
Dividends paid to shareholders of the Company	15	-	-	-	-	-	-	-	-	(9,388.6)	(9,388.6)
Deregistration of subsidiaries		-	(0.6)	-	-	-	-	-	(9.1)	4.7	(5.0)
Release of reserve upon reclassification of interest in an associated company to financial assets at FVOCI		-	(59.1)	-	-	-	-	-	6.1	47.1	(5.9)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI		-	-	-	-	-	123.7	-	-	-	123.7
Net fair value changes on equity instruments as financial assets at FVOCI		-	-	-	-	(195.0)	-	-	-	-	(195.0)
Company and subsidiaries		-	-	-	-	107.7	-	-	-	-	107.7
Associated company		-	-	-	-	-	-	-	-	-	-
Net fair value change on debt instruments as financial assets at FVOCI and other net movement		-	-	-	-	-	(27.8)	-	-	-	(27.8)
Currency translation differences		-	-	-	-	-	-	-	(37.7)	-	(37.7)
Scrip dividends		-	-	-	-	-	-	-	-	-	-
New shares issued		476.8	-	-	-	-	-	-	-	-	476.8
Share options		-	-	-	-	-	-	-	-	-	-
Value of services provided		-	44.4	-	-	-	-	-	-	-	44.4
Company and subsidiaries	12(a)	-	-	-	-	-	-	-	-	-	-
New shares issued		9.8	-	-	-	-	-	-	-	-	9.8
Share of other comprehensive income and reserve of associated companies and joint ventures		-	(35.2)	-	-	-	-	-	-	2.2	(33.0)
Net insurance finance expenses		-	-	-	-	-	-	(21.2)	-	-	(21.2)
Cash flow hedges		-	-	-	(39.2)	-	-	-	-	-	(39.2)
Company and subsidiaries		-	-	-	-	-	-	-	-	-	-
Remeasurement of post-employment benefit obligation		-	-	-	-	-	-	-	-	15.9	15.9
Redemption of perpetual capital securities	16, 36	-	-	-	-	-	-	-	-	102.7	102.7
Transaction cost in relation to issuance of perpetual capital securities	36	-	-	-	-	-	-	-	-	(19.7)	(19.7)
Transfer of reserve upon disposal of equity instruments as financial assets at FVOCI		-	-	-	-	583.9	-	-	-	(583.9)	-
Other transfer of reserves		-	(66.2)	-	-	-	-	-	-	66.2	-
<b>As at 30 June 2024</b>		<b>18,303.6</b>	<b>444.3</b>	<b>6,335.3</b>	<b>81.8</b>	<b>(647.0)</b>	<b>(2,025.8)</b>	<b>(137.1)</b>	<b>(1,920.9)</b>	<b>14,464.5</b>	<b>34,898.7</b>

## 35 RESERVES (CONTINUED)

HK\$m	Note	Share premium	Special reserves	Property revaluation reserve	Hedge reserves	FVOCI reserve (non-recycling)	FVOCI reserve (recycling)	Insurance finance reserve	Exchange reserve	Revenue reserve	Total
As at 30 June 2022, previously stated		17,821.5	499.1	6,335.3	16.3	(1,481.9)	(8,108.8)	–	(90.8)	24,406.7	39,397.4
Adoption of HKFRS 17	2(b)	–	–	–	63.3	232.1	5,064.0	–	–	(211.9)	5,147.5
As at 1 July 2022, restated		17,821.5	499.1	6,335.3	79.6	(1,249.8)	(3,044.8)	–	(90.8)	24,194.8	44,544.9
Profit attributable to shareholders of the Company		–	–	–	–	–	–	–	–	1,446.9	1,446.9
Dividends paid to shareholders of the Company		–	–	–	–	–	–	–	–	(2,385.3)	(2,385.3)
Release of reserve upon disposal of interest in a joint venture		–	–	–	–	–	–	–	(6.4)	–	(6.4)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI		–	–	–	–	–	3.2	–	–	–	3.2
Net fair value change on equity instruments as financial assets at FVOCI		–	–	–	–	–	–	–	–	–	–
Company and subsidiaries		–	–	–	–	(139.8)	–	–	–	–	(139.8)
Associated company		–	–	–	–	(144.5)	–	–	–	–	(144.5)
Net fair value change on debt instruments as financial assets at FVOCI and other net movement		–	–	–	–	–	(222.7)	–	–	–	(222.7)
Currency translation differences		–	–	–	–	–	–	–	(1,748.2)	–	(1,748.2)
Share options											
Value of services provided		–	–	–	–	–	–	–	–	–	–
Company and subsidiaries	12(a)	–	51.8	–	–	–	–	–	–	–	51.8
New shares issued		0.4	–	–	–	–	–	–	–	–	0.4
Share of other comprehensive income/(loss) of associated companies		–	5.6	–	–	21.3	–	–	(34.8)	8.1	0.2
Net insurance finance expenses		–	–	–	–	–	–	(115.9)	–	–	(115.9)
Cash flow hedges											
Company and subsidiaries		–	–	–	86.4	–	–	–	–	–	86.4
Joint venture		–	–	–	(45.0)	–	–	–	–	–	(45.0)
Share repurchase		(4.9)	–	–	–	–	–	–	–	–	(4.9)
Remeasurement of post-employment benefit obligation		–	–	–	–	–	–	–	–	2.2	2.2
Redemption of perpetual capital securities	16	–	–	–	–	–	–	–	–	124.1	124.1
Transaction cost in relation to issuance of perpetual capital securities		–	–	–	–	–	–	–	–	(19.8)	(19.8)
Transfer of reserve upon disposal of equity instruments as financial assets at FVOCI		–	–	–	–	369.2	–	–	–	(369.2)	–
Other transfer of reserves		–	4.5	–	–	–	–	–	–	(4.5)	–
As at 30 June 2023, restated		17,817.0	561.0	6,335.3	121.0	(1,143.6)	(3,264.3)	(115.9)	(1,880.2)	22,997.3	41,427.6

Special reserves include statutory reserves which are created in accordance with the relevant laws of the Mainland and/or terms of the joint venture agreements of subsidiaries and joint ventures established in the Mainland and are required to be retained in the financial statements of these subsidiaries and joint ventures for specific purposes. Special reserves also include capital redemption reserve, contributed surplus and share option reserve.

### 36 PERPETUAL CAPITAL SECURITIES

The balance at the beginning of FY2024 represented:

- (a) The 2019 Perpetual Capital Securities issued by the Group in January 2019 and July 2019 with US\$1,019.1 million in aggregate principal amount remains outstanding. The securities are listed on the Hong Kong Stock Exchange and have no maturity date; and
- (b) US\$268.2 million in aggregate principal amount of senior perpetual capital securities issued in December 2022 with floating coupon to a private investor.

On 31 January 2024, the Group redeemed in whole, but not in part, the 2019 Perpetual Capital Securities which remained outstanding at their outstanding principal amount, together with distribution accrued to such date.

In June 2024, the Group issued US\$300.0 million in aggregate principal amount of senior perpetual capital securities with floating coupon to a private investor.

These securities are perpetual and the payments of distribution can be deferred at the discretion of the Group. The securities are classified as equity in the consolidated financial statements of the Group.

### 37 DEFERRED TAX

Deferred tax assets and liabilities are offset when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the 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)
Deferred tax assets	29	84.9	136.5	139.1
Deferred tax liabilities		(1,266.5)	(1,412.5)	(1,514.3)
		(1,181.6)	(1,276.0)	(1,375.2)

**37 DEFERRED TAX (CONTINUED)**

	Note	2024 HK\$m	2023 HK\$m (restated)
At beginning of year		<b>(1,276.0)</b>	(1,375.2)
Translation differences		<b>5.9</b>	113.9
Acquisition of a subsidiary		<b>–</b>	(154.3)
Consolidation of a subsidiary		<b>(10.0)</b>	2.8
Net amount credited to the consolidated income statement	14	<b>98.5</b>	136.8
At end of year		<b>(1,181.6)</b>	(1,276.0)

- (a) Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable. The Group has unrecognized tax losses of HK\$2,026.7 million (2023: HK\$2,283.7 million) to be carried forward against future taxable income. These tax losses have no expiry dates except for the tax losses of HK\$256.3 million (2023: HK\$283.5 million) which will expire at various dates up to and including 2029 (2023: 2028).
- (b) As at 30 June 2024, the aggregate amount of unrecognized deferred tax liabilities associated with investments in subsidiaries totalled HK\$40.5 million (2023: HK\$76.2 million). For this unrecognized amount, the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

**Deferred tax assets**

HK\$m	Tax losses		Other deductible temporary differences		Total	
	2024	2023	2024	2023	2024	2023
At beginning of year	<b>99.8</b>	105.7	<b>46.7</b>	70.0	<b>146.5</b>	175.7
Translation differences	<b>–</b>	(0.1)	<b>(0.8)</b>	(1.7)	<b>(0.8)</b>	(1.8)
Consolidation of a subsidiary	<b>–</b>	2.8	<b>–</b>	–	<b>–</b>	2.8
Charged to the consolidated income statement	<b>(27.9)</b>	(8.6)	<b>(5.3)</b>	(21.6)	<b>(33.2)</b>	(30.2)
At end of year	<b>71.9</b>	99.8	<b>40.6</b>	46.7	<b>112.5</b>	146.5

**37 DEFERRED TAX (CONTINUED)****Deferred tax liabilities**

HK\$m	Accelerated tax depreciation		Amortization of concession rights		Undistributed profits of subsidiaries, associated companies and joint ventures		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023 (restated)	2024	2023 (restated)
At beginning of year	(32.7)	(43.1)	(1,179.9)	(1,241.2)	(198.6)	(263.3)	(11.3)	(3.3)	(1,422.5)	(1,550.9)
Translation differences	-	-	5.7	101.6	1.0	13.6	-	0.5	6.7	115.7
Acquisition of a subsidiary	-	-	-	(154.3)	-	-	-	-	-	(154.3)
Consolidation of a subsidiary	-	-	-	-	-	-	(10.0)	-	(10.0)	-
(Charged)/credited to the consolidated income statement	(7.7)	10.4	127.2	114.0	3.2	51.1	9.0	(8.5)	131.7	167.0
At end of year	(40.4)	(32.7)	(1,047.0)	(1,179.9)	(194.4)	(198.6)	(12.3)	(11.3)	(1,294.1)	(1,422.5)

