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New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 917)

ANNUAL RESULTS ANNOUNCEMENT 2013/2014

RESULTS

The board of directors of New World China Land Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2014:

Consolidated Income Statement For the year ended 30 June 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenues	2	22,379,855	16,153,872
Cost of sales		(13,097,622)	(9,395,433)
Gross profit		9,282,233	6,758,439
Other income	3	1,363,722	1,031,293
Other (losses)/gains, net	4	(237,838)	840,955
Changes in fair value of investment properties		616,122	623,795
Selling expenses		(737,786)	(550,200)
Administrative and other operating expenses		(1,462,301)	(1,347,765)
Operating profit before finance costs	5	8,824,152	7,356,517
Finance costs		(341,925)	(414,256)
Share of results of associated companies and joint ventures		462,277	964,636
Profit before taxation		8,944,504	7,906,897
Taxation charge	6	(4,145,239)	(3,051,541)
Profit for the year		4,799,265	4,855,356
Attributable to:			
Equity holders of the Company		4,638,691	4,616,314
Non-controlling interests		160,574	239,042
		4,799,265	4,855,356
Earnings per share	7		
Basic		53.49 cents	53.32 cents
Diluted		53.45 cents	53.29 cents
Dividends	8	607,713	606,589

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2014

	2014	2013
	HK\$'000	HK\$'000
Profit for the year	4,799,265	4,855,356
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	(564,599)	1,435,731
Share of other comprehensive income of associated companies and joint ventures	(83,077)	125,987
Other comprehensive income for the year	(647,676)	1,561,718
Total comprehensive income for the year	4,151,589	6,417,074
Total comprehensive income attributable to:		
Equity holders of the Company	3,999,840	6,160,788
Non-controlling interests	151,749	256,286
	4,151,589	6,417,074

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		4,763,887	3,430,117
Investment properties		21,971,592	19,928,241
Land use rights		703,901	621,096
Intangible assets		1,895,952	1,940,241
Properties held for development		18,182,575	17,350,847
Associated companies and joint ventures		14,309,144	12,914,943
Available-for-sale financial assets		85,147	108,457
		61,912,198	56,293,942
Current assets			
Properties under development		21,091,110	20,449,013
Completed properties held for sale		8,977,146	7,093,274
Hotel inventories, at cost		4,002	4,551
Prepayments, debtors and other receivables	9	10,881,917	13,817,090
Amounts due from related companies		577,025	851,225
Cash and bank balances, unrestricted		17,351,595	19,337,202
		58,882,795	61,552,355
Non-current assets reclassified as held for sale		131,138	—
		59,013,933	61,552,355
Total assets		120,926,131	117,846,297
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		868,335	866,360
Reserves		56,623,635	53,135,700
Proposed final dividend		260,547	346,686
		57,752,517	54,348,746
Non-controlling interests		3,566,137	3,354,883
Total equity		61,318,654	57,703,629

Consolidated Statement of Financial Position (Continued)

As at 30 June 2014

	Note	2014 HK\$'000	2013 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		25,226,035	30,957,581
Deferred tax liabilities		3,252,232	2,839,705
		28,478,267	33,797,286
Current liabilities			
Creditors and accruals	10	6,950,199	6,819,852
Deposits received on sale of properties		4,716,405	9,041,851
Amounts due to related companies		507,848	838,710
Short term loans		—	543,038
Current portion of long term borrowings		14,197,174	5,501,711
Amounts due to non-controlling interests		102,756	103,192
Taxes payable		4,654,828	3,497,028
		31,129,210	26,345,382
Total liabilities		59,607,477	60,142,668
Total equity and liabilities		120,926,131	117,846,297
Net current assets		27,884,723	35,206,973
Total assets less current liabilities		89,796,921	91,500,915

Notes

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which have been measured at fair value.

(a) Adoption of new or revised standards and amendments to standards

The Group has adopted the following new or revised standards and amendments to standards which are relevant to the Group’s operations and are mandatory for the financial year ended 30 June 2014:

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

The adoption of these new or revised standards and amendments to standards results in a change to the Group's accounting policies below.

HKFRS 10, 'Consolidated financial statements'. Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these 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.

HKFRS 11, 'Joint arrangements'. Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

HKFRS 13, 'Fair value measurement' defines fair value and provides a single source of fair value measurement and disclosure requirements for use across HKFRS. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities, but it affects certain financial statement presentation and requires additional disclosures.

The adoption of the new or revised standards and amendments to standards does not have a significant impact on the results and financial position of the Group.

