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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

HIGHLIGHTS

- **The Group's profit attributable to shareholders surged by 161% to HK$1,595.3 million**
- **AOP of recurring businesses, excluding Strategic Investments segment and Disposed/Held-for-sale Assets, increased by 5%. The Group's overall AOP was HK$2,326.3 million, decreased by 30%**
    - Core Business' AOP was HK$2,141.5 million, decreased by 8%. Excluding the impact of the Disposed/Held-for-sale Assets, AOP declined slightly by 3%
    - Strategic Portfolio's AOP was HK$184.8 million, decreased by 82%. Excluding the impact of the Disposed/Held-for-sale Assets and Strategic Investments segment, AOP rose by 381%
- **Recuperated approximately HK$6.2 billion upon the completion of the disposal of SUEZ NWS and XCTG**
- **Interim dividend raised to HK$0.30 per share (FY2021: HK$0.29 per share), aligning with the Group's prevailing sustainable and progressive dividend policy**
- **The Group's share of the net asset value of ATL increased to approximately HK$7.3 billion for a share of gain from revaluation of a property, representing approximately 11% of the Group's net asset value as at 31 December 2021**
- **Net gearing ratio further declined to 13% (30 June 2021: 25%; 31 December 2020: 26%)**

The board of directors (the "Board") of NWS Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2021 (the "Current Period"), together with comparative figures for the six months ended 31 December 2020 (the "Last Period").

BUSINESS REVIEW

Group overview

For the Current Period, the Group delivered a strong result with its recurring businesses remaining solid and its profit attributable to shareholders of the Company registering a remarkable improvement by 161% to HK$1,595.3 million. The increase in the Group's profit attributable to shareholders was mainly due to the substantial reduction in non-operating losses in relation to remeasurement, impairments and provisions to HK$288.7 million from HK$1,904.4 million for the Last Period and the disposal gain of HK$213.0 million arising from non-core asset disposals versus a disposal loss of HK$50.7 million in the Last Period, partially offset by the decline in Attributable Operating Profit ("AOP") contribution from the Strategic Investments segment due to the significant net fair value gain from certain investments in the Last Period and the recognition of net fair value loss and expected credit loss provision on certain investments in the Current Period, as well as the decline in AOP contributions from assets which were reclassified as held-for-sale or fully/partially disposed of during the financial year of 2021 or the Current Period ("Disposed/Held-for-sale Assets"), namely SUEZ NWS Limited ("SUEZ NWS"), Chongqing Derun Environment Co., Ltd. ("Derun Environment"), Xiamen Container Terminal Group Co., Ltd. ("XCTG"), Wai Kee Holdings Limited ("Wai Kee") and the Transport segment.

The overall AOP of the Group's recurring businesses, excluding Strategic Investments segment and Disposed/Held-for-sale Assets, grew 5% year-on-year. However, due to the decline in AOP contribution from Strategic Investments segment and Disposed/Held-for-sale Assets, the Group's overall AOP decreased 30% to HK$2,326.3 million as compared to the Last Period.

AOP of Core Business dropped by 8% year-on-year to HK$2,141.5 million, primarily attributable to the aforementioned AOP impact from Wai Kee in the Construction segment as well as the drop in Roads segment's AOP resulted from the temporary partial prohibition of type 5 and 6 trucks on Hangzhou Ring Road in the Current Period, partly offset by (i) the robust performance of FTLife Insurance Company Limited ("FTLife Insurance"), (ii) steady contribution from NWS Construction Limited and its subsidiaries (collectively, "Hip Hing Group") and (iii) stabilized performance of Goshawk Aviation Limited ("Goshawk"). Excluding the impact of the Disposed/Held-for-sale Assets, AOP of the recurring businesses of Core Business declined slightly by 3% year-on-year in the Current Period.

Among Strategic Portfolio, while the rapid ramp up of Gleneagles Hospital Hong Kong ("GHK Hospital"), gradual recovery of Hong Kong Convention and Exhibition Centre ("HKCEC") and cost-saving efforts and new business initiatives of Free Duty have all contributed to the improvement in Facilities Management segment with narrowing losses, the decrease in contribution from Strategic Investments segment due to the lack of significant net fair value gain as well as the recognition of net fair value loss and expected credit loss provision on certain investments in the Current Period as compared to Last Period, along with the abovementioned reclassification of XCTG which led to a drop in Logistics segment's AOP, resulted in a decrease in Strategic Portfolio's AOP by 82% to HK$184.8 million during the Current Period. Excluding the impact of the Disposed/Held-for-sale Assets and Strategic Investments segment, AOP from recurring businesses within Strategic Portfolio in the Current Period surged by 381% year-on-year.

The non-operating losses incurred in the Current Period, which was significantly lower than the Last Period, was primarily the result of the Group's share of provision totalled HK$274.0 million (Last Period: HK$415.9 million) from assets impairments, provision for expected credit loss and aircraft repossession/recovery costs from Goshawk, partially offset by the gain of HK$269.0 million from the disposal of SUEZ NWS.

Finance costs decreased in the Current Period owing to lower interest rate and average loan balance due to deleveraging through using some of the proceeds from the non-core asset disposals. In addition, the Group recorded a net gain on fair value of derivative financial instruments during the Current Period versus a net loss recorded in the Last Period.

Profit attributable to shareholders for the Current Period, after the deduction of profit attributable to holders of perpetual capital securities, increased by 161% to HK$1,595.3 million. The basic earnings per share was HK$0.41, increased by 161%.

Contribution from operations in Hong Kong accounted for 42% of the AOP in the Current Period (Last Period: 48%), while Mainland China and other regions contributed 41% and 17% of the AOP, respectively (Last Period: 42% and 10%, respectively). Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") was down by 19% to HK$3,245.8 million.

During the Current Period, the Group completed the disposal of XCTG and SUEZ NWS in October and November 2021, respectively, generating a total cash amount of approximately HK$6.2 billion. The proceeds from the abovementioned disposals will be used to fund our future investments as well as fostering our sustainable and progressive dividend policy.

The Group further strengthened its financial position during the Current Period. The decrease in net debt balance to HK$8.7 billion (30 June 2021: HK$14.5 billion; 31 December 2020: HK$15.3 billion), together with the increase in total equity during the Current Period brought about by the share of revaluation gain by the Group upon reclassification of a logistics property held by a joint venture from property, plant and equipment to investment property, resulted in a substantial reduction in the net gearing ratio to 13% (30 June 2021: 25%; 31 December 2020: 26%).

As at 31 December 2021, the Group had over HK$4 billion sustainability-linked facilities. We will continue to look for other sustainable and green finance option going forward.

Contribution by Division
For the six months ended 31 December

	2021 **HK$'m**	2020 HK$'m
Core Business	**2,141.5**	2,322.2
Strategic Portfolio		
Continuing operations	**63.8**	764.9
Discontinued operations	**121.0**	249.2
Attributable Operating Profit	**2,326.3**	3,336.3
Corporate office and non-operating items		
Loss on fair value of investment properties	**-**	(14.3)
Remeasurement, impairments and provisions	**(288.7)**	(1,904.4)
Net gain/(loss) on disposal of projects, net of tax	**213.0**	(50.7)
Net gain/(loss) on fair value of derivative financial instruments	**21.9**	(54.1)
Interest income	**27.0**	14.7
Finance costs	**(226.9)**	(249.9)
Expenses and others	**(185.8)**	(174.3)
	(439.5)	(2,433.0)
Profit for the period after tax and non-controlling interests	**1,886.8**	903.3
Profit attributable to:		
Shareholders of the Company	**1,595.3**	611.8
Holders of perpetual capital securities	**291.5**	291.5
	1,886.8	903.3
		(Restated)
Adjusted EBITDA#	**3,245.8**	3,989.3

Adjusted EBITDA is calculated as operating profit excluding depreciation/amortization, gain/(loss) on disposal of projects (before tax), remeasurement/impairments/provisions and fair value change of investment properties, plus dividends received from associated companies and joint ventures, and any other relevant adjustments.