**38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD**

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	54,468.7	46,796.7	33,249.2
Risk adjustment for non-financial risk	1,189.7	1,240.8	1,182.6
CSM	8,359.2	7,216.6	6,580.2
Net balance	64,017.6	55,254.1	41,012.0
Insurance contract assets	(548.3)	(1,160.3)	-
Insurance contract liabilities	64,565.9	56,414.4	41,012.0
	64,017.6	55,254.1	41,012.0
Expected to settle after 12 months	64,656.5	53,325.3	39,830.8
Expected to (recover)/settle within 12 months	(638.9)	1,928.8	1,181.2
	64,017.6	55,254.1	41,012.0

### 38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

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	80.0	150.4	139.3
Risk adjustment for non-financial risk	(41.8)	(47.7)	(53.4)
CSM	(203.9)	(119.0)	(29.8)
Net balance	(165.7)	(16.3)	56.1
Reinsurance contract assets	(221.2)	(28.5)	–
Reinsurance contract liabilities	55.5	12.2	56.1
	(165.7)	(16.3)	56.1
Expected to settle/(recover) after 12 months	96.6	(54.9)	192.7
Expected to (recover)/settle within 12 months	(262.3)	38.6	(136.6)
	(165.7)	(16.3)	56.1

The following reconciliations show how the net carrying amounts of insurance contracts changed during the year as a result of cash flows and amounts recognized in the consolidated income statement and consolidated statement of comprehensive income. The Group presents a table separately analyzing 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 PAA, which separately analyzes 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 and reinsurance contract assets represent the Group's maximum exposure to credit risk from these assets.

### 38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the PAA

2024		Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component		
HK\$m	Note				
Opening assets		(1,235.9)	0.2	75.4	(1,160.3)
Opening liabilities		55,915.8	18.9	259.5	56,194.2
<b>Net opening balance</b>		<b>54,679.9</b>	<b>19.1</b>	<b>334.9</b>	<b>55,033.9</b>
<b>Insurance revenue</b>	8	<b>(3,076.3)</b>	<b>–</b>	<b>–</b>	<b>(3,076.3)</b>
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses		–	(16.6)	1,571.4	1,554.8
Amortization of insurance acquisition cash flows		676.3	–	–	676.3
Losses and reversals of losses on onerous contracts		–	18.8	–	18.8
Adjustments to liabilities for incurred claims		–	–	105.9	105.9
<b>Total insurance service expenses</b>		<b>676.3</b>	<b>2.2</b>	<b>1,677.3</b>	<b>2,355.8</b>
<b>Investment components</b>		<b>(2,269.4)</b>	<b>–</b>	<b>2,269.4</b>	<b>–</b>
<b>Insurance service result</b>		<b>(4,669.4)</b>	<b>2.2</b>	<b>3,946.7</b>	<b>(720.5)</b>
<b>Net finance expenses from insurance contracts</b>		<b>1,440.1</b>	<b>–</b>	<b>17.4</b>	<b>1,457.5</b>
<b>Total changes in the consolidated statement of comprehensive income</b>		<b>(3,229.3)</b>	<b>2.2</b>	<b>3,964.1</b>	<b>737.0</b>
<b>Cash flows</b>					
Premium received		13,101.9	–	–	13,101.9
Claims and other insurance service expenses paid; including investment components		–	–	(3,868.5)	(3,868.5)
Insurance acquisition cash flows		(3,584.8)	–	–	(3,584.8)
Other amounts received		2,516.8	–	–	2,516.8
<b>Total cash flows</b>		<b>12,033.9</b>	<b>–</b>	<b>(3,868.5)</b>	<b>8,165.4</b>
<b>Net closing balance</b>		<b>63,484.5</b>	<b>21.3</b>	<b>430.5</b>	<b>63,936.3</b>
Closing assets		(1,070.7)	0.6	521.8	(548.3)
Closing liabilities		64,555.2	20.7	(91.3)	64,484.6
<b>Net closing balance</b>		<b>63,484.5</b>	<b>21.3</b>	<b>430.5</b>	<b>63,936.3</b>



### 38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the PAA (continued)

2023	Note	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component		
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	8	(2,527.1)	–	–	(2,527.1)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(6.3)	1,288.1	1,281.8
Amortization 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	–
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
Closing assets		(1,235.9)	0.2	75.4	(1,160.3)
Closing liabilities		55,915.8	18.9	259.5	56,194.2
Net closing balance		54,679.9	19.1	334.9	55,033.9

### 38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

**Analysis by measurement component of insurance contracts not measured under the PAA**

2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value transition approach	Other contracts	
HK\$m					
Opening assets	(2,522.9)	234.9	1,031.6	96.1	(1,160.3)
Opening liabilities	49,099.4	1,005.9	5,076.2	1,012.7	56,194.2
<b>Net opening balance</b>	<b>46,576.5</b>	<b>1,240.8</b>	<b>6,107.8</b>	<b>1,108.8</b>	<b>55,033.9</b>
<b>Insurance service result</b>					
Changes that relate to current services					
CSM recognized for services received	-	-	(655.5)	(225.2)	(880.7)
Change in risk adjustment for non-financial risk	-	(6.0)	-	-	(6.0)
Experience adjustments	41.4	-	-	-	41.4
Changes that relate to future services					
Contracts initially recognized in the year	(1,496.1)	137.2	-	1,361.7	2.8
Changes in estimates that adjust the CSM	(533.9)	(182.0)	844.7	(128.8)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	16.3	(0.3)	-	-	16.0
Changes that relate to past services					
Adjustments to assets for incurred claims	106.0	-	-	-	106.0
<b>Total insurance service result</b>	<b>(1,866.3)</b>	<b>(51.1)</b>	<b>189.2</b>	<b>1,007.7</b>	<b>(720.5)</b>
<b>Net finance expenses/(income) from insurance contracts</b>	<b>1,511.8</b>	<b>-</b>	<b>1.2</b>	<b>(55.5)</b>	<b>1,457.5</b>
<b>Total changes in the consolidated statement of comprehensive income</b>	<b>(354.5)</b>	<b>(51.1)</b>	<b>190.4</b>	<b>952.2</b>	<b>737.0</b>
<b>Cash flows</b>					
Premium received	13,101.9	-	-	-	13,101.9
Claims and other insurance service expenses paid; including investment components	(3,868.5)	-	-	-	(3,868.5)
Insurance acquisition cash flows	(3,584.8)	-	-	-	(3,584.8)
Other amounts received	2,516.8	-	-	-	2,516.8
<b>Total cash flows</b>	<b>8,165.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,165.4</b>
<b>Net closing balance</b>	<b>54,387.4</b>	<b>1,189.7</b>	<b>6,298.2</b>	<b>2,061.0</b>	<b>63,936.3</b>
Closing assets	(1,650.4)	249.8	699.2	153.1	(548.3)
Closing liabilities	56,037.8	939.9	5,599.0	1,907.9	64,484.6
<b>Net closing balance</b>	<b>54,387.4</b>	<b>1,189.7</b>	<b>6,298.2</b>	<b>2,061.0</b>	<b>63,936.3</b>

### 38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

#### Analysis by measurement component of insurance contracts not measured under the PAA (continued)

2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value transition approach	Other contracts	
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 recognized 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 recognized 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
Closing assets	(2,522.9)	234.9	1,031.6	96.1	(1,160.3)
Closing liabilities	49,099.4	1,005.9	5,076.2	1,012.7	56,194.2
Net closing balance	46,576.5	1,240.8	6,107.8	1,108.8	55,033.9

### 38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts under the PAA

2024		Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
HK\$m	Note					
Opening assets		-	-	-	-	-
Opening liabilities		109.1	-	111.1	-	220.2
<b>Net opening balance</b>		<b>109.1</b>	<b>-</b>	<b>111.1</b>	<b>-</b>	<b>220.2</b>
<b>Insurance revenue</b>	8	<b>(170.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(170.2)</b>
<b>Insurance service expenses</b>						
Incurred claims and other insurance service expenses		-	-	116.6	-	116.6
Amortization of insurance acquisition cash flows		26.5	-	-	-	26.5
Losses and reversals of losses on onerous contracts		-	-	-	-	-
Adjustments to liabilities for incurred claims		-	-	9.1	-	9.1
<b>Total insurance service expenses</b>		<b>26.5</b>	<b>-</b>	<b>125.7</b>	<b>-</b>	<b>152.2</b>
<b>Investment components</b>		<b>0.1</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>
<b>Insurance service result</b>		<b>(143.6)</b>	<b>-</b>	<b>125.6</b>	<b>-</b>	<b>(18.0)</b>
<b>Net finance (income)/expenses from insurance contracts</b>		<b>(0.1)</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>0.3</b>
<b>Total changes in the consolidated statement of comprehensive income</b>		<b>(143.7)</b>	<b>-</b>	<b>126.0</b>	<b>-</b>	<b>(17.7)</b>
<b>Cash flows</b>						
Premium received		144.3	-	-	-	144.3
Claims and other insurance service expenses paid; including investment components		-	-	(240.9)	-	(240.9)
Insurance acquisition cash flows		(24.6)	-	-	-	(24.6)
Other amounts received		-	-	-	-	-
<b>Total cash flows</b>		<b>119.7</b>	<b>-</b>	<b>(240.9)</b>	<b>-</b>	<b>(121.2)</b>
<b>Net closing balance</b>		<b>85.1</b>	<b>-</b>	<b>(3.8)</b>	<b>-</b>	<b>81.3</b>
Closing assets		-	-	-	-	-
Closing liabilities		85.1	-	(3.8)	-	81.3
<b>Net closing balance</b>		<b>85.1</b>	<b>-</b>	<b>(3.8)</b>	<b>-</b>	<b>81.3</b>

### 38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

#### Analysis by remaining coverage and incurred claims of insurance contracts under the PAA (continued)

2023		Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
HK\$m	Note					
Opening assets		–	–	–	–	–
Opening liabilities		55.7	–	30.0	–	85.7
Net opening balance		55.7	–	30.0	–	85.7
Insurance revenue	8	(169.5)	–	–	–	(169.5)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	119.0	–	119.0
Amortization 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		–	–	–	–	–
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
Closing assets		–	–	–	–	–
Closing liabilities		109.1	–	111.1	–	220.2
Net closing balance		109.1	–	111.1	–	220.2

### 38 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

#### Discount rates

The tables below set out the spot rates used to discount the cash flows of insurance contracts:

	Discount rate assumptions
<b>As at 30 June 2024</b>	<b>4.40%–5.54%</b>
As at 30 June 2023	4.76%–5.59%

### 39 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	Note	2024 HK\$m	2023 HK\$m
Secured long-term bank loans	(a), (b)	4,057.4	4,341.5
Unsecured long-term bank loans	(b)	19,300.3	15,745.2
Unsecured short-term bank loans		623.7	–
Unsecured fixed rate bonds	(c)	5,742.6	3,495.0
Financing received under a financial reinsurance arrangement	(d)	155.9	195.3
Cash collateral received for cross currency swap and forward starting interest rate swap contracts	(e)	15.5	19.9
		<b>29,895.4</b>	23,796.9
Expected to settle after 12 months		25,329.4	22,048.3
Expected to settle within 12 months		4,566.0	1,748.6
		<b>29,895.4</b>	23,796.9

- (a) As at 30 June 2024, the Group's intangible concession rights of two expressways in Hunan with net book value of HK\$6,446.9 million (2023: HK\$6,666.2 million) and certain investment properties in Hong Kong and Suzhou with balance of HK\$1,251.5 million (2023: HK\$1,313.9 million) were pledged as securities for these bank loans.