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

The following new or revised standards, amendments to standards and interpretation are mandatory for accounting periods beginning on or after 1 July 2014 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2015:

Amendments to HKAS 19 (Revised 2011)	Employee Benefits: Defined Benefit Plans – Employee Contributions
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

Effective for the year ending 30 June 2016 or after:

HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 9	Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39)
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation

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

2 Revenues and segment information

- (a) The Group is principally engaged in investment in and development of property projects in the People's Republic of China (the "PRC"). Revenues comprise turnover which include gross proceeds from sale of properties, revenue from rental and hotel operation, property management services fee income, project management fee income, hotel management services fee income and contracting services income.

	2014	2013
	HK\$'000	HK\$'000
Sale of properties	19,706,194	14,168,228
Rental income	792,868	720,392
Income from hotel operation	352,538	334,867
Property management services fee income	424,999	339,687
Project management fee income	94,405	64,301
Hotel management services fee income	529,749	471,305
Contracting services income	479,102	55,092
	22,379,855	16,153,872

- (b) The chief operating decision-maker has been identified as the executive committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, rental operation, hotel operation, property management services operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects. In the current year, previously reported operating segments have been aggregated and the corresponding segment information has been restated to conform with current year presentation.

The executive committee assesses the performance of the operating segments based on a measure of attributable operating profit ("AOP") before finance costs and after taxation charge. This measurement basis excludes the effects of changes in fair value of investment properties, gains and losses from changes in group structure, net foreign exchange (losses)/gains, amortisation and impairment of intangible assets acquired from business combinations, income and expenses at corporate office and deferred tax charge on undistributed profits. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

Sales between segments are carried out in accordance with terms agreed by the parties involved. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the consolidated income statement.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, intangible assets, prepayments, debtors and other receivables, amounts due from related companies and completed properties held for sale. They exclude cash and bank balances, available-for-sale financial assets and prepayment for proposed development projects held and managed at corporate office. These are part of the reconciliation to total assets on the consolidated statement of financial position.

Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to related companies. They exclude bank and other borrowings, deferred tax liabilities, taxes payable, other creditors and accruals at corporate office. These are part of the reconciliation to total liabilities on the consolidated statement of financial position.

The majority of the assets and operations of the Group are located in the PRC. Revenues are mainly derived from the PRC. Non-current assets other than financial instruments are mainly located in the PRC.

- (c) For the year ended 30 June 2013 and 30 June 2014, there was no revenue derived from a single external customer exceeding 10% of total revenue.

Year ended	Property	Rental	Hotel	Property	Hotel	Other	Total
30 June 2014	sales	operation	operation	management	management	operations	Total
	HK\$'000	HK\$'000	HK\$'000	services	services	operations	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues							
Company and subsidiaries							
Total revenues	19,800,599	819,576	352,538	546,971	553,578	482,409	22,555,671
Inter-segment revenues	-	(26,708)	-	(121,972)	(23,829)	(3,307)	(175,816)
External revenues	19,800,599	792,868	352,538	424,999	529,749	479,102	22,379,855
Associated companies and joint ventures -							
attributable to the Group	2,216,784	469,967	137,708	99,909	-	-	2,924,368
	22,017,383	1,262,835	490,246	524,908	529,749	479,102	25,304,223
Segment bank and other interest income							
	100,013	36,263	560	2,213	4,138	1,165	144,352
AOP before finance costs and after taxation charge							
Company and subsidiaries	4,341,404	351,091	(87,039)	(110,568)	36,280	(79,290)	4,451,878
Associated companies and joint ventures	660,859	192,015	(151,291)	(9,749)	-	8,457	700,291
	5,002,263	543,106	(238,330)	(120,317)	36,280	(70,833)	5,152,169
Additions to non-current assets other than financial instruments							
	5,079,625	1,236,445	1,008,981	4,612	144,779	242,037	7,716,479
Depreciation and amortisation	62,607	4,613	148,885	3,022	59,781	952	279,860
Impairment of intangible assets	-	-	-	-	125,892	-	125,892
Share of results of associated companies and joint ventures	232,397	401,612	(162,623)	(9,627)	-	518	462,277

As at 30 June 2014	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	69,317,012	24,167,715	3,582,728	298,750	2,088,058	1,017,234	100,471,497
Associated companies and joint ventures	5,486,368	8,573,634	266,144	(22,170)	2,992	2,176	14,309,144
Available-for-sale financial assets							85,147
Property, plant and equipment at corporate office							5,587
Prepayments, debtors and other receivables at corporate office							124,398
Amounts due from related companies at corporate office							435,172
Cash and bank balances at corporate office							5,495,186
Total assets							<u>120,926,131</u>
Segment liabilities	11,265,371	355,067	108,774	294,371	86,176	170,707	12,280,466
Creditors and accruals at corporate office							227,184
Taxes payable							4,424,386
Borrowings							39,423,209
Deferred tax liabilities							3,252,232
Total liabilities							<u>59,607,477</u>

