



New World China Land Limited

(Stock Code: 00917)



ANNUAL REPORT 2012



Transforming city vistas

We have dedicated ourselves in rejuvenating old city neighbourhood through comprehensive redevelopment plans. As a living embodiment of China's cosmopolitan life, these mixed-use redevelopments have been undertaken to rejuvenate the old city into vibrant communities characterised by eclectic urban housing, ample public space, shopping, entertainment and leisure facilities.



Spurring business opportunities

We have developed large-scale multi-purpose commercial complexes, all well-recognised city landmarks that generate new business opportunities and breathe new life into throbbing hearts of Chinese metropolitans.

MISSIONS



Creating modern communities

We pride ourselves on having created large scale self-contained communities that nurture family living and promote a healthy cultural and social life.



Refining living lifestyle

Our resort-style residential properties bring together exotic tropical landscape and mood-inspiring architecture. In addition to redefining aesthetic standards and envisioning a new way of living, we enable owners and residents to experience for themselves the exquisite and sensual lifestyle enjoyed by home buyers around the world.



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PROPERTY PORTFOLIO

BRAND VALUES AND ESSENCE

Unsurpassed Quality and Long Term Value

No matter what products or services we are offering, “Quality” is always at our heart. Our continuous adherence to excellent quality has won long term reliable reputation in the market. We choose the best locations in town to develop world-class properties with quality property management services. Our determination in providing the best contributes to preservation of asset value in the long run.

Comprehensive Property Development

We develop wide ranges and types of properties to cater for varying demands on sizes and functions from different market segments. Our dedicated professionalism and wide embracing experiences in project planning and execution have enabled us to handle the stringent demand of multi-product lines with ease.

Building City and Corporate Sustainability

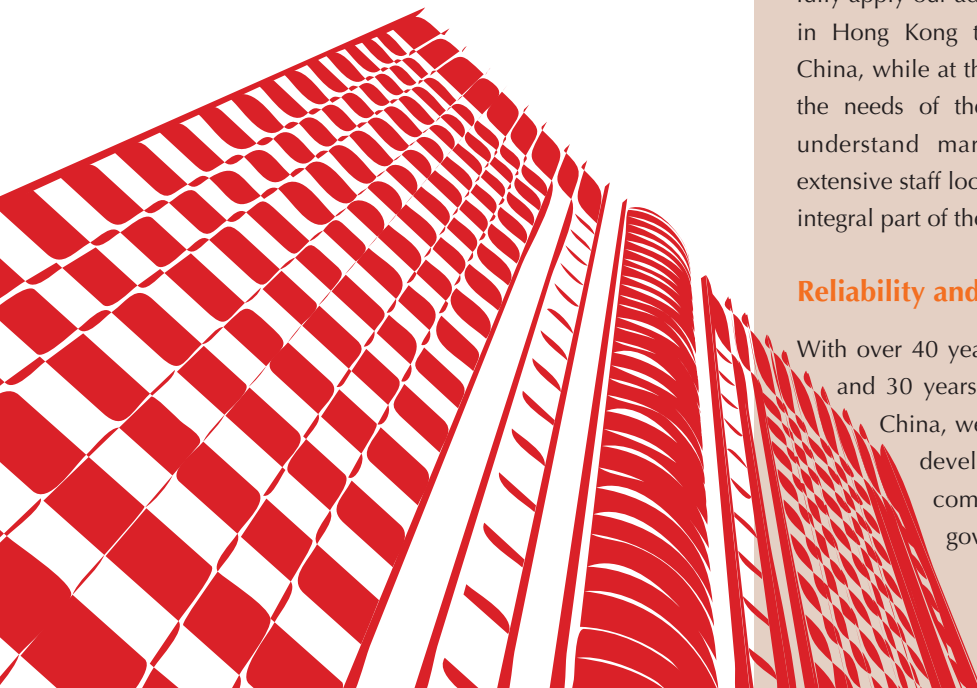
We value corporate sustainability and are actively involved in continuous development of the local community. We commit ourselves to long term urban redevelopment projects, and participate enthusiastically in national and local charity programmes. Our good corporate behavior has inspired the locals in joining us to create a more harmonious society.

Localised Hong Kong Brand

As a Hong Kong based and well recognised brand, we fully apply our advanced and wide embracing experience in Hong Kong to property development in Mainland China, while at the same time develop projects that meet the needs of the city. We value local concepts, we understand market operation and culture through extensive staff localisation, and as a result, we become an integral part of the local community.

Reliability and Reputation

With over 40 years of property development experience and 30 years of investment experience in Mainland China, we are undoubtedly a mature and reliable developer with outstanding reputation in complying with local market rules and government regulations.





By type	sq. m.
Properties under development/held for development	27,623,067
Completed investment properties	2,090,140
Completed hotel properties	224,635
Total	29,937,842

By usage	sq. m.
Residential	17,321,320
Commercial	3,571,622
Office	1,120,657
Hotel	794,389
Carpark and others	7,129,854
Total	29,937,842

By location	sq. m.
Beijing	1,562,260
Tianjin	408,035
Langfang	751,772
Tangshan	229,045
Jinan	298,568
Shenyang	3,921,653
Anshan	1,343,278
Dalian	254,997
Wuhan	3,043,632
Shanghai	263,085
Nanjing	52,794
Changsha	898,108
Chengdu	3,772,893
Guiyang	4,289,824
Guangzhou	2,486,269
Foshan and Pearl River Delta	2,475,095
Haikou	2,787,667
Others	1,098,867
Total	29,937,842

【 CHAIRMAN'S STATEMENT 】



To Our Shareholders,

Under the background of sluggish global economic recovery, where the Europe economy faced possible further recession, the US economy lacked growth momentum and the economic growth in emerging economies has slowed down, the Chinese economy, being one of the emerging economies important to the recovery of global economy, was no exception. In the latest *World Economic Outlook* released by the International Monetary Fund, the economic growth forecast of China for 2012 and 2013 has been revised downwards. In response to the downward pressure caused by external markets on the domestic economy, the People's Bank of China has lowered the reserve requirement ratio three times and the benchmark lending interest rate twice since December 2011, in a bid to ensure sufficient market liquidity and sustain economic growth momentum. According to the latest half-yearly economic report published by the National Bureau of Statistics of China, preliminary estimate of annual GDP growth was 7.8% during the first half of 2012, which was generally higher than the yearly target of 7.5% annual growth set previously, albeit a slower growth in the second quarter compared to the first quarter.

In response to the challenges facing the current global economic conditions, the Central Government, Europe, US and emerging economies aim to mitigate the risks and impacts arising from economic downturn by implementing a series of stimulus measures and adjusting economic development strategies. The Central Government is gradually shifting from the previous focus of rapid economic growth to new growth models and benefits from sound economic system and policies. Following a dual model, sufficient market liquidity is maintained by adopting relaxed monetary policies, such as low interest rate, to stimulate the economy, while sustainable economic development strategies are implemented through the Central Government's strengthened support to infrastructure construction and community welfare undertakings, in a bid to reduce over reliance on exports, increase consumption power per capita, stimulate domestic consumption and spending growth.

【 CHAIRMAN'S STATEMENT 】

As the property market is one of the important growth drivers of China's economy, the Central Government emphasised that it will insist on strengthening property market control in recent years, so as to ensure execution and functioning of control policies. In fact, home purchase restriction and credit control measures implemented in a number of major cities in 2011 have already resulted in substantial adjustment to transaction volume and overall property prices. Such measures have been proved successful in curbing speculative activities and bringing property prices back to reasonable levels. In March 2012, the Central Government and the national financial institutions moderately adjusted control measures to increase market liquidity in response to community development and property market trend. As concrete demand for new purchases and upgrades increased given the low probability for a new round of control measures, the property market sentiment gradually picked up with higher transaction volume and stable property prices.

Wen Jiabao, Premier of the State Council, reiterated that the Central Government will continue to put efforts on property market regulation and low-income housing construction in the 2012 Report on the Work of the Government. Provided that quality is ensured, five million units of low-income housing will be completed and seven million units will commence construction. Low-income housing construction, allocation, administration and exit systems will be further optimised. Effective measures will be adopted to increase ordinary commodity housing supply, reform the property taxation system and promote steady and healthy development of the property market in the long run. On such development basis, the property and real estate markets in Mainland China are expected to undergo further consolidation. On the supply chain front, less competitive small- to medium-sized enterprises will be eliminated, providing the market with solid development foundation and the room for development of more outstanding enterprises. On the demand chain front, low-income individuals will be given opportunities to move up to the middle-income class through low-income housing, nurturing new driving forces for the property market. Both of the foregoing will benefit market development in the long run.

Under the current worldwide market conditions, it is generally anticipated that the Central Government, around the convening of the 18th National People's Congress, will adhere to its stable principle on economic development so as to prevent volatility in the market. Through adopting relaxed monetary policies and persistent attitude towards the property market, initiatives will be taken to intensify and adjust macroeconomic measures already introduced in a timely manner. Efforts will also be put to boost domestic consumption and consumer demand, and actively promote trade balance, in a bid to maintain the stable development momentum of the overall economy and the overall focus to ensure healthy and steady development of the property market.

Leveraging upon its extensive experience in property development and its veteran and practical management team, NWCL is committed to maintaining its creativity and adaptability. Throughout years, NWCL has already established itself as a creditworthy national brand by catering to the needs of various home buyers in the market with its sound resource management and diverse property development concept, as well as dual development of high-end and quality products suiting the general public. In response to the vast concrete demand for home purchase generated from the property market which has returned to a more rational position, we offer unit types catering to the actual needs of the market and the mass public, thereby creating spacious room for development. In response to the demand from upgraders with strong financial strength generated from the rapid economic development in recent years, we also offer deluxe, superior and multi-functional products catering to the lifting lifestyle.