**39 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)**

## (b) Long-term bank loans

	<b>2024</b> <b>HK\$m</b>	2023 HK\$m
Long-term bank loans	<b>23,357.7</b>	20,086.7
Amounts repayable within one year	<b>(3,770.9)</b>	(1,646.9)
	<b>19,586.8</b>	18,439.8

The maturity of long-term bank loans is as follows:

	<b>2024</b> <b>HK\$m</b>	2023 HK\$m
Within one year	<b>3,770.9</b>	1,646.9
In the second year	<b>9,026.1</b>	10,521.0
In the third to fifth year	<b>8,537.0</b>	5,520.6
After the fifth year	<b>2,023.7</b>	2,398.2
	<b>23,357.7</b>	20,086.7

The effective interest rates of bank loans at the end of the reporting period were as follows (after taken into account cross currency swap contracts and interest rate swap contracts entered):

	<b>2024</b>	2023
Hong Kong dollar	<b>5.43%</b>	5.89%
Renminbi	<b>3.52%</b>	3.77%

## (c) Fixed rate bonds

Fixed rate bonds represent the following:

- (i) US\$650.0 million bonds issued in June 2019 at a price 99.718% of the principal amount bearing a coupon rate of 4.25% per annum. These bonds are unsecured, have maturity of ten years falling due 2029 and listed on the Hong Kong Stock Exchange. The effective interest rate applied is 4.42% per annum. As at 30 June 2024, US\$243.6 million (2023: US\$243.6 million) in aggregate principal amount of the bonds remains outstanding;

**39 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)**

## (c) Fixed rate bonds (continued)

- (ii) RMB1,500.0 million bonds issued in May 2023 at a price of 100.0% of the principal amount bearing a coupon rate of 3.90% per annum. These bonds are unsecured, have maturity of three years falling due 2026 and traded on the China Interbank Bond Market;
- (iii) RMB2,000.0 million bonds issued in November 2023 at a price of 100.0% of the principal amount bearing a coupon rate of 3.90% per annum. These bonds are unsecured, have maturity of three years falling due 2026 and traded on the China Interbank Bond Market; and
- (iv) RMB100.0 million bonds issued in March 2024 at a price of 100.0% of the principal amount bearing a coupon rate of 3.55% per annum. These bonds are unsecured, have maturity of three years falling due 2027 and traded on the China Interbank Bond Market.

As at 30 June 2024, the fair value of the bonds amounted to HK\$5,653.2 million (2023: HK\$3,229.0 million) which is based on the quoted market prices.

- (d) 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 million at finance cost of 3-month HIBOR plus 2.975% per annum.
- (e) The Group's insurance business received cash and bank balance from counterparties as collateral which are repayable on demand. Interest is calculated on Overnight Federal Funds Rate and payable to counterparties.
- (f) Other than fixed rate bonds in note (c) above, the carrying amounts of the borrowings and other interest-bearing liabilities approximate their fair values.
- (g) As at 30 June 2024, the Group's certain bank loans and fixed-rate bonds denominated in Renminbi of HK\$6,282.4 million (2023: HK\$1,611.1 million) was designated to hedge against the exposure to foreign exchange risk from translation of net investment in foreign operations denominated in Renminbi. The cumulative gains on net investment hedges in the exchange reserve amounted to HK\$82.9 million (2023: HK\$63.4 million).
- (h) The carrying amounts of the borrowings and other interest-bearing liabilities are denominated in the following currencies (after taken into account cross currency swap contracts entered):

	<b>2024</b> <b>HK\$m</b>	2023 HK\$m
Hong Kong dollar	<b>11,625.1</b>	12,504.4
Renminbi	<b>18,084.5</b>	10,129.4
United States dollar	<b>185.8</b>	1,163.1
	<b>29,895.4</b>	23,796.9



## 40 TRADE AND OTHER PAYABLES

	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 payables	(a)	1,038.6	1,270.9	633.8
Other payables and accruals	(b)	6,055.7	7,058.8	5,437.3
Retention money payables		1,847.6	1,789.2	1,469.3
Contract liabilities	30	512.3	324.3	606.4
Amounts due to non-controlling interests	(c)	–	121.5	132.3
Amounts due to associated companies	(c)	4.1	14.0	9.1
Amounts due to joint ventures	(c)	240.9	240.9	1.2
		9,699.2	10,819.6	8,289.4
Expected to settle after 12 months		2,395.2	1,913.5	622.6
Expected to settle within 12 months		7,304.0	8,906.1	7,666.8
		9,699.2	10,819.6	8,289.4

(a) The ageing analysis of trade payables 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
Under 3 months	995.5	1,241.1	615.2
4 to 6 months	20.9	11.7	5.2
Over 6 months	22.2	18.1	13.4
	1,038.6	1,270.9	633.8

(b) The balance includes construction related accruals and provisions amounting to HK\$3,994.5 million (2023: HK\$4,384.8 million).

(c) The amounts payable are interest free, unsecured and have no fixed repayment terms.

(d) Included in the Group's trade and other payables are HK\$368.6 million (2023 restated: HK\$442.3 million) denominated in United States dollar and HK\$539.0 million (2023 restated: HK\$928.7 million) denominated in Renminbi. The remaining balances are mainly denominated in Hong Kong dollar.

### 41 LEASE LIABILITIES

The maturity of lease liabilities is as follows:

	2024 HK\$m	2023 HK\$m
Within one year	221.7	233.8
In the second year	166.2	220.9
In the third to fifth year	350.8	414.1
After the fifth year	0.2	94.6
	<b>738.9</b>	963.4
Represented by		
Expected to settle after 12 months	517.2	729.6
Expected to settle within 12 months	221.7	233.8
	<b>738.9</b>	963.4

For the year ended 30 June 2024, the total cash outflow for leases, which comprise payments for lease liabilities, short-term leases and variable leases, was HK\$406.6 million (2023: HK\$452.5 million).

### 42 COMMITMENTS

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

	Note	2024 HK\$m	2023 HK\$m
Contracted but not provided for			
Property, plant and equipment		129.2	114.8
Intangible assets		0.2	15.3
Capital and loan contributions to associated companies and joint ventures	(i)	1,878.2	1,514.0
Investment funds, financial and other investments		3,251.8	1,512.0
		<b>5,259.4</b>	3,156.1

- (i) The Group has been committed to providing sufficient funds in the form of 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 HK\$1,878.2 million (2023: HK\$1,514.0 million) which represents the attributable portion of the capital and loan contributions to be made to the associated companies and joint ventures.

**42 COMMITMENTS (CONTINUED)**

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

	<b>2024</b> <b>HK\$m</b>	2023 HK\$m
Contracted but not provided for		
Property, plant and equipment	<b>94.3</b>	135.7
Others	<b>–</b>	17.6
	<b>94.3</b>	153.3

As at 30 June 2024, the Group shared the joint venture's commitment for the development of intangible concession right of HK\$1,911.2 million and such commitment would be financed by the loan arrangement entered by the joint venture.

- (c) Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable operating leases are as follows:

	<b>2024</b> <b>HK\$m</b>	2023 HK\$m
In the first year	<b>144.9</b>	166.8
In the second year	<b>120.7</b>	125.5
In the third year	<b>87.0</b>	114.6
In the fourth year	<b>63.6</b>	95.2
In the fifth year	<b>29.5</b>	70.6
After the fifth year	<b>74.7</b>	133.0
	<b>520.4</b>	705.7

The Group's operating leases terms range from 9 months to 15 years (2023: 1 month to 15 years).

### 43 FINANCIAL GUARANTEES

The Group's financial guarantees are as follows:

	2024 HK\$m	2023 HK\$m
Guarantees for credit facilities granted to		
Associated companies	1,870.0	1,520.0
Joint ventures	2,969.5	620.1
	<b>4,839.5</b>	2,140.1

In addition, the Company and NWD, through their respective wholly-owned subsidiaries, provided a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by KTSPL under the contract entered into between the Hong Kong Government and KTSPL for the design, construction and operation of Kai Tak Sports Park. Taking into consideration the deed of counter-indemnity which has been entered into, the Group's guarantee towards KTSPL is up to the extent of 25% of the contract sum or an amount of approximately HK\$7.5 billion as at 30 June 2024 and 30 June 2023. KTSPL is an associated company of the Group in which the Group has a 25% interest.

Under the main transaction agreement and the related transaction documents in relation to the disposal of aircraft leasing business by Goshawk to SMBC which completed during FY2023, the Group provides a financial guarantee to support the performance of Goshawk of its payment obligation to satisfy claims that may be brought by SMBC against Goshawk. The Group's potential liability under the financial guarantee is limited to a total amount of US\$197.1 million (equivalent to HK\$1,537.4 million) as at 30 June 2024 and 30 June 2023.