Year ended	Property	Rental	Hotel	Property	Hotel	Other	Total
30 June 2013	sales	operation	operation	management	management	operations	
	HK\$'000	HK\$'000	HK\$'000	services	services	operations	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues							
Company and subsidiaries							
Total revenues	14,232,529	743,887	334,867	452,029	490,359	81,735	16,335,406
Inter-segment revenues	-	(23,495)	-	(112,342)	(19,054)	(26,643)	(181,534)
External revenues	14,232,529	720,392	334,867	339,687	471,305	55,092	16,153,872
Associated companies and joint ventures - attributable to the Group							
	2,728,432	435,430	109,774	83,273	-	-	3,356,909
	16,960,961	1,155,822	444,641	422,960	471,305	55,092	19,510,781
Segment bank and other interest income							
	162,836	14,509	314	1,697	4,131	370	183,857
AOP before finance costs and after taxation charge							
Company and subsidiaries	3,046,335	313,493	(100,835)	(89,911)	19,907	(26,929)	3,162,060
Associated companies and joint ventures	729,547	202,272	(55,918)	(8,381)	-	8,629	876,149
	3,775,882	515,765	(156,753)	(98,292)	19,907	(18,300)	4,038,209
Additions to non-current assets other than financial instruments							
	2,810,706	787,874	557,159	3,322	2,352	73,665	4,235,078
Depreciation and amortisation							
	57,840	3,232	137,840	2,243	56,172	933	258,260
Share of results of associated companies and joint ventures							
	354,580	682,278	(64,970)	(8,399)	-	1,147	964,636

As at 30 June 2013	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	69,198,523	21,029,447	2,554,871	228,738	2,084,426	324,353	95,420,358
Associated companies and joint ventures	3,985,291	8,551,425	380,389	(11,219)	3,642	5,415	12,914,943
Available-for-sale financial assets							108,457
Property, plant and equipment at corporate office							3,597
Prepayments, debtors and other receivables at corporate office							134,131
Amounts due from related companies at corporate office							694,404
Cash and bank balances at corporate office							<u>8,570,407</u>
Total assets							<u>117,846,297</u>
Segment liabilities	16,032,376	388,326	53,843	183,283	74,455	133,031	16,865,314
Creditors and accruals at corporate office							225,197
Taxes payable							3,210,122
Borrowings							37,002,330
Deferred tax liabilities							<u>2,839,705</u>
Total liabilities							<u>60,142,668</u>

Reconciliations of reportable segment revenues to revenues of the Group and reportable AOP before finance costs and after taxation charge to profit before taxation:

	2014	2013
	HK\$'000	HK\$'000
(i) Revenues		
Total segment revenues	25,304,223	19,510,781
Less:		
Revenues of associated companies and joint ventures, attributable to the Group	(2,924,368)	(3,356,909)
Revenues as presented in consolidated income statement	22,379,855	16,153,872
(ii) Profit before taxation		
AOP before finance costs and after taxation charge	5,152,169	4,038,209
Bank and other interest income - corporate	129,400	70,052
Deferred tax charge on undistributed profits	(175,622)	(148,081)
Corporate administrative expenses	(266,263)	(236,331)
Finance costs	(372,195)	(397,589)
AOP after corporate items	4,467,489	3,326,260
Changes in fair value of investment properties, net of deferred taxation	598,045	819,778
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	67,257	—
Loss on disposal of associated companies	(2,486)	—
Amortisation of intangible assets	(54,427)	(52,536)
Impairment of intangible assets, net of deferred taxation	(91,892)	—
Net foreign exchange (losses)/gains	(345,295)	522,812
	171,202	1,290,054
Profit attributable to equity holders of the Company	4,638,691	4,616,314
Taxation charge	4,145,239	3,051,541
Profit attributable to non-controlling interests	160,574	239,042
Profit before taxation	8,944,504	7,906,897

3 Other income

	2014 HK\$'000	2013 HK\$'000
Tax indemnity from the ultimate holding company	1,075,306	617,208
Bank and other interest income	244,831	264,806
Interest income from joint ventures, net of withholding tax (note)	41,847	128,102
Dividend income from an available-for-sale financial asset	1,738	—
Trademark fee income from joint ventures	—	21,177
	1,363,722	1,031,293

Note:

The property projects of the Group's joint ventures have been partly financed by the Group in the form of equity capital and unsecured shareholder's advances, majority of which are interest bearing. The Group's attributable share of shareholders' loan interest expenses of joint ventures is included in the share of results of joint ventures as follows:

	2014 HK\$'000	2013 HK\$'000
Share of shareholders' loan interest expenses of joint ventures	(50,129)	(100,577)

4 Other (losses)/gains, net

	2014 HK\$'000	2013 HK\$'000
Net foreign exchange (losses)/gains	(281,791)	535,766
Impairment of intangible assets	(125,892)	—
Loss on disposal of associated companies	(2,486)	—
Gain on disposal of property, plant and equipment and land use rights	—	309,407
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	67,257	—
Gain/(loss) on disposal of investment properties	105,074	(4,218)
	(237,838)	840,955

5 Operating profit before finance costs

	2014	2013
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	11,107,940	8,035,776
Depreciation of property, plant and equipment	205,280	185,021
Amortisation of land use rights	20,153	20,703
Amortisation of intangible assets	54,427	52,536

6 Taxation charge

	2014	2013
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	1,395,614	1,301,213
PRC land appreciation tax	2,449,000	1,468,042
Deferred taxation	300,625	282,286
	4,145,239	3,051,541

Share of taxation of associated companies and joint ventures for the year ended 30 June 2014 of HK\$584,779,000 (2013: HK\$549,918,000) is included in the consolidated income statement as share of results of associated companies and joint ventures.

No provision for Hong Kong profit tax has been made as the Group has no estimated assessable profits in Hong Kong for the year (2013: Nil). PRC corporate income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and joint ventures operating in the PRC at 25% (2013: 25%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

7 Earnings per share

The calculation of basic and diluted earnings per share for the year is based on the following:

	2014	2013
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	4,638,691	4,616,314

	Number of shares	
	2014	2013
Weighted average number of shares for calculating basic earnings per share	8,672,612,430	8,658,244,749
Effect of dilutive potential shares:		
Share options	6,721,368	3,703,319
Weighted average number of shares for calculating diluted earnings per share	8,679,333,798	8,661,948,068

8 Dividends

	2014	2013
	HK\$'000	HK\$'000
Interim dividend paid of HK\$0.04 (2013: HK\$0.03) per share	347,166	259,903
Final dividend proposed of HK\$0.03 (2013: HK\$0.04) per share	260,547	346,686
	607,713	606,589

At a meeting held on 23 September 2014, the directors recommended a final dividend of HK\$0.03 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30 June 2015.

9 Prepayments, debtors and other receivables

Prepayments, debtors and other receivables include trade debtors, prepaid land preparatory cost, deposits for purchase of land, prepayment for proposed development projects, prepaid taxes, other prepayments, deposits and receivables. The ageing analysis of trade debtors based on invoice date is as follows:

	As at 30 June 2014 HK\$'000	As at 30 June 2013 HK\$'000
0 to 30 days	763,495	553,584
31 to 60 days	377,676	195,830
61 to 90 days	351,363	106,625
Over 90 days	1,430,984	1,095,356
	2,923,518	1,951,395

Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sales and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements.

10 Creditors and accruals

Creditors and accruals include trade creditors, retention payables of construction costs, other payables and various accruals. The ageing analysis of trade creditors is as follows:

	As at 30 June 2014 HK\$'000	As at 30 June 2013 HK\$'000
0 to 30 days	5,033,097	4,899,955
31 to 60 days	17,787	126,292
61 to 90 days	78,323	61,910
Over 90 days	366,548	371,477
	5,495,755	5,459,634

BUSINESS REVIEW

During the first half of FY2014, the Mainland China property market continued to sustain a steady growth with the support from concrete and genuine housing demand. The New Five Directives (「新國五條」) introduced since February 2013 proven to have limited effect on the market whereby the overall sales volume of residential units and prices in major cities continued at an upward trend throughout the first half of FY2014. Nevertheless, the Central government is determined to keep the continuity and stability of tightening policies and focusing on increasing land and housing supply of affordable houses. In the fourth quarter of 2013, local governments of major cities such as Beijing, Shanghai and Shenzhen and some second-tier cities which has been experiencing huge price hikes, introduced stricter measures to curb soaring property prices, including further increasing the down payment ratio and raising the threshold requirements for non-local home-buyers to be qualified for home purchase. On the back of cash-crunch condition amongst financial institutions, some Mainland banks have been slowing down their approval of mortgage lending since end of 2013. Affected by these tightening regulations and credit condition, potential homebuyers are taking a wait-and-see approach leading to declining trend in the property market condition during the second half of FY2014.