OPERATIONAL REVIEW – CORE BUSINESS

AOP Contribution by Segment

For the six months ended 31 December

	2021	2020	Change %
	HK$'m	HK$'m	Fav./(Unfav.)
Roads	**968.7**	1,061.0	(9)
Aviation	**274.4**	271.7	1
Construction[Ω]	**407.5**	527.1	(23)
Insurance	**490.9**	462.4	6
Total	**2,141.5**	2,322.2	(8)

[Ω] *Wai Kee was reclassified as an asset held-for-sale in December 2020 and the Group no longer shares its profit since then*

Roads

Roads segment's performance remained largely stable amid all the negative external impacts and our efforts in enriching our roads portfolio have been bearing fruits. During the Current Period, contribution from the three expressways in Central region of the Mainland that the Group acquired in the past few years, including Suiyuenan Expressway, Sui-Yue Expressway and Changliu Expressway, continued to grow. Excluding the financial incentives associated with the investments in Changliu Expressway and Sui-Yue Expressway, AOP contribution from these three roads grew 3% year-on-year and accounted for over 11% of the Roads segment's AOP. Meanwhile, negative impact from resurgence of COVID-19 in various provinces, power crunch and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road have prompted a slight drop of 2% in overall traffic volume and a drop of 7% in toll revenue of our road portfolio. AOP of the Roads segment in the Current Period dropped by 9% to HK$968.7 million. Excluding the impact of Renminbi appreciation, underlying AOP from operation of the Roads segment declined by 14% over the Last Period.

In the Current Period, the Group's major expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road, Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and the three expressways in Central region, have collectively contributed over 80% of the Roads segment's AOP. Excluding Hangzhou Ring Road, overall traffic volume of the remaining major expressways continued to see steady growth of 1% year-on-year. Including Hangzhou Ring Road, overall traffic flow recorded a 3% year-on-year decline due to the aforesaid challenge faced by Hangzhou Ring Road.

The overall average remaining concession period of our roads portfolio as at 31 December 2021 was around 10 years. With such long remaining concession period, the Group expects our Roads segment will continue to generate sustainable income and cash flow to the Group in the forthcoming years.

Aviation

The Group's Aviation segment engages in commercial aircraft leasing business through our full service leasing platform Goshawk. During the Current Period, thanks to the gradual recovery in domestic flights and continued border reopening around the world, overall aviation industry has been stabilizing. Against the background of industry stabilization, Goshawk's AOP during the Current Period was steady at HK$274.4 million, despite negative impact from certain lease restructurings and airline reorganizations. A mark-to-market accounting gain of HK$26.4 million (Last Period: gain of HK$12.5 million) from interest rate swap contracts was shared by the Group in the Current Period.

Included in the non-operating items of the Current Period, a provision of HK$274.0 million (Last Period: HK$415.9 million) was shared by the Group for impairment on assets and provision for expected credit loss, as well as aircraft repossession/recovery costs resulted from lease restructurings and airline reorganizations driven by the impact of COVID-19.

Goshawk has maintained a young and in-demand fleet with long leases and a relatively lower risk profile, encompassing a broad customer base spanning across 60 airlines in 34 countries as at 31 December 2021. Taking into account the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers, the number of aircraft owned, managed and committed totalled 219 (31 December 2020: 224), and the overall appraised value amounted to approximately US$9.6 billion as at 31 December 2021. The 162 aircraft on book as at 31 December 2021 (31 December 2020: 162) had an average age of 5.9 years and an average remaining lease term of 5.2 years, with 78% of our aircraft on book being narrowbody. Our owned aircraft were almost fully utilized at a rate of 99% in the Current Period. Supported by strong improvement in collection of deferred rental payment and reduction of trade receivables due to the completion of airlines restructuring, collection rate continued to improve to 127% in the fourth quarter of 2021 from 92% in the second quarter of 2021. Despite the improvement, a few of our lessees are still undergoing restructuring and uncertainties still abound due to the outbreak of COVID-19 variants.

Financial position of Goshawk continued to be strong in the Current Period. As at 31 December 2021, besides a well-balanced debt maturities profile, Goshawk had cash and undrawn liquidity of US$1.5 billion.

Construction

Our Construction segment comprises mainly our wholly-owned interest in Hip Hing Group. In the Current Period, performance of Hip Hing Group remained resilient with AOP remaining steady at HK$401.1 million, notwithstanding challenges from keen competition and rising material costs. Driven by the absence of share of profit by the Group from Wai Kee (Last Period: HK$125.4 million) following the reclassification from an associated company to an asset held-for-sale in December 2020 and only dividend income was recognized afterwards, overall Construction segment's AOP saw a 23% drop to HK$407.5 million. Major projects of Hip Hing Group during the Current Period included construction management services for Kai Tak Sports Park, foundation works for New Acute Hospital at Kai Tak (Sites A & B), commercial development for AIRSIDE at Kai Tak, Two Taikoo Place at Quarry Bay and Inland Revenue Centre at Kai Tak.

Number of new tenders offering in the market has been picking up. Hip Hing Group's gross value of contracts on hand improved by 21% year-on-year to approximately HK$54.4 billion, while remaining works to be completed decreased by 5% year-on-year to around HK$28.3 billion during the Current Period. Approximately 67% of the remaining works to be completed were from private sector which entailed both commercial and residential, while the remaining about 33% were from government and institutional related projects. In the Current Period, Hip Hing Group was awarded approximately HK$8.6 billion of new projects, including but not limited to, the residential development at Kai Tak, development of Micro-Electronics Centre for Hong Kong Science and Technology Parks Corporation, composite development at Shing Kai Road, Kai Tak and piling works for integrated basement and underground road at The West Kowloon Cultural District.

Insurance

While continued border closure due to COVID-19 outbreak has prevented Mainland visitors from coming to Hong Kong and affected the performance of the entire insurance industry, FTLife Insurance has outperformed the market with a steady growing trend, partially offset by the negative impact from the increase in medical claims during the Current Period. In the Current Period, FTLife Insurance recorded a year-on-year growth of 6% in AOP to HK$490.9 million.

In the Current Period, FTLife Insurance further enhanced the attractiveness of its product offerings to boost the business from Hong Kong domestic market despite business from Mainland visitors still hammered by border closure. In addition to the enhanced version of Fortune Saver that has been well received by the market, FTLife Insurance has also launched ComboPro Insurance Plan in October 2021, a new insurance plan that provides an all-round package of critical illness, medical, accident and life protection, aiming to safeguard customers with comprehensive protection and provide them with support to confront challenges in life. Spurred by our captivating product offerings and strengthened distribution capability, our overall Annual Premium Equivalent ("APE") rose by 13% to HK$1,050.5 million during the Current Period. Gross written premium increased by 46% to HK$7,229.1 million. Value of New Business ("VONB") grew by 53% to HK$362.3 million, and VONB margin, representing VONB as a percentage of APE, improved to 34% (Last Period: 25%), thanks to enhanced product mix and product re-pricing. Overall investment return of FTLife Insurance's investment portfolio was 5.3% in the Current Period (Last Period: 3.6%).

Our above-market performance in the Current Period was a testament to our capability in launching appealing insurance products as well as our efforts in strengthening our tied-agency force with enhanced productivity, with the number of agents qualifying for Million Dollar Round Table ("MDRT") increasing by 21% in 2021. As at 30 September 2021, FTLife Insurance's ranking among Hong Kong life insurance companies by APE further advanced to 11th from 12th as at 30 June 2021 with our overall APE growth of 1% continuing to outperform the 5% decline in the industry, while the 3% decline in APE of our Hong Kong domestic business was also better than the 6% drop in the industry in the third quarter of 2021.

The financial footing of FTLife Insurance remained resilient during the Current Period. As at 31 December 2021, FTLife Insurance's solvency ratio of 443% was well above minimum industry regulatory requirement of 150%. Embedded value increased by 6% year-on-year to HK$21.3 billion. Moody's has continued to maintain the insurance financial strength rating of FTLife Insurance at A3/Stable, while Fitch Rating has affirmed FTLife Insurance's A- insurer financial strength rating with stable rating outlook.