#### 44 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 profit	<b>3,662.6</b>	2,854.3
Depreciation and amortization	<b>1,758.5</b>	1,677.4
Net insurance finance expenses/(income)	<b>1,431.0</b>	(157.1)
Net loss on disposal of debt instruments as financial assets at FVOCI	<b>123.7</b>	3.3
Net gain associated with investments related to unit-linked contracts	<b>(641.2)</b>	(260.4)
Reversal of provisions	<b>(250.6)</b>	–
Gain on redemption of fixed rate bonds	<b>–</b>	(90.5)
Net loss on fair value of financial assets at FVPL	<b>1,588.5</b>	2,381.7
Interest income	<b>(3,267.9)</b>	(2,506.9)
Dividend income	<b>(340.9)</b>	(290.8)
Profit on reclassification of interest in an associated company to financial assets at FVOCI	<b>(5.9)</b>	–
(Profit)/loss on disposal of interest in a joint venture	<b>(6.4)</b>	101.9
Impairment losses related to associated companies, net of reversal	<b>118.8</b>	104.1
Net loss/(gain) on fair value of investment properties	<b>380.5</b>	(59.5)
Expected credit loss provision, net of reversal	<b>67.3</b>	233.4
Share-based payment	<b>44.4</b>	51.8
Net exchange loss	<b>26.7</b>	11.7
Other non-cash items	<b>9.1</b>	(1.9)
Operating profit before working capital changes	<b>4,698.2</b>	4,052.5
Decrease/(increase) in inventories	<b>68.6</b>	(69.6)
Decrease/(increase) in trade and other receivables	<b>450.4</b>	(1,165.8)
(Decrease)/increase in trade and other payables	<b>(508.8)</b>	2,112.2
Changes in insurance contracts	<b>7,305.7</b>	14,277.1
Changes in reinsurance contracts held	<b>(143.8)</b>	(66.2)
(Decrease)/increase in financial liabilities related to unit-linked contracts	<b>(235.8)</b>	145.7
Purchases of financial assets at FVPL associated with investments related to unit-linked contracts	<b>(5,258.9)</b>	(4,291.6)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	<b>5,682.1</b>	3,853.6
Changes in balances with associated companies, joint ventures and related companies	<b>35.1</b>	(36.0)
Changes in balances with non-controlling interests	<b>(121.5)</b>	32.3
Others	<b>13.2</b>	1.0
Net cash generated from operations	<b>11,984.5</b>	18,845.2

#### 44 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

HK\$m	Note	Bank loans and other interest- bearing liabilities	Fixed rate bonds	Loan from non- controlling interest	Lease liabilities	Total
As at 1 July 2023		20,301.9	3,495.0	13.4	963.4	24,773.7
Cash flows from financing activities						
Drawdown/issuance		13,660.2	2,245.6	–	–	15,905.8
Repayment		(9,755.0)	–	–	–	(9,755.0)
Decrease in cash collateral received from counterparties		(4.4)	–	–	–	(4.4)
Capital element of lease liabilities payments		–	–	–	(248.7)	(248.7)
New leases entered/leases modified		–	–	–	33.2	33.2
Interest on lease liabilities	13	–	–	–	33.7	33.7
Interest element of lease liabilities payments		–	–	–	(33.7)	(33.7)
Classified to liabilities directly associated with assets held-for-sale	33	–	–	–	(9.0)	(9.0)
Translation differences		(110.1)	(6.2)	–	–	(116.3)
Other non-cash movements		60.2	8.2	(13.4)	–	55.0
<b>As at 30 June 2024</b>		<b>24,152.8</b>	<b>5,742.6</b>	<b>–</b>	<b>738.9</b>	<b>30,634.3</b>

**44 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

(b) Reconciliation of liabilities arising from financing activities: (continued)

HK\$'m	Note	Bank loans and other interest- bearing liabilities	Fixed rate bonds	Loan from non- controlling interest	Lease liabilities	Total
As at 1 July 2022		19,026.4	4,564.5	24.4	1,124.7	24,740.0
Cash flows from financing activities						
Drawdown/issuance		8,051.7	1,674.1	–	–	9,725.8
Repayment/redemption		(7,432.1)	(2,585.1)	(10.5)	–	(10,027.7)
Decrease in cash collateral received from counterparties		(26.7)	–	–	–	(26.7)
Capital element of lease liabilities payments		–	–	–	(237.4)	(237.4)
New leases entered/leases modified		–	–	–	76.6	76.6
Interest on lease liabilities	13	–	–	–	40.6	40.6
Interest element of lease liabilities payments		–	–	–	(40.6)	(40.6)
Gain on redemption of fixed rate bonds	10	–	(90.5)	–	–	(90.5)
Acquisition of a subsidiary		986.4	–	–	–	986.4
Translation differences		(358.9)	(62.5)	(0.5)	(0.5)	(422.4)
Other non-cash movements		55.1	(5.5)	–	–	49.6
As at 30 June 2023		20,301.9	3,495.0	13.4	963.4	24,773.7

## 45 RELATED PARTY TRANSACTIONS

- (a) The following is a summary of significant related party transactions during the year carried out in the normal course of the Group's business:

	Note	2024 HK\$m	2023 HK\$m
<b>Transactions with affiliated companies</b>	(i)		
Provision of other services	(iii)	<b>0.6</b>	0.6
Interest income	(iv)	<b>149.4</b>	125.9
Management fee income	(v)	<b>22.4</b>	15.4
Rental and other related expenses	(vi)	<b>(2.4)</b>	(2.0)
Other expenses	(viii)	<b>(314.4)</b>	(400.2)
<b>Transactions with other related parties</b>	(i)		
Provision of construction work services	(ii)	<b>218.6</b>	404.1
Provision of other services	(iii)	<b>85.0</b>	64.2
Interest income	(iv)	<b>121.6</b>	121.3
Rental, other related expenses and additions to right-of-use assets	(vi)	<b>(24.6)</b>	(17.4)
Mechanical and electrical engineering services	(vii)	<b>(1,326.5)</b>	(1,984.8)
Other expenses	(viii)	<b>(229.8)</b>	(189.6)

- (i) Transactions with affiliated companies include those with associated companies and joint ventures of the Group.

Transactions with other related parties include those with group of companies of CTF Enterprises and NWD as well as Mr Doo and his associates which are not companies within the Group.

With effect from the close of business on 17 November 2023, Chow Tai Fook Capital Limited has become the ultimate holding company of the Company and CTF Enterprises has become an intermediate holding company of the Company.

CTF Enterprises is a substantial shareholder of NWD under the Listing Rules. NWD was the ultimate holding company of the Company before the close of business on 17 November 2023.

Mr Doo is the vice-chairman and a non-executive director of NWD and is the father of Mr William Junior Guilherme Doo, a non-executive director of the Company.

- (ii) Revenue from the provision of construction work services was charged in accordance with the relevant contracts. Revenue from provision of construction work services to KTSPL, which is both a subsidiary of NWD and also an associated company of the Group, was presented under "Transactions with other related parties" only.
- (iii) The Group provided various kinds of services including facilities management, property management and other services to certain affiliated companies and related parties. The services were provided and charged in accordance with the relevant contracts.



## 45 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) (continued)

- (iv) Interest income was charged at relevant interest rates as specified in notes 23, 24 and 29 on the outstanding balances due from the affiliated companies or relevant yield on investments in debt instruments.
- (v) Management fee was charged at rates in accordance with the relevant contracts.
- (vi) Rental and other related expenses were charged and additions to right-of-use assets were measured in accordance with the respective tenancy agreements.
- (vii) Mechanical and electrical engineering services were charged in accordance with the relevant contracts.
- (viii) Other expenses include purchase of construction materials, laundry, security and guarding, landscaping, cleaning, property management and other services. The services were charged in accordance with the relevant contracts.

### (b) Key management compensation

No significant compensation arrangement has been entered into with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 17.

- (c) As at 30 June 2024, the Group held certain senior unsubordinated and unsecured notes issued by NWD (MTN) Limited, a wholly-owned subsidiary of NWD. As at 30 June 2024, the fair value of these notes included as financial assets at FVPL is HK\$1,038.6 million (2023 restated: HK\$1,589.2 million).
- (d) The amounts of outstanding balances with associated companies, joint ventures and non-controlling interests are disclosed in notes 23, 24, 29 and 40. The pledge of a proportion of the Group's equity interest in a joint venture as security for a bank loan of that joint venture as at 30 June 2024 is disclosed in note 24(c).

## 46 COMPARATIVE FIGURES

The Group has restated the comparative figures in the consolidated financial statements due to the adoption of HKFRS 17. In addition, certain comparative figures have been reclassified to conform with the presentation for the current year.

## 47 ULTIMATE HOLDING COMPANY

With effect from the close of business on 17 November 2023, Chow Tai Fook Capital Limited has become the ultimate holding company of the Company. NWD was the ultimate holding company of the Company before the close of business on 17 November 2023.

## 48 COMPANY STATEMENT OF FINANCIAL POSITION

	2024 HK\$'m	2023 HK\$'m
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	28.9	38.9
Subsidiaries	18,666.0	18,720.8
Other non-current asset	3.3	3.3
	18,698.2	18,763.0
Current assets		
Trade and other receivables	38,634.7	42,067.9
Cash and bank balances	3,366.7	7,863.4
	42,001.4	49,931.3
Total assets	60,699.6	68,694.3
<b>EQUITY</b>		
Share capital	3,997.5	3,910.5
Reserves	35,010.3	42,679.7
Total equity	39,007.8	46,590.2
<b>LIABILITIES</b>		
Non-current liabilities		
Fixed rate bonds	3,856.2	1,611.1
	3,856.2	1,611.1
Current liabilities		
Trade and other payables	17,835.6	20,493.0
	17,835.6	20,493.0
Total liabilities	21,691.8	22,104.1
Total equity and liabilities	60,699.6	68,694.3

**Dr Cheng Kar Shun, Henry**  
Director

**Mr Ho Gilbert Chi Hang**  
Director

**48 COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)****Reserves**

HK\$m	Share premium	Contributed surplus	Special reserves	Revenue reserve	Total
As at 1 July 2023	17,817.0	237.3	52.9	24,572.5	42,679.7
Profit for the year	–	–	–	1,188.2	1,188.2
Issue of new shares as scrip dividends	476.8	–	–	–	476.8
Share options					
Value of services provided					
Company and subsidiaries	–	–	44.4	–	44.4
New shares issued	9.8	–	–	–	9.8
Transfer	–	–	(96.2)	96.2	–
Dividends	–	–	–	(9,388.6)	(9,388.6)
<b>As at 30 June 2024</b>	<b>18,303.6</b>	<b>237.3</b>	<b>1.1</b>	<b>16,468.3</b>	<b>35,010.3</b>

HK\$m	Share premium	Contributed surplus	Special reserves	Revenue reserve	Total
As at 1 July 2022	17,821.5	237.3	1.1	24,171.0	42,230.9
Profit for the year	–	–	–	2,786.8	2,786.8
Share options					
Value of services provided					
Company and subsidiaries	–	–	51.8	–	51.8
New shares issued	0.4	–	–	–	0.4
Share repurchase	(4.9)	–	–	–	(4.9)
Dividends	–	–	–	(2,385.3)	(2,385.3)
<b>As at 30 June 2023</b>	<b>17,817.0</b>	<b>237.3</b>	<b>52.9</b>	<b>24,572.5</b>	<b>42,679.7</b>

The contributed surplus of the Company represents the difference between the nominal value of the ordinary share capital issued by the Company and the consolidated net asset value of the subsidiaries acquired at the date of acquisition pursuant to the group reorganization implemented in 1997. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of contributed surplus in certain circumstances.