According to the data announced by National Bureau of Statistics, the overall sales of residential units for the first six months of 2014 had slipped 7.8% in sales gross floor area and decreased by 9.2% in sales revenue amount compared to the same period of 2013. The weakening property market conditions for aforementioned period impacted the Group's overall contracted sale performance in FY2014. During the year under review, the Group's secured contracted sales reached RMB14,792 million with gross floor area ("GFA") of 1,019,200 sq m, representing a year-on-year decrease of 11% and 20% in gross sales value and sales volume respectively. Included in the remaining contracted sales secured and to be recorded, approximately 226,263 sq m GFA with gross sales proceeds of approximately RMB4,219 million are for those projects scheduled to be completed within the next 12 months and their corresponding sales revenues shall be recorded in the consolidated income statement of FY2015.

For the year ended 30 June 2014, the Group's core profit before revaluation, exchange difference, amortisation and impairment of intangible assets and other non-recurring items for FY2014 reported at HK\$4,467.49 million, representing an increase of 34% from HK\$3,326.26 million recorded last year. The increase in core profit was largely contributable to overall increase in attributable operating profit ("AOP") from property sales resulted from the increase in completion and recorded sales by 4% and 15% respectively. However, the Group's profit attributable to shareholders increased marginally by 0.5% to HK\$4,638.69 million compared to that of FY2013, this was mainly due to the effect of decrease in exchange gain arising from depreciation in Renminbi by approximately 1.3%.

Analysis of Attributable operating profit

	FY 2014	FY 2013
	HK\$'000	HK\$'000
Property sales	5,002,263	3,775,882
Rental operation	543,106	515,765
Hotel operation	(238,330)	(156,753)
Property management services	(120,317)	(98,292)
Hotel management services	36,280	19,907
Other operations	(70,833)	(18,300)
AOP before finance costs and after taxation charge	5,152,169	4,038,209
Bank and other interest income – corporate	129,400	70,052
Deferred tax charge on undistributed profits	(175,622)	(148,081)
Corporate administrative expenses	(266,263)	(236,331)
Finance costs	(372,195)	(397,589)
AOP after corporate items	4,467,489	3,326,260
Changes in fair value of investment properties, net of deferred taxation	598,045	819,778
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	67,257	—
Loss on disposal of associated companies	(2,486)	—
Amortisation of intangible assets	(54,427)	(52,536)
Impairment of intangible assets, net of deferred taxation	(91,892)	—
Net foreign exchange (losses)/gains	(345,295)	522,812
	171,202	1,290,054
Profit attributable to equity holders of the Company	4,638,691	4,616,314

Property sales

During the year under review, the Group's attributable operating profit ("AOP") from property sales operation rose 32% from an AOP of HK\$3,775.88 million achieved in FY2013 to HK\$5,002.26 million. The overall recorded property sale volume of the Group for the year under review surged by 15% to 1,414,886 sq m with gross sale proceeds registered at approximately RMB18,676.1 million. The increase in AOP from property sales operation was mainly due to the combined effect of increase in property projects completion and recorded sales volume by 4% and 15% respectively during the year under review.

The Group's overall gross profit margin achieved during the year under review recorded a slight increase to 44.3% as compared to 41.8% achieved in FY2013. The slight increase in overall gross profit margin was mainly due to difference in recorded sale mix of both periods. Approximately 40% of recorded sale volume for the year under review contributed from sale of residential units from Shenyang New World Garden and Guangzhou Park Paradise which had

achieved relatively higher gross profit margin compared to those project sold in FY2013, namely Wuhan Guanggu New World, Anshan New World Garden and Changsha La Ville New World. The Group's average achieved selling price of RMB13,685 per sq m for the year under review showed improvement with a 12% surge compared to FY2013 of RMB12,218 per sq m.

In FY2014, the Group has completed 15 property development projects for sale in Beijing, Shenyang, Tianjin, Jinan, Wuhan, Changsha, Guangzhou, Guiyang, Zhaoqing, Zhuhai, Haikou and Huiyang with a total GFA of 1,553,567 sq m, comprising 1,439,005 sq m of residential, 45,830 sq m of commercial, 37,090 sq m of office space and 31,642 sq m of resident car park space.