OPERATIONAL REVIEW – STRATEGIC PORTFOLIO

AOP Contribution by Segment

For the six months ended 31 December

	2021 **HK$'m**	2020 HK$'m	Change % Fav./(Unfav.)
Logistics[Φ]	**279.3**	336.3	(17)
Facilities Management	**(161.8)**	(323.3)	50
Strategic Investments	**(53.7)**	751.9	(107)
Discontinued operations			
Environment	**121.0**	244.3	(50)
Transport	**-**	4.9	(100)
Total	**184.8**	1,014.1	(82)

Φ *XCTG was reclassified as an asset held-for-sale as at 30 June 2021 and the Group no longer shares its profit since then*

Logistics

The performance of the Logistics segment (excluding XCTG which was reclassified as an asset held-for-sale as at 30 June 2021) remained solid, with AOP decreasing 1% year-on-year. Taking into account the lack of profit contribution from XCTG (Last Period: HK$54.7 million) after its disposal, overall Logistics segment witnessed a drop in AOP by 17% to HK$279.3 million during the Current Period.

ATL Logistics Centre Hong Kong Limited ("ATL") continued to report resilient results in the Current Period and accounted for over 85% of the segment's AOP. Demand for ATL's prime warehouse space and sign up of new renowned quality tenants have defied the challenges posed on the warehouse leasing market due to COVID-19 outbreak in Hong Kong, fuelling ATL's average rent to grow by 2% with occupancy rate maintaining at an almost fully let level of 99.0%.

In the Current Period, in order to reflect the latest income mix and business model of the property, as well as the relevant market trend, the Group reclassified ATL Logistics Centre from property, plant and equipment to investment property. A revaluation gain equalling to the difference between the fair value and carrying value of the property shared by the Group amounted to HK$6,312.1 million (net of tax) and such amount was dealt with in the property revaluation reserve. Following the reclassification, the Group's share of the net asset value of ATL increased to approximately HK$7.3 billion, representing approximately 11% of the Group's net asset value as at 31 December 2021.

Propelled by the robust growth in ancillary logistics services, AOP of China United International Rail Containers Co., Limited ("CUIRC") increased by 9% year-on-year despite its throughput took a hit from the resurgence of COVID-19, adverse weather condition and power shortage that affected factory production in some parts of the Mainland and declined by 8% to 2,300,000 TEUs in the Current Period. The new Guangzhou terminal has commenced operation in late December 2021, while doubling of handling capacity of Wuhan terminal was completed in the Current Period and expansion of Zhengzhou terminal capacity is underway.

The Group completed the disposal of the entire 20% stake in XCTG in October 2021 and this marked the full exit of all investments in port-related projects by the Group.

The Group has made progress in expanding in modern logistics sector in the Current Period through investing in various companies such as 全球捷運(上海)供應鏈科技有限公司 (Worldex (Shanghai) Supply Chain Technology Limited*), an integrated logistics service provider with network covering major ports in the Mainland including Qingdao, Shanghai, Ningbo, Shenzhen and Xiamen, as well as ANE (Cayman) Inc., a leading player in the Mainland's less-than-truckload market (currently included under Strategic Investments segment). Together with ATL and CUIRC, we aim to build an ecosystem within Logistics segment which is anticipated to generate synergies and is expected to benefit the whole Logistics segment in the coming future.

Facilities Management

Thanks to the improvement in performance of all the three businesses within the Facilities Management segment, Attributable Operating Loss ("AOL") further narrowed by 50% to HK$161.8 million during the Current Period.

GHK Hospital continued to generate positive EBITDA after achieving breakeven since May 2021. Thanks to our first-rate healthcare service and advanced equipment efforts, revenue grew markedly in the Current Period, with number of outpatients growing by 49% and number of inpatients increasing by 20%. As at 31 December 2021, number of regularly utilized beds was 238 (31 December 2020: 204), while average occupancy rate during the Current Period was 64%. In supporting the social initiatives on fighting COVID-19, GHK Hospital participated in Hong Kong Government's COVID-19 Vaccination Programme to provide vaccination service which demonstrated our dedication in serving the public.

HKCEC's AOL narrowed noticeably during the Current Period upon the scaling back of the social-distancing measures imposed by the Hong Kong Government and the resumption of local and smaller-scale events. Our adoption of a series of stringent preventive measures, introduction of new technology and close communication with event organizers have successfully fuelled the growth of the number of events held by 219% to 335 while patronage increased by 611% to around 2.6 million. In recognition of HKCEC's endeavours to provide world-class services and facilities to our customers, HKCEC was voted the "Best Convention Centre (North Asia)" for the second time in a row in the M&C Asia 2021 Stella Awards organised by Northstar Meetings Group as well as the "Exhibition Venue of the Year - Hong Kong" in the 2021 APAC Business Awards organised by APAC Insider magazine. During the Current Period, HKCEC's AOL represented approximately 21% of the segment's AOL.

Operating environment for Free Duty remained muted in the Current Period amid border closure due to COVID-19, and our three outlets at Lo Wu, Hung Hom and Lok Ma Chau MTR stations remained closed. Yet, with our cost-saving efforts, increase in AOP from our only operating outlet at Hong Kong-Zhuhai-Macao Bridge and positive contribution from our other new business initiatives such as pop-up stores at D·PARK and THE FOREST as well as our e-commerce website, FDMALL, AOL of Free Duty narrowed in the Current Period.

Strategic Investments

This segment includes investments with strategic value to the Group and with growth potential which will enhance and create value for our shareholders. AOL in the Current Period, which mainly comprised the share of results, net fair value change, interest and dividends from certain investments, was HK$53.7 million (Last Period AOP: HK$751.9 million), mainly attributable to the lack of significant net fair value gain as well as the recognition of net fair value loss and expected credit loss provision on certain investments in the Current Period as compared with the Last Period.

DISCONTINUED OPERATIONS

Environment

On 15 November 2021, the Group completed the disposal of SUEZ NWS. The gain of approximately HK$269.0 million was recognized and included in the non-operating items and a dividend income of HK$121.0 million was received and recognized during the Current Period.

BUSINESS OUTLOOK

COVID-19 and its variants have been taking their toll on the world, not only causing economic dislocation, but also disrupting the livelihood of human being. Thanks to the massive roll out of vaccination around the globe and the substantial fiscal and monetary policy measures from governments, the world's economy is well on track for recovery. That said, challenges such as new COVID-19 variants outbreak, geopolitical tension, inflation pressure, supply chain disruptions and impending interest rates hike continue to warrant our close attention.

On the Mainland front, notwithstanding all the headwinds it is encountering, it is expected to remain as one of the key growth drivers of the world, thanks to the Mainland Government's efforts in supporting the economy and controlling the COVID-19 outbreak in the past two years. Meanwhile, the expected resumption of cross border travel in 2022 is stand to be another booster to the economy of both the Mainland and Hong Kong.

Despite various negative external factors impacting the performance of our Roads segment in the Current Period, our positive long-term view on the business remains unscathed, underpinned by the continuous economic growth in the Mainland and the growth in car-ownership and continued expansion in the logistics sector. We will continue to expand our roads portfolio, especially roads in the Mainland in areas with bright long-term growth prospect to capture the growth opportunities ahead. Meanwhile, negotiation with the Mainland Government in relation to the compensation measures for toll fee exemption period such as extension of concession period is still on-going. Recently, Hunan, Hubei, Guangdong and Shanxi provinces have already had compensation policies to extend concession period for at least 79 days while some other provinces are still pending. We will continue to seek the best solution to protect stakeholders' interest.

While the aviation industry has seen recovery in the Current Period, the consecutive waves of COVID-19 driven by the variant outbreaks and looming interest rates hike have been casting shadow on the recovery path and reshaping the risk landscape of the industry. Against the backdrop of such lingering uncertainties, the Group will remain prudent and cautious, employing measured and disciplined business strategy as well as risk management strategy to minimize our risk exposure which are in the best long-term interest of our stakeholders.

While construction tenders offered in the market in Hong Kong were affected by the outbreak of COVID-19 over the past two years, in the wake of Hong Kong Government's commitment to boost housing supply in response to the housing shortage and plan to develop Northern Metropolis which would guarantee the mid- to longer-term supply of contracts from Government and the private sector, we expect these will benefit Hip Hing Group as a leading construction company in Hong Kong with strong track record. Meanwhile, Hip Hing Group is also exploring new income streams including tenders from civil-related projects such as site formation and deep excavation works which are part of its core competence. In the face of margin pressure arising from keen competition and edging up staff and material costs, Hip Hing Group will continue to utilize various means including optimizing building procedures and making use of different construction technologies to mitigate cost pressure and improve safety and working environment for our staff and workers.