## 49 PRINCIPAL SUBSIDIARIES

The directors of the Company were of the view that as at 30 June 2024, there was no individual subsidiary that had non-controlling interests that were material to the Group.

### As at 30 June 2024

	Issued and fully paid up share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Amount HK\$		
Incorporated and operate in Hong Kong				
Anway Limited	1	1	100.0 (a)	Duty free operation and general trading
Billionoble Investment Limited	4,998	4,998	100.0	Investment holding
	2*	2	100.0	
Chinese Future Limited	1,300,000,000	1,300,000,000	100.0	Investment holding
Earning Star Limited	1	1	100.0	Investment holding
Ever Honour (Hong Kong) Limited	1	1	100.0	Property investment
Fong Wing Shing Construction Company Limited	1,330,000	133,000,000	100.0	Construction
Goodman Chengdu Developments No.2 Limited	99 <sup>i</sup>	99	100.0	Investment holding
	1 <sup>ii</sup>	1		
Goodman Chengdu Developments No.3 Limited	99 <sup>i</sup>	99	100.0	Investment holding
	1 <sup>ii</sup>	1		
Goodman Chengdu Developments No.4 Limited	99 <sup>i</sup>	99	100.0	Investment holding
	1 <sup>ii</sup>	1		
Goodman Chengdu Longquan Logistics Development Limited	99 <sup>i</sup>	99	100.0	Investment holding
	1 <sup>ii</sup>	1		
Goodman Hong Kong (Hubei) Developments No.1 Limited	99 <sup>i</sup>	99	100.0	Investment holding
	1 <sup>ii</sup>	1		
Grace Crystal Limited	1	1	100.0	Investment holding
Grand Express International Limited	1	1	100.0	Investment holding
Hip Hing Builders Company Limited	40,000	40,000,000	100.0	Construction
	10,000*	10,000,000	100.0	
Hip Hing Construction Company Limited	400,000	40,000,000	100.0	Construction and civil engineering
	600,000*	60,000,000	100.0	
Hip Hing Engineering Company Limited	2,000,000	200,000,000	100.0	Building construction
Hong Kong Convention and Exhibition Centre (Management) Limited	3	3	100.0	Management of HKCEC
	1*	1	100.0	
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	100.0	Investment holding
i-Residence Management Limited	1	1	100.0	Property management and consultancy
Kiu Lok Property Services (China) Limited	2	2	100.0	Property agency,
	2*	2	100.0	management and consultancy
Modern Elite (Hong Kong) Limited	1	1	100.0	Property investment
New Advent Limited	1	1	100.0	Property investment
New World — Guangdong Highway Investments Co. Limited	999,900	99,990,000	100.0	Investment holding
	100*	10,000	50.0	

**49 PRINCIPAL SUBSIDIARIES (CONTINUED)****As at 30 June 2024**

	Issued and fully paid up share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Amount HK\$		
Incorporated and operate in Hong Kong (continued)				
New World Port Investments Limited	2	2	100.0	Investment holding
NWS (Finance) Limited	2	2	100.0	Financial services
NWS Holdings (Finance) Limited	1	1	100.0	Financing
NWS Infrastructure Renewables (Italy) Limited	1	1	100.0	Investment holding
NWS Modern Logistics (Hong Kong) Limited	1	1	100.0	Investment holding, operating modern logistics business
Polytown Company Limited	2	20	100.0	Property investment, operation, marketing, promotion and management of HKCEC
	100,000*	1,000,000	100.0	
Profit Now Limited	1	1	100.0	Investment holding
Qin Hen Goodman Hong Kong (Chengdu)	99 <sup>i</sup>	99	100.0	Investment holding
Developments No.1 Limited	1 <sup>ii</sup>	1		
Sky Connection Limited	100	100	100.0 (a)	Duty free operation and general trading
True Hope Investment Limited	299,999,998	299,999,998	100.0	Investment holding
	2*	2	100.0	
Tycoon Estate Investments (HK) Limited	1	1	100.0	Property investment
Urban Parking Limited	15,000,000	15,000,000	100.0	Carpark management
Vibro Construction Company Limited	1,630,000	163,000,000	100.0	Civil engineering
	20,000*	2,000,000	100.0	
Vibro (H.K.) Limited	20,000,004	60,328,449	99.8 (b)	Piling, ground investigation and civil engineering
Wisemec Enterprises Limited	2	2	100.0	Investment holding

	Issued share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated in Bermuda and operates in Hong Kong				
Chow Tai Fook Life Insurance Company Limited	506,100,141	US\$1	100.0	Life insurance
(Formerly known as “FTLife Insurance	9,000,000 <sup>§</sup>	US\$1	100.0	
Company Limited”)	10,000,000 <sup>§§</sup>	US\$1	100.0	

**49 PRINCIPAL SUBSIDIARIES (CONTINUED)****As at 30 June 2024**

	Issued share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
<b>Incorporated in the Cayman Islands and operates in Hong Kong</b>				
NWS Service Management Limited	1,323,943,165	HK\$0.10	100.0	Investment holding
<b>Incorporated in the Cayman Islands</b>				
Chinese Future Corporation	1,000,000	US\$0.01	100.0	Investment holding
<b>Incorporated in the British Virgin Islands and operate in Hong Kong</b>				
Bellwood Group Limited	100	US\$1	100.0	Investment holding
Busy Bee Global Limited	1	US\$1	100.0	Investment holding
Celestial Dynasty Limited	1	US\$1	100.0	Bond issuer
Celestial Miles Limited	1	US\$1	100.0	Bond issuer
Century Charm Global Limited	1	US\$1	100.0	Investment holding
Creo Capital Limited	1	US\$1	100.0	Investment holding
Eminent Circle Ventures Limited	1	US\$1	100.0	Investment holding
Glorious Hope Limited	3	US\$3	100.0	Investment holding
Hetro Limited	101	US\$1	100.0	Investment holding
Noonday Limited	100	US\$1	100.0	Investment holding
NWS Financial Management Services Limited	1	US\$1	100.0	Investment holding
NWS Infrastructure Management Limited	2	US\$1	100.0	Investment holding
NWS Infrastructure Roads Limited	1	US\$1	100.0	Investment holding
NWS Ports Management Limited	2	US\$1	100.0	Investment holding
Quality Vibe Limited	1	US\$1	100.0	Investment holding
Utmost Best Limited	1	US\$1	100.0	Investment holding

**49 PRINCIPAL SUBSIDIARIES (CONTINUED)****As at 30 June 2024**

	Issued share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated in the British Virgin Islands				
Gravy Train Investments Limited	1	US\$1	100.0	Investment holding
Ideal Global International Limited	1	US\$1	100.0	Investment holding
Moscan Developments Limited	1	US\$1	100.0	Investment holding
Natal Global Limited	1	US\$1	100.0	Investment holding
NWS CON Limited	1	HK\$1	100.0	Investment holding
NWS Construction Limited	190,000	US\$0.1	100.0	Investment holding
	5,550**	US\$0.1	–	
	4,695***	US\$0.1	–	
NWS Infrastructure Power Limited	1	US\$1	100.0	Investment holding
Right Heart Associates Limited	4	US\$1	100.0	Investment holding
Righteous Corporation	1	US\$1	100.0	Investment holding

**49 PRINCIPAL SUBSIDIARIES (CONTINUED)****As at 30 June 2024**

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
<b>Incorporated and operate in the Mainland</b>			
<sup>^</sup> Chengdu Dasheng Logistics Co. Ltd.	RMB82,000,000	100.0	Operation of logistics property
<sup>^</sup> Chengdu Jiachao Warehouse Co. Ltd.	RMB96,000,000	100.0	Operation of logistics property
<sup>+</sup> Hunan NWS Sui-Yue Expressway Co., Ltd. (Formerly known as "Hunan Daoyue Expressway Industry Co., Ltd.")	RMB600,950,000	100.0	Operation of toll road
<sup>+</sup> Hunan NWS Expressway Management Co., Ltd.	RMB1,600,000,000	100.0	Operation of toll road
<sup>^</sup> Jialong (Chengdu) Warehouse Co. Ltd.	USD18,500,000	100.0	Operation of logistics property
<sup>^</sup> Jiayao (Chengdu) Warehouse Co., Ltd.	USD20,000,000	100.0	Operation of logistics property
<sup>^</sup> Jiaxin (Chengdu) Warehouse Co. Ltd.	USD16,000,000	100.0	Operation of logistics property
<sup>^</sup> NWS Modern Logistics (Shenzhen) Limited	RMB749,144,444	100.0	Investment holding
<sup>^</sup> NWS Modern Logistics (Suzhou) Limited	RMB287,001,369	100.0	Investment holding
<sup>^</sup> NWS (Guangdong) Investment Company Limited	RMB5,319,853,600	100.0	Investment holding
<sup>^</sup> Suzhou Greenland Platinum Election e-commerce Co., Ltd.	RMB260,000,000	90.0	Operation of logistics property
<sup>^</sup> Wuhan Jiamai Warehouse Co. Ltd.	USD30,000,000	100.0	Operation of logistics property
<sup>^</sup> Xiamen Creo Capital Investment Company Limited	RMB360,000,000	100.0	Investment holding
<sup>@</sup> Zhejiang NWS Expressway Co., Ltd.	US\$320,590,000	100.0	Operation of toll road
<sup>+</sup> Zhiyi (Hangzhou) Service Area Management Limited	RMB8,100,000	100.0	Provision of commercial complex, catering, hotel and property management
<b>Incorporated and operate in Macau</b>			
Hip Hing Engineering (Macau) Company Limited	MOP100,000	100.0	Construction
Vibro (Macau) Limited	MOP1,000,000	99.8 (b)	Foundation works
<b>Incorporated and operates in Italy</b>			
NWS Infrastructure Renewables (Italy) S.r.l.	EUR323,023	100.0	Investment holding

# Ordinary shares, unless otherwise stated

\* Non-voting deferred shares

\*\* Redeemable, non-convertible and non-voting A preference shares

\*\*\* Redeemable, non-convertible and non-voting B preference shares

^ Registered as wholly foreign owned enterprises under PRC law

@ Registered as sino-foreign equity joint venture under PRC law

+ Registered as limited company under PRC law

\$ Class A redeemable preference shares (non-convertible)

\$\$ Class C redeemable preference shares (convertible)

i Class B ordinary shares

ii Class A special voting share

(a) Being classified as assets held-for-sale/liabilities directly associated with assets held-for-sale.

