



New World China Land Limited

(Stock Code: 00917)

Interim Report 2013 / 2014

DISCOVER  
HAPPINESS



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# FINANCIAL HIGHLIGHTS

Operating Result (HK\$'000)	6 months ended 31 December	
	2013	2012
<b>Revenues</b>		
Company and subsidiaries	11,884,427	6,548,195
Share of associated companies and joint ventures (note 1)	1,454,270	464,285
	<b>13,338,697</b>	7,012,480
<b>Representing:</b>		
Sale of properties	11,633,269	5,776,231
Rental income	610,627	553,801
Income from hotel operation	252,562	243,018
Property management services fee income	265,624	211,081
Hotel management services fee income	239,701	228,349
Contracting services income	336,914	—
	<b>13,338,697</b>	7,012,480
<b>Gross Profit</b>		
Company and subsidiaries	5,583,415	3,211,979
Share of associated companies and joint ventures (note 2)	770,419	217,861
	<b>6,353,834</b>	3,429,840
<b>Profit attributable to equity holders of the Company</b>	<b>3,394,594</b>	2,321,074
<b>Earnings per share (HK cents)</b>		
Basic	39.16	26.82
Diluted	39.14	26.81
<b>Interim dividend per share (HK cents)</b>	<b>4.00</b>	3.00
<b>Financial Position (HK\$'million)</b>	<b>As at 31 December 2013</b>	<b>As at 30 June 2013</b>
Cash and bank balances	19,945.1	19,337.2
Total assets	124,079.0	117,846.3
Total liabilities	62,737.0	60,142.7
Capital and reserves attributable to the Company's equity holders	57,982.3	54,348.7
<b>Financial Ratios</b>		
Current ratio (times)	2.33	2.34
Net debt to equity ratio	29.8%	30.6%

Note 1: It represents attributable share of revenues of associated companies and joint ventures to the Group.

Note 2: It represents attributable share of gross profit of associated companies and joint ventures to the Group.

## REVENUES (note 1) (HK\$'000)

1H FY2014	13,338,697
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1H FY2013	7,012,480
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## GROSS PROFIT (note 2) (HK\$'000)

1H FY2014	6,353,834
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1H FY2013	3,429,840
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## PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (HK\$'000)

1H FY2014	3,394,594
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1H FY2013	2,321,074
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## TOTAL ASSETS (HK\$'000)

31 DECEMBER 2013	124,079,023
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30 JUNE 2013	117,846,297
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## CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS (HK\$'000)

31 DECEMBER 2013	57,982,338
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30 JUNE 2013	54,348,746
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## CASH AND BANK BALANCES (HK\$'000)

31 DECEMBER 2013	19,945,079
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30 JUNE 2013	19,337,202
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Note 1: It represents revenues of the Company and subsidiaries plus share of revenues of associated companies and joint ventures attributable to the Group as tabulated on page 2.

Note 2: It represents gross profit of the Company and subsidiaries plus share of gross profit of associated companies and joint ventures attributable to the Group as tabulated on page 2.

# CHAIRMAN'S STATEMENT

To Our Shareholders,

In the first half of FY2014, NWCL recorded a profit attributable to equity holders of the Company of HK\$3,394.59 million, representing a year-on-year increase of 46%. GFA sold through its property sales operation reached 771,109 sq m with gross sales proceeds registered at approximately RMB9,714.2 million. Overall gross profit margin for property sales maintained at 50.9%.

In the second half of 2013, the European and the United States' economies were recovering slowly and Japan's economy showed signs of life thanks to the implementation of aggressive quantitative easing policies, whereas Chinese economy remained stable as a whole.

With the gradual stabilisation of the employment and economic conditions of the United States, the Federal Reserve Board of the United States commenced tapering measure at the end of 2013. After two rounds of meetings, it was determined that the treasury bond purchase programme would be cut down in phases, from US\$85 billion per month to the recent monthly level of US\$65 billion. This policy seems not making any significant impact on the financial market, but the market was concerned about the pace of recovery of the economy of the United States and the stance of the newly appointed Federal Reserve Chairperson towards the future pace of tapering.

In the first half of 2013, there were signs of downward pressure on China's economy. The Central Government announced the "Stable-growth" policy, which clearly indicated a minimum economic growth rate of 7.5%, in order to release a clear signal of economic stabilisation to the market and restore corporate confidence in Mainland China. Supported by a brighter international market environment and the revival of investments in properties and infrastructures, the gross domestic product ("GDP") of the third quarter of 2013 reversed the downward trends of the previous two quarters, which recorded a year-on-year increase of 7.8%, whereas the GDP growth of the fourth quarter and the whole year of 2013 remained at the level of 7.7% as compared to the corresponding period last year, demonstrating a stable trend of economic development.

The Third Plenary Session of the 18th Communist Party of China Central Committee held in November commenced the most comprehensive and thorough reform since China's 30 years of liberalisation and reform. The Central Government clearly pointed out the market-oriented reform direction to give a greater role to the market in resource allocation. This direction would facilitate the diversification of state-owned assets, the reform of management and operating systems as well as the deepening of fiscal and tax reform.

In the subsequently-held Central Economic Work Conference, the Central Government confirmed the main economic missions of Mainland China in 2014 pursuant to the reform blueprint formulated in the Third Plenary Session. The conference indicated that although Chinese economy has experienced a relatively stable growth in 2013, certain domestic industries were still facing serious overcapacity and the credit risks of local governments continued to exist. Therefore, curtailing excess production capacity and controlling local credit risks would be the main tasks of the Central Government in 2014. On the other hand, the Central Government would maintain the continuity and stability of the fiscal and monetary policies and continue to implement active fiscal policies as well as sound and prudent monetary policies. Liquidity would be maintained at a moderate but slightly tightened level, whereas efforts in deleveraging the financial institutions in Mainland China would be enhanced with a view to stifling the rampant growth of local financing and shadow banking. In the medium to long term, these policies would contribute to the structural transformation of China's economy, thereby enhancing the future economic growth potential. However, China's economy may have to suffer the throes brought about by reform and transformation in the short run.

In the second half of 2013, the housing prices of the majority of cities in Mainland China continued to increase generally. The housing demand was relatively vigorous and the increases in housing prices were particularly obvious in first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen. In terms of newly-built commodity housing, the growth of housing prices of the four major first-tier cities have all recorded a double-digit increase on a year-on-year basis. On the other hand, the area of commodity housing sold nationwide in 2013 recorded a year-on-year increase of 17.3%, which reflected the strong and rigid demand of home buyers in most cities spurred by the continuous economic growth and increase in household income in Mainland China despite the strict property control measures. In the first three quarters of 2013, due to the moderate surge in housing prices in certain cities, many cities released new local property control measures in the fourth quarter in order to coordinate with the property control policies of the Central Government. Such local measures mainly aimed at raising the proportion of down payment and standards of purchase restrictions. To sum up, the new leadership of the Central Government has not released stricter property control measures during the year, but advocated to regulate the property market through “market-oriented” measures and put forth effort in considering the setting up of “long-term mechanism” to control the property market. The market expected that following the establishment of the relevant “long-term mechanism”, the Central Government would gradually reduce the current administrative intervention measures in the long term, which would be beneficial to the enduring and healthy development of the property market.

Leveraging on the extensive market experience, the management team of NWCL has continuously promoted the business development of the Group in Mainland China for the past many years. In the future, the Group will capture the opportunities brought about by the national urbanisation development strategy and maintain a healthy balance in the business development of the first-, second- and third-tier cities. Save for the boutique residential projects with higher affordability, the Group will continue to actively develop mid- to high-end products with good quality in order to meet the rigid demand of first-time home buyers and the demand for improved housing of middle- and high-income classes. On the other hand, the Group will insist on adopting the concept of “sustainable development” as the core value of the Group and infusing the concept into our business development. The Group will be more active in achieving environmentally friendly design and healthy lifestyle through our projects and attaching local cultural perspective to them so as to create blissful living environment for customers.

**Dr Cheng Kar-shun, Henry**

*Chairman and Managing Director*

Hong Kong, 25 February 2014

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

During the period under review, 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 sale volume of residential units and prices in major cities continued at an upward trend throughout the period under review. 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. Moreover, some Mainland banks have been slowing down their approval of mortgage lending amid cash-crunch conditions at the end of 2013.

During the period under review, the Group's secured contracted sales reached RMB9,320 million with gross floor area ("GFA") of 648,918 sq m, representing a year-on-year increase of 10% and 4% in gross sales value and sales volume respectively. The increase in sales volume reflected positive signs of sentiment revival and gradual improvement in market condition supported by concrete and genuine housing demand. Included in the remaining contracted sales secured and to be recorded, approximately 405,586 sq m GFA with gross sales proceeds of approximately RMB6,273 million are for those projects scheduled to be completed within the next 6 months and their corresponding sales revenues shall be recorded in the consolidated income statement of the second half of FY2014.

For the six months ended 31 December 2013, the Group posted a profit attributable to shareholders of HK\$3,394.59 million which represents a year-on-year increase of 46% from HK\$2,321.07 million achieved in six months ended 31 December 2012. The Group's core profit before revaluation, exchange difference, impairment and amortisation of intangible assets for the first half of FY2014 reported at HK\$2,914.53 million, representing an increase of 103% from HK\$1,433.45 million recorded in the corresponding period last year. The increase was largely contributed from property sales resulting from increase in completion and recorded sales by 150% and 189% respectively. The increase in profit attributable to shareholders was attributable to the increase in core profit from aforementioned property sales.