The Group currently has a landbank of over 27 million sq. m. in Mainland China with projects spreading across over 20 major hub cities of different tiers. Of which, over 70% of our residential floor area are in second- and third-tier cities. Greater development potential were seen in second- and third-tier cities, where economic development is rapid, room for population growth is ample and urban redevelopment projects have created strong inelastic demand for housing. Projects in these areas, which are making increasing contributions to the property sales segment of the Group, achieved satisfactory growth in overall gross profit margin.

The Group will continue to develop property operations in Mainland China by adopting diversified property development concepts, closely monitoring overall environment at home and abroad, adhering to our prudent management principle and innovative ideas. We will focus on development of our existing landbank, expedite development progress, improve production flow, strictly control costs through product standardisation and centralised regional procurement, timely adjust development plans based on market changes and maintain good progress of property sales, so as to achieve the goal of rapid sales and high turnover. While accelerating capital returns, customers will enjoy the best experience we offer with our quality products, customer-oriented sales and after sales service.

With a sound financial position of a healthy net gearing level and sufficient credit facilities, the Group will be able to grasp market opportunities and respond to challenges. While remaining cautiously optimistic about the Mainland China property market, the Group will also keep a close eye on the overall situation at home and abroad so as to safeguard the best interest of its stakeholders.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 26th September 2012

【 FINANCIAL HIGHLIGHTS 】

Operating Result (HK\$'000)	FY2012	FY2011
Revenues		
Company and subsidiaries	12,528,755	13,557,227
Share of associated companies and jointly controlled entities (note 1)	1,147,358	2,065,056
	13,676,113	15,622,283
Representing:		
Sale of properties	10,593,440	14,009,580
Income from land preparatory work	723,795	—
Rental income	1,056,810	900,493
Income from hotel operation	470,782	502,619
Property management services fee income	362,353	177,608
Hotel management services fee income	468,933	31,983
	13,676,113	15,622,283
Gross Profit		
Company and subsidiaries	5,641,516	4,256,277
Share of associated companies and jointly controlled entities (note 2)	599,827	852,573
	6,241,343	5,108,850
Profit attributable to equity holders of the Company	3,080,929	3,025,826
Earnings per share (HK cents)		
Basic	42.04	50.55
Diluted	41.72	50.06
Dividend per share (HK cents)		
Interim	3.00	3.00
Final	4.00	4.00
Full year	7.00	7.00
Financial Position (HK\$'million)	As at 30th June 2012	As at 30th June 2011
Cash and bank balances	13,257.6	10,650.7
Total assets	98,123.6	79,534.9
Total liabilities	46,398.5	35,486.1
Capital and reserves attributable to the Company's equity holders	48,752.0	41,694.2
Financial Ratios		
Current ratio (times)	2.29	2.10
Net debt to equity ratio	29.4%	23.3%

Note 1: It represents attributable share of revenues of associated companies and jointly controlled entities to the Group.

Note 2: It represents attributable share of gross profit of associated companies and jointly controlled entities to the Group.

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

FY2012
13,676,113

FY2011
15,622,283

GROSS PROFIT (note 2)
(HK\$'000)

FY2012
6,241,343

FY2011
5,108,850

**PROFIT ATTRIBUTABLE TO
EQUITY HOLDERS OF THE COMPANY**
(HK\$'000)

FY2012
3,080,929

FY2011
3,025,826

TOTAL ASSETS
(HK\$'million)

30th June 2012
98,123.6

30th June 2011
79,534.9

**CAPITAL AND RESERVES
ATTRIBUTABLE TO
THE COMPANY'S EQUITY HOLDERS**
(HK\$'million)

30th June 2012
48,752.0

30th June 2011
41,694.2

CASH AND BANK BALANCES
(HK\$'million)

30th June 2012
13,257.6

30th June 2011
10,650.7

Note 1: It represents revenues of the Company and subsidiaries plus share of revenues of associated companies and jointly controlled entities attributable to the Group as tabulated on page 8.

Note 2: It represents gross profit of the Company and subsidiaries plus share of gross profit of associated companies and jointly controlled entities attributable to the Group as tabulated on page 8.

【 NEW LIVING 】

Chinese people regard their home as the epicentre of all family activities. We cherish the quality times spending together at home. It is the quintessence of Chinese living, the sense of belonging and cultural roots, even in the modern sense.



家給

人足





BUSINESS REVIEW

BEIJING

Highlights

Driven by construction of the National Science and Technology Financial Innovation Centre, financial system, mechanism and products as well as service innovation in Beijing have been largely promoted in recent years. The finance industry served as a driving force to Beijing's economic and social development by improving the financial development environment, safeguarding financial soundness and stability and laying a solid foundation for development. In the first half of 2012, Beijing's finance industry achieved an added value of RMB126.5 billion, representing a year-on-year increase of 13%. Such added value accounted for 15% of the city's GDP and contributed 25% of the city's economic growth, ranking the 1st among tertiary industries in terms of growth rate and contribution.

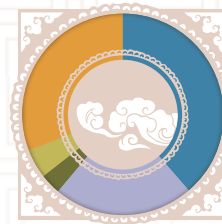


In terms of total number of listed companies, Beijing currently ranks the top-tier of the nation. As at June 2012, Beijing has 213 A-share listed companies, ranking the 2nd on a nationwide basis. Market capitalisation of listed companies aggregated to RMB7.8 trillion, accounting for 35% of the whole country. Among which included 50 companies listed on the GEM board, ranking the 1st on a nationwide basis ever since the establishment of the GEM board. On the corporate development front, there are five new foreign-invested finance companies in the first half of 2011, representing a year-on-year increase of 25%. UBS (China) Limited and J.P. Morgan First Capital Securities Company Limited were approved to establish their business in Beijing, making a total of eight foreign banks and 18 foreign securities companies in the city. Sizable international finance companies establishing their presence in Beijing has brought momentum to the development of local economic and finance industry services.

Upon approval by the State Council, the Outline of Zhongguancun National Self-innovation Model Zone Development (2011–2020) has marked the lifting of financial innovation work in Beijing to a national strategic level. In August 2012, nine PRC ministries and commissions and the Beijing Municipal Government jointly promulgated the Opinions on Construction of National Science and Technology Financial Innovation Centre in Zhongguancun National Self-innovation Model Zone, supporting the construction of National Science and Technology Financial Innovation Centre in Zhongguancun in eight years as well as facilitating the integration of technology and finance. Pursuant to the Opinions, technological and financial institutions and agency service organisations will be introduced to and developed in Zhongguancun in 2013, and then the development of the Innovation Centre will be completed in three phases in 2013, 2015 and 2020, respectively. Upon completion, the Centre will help to build a new layout for finance innovation and development in Beijing.

Beijing development properties

Five major properties with total GFA 1,124,607 sq. m.



- Residential 38.8%
- Commercial 22.5%
- Office 3.4%
- Hotel 4.7%
- Carpark and others 30.6%



- Railway Station
- Subway line
- Pedestrian subway
- 1 Beijing Xin Yi Garden
- 2 Beijing New View Garden
- 3 Beijing Xin Yu Garden
- 41 Beijing New World Centre Phase I
- 42 Beijing New World Centre Phase II
- 46 Beijing Baoding Building Shopping Arcade
- 59 pentahotel Beijing



BUSINESS REVIEW - BEIJING

Property Portfolio

Shicang 168 (世藏168), a new phase of residential project of Beijing New View Garden, is situated at the prime location in Second Ring Road and in close proximity to the bustling Chongwenmenwai Street. It enjoys convenient transportation through Subway Line No. 2 and No. 5 with a comprehensive range of supporting facilities. Unit size of the project ranges from 70 sq. m. to 140 sq. m., with a variety of unit types catering to the needs of different home buyers. A total of 168 residential units were launched under the project in July 2012 and market response was very encouraging.



Beijing Yanjing Building, a commercial project of the Group in Chongwen District, is in close proximity to Tiantan Park, a famous historic spot. It has a total GFA of 31,000 sq. m.. Under the mature business atmospheres of the New World commercial hub and Hongqiao commercial hub, the project is poised to become a new business and shopping spotlight in the region.



Beijing Xin Yi Garden Phase III, situated at Qinian Street, Chongwen District, is a complex building comprising the mix of five-star hotel, office and commercial, with a total GFA of 86,000 sq. m.. In particular, the hotel portion, offering 309 rooms, will soon be completed and is expected to commence operations in 2013.



Beijing Yuzhuang Project, a low-density residential project with a total GFA of 156,000 sq. m., is located in Wenyu River Green Corridor in Gaoliying Town, Shunyi District. With its close proximity to the Science and Technology Park exit of Beijing-Chengde Expressway, the project offers convenient transportation. It is now in the stage of planning and will be developed into a high-end residential community.



With Beijing New World Centre as the centre of development, the large-scale commercial hub situated in Chongwenmenwai Street represents a convergence of commercial, office, hotel and apartment and has achieved satisfactory occupancy rate. In particular, the commercial portion, which has a total GFA of 121,000 sq. m., provides one-stop comprehensive services to consumers. Renovation of pentahotel Beijing is also close to completion.



Beijing residential completion schedule sq. m.

FY2013	
Beijing New View Garden Phase III	18,146
Total	18,146



BUSINESS REVIEW

TIANJIN

Highlights

Increasing efforts were seen in changing the model of economic development and adjusting the economic structure of Tianjin in recent years. Supported by major project construction and driven by scientific and technological innovation, tertiary industries have been further optimised and new progress has been achieved in industry structure adjustment. Pursuant to the requirement of “approve one among every three projects”, total investment amounted to RMB330 billion and a total of 700 projects were completed in Tianjin in 2011, accomplishing the annual target. In addition, strengthening financial and monetary support for the development of small- to medium-sized science and technology enterprises has increased the number of newly established small- to medium-sized science and technology enterprises, where 8,500 were added to the total number of 21,000, bringing new growth momentum to local economy.