Development property projects for sale completed in FY2014	Usage	Total GFA (sq m)	NWCL's interest
Beijing Xin Yi Garden Phase III (北京新怡家園三期)	C, O	21,568	70%
Shenyang New World Garden Phase II B (瀋陽新世界花園二期 B)	R, C	466,393	100%
Shenyang New World Commercial Centre Phase I (瀋陽新世界商業中心一期)	R	46,174	100%
Tianjin Xin Hui Hua Ting (天津新匯華庭)	R	101,411	100%
Jinan Sunshine Garden Phase III (濟南陽光花園三期)	R, C	162,009	100%
Wuhan Menghu Garden Phase III B (武漢夢湖香郡三期 B)	R	4,604	100%
Wuhan Changqing Nanyuan Phase III (武漢常青南園三期)	R, C	70,121	60%
Wuhan Changqing Garden Phase IX (武漢常青花園九期)	R, C	90,450	60%
Changsha La Ville New World Phase II A (長沙新城新世界二期 A)	R, C, P	81,790	48%
Guangzhou Park Paradise Phase IV C (廣州嶺南新世界四期 C)	R	168,483	100%
Guiyang Jinyang Sunny Town Phase II (貴陽金陽新世界二期)	R	96,079	50%
Zhaoqing New World Garden Phase IV (肇慶新世界花園四期)	R, P	46,620	100%
Zhuhai Jin Hai New World Phase IV (珠海金海新世界四期)	R, C, P	124,279	100%
Haikou Meilisha Project Phase I (海口美麗沙項目一期)	R	55,484	100%
Huiyang Palm Island Resort Phase VI (惠陽棕櫚島六期)	R	18,102	100%
Total		1,553,567	

R: Residential

C: Commercial

O: Office

P: Car park

Rental operation

During the year under review, the Group's rental operation recorded an AOP of HK\$543.10 million, representing a 5% increase compared to that of the corresponding period last year. The increase in AOP from rental operation was mainly attributable to increase in rental contributions from full operation of Shanghai Hong Kong New World Tower K11 Art Mall and increase in AOP from Wuhan New World International Trade Tower resulted from increase in average rental rate upon renewal of tenancy.

During the year under review, the Group completed 28,954 sq m commercial properties and 267,457 sq m resident car park space located in Beijing, Guangzhou, Guiyang, Jinan, Shenyang and Langfang.

Hotel operation

During the year under review, the AOP from hotel operation recorded at a loss of HK\$238.33 million as opposed to a loss of HK\$156.75 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to the pre-operating expenses incurred for newly completed hotels, namely, New World Beijing Hotel and New World Guiyang Hotel which were completed in the current financial year. However, excluding the results of New World Beijing Hotel which has soft-opened in November 2013 and New World Guiyang Hotel which has yet to be opened for operation as at 30 June 2014, the overall gross operating profit of the Group's hotels portfolio increased by 42% as a result from improved occupancy and room rates during the year under review. The Central Government's anti-corruption initiatives introduced since the first half of 2013 posed continuing negative effects on the overall performance of the Group's hotel operation.

The Group's hotel portfolio currently comprises eight hotels with 2,855 rooms.

Hotel portfolio	Number of rooms
pentahotel Beijing (北京貝爾特酒店)	307
New World Beijing Hotel (北京新世界酒店)	309
New World Shanghai Hotel (上海巴黎春天新世界酒店)	558
pentahotel Shanghai (上海貝爾特酒店)	258
New World Dalian Hotel (大連新世界酒店)	420
New World Wuhan Hotel (武漢新世界酒店)	327
New World Shunde Hotel (順德新世界酒店)	370
New World Guiyang Hotel (貴陽新世界酒店)	306
Total	2,855

OUTLOOK

In a speech at the National People's Congress in March 2014, Premier Li Keqiang stated that the Central Government will implement differentiated regulations in accordance with the specific situations of different cities as well as increase the supply of small- and medium-sized commodity housing units and joint ownership housing in order to suppress speculative and investment demand and establish long-term mechanism, which will in turn facilitate the sustainable and healthy development of the property market. This implied that the current government will retain austerity measures of property market in the short term. Apart from certain first-tier cities with sky-high housing prices, minor adjustments can be made on policy implementation in other regions with regard to the local situations.

On the other hand, the Central Government emphasised that it will exert greater efforts on the construction of affordable housing programme. In 2014, the number of new construction of affordable houses will reach 7 million units or more, of which units for various shanty towns will be over 4.7 million. Meanwhile, the construction of auxiliary facilities will be strengthened to satisfy the housing demand of the grassroots. For this purpose, Premier Li Keqiang pointed out that the Central Government should raise the ratio of affordable housing in big cities and promote the parallel development of public rental housing and low-rental residential housing. Besides, he also suggested introducing innovative investment and financial mechanisms and tools for policy housing and supporting the construction of affordable houses with long-term and stable fund at reasonable cost. The focus of property control policies has gradually shifted from suppressing demand and property prices in a unified and national approach to implementing differentiated regulation in accordance with the specific situations of different cities. Moreover, under the new approach, the supply of small- and medium-sized commodity houses will increase, coupled with the implementation of large-scale affordable housing programmes. This will benefit the long-term and healthy development of the property market.