In preparation for the release of pent-up demand from Mainland visitors once the border reopens, FTLife Insurance has been strengthening its agency force with higher productivity and MDRT qualification to grasp the opportunity. Meanwhile, FTLife Insurance will continue to innovate its insurance products to cater to the needs of not only upcoming Mainland visitors, but also Hong Kong locals who seek better insurance coverage. Exploration of new distribution channels is also ongoing to add new income streams. Being part of the ecosystem of New World Development Company Limited ("NWD") and its subsidiaries (collectively, "New World Group"), FTLife Insurance enjoys the competitive advantage versus peers through the business synergies within the New World Group. Through further integration and collaboration with the New World Group, we envisage further growth opportunities ahead.

Among Strategic Portfolio, keen demand for quality warehouse space at ATL Logistics Centre and strong demand in logistics in the Mainland that benefits CUIRC along with its terminal expansion will keep Logistics segment stable. The Group will continue to look for investment opportunities within Logistics segment, including quality logistics assets as well as technology-related and/or services based logistics projects, to capture the growth potential from the burgeoning logistics sector. The efforts of both the Mainland and Hong Kong Governments in containing the spread of COVID-19 and reopening the borders are stand to be the key drivers for the full recovery of HKCEC and Free Duty within Facilities Management segment, coupled with GHK Hospital's continuous ramp up of operations, the segment is on track for its recovery.

With our prudent business and financial strategies, we are proactively identifying, assessing, and mitigating our risks, in particular Environmental, Social and Governance and climate-related risks. In addition to our group-wide carbon intensity reduction target of 50% by 2030, decarbonization roadmaps are also being established at the group level and at our business segments. Going forward, we will continue to drive business growth through innovation and incubating the culture of operational excellence as well as collaboration throughout our value chain to explore growth opportunities, thriving positive impacts with our stakeholders and the community at large.

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 and debt issuance in the capital markets as well as bank borrowings, for which the proportion will change depending on financial market conditions. The capital structure of the Group was 24% debt and 76% equity as at 31 December 2021, compared with 30% debt and 70% equity as at 30 June 2021.

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

Liquidity and capital resources

As at 31 December 2021, the Group's total cash and bank balances amounted to HK$11,674.4 million, compared with HK$10,804.6 million as at 30 June 2021. Cash and bank balances were mainly denominated as to 39% in Hong Kong Dollar, 37% in United States Dollar and 24% in Renminbi. The Group's net debt as at 31 December 2021 was HK$8,672.1 million, compared with HK$14,543.4 million as at 30 June 2021. The decrease in net debt was mainly due to the proceeds received from the disposal of interests in SUEZ NWS, XCTG and certain non-core investments as well as operating cash inflow and dividends received from associated companies and joint ventures, net of investments made and payment of dividend and interest expenses. The Group's net gearing ratio (calculated as net debt over total equity) reduced from 25% as at 30 June 2021 to 13% as at 31 December 2021. The Group had unutilized committed banking facilities of approximately HK$18.1 billion as at 31 December 2021.

Debt profile and maturity

As at 31 December 2021, the Group's total debt decreased to HK$20,346.5 million from HK$25,348.0 million as at 30 June 2021. The Group has managed to spread out its debt maturity profile to reduce refinancing risks. Amongst the non-current portion of the long-term loans and borrowings of HK$19,254.3 million as at 31 December 2021, 24% will mature in the second year, 43% will mature in the third to fifth year and 33% will mature after the fifth year. Bank loans were mainly denominated in Hong Kong Dollar and Renminbi and bearing interest at floating rates while fixed rate bonds were denominated in United States Dollar. As at 31 December 2021, the Group has provided a pledge over its 30% equity interest in an associated company which owns and operates Suiyuenan Expressway as security for a bank loan made to that associated company.

Commitments

The Group's total commitments for capital expenditures was HK$3,081.4 million as at 31 December 2021, compared with HK$2,209.6 million as at 30 June 2021. These comprised commitments for capital contributions to certain associated companies, joint ventures and other financial investments of HK$1,523.9 million as well as additions of intangible concession rights, investment properties and property, plant and equipment of HK$1,557.5 million. Sources of funds for capital expenditures include internal resources of the Group and committed external financing from reputable international banks.

Financial guarantee contracts

Financial guarantee contracts of the Group were HK$3,690.7 million as at 31 December 2021, compared with HK$3,881.8 million as at 30 June 2021. These comprised guarantees for banking facilities of associated companies and joint ventures.

In addition, the Company and NWD, through their respective wholly-owned subsidiaries, provided a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by Kai Tak Sports Park Limited ("KTSPL") under the contract entered into between the Hong Kong Government and KTSPL for the design, construction and operation of Kai Tak Sports Park. Taking into consideration the deed of counter-indemnity which has been entered into, the Group's guarantee towards KTSPL is up to the extent of 25% of the contract sum or an amount of approximately HK$7.5 billion as at 31 December 2021 (30 June 2021: HK$7.5 billion). KTSPL is an associated company of the Group in which the Group has a 25% interest.

MAJOR ACQUISITIONS AND DISPOSALS

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

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

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

RESULTS

The unaudited consolidated interim results of the Group for the Current Period together with comparative figures for the Last Period are set out as follows:

Condensed Consolidated Income Statement

		(Unaudited) For the six months ended 31 December	
		2021	2020
	Note	**HK$'m**	HK$'m
Continuing operations			
Revenue	*2*	**16,304.2**	14,232.5
Cost of sales	*3,5*	**(15,141.8)**	(12,249.7)
Other income and gains, net	*4*	**716.3**	1,089.2
Selling and marketing expenses	*3*	**(653.6)**	(473.5)
General and administrative expenses	*3*	**(925.0)**	(865.9)
Overlay approach adjustments on financial assets	*4(a)*	**1,175.8**	(895.1)
Operating profit	*3*	**1,475.9**	837.5
Finance costs		**(396.0)**	(428.2)
Share of results of			
Associated companies	*2(c)*	**102.6**	234.4
Joint ventures	*2(c),9*	**649.2**	564.5
Profit before income tax		**1,831.7**	1,208.2
Income tax expenses	*6*	**(328.4)**	(372.0)
Profit from continuing operations		**1,503.3**	836.2
Discontinued operations			
Profit from discontinued operations	*11*	**390.0**	71.7
Profit for the period		**1,893.3**	907.9
Profit attributable to			
Shareholders of the Company			
From continuing operations		**1,205.3**	540.1
From discontinued operations		**390.0**	71.7
		1,595.3	611.8
Holders of perpetual capital securities		**291.5**	291.5
Non-controlling interests		**6.5**	4.6
		1,893.3	907.9
Basic earnings per share			
attributable to shareholders of the Company	*7*		
From continuing operations		**HK$0.31**	HK$0.14
From discontinued operations		**HK$0.10**	HK$0.02
		HK$0.41	HK$0.16

Condensed Consolidated Statement of Comprehensive Income

		(Unaudited) For the six months ended 31 December	
		2021	2020
	Note	**HK$'m**	HK$'m
Profit for the period		**1,893.3**	907.9
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Net fair value changes on equity instruments as financial assets at fair value through other comprehensive income ("FVOCI")		**507.9**	10.1
Remeasurement of post-employment benefit obligation		**-**	3.1
Share of gain arising from revaluation of a logistics property held by a joint venture upon reclassification to investment property, net of tax	*9*	**6,312.1**	-
Items that have been reclassified/may be subsequently reclassified to profit or loss			
Net fair value changes and other net movements on debt instruments as financial assets at FVOCI		**701.9**	332.8
Release of reserves upon disposal of subsidiaries		**-**	99.1
Release of reserves upon disposal of interests in associated companies		**-**	0.5
Release of reserve upon disposal of interest in a joint venture		**-**	(93.8)
Release of reserve upon deconsolidation of a subsidiary		**-**	(10.3)
Release of reserves upon disposal of assets held-for-sale		**(81.9)**	-
Share of other comprehensive income/(loss) of associated companies and joint ventures		**1.3**	(7.4)
Cash flow/fair value hedges		**(667.3)**	2.1
Amount reported in other comprehensive income applying overlay approach adjustments on financial assets	*4(a)*	**(1,175.8)**	895.1
Currency translation differences		**358.0**	2,345.2
Other comprehensive income for the period, net of tax		**5,956.2**	3,576.5
Total comprehensive income for the period		**7,849.5**	4,484.4
Total comprehensive income attributable to			
Shareholders of the Company			
From continuing operations		**7,321.5**	3,557.4
From discontinued operations		**229.3**	610.6
		7,550.8	4,168.0
Holders of perpetual capital securities		**291.5**	291.5
Non-controlling interests		**7.2**	24.9
		7,849.5	4,484.4