By stepping up efforts to create a more open-doored Tianjin, utilisation of foreign investment in the city reached USD13 billion in 2011. 170 large-scale projects with investment value of over USD10 million have kick-started and a total of 150 global-500 enterprises have invested in Tianjin. Currently, a total of 106 global-500 enterprises have been attracted to start their business merely in the Binhai New Area, investing in an aggregate of 256 projects. Total, Unilever and ThyssenKrupp have already established their presence in Tianjin since 2012, while Samsung, Novozymes and John Deere continued to increase their investment and production volume. Total utilisation of foreign investment and domestic investment in Tianjin are expected to grow by 12% and 20% respectively in 2012.

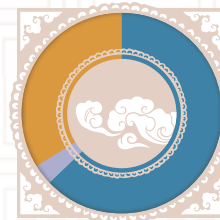
Property Portfolio

Tianjin Xin Hui Hua Ting is situated at the centre of Heping District. The project comprised high-rise residential units, high-end apartments and commercial facilities. As a multi-functional and integrated development community, Tianjin Xin Hui Hua Ting is an integration of classic architecture style, natural garden landscape planning and intellectual property services, etc., and is planned to develop into a project with high quality and innovation.

During the year under review, a total of 528 residential units, which were primarily two bedroom and three bedroom units, were launched for pre-sale under Tianjin Xin Hui Hua Ting. Over a thousand people visited the project on the launch day and market response was overwhelming. Currently, 97% have been sold.

Tianjin development property

One property with total GFA 301,641 sq. m.



- Residential 62.8%
- Commercial 3.5%
- Carpark and others 33.7%



- Subway line
- Bridge
- 9 Tianjin Xin Hui Hua Ting
- 47 Tianjin Xin An New World Plaza
- 48 Tianjin New World Garden

Tianjin residential completion schedule sq. m.

FY2014	
Tianjin Xin Hui Hua Ting	189,401
Total	189,401



BUSINESS REVIEW

LANGFANG

Highlights

Favourable factors including integration of regional economy of Beijing, Tianjin and Hebei, implementation of the “expanding to east, widening to south” strategy in Beijing, the location of the new Beijing Capital Airport at the junction of Beijing and Langfang and expedited construction of the pan-capital green economic circle have provided further momentum for Langfang. Langfang has long been recognised as “the corridor connecting Beijing and Tianjin and the centre location of Bohai Rim”. Adhering to the integrated development plan of Beijing and Tianjin, construction of the Beijing-Tianjin-Hebei Electronic Information Corridor and Bohai Rim Leisure Business Centre in Langfang will be expedited in a bid to achieve the development goal of “active integration, full connection, city integration, mutual complementation and win-win situation”.



In the coming five years, infrastructure construction in Langfang will be in the direction of integration of regional economy of Beijing, Tianjin and Hebei. During the Twelfth Five-Year Period, Langfang initially planned to invest RMB68 billion in transportation construction, which is six times of that during the Eleventh Five-Year Period. In 2012, Langfang will speed up the construction of Beijing-Taipei Expressway and Mizhuo Expressway, and ensure completion and commencement of operations of Langfang-Cangzhou Expressway and the branch line of Mizhuo Expressway during the year. Besides, preparation work for Tianjin-Shijiazhuang Expressway and Tangshan-Langfang Expressway are under planning. Upon completion of the Beijing-Tianjin-Langfang half-hour traffic circle, it will take less than half an hour to drive from Langfang to Beijing or Tianjin.

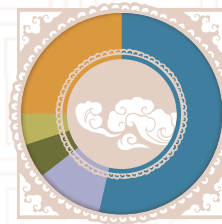
Property Portfolio

Situated in the key commercial centre of Hebei Province, Langfang New World Centre has a total GFA of 386,000 sq.m.. It is a large-scale complex comprising high-end shopping mall, five-star hotel, quality apartment and superior office. It is expected that the project will be launched to the market in 2013, which will create favourable business opportunities and living environment. The residential portion of Langfang New World Centre will be built as a large-scale and quality community. Given its vast development potential, the project has already drawn extensive attention at present. The project is currently under construction and will offer a total of 803 residential units.

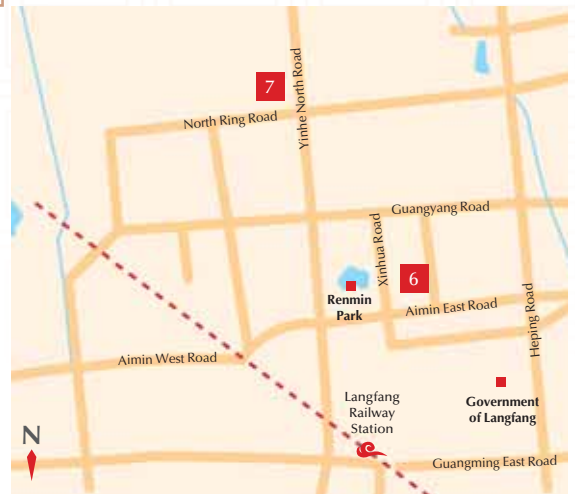
Langfang New World Garden, a project located in the gateway connecting Beijing and Langfang, comprises residential units and supporting commercial community. The project will be developed into a high-quality living community. It provides a total of 1,754 residential units.

Langfang development properties

Two major properties with total GFA 751,772 sq. m.



- Residential 53.7%
- Commercial 10.8%
- Office 5.6%
- Hotel 5.1%
- Carpark and others 24.8%



- Railway
- Railway Station
- 6 Langfang New World Centre
- 7 Langfang New World Garden

Langfang residential completion schedule sq. m.

FY2014	
Langfang New World Centre	17,437
Total	17,437



BUSINESS REVIEW

JINAN

Highlights

Under the development strategy of “expanding to east and moving to west, managing the south and crossing the north, and dispersing in the centre”, the development layout of “One City and Three Regions” will be formed in the city centre of Jinan to significantly enhance city functions. In particular, with the implementation of the “moving to west” strategy, the Western New Town, being regarded as “New Gate of Qilu, New Commercial Port of Quancheng, New Centre of the City”, will become a new spotlight of Jinan’s development. Western New Town will offer ample room for future development as Beijing-Shanghai High-speed Railway and Jinan Western Railway Station commence operations, bringing closer the distance among Jinan and Beijing-Tianjin-Hebei, Yangtze River Delta and Bohai Rim economic circles.



As a modern and extensive city complex, Western New Town is enough for a population up to 600,000 and is attempted to develop into a centralised area for modern service industry. Currently, 10 complex projects within the Western New Town have commenced construction, including commercial complex development projects of a number of renowned property developers with a total GFA of over 10 million sq. m. and total investment of RMB70 billion. 15 projects with a total GFA of approximately 14 million sq. m. and total investment of RMB130 billion are under negotiation and have entered into letters of intent.

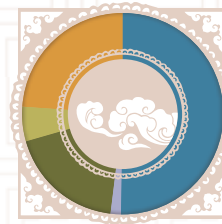
In the core location of Western New Town located to the west of Second Ring of Huaiyin District, the focus of construction will be the “three centres”. Driven by modern service industries such as commercial, exhibition and cultural industries and leveraging upon the advantages brought by the Beijing-Shanghai High-speed Railway, the Western New Town will become a new driving force to economic development of Jinan in three to five years.

Property Portfolio

Jinan Sunshine Garden, located in the centre of Huaiyin District, is in close proximity to the Western New Town and boasts huge development potential. The whole project is developed in three phases and divided into the east and west districts. Residential units in the west district and the east district one have been sold out. During the year under review, 392 new finely-furnished residential units of two buildings in east district two were launched under Phase III of the project. Unit size was mainly small- to medium-sized units ranging from 60 sq. m. to 120 sq. m., catering to mainstream needs of the market at present. Sales performance was outstanding with 142 residential units sold on the launch day.

Jinan development property

One property with total GFA 291,151 sq. m.



- Residential 50.4%
- Commercial 1.8%
- Office 18.5%
- Hotel 5.5%
- Carpark and others 23.8%