The growth of economy and property market in Mainland China has experienced a slowdown since the beginning of 2014. Some cities show excess inventory of commodity houses. In view of this, the Central Government introduced a series of “micro-incentives” measures since April, which included the reconstruction of shanty areas and construction of railways, tax cut for micro-enterprises and directional reduction in reserve requirement ratio. Moreover, since the second quarter, certain cities loosened the regulatory measures of the property markets moderately, together with the guidance on credit resources for personal mortgage loan issued by the PBOC. Therefore, the risk of hard landing of property market was reduced. In the long run, with the continuous growth of the household income and the promotion of urbanisation development strategy of Mainland China, the property markets in first-tier cities and some economically well-developed second- and third-tier cities are filled with umpteen opportunities.

Currently, the Group has landbank of over 24.6 million sq m, covering over 20 first-, second- and third-tier cities in Mainland China, of which approximately 80% of residential floor area is located in first- and second-tier cities. The Group will continue to focus on developing its existing landbank and strike a healthy balance of regional business distribution among first-,

second- and third-tier cities. The net gearing ratio and cash balance of the Group maintained at optimal levels. Meanwhile, the Group can respond to various market challenges with its sound financial position.

The Group will leverage its extensive market experiences, sound financial position and brand advantage to accelerate its asset turnover, deepen its regional centralised procurement systems and product standardisation processes as well as strengthen its cost control. Therefore it is expected that the overall gross profit margin can be maintained at a healthy level in the future. Looking ahead, under the steady and relatively rapid growth of economy in Mainland China and the promotion of the urbanisation development strategy, there are plenty of rooms for Mainland China's property market to develop. The Group will continue to take up the mission of being a creator of new urban lifestyle in Mainland China to create quality living environment for our customers and maximise value for the shareholders of the Group.

In FY2015, the Group plans to complete 14 properties projects for sale with a total GFA of 1,328,362 sq m, comprising 1,186,573 sq m of residential, 51,919 sq m of commercial and 89,870 sq m of office space for sale. With increasing proportion of property projects to be completed in the next two years being located at second- and third-tier cities, the Group expects that the achievable overall gross profit margin from property sales will be maintained at the level of over 35%. In view of foreseeable decrease in saleable resources owing to reduction in planned project completion in FY2015, it is anticipated that the contracted sales of FY2015 shall be down to the region of RMB12.5 billion accordingly.

Properties for sale to be completed in FY2015	Usage	Total GFA (sq m)	NWCL's interest
Beijing Yuzhuang Project Phase I (北京于庄項目一期)	R, C	60,061	75%
Langfang New World Centre (廊坊新世界中心)	R, C, O	122,433	100%
Tianjin Xin Hui Hua Ting (天津新匯華庭)	R	89,376	100%
Dalian New World Tower (大連新世界大廈)	R	76,655	100%
Tangshan New World Centre (唐山新世界中心)	R, C, O	173,452	100%
Chengdu New World Riverside Phase II (成都河畔新世界二期)	R	85,174	30%
Guangzhou Park Paradise Area 6 (廣州嶺南新世界六區)	R	143,338	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	87,307	100%
Guangzhou Xintang New World Garden Phase V C (廣州新塘新世界花園五期 C)	R	85,113	63%
Canton First Estate Phase I (廣佛新世界莊園一期)	R	189,757	85%
Shenzhen New World Signature Hill (深圳新世界名鑄)	R	58,690	100%
Shenzhen New World Yi Shan Garden Phase III (深圳新世界倚山花園三期)	R	95,686	100%
Zhaoqing New World Garden Phase III (肇慶新世界花園三期)	R	34,709	100%
Haikou Meilisha Project Phase I (海口美麗沙項目一期)	R	26,611	100%
Total		1,328,362	

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2014, the Group's cash and bank deposits amounted to HK\$17,351.60 million (30 June 2013: HK\$19,337.20 million).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$22,071.61 million (30 June 2013: HK\$17,665.13 million), translating into a gearing ratio of 36.0% (30 June 2013: 30.6%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries and liabilities of bonds as at 30 June 2014 totalled HK\$37,207.80 million (30 June 2013: HK\$34,464.87 million) of which 24.5% were secured by way of charges over assets and 75.5% were unsecured.