## Analysis of Attributable operating profit

	6 months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Property sales	3,091,684	1,596,849
Rental operation	292,199	278,763
Hotel operation	(84,944)	(68,391)
Property management services	(52,864)	(42,773)
Hotel management services	2,148	2,926
Other operations	17,936	4,568
AOP before finance costs and after taxation charge	3,266,159	1,771,942
Bank and other interest income — corporate	67,315	26,128
Deferred tax charge on undistributed profits	(77,588)	(78,068)
Corporate administrative expenses	(135,136)	(117,398)
Finance costs	(206,217)	(169,153)
AOP after corporate items	2,914,533	1,433,451
Changes in fair value of investment properties, net of deferred taxation	318,385	523,866
Net foreign exchange gains	223,836	390,025
Amortisation of intangible assets	(26,268)	(26,268)
Impairment of intangible assets	(35,892)	—
	480,061	887,623
<b>Profit attributable to equity holders of the Company</b>	<b>3,394,594</b>	<b>2,321,074</b>

## Property sales

During the period under review, the Group's attributable operating profit ("AOP") from property sales operation rose 94% from an AOP of HK\$1,596.85 million achieved in the first half of FY2013 to HK\$3,091.68 million. The overall recorded property sale volume of the Group for the period under review surged by 188% to 771,109 sq m with gross sale proceeds registered at approximately RMB9,714.2 million. The increase in AOP from property sales operation was mainly due to increase in property projects completion and recorded sales volume by over 150% and 189% respectively during the period under review.

The Group's overall gross profit margin achieved during the period under review dropped moderately to 50.9% from 51.2% achieved in the first half of FY2013, whilst the average selling price for the period under review decreased by RMB4,962 per sq m compared to RMB18,035 per sq m recorded in the last corresponding period to RMB13,073 per sq m. The slight decrease in overall gross profit margin and dropped in average selling price was mainly due to difference in recorded sale mix of both periods. During the period under review, approximately 16% of the total recorded sale amount was from property projects in third-tier cities, comparing to only 1% of recorded sales amount in the last corresponding period was from such third-tier cities.



# MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of FY2014, the Group has completed 9 property development projects for sale in Beijing, Shenyang, Wuhan, Guangzhou, Guiyang, Zhaoqing and Zhuhai with a total GFA of 955,166 sq m, comprising 892,872 sq m of residential, 30,910 sq m of commercial, 20,612 sq m of office space and 10,772 sq m of resident car park space.

Development property projects for sale completed in 1H FY2014	Usage	Total GFA (sq m)	NWCL's interest
Beijing Xin Yi Garden Phase III (北京新怡家園三期)	O, C	21,556	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)	C	46,174	100%
Wuhan Menghu Garden Phase III B (武漢夢湖香郡三期B)	R	4,614	100%
Wuhan Changqing Nanyuan Phase III (武漢常青南園三期)	R, C	26,688	60%
Guangzhou Park Paradise Phase IV C (廣州嶺南新世界四期C)	R	122,726	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 New World Garden Phase IV (珠海金海新世界花園四期)	R, C, P	124,316	100%
<b>Total</b>		<b>955,166</b>	

R: Residential

C: Commercial

O: Office

P: Car park

In the second half of FY2014, the Group plans to complete 10 properties projects for sale with a total GFA of 753,131 sq m, comprising 739,947 sq m of residential and 13,184 sq m of commercial 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%.

Properties for sale to be completed in 2H FY2014	Usage	Total GFA (sq m)	NWCL's interest
Langfang New World Centre (廊坊新世界中心)	R, C	20,802	100%
Tianjin Xin Hui Hua Ting (天津新匯華庭)	R	190,687	100%
Jinan Sunshine Garden Phase III (濟南陽光花園三期)	R	144,336	100%
Dalian New World Tower (大連新世界大廈)	R	83,571	100%
Wuhan Changqing Nanyuan Phase III (武漢常青南園三期)	R, C	43,780	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	61,320	48%
Guangzhou Park Paradise Phase IV C (廣州嶺南新世界四期C)	R	45,756	100%
Huiyang Palm Island Resort Phase VI (惠陽棕櫚島六期)	R	17,036	59%
Haikou Meilisha Project Phase I (海口美麗沙項目一期)	R	55,393	100%
<b>Total</b>		<b>753,131</b>	

## Rental operation

During the period under review, the Group's rental operation recorded an AOP of HK\$292.20 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 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 period under review, the Group completed 17,621 sq m retail properties and 240,354 sq m resident car park space.

## Hotel operation

During the period under review, the AOP from hotel operation recorded at a loss of HK\$84.94 million as opposed to a loss of HK\$68.39 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 scheduled to be opened in the current financial year. However, excluding New World Beijing Hotel which has soft-opened in November 2013, the occupancy and room rates of the Group's hotels portfolio has improved during the period under review. The negative impact of the Central Government's anti-corruption initiatives introduced since the first half of 2013 continued to affect the overall performance of the Group's hotel operation.

The Group's hotel portfolio currently comprises seven hotels with 2,549 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
<b>Total</b>	<b>2,549</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liquidity and Capital Resources

As at 31 December 2013, the Group's cash and bank deposits amounted to HK\$19,945.08 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\$18,276.02 million (30 June 2013: HK\$17,665.13 million), translating into a gearing ratio of 29.8% (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 31 December 2013 totalled HK\$35,782.44 million (30 June 2013: HK\$34,464.87 million) of which 21.5% were secured by way of charges over assets and 78.5% were unsecured.

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

	<b>As at 31 December 2013 HK\$'million</b>	As at 30 June 2013 HK\$'million
Repayable:		
Within one year	<b>5,247.99</b>	5,995.17
Between one and two years	<b>16,315.17</b>	12,500.72
Between two and five years	<b>12,533.72</b>	14,175.01
After five years	<b>1,685.56</b>	1,793.97
<b>Total</b>	<b>35,782.44</b>	34,464.87

As at 31 December 2013, the Group's committed unutilised bank loan facilities amounted to HK\$3,719.56 million (30 June 2013: HK\$3,424.27 million).

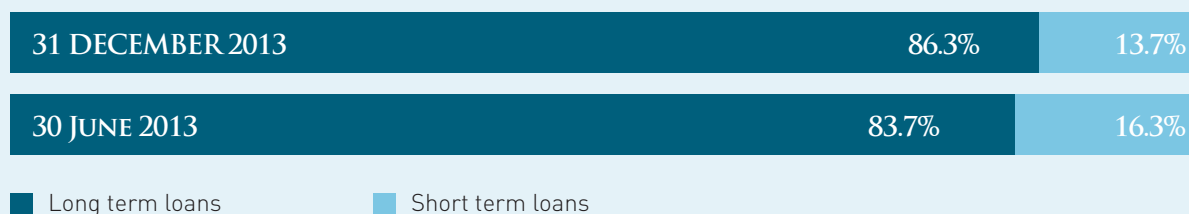
## Capital expenditure commitments

The capital expenditure commitments of the Group as at 31 December 2013 were HK\$2,955,666,000 (30 June 2013: HK\$3,233,588,000) of which HK\$2,741,545,000 (30 June 2013: HK\$2,900,509,000) were contracted but not provided for in the financial statements and HK\$214,121,000 (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.

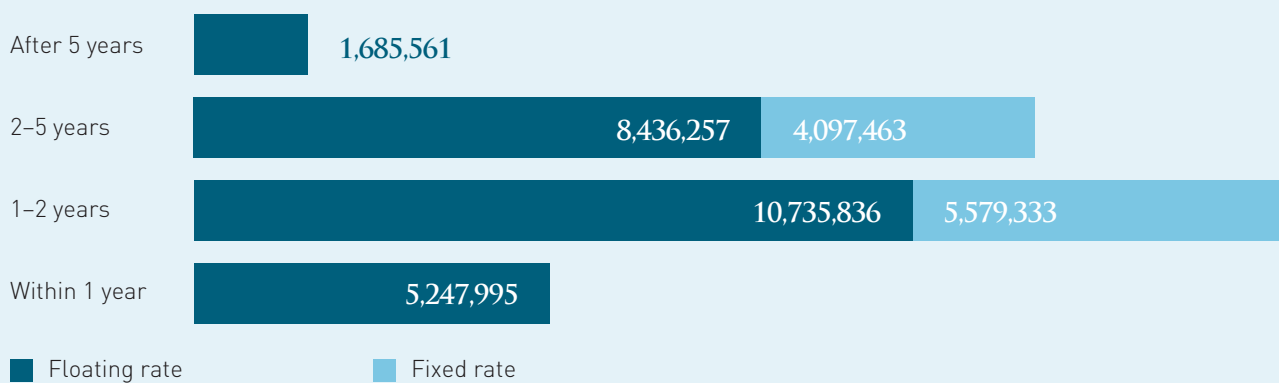
## Foreign currency exposure

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 period under review, the Group has not used any foreign currency derivative product to hedge its exposure to currency risk.