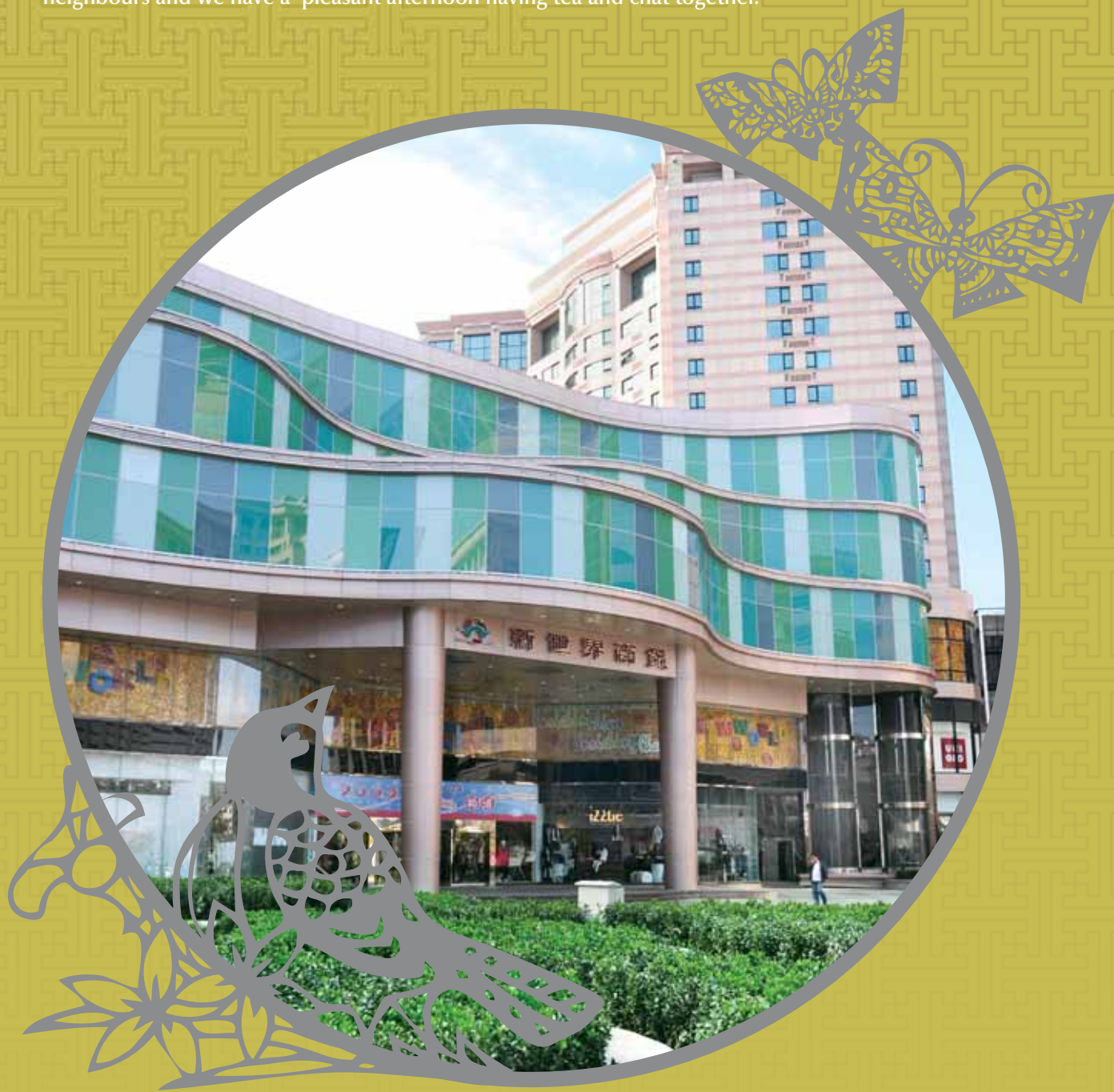
--- Railway
 10 Jinan Sunshine Garden

Jinan residential completion schedule sq. m.

FY2014	
Jinan Sunshine Garden	146,606
Total	146,606

【NEW CULTURE AND ENTERTAINMENT】

This is my best choice of rendezvous during the day. Shopping, groceries and other daily activities could all be conveniently conducted in this community commercial centre. I usually run into some of my friends and neighbours and we have a pleasant afternoon having tea and chat together.



其樂無窮





BUSINESS REVIEW

SHENYANG

Highlights

Through increasing opening-up of the city and strengthening efforts on solicitation for investment in recent years, Shenyang has achieved remarkable results in terms of foreign trade and economics. In 2011, utilisation of foreign direct investment in Shenyang was USD5.5 billion, representing a year-on-year growth of 10%. A total of 11 global-500 enterprises, namely SK Group of Korea, Sekisui, Kajima, Itochu, Toshiba, AEON Group and Sumitomo of Japan, Lear Group and General Electric of the United States, Vinci Group and Decathlon Group of France, started their business in Shenyang in 2011. As at the end of 2011, 84 global-500 enterprises already established their presence in Shenyang, setting up a total of 146 corporates.

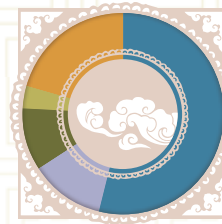


For the first half of 2012, utilisation of foreign investment in Shenyang was USD3.1 billion, accomplishing 50% of the target set for the year. Among the eight cities in Liaoning Province accomplishing more than 50% of the target set for the year within the first half, Shenyang ranks first in terms of relative value. With a view to stepping up efforts on opening-up of the city and solicitation for investment, Shenyang Bureau of Foreign Trade and Economic Cooperation organised trade promotion events in Japan, Russia and Germany etc. and pushed ahead 174 projects covering city complexes, modern architecture, environmental protection and energy-saving, new energy and automotive parts, among which letters of intent and agreements have been entered into for 52 projects. Progress was also made in domestic trade promotion by introducing 111 new projects with investment value of over RMB1 billion. Domestic investment in Shenyang was RMB121 billion, representing a year-on-year increase of 33%. Export trade amounted to USD4.8 billion, representing a year-on-year increase of 18%.

2012 is a crucial year for construction of the Golden Corridor in Shenyang. In line with the goal of uplifting the status of Shenyang to a central city of the PRC, development and construction of the Hunnan New Town and along the Golden Corridor will be pressed ahead and construction of major infrastructures, such as highway transportation, will be accelerated, so as to solidify its role as an important city hub and economic centre. As at the end of 2011, eight out of the 29 confirmed key projects located at core sections of the Golden Corridor have been completed or basically completed, while the remaining 21 were under construction. In early 2012, Shenyang Municipal Government designated eight projects located between the north side of Hun River and Xinkai River as new key projects. Total investment of the adjusted plan of key projects under construction located at core sections of the Golden Corridor amounted to over RMB120 billion.

Shenyang development properties

Three major properties with total GFA 3,693,906 sq. m.



- Residential 53.9%
- Commercial 12.0%
- Office 10.1%
- Hotel 3.5%
- Carpark and others 20.5%



- Subway line
- Bridge
- 11 Shenyang New World Garden
- 12 Shenyang New World Centre
- 13 Shenyang New World Commercial Centre Phase 1



BUSINESS REVIEW - SHENYANG

Property Portfolio

Hui Jing Xin Shi Jie (匯景·新世界), a cluster of Shenyang New World Garden, a large-scale residential project of the Group situated in the north side of Hun River, Heping District, is located at the intersection of the Golden Corridor and the Silver Belt, the two major axes of the city. Its comprehensive range of supporting facilities and cosy living environment have been making the project popular among home buyers. During the year under review, residential units launched have almost been sold out.

Two new project clusters of Shenyang New World Garden will be launched. The high-rise project cluster Yu Jing Xin Shi Jie (御景·新世界) embraces the natural landscape of the adjacent Shenshuiwan Park, giving it obvious advantage in terms of overall strength. The low-density project cluster New World The Masterpiece Crescent (新世界·名鑄灣畔) boasts the picturesque scenery of Hun River right in front, its 82 city low-density residential units are poised to set a new benchmark for human living value of residential units in Shenyang and Northeastern China.

Shenyang residential completion schedule sq. m.

FY2013	
Shenyang New World Garden Phase IIB	58,716
Shenyang New World Commercial Centre Phase I	46,174
Total	104,890
FY2014	
Shenyang New World Garden Phase IIB	456,268
Shenyang New World Centre	81,754
Total	538,022



New World The Elite (新世界·名匯), the first finely-furnished service apartment project of the Group in Shenyang, is located in the bustling Taiyuan Street commercial circle, boasting lush greenery of Zhongshan Park. Currently, the project has been completed and preparation work including showrooms is in progress, and is expected to launch comprehensively in 2012. Catering to the varying living demands of different residents in the region, the project offers unit types ranging from chic one bedroom apartments to luxury three bedroom apartments.



Shenyang New World Centre, which is located at the southern tip of the Golden Corridor, is a project of landmark and multi-functional building complex in Shenyang. It is conveniently located near Qingnian Main Street and Second Ring Road which are in close proximity to main roads of the city. The total GFA of the project is approximately 1.3 million sq. m.. Phase I of the project includes a luxurious hotel and an exhibition centre for organising large-scale exhibitions in Shenyang.



In addition, Shenyang New World Business Tower, located at Sanhao South Street, Heping District, has now been completed and commenced operations. All saleable units of the project have been sold.





BUSINESS REVIEW

ANSHAN

Highlights

Anshan has been established as an industrial city and industrial business serves as an important pillar of the city's economic development. In 2012, Anshan will expedite construction of industry clusters to build a high-end manufacturing industrial city supported by "five major industrial bases" and gradually form a development layout of "4+5" industrial clusters. Based on accelerated development of the four major industries, namely steel and advanced processing, equipment manufacturing, magnesite new material and textile and garments, efforts will be made to cultivate five emerging industries, namely laser, new energy cells, high-end valves, new materials and photoelectricity, as the new growth drivers of Anshan's economy.



The added value of above-scale industrial enterprises in Anshan amounted to RMB52.5 billion in the first half of 2012, representing a year-on-year growth of 10%, outperformed Liaoning Province’s average. Industrial fixed asset investment for the whole city amounted to RMB38.8 billion, representing a year-on-year growth of 23%. It is expected that, by the end of 2015, the added value of above-scale industrial enterprises in Anshan will reach RMB200 billion and sales revenue will reach RMB600 billion, representing an annual growth rate of 15%, respectively.

With an emphasis on support to key enterprises development, Anshan will focus on supporting and cultivating a batch of enterprises with annual revenue of over RMB1 billion. As at July 2012, seven projects in Anshan have been listed as Liaoning Province’s major industrial projects. The seven projects, having a total investment of RMB52.2 billion, accounted for 11% of the total investment of all major industrial projects of Liaoning Province. The policy has promoted and served as the model for industry consolidation and adjustment.

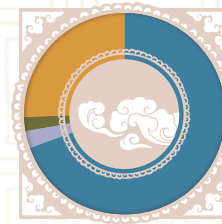
Property Portfolio

Anshan New World Garden, a large-scale residential project situated in the core area of the High-Tech Zone, boasts beautiful landscape of Dongshan and Qianshan Scenic Area. With outstanding product quality and the concept of harmonious human living which cater to the needs of the Anshan market, the project has successfully drawn attention from home buyers in Anshan. The cluster Xin Shi Jie Jun Yi Hua Ting (新世界·君頤華庭) garnered the “Most Favourite Property Project of Anshan Residents” award in 2011.