Condensed Consolidated Statement of Financial Position

	Note	**(Unaudited) At 31 December 2021 HK$'m**	(Audited) At 30 June 2021 HK$'m
ASSETS			
Non-current assets			
Investment properties		**1,681.5**	1,681.4
Property, plant and equipment		**1,237.6**	1,186.0
Intangible concession rights		**14,030.0**	14,355.6
Intangible assets		**5,916.7**	5,916.2
Value of business acquired		**5,300.4**	5,395.1
Right-of-use assets		**1,235.2**	1,359.9
Deferred acquisition costs		**2,149.8**	1,711.5
Associated companies		**6,101.7**	5,673.6
Joint ventures	*9*	**17,636.2**	10,806.0
Financial assets at FVOCI		**45,707.1**	42,889.2
Financial assets at fair value through profit or loss ("FVPL")		**10,582.7**	12,551.8
Derivative financial instruments		**230.5**	658.2
Other non-current assets		**1,792.7**	1,947.7
		113,602.1	106,132.2
Current assets			
Inventories		**191.4**	207.0
Trade, premium and other receivables	*10*	**14,944.7**	15,162.2
Investments related to unit-linked contracts		**10,205.3**	10,770.2
Financial assets at FVOCI		**4,262.6**	1,898.1
Financial assets at FVPL		**2,025.4**	471.9
Derivative financial instruments		**-**	801.8
Cash and bank balances		**11,674.4**	10,804.6
		43,303.8	40,115.8
Assets held-for-sale	*12*	**334.5**	6,324.9
Total assets		**157,240.4**	152,572.9
EQUITY			
Share capital		**3,911.1**	3,911.1
Reserves		**50,379.8**	44,002.3
Shareholders' funds		**54,290.9**	47,913.4
Perpetual capital securities		**10,528.5**	10,528.5
Non-controlling interests		**13.2**	12.1
Total equity		**64,832.6**	58,454.0

Condensed Consolidated Statement of Financial Position

	Note	**(Unaudited) At 31 December 2021 HK$'m**	(Audited) At 30 June 2021 HK$'m
LIABILITIES			
Non-current liabilities			
Borrowings and other interest-bearing liabilities		**19,254.3**	23,229.4
Deferred tax liabilities		**1,892.6**	1,925.4
Insurance and investment contract liabilities		**18,411.2**	18,143.5
Liabilities related to unit-linked contracts		**188.0**	180.8
Derivative financial instruments		**112.0**	102.5
Lease liabilities		**981.4**	1,079.4
Other non-current liabilities		**97.3**	102.5
		40,936.8	44,763.5
Current liabilities			
Borrowings and other interest-bearing liabilities		**1,092.2**	2,118.6
Insurance and investment contract liabilities		**28,571.5**	24,359.3
Liabilities related to unit-linked contracts		**10,202.7**	10,770.2
Trade, other payables and payables to policyholders	*13*	**10,747.5**	11,333.2
Lease liabilities		**227.8**	227.3
Taxation		**629.3**	546.8
		51,471.0	49,355.4
Total liabilities		**92,407.8**	94,118.9
Total equity and liabilities		**157,240.4**	152,572.9

Notes:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements (the "interim financial statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The interim financial statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2021 ("FY2021").

As analyzed in note 2(b), the Group is in net current liabilities position of HK$7,832.7 million as at 31 December 2021 which is mainly due to the classification of the full surrender value of insurance and investment contract liabilities of HK$28,571.5 million as current liabilities at the reporting date. The Group, before taking into consideration the insurance business, is in net current assets position as at 31 December 2021.

Under Hong Kong Accounting Standard 1 "Presentation of Financial Statements", liability is classified as current if there is no unconditional right by the issuer to defer the settlement for at least 12 months after the reporting period. The unavoidable payment obligation exists if all the policyholders choose to exercise their surrender option at the reporting date and accordingly the full surrender value of insurance and investment contract liabilities is classified as current liabilities as at the period end. However, management considered the likelihood for all policyholders to exercise the surrender option and leading to the settlement of the aforesaid liabilities within one year is low. Based on historical pattern, management considered the amount of insurance contract liabilities expected to be settled within one year is approximately HK$3,642.8 million.

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

The accounting policies used in the preparation of the interim financial statements are consistent with those set out in the annual report for FY2021 except as described in note 1(a) below.

1. Basis of preparation and accounting policies (continued)

(a) Adoption of amendments to standards

During Current Period, the Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2022 ("FY2022"):

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

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

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

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

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

1. Basis of preparation and accounting policies (continued)

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

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

HKFRS 17 will replace the current HKFRS 4 "Insurance Contracts". HKFRS 17 includes some fundamental differences to current accounting treatment in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, HKFRS 17 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures. In October 2020, HKFRS 17 (Amendments) was issued to address concerns and implementation challenges that were identified after HKFRS 17 was published and to defer the effective date of HKFRS 17 (incorporating the amendments) to accounting period beginning on or after 1 January 2023. The Group is undertaking assessments and taking steps to get ready for adoption of HKFRS 17 in accordance with the required timeline.

The Group has already commenced an assessment of the impact of these new standard, amendments to standards and interpretation, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

2. Revenue and segment information

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

	For the six months ended 31 December 2021		
HK$'m	**Hong Kong**	**Mainland China**	**Total**
Roads	**-**	**1,481.9**	**1,481.9**
Construction	**7,518.5**	**-**	**7,518.5**
Insurance	**6,820.6**	**-**	**6,820.6**
Facilities Management	**455.7**	**27.5**	**483.2**
	14,794.8	**1,509.4**	**16,304.2**

	For the six months ended 31 December 2020		
HK$'m	Hong Kong	Mainland China	Total
Roads	-	1,646.1	1,646.1
Construction	7,812.6	-	7,812.6
Insurance	4,583.7	-	4,583.7
Facilities Management	165.6	24.5	190.1
	12,561.9	1,670.6	14,232.5

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

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

2. Revenue and segment information (continued)

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

HK$'m	Continuing operations: Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Subtotal		Discontinued operation: Environment	Total	
For the six months ended 31 December 2021												
Total revenue	**1,481.9**	**-**	**7,518.5**	**6,820.6**	**-**	**483.6**	**-**	**16,304.6**		**-**	**16,304.6**	
Inter-segment	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**-**	**(0.4)**		**-**	**(0.4)**	
Revenue - external	**1,481.9**	**-**	**7,518.5**	**6,820.6**	**-**	**483.2**	**-**	**16,304.2**		**-**	**16,304.2**	
Revenue from contracts with customers:												
Recognized at a point in time	**1,481.9**	**-**	**-**	**-**	**-**	**110.3**	**-**	**1,592.2**		**-**	**1,592.2**	
Recognized over time	**-**	**-**	**7,518.5**	**401.6**	**-**	**372.9**	**-**	**8,293.0**		**-**	**8,293.0**	
	1,481.9	**-**	**7,518.5**	**401.6**	**-**	**483.2**	**-**	**9,885.2**		**-**	**9,885.2**	
Revenue from other source:												
Insurance revenue	**-**	**-**	**-**	**6,419.0**	**-**	**-**	**-**	**6,419.0**		**-**	**6,419.0**	
	1,481.9	**-**	**7,518.5**	**6,820.6**	**-**	**483.2**	**-**	**16,304.2**		**-**	**16,304.2**	
Attributable Operating Profit/(Loss)												
Company and subsidiaries	**482.6**	**-**	**386.3**	**490.9**	**(8.6)**	**(76.0)**	**(104.8)**	**1,170.4**		**121.0**	**1,291.4**	
Associated companies	**110.6**	**-**	**21.2**	**-**	**1.3**	**(87.3)**	**73.3**	**119.1**	**(c)**	**-**	**119.1**	
Joint ventures	**375.5**	**274.4**	**-**	**-**	**286.6**	**1.5**	**(22.2)**	**915.8**	**(c)**	**-**	**915.8**	
	968.7	**274.4**	**407.5**	**490.9**	**279.3**	**(161.8)**	**(53.7)**	**2,205.3**		**121.0**	**2,326.3**	
Reconciliation – corporate office and non-operating items												
Remeasurement, impairments and provisions											**(288.7)**	**(i)**
Net gain on disposal of projects, net of tax											**213.0**	
Gain on fair value of derivative financial instruments											**21.9**	
Interest income											**27.0**	
Finance costs											**(226.9)**	**(ii)**
Expenses and others											**(185.8)**	
Profit for the period after tax and non-controlling interests											**1,886.8**	
Profit attributable to holders of perpetual capital securities											**(291.5)**	
Profit attributable to shareholders											**1,595.3**	