The maturity profile of the Group's borrowings from banks and fellow subsidiaries and liabilities of bonds is set out as follows:

	As at 30 June 2014 HK\$'million	As at 30 June 2013 HK\$'million
Repayable:		
Within one year	14,197.17	5,995.17
Between one and two years	11,045.35	12,500.72
Between two and five years	10,388.42	14,175.01
After five years	1,576.86	1,793.97
Total	37,207.80	34,464.87

As at 30 June 2014, the Group's committed unutilised bank loan facilities amounted to HK\$3,002.13 million (30 June 2013: HK\$3,424.27 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 30 June 2014 were HK\$3,459,794,000 (30 June 2013: HK\$3,233,588,000) of which HK\$3,200,856,000 (30 June 2013: HK\$2,900,509,000) were contracted but not provided for in the financial statements and HK\$258,938,000 (30 June 2013: HK\$333,079,000) were authorised but not contracted for. The sources of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

The Group conducts its business mainly in Renminbi. Other than certain bank balances and borrowings denominated in Hong Kong dollar and United States dollar, the Group does not have any material direct exposure to foreign exchange fluctuations. During the year under review, the Group has not used any foreign currency derivative product to hedge its exposure to currency risk.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group has contingent liabilities of approximately HK\$2,734,066,000 (30 June 2013: HK\$1,640,794,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain joint ventures.

As at 30 June 2014, the Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$2,034,561,000 (30 June 2013: HK\$1,595,251,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30 June 2014, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$1,382,166,000 (30 June 2013: HK\$395,817,000), HK\$5,448,689,000 (30 June 2013: HK\$5,400,318,000), HK\$256,165,000 (30 June 2013: HK\$238,343,000), HK\$923,335,000 (30 June 2013: HK\$813,670,000) and HK\$4,377,720,000 (30 June 2013: HK\$4,315,781,000) respectively have been pledged as securities for long term bank borrowings.

MAJOR ACQUISITION OR DISPOSAL

No major acquisition or disposal undertaken by the Group during the year under review.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group has 9,999 full-time employees. Total staff related costs incurred during the year under review were HK\$638.57 million (2013: HK\$518.15 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.

AUDIT COMMITTEE

Audit committee was established in accordance with requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee consists of four independent non-executive directors of the Company. The audit committee has reviewed the audited financial statements for the year ended 30 June 2014 and discussed the financial related matters with management and external auditor.

CORPORATE GOVERNANCE CODE

The Company has complied with Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 30 June 2014, except for the following deviation:

Code provision A.2.1

The code provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr Cheng Kar-shun, Henry acts as the Chairman and Managing Director of the Company. He is responsible for effective running of the board and formulating business strategies. He also provides leadership for effective running of the Company’s business and implementing the policies devised by the board. The board believes that Dr Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director of the Company, will provide strong and consistent leadership for the development of the Group.

Code provision E.1.2

The code provision E.1.2 provides (among other things) that the chairman of the independent board committee should be available to answer question at any general meeting to approve any transaction that requires independent shareholder’s approval.

Dr Cheng Wai-chee, Christopher, the Chairman of the Independent Board Committee, was not able to attend the court meeting and extraordinary general meeting of the Company held on 16 June 2014 (“Meetings”) owing to other commitment. Ms Ngan Man-ying, Lynda, Executive Director and Company Secretary, took the chair of the Meetings. She and the other members of the Independent Board Committee who attended the Meetings were of sufficient caliber for answering questions raised by the attending shareholders at the Meetings.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. The Company has confirmed with the directors that they have complied with the standard set out in the Model Code during the year under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK\$0.03 per share in respect of the year ended 30 June 2014. The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be paid on or about Monday, 29 December 2014 to the shareholders on the Register of Members as at Wednesday, 26 November 2014.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on 19 November 2014, the Register of Members will be closed from Monday, 17 November 2014 to Wednesday, 19 November 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30pm on Friday, 14 November 2014.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend, the Register of Members will be closed for one day on Wednesday, 26 November 2014, during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30pm on Tuesday, 25 November 2014.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 23 September 2014

As at the date of this announcement, the executive directors are Dr Cheng Kar-shun, Henry, Mr Cheng Kar-shing, Peter, Dr Cheng Chi-kong, Adrian, Ms Cheng Chi-man, Sonia, Mr Cheng Chi-him, Conrad, Mr Fong Shing-kwong, Michael and Ms Ngan Man-ying, Lynda; and independent non-executive directors are Dr Cheng Wai-chee, Christopher, Hon Tien Pei-chun, James, Mr Lee Luen-wai, John and Mr Ip Yuk-keung, Albert.