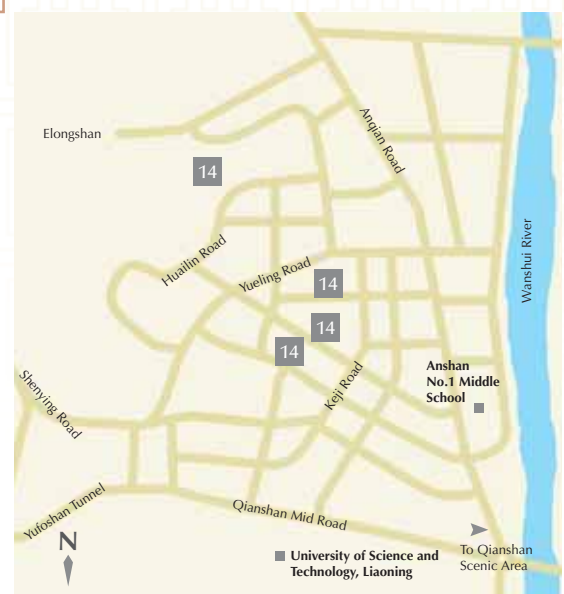
Xin Shi Jie Jun Yi Hua Ting Phase II, the upcoming new cluster of Anshan New World Garden, will offer a total of 830 residential units, and is receiving overwhelming response from the market. In addition, Xin Shi Jie Yu Long Hao Yuan (新世界·御龍豪園), another cluster of Anshan New World Garden, officially commenced construction in 2010. The project, with a total site area of approximately 300,000 sq. m., is developed in three phases and Phase I is expected to complete in June 2013.

Anshan development property

One property with total GFA 1,308,836 sq. m.



- Residential 69.6%
- Commercial 2.8%
- Office 2.3%
- Carpark and others 25.3%



14 Anshan New World Garden

Anshan residential completion schedule sq. m.

	sq. m.
FY2013	
Anshan New World Garden Phase IA III-IV	113,634
Anshan New World Garden Phase IIA	24,969
Total	138,603



BUSINESS REVIEW

DALIAN

Highlights

One of the important missions of Dalian under the State Strategic Development Plan is to facilitate the construction of the “three centres” in full gear. Relevant constructions were expedited continuously and demonstrated satisfactory development status in 2011. In particular, construction of the regional financial centre has achieved remarkable results. In the latest China Financial Centres Index compiled by the China Development Institute of the State Council, the overall competitiveness of Dalian financial centre ranks 8th nationwide, 5th among sub-provincial level cities and 1st among cities in Northeastern China. Dalian has already built up its influence in Northeastern China.



As at the end of 2011, 238 financial institutions and 328 financing and agency service institutions have established their presence in Dalian. Total financial assets amounted to RMB1.4 trillion and added value of the financial industry amounted to RMB31.57 billion. In 2012, Dalian will intensify construction and planning of the financial centre in order to set up an important futures centre in Asia. Construction and development of functional financial zones, such as Renmin Road and Xinghai Bay, will be facilitated to attract more financial institutions and enhance industry quality in Dalian. Development of a multi-layer capital market and the equity investment industry will be promoted.

Property Portfolio

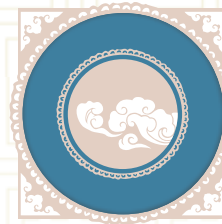
Dalian New World Tower, a commercial and apartment complex of the Group, represents the convergence of five-star hotel, high-end shopping mall and luxury apartment. Situated in the core location of Zhongshan commercial centre, the project has abundant trading, financial and other important resources.

The project comprises a commercial podium and the east and west towers erected thereon. Phase I of Pinnacle Apartment (驪高新世界), an apartment project in the west tower, provides 217 finely-furnished apartments, with only a small amount of residential units still remaining at present. Phase II of Pinnacle Apartment, an apartment project in the east tower, provides 941 one to two bedroom finely-furnished apartments. Units under the first batch are expected to be launched for sale in 2012.

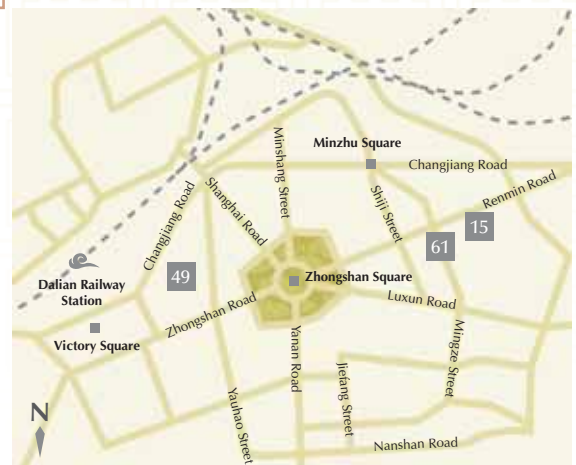
The Galleria, a commercial project located at the commercial podium of the tower, is a trendy shopping spotlight in Dalian. In 2011, the project successfully introduced OSGH Cinemas (橙天嘉禾影城), which is going to offer premium movie watching experience in Northeastern China.

Dalian development property

One property with total GFA 83,571 sq. m.



Residential 100%



- Railway
- Railway Station
- Dalian New World Tower
- Dalian New World Plaza
- New World Dalian Hotel

Dalian residential completion schedule sq. m.

FY2013	
Dalian New World Tower Remaining Portion	83,571
Total	83,571



BUSINESS REVIEW

TANGSHAN

Highlights

Escalation of the development plan for coastal areas of Hebei to a level of national strategy, integration of regional economy of Beijing, Tianjin and Hebei and inclusion of Beijing commercial hub into the National Twelfth Five-Year Plan have created favourable conditions for Tangshan's modern industry development. In a bid to boost the local economy, Tangshan will strive to establish three extensive industrial enterprises, namely Kailuan, Tanggang and Jidong, with annual revenue of more than RMB100 billion and 15 large-sized industrial enterprises with annual revenue of more than RMB20 billion by the end of the Twelfth Five-Year Period through implementing large-scale corporate cultivation programmes.



In October 2011, the State Council approved the Development Plan for Coastal Areas of Hebei Province, which marked that the development of coastal areas of Hebei has been escalated to a level of national strategy. Coastal areas of Hebei cover administrative regions under the jurisdiction of three cities of Tangshan, Qinhuangdao and Cangzhou. With Caofeidian as the city centre, coastal development areas of Tangshan achieved satisfactory development in recent years. GDP of coastal areas of Tangshan amounted to RMB162 billion in 2011, representing a growth of 14%. The growth rate was 1.8 percentage points higher than the city's average.

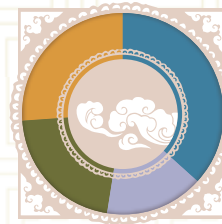
Infrastructure improvement in coastal development areas of Tangshan will be accelerated. Port functions will be further optimised, especially for constructions of ore, coal and container berths at Caofeidian and Jingtang port districts. Furthermore, strategic investors will be introduced to press ahead development of a batch of major projects, such as China Petrochemical's 10 million tonnes oil refining project, Phase II of Shougang Jingtang United Iron and Steel Company Limited, Phase II of China Resources Caofeidian Power Plant and a large-scale seawater desalination project, in a bid to strengthen the influence of coastal development areas.

Property Portfolio

Tangshan New World Centre, a large-scale city complex, represents a convergence of commercial, office, apartment and residential units. Situated at the core commercial area at Xinhua Road, a main road of Tangshan, the project enjoys geographical advantages. It offers 372 residential units, 320 apartments, offices with GFA of 49,000 sq. m. and commercials with GFA of 35,000 sq. m.. The project is currently under construction and will be the tallest landmark building ever in Tangshan upon completion.

Tangshan development property

One property with total GFA 229,045 sq. m.



- Residential 36.8%
- Commercial 15.7%
- Office 21.4%
- Carpark and others 26.1%



- Railway
- Railway Station
- 8 Tangshan New World Centre



BUSINESS REVIEW

SHANGHAI

Highlights

As one of the representative national financial centres of the emerging economy, Shanghai maintained stable overall competitiveness. In the “2012 International Financial Centre” ranking, Shanghai remained at the 6th place following New York, London, Tokyo, Hong Kong and Singapore, all of which are developed international financial centres. Shanghai remained ahead of rapidly growing financial centres of emerging economies. During the Eleventh Five-Year Period, total transaction volume of the Shanghai financial market grew by 10 times. Ongoing improvement was seen in the financial institution system and growth momentum of enterprises was substantially strengthened. The number of financial institutions in Shanghai grew by 439 from the end of 2005 to 1,049.



In January 2012, the National Development and Reform Commission issued the Development Plan for Shanghai International Financial Centre During the Twelfth Five-Year Period, which sets out the strategic target to build Shanghai International Financial Centre into a world class international financial centre of the globe by 2020, to develop financial service functions in full swing, speed up the enhancement of finance innovation capability and continuously enhance the international strength and global influence of Shanghai financial market. Shanghai will also strive to basically establish itself as a global centre for RMB product innovation, trading, pricing, and clearing by 2015. The transaction volume of the Shanghai financial market is expected to reach RMB1,000 trillion, with the scale of major financial market reaching or surpassing the levels of similar top international markets.

Property Portfolio

With accelerating internationalisation, the Grade A office leasing market in Shanghai has regained momentum and demand for quality office projects picked up both at home and abroad. Situated at the prime location of commercial landmarks in Puxi, Shanghai Hong Kong New World Tower recorded an overall occupancy rate of 97% in its office building, together with satisfactory performance in rental rates during the year under review.

Renovation of the commercial portion of Shanghai Hong Kong New World Tower was in full swing. Upon completion, the brand new shopping mall will run under the brand name of K11, which will be the second commercial project of K11 in Mainland China following Wuhan K11 Gourmet Tower.



-  Light rail transit
-  Subway line
-  Bridge
-  Tunnel
-  Shanghai Hong Kong New World Tower
-  Shanghai Ramada Plaza
-  Shanghai Jiu Zhou Shopping Arcade
-  New World Shanghai Hotel
-  pentahotel Shanghai



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BUSINESS REVIEW

WUHLAN

Highlights

Wen Jiabao, Premier of the State Council, visited Hubei in May 2012, during which he expressed, for the first time, that the government will put great efforts in establishing Wuhan as the nation's central city and instructed on well implementation of national strategies and construction of major projects such as the "two oriented" social comprehensive supporting reform of Wuhan City Circle, the Wuhan national pilot city of comprehensive transportation hub and the Donghu National Self-innovation Model Area. Economic integration of Wuhan City Circle was facilitated by optimising industrial specialisation and layout and expediting industry structure upgrade and industry clusters development. The status of Wuhan City in national development strategy has been obviously uplifted, bringing important strategic opportunities for Wuhan to leap forward.