(i) The amount mainly represents share of impairment losses, expected credit loss provision and aircraft repossession/recovery costs for Goshawk of HK$274.0 million (net of tax) (included in "share of results of joint ventures" and detailed in note 9) and remeasurement loss for investment in Wai Kee of HK$44.7 million (included in "other income and gains, net" and detailed in notes 4 and 12).

(ii) The finance costs recognized in the condensed consolidated income statement for the Current Period from continuing operations is HK$396.0 million, in which the above HK$226.9 million represents corporate office finance costs and HK$169.1 million is recognized as part of Attributable Operating Profit in various reportable segments.

2. Revenue and segment information (continued)

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

HK$'m	Continuing operations									Discontinued operation	
	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Corporate	Subtotal	Environment	Consolidated
For the six months ended 31 December 2021											
Depreciation of property, plant and equipment	**27.0**	**-**	**26.0**	**22.0**	**0.1**	**51.3**	**-**	**3.3**	**129.7**	**-**	**129.7**
Depreciation of right-of-use assets	**0.4**	**-**	**17.0**	**58.9**	**0.5**	**47.9**	**-**	**6.9**	**131.6**	**-**	**131.6**
Amortization of intangible concession rights	**582.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**582.4**	**-**	**582.4**
Amortization of intangible assets	**-**	**-**	**-**	**24.9**	**-**	**15.6**	**-**	**-**	**40.5**	**-**	**40.5**
Amortization of value of business acquired ("VOBA")	**-**	**-**	**-**	**94.7**	**-**	**-**	**-**	**-**	**94.7**	**-**	**94.7**
Interest income	**(18.8)**	**-**	**(0.7)**	**(785.6)**	**(0.4)**	**(13.4)**	**(46.2)**	**(27.0)**	**(892.1)**	**-**	**(892.1)**
Finance costs	**79.4**	**-**	**26.7**	**47.3**	**0.1**	**14.5**	**1.1**	**226.9**	**396.0**	**-**	**396.0**
Income tax expenses/(credit)	**217.7**	**-**	**59.6**	**54.1**	**(0.2)**	**(5.6)**	**2.6**	**0.2**	**328.4**	**-**	**328.4**
Overlay approach adjustments on financial assets	**-**	**-**	**-**	**(1,175.8)**	**-**	**-**	**-**	**-**	**(1,175.8)**	**-**	**(1,175.8)**
Net loss on fair value of financial assets at FVPL	**-**	**-**	**-**	**373.2**	**-**	**-**	**33.6**	**-**	**406.8**	**-**	**406.8**
Additions to non-current assets (remark)	**165.2**	**-**	**13.5**	**49.4**	**3.1**	**6.0**	**0.2**	**0.1**	**237.5**	**-**	**237.5**
At 31 December 2021											
Company and subsidiaries	**16,134.4**	**6,167.7**	**6,862.3**	**87,683.7**	**12.5**	**3,649.4**	**7,866.4**	**5,126.1**	**133,502.5**	**-**	**133,502.5**
Associated companies	**2,956.5**	**-**	**69.0**	**-**	**332.3**	**223.3**	**2,518.0**	**2.6**	**6,101.7**	**-**	**6,101.7**
Joint ventures	**4,676.2**	**1,359.8**	**-**	**-**	**9,370.0**	**7.4**	**2,207.4**	**15.4**	**17,636.2**	**-**	**17,636.2**
Total assets	**23,767.1**	**7,527.5**	**6,931.3**	**87,683.7 (b)**	**9,714.8**	**3,880.1**	**12,591.8**	**5,144.1**	**157,240.4**	**-**	**157,240.4**
Total liabilities	**6,143.4**	**3.0**	**6,608.9**	**63,590.2 (b)**	**4.3**	**1,276.5**	**115.2**	**14,666.3**	**92,407.8**	**-**	**92,407.8**

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

2. Revenue and segment information (continued)

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

	Continuing operations									Discontinued operations			
HK$'m	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Subtotal		Environment	Transport	Total	
For the six months ended 31 December 2020													
Total revenue	1,646.1	-	7,812.6	4,584.9	-	190.1	-	14,233.7		-	655.1	14,888.8	
Inter-segment	-	-	-	(1.2)	-	-	-	(1.2)		-	-	(1.2)	
Revenue - external	1,646.1	-	7,812.6	4,583.7	-	190.1	-	14,232.5		-	655.1	14,887.6	
Revenue from contracts with customers:													
Recognized at a point in time	1,646.1	-	-	-	-	54.7	-	1,700.8		-	614.7	2,315.5	
Recognized over time	-	-	7,812.6	310.8	-	135.4	-	8,258.8		-	40.4	8,299.2	
	1,646.1	-	7,812.6	310.8	-	190.1	-	9,959.6		-	655.1	10,614.7	
Revenue from other source:													
Insurance revenue	-	-	-	4,272.9	-	-	-	4,272.9		-	-	4,272.9	
	1,646.1	-	7,812.6	4,583.7	-	190.1	-	14,232.5		-	655.1	14,887.6	
Attributable Operating Profit/(Loss)													
Company and subsidiaries	563.0	-	395.9	462.4	-	(223.5)	656.9	1,854.7		5.0	(3.5)	1,856.2	
Associated companies	114.8	-	131.2	-	54.7	(105.2)	41.9	237.4	(c)	144.4	8.4	390.2	
Joint ventures	383.2	271.7	-	-	281.6	5.4	53.1	995.0	(c)	94.9	-	1,089.9	
	1,061.0	271.7	527.1	462.4	336.3	(323.3)	751.9	3,087.1		244.3	4.9	3,336.3	
Reconciliation – corporate office and non-operating items													
Loss on fair value of investment properties												(14.3)	
Remeasurement, impairments and provisions												(1,904.4)	(iii)
Net loss on disposal of projects, net of tax												(50.7)	
Net loss on fair value of derivative financial instruments												(54.1)	
Interest income												14.7	
Finance costs												(249.9)	(iv)
Expenses and others												(174.3)	
Profit for the period after tax and non-controlling interests												903.3	
Profit attributable to holders of perpetual capital securities												(291.5)	
Profit attributable to shareholders												611.8	

(iii) The amount mainly represented remeasurement loss for investment in Wai Kee of HK$1,330.0 million (included in "other income and gains, net" and detailed in notes 4 and 12) and for the investment in SUEZ NWS together with Derun Environment of HK$112.7 million (included in "profit from discontinued operations") reclassified as held-for-sale respectively as well as share of impairment losses, expected credit loss provision and aircraft repossession/recovery costs for Goshawk of HK$415.9 million (included in "share of results of joint ventures" and detailed in note 9).

(iv) The finance costs recognized in the condensed consolidated income statement for the Last Period from continuing operations and discontinued operations was HK$428.2 million and HK$5.7 million respectively, in which the above HK$249.9 million represented corporate office finance costs and HK$184.0 million was recognized as part of Attributable Operating Profit in various reportable segments.