(b) The approximate percentage of shares held by non-controlling interests is 0.2%.



## 50 PRINCIPAL ASSOCIATED COMPANIES

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2024 is as follows:

	Issued and fully paid up share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Amount HK\$		
Incorporated and operate in Hong Kong				
GHK Hospital Limited	10	10	40.0	Healthcare
Joy Fortune Investments Limited	10,000	10,000	50.0	Investment holding
Kai Tak Sports Park Limited	300	906,666,900	25.0	Development and operation of Kai Tak Sports Park
Quon Hing Concrete Company Limited	200,000	20,000,000	50.0	Production and sales of ready-mixed concrete
Yargoan Company Limited	150,000	15,000,000	42.0	Operating a quarry mill and trading in aggregates and stonefines
Shoucheng Holdings Limited	7,297,243,440	12,994,847,000	11.4 (a)	Investment holding

	Issued and fully paid up share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Amount		
Incorporated and operates in Singapore				
PBA International Pte. Ltd.	10,932	Singapore dollar 24,242,000	20.0	Development and manufacturing of advanced robotics

	Issued and fully paid up share capital <sup>#</sup>	Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share	
Incorporated in Cyprus and operates in South Africa			
Tharisa plc	298,441,251	US\$0.001	12.9 (a) Chrome and platinum group metals mining, processing and trading

## 50 PRINCIPAL ASSOCIATED COMPANIES (CONTINUED)

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2024 is as follows: (continued)

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
<b>Incorporated and operate in the Mainland</b>			
Hangzhou Ring Road Expressway Petroleum Development Co., Ltd.	RMB10,000,000	39.0 (c)	Operation of gasoline station
Hubei Laogu Expressway Development Co., Ltd.	RMB616,161,616	1.0 (b), (d), (e)	Operation of toll road
Hubei Suiyuan Expressway Co., Ltd.	RMB1,770,000,000	30.0 (b)	Operation of toll road
WorldEx Supply Chain Technology (Shanghai) Co., Limited	RMB81,452,529	10.1 (a), (b)	Operation of comprehensive logistics business
Zhaoqing Yuezha Expressway Co., Ltd.	RMB1,343,800,000	25.0 (c)	Operation of toll road

# Ordinary shares, unless otherwise stated

- (a) The directors of the Company considered the Group has significant influence over these companies through its representative on the board of directors of these companies.
- (b) Represents the percentage of equity interest.
- (c) Represents the percentage of interest in ownership and profit sharing.
- (d) The directors of the Company considered the Group has significant influence over the company through its representative on the board of directors and the potential voting right of the company.
- (e) The Group also held an interest-bearing convertible shareholder's loan which enables the Group to increase its equity interest in this company at least by 24%.

## 51 PRINCIPAL JOINT VENTURES

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2024 is as follows:

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
<b>Incorporated and operate in the Mainland</b>			
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Company Limited	RMB1,631,750,000	25.0 (a)	Operation of toll road
China United International Rail Containers Co., Limited	RMB4,200,000,000	30.0 (b)	Operation of rail container terminals and related business
Guangxi Logan Guiwu Expressway Co., Ltd	RMB200,000,000	40.0 (b)	Operation of toll road
Guangzhou Northring Intelligent Transportation Technology Company Limited	US\$19,255,000	65.3 (a), (d)	Operation of toll road (e)
Jiangsu JD-Link International Logistics Co., Ltd.	RMB87,247,436	12.0 (d)	Operation of comprehensive logistics business
Huizhou City Huixin Expressway Company Limited	RMB100,000,000	49.0 (a)	Investment holding
NWS Asset Management (Hainan) Company Limited	RMB1,000,000,000	80.0 (b), (d)	Distressed asset management
Tianjin Xinzhan Expressway Company Limited	RMB2,539,100,000	60.0 (c), (d)	Operation of toll road
Zhejiang Tangshi Supply Chain Management Co., Ltd.	RMB69,444,444	10.0 (d)	Operation of comprehensive logistics business
<b>Incorporated and operates in Italy</b>			
ForVEI II S.r.l.	EUR20,000	40.0	Investment holding and operation of solar power assets

**51 PRINCIPAL JOINT VENTURES (CONTINUED)**

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2024 is as follows: (continued)

	Issued and fully paid up share capital <sup>#</sup>		Approximate percentage of share held by the Group	Principal activities
	Number	Amount HK\$		
Incorporated and operate in Hong Kong				
ATL Logistics Centre Hong Kong Limited	100,000'A'	100,000	56.0 (d)	Operation of cargo handling and storage facilities
	20,000'B'***	20,000	79.6	
	54,918*	54,918	–	
Goodman China (Western) Limited	100	100	50.0	Investment holding
Wincon International Limited	300,000,000	300,000,000	50.0	Investment holding
	Issued share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated in the British Virgin Islands				
Success Concept Investments Limited	1,000	US\$1	90.0 (d)	Investment holding
Incorporated and operates in the Netherlands				
Hyva I B.V.	19,000	EUR1	50.0	Manufacturing and supply of components used in hydraulic loading and unloading systems

## 51 PRINCIPAL JOINT VENTURES (CONTINUED)

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2024 is as follows: (continued)

	Issued share capital <sup>#</sup>		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated in the Cayman Islands				
Goshawk Aviation Limited	362,026,264 preference shares	US\$0.001	50.0	Commercial aircraft leasing and management

<sup>#</sup> Ordinary shares, unless otherwise stated

<sup>\*</sup> Non-voting deferred shares

<sup>\*\*</sup> Non-voting preference shares

(a) Represents the percentage of interest in ownership and profit sharing.

(b) Represents the percentage of equity interest.

(c) Cash sharing ratio is 90% for the first 15 years from the operation date and thereafter 60%.

(d) The directors of the Company considered the Group have joint control governing the financial and operating activities over these joint ventures.

(e) The concession period of toll road operated under this joint venture has been expired on 22 March 2024.

## Five-Year Financial Summary

	2024	2023 (restated)*	2022	2021	2020
Earnings per share — Basic (HK\$)	<b>0.56</b>	0.40	0.41	0.29	0.06
Earnings per share — Diluted (HK\$)	<b>0.56</b>	0.40	N/A	N/A	N/A
Key ratios					
Net Gearing Ratio	<b>35%</b>	8%	19%	25%	31%
Return on Equity	<b>6%</b>	4%	4%	3%	1%
<b>Consolidated income statement data</b> (HK\$'m)					
Revenue	<b>26,421.6</b>	27,121.4	31,138.6	28,852.4	25,920.5
Revenue by segments					
Roads	<b>2,807.0</b>	2,731.8	2,717.5	3,033.2	2,070.5
Insurance	<b>3,453.1</b>	2,895.8	12,373.6	9,640.6	6,180.0**
Logistics	<b>160.9</b>	139.5	11.8	—	—
Construction	<b>17,265.2</b>	19,638.5	15,240.9	15,114.1	12,454.4
Facilities Management	<b>2,735.4</b>	1,715.0	794.8	409.4	1,907.3
Strategic Investments	—	0.8	—	—	—
Transport ***	—	—	—	655.1	3,308.3
Revenue by region					
Hong Kong	<b>23,436.4</b>	24,219.4	28,360.1	25,765.6	23,579.7
The Mainland	<b>2,985.2</b>	2,902.0	2,778.5	3,086.8	2,117.5
Global and others	—	—	—	—	223.3
Profit attributable to shareholders of the Company	<b>2,084.2</b>	1,446.9	1,586.8	1,113.5	253.2
Attributable Operating Profit	<b>4,167.4</b>	3,443.9	4,370.9	5,249.4	3,514.3
Attributable Operating Profit/(Loss) by segments					
Roads	<b>1,571.4</b>	1,532.8	1,709.9	1,807.5	907.4
Insurance	<b>964.9</b>	624.7	1,074.9	971.7	750.4**
Logistics	<b>722.3</b>	678.5	592.6	663.0	627.8
Construction	<b>705.0</b>	745.5	912.2	972.0	1,066.0
Facilities Management	<b>228.3</b>	(61.9)	(409.5)	(649.3)	(771.8)
Strategic Investments	<b>(24.5)</b>	(75.7)	(141.7)	739.4	251.0
Aviation ***	—	—	511.5	496.0	421.9
Environment ***	—	—	121.0	244.3	380.4
Transport ***	—	—	—	4.8	(118.8)

\* From 1 July 2023, the Group adopted HKFRS 17 "Insurance Contracts", which replaced HKFRS 4 "Insurance Contracts". Comparative data for FY2023 have been restated accordingly. Comparative data for the financial years ended 30 June 2022, 2021 and 2020 are prepared on the HKFRS 4 basis.

\*\* The amount represented revenue and Attributable Operating Profit consolidated after being acquired as the Group's subsidiaries since 1 November 2019.

\*\*\* Being disposed/discontinued businesses.