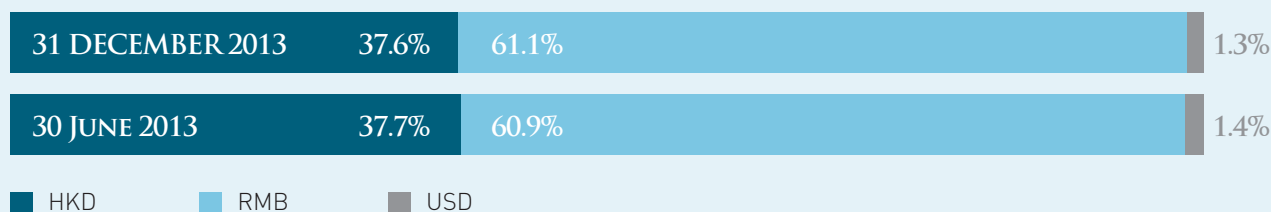
## SOURCE OF BORROWINGS



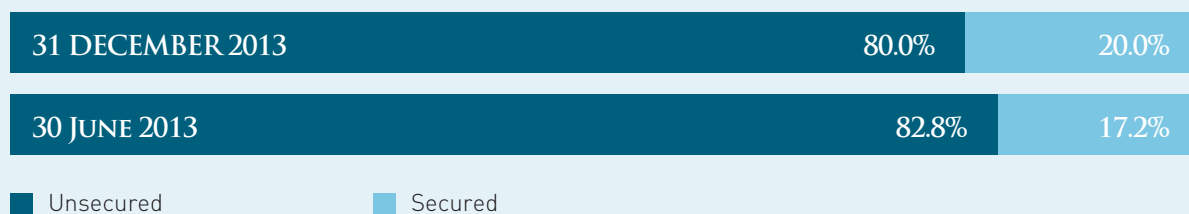
## INTEREST RATE AND MATURITY PROFILE (HK\$'000)



## CURRENCY PROFILE OF BORROWINGS



## NATURE OF DEBT



# MANAGEMENT DISCUSSION AND ANALYSIS

## Contingent Liabilities

As at 31 December 2013, the Group has contingent liabilities of approximately HK\$2,879,414,000 (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 31 December 2013, the Group had 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\$1,883,736,000 (30 June 2013: HK\$1,595,251,000).

## Details of Charges on Group's Assets

As at 31 December 2013, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$1,484,362,000 (30 June 2013: HK\$395,817,000), HK\$5,433,271,000 (30 June 2013: HK\$5,400,318,000), HK\$238,024,000 (30 June 2013: HK\$238,343,000), HK\$367,982,000 (30 June 2013: HK\$813,670,000) and HK\$4,600,570,000 (30 June 2013: HK\$4,315,781,000) respectively have been pledged as securities for short term and long term bank borrowings.

## Major Acquisition or Disposal

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

## Employees and Remuneration Policy

As at 31 December 2013, the Group has 9,626 full-time employees. Total staff related costs incurred during the period under review were HK\$306.07 million (2012: HK\$251.31 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.

## Outlook

After the new leadership of the Central Government came into power, it was clearly addressed that the market should play a determining role in resource allocation, which implied that among the property control measures, “market-oriented” measures will receive more focus and administrative intervention will be gradually reduced. On the other hand, the Ministry of Housing and Urban-Rural Development and the National Development and Reform Commission have commenced the research on the long-term mechanism for property control which was primarily about establishing the financial and taxation, as well as legal systems targeted at real estate market, such as property taxes. The goals of market adjustment and promotion of healthy development of property market could be achieved through conducting market rules. Since such long-term mechanism involved various levels such as legal, taxation and information regarding property rights, it was expected that such measures would not be adopted nationally in the near future. However, the market is concerned about whether the pilot property tax programme will be expanded to other cities and is closely monitoring the specific provisions of the relevant measures in order to evaluate the impact on the property market.

The Central Economic Work Conference of the previous year has stated clearly that efforts should be paid to satisfy the basic housing need. In 2014, the construction of affordable housing such as low-rental residential housing and public rental housing will be increased and the transformation of shanty towns will be accelerated. Since 2011, the construction of 24 million units of affordable housing in various types has been commenced. On such extrapolation, the goal of constructing 36 million units of affordable housing under the “Twelfth Five-year” Plan can be achieved as long as the annual average number of newly-commenced affordable housing in 2014 and 2015 can be guaranteed at 6 million units. Furthermore, the Ministry of Land and Resources has indicated that the primary tasks in 2014 would be to improve the control of land supply. To sum up, the national housing land supply was 138,200 hectares in 2013, representing a year-on-year increase of 24.7%. It shows that the focus of the property control measures was shifting from suppressing demand and property prices to increasing the housing supply in order to reach a balance of supply and demand in the property market.

Generally speaking, the property control measures in 2014 will continue to be characterised by regional differences. The control in first-tier and certain core second-tier cities will still be strict, and the current strict purchase restriction, price limitation and relatively tight mortgaging financing policies will continue to be enforced in the soon future. On the contrary, the new urbanisation scheme proposed by the new leadership promotes the development of metropolitan areas so as to reduce the population pressures of extra-large cities. Therefore, the property control measures in second- and third-tier cities will become relatively loose. This will be beneficial to the long-term development of certain second- and third-tier cities with economic potential, and policy risks faced by such areas will be relatively low.

# MANAGEMENT DISCUSSION AND ANALYSIS

Currently, the Group has expanded into more than 20 first-, second- and third-tier cities in Mainland China with a landbank of over 25 million sq m, of which about 80% of residential floor area is located in second- and third-tier cities. In order to grasp market opportunities while diversifying policy risks at the same time, the Group will maintain a healthy balance of business coverage in first-, second- and third-tier cities, and it is expected that the future gross profit margin will be maintained at a healthy level. The Group will continue to actively promote the development of product standardisation and the regional centralised procurement systems with a view to achieving the goals of accelerating the project development cycles and optimising cost control. In addition, the Group will keep up with changes in the market, launch products which meet the needs of customers in a timely manner and speed up sales turnover. Save for paying efforts to enhance the quality of products and services continuously, the Group will adhere to the objective of “sustainable development” and integrate the elements of green lives and human natures into the project design in order to create blissful living environment for customers.

In 2014, China’s economic reform will march into a new and important stage. While reform will bring about challenges, urbanisation will bring opportunities to the property market simultaneously. Therefore, the Group will take a prudent and optimistic view towards the prospects of the property market. The strong financial strength and extensive market experience of the Group as well as its national brand with good reputation will enable the Group to cope with market challenges and capture opportunities, and continue to create value for the shareholders.

On behalf of the Board

**Dr Cheng Kar-shun, Henry**

*Chairman and Managing Director*

Hong Kong, 25 February 2014

# INDEPENDENT AUDITOR'S REVIEW REPORT



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF NEW WORLD CHINA LAND LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 16 to 39, which comprises the condensed consolidated statement of financial position of New World China Land Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2013 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

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

## Conclusion

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

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 25 February 2014

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# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2013

	Note	Unaudited 6 months ended 31 December	
		2013 HK\$'000	2012 HK\$'000
Revenues	2	11,884,427	6,548,195
Cost of sales		(6,301,012)	(3,336,216)
Gross profit		5,583,415	3,211,979
Other income	3	901,023	432,827
Other gains, net	4	268,456	401,130
Changes in fair value of investment properties		310,306	378,407
Selling expenses		(419,771)	(281,635)
Administrative and other operating expenses		(726,704)	(628,969)
Operating profit before finance costs	5	5,916,725	3,513,739
Finance costs		(188,041)	(188,068)
Share of results of associated companies and joint ventures		331,408	302,392
Profit before taxation		6,060,092	3,628,063
Taxation charge	6	(2,530,558)	(1,217,259)
<b>Profit for the period</b>		<b>3,529,534</b>	2,410,804
Attributable to:			
Equity holders of the Company		3,394,594	2,321,074
Non-controlling interests		134,940	89,730
		<b>3,529,534</b>	2,410,804
Earnings per share	7		
Basic		39.16 cents	26.82 cents
Diluted		39.14 cents	26.81 cents
Interim dividend	8	346,972	259,903

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2013

	<b>Unaudited</b>	
	<b>6 months ended 31 December</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>3,529,534</b>	2,410,804
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	<b>504,629</b>	833,902
Share of other comprehensive income of associated companies and joint ventures	<b>34,935</b>	82,144
Other comprehensive income for the period	<b>539,564</b>	916,046
<b>Total comprehensive income for the period</b>	<b>4,069,098</b>	3,326,850
Total comprehensive income attributable to:		
Equity holders of the Company	<b>3,926,640</b>	3,224,603
Non-controlling interests	<b>142,458</b>	102,247
	<b>4,069,098</b>	3,326,850