In the first half of 2012, Wuhan's GDP amounted to more than RMB370 billion, ranking the 4th among 15 sub-provincial cities in China. The industrial development was strong with a total production value of above-scale industrial enterprises amounted to RMB407 billion, representing a growth of 16%; the production value of hi-tech industries was estimated to be RMB206 billion, representing a growth of 30%. The city attracted trade and investment of an aggregate of RMB98.8 billion, representing a growth of 108%. Global-500 enterprises invested in seven new projects and entered into contract for 52 new industrial projects with an investment value of over RMB500 million. Currently, more than 170 global-500 enterprises have established their presence in Wuhan, among which, direct investment of 133 enterprises exceeded USD5.6 billion.

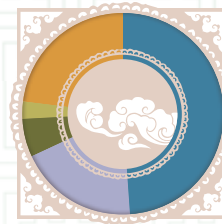
Property Portfolio

The rental rate level of Wuhan New World International Trade Tower, the Group's flagship rental property was ahead of other Grade A offices in Wuhan throughout the year under review. Its occupancy rate remained at over 90% and tenants were mainly global-500 enterprises. Currently, there are nine foreign governmental bodies such as consulates and trading institutes which have established their representative offices at Wuhan New World International Trade Tower, making it the project with the highest number of foreign governmental bodies in Wuhan.

The occupancy rate of offices of Wuhan New World Centre, another major rental property project, remained at 97%. Its tenants were mainly renowned medical, finance and trading enterprises. World-renowned medical enterprises, such as Merck Sharp & Dohme, Pfizer, Novartis, GlaxoSmithKline and Bayer, have already started their offices.

Wuhan development properties

Five major properties with total GFA 2,556,824 sq. m.



- Residential 49.1%
- Commercial 19.2%
- Office 6.0%
- Hotel 2.7%
- Carpark and others 23.0%



- 16 Wuhan Menghu Garden
- 17 Wuhan Changqing Nanyuan
- 18 Wuhan Changqing Garden
- 19 Wuhan New World Centre
- 53 Wuhan New World International Trade Tower
- 54 Wuhan K11 Gourmet Tower
- 55 Wuhan Xin Hua Garden
- 64 New World Wuhan Hotel

- Railway
- Railway Station
- Subway line
- Subway line (under construction)
- = Bridge
- Embankment
- ⋯ Tunnel



BUSINESS REVIEW - WUHAN

The Group's Wuhan Guanggu New World, a large-scale development complex, is located in Wuchang Guanggu Donghu Hi-tech Development Zone. Currently, Site B, which is designated for residential use, has commenced construction. The project mainly comprised 15 high-rise residential blocks, with constructions such as commercial, club house, kindergarten, finance, community services and over 30,000 sq. m. of greenery garden area, with an aim to offer a multi-functional, refined and high-end living environment.

At present, Wuhan Guanggu New World focuses on launching three brand new residential blocks with 548 units in total. The unit types introduced are mainly one to three bedroom units ranging from 64 sq. m. to 150 sq. m., catering to the needs of the market. From January to May 2012, sales volume of the project ranked among the top three projects in the region and average selling price of its unfurnished units was the highest in the region, demonstrating the superiority of the project.

Wuhan Changqing Garden, a large-scale residential community in Wuhan developed by the Group, comprises more than 10 small communities and commercial social projects. Through more than 10 years of development, the project has been well-established as a multi-functional landmark community complex. Wuhan Changqing Garden will become the intersection point of Wuhan Metro Line No. 2 and No. 6. Of which, the two stations of Metro Line No. 2 at the project are under construction.



Wuhan residential completion schedule sq. m.

FY2012	
Wuhan Changqing Garden Phase VII Area 5	33,126
Wuhan Menghu Garden Phase IIIC	21,005
Wuhan Guanggu New World	137,434

Total 191,565

FY2013	
Wuhan Changqing Garden Phase VII Area 5	38,878
Wuhan Changqing Garden Phase VIII Area 8	92,293
Wuhan Guanggu New World	127,566
Wuhan Menghu Garden Phase IIIB	4,614

Total 263,351

FY2014	
Wuhan Changqing Nanyuan Phase III	62,219
Wuhan Changqing Garden Phase VIII Area 6	244,500
Wuhan Menghu Garden Phase IIIA	17,669
Wuhan Menghu Garden Phase IIIC	25,015

Total 349,403

During the year under review, Wuhan Changqing Garden launched Changqing Mid-town Centre (常青1/2中心). It is in close proximity to Metro Line No. 2 and Central Commercial Street of Wuhan Changqing Garden and was highly sought after by customers. 300 units of two to three bedroom, either finely-furnished or unfurnished, were launched for the first time in January 2012. The unit size ranges from 93 sq. m. to 130 sq. m.. The sales performance was satisfactory.

Situated at the core intersection of the Second Ring Road and the Third Ring Road of Jiangnan District, Wuhan Changqing Nanyuan comprises six 11-storey mid-rise and two high-rise residential buildings. The project is in close proximity to Jin Se Ya Yuan Station of Metro Line No. 2 with a comprehensive range of supporting facilities. The completed Phase I and II residential portions have been sold out. Phase III residential portion, which is under construction, has also been launched to the market in early August 2012. The unit types introduced are mainly two to three bedroom units ranging from 90 sq. m. to 125 sq. m., which caters to the needs of local residents.

Wuhan Menghu Garden is the only high-end lakeside living community within the inner area of Third Ring Road of Hankou. During the year under review, Wuhan Menghu Garden launched the new Section C of Phase III residential portion. Since its launch, it has been the top in the villas market in Wuhan for two consecutive months in terms of sales.





BUSINESS REVIEW

CHANGSHA

Highlights

The total economic output of Changsha increased continuously. During the Eleventh Five-Year Period, the total economic output increased by 1.5 times, being at the top-tier among the cities in the central part of China. The comprehensive strength of the city has been strengthened obviously. According to "The Global Urban Competitiveness Report 2012", Changsha was graded as one of the ten cities with the rapidest growth rate of competitiveness among global cities. It ranked the 4th, following San Jose, Hong Kong and Suzhou. With the commencement of operations of the new terminal of Huanghua Airport and Wuhan-Guangzhou High-speed Railway, commencement of constructions of Shanghai-Kunming High-speed Railway and intercity railway and continuous optimisation of the expressway network, the geographical advantage of Changsha is evidently prominent.



During the Eleventh Five-Year Period, Changsha successfully introduced 918 foreign investment projects, with newly approved contracted foreign investment of USD12.49 billion and actual foreign investment of USD8.78 billion, increasing significantly by a multiple times as compared to the Tenth Five-Year Period, respectively. Fixed asset investment completed by utilising domestic investment outside Changsha aggregated to RMB188.46 billion. For 2011 only, utilisation of foreign investment of Changsha amounted to USD2.6 billion, accounting for 42% of the utilisation of foreign investment of Hunan Province. The number of foreign global-500 enterprises in Changsha has reached over 100. At present, Changsha intensifies solicitation for investment by adopting an innovative method for business invitation "projects and patents invitation", which will also be the main theme of the future economic development.

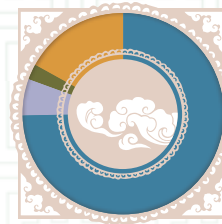
Property Portfolio

Changsha La Ville New World, situated at the core of Changsha New Town, is in close proximity to transportation hubs such as Wuhan-Guangzhou High-speed Railway Station, Changsha Metro Line No. 4 and No. 5 and Changsha-Zhuzhou-Xiangtan Intercity Railway, offering it obvious geographical advantages. At present, the luxurious Hong Kong Club (港仕會所) with a total area of 5,000 sq. m. has commenced operations; the preliminary planning of the metro commercial complex with a total area of 140,000 sq. m. has been completed.

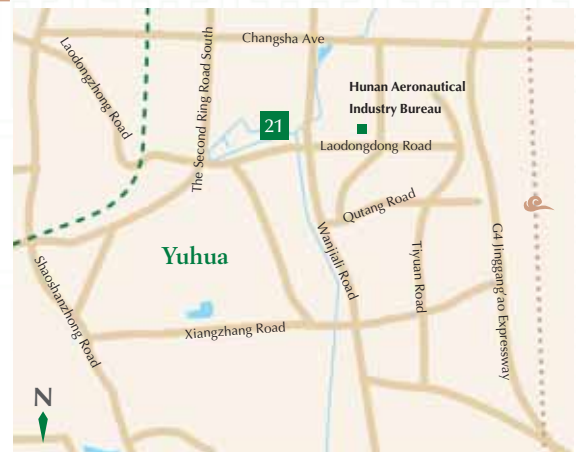
Since its development, the project has launched over 4,400 residential units in total, and more than 90% have been sold. During the year under review, the new phase of residential project Elite Club (名仕匯) of Changsha La Ville New World was launched to the market, offering a total of 126 residential units. The main unit type offered was two bedroom unit of 90 sq. m.. Its unit type and quality were greatly sought after by the market.

Changsha development property

One property with total GFA 872,993 sq. m.



- Residential 74.9%
- Commercial 5.8%
- Office 2.4%
- Carpark and others 16.9%



- ⋯ High-speed Railway
- - - Railway
- 🚉 Railway Station
- 21 Changsha La Ville New World

Changsha residential completion schedule sq. m.