	2024	2023 (restated)*	2022	2021	2020
<b>Consolidated income statement data</b>					
<b>(continued)</b>					
(HK\$'m)					
Attributable Operating Profit by region					
Hong Kong	<b>2,450.8</b>	1,782.1	1,825.0	2,038.7	1,716.6
The Mainland	<b>1,627.9</b>	1,660.1	1,778.2	2,389.2	1,361.0
Global and others	<b>88.7</b>	1.7	767.7	821.5	436.7
Non-operating items					
Net (loss)/gain on fair value of investment properties, net of tax	<b>(342.6)</b>	78.7	–	(13.2)	(22.9)
Remeasurement, impairments and provisions, net	<b>(51.5)</b>	(490.8)	(1,816.9)	(2,608.1)	(1,709.4)
Net gain/(loss) on disposal of projects, net of tax	<b>12.3</b>	(64.6)	243.9	9.3	101.0
Share of non-operating expenses of a joint venture	<b>(52.8)</b>	–	–	–	–
Net gain on redemption of senior notes	<b>–</b>	88.6	97.5	–	–
Share-based payment	<b>(44.4)</b>	(51.8)	–	–	–
Unallocated corporate office items					
Net gain/(loss) on fair value of derivative financial instruments, net of tax	<b>1.9</b>	67.9	78.2	(59.1)	73.1
Net finance costs	<b>(744.1)</b>	(538.7)	(375.0)	(445.9)	(629.9)
Net exchange gain/(loss)	<b>5.1</b>	(45.5)	(3.4)	17.6	1.0
Expenses and others	<b>(409.2)</b>	(428.8)	(425.3)	(453.4)	(492.1)
<b>Consolidated statement of financial position data</b>					
(HK\$'m)					
Total assets	<b>155,083.7</b>	154,505.1	148,770.8	152,572.9	150,052.0
Total liabilities, perpetual capital securities and non-controlling interests	<b>116,187.5</b>	109,167.0	105,462.3	104,659.5	103,685.0
Total borrowings	<b>29,895.4</b>	23,796.9	23,590.9	25,348.0	30,955.7
Shareholders' funds	<b>38,896.2</b>	45,338.1	43,308.5	47,913.4	46,367.0

# Project Key Facts and Figures

(As at 30 June 2024)

## ROADS

	Attributable Interest	Form of Investment	Length	Lanes	Expiry Date	Average Daily Traffic Flow
<b>Guangdong Province</b>						
1 <b>Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)</b>	25%	CJV	Section 1: 8.6 km Section 2: 49.59 km	Section 1: Dual 3-Lane Section 2: Dual 2 to 3-Lane	2030	<b>2024</b> /178,632 <b>2023</b> /155,512 <b>2022</b> /157,043
2 <b>Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)</b>	15%	CJV	27 km	Dual 3-Lane	2032	<b>2024</b> /111,623 <b>2023</b> /101,841 <b>2022</b> /98,530
3 <b>Guangzhou-Zhaoqing Expressway</b>	25%	CJV	Phase 1: 48 km Phase 2: 5.39 km	Phase 1: Dual 2-Lane Phase 2: Dual 3-Lane	2031	<b>2024</b> /106,937 <b>2023</b> /97,082 <b>2022</b> /95,573
4 <b>Shenzhen-Huizhou Expressway (Huizhou Section)</b>	38.5%	CJV	34.7 km	Dual 3 to 4-Lane	2036	<b>2024</b> /114,050 <b>2023</b> /110,995 <b>2022</b> /106,691
5 <b>Guangzhou Dongxin Expressway</b>	45.9%	Equity	46.22 km	Dual 3 to 4-Lane	2035	<b>2024</b> /211,631 <b>2023</b> /194,044 <b>2022</b> /189,315
6 <b>Guangzhou City Nansha Port Expressway</b>	22.5%	Equity	72.4 km	Dual 3 to 4-Lane	2030	<b>2024</b> /212,550 <b>2023</b> /170,313 <b>2022</b> /166,862
7 <b>Guangdong E-serve United Co., Ltd.</b>	1.02%	Equity	N/A	N/A	N/A	N/A
<b>Guangxi Zhuang Autonomous Region</b>						
8 <b>Guangxi Guiwu Expressway</b>	40%	Equity	198 km	Dual 2-Lane	2045	<b>2024</b> /39,098 <b>2023</b> /40,595*
<b>Zhejiang Province</b>						
9 <b>Hangzhou Ring Road</b>	100%	Equity	103.4 km	Dual 2 to 3-Lane	2029	<b>2024</b> /327,349 <b>2023</b> /322,247 <b>2022</b> /300,776



## Project Key Facts and Figures

(As at 30 June 2024)

	Attributable Interest	Form of Investment	Length	Lanes	Expiry Date	Average Daily Traffic Flow
<b>Shanxi Province</b>						
<b>10 Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)</b>	60% <sup>†</sup>	CJV	36.02 km	Dual 1-Lane	2025	<b>2024</b> /1,614 <b>2023</b> /683 <b>2022</b> /1,404
<b>Tianjin Municipality</b>						
<b>11 Tangjin Expressway (Tianjin North Section)</b>	60% <sup>††</sup>	CJV	Section 1: 43.45 km Section 2: 17.22 km	Dual 3-Lane	2040	<b>2024</b> /78,448 <b>2023</b> /74,607 <b>2022</b> /68,453
<b>Hubei Province</b>						
<b>12 Hubei Suiyuan Expressway</b>	30%	EJV	98.06 km	Dual 2-Lane	2040	<b>2024</b> /31,933 <b>2023</b> /30,715 <b>2022</b> /28,945
<b>13 Hubei Laogu Expressway</b>	1% <sup>#</sup>	EJV	39.31 km	Dual 2-Lane	2050	<b>2024</b> /7,917 <b>2023</b> /8,047 <b>2022</b> /5,730 <sup>*</sup>
<b>Hunan Province</b>						
<b>14 Hunan Sui-Yue Expressway</b>	100%	Equity	24.08 km	Dual 3-Lane	2039	<b>2024</b> /37,951 <b>2023</b> /38,417 <b>2022</b> /33,732
<b>15 Hunan Changliu Expressway</b>	100%	Equity	65 km	Dual 2-Lane	2044	<b>2024</b> /38,857 <b>2023</b> /40,925 <b>2022</b> /43,923

### Remarks:

<sup>†</sup> Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%

<sup>††</sup> Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

CJV: Co-operative Joint Venture (profit sharing percentage)

EJV: Equity Joint Venture (percentage of equity interest)

N/A: Not applicable

<sup>\*</sup> The figure represents the average daily traffic flow for the period from November 2022 to June 2023 as the acquisition of 40% interest was completed in November 2022

<sup>#</sup> The figure represents the average daily traffic flow for the period from March to June 2022 as the acquisition of 1% interest (and convertible shareholder loan equivalent to 24% interest) was completed in March 2022

## Project Key Facts and Figures

(As at 30 June 2024)

### INSURANCE

#### **Chow Tai Fook Life Insurance Company Limited** (Formerly FTLife Insurance Company Limited)

Attributable Interest	100%
Services Offered	Provision of diversified insurance and financial planning products and services to individuals and institutions
Product Category	Life Insurance, Medical Insurance, Critical Illness Insurance, Personal Accident Insurance, Saving Insurance Plan, Investment-linked Assurance Scheme, Annuity
No. of Agents	Approximately 2,000
Solvency Ratio	337% (as at 30 June 2024)
	HKRBC parallel run solvency ratio: 289% (as at 30 June 2024). The new regime has come into effect in July 2024

### CONSTRUCTION

#### **NWS Construction Group** (comprises Hip Hing Group, Vibro Group and Quon Hing Group)

Attributable Interest	100% (Hip Hing Group and Vibro Group); 50% (Quon Hing Group)
Services Offered	General contracting, construction management, civil engineering works, foundation works, and provide ready-mixed concrete
Total Value of Contracts Awarded this Year	HK\$21.9 billion
Value of Contracts on Hand	HK\$63.9 billion (remaining value of works to be completed: HK\$30.9 billion)

## Project Key Facts and Figures

(As at 30 June 2024)

### LOGISTICS

	Attributable Interest	Form of Investment	Gross Leasable Area (sq m)	Location	Operation Date	Expiry Date	Occupancy Rate
<b>ATL Logistics Centre Hong Kong Limited</b>	56%	Equity	551,846	Hong Kong	Phase 1: February 1987 Phase 2: March 1988 Phase 3: February 1992 Phase 4: January 1994 Phase 5: November 1994	2047	<b>2024</b> /96.3% <b>2023</b> /99.8% <b>2022</b> /99.8%
<b>Chengdu Dasheng Logistics Co. Ltd.</b>	100%	Equity	53,042	Chengdu	June 2019	2063	<b>2024</b> /96.9% <b>2023</b> /96.8% <b>2022</b> /96.6% <sup>^</sup>
<b>Jialong (Chengdu) Warehouse Co. Ltd.</b>	100%	Equity	77,783	Chengdu	Phase 1: September 2014 Phase 2: April 2018	2062	<b>2024</b> /97.8% <b>2023</b> /99.4% <b>2022</b> /89.1% <sup>^</sup>
<b>Jiaxin (Chengdu) Warehouse Co. Ltd.</b>	100%	Equity	27,599	Chengdu	February 2018	2064	<b>2024</b> /95.6% <b>2023</b> /88.4% <b>2022</b> /98.8% <sup>^</sup>
			39,711 (subject to final design)		TBC	2065	N/A
<b>Chengdu Jiachao Warehouse Co. Ltd.</b>	100%	Equity	71,413	Chengdu	Phase 1: September 2015 Phase 2: December 2015 Phase 3: November 2016	2064	<b>2024</b> /92.1% <b>2023</b> /91.5% <b>2022</b> /83.2% <sup>^</sup>
<b>Jiayao (Chengdu) Warehouse Co. Ltd.</b>	100%	Equity	92,602	Chengdu	August 2022	2069	<b>2024</b> /73.0% <b>2023</b> /51.2%
<b>Wuhan Jiamai Warehouse Co. Ltd.</b>	100%	Equity	169,091	Wuhan	Phase 1: December 2015 Phase 2: May 2016 Phase 3: June 2021	2064	<b>2024</b> /78.5% <b>2023</b> /83.4% <b>2022</b> /82.0% <sup>^</sup>
<b>Suzhou Greenland Platinum Election e-commerce Co. Ltd.</b>	90%	Equity	75,164	Suzhou	June 2021	2068	<b>2024</b> /100% <b>2023</b> /100%
	Attributable Interest	Form of Investment	Investment Scope	Handling Capacity	Location and Operation Date	Expiry Date	Throughput Achieved (TEUs)
<b>China United International Rail Containers Co., Limited</b>	30%	EJV	Pivotal rail container terminal network	6.6 million TEUs/year	Kunming: January 2008 Chongqing: December 2009 Chengdu: March 2010 Zhengzhou: April 2010 Dalian: July 2010 Qingdao: August 2010 Wuhan: August 2010 Xian: December 2010 Ningbo: January 2011 Tianjin: January 2017 Urumqi: June 2017 Qinzhou: June 2019 Guangzhou: December 2021	2057	<b>2024</b> : 6,373,000 <b>2023</b> : 5,541,000 <b>2022</b> : 4,754,000