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		<b>Unaudited As at 31 December 2013 HK\$'000</b>	Audited As at 30 June 2013 HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	4,471,199	3,430,117
Investment properties	9	21,230,834	19,928,241
Land use rights	9	619,918	621,096
Intangible assets		2,014,307	1,940,241
Properties held for development		19,015,573	17,350,847
Associated companies and joint ventures		14,423,495	12,914,943
Available-for-sale financial assets		85,147	108,457
		<b>61,860,473</b>	56,293,942
<b>Current assets</b>			
Properties under development		21,651,463	20,449,013
Completed properties held for sale		9,024,331	7,093,274
Hotel inventories, at cost		4,608	4,551
Prepayments, debtors and other receivables	10	10,667,700	13,817,090
Amounts due from related companies		925,369	851,225
Cash and bank balances, unrestricted		19,945,079	19,337,202
		<b>62,218,550</b>	61,552,355
<b>Total assets</b>		<b>124,079,023</b>	117,846,297
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	11	867,186	866,360
Reserves		56,768,180	53,135,700
Interim dividend		346,972	—
Proposed final dividend		—	346,686
		<b>57,982,338</b>	54,348,746
<b>Non-controlling interests</b>		<b>3,359,703</b>	3,354,883
<b>Total equity</b>		<b>61,342,041</b>	57,703,629

		<b>Unaudited As at 31 December 2013 HK\$'000</b>	Audited As at 30 June 2013 HK\$'000
	Note		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings	12	<b>32,973,109</b>	30,957,581
Deferred tax liabilities		<b>3,004,253</b>	2,839,705
		<b>35,977,362</b>	33,797,286
<b>Current liabilities</b>			
Creditors and accruals	13	<b>7,866,124</b>	6,819,852
Deposits received on sale of properties		<b>7,705,589</b>	9,041,851
Amounts due to related companies		<b>950,200</b>	838,710
Short term loans		<b>256,410</b>	543,038
Current portion of long term borrowings	12	<b>4,991,585</b>	5,501,711
Amounts due to non-controlling interests	14	<b>103,639</b>	103,192
Taxes payable		<b>4,886,073</b>	3,497,028
		<b>26,759,620</b>	26,345,382
<b>Total liabilities</b>		<b>62,736,982</b>	60,142,668
<b>Total equity and liabilities</b>		<b>124,079,023</b>	117,846,297
<b>Net current assets</b>		<b>35,458,930</b>	35,206,973
<b>Total assets less current liabilities</b>		<b>97,319,403</b>	91,500,915

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2013

	Unaudited	
	6 months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	2,628,868	(719,699)
Net cash used in investing activities	(2,804,782)	(1,702,080)
Net cash from financing activities	546,303	1,158,520
Net increase/(decrease) in cash and cash equivalents	370,389	(1,263,259)
Cash and cash equivalents at beginning of the period	19,337,202	13,257,612
Exchange differences on cash and cash equivalents	237,488	151,526
<b>Cash and cash equivalents at end of the period</b>	<b>19,945,079</b>	12,145,879

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2013

	Attributable to equity holders of the Company			Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000		
Balance at 1 July 2013	866,360	53,482,386	54,348,746	3,354,883	57,703,629
Translation differences	—	497,111	497,111	7,518	504,629
Share of other comprehensive income of associated companies and joint ventures	—	34,935	34,935	—	34,935
Other comprehensive income for the period	—	532,046	532,046	7,518	539,564
Profit for the period	—	3,394,594	3,394,594	134,940	3,529,534
Total comprehensive income for the period	—	3,926,640	3,926,640	142,458	4,069,098
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	826	22,269	23,095	—	23,095
Capital contribution from non-controlling interests	—	—	—	2,150	2,150
Share-based payments	—	4,994	4,994	—	4,994
Dividend paid	—	(346,859)	(346,859)	(23,560)	(370,419)
	826	(319,596)	(318,770)	(21,410)	(340,180)
Change in ownership interests in a subsidiary					
Acquisition of additional interest in a subsidiary	—	25,722	25,722	(116,228)	(90,506)
Total transactions with owners	826	(293,874)	(293,048)	(137,638)	(430,686)
<b>Balance at 31 December 2013</b>	<b>867,186</b>	<b>57,115,152</b>	<b>57,982,338</b>	<b>3,359,703</b>	<b>61,342,041</b>
Balance at 1 July 2012	864,979	47,886,994	48,751,973	2,973,143	51,725,116
Translation differences	—	821,385	821,385	12,517	833,902
Share of other comprehensive income of associated companies and joint ventures	—	82,144	82,144	—	82,144
Other comprehensive income for the period	—	903,529	903,529	12,517	916,046
Profit for the period	—	2,321,074	2,321,074	89,730	2,410,804
Total comprehensive income for the period	—	3,224,603	3,224,603	102,247	3,326,850
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	1,042	17,270	18,312	—	18,312
Capital contribution from non-controlling interests	—	—	—	82,995	82,995
Capital distribution	—	—	—	(80,000)	(80,000)
Share-based payments	—	5,191	5,191	—	5,191
Dividend paid	—	(346,387)	(346,387)	—	(346,387)
Total transactions with owners	1,042	(323,926)	(322,884)	2,995	(319,889)
Balance at 31 December 2012	866,021	50,787,671	51,653,692	3,078,385	54,732,077

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 1. Basis of Preparation

These unaudited condensed consolidated interim financial statements (the “interim financial statements”) for the six months ended 31 December 2013 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants 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 year ended 30 June 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

- (a) Except as describe below, the accounting policies applied in the preparation of these interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2013.

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 ending 30 June 2014:

HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Associates and Joint Ventures
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 Measurements
Amendments to HKFRS10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements to 2009–2011 Cycle

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.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

- (i) **Equity joint ventures/joint ventures in wholly foreign owned enterprises**  
Equity joint ventures/joint ventures in wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios and share of net assets of the ventures are in proportion to the capital contribution ratios.
- (ii) **Co-operative joint ventures**  
Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.
- (iii) **Companies limited by shares**  
Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

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

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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



# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 1. Basis of Preparation *(continued)*

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

### *Effective for the year ending 30 June 2015 or after*

HKFRS 9	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures — Mandatory Effective Date of HKFRS 9 and Transition Disclosures
Amendments to HKAS 19 (Amendments)	Employee Benefits: Defined Benefit Plans — Employee Contributions
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
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
Annual Improvements Project	Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011–2013 Cycle

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.

	6 months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Sale of properties	10,480,118	5,585,747
Rental income	366,608	357,508
Income from hotel operation	187,804	186,445
Property management services fee income	214,278	167,642
Project management fee income	59,004	22,504
Hotel management services fee income	239,701	228,349
Contracting services income	336,914	—
	11,884,427	6,548,195

- (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 period, previously reported operating segments have been aggregated and the corresponding segment information has been restated to conform with current period 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 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 condensed 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 condensed 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 condensed 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.





# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 2. Revenues and Segment Information *(continued)*

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

	<b>6 months ended 31 December</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
<b>(i) Revenues</b>		
Total segment revenues	<b>13,338,697</b>	7,012,480
Less:		
Revenues of associated companies and joint ventures, attributable to the Group	<b>(1,454,270)</b>	(464,285)
<b>Revenues as presented in condensed consolidated income statement</b>	<b>11,884,427</b>	6,548,195
<b>(ii) Profit before taxation</b>		
AOP before finance costs and after taxation charge	<b>3,266,159</b>	1,771,942
Bank and other interest income – corporate	<b>67,315</b>	26,128
Deferred tax charge on undistributed profits	<b>(77,588)</b>	(78,068)
Corporate administrative expenses	<b>(135,136)</b>	(117,398)
Finance costs	<b>(206,217)</b>	(169,153)
AOP after corporate items	<b>2,914,533</b>	1,433,451
Changes in fair value of investment properties, net of deferred taxation	<b>318,385</b>	523,866
Net foreign exchange gains	<b>223,836</b>	390,025
Amortisation of intangible assets	<b>(26,268)</b>	(26,268)
Impairment of intangible assets	<b>(35,892)</b>	–
	<b>480,061</b>	887,623
Profit attributable to equity holders of the Company	<b>3,394,594</b>	2,321,074
Taxation charge	<b>2,530,558</b>	1,217,259
Profit attributable to non-controlling interests	<b>134,940</b>	89,730
<b>Profit before taxation</b>	<b>6,060,092</b>	3,628,063

### 3. Other Income

	6 months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Tax indemnity from the ultimate holding company (note 6)	751,284	307,683
Bank and other interest income	122,020	62,555
Interest income from joint ventures, net of withholding tax (note)	27,719	40,281
Trademark fee income from joint ventures	—	22,308
	<b>901,023</b>	<b>432,827</b>

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 associated companies and joint ventures as follows:

	6 months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Share of shareholders' loan interest expenses of joint ventures	(24,432)	(32,154)

### 4. Other Gains, Net

	6 months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Net foreign exchange gains	226,410	406,920
Gain/(loss) on disposal of investment properties	77,938	(5,790)
Impairment of intangible assets	(35,892)	—
	<b>268,456</b>	<b>401,130</b>

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 5. Operating Profit Before Finance Costs

	6 months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	346,412	338,886
Gain on disposal of property, plant and equipment	12,512	—
and after charging:		
Cost of properties sold	5,275,384	2,694,450
Staff costs	306,070	251,306
Outgoings in respect of investment properties	145,216	130,560
Depreciation of property, plant and equipment	98,644	92,677
Rental for leased premises	21,948	21,786
Amortisation of land use rights	9,984	10,724
Amortisation of intangible assets	26,268	26,268
Loss on disposal of property, plant and equipment	—	645

## 6. Taxation Charge

	6 months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Current taxation		
PRC corporate income tax	886,759	640,633
PRC land appreciation tax	1,489,694	378,026
Deferred taxation	154,105	198,600
	2,530,558	1,217,259

Share of taxation of associated companies and joint ventures for the six months ended 31 December 2013 of HK\$402,863,000 (2012: HK\$135,891,000) is included in the condensed consolidated income statement as share of results of associated companies and joint ventures.