2. Revenue and segment information (continued)

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

	Continuing operations									Discontinued operations		
HK$'m	Roads	Aviation	Construction	Insurance	Logistics	Facilities Management	Strategic Investments	Corporate	Subtotal	Environment	Transport	Consolidated
For the six months ended 31 December 2020												
Depreciation of property, plant and equipment	27.1	-	23.8	21.0	-	58.5	0.1	3.2	133.7	-	111.1	244.8
Depreciation of right-of-use assets	0.4	-	17.2	59.8	-	50.2	-	11.3	138.9	-	31.9	170.8
Amortization of intangible concession rights	514.1	-	-	-	-	-	-	-	514.1	-	-	514.1
Amortization of intangible assets	-	-	-	18.6	-	15.6	-	-	34.2	-	-	34.2
Amortization of VOBA	-	-	-	156.1	-	-	-	-	156.1	-	-	156.1
Interest income	(17.9)	-	(1.3)	(692.9)	-	(20.9)	(71.5)	(14.7)	(819.2)	(5.0)	(0.2)	(824.4)
Finance costs	83.9	-	27.9	50.0	-	16.4	0.1	249.9	428.2	-	5.7	433.9
Income tax expenses/(credit)	290.9	-	62.5	32.0	-	(30.5)	13.1	4.0	372.0	-	(52.7)	319.3
Overlay approach adjustments on financial assets	-	-	-	895.1	-	-	-	-	895.1	-	-	895.1
Net gain on fair value of financial assets at FVPL	-	-	-	(941.0)	-	-	(629.9)	-	(1,570.9)	-	-	(1,570.9)
Additions to non-current assets (remark)	50.6	-	84.9	49.8	-	10.2	1.7	13.8	211.0	-	66.7	277.7
At 30 June 2021												
Company and subsidiaries	16,351.4	6,168.0	6,659.2	84,705.6	1,851.8	3,936.1	7,608.0	4,758.7	132,038.8	4,054.5	-	136,093.3
Associated companies	2,808.1	-	69.8	-	-	310.7	2,482.5	2.5	5,673.6	-	-	5,673.6
Joint ventures	4,312.4	1,198.7	-	-	3,029.0	5.9	2,249.7	10.3	10,806.0	-	-	10,806.0
Total assets	23,471.9	7,366.7	6,729.0	84,705.6	4,880.8	4,252.7	12,340.2	4,771.5	148,518.4	4,054.5	-	152,572.9
Total liabilities	6,175.0	-	6,679.6	60,509.6	65.3	1,340.2	122.7	19,226.5	94,118.9	-	-	94,118.9

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

2. Revenue and segment information (continued)

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

At 31 December 2021

HK$'m	Non-insurance and corporate	Insurance	Total
Assets			
Intangible concession rights	**14,030.0**	**-**	**14,030.0**
Intangible assets	**172.5**	**5,744.2**	**5,916.7**
Value of business acquired	**-**	**5,300.4**	**5,300.4**
Deferred acquisition costs	**-**	**2,149.8**	**2,149.8**
Associated companies	**6,101.7**	**-**	**6,101.7**
Joint ventures	**17,636.2**	**-**	**17,636.2**
Financial assets at FVOCI	**1,607.2**	**48,362.5**	**49,969.7**
Financial assets at FVPL	**4,899.7**	**7,708.4**	**12,608.1**
Trade, premium and other receivables	**13,567.4**	**1,377.3**	**14,944.7**
Investments related to unit-linked contracts	**-**	**10,205.3**	**10,205.3**
Cash and bank balances	**6,457.0**	**5,217.4**	**11,674.4**
Others	**5,085.0**	**1,618.4**	**6,703.4**
	69,556.7	**87,683.7**	**157,240.4**
Represented by			
Non-current assets	**46,925.7**	**66,676.4**	**113,602.1**
Current assets	**22,631.0**	**21,007.3**	**43,638.3**
	69,556.7	**87,683.7**	**157,240.4**
Liabilities			
Borrowings and other interest-bearing liabilities	**17,909.9**	**2,436.6**	**20,346.5**
Insurance and investment contract liabilities	**-**	**46,982.7**	**46,982.7**
Liabilities related to unit-linked contracts	**-**	**10,390.7**	**10,390.7**
Trade, other payables and payables to policyholders	**7,843.2**	**2,904.3**	**10,747.5**
Others	**3,064.5**	**875.9**	**3,940.4**
	28,817.6	**63,590.2**	**92,407.8**
Represented by			
Non-current liabilities	**19,545.4**	**21,391.4**	**40,936.8**
Current liabilities	**9,272.2**	**42,198.8**	**51,471.0**
	28,817.6	**63,590.2**	**92,407.8**
Net current assets/(liabilities) (note 1)	**13,358.8**	**(21,191.5)**	**(7,832.7)**

2. Revenue and segment information (continued)

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

	Associated companies		Joint ventures	
	For the six months ended 31 December		For the six months ended 31 December	
HK$'m	**2021**	2020	**2021**	2020
Attributable Operating Profit	**119.1**	237.4	**915.8**	995.0
Corporate and non-operating items				
- Impairment losses, expected credit loss provision and aircraft repossession/recovery costs (note 9)	**-**	-	**(274.0)**	(415.9)
- Others	**(16.5)**	(3.0)	**7.4**	(14.6)
Share of results of associated companies and joint ventures	**102.6**	234.4	**649.2**	564.5

(d) Information by geographical areas:

	Non-current assets (remark)	
HK$'m	**At 31 December 2021**	At 30 June 2021
Hong Kong	**9,527.6**	9,743.8
Mainland China	**14,540.7**	14,722.6
Others	**32.7**	32.7
	24,101.0	24,499.1

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

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

3. Operating profit

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

		For the six months ended 31 December	
		2021	2020
	Note	**HK$'m**	HK$'m
Crediting			
Gross rental income from investment properties		**28.9**	24.2
Less: outgoings		**(6.5)**	(5.4)
		22.4	18.8
Charging			
Cost of inventories sold		**30.9**	8.9
Cost of construction		**6,354.0**	6,766.7
Claims and benefits, net of reinsurance		**6,868.9**	3,791.2
Depreciation of property, plant and equipment		**129.7**	133.7
Depreciation of right-of-use assets		**131.6**	138.9
Amortization of intangible concession rights		**582.4**	514.1
Amortization of intangible assets		**40.5**	34.2
Amortization of VOBA		**94.7**	156.1
Agency commission and allowances, net of change in deferred acquisition costs	*(a)*	**593.5**	406.3
Expenses on short-term leases		**6.4**	2.5
Expenses on variable lease payments		**51.7**	37.5
Staff costs (including directors' emoluments)		**1,234.9**	1,038.0
Other costs and expenses		**601.2**	561.0
		16,720.4	13,589.1
Represented by			
Cost of sales	*5*	**15,141.8**	12,249.7
Selling and marketing expenses		**653.6**	473.5
General and administrative expenses		**925.0**	865.9
		16,720.4	13,589.1

(a) The amount includes amortization of deferred acquisition costs of HK$223.0 million (2020: HK$149.2 million).

4. Other income and gains, net

	Note	For the six months ended 31 December 2021 HK$'m	2020 HK$'m
Continuing operations			
Credits/(charges) associated with liabilities related to unit-linked contracts		**474.0**	(1,584.6)
Net profit on disposal of debt instruments as financial assets at FVOCI		**142.9**	1.8
Profit on disposal of interest in a joint venture		**-**	40.4
Profit on disposal of interest in an associated company		**-**	5.1
Reversal of provision for onerous contract		**30.0**	-
Interest income			
- Debt instruments as financial assets at FVOCI		**781.6**	668.5
- Bank deposits and others		**110.5**	150.7
Dividend income		**220.4**	60.9
Other income		**59.6**	17.4
Net exchange gain		**68.3**	3.5
(Loss)/gain associated with investments related to unit-linked contracts		**(474.2)**	1,592.7
Net (loss)/gain on fair value of financial assets at FVPL	*(a)*	**(406.8)**	1,570.9
Loss on disposal of assets held-for-sale	*12*	**(56.0)**	-
Remeasurement loss on assets classified as held-for-sale	*2(a)(i), 2(a)(iii),12*	**(44.7)**	(1,330.0)
Net gain/(loss) on fair value of derivative financial instruments		**21.9**	(54.1)
Loss on fair value of investment properties		**-**	(14.3)
Expected credit loss provision			
- Debt instruments as financial assets at FVOCI		**(202.2)**	(35.6)
- Trade, premium and other receivables		**(9.0)**	(4.1)
		716.3	1,089.2

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

The net loss on fair value of financial assets at FVPL of HK$406.8 million (2020: net gain of HK$1,570.9 million) includes (i) a net fair value loss of HK$1,175.8 million (2020: net fair value gain of HK$895.1 million) arising from those designated financial assets held by insurance business applying the overlay approach; and (ii) the remaining net fair value gain of HK$769.0 million (2020: HK$675.8 million) arising from other financial assets held by insurance business which are not eligible for the overlay approach or financial assets not related to insurance business. The net fair value loss of HK$1,175.8 million (2020: net gain of HK$895.1 million) was then reclassified from condensed consolidated income statement to other comprehensive income as overlay approach adjustments for the designated financial assets.