FY2012	
Changsha La Ville New World Phase IIB	99,924
Total	99,924
FY2013	
Changsha La Ville New World Phase IIA	24,485
Changsha La Ville New World Phase IIIA	131,085
Total	155,570
FY2014	
Changsha La Ville New World Phase IIA	55,316
Total	55,316



BUSINESS REVIEW

CHENGDU

Highlights

In recent years, Chengdu continued to optimise opening up environment, strengthen the introduction of major projects and expedite the pace of internationalisation in accordance with the requirement of establishing an open-doored regional centre and international city. In 2011, utilisation of foreign investment of Chengdu was USD8 billion, of which, the actual foreign investment amounted to USD6.55 billion, representing a growth of 35%; the actual domestic investment amounted to RMB256.52 billion, representing an increase of 33%. Currently, Chengdu has successfully introduced 215 global-500 enterprises, making Chengdu became one of the core of regional economic development centres at national level.

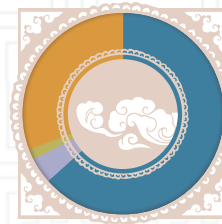


The investment type of global-500 enterprises in Chengdu mainly covers electronic information, automobile, aviation manufacturing and food processing in the industrial sector, finance and insurance, commercial retail and real estate in the service sector. Among which, enterprises such as Intel, Volkswagen, Toyota, Volvo, Microsoft, Dell, Lenovo, Foxconn, Compal, Wistron and Siemens have already established their presence. Given characteristics, including the strong industrial driving force, strong competitiveness of products and pioneering technology, of most of the industrial investment projects, internationally competitive industrial clusters of electronic information and automobile are preliminary formed in Chengdu.

In response to the requirement of “advanced manufacturing industry as the core and centralisation of high-end service industry”, Chengdu is dedicated to introducing major projects which are able to support the development of Tianfu New City. As the No.1 Construction Work under “To prosper Sichuan and Chengdu”, 54 newly contracted significant projects were introduced in Tianfu New City in the first half of 2012, with a total investment value of RMB40.58 billion. In particular, the number of contracted projects and total investment value accounted for 25% and 41% of that of all global-500 enterprises investment projects in the city, respectively. The conglomerate effect of Tianfu New City has been demonstrated. According to the existing plan, Phase I of the investment project will realise production value of RMB250 billion by 2015, and the construction of bases with production value of RMB2 trillion will be completed by 2030.

Chengdu development property

One property with total GFA 3,696,332 sq. m.



- Residential 63.5%
- Commercial 4.2%
- Hotel 1.5%
- Carpark and others 30.8%



- Subway line
- Subway line (under construction)
- Bridge
- Chengdu New World Riverside



BUSINESS REVIEW - CHENGDU

Property Portfolio

Chengdu New World Riverside, situated at the centre of Tianfu New City, commands 3,000-metre long coastal natural scenery and resources advantages. Apart from high quality residential units, the project has a sound planning of comprehensive supporting facilities including commercial, club houses and schools, making it the most competitive city complex in the region. During the year under review, the project garnered the “Harmonious and Prestigious Property Management Residential Area” and “Five-Star Residential Area” awards.

During the year under review, the project launched 703 residential units in total. The unit types offered were mainly units of 90 sq. m. to 135 sq. m.. Sales performance was satisfactory with more than 80% of the units have been sold. As the first riverside clubhouse ever in Chengdu, the club house of Chengdu New World Riverside Phase I, the Louvre Club (羅浮宮), has commenced operation with an area of approximately 7,000 sq. m., offering around 20 high-end club house facilities such as indoor and outdoor swimming pools, gymnasium, polo club, multi-functional rooms and kids zone, etc.

Chengdu residential completion schedule sq. m.

FY2012	
Chengdu New World Riverside Phase I	143,553
Total	143,553
FY2014	
Chengdu New World Riverside Phase II 1A	135,874
Total	135,874





BUSINESS REVIEW

GUIYANG

Highlights

Building Guiyang into a financial centre has become the key strategic development of the finance industry of Guizhou Province. In November 2011, Guizhou Province issued the Finance Industry Development Project under the Twelfth Five-year Plan of Guizhou Province, which announced the building of Guiyang as a financial centre which drives the economic development of Guizhou Province and exerts significant influence on the Western region. It is also proposed to accelerate the pace of the strategy of “attracting capital inflow to Guizhou Province”, build a regional financial centre and enhance the functionality of Guizhou’s finance industry. As Jinyang New District is an important part of the entire development plan, the authority indicated that it will fully complete the establishment of the Guiyang International Financial Centre in the district within three years. Meanwhile, it will also optimise the supporting facilities such as residential units and new community to provide investing financial institutions with good working and living environment.





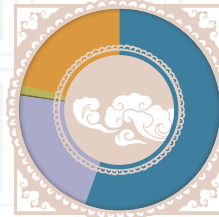
BUSINESS REVIEW - GUIYANG

As the centre of future development of Guiyang, Jinyang New District, with a planned total investment of RMB219.2 billion, will endeavour to attract foreign investment, introduce headquarters of enterprises and star-rated hotel projects and press ahead investment projects with value of RMB12.5 billion or above. Among which, Guiyang International Financial Centre project is the core construction in building Jinyang New District as a “Modern Financial City”. In July 2012, Jinyang New District issued “Preferential Policies for Financial Regulators and Financial Enterprises (Approved Financial Enterprises) to Move in Guiyang International Financial Centre” to provide the financial institutions and enterprises which move in the financial centre in Jinyang New District with excellent conditions for development.

Jinyang New District will continue to promote the establishment of a convention and financial centre, the introduction of more financial regulatory departments and financial institutions and the implementation of various investment projects with value of RMB20 billion or above. In addition, Jinyang New District also proposed to speed up the establishment of the headquarters of over 20 enterprises which have already entered into letters of intent, on the basis of the successful establishment of the headquarters of more than 30 enterprises, such as Kweichow Moutai, Panjiang Coal Power, Henan Yonggui Energy, Datang Power and China Unicom, in Guiyang. During the Twelfth Five-Year Period, the number of investment projects in Jinyang New District with value of over RMB100 million will exceed 100, with a total investment of RMB200 billion.

Guiyang development property

One property with total GFA 4,261,366 sq. m.



- Residential 55.8%
- Commercial 21.5%
- Office 0.4%
- Hotel 1.2%
- Carpark and others 21.1%



Light rail (under construction)

Guiyang Jinyang Sunny Town

Property Portfolio

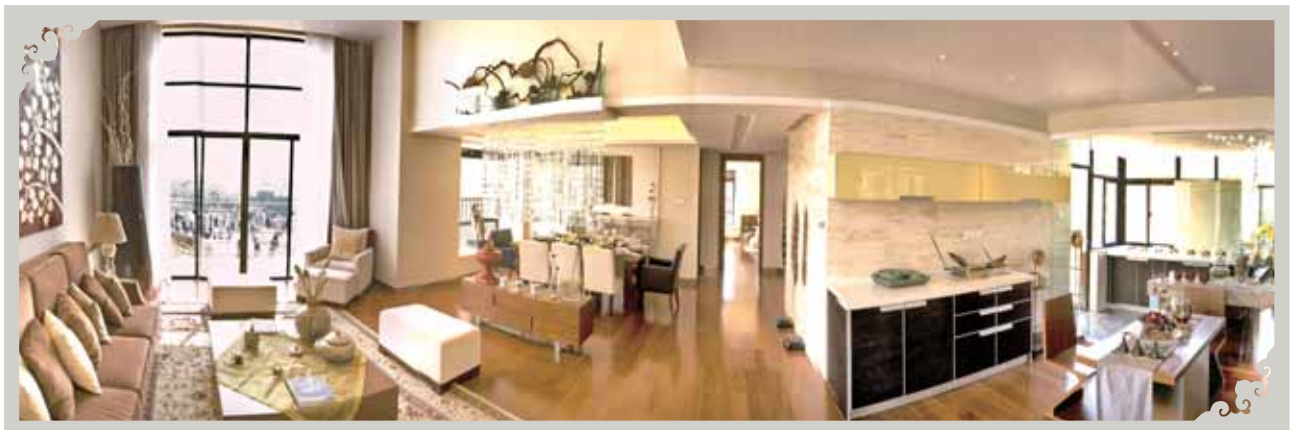
Guiyang Jinyang Sunny Town is located at the planned key commercial centre of Jinyang New District, with a total investment exceeding RMB10 billion. Guiyang Jinyang Sunny Town will be developed in five phases. Among which, three clusters, namely Shan Lin Jing (山臨境), Shui Lin Jing (水臨境) and Han Lin Jing (翰臨境), were successfully developed and have become the quality benchmark of residence in Jinyang New District.

Jinyang New District has received market acceptance and recognition due to its refined development and well planning, high potential of appreciation in terms of project value, good property management services and community landscape, optimised ancillary facilities and core commercial development planning. In 2011, Guiyang New World Real Estate Co., Ltd. garnered the honour of “Creditworthy Real Estate Enterprise in China” of China Real Estate Association.

During the year under review, Guiyang Jinyang Sunny Town launched a total of 987 residential units and achieved satisfactory sales performance. In addition, the completed office property in the western commercial district also performed well in terms of sales and leasing. The ancillary facilities of the projects, such as hotel, commercial centre and culture and sports park, are now under construction.

Guiyang residential completion schedule sq. m.

FY2012	
Guiyang Jinyang Sunny Town Phase I	24,028
Total	24,028
FY2013	
Guiyang Jinyang Sunny Town Phase IIA	148,957
Total	148,957
FY2014	
Guiyang Jinyang Sunny Town Phase IIA	99,191
Total	99,191



【 NEW STYLE OF LEISURE 】

You can't imagine the fun the kids are having when they harvest the vegetables they have planted by their own. I used to think weekend golfing is mundane activity for my husband, surprisingly there are a lot more going on than I expected. The spa treatment I get under the palm tree is just amazing. Weekend will never be the same again.