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits in Hong Kong for the period (2012: Nil). PRC corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries, associated companies and joint ventures operating in the PRC at 25% (2012: 25%). PRC land appreciation tax ("LAT") 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.

In July 1999, a deed of tax indemnity was entered into between New World Development Company Limited, the ultimate holding company, and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the period, tax indemnity amounting to HK\$751,284,000 (2012: HK\$307,683,000) was effected (note 3).

## 7. Earnings Per Share

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

	6 months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	<b>3,394,594</b>	2,321,074
	Number of shares	
	2013	2012
Weighted average number of shares for calculating basic earnings per share	<b>8,667,659,582</b>	8,653,393,830
Effect of dilutive potential shares:		
Share options	<b>5,124,138</b>	3,456,379
<b>Weighted average number of shares for calculating diluted earnings per share</b>	<b>8,672,783,720</b>	8,656,850,209

## 8. Interim Dividend

	6 months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Interim dividend of HK\$0.04 (2012: HK\$ 0.03) per share	<b>346,972</b>	259,903

The directors have declared an interim dividend of HK\$0.04 per share. It will be payable on or about Thursday, 15 May 2014 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 16 April 2014.



# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 9. Capital Expenditure

For the six months ended 31 December 2013, the Group's additions to property, plant and equipment, investment properties and land use rights amounted to HK\$1,746,279,000 (2012: HK\$1,082,404,000).

## 10. Prepayments, Debtors and Other Receivables

	<b>As at 31 December 2013 HK\$'000</b>	<b>As at 30 June 2013 HK\$'000</b>
Trade debtors (note)	<b>2,957,167</b>	1,951,395
Prepaid land preparatory cost	<b>1,936,566</b>	3,173,740
Deposits for purchase of land	<b>2,914,610</b>	5,476,893
Prepayment for proposed development projects	<b>189,615</b>	188,481
Prepaid taxes	<b>1,121,651</b>	1,623,684
Other prepayments, deposits and receivables	<b>1,548,091</b>	1,402,897
	<b>10,667,700</b>	13,817,090

Note: Trade debtors mainly include sales proceed receivables, rental receivables and property management fee receivables. Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale 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. The ageing analysis of trade debtors based on invoice date is as follows:

	<b>As at 31 December 2013 HK\$'000</b>	<b>As at 30 June 2013 HK\$'000</b>
0 to 30 days	<b>1,139,614</b>	553,584
31 to 60 days	<b>276,420</b>	195,830
61 to 90 days	<b>361,653</b>	106,625
Over 90 days	<b>1,179,480</b>	1,095,356
	<b>2,957,167</b>	1,951,395

## 11. Share Capital

	<b>As at 31 December 2013 HK\$'000</b>	As at 30 June 2013 HK\$'000
Authorised:		
Shares of HK\$0.10 each	<b>3,000,000</b>	3,000,000
Issued and fully paid:		
8,671,857,755 (30 June 2013: 8,663,596,817) shares of HK\$0.10 each	<b>867,186</b>	866,360

Details of the movement in the issued and fully paid share capital of the Company are summarised as follows:

	<b>Number of shares of HK\$0.10 each</b>	<b>HK\$'000</b>
At 1 July 2012	8,649,792,519	864,979
Exercise of share options (note)	13,804,298	1,381
At 30 June 2013	<b>8,663,596,817</b>	<b>866,360</b>
Exercise of share options (note)	<b>8,260,938</b>	<b>826</b>
<b>At 31 December 2013</b>	<b>8,671,857,755</b>	<b>867,186</b>

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 11. Share Capital *(continued)*

Note:

Pursuant to the share option scheme adopted on 26 November 2002 ("2002 Share Option Scheme") and the share option scheme adopted on 22 November 2011 ("2011 Share Option Scheme"), the Company may grant options to directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. The movements in the number of share options granted during the period and the balance outstanding at 31 December 2013 are as follows:

(a) Movement of share options under the 2002 Share Option Scheme

Date of offer to grant	Exercise price per share HK\$	Number of share options			Number of share options exercisable	
		At 1 July 2013	Exercised during the period	Lapsed during the period	At 31 December 2013	At 31 December 2013
31 July 2008	3.148 <sup>1</sup>	68,369	(26,052)	(42,317)	—	—
12 November 2008	1.447 <sup>1</sup>	140,933	(140,933)	—	—	—
2 December 2008	1.290 <sup>1</sup>	844,339	(59,070)	—	785,269	785,269
3 February 2009	1.703 <sup>1</sup>	165,850	(162,568)	—	3,282	3,282
26 June 2009	3.913 <sup>1</sup>	3,130,605	(306,000)	(116,301)	2,708,304	2,708,304
19 November 2009	2.953 <sup>1</sup>	1,996,493	(1,309,584)	(103,896)	583,013	225,609
12 January 2010	2.878 <sup>1</sup>	2,749,325	(1,668,244)	(77,381)	1,003,700	382,816
18 May 2010	2.262 <sup>1</sup>	327,750	(124,681)	—	203,069	79,723
31 May 2010	2.349 <sup>1</sup>	476,597	(248,000)	—	228,597	20,805
10 November 2010	3.013 <sup>1</sup>	2,328,805	(303,049)	—	2,025,756	1,492,396
18 January 2011	3.036 <sup>1</sup>	13,331,221	(1,609,404)	(332,467)	11,389,350	6,123,980
3 May 2011	2.753 <sup>1</sup>	868,530	(409,393)	(259,823)	199,314	—
26 July 2011	2.705 <sup>1</sup>	1,447,662	(224,000)	—	1,223,662	570,199
		27,876,479	(6,590,978)	(932,185)	20,353,316	12,392,383

## (b) Movement of share options under the 2011 Share Option Scheme

Date of offer to grant	Exercise price per share HK\$	Number of share options				Number of share options exercisable	
		At 1 July 2013	Granted during the period	Exercised during the period	Lapsed during the period	At 31 December 2013	At 31 December 2013
3 May 2012	2.450 <sup>1</sup>	7,246,680	—	(1,523,960)	(241,800)	5,480,920	914,560
22 October 2012	3.370 <sup>1</sup>	722,000	—	(54,000)	—	668,000	234,800
7 January 2013	3.880 <sup>1</sup>	5,378,700	—	—	(310,000)	5,068,700	1,013,740
2 April 2013	3.350 <sup>1</sup>	2,156,000	—	(40,000)	—	2,116,000	356,000
24 June 2013	2.762 <sup>1</sup>	1,390,000	—	(52,000)	—	1,338,000	226,000
15 October 2013	4.010 <sup>1</sup>	—	1,900,000	—	—	1,900,000	380,000
		16,893,380	1,900,000	(1,669,960)	(551,800)	16,571,620	3,125,100

## Notes:

1. On dates of grant, the share options are divided into five tranches and exercisable within a period of five years commencing on the expiry of one month after the dates on which the options were accepted.
2. The weighted average share price under the 2002 Share Option Scheme and the 2011 Share Option Scheme at the time of exercise during the six months ended 31 December 2013 was HK\$3.925 per share (year ended 30 June 2013: HK\$3.642 per share) and HK\$3.905 per share (year ended 30 June 2013: HK\$3.656 per share), respectively.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 12. Long Term Borrowings

	<b>As at 31 December 2013 HK\$'000</b>	As at 30 June 2013 HK\$'000
Bank loans (note i)		
Secured	<b>7,622,996</b>	6,139,885
Unsecured	<b>16,085,827</b>	15,996,968
Loans from fellow subsidiaries (note ii)	<b>2,633,616</b>	2,629,273
Loans from non-controlling interests (note iii)	<b>50,505</b>	49,580
Advances from participating interest (note iv)	<b>2,388,154</b>	2,487,874
Fixed rate bonds (note v)	<b>8,983,596</b>	8,958,244
Other loans		
Secured	<b>71,795</b>	70,886
Unsecured	<b>128,205</b>	126,582
	<b>37,964,694</b>	36,459,292
Current portion included in current liabilities	<b>(4,991,585)</b>	(5,501,711)
	<b>32,973,109</b>	30,957,581

Notes:

(i) The bank loans are repayable as follows:

	Secured		Unsecured		Total	
	<b>As at 31 December 2013 HK\$'000</b>	As at 30 June 2013 HK\$'000	<b>As at 31 December 2013 HK\$'000</b>	As at 30 June 2013 HK\$'000	<b>As at 31 December 2013 HK\$'000</b>	As at 30 June 2013 HK\$'000
Within one year	<b>922,597</b>	1,075,295	<b>4,068,988</b>	4,376,836	<b>4,991,585</b>	5,452,131
Between one and two years	<b>3,249,289</b>	1,932,329	<b>7,586,547</b>	5,107,167	<b>10,835,836</b>	7,039,496
Between two and five years	<b>1,945,677</b>	1,642,719	<b>4,250,164</b>	6,208,535	<b>6,195,841</b>	7,851,254
After five years	<b>1,505,433</b>	1,489,542	<b>180,128</b>	304,430	<b>1,685,561</b>	1,793,972
	<b>7,622,996</b>	6,139,885	<b>16,085,827</b>	15,996,968	<b>23,708,823</b>	22,136,853

(ii) The loans from fellow subsidiaries are repayable between two and five years. The loans from fellow subsidiaries are unsecured and bear interest at three months Hong Kong Interbank Offered Rate ("HIBOR") (30 June 2013: three months HIBOR) per annum.