5. Cost of sales

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

		For the six months ended 31 December	
		2021	2020
	Note	**HK$'m**	HK$'m
Cost of inventories sold		**30.9**	8.9
Cost of construction		**6,354.0**	6,766.7
Cost of services rendered		**1,793.3**	1,526.8
Claims and benefits, net of reinsurance		**6,868.9**	3,791.2
Amortization of VOBA		**94.7**	156.1
	3	**15,141.8**	12,249.7

6. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the Current Period. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the Current Period at the rates of tax prevailing in the regions in which the Group operates. These rates range from 12% to 28% (2020: 12% to 28%). Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2020: 5% or 10%).

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

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

	For the six months ended 31 December	
	2021	2020
	HK$'m	HK$'m
Current income tax		
Hong Kong profits tax	**123.7**	91.0
Mainland China and overseas taxation	**268.8**	353.0
Deferred income tax credit	**(64.1)**	(72.0)
	328.4	372.0

Share of taxation of associated companies and joint ventures from continuing operations of HK$43.2 million (2020: HK$69.2 million) and HK$120.6 million (2020: HK$200.8 million) respectively are included in the condensed consolidated income statement as share of results of associated companies and joint ventures respectively.

Dividends withholding tax from continuing operations of HK$23.9 million (2020: HK$69.0 million) is included in the above income tax charge.

7. Earnings per share

The calculation of basic earnings per share from continuing operations is based on profit attributable to shareholders of the Company arising from the continuing operations of HK$1,205.3 million (2020: HK$540.1 million) and on the weighted average of 3,911,137,849 (2020: 3,911,137,849) ordinary shares outstanding during the Current Period.

The calculation of basic earnings per share from discontinued operations is based on the profit attributable to shareholders of the Company arising from the discontinued operations of HK$390.0 million (2020: HK$71.7 million) and on the weighted average ordinary shares outstanding during the Current Period as abovementioned.

There is no dilutive potential ordinary share outstanding during the Current Period and the Last Period.

8. Dividend

A final dividend of HK$1,173.3 million related to FY2021 was paid in December 2021 (final dividend for the financial year ended 30 June 2020 paid: HK$1,134.3 million).

On 25 February 2022, the Board resolved to declare an interim dividend for FY2022 of HK$0.30 per share (interim dividend for FY2021 paid: HK$0.29 per share), payable on or about 7 April 2022 to the shareholders whose names appear on the register of members of the Company on 23 March 2022. This interim dividend, amounting to HK$1,173.3 million, has not been recognized as liability in this interim financial statements but will be reflected as an appropriation of the retained profits in the annual financial statements for FY2022 (interim dividend for FY2021 paid: HK$1,134.2 million).

9. Joint ventures

The share of results of joint ventures from continuing operations in the Current Period includes the Group's share of impairment loss (net of tax) for Goshawk (in which the Group holds 50% equity interest) on aircraft portfolio of HK$93.5 million (2020: HK$307.2 million). Goshawk is principally engaged in aircraft leasing industry. The COVID-19 pandemic and international travel-related control measures continued to bring challenges to aviation industry, the management has carried out an impairment assessment on the carrying value of Goshawk's aircraft portfolio. Impairment arises when an aircraft's carrying amount exceeds its recoverable amount (which is the higher of fair value less cost to sell and value in use). The key assumptions used in the impairment assessment include discount rate applied, terminal value and forecast rental income. Besides, the share of results of joint ventures from continuing operations in the Current Period also includes the Group's share of an expected credit loss provision on account receivables and aircraft repossession/recovery costs (net of tax) of HK$180.5 million (2020: HK$108.7 million) from Goshawk. The key assumptions used in the expected credit loss assessment include credit rating of airlines and provision rate.

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

10. Trade, premium and other receivables

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

	(Unaudited) At 31 December 2021 HK$'m	(Audited) At 30 June 2021 HK$'m
Under 3 months	**1,081.6**	1,205.6
4 to 6 months	**41.9**	28.5
Over 6 months	**53.8**	79.1
	1,177.3	1,313.2

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

11. Discontinued operations

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

As detailed in annual financial statements for FY2021, the Group's entire interest in SUEZ NWS was classified as an asset held-for-sale as at 30 June 2021. The disposal of interest in SUEZ NWS was completed in November 2021 and the Group has recognized a disposal gain of HK$269.0 million in the Current Period, and together with the dividend income received from SUEZ NWS of HK$121.0 million, the "profit from discontinued operations" in the condensed consolidated income statement during the Current Period amounted to HK$390.0 million.

12. Assets held-for-sale

The Group's assets held-for-sale as at 31 December 2021 represent the Group's investment in Wai Kee.

The Group reclassified its investment in Wai Kee from an associated company to an asset held-for-sale in December 2020 since the Group intended to recover the carrying amount through sales. Upon reclassification, the investment was measured at the lower of carrying amount and fair value less costs to sell. Based on the fair value of the investment, a remeasurement loss of HK$1,330.0 million (notes 2(a)(iii) and 4) was recognized as "other income and gains, net" from continuing operations in the condensed consolidated income statement in the Last Period. In April 2021, the Group disposed of half of its shareholding interest in Wai Kee. The carrying amount of the investment classified as an asset held-for-sale as at 30 June 2021 was HK$379.2 million.

As at 31 December 2021, the fair value of remaining interest in the investment in Wai Kee of HK$334.5 million continued to be classified as an asset held-for-sale since the Group's intention to recover the carrying amount of investment through sales remained unchanged, although the timing of disposal plan is behind schedule owing to market conditions. The change in fair value of HK$44.7 million (notes 2(a)(i) and 4) was recognized as further remeasurement loss on assets held-for-sale as "other income and gain, net" from continuing operations in the condensed consolidated income statement in the Current Period.

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

12. Assets held-for-sale (continued)

In addition, as set out in note 11, the Group's entire interest in SUEZ NWS was classified as an asset held-for-sale as at 30 June 2021 with carrying value of HK$4,054.5 million. The disposal of interest in SUEZ NWS was completed in November 2021.

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

	(Unaudited) At 31 December 2021 HK$'m	(Audited) At 30 June 2021 HK$'m
Assets		
Associated companies	**334.5**	6,324.2
Trade and other receivables	**-**	0.7
	334.5	6,324.9

13. Trade, other payables and payables to policyholders

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

	(Unaudited) At 31 December 2021 HK$'m	(Audited) At 30 June 2021 HK$'m
Under 3 months	**74.6**	606.4
4 to 6 months	**1.9**	4.0
Over 6 months	**14.3**	17.5
	90.8	627.9

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.30 for FY2022 (the "Interim Dividend") in cash to the shareholders whose names appear on the register of members of the Company on 23 March 2022. It is expected that the Interim Dividend will be paid on or about 7 April 2022.

CLOSURE OF REGISTER OF MEMBERS

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

Latest time to lodge transfer documents for registration	4:30 pm on 22 March 2022
Closure of register of members	23 March 2022
Record date	23 March 2022
Interim Dividend payment date	on or about 7 April 2022

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, approximately 13,600 staff were employed by entities under the Group's management of which approximately 4,200 staff were employed in Hong Kong. Total staff related costs, including provident funds, staff bonus and deemed share option benefits but excluding directors' remunerations during the Current Period were HK$1.199 billion (2020: HK$1.004 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

THE BOARD

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

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 25 February 2022

** For identification purposes only*