<sup>^</sup> For the month of June 2022 as the acquisition of logistics properties were completed in June 2022. The average occupancy rate for these logistics properties since acquisitions was 86.7%

## Project Key Facts and Figures

(As at 30 June 2024)

### FACILITIES MANAGEMENT

	<b>Hong Kong Convention and Exhibition Centre (Management) Limited</b>	<b>Shenyang New World Expo (Management) Limited</b>
Attributable Interest	100%	100%
Services Offered	Management and operation of venues for exhibitions, conventions, meetings, entertainment events, banquets and catering events, etc	
Gross Rentable Space	91,500 sq m	28,000 sq m
No. of Events Held this Year	823	65
Total Attendance this Year	Over 7.3 million	Approximately 0.7 million

#### **Gleneagles Hospital Hong Kong**

Attributable Interest	40%
Services Offered	500-bed private hospital with services spanning more than 35 specialties and subspecialties. It offers a comprehensive range of healthcare services and facilities, including 24-hour Outpatient and Emergency, Cardiac Catheterization & Intervention Centre, Clinical Laboratory, Critical Care Centre, Dialysis Centre, Dietetic Services, Digital Subtraction Angiography Suite, Endoscopy and Day Surgery Centre, Health Screening Clinic, Operating Theatre, Radiology Services, Radiotherapy and Oncology Centre, Rehabilitation Centre, Specialist Service Centres, Specialist Outpatient Clinics, etc

#### **Free Duty**

Attributable Interest	100%
Services Offered	Retail of duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise
Shop Locations	MTR Lo Wu, Hung Hom and Lok Ma Chau Stations; Hong Kong-Zhuhai-Macao Bridge (Hong Kong Port Passenger Clearance Building)

# Glossary of Terms

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

## GENERAL TERMS

“ATL”	ATL Logistics Centre Hong Kong Limited
“Board”	the board of directors of NWS Holdings
“China Lianhe Credit”	China Lianhe Credit Rating Co., Ltd.
“CSRC”	China Securities Regulatory Commission
“CTFC”	Chow Tai Fook Capital Limited
“CTF Enterprises”	Chow Tai Fook Enterprises Limited
“CTF Group”	CTFC and its subsidiaries
“CTF Life”	Chow Tai Fook Life Insurance Company Limited
“CTFH”	Chow Tai Fook (Holding) Limited
“CUIRC”	China United International Rail Containers Co., Limited
“ESG”	Environmental, Social and Governance
“ERM”	Enterprise Risk Management
“EUR”	Euro, the official currency of the Eurozone
“FY2023”	the financial year ended 30 June 2023
“FY2024”	the financial year ended 30 June 2024
“FY2025”	the financial year ending 30 June 2025
“GHK Hospital”	Gleneagles Hospital Hong Kong
“Goshawk”	Goshawk Aviation Limited
“Greater Bay Area”	the Guangdong-Hong Kong-Macao Greater Bay Area
“Group”	NWS Holdings and its subsidiaries
“HIBOR”	Hong Kong Interbank Offered Rate

### GENERAL TERMS (CONTINUED)

“Hip Hing” or “Hip Hing Group”	NWS Construction Limited and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK\$m”	million of Hong Kong dollar
“HKCEC”	Hong Kong Convention and Exhibition Centre
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKIO”	Hong Kong Insurance Ordinance
“HKRBC”	Hong Kong Risk Based Capital
“HML”	Hong Kong Convention and Exhibition Centre (Management) Limited
“Hong Kong” or “HKSAR”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“KTSPL”	Kai Tak Sports Park Limited
“LA&M”	Logistics Asset & Management, which comprises ATL and seven logistics properties in the Chengdu, Wuhan and Suzhou
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Macau”	The Macau Special Administrative Region of the PRC
“Mainland” or “Mainland China”	the PRC excluding Hong Kong, Macau and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules
“MOP”	Macau Pataca, the lawful currency of Macau
“NWD”	New World Development Company Limited
“NWS Construction Group”	Comprises Hip Hing Group, Vibro Group and Quon Hing Group
“NWS”, “NWS Holdings” or “Company”	NWS Holdings Limited
“Parkway Medical”	Parkway Medical Services (Hong Kong) Limited

## GENERAL TERMS (CONTINUED)

“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“USA”	the United States of America
“US\$”	United States dollar, the lawful currency of USA
“Wai Kee”	Wai Kee Holdings Limited

### TECHNICAL TERMS

“AI”	Artificial Intelligence
“CJV”	co-operative joint venture company
“EJV”	equity joint venture company
“km”	kilometre(s)
“kWh”	kilowatt-hour(s)
“LEED”	Leadership in Energy and Environmental Design
“LTIR”	Lost-time injury rate
“MiC”	Modular Integrated Construction
“sq ft”	square foot (feet)
“sq m”	square metre(s)
“TEU(s)”	twenty-foot equivalent unit(s), a standard measurement unit of a container. It is based on the dimensions of a container 20 feet long by 8 feet wide by 8.5 feet high with an average load of approximately nine tonnes
“tonne(s)”	equal to 1,000 kilograms
“Tonnes CO <sub>2</sub> e”	tonnes of carbon dioxide equivalent



## FINANCIAL TERMS

“Adjusted EBITDA”	a non-HKFRS measure of the Group’s operating profitability and calculated as operating profit excluding depreciation and amortization and other non-operating/non-cash items, plus dividends received from associated companies and joint ventures, and any other relevant adjustments. It may not be comparable to similar measures presented by other companies.
“Attributable Operating Profit/(Loss)” or “AOP/AOL”	a non-HKFRS measure used by the Executive Committee of the Company to assess the performance of the operating segments. AOP represents the profit available for appropriation before non-operating and unallocated corporate office items. AOL represents loss before non-operating and unallocated corporate office items. It may not be comparable to similar measures presented by other companies.
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“FVPL”	fair value through profit or loss
“FVOCI”	fair value through other comprehensive income
“HKAS(s)”	Hong Kong Accounting Standard(s)
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s)
“Net Assets”	total assets less total liabilities
“Net Assets per Share”	$\frac{\text{Net Assets}}{\text{number of issued shares at the end of the year}}$
“Net Debt”	Total Debt less cash and bank balances and short-term deposits
“Net Gearing Ratio”	$\frac{\text{Net Debt}}{\text{total equity}}$
“Return on Equity”	$\frac{\text{profit for the year}}{\text{total equity}}$
“Total Debt”	the aggregate of borrowings and other interest-bearing liabilities

### OTHER TERMS FOR INSURANCE BUSINESS

“APE”	annual premium equivalent, a measure of new insurance business activity that is calculated as the sum of annualized regular premiums from new insurance business plus 10% single premiums on new insurance business written during a period
“CSM”	contractual service margin, being the estimate of unearned profits of the insurance contracts, and is systematically recognized as insurance revenue based on the services provided over the coverage period of the insurance contract
“Embedded value”	being an actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions, which is equal to the sum of adjusted net worth and value of in-force business, excluding any economic value attributable to future new insurance business
“VONB”	value of new business, being the present value of distributable statutory earnings in the future (less the cost of holding solvency capital) from new insurance business sold in a period

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr Cheng Kar Shun, Henry (*Chairman*)  
Mr Cheng Chi Ming, Brian (*Co-Chief Executive Officer*)  
Mr Ho Gilbert Chi Hang (*Co-Chief Executive Officer*)  
Mr Lam Jim (*Chief Operating and Financial Officer*)  
Mr Cheng Chi Leong, Christopher

### Non-executive Directors

Dr Cheng Chi Kong, Adrian  
(*resigned on 26 September 2024*)  
Mr William Junior Guilherme Doo  
Mr Lam Wai Hon, Patrick (*alternate director to*  
*Mr William Junior Guilherme Doo*)  
Mr Tsang On Yip, Patrick

### Independent Non-executive Directors

Mr Shek Lai Him, Abraham  
Mr Lee Yiu Kwong, Alan  
Mrs Oei Wai Chi Grace Fung  
Mr Wong Kwai Huen, Albert  
Professor Chan Ka Keung, Ceajer  
Ms Ng Yuen Ting, Yolanda

## BOARD COMMITTEES

### Executive Committee

Dr Cheng Kar Shun, Henry (*Chairman*)  
Mr Cheng Chi Ming, Brian  
Mr Ho Gilbert Chi Hang  
Mr Lam Jim  
Mr Cheng Chi Leong, Christopher

### Audit Committee

Professor Chan Ka Keung, Ceajer (*Chairman*)  
Mr Shek Lai Him, Abraham  
Mr Lee Yiu Kwong, Alan

### Remuneration Committee

Mr Shek Lai Him, Abraham (*Chairman*)  
Mr Cheng Chi Ming, Brian  
Mr Ho Gilbert Chi Hang  
Mr Lee Yiu Kwong, Alan  
Professor Chan Ka Keung, Ceajer

### Nomination Committee

Mr Lee Yiu Kwong, Alan (*Chairman*)  
Mr Cheng Chi Ming, Brian  
Mr Ho Gilbert Chi Hang  
Mr Shek Lai Him, Abraham  
Professor Chan Ka Keung, Ceajer

### Environmental, Social and Governance Committee

Mr Wong Kwai Huen, Albert (*Chairman*)  
Mr Cheng Chi Ming, Brian  
Mr Ho Gilbert Chi Hang  
Mr Lam Jim  
Mr Lee Yiu Kwong, Alan  
Mrs Oei Wai Chi Grace Fung  
Ms Ng Yuen Ting, Yolanda

## COMPANY SECRETARY

Mr Tang Wai Yau

## Corporate Information

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21/F., NCB Innovation Centre  
888 Lai Chi Kok Road  
Cheung Sha Wan  
Kowloon  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

### AUDITOR

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

### PRINCIPAL BANKERS

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

### WEBSITE

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



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

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



## **NWS Holdings Limited**

(Incorporated in Bermuda with limited liability)

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