(iii) The loans from non-controlling interests are unsecured, bear interest at 5% (30 June 2013: 5%) per annum and have repayment terms as specified in the loan agreement.

- (iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.
- (v) On 29 March 2012 and 12th April 2012, the Company issued 8.5% bonds in the aggregate amounts of RMB2,800 million and RMB1,500 million (equivalent to approximately HK\$3,590 million and HK\$1,923 million) respectively.

RMB2,800 million of the bonds were issued at a price of 100 per cent of the principal amount. RMB1,500 million of the bonds were issued at a price of 100.972% of the principal amount, resulting in a premium on issue of RMB14.6 million (equivalent to approximately HK\$18.7 million).

These bonds bear interest with a coupon rate of 8.5% per annum, payable semi-annually in arrears on 11 April and 11 October each year. These bonds are listed on The Stock Exchange of Hong Kong Limited. The bonds will be redeemed on the maturity date on 11 April 2015 at the principal amount.

On 6 February 2013, the Company issued 5.5% bonds in the aggregate amounts of RMB3,000 million (equivalent to approximately HK\$3,846 million). The bonds were issued at a price of 100 per cent of the principal amount, bear interest at a coupon rate of 5.5% per annum, payable semi-annually in arrears on 6 February and 6 August each year. The bonds are listed on The Stock Exchange of Hong Kong Limited. The bonds will be redeemed on the maturity date on 6 February 2018 at the principal amount.

### 13. Creditors and Accruals

	<b>As at 31 December 2013 HK\$'000</b>	As at 30 June 2013 HK\$'000
Trade creditors (note i)	<b>6,189,880</b>	5,459,634
Other creditors and accruals (note ii)	<b>1,676,244</b>	1,360,218
	<b>7,866,124</b>	6,819,852

Notes:

- (i) The ageing analysis of trade creditors is as follows:

	<b>As at 31 December 2013 HK\$'000</b>	As at 30 June 2013 HK\$'000
0 to 30 days	<b>5,534,734</b>	4,899,955
31 to 60 days	<b>71,980</b>	126,292
61 to 90 days	<b>49,491</b>	61,910
Over 90 days	<b>533,675</b>	371,477
	<b>6,189,880</b>	5,459,634

- (ii) Other creditors and accruals include retention payables of construction costs, other payables and various accruals.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 14. Amounts Due to Non-Controlling Interests

The amounts due to non-controlling interests are unsecured, interest free and repayable on demand.

## 15. Guarantees

### (i) Corporate guarantees for banking facilities

The Group has corporate guarantees of approximately HK\$2,879,414,000 (30 June 2013: HK\$1,640,794,000) given in respect of bank loan facilities extended to certain joint ventures. As at 31 December 2013, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the joint ventures was approximately HK\$2,478,388,000 (30 June 2013: HK\$1,135,368,000).

### (ii) Guarantees in respect of mortgage facilities

As at 31 December 2013, the Group had 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\$1,883,736,000 (30 June 2013: HK\$1,595,251,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

## 16. Commitments

### Capital expenditure commitments

The capital expenditure commitments of the Group are as follows:

	As at 31 December 2013 HK\$'000	As at 30 June 2013 HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
Property, plant and equipment	106,121	225,079
	<b>214,121</b>	333,079
Contracted but not provided for		
Property, plant and equipment	1,710,361	1,540,295
Investment properties	1,031,184	1,360,214
	<b>2,741,545</b>	2,900,509
	<b>2,955,666</b>	3,233,588

## 17. Related Party Transactions

### (i) Transactions with related parties

The following is a summary of significant related party transactions carried out by the Group during the period in the normal course of its business:

	6 months ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Interest expense on loans from fellow subsidiaries	4,690	4,510
Rental expense for leased premises to fellow subsidiaries	9,876	10,004
Property agency fee paid to fellow subsidiaries	10,352	4,245
Purchase of goods from fellow subsidiaries and a related company	52,626	3,965
Interest income from joint ventures	35,885	46,720
Property management services fee income from fellow subsidiaries, joint ventures and related companies	26,402	20,603
Rental income from fellow subsidiaries, a joint venture and a related company	41,327	60,358
Hotel management services fee income from fellow subsidiaries, joint ventures, an associated company and related companies	60,819	42,900
Project management fee income from joint ventures and related companies	27,049	6,980
Contracting service income from related companies	280,364	—
Trademark fee income from joint ventures	—	22,308

These related party transactions were in accordance with the terms as disclosed in the 2013 annual financial statements.

- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries and related companies for the period amounted to HK\$68,749,000 (2012: HK\$77,778,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the period, tax indemnity amounting to HK\$751,284,000 (2012: HK\$307,683,000) was effected (note 6).
- (iv) During the period, the Group sold certain properties to Aerospace New World (China) Technology Limited and Shenzhen Sunlong Communication Co., Ltd., fellow subsidiaries of the Group, for a consideration of RMB17,088,000 (equivalent to HK\$21,630,000) and RMB19,608,000 (equivalent to HK\$24,820,000) respectively.
- (v) During the period, the Group acquired a hotel management company from CTF Holdings Limited, a related company of the Group at the consideration of €13,536,000 (equivalent to approximately HK\$144,835,000).



# OTHER INFORMATION

## Directors' Interests in Securities

As at 31 December 2013, the interests of the directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

### (A) Long position in shares

	Number of shares			Total	Percentage to the relevant issued share capital at 31 December 2013
	Personal interests	Family interests	Corporate interests		
<b>New World China Land Limited</b> (Ordinary shares of HK\$0.10 each)					
Dr Cheng Kar-shun, Henry	29,985,826	4,387,500	117,610,200 <sup>1</sup>	<b>151,983,526</b>	1.75
Mr Cheng Kar-shing, Peter	755,961	—	—	<b>755,961</b>	0.01
Ms Cheng Chi-man, Sonia	168,400	—	—	<b>168,400</b>	0.00
Mr Fong Shing-kwong, Michael	1,856,895	—	—	<b>1,856,895</b>	0.02
Dr Cheng Wai-chee, Christopher	387,448	—	—	<b>387,448</b>	0.00
Hon Tien Pei-chun, James	387,448	—	—	<b>387,448</b>	0.00
Mr Lee Luen-wai, John	387,448	—	—	<b>387,448</b>	0.00
<b>New World Development Company Limited</b> (Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar-shun, Henry	—	450,000	—	<b>450,000</b>	0.01
Mr Fong Shing-kwong, Michael	213,182	—	—	<b>213,182</b>	0.00
<b>NWS Holdings Limited</b> (Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar-shun, Henry	18,349,571	—	12,000,000 <sup>1</sup>	<b>30,349,571</b>	0.82
Mr Cheng Kar-shing, Peter	268,492	—	5,421,204 <sup>2</sup>	<b>5,689,696</b>	0.15
Mr Fong Shing-kwong, Michael	2,386,060	—	—	<b>2,386,060</b>	0.06
Dr Cheng Wai-chee, Christopher	2,476,863	—	—	<b>2,476,863</b>	0.07
<b>New World Department Store China Limited</b> (Ordinary shares of HK\$0.10 each)					
Ms Cheng Chi-man, Sonia	92,000	—	—	<b>92,000</b>	0.01

	Number of shares			Total	Percentage to the relevant issued share capital at 31 December 2013
	Personal interests	Family interests	Corporate interests		
<b>Dragon Fortune Limited</b> (Ordinary shares of US\$1.00 each)					
Mr Cheng Kar-shing, Peter	—	—	15,869 <sup>3</sup>	<b>15,869</b>	27.41
<b>Sun City Holdings Limited</b> (Ordinary shares of HK\$1.00 each)					
Mr Cheng Kar-shing, Peter	—	4,040,000	10,710,000 <sup>4</sup>	<b>14,750,000</b>	61.46
<b>Sun Legend Investments Limited</b> (Ordinary shares of HK\$1.00 each)					
Mr Cheng Kar-shing, Peter	—	—	500 <sup>5</sup>	<b>500</b>	50.00

## Notes:

1. These shares are beneficially owned by companies wholly-owned by Dr Cheng Kar-shun, Henry.
2. These shares are beneficially owned by a company wholly-owned by Mr Cheng Kar-shing, Peter.
3. 4,102 shares are held by a company wholly-owned by Mr Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr Cheng is deemed to be interested in 61.46% of its issued share capital.
4. These shares are held by a company of which Mr Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
5. Mr Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

# OTHER INFORMATION

## Directors' Interests in Securities *(continued)*

### (B) Long position in underlying shares — share options

#### (1) The Company

Under the share option scheme of the Company adopted on 26 November 2002, share options were granted to the undermentioned directors which entitle them to subscribe for shares of the Company and accordingly they are regarded as interested in the underlying shares of the Company. Details of the share options held by them during the period were as follows:

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options		Exercise price per share HK\$	
			Balance as at 1 July 2013	Exercised during the period		
Dr Cheng Kar-shun, Henry	18 January 2011	1	2,077,922	—	<b>2,077,922</b>	3.036
Mr Cheng Kar-shing, Peter	18 January 2011	1	831,169	—	<b>831,169</b>	3.036
Mr Cheng Chi-kong, Adrian	18 January 2011	2	935,066	—	<b>935,066</b>	3.036
Ms Cheng Chi-man, Sonia	29 December 2008	3	785,269	—	<b>785,269</b>	1.290
Mr Fong Shing-kwong, Michael	18 January 2011	1	519,481	(70,000) <sup>4</sup>	<b>449,481</b>	3.036
Ms Ngan Man-ying, Lynda	18 January 2011	1	1,038,961	—	<b>1,038,961</b>	3.036
Dr Cheng Wai-chee, Christopher	18 January 2011	1	311,688	—	<b>311,688</b>	3.036
Hon Tien Pei-chun, James	18 January 2011	1	311,688	—	<b>311,688</b>	3.036
Mr Lee Luen-wai, John	18 January 2011	1	311,688	—	<b>311,688</b>	3.036
Total			7,122,932	(70,000)	<b>7,052,932</b>	

#### Notes:

1. Divided into 5 tranches, exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
2. Divided into 3 tranches, exercisable from 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
3. Divided into 5 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011, 30 January 2012 and 30 January 2013, respectively to 29 January 2014.
4. The exercise date was 21 November 2013. On the trading date immediately before the exercise date, the closing price per share was HK\$4.330.
5. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

**(2) New World Development Company Limited**

Under the share option scheme of the holding company, New World Development Company Limited ("NWD"), the following directors have personal interests in share options to subscribe for shares in NWD and are accordingly regarded as interested in the underlying shares of NWD. Details of the share options of NWD held by them during the period were as follows:

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options		Exercise price per share  HK\$	
			Balance as at 1 July 2013	Exercised during the period		
Dr Cheng Kar-shun, Henry	19 March 2012	1	10,014,956	—	10,014,956	9.756
Mr Cheng Kar-shing, Peter	19 March 2012	1	500,747	—	500,747	9.756
Mr Cheng Chi-kong, Adrian	19 March 2012	1	3,505,234	—	3,505,234	9.756
Ms Cheng Chi-man, Sonia	19 March 2012	1	3,004,486	—	3,004,486	9.756
Mr Fong Shing-kwong, Michael	19 March 2012	2	1,755,902	—	1,755,902	9.756
Mr Lee Luen-wai, John	19 March 2012	1	500,747	—	500,747	9.756
Total			19,282,072	—	19,282,072	

*Notes:*

1. Divided into 4 tranches, exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015, respectively to 18 March 2016.
2. Divided into 3 tranches, exercisable from 19 March 2013, 19 March 2014 and 19 March 2015, respectively to 18 March 2016.
3. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

# OTHER INFORMATION

## Directors' Interests in Securities *(continued)*

### (B) Long position in underlying shares — share options *(continued)*

#### (3) **New World Department Store China Limited**

Under the share option scheme of a fellow subsidiary, New World Department Store China Limited ("NWDS"), the following directors have personal interests in share options to subscribe for shares in NWDS and are accordingly regarded as interested in the underlying shares of NWDS. Details of the share options of NWDS held by them during the period were as follows:

Name of director	Date of grant	Exercisable period <i>note</i>	Number of share options			Balance as at 31 December 2013	Exercise price per share  HK\$
			Balance as at 1 July 2013	Exercised during the period	Lapsed during the period		
Dr Cheng Kar-shun, Henry	27 November 2007	1	1,000,000	—	(1,000,000)	—	8.660
Mr Cheng Chi-kong, Adrian	27 November 2007	1	500,000	—	(500,000)	—	8.660
Ms Ngan Man-ying, Lynda	27 November 2007	1	500,000	—	(500,000)	—	8.660
Total			2,000,000	—	(2,000,000)	—	

*Notes:*

1. Divided into 5 tranches, exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012, respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
2. The cash consideration paid by each of the directors for grant of the share options is HK\$1.

## (C) Long position in debentures

### (1) The Company

The following directors have interests in the debentures issued by the Company. Details of the debentures of the Company held by them as at 31 December 2013 were as follows:

Name of director	Amount of debentures in CNY issued by the Company			Total	Percentage to the total debentures in issue as at 31 December 2013
	Personal interests	Family interests	Corporate interests		
Mr Cheng Kar-shing, Peter	—	—	10,000,000	10,000,000	0.14
Mr Cheng Chi-him, Conrad	6,000,000	—	—	6,000,000	0.08
Mr Fong Shing-kwong, Michael	5,800,000	—	—	5,800,000	0.08
Total	11,800,000	—	10,000,000	21,800,000	

Note: These debentures are held by a company wholly-owned by Mr Cheng Kar-shing, Peter.

### (2) Fita International Limited

The following director has interests in the debentures issued by Fita International Limited ("Fita"), a wholly-owned subsidiary of NWD. Details of the debentures of Fita held by him as at 31 December 2013 were as follows:

Name of director	Amount of debentures in USD issued by Fita			Total	Percentage to the total debentures in issue as at 31 December 2013
	Personal interests	Family interests	Corporate interests		
Mr Lee Luen-wai, John	1,000,000	1,000,000	—	2,000,000	0.27

Save as disclosed above, as at 31 December 2013, none of the directors, chief executives or any of their associates had or deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

## OTHER INFORMATION

### Substantial Shareholders' Interests in Securities

As at 31 December 2013, the interests or short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

#### Long position of substantial shareholders in the shares of the Company

Name	Number of shares			Percentage to the issued share capital as at 31 December 2013
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") note 1	—	6,092,601,173	<b>6,092,601,173</b>	70.26
Cheng Yu Tung Family (Holdings II) Limited ("CYTF II") note 1	—	6,092,601,173	<b>6,092,601,173</b>	70.26
Chow Tai Fook Capital Limited ("CTFC") note 1	—	6,092,601,173	<b>6,092,601,173</b>	70.26
Chow Tai Fook (Holding) Limited ("CTFH") note 1	—	6,092,601,173	<b>6,092,601,173</b>	70.26
Chow Tai Fook Enterprises Limited ("CTF") note 2	—	6,092,601,173	<b>6,092,601,173</b>	70.26
New World Development Company Limited ("NWD") note 3	5,721,977,644	370,623,529	<b>6,092,601,173</b>	70.26

Notes :

1. CYTF and CYTF II hold 48.98% and 46.65% interests in CTFC, respectively. CTFC in turn owns 78.58% interest in CTFH which holds the entire interests in CTF. Therefore, CYTF, CYTF II, CTFC and CTFH are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and accordingly CTF is deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
3. The number of shares held under the corporate interests of NWD includes 255,041,727 shares held by Easywin Enterprises Corporation Limited, its wholly-owned subsidiary, 22,508,064 shares held by Great Worth Holdings Limited, its 60.90% owned subsidiary, and 93,073,738 shares held by High Earnings Holdings Limited, its 61.10% owned subsidiary.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2013.

## Share Option Scheme

On 26 November 2002, the Company adopted a share option scheme ("2002 Share Option Scheme") pursuant to which employees, including directors, of the Group were given opportunity to obtain equity holdings in the Company. In anticipation of its expiry on 26 November 2012, the Company has adopted a new share option scheme ("2011 Share Option Scheme") at the annual general meeting of the Company held on 22 November 2011 and terminated the operation of the 2002 Share Option Scheme. Any share options which were granted under the 2002 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2002 Share Option Scheme.

During the six months ended 31 December 2013, movement of share options granted to the directors and employees of the Group under the 2002 Share Option Scheme and the 2011 Share Option Scheme was as follows:

- (A) Movement of share options granted to directors was disclosed under the heading "Directors' interests in securities" above.
- (B) Movement of share options granted to employees under the 2002 Share Option Scheme was as follows:

Date of grant	Number of share options <i>note 1</i>					Outstanding as at 31 December 2013	Exercise price per share  HK\$
	Balance as at 1 July 2013	Exercised during the period <i>note 2</i>	Re-classified during the period <i>note 3</i>	Lapsed during the period			
31 July to 27 August 2008	68,369	(26,052)	—	(42,317)	—	3.148	
12 November to 9 December 2008	140,933	(140,933)	—	—	—	1.447	
2 December to 29 December 2008	59,070	(59,070)	—	—	—	1.290	
3 February to 2 March 2009	165,850	(162,568)	—	—	<b>3,282</b>	1.703	
26 June to 23 July 2009	3,130,605	(306,000)	—	(116,301)	<b>2,708,304</b>	3.913	
19 November to 16 December 2009	1,996,493	(1,309,584)	—	(103,896)	<b>583,013</b>	2.953	
12 January to 2 February 2010	2,749,325	(1,668,244)	—	(77,381)	<b>1,003,700</b>	2.878	
18 May to 14 June 2010	327,750	(124,681)	—	—	<b>203,069</b>	2.262	
31 May to 25 June 2010	476,597	(248,000)	—	—	<b>228,597</b>	2.349	
10 November to 7 December 2010	2,328,805	(303,049)	—	—	<b>2,025,756</b>	3.013	
18 January to 14 February 2011	6,162,389	(1,539,404)	831,169	(332,467)	<b>5,121,687</b>	3.036	
3 May to 30 May 2011	868,530	(409,393)	—	(259,823)	<b>199,314</b>	2.753	
26 July to 22 August 2011	1,447,662	(224,000)	—	—	<b>1,223,662</b>	2.705	
Total	19,922,378	(6,520,978)	831,169	(932,185)	<b>13,300,384</b>		



## OTHER INFORMATION

### Share Option Scheme *(continued)*

(C) Movement of share options granted to employees under the 2011 Share Option Scheme was as follows:

Date of grant	Number of share options <i>note 1</i>				Outstanding as at 31 December 2013	Exercise price per share
	Balance as at 1 July 2013	Granted during the period <i>note 4</i>	Exercised during the period <i>note 2</i>	Lapsed during the period		
3 May to 30 May 2012	7,246,680	—	(1,523,960)	(241,800)	<b>5,480,920</b>	2.450
22 October to 16 November 2012	722,000	—	(54,000)	—	<b>668,000</b>	3.370
7 January to 1 February 2013	5,378,700	—	—	(310,000)	<b>5,068,700</b>	3.880
2 April to 29 April 2013	2,156,000	—	(40,000)	—	<b>2,116,000</b>	3.350
24 June to 25 June 2013	1,390,000	—	(52,000)	—	<b>1,338,000</b>	2.762
15 October to 17 October 2013	—	1,900,000	—	—	<b>1,900,000</b>	4.010
Total	<b>16,893,380</b>	<b>1,900,000</b>	<b>(1,669,960)</b>	<b>(551,800)</b>	<b>16,571,620</b>	

Notes:

1. The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years.
2. The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme and the 2011 Share Option Scheme was HK\$3.891 and HK\$3.879, respectively.
3. The share options were re-classified as employee's interests upon the resignation of a director of the Company on 1 July 2013.
4. The closing price per share immediately before 15 October 2013, the date of offer to grant, was HK\$3.960.

The fair value of the share options granted during the period with exercise price per share of HK\$4.010 is estimated at HK\$1.530 using the Binomial pricing model. Value is estimated based on the risk-free rate at 1.19% per annum with reference to the rate prevailing on the Exchange Fund Notes, a 5.08 year period historical volatility of 51.49%, assuming dividend yield of 1.89% and an expected option life of five years.

The Binomial pricing model required input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

## Continuing Obligations under Chapter 13 of the Listing Rules

### Banking facilities with covenants relating to specific performance of the controlling shareholder

In accordance with the requirements under rule 13.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), the directors of the Company reported below details of loan facilities, which exist at any time during the period and include conditions relating to specific performance of the controlling shareholder of the Company.

On 28 May 2010, the Company obtained a five-year term loan facility of up to HK\$1,000,000,000 and another term loan facilities of up to an aggregate principal amount of HK\$1,000,000,000 on 23 May 2011, which comprised a five-year term loan facility of up to a principal amount of HK\$500,000,000 and a three-year term loan facility of up to a principal amount of HK\$500,000,000 which are available in RMB, to finance general working capital of the Company. On 30 May 2012, the Company was granted a three-year term loan facility of HK\$500,000,000 to fund the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company’s existing loans and was further granted a three-year term loan facility of HK\$920,000,000 on 17 December 2012 to finance general working capital requirement of the Company and its subsidiaries.

On 29 October 2009, Superb Wealthy Group Limited (“Superb Wealthy”), a wholly-owned subsidiary, was granted a four-year loan facility of HK\$250,000,000. It also obtained loan facilities of HK\$500,000,000 and HK\$700,000,000 on 28 May 2010 and 5 July 2010, respectively and loan facilities of HK\$400,000,000, HK\$700,000,000 (revised to HK\$400,000,000 in August 2012) and HK\$100,000,000 for a term of three to five years on 16 August 2011, 28 September 2011 and 21 October 2011, respectively. It was further granted loan facilities of HK\$200,000,000, HK\$450,000,000, HK\$500,000,000 and HK\$630,000,000 on 4 January 2012, 7 May 2012, 30 July 2012 and 19 December 2012, respectively and loan facilities of HK\$400,000,000, HK\$600,000,000 and HK\$500,000,000 for a term of two to four years on 22 February 2013, 19 April 2013 and 24 May 2013, respectively.

On 11 April 2011, New World China Finance (BVI) Limited (“NWCF”), a wholly-owned subsidiary, was granted a three-year term loan facility of HK\$200,000,000 and additional facilities in an aggregate amount of HK\$1,200,000,000 and USD38,560,500 with a tenor of three years on 19 June 2012. New World Development (China) Limited (“NWDC”), a wholly-owned subsidiary, was also granted a three-year term loan facility of HK\$500,000,000 on 9 July 2012. On 24 September 2012, Spread Glory Investments Limited (“Spread Glory”), a wholly-owned subsidiary, was also granted a three-year loan facility of HK\$600,000,000. The facilities obtained by Superb Wealthy, NWCF, NWDC and Spread Glory will be utilised to finance the investment in property projects, repay borrowings and fund the general working capital requirement of the Company and its subsidiaries. On 25 July 2011, New World Hotel Management (BVI) Limited, a wholly-owned subsidiary, was granted a five-year term loan facility of HK\$1,000,000,000 to finance part of the consideration for acquiring a hotel management group.

Upon the granting of the above loan facilities, the Company undertook to the lenders that NWD would retain an interest of at least 51% in the issued share capital of the Company, or would maintain 51% of the voting rights attached to the issued share capital of the Company throughout the terms of the facilities. Failure to perform the undertaking will constitute an event of default. If the event of default continues and has not been waived by the lenders, the outstanding liability under the loan facilities will become immediately due and payable and the loan facilities will be terminated.

# OTHER INFORMATION

## Update on Directors' Information

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of the directors of the Company since the date of the 2013 Annual Report are set out below:

1. Dr Cheng Wai-chee, Christopher retired as a member of the Hong Kong Government Exchange Fund Advisory Committee with effect from 10 December 2013.
2. Mr Ip Yuk-keung, Albert was appointed as a member of the Committee on Certification for Principalship, Education Bureau of the Hong Kong Government on 1 January 2014 and was appointed as an Independent Non-Executive Director of Power Assets Holdings Limited, a listed public company in Hong Kong, on 29 January 2014.

## Interim Dividend

The directors have declared an interim dividend of HK\$0.04 per share for the year ending 30 June 2014. It will be payable on or about Thursday, 15 May 2014 to shareholders whose names appear on the Register of Members on Wednesday, 16 April 2014.

## Closure of Register of Members

The Register of Members will be closed from Tuesday, 15 April 2014 to Wednesday, 16 April 2014 (both days inclusive). In order to establish entitlements to the declared interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:30pm on Monday, 14 April 2014.

## Audit Committee

Audit Committee was established in accordance with requirements of the 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 unaudited interim financial statements for the six months ended 31 December 2013 and discussed the financial related matters with management and external auditor. The unaudited interim financial statements of the Group for the six months ended 31 December 2013 have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## Corporate Governance Code

The Company has complied with the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 31 December 2013, 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.

## 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 period under review.

## Purchase, Sale or Redemption of the Company's Listed Securities

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

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Dr Cheng Kar-shun, Henry  
*(Chairman and Managing Director)*  
 Mr Cheng Kar-shing, Peter  
 Mr Cheng Chi-kong, Adrian  
 Ms Cheng Chi-man, Sonia  
 Mr Cheng Chi-him, Conrad  
 Mr Fong Shing-kwong, Michael  
 Ms Ngan Man-ying, Lynda

### Independent Non-Executive Directors

Dr Cheng Wai-chee, Christopher  
 Hon Tien Pei-chun, James  
 Mr Lee Luen-wai, John  
 Mr Ip Yuk-keung, Albert

## Company Secretary

Ms Ngan Man-ying, Lynda

## Auditor

PricewaterhouseCoopers

## Principal Bankers

Bank of China (Hong Kong) Limited  
 Bank of Communications Co., Ltd.  
 The Bank of East Asia, Limited  
 China Merchant Bank Co., Limited  
 China CITIC Bank International Limited  
 Hang Seng Bank Limited  
 The Hongkong and Shanghai Banking Corporation Limited  
 Sumitomo Mitsui Banking Corporation  
 Industrial and Commercial Bank of China (Asia) Limited

## Registered Office

P.O. Box 309  
 Uglan House  
 Grand Cayman KY1-1104  
 Cayman Islands

## Head Office and Principal Place of Business in Hong Kong

9/F., New World Tower 1  
 18 Queen's Road Central  
 Hong Kong

## Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited  
 4/F., Royal Bank House  
 24 Shedden Road  
 George Town  
 Grand Cayman KY1-1110  
 Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited *(note)*  
 26/F., Tesbury Centre  
 28 Queen's Road East  
 Hong Kong

## Stock Code

Hong Kong Stock Exchange 00917

## Investor Information

For more information about the Group please contact the Corporate Communications Department at: New World China Land Limited  
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## Website

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

## **Chinese Version**

The Chinese version of this Interim Report is available  
on request from New World China Land Limited.  
Where the English and the Chinese texts conflict,  
the English text prevails.

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