悠然

自適





BUSINESS REVIEW

GUANGZHOU

Highlights

During the 10th Communist Party Congress of Guangzhou City, which closed in December 2011, Guangzhou Municipal Government suggested to develop Guangzhou into a city with its own characteristics by a new approach to urbanisation. The new approach to urbanisation serves as an important way to promote industrialisation, information technology, marketisation and internationalisation, which leads to continuing enhancement of Pearl River Delta and implementation of East-West-North strategy. Over the next five years, Guangzhou will put efforts and invest resources primarily in realising major breakthroughs in the establishment of 12 types of strategic infrastructures, 15 strategic leading industries and 27 strategic development platforms, so as to maximise the integrated loading capacity of the nation's central city and enhance the core competitive strengths of the entire industry clusters.



In accordance with the Twelfth Five-Year Plan, Guangzhou's GDP will exceed RMB2 trillion, with an annual growth rate of 11%, by 2016. The approach of economic development will change gradually and modern industry system will be basically formed. Major breakthroughs will be realised in building the city as an international business and trade centre, international shipping centre, advanced manufacturing base, regional financial centre as well as national innovative city with global presence. At the national level, Guangzhou is positioned as a national central city. At the Pearl River Delta level, Guangzhou is positioned as a core city of Pearl River Delta, the world-class city cluster. At the provincial level, Guangzhou is positioned as a provincial capital city and the best community.

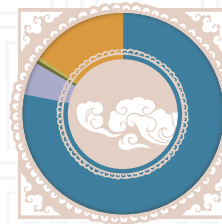
Property Portfolio

Guangzhou Central Park-view, a high-end residential benchmark project developed by the Group and situated at the core of Guangzhou Zhujiang New Town Commercial Centre, has become a landmark property in Southern China due to its highly comprehensive quality and high residence value. Among which, the Canton community, comprising of The Canton Mansion, The Canton Club, The Canton Residence and The Canton Place, realised a social circle with high quality of life matching with the status of Guangzhou elites.

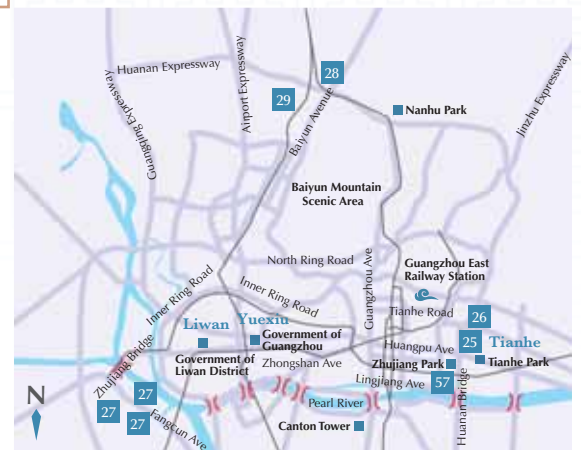
Since the launch of the first phase of its residential portion, Guangzhou Central Park-view has been the focus of the market. Central Park-view The Canton Mansion (凱旋新世界·廣粵尊府) launched for sale in June 2012 was popular among high-end customers. During the year under review, nearly 250 residential units were sold.

Guangzhou development properties

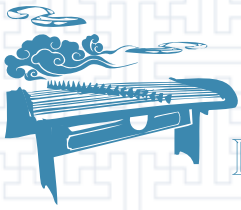
Six major properties with total GFA 2,217,125 sq. m.



- Residential 78.3%
- Commercial 5.3%
- Office 0.3%
- Hotel 0.7%
- Carpark and others 15.4%



- Railway Station
- Subway line
- Bridge
- 25 Guangzhou Dong Yi Garden
- 26 Guangzhou New World Oriental Garden
- 27 Guangzhou Covent Garden
- 28 Guangzhou Park Paradise
- 29 Guangzhou Baiyun Project
- 57 Guangzhou Central Park-view



BUSINESS REVIEW - GUANGZHOU

After ten years of development, Guangzhou New World Oriental Garden has become the most well-developed high-end residential community in the core section of Tianhe Park. The residential units of Phase II have been sold out. In September 2011, Phase III project, namely Radiance (熹園), was formally launched. The GFA of the residential units was over 80,000 sq. m. and the greening ratio reached 33%. 170 residential units were launched and sold out on the day of launch.

Guangzhou Park Paradise, located at the central community of Baiyun New Town, is a sizable residential project with the most well-developed comprehensive supporting facilities within the region. Leveraging on the strengths brought by Metro Line No. 2 and No. 3, coupled with well-established large commercial circles and prestige education system, the project has reached world-class living environment.

During the National Day holidays in 2011, Jin Yun Feng (錦雲峰), a cluster of Guangzhou Park Paradise Phase IV was launched and swiftly received market recognition and appreciation. While new units were launched in April 2012 due to the encouraging market response. 670 residential units were launched in total and more than 70% of which have been sold.

In addition, New World Caring Mansion (新世界·嘉雲府), another cluster of Guangzhou Park Paradise Phase IV, is a scarce high-end residence in the city. During the year under review, the project launched 421 residential units and around 80% were sold.

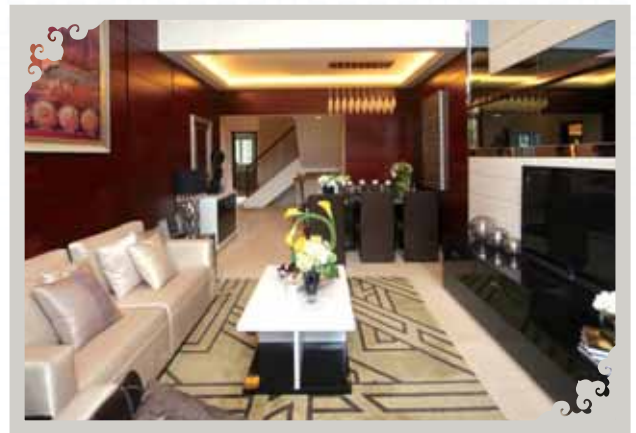


A new phase of high-end residence of Guangzhou Covent Garden, New World Canton Bay (新世界·凱粵灣) is located right at the centre of Guangzhou Bai-e-tan, boasts beautiful landscape of the riverside and is a transportation hub connecting Guangzhou and Foshan. With the launch of the latest cluster Jiang Lian (江巒), sales far exceeded that of other residential projects in the district. During the year under review, the project launched 586 residential units and around 90% were sold.

Blocks 37–39 of Wan Xiang Yuan (萬象苑) of Guangzhou Xintang New World Garden Phase VB, located at the core location of the golden corridor of the economic hub connecting Guangdong and Hong Kong, were officially launched for sale in March 2012. Most of the units ranged from 79 to 95 sq. m. with one to two bedrooms were highly sought after by regional and Guangzhou home buyers. During the year under review, the project launched 320 residential units and received positive market response.

Guangzhou residential completion schedule sq. m.

FY2012	
Guangzhou Park Paradise Phase IIE	40,611
Guangzhou Park Paradise Phase IV	70,963
Guangzhou Central Park-view Phase II	115,401
Total	226,975
FY2013	
Guangzhou Xintang New World Garden Phase VB	72,201
Guangzhou New World Oriental Garden Phase III	82,893
Guangzhou Park Paradise Phase IV	39,705
Guangzhou Covent Garden Phase IIIA	120,843
Total	315,642
FY2014	
Guangzhou Park Paradise Phase IV	168,483
Guangzhou Covent Garden Phase IIIA	87,218
Guangzhou Xintang New World Garden Phase VC	87,262
Guangzhou Baiyun Project	78,225
Total	421,188





BUSINESS REVIEW

FOSHAN AND PEARL RIVER DELTA

Highlights

The implementation of Pearl River Delta Planning Outline in Guangdong Province has proven huge success, whereby the development of Pearl River Delta's modern industry system, represented by modern service industry, advanced manufacturing industry and strategic emerging industry, was expedited through "Big Development in Four Years". As compared to 2008, in 2011, GDP of Pearl River Delta reached RMB4,372.1 billion, representing an increase of 35%; added value of the service industry amounted to RMB2,174.1 billion, accounting for 50% of the GDP; the development of modern service industry, represented by finance industry, information service industry, cultural innovation industry and modern logistics industry, accelerated, with an added value amounted to RMB1.3 trillion, accounting for 61.2% of the added value of modern service industry.

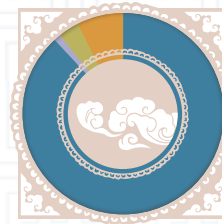


By implementing five integrations in Pearl River Delta, cooperation among the three major economic circles, namely Guangzhou-Foshan-Zhaoqing (“Guangfozhao”), Shenzhen-Dongguan-Huizhou (“Shenguanhui”) and Zhuhai-Zhongshan-Jiangmen (“Zhuzhongjiang”) has been deepened and broadened, accelerating the development of the east, west and north areas in Guangdong. Currently, Guangfozhao has formed a spatial development layout of multi-centres and gradient distribution; Shenguanhui has formed a development layout of multi-centres and point-axis with Shenzhen as its centre and Dongguan and Huizhou as auxiliaries; Zhuzhongjiang has formed a spatial layout of multi-centres and balanced distribution. The three economic circles entered into a total of 149 cooperation agreements in recent years to facilitate the regional integration.

Among the three major economic circles, Guangfozhao circle is of the largest scale. The GDP of Guangfozhao economic circle was RMB2,020.6 billion in 2011, proving once again its economic strengths which is stronger than that of well-developed first-tier cities such as Beijing and Shanghai. As its development grows mature, the goal of integration of Guangfozhao is anticipated to be early realised in 2020.

Foshan and Pearl River Delta development properties

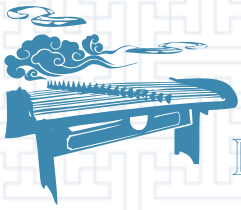
Eight major properties with total GFA 2,347,364 sq. m.



- Residential 88.2%
- Commercial 1.0%
- Hotel 3.5%
- Carpark and others 7.3%



- Railway
- Expressway
- 31 Guangzhou Foshan New World Metropolitan Complex
- 32 Shenzhen New World Yi Shan Garden
- 33 Shenzhen Jian Gang Shan Project
- 34 Zhaoqing New World Garden
- 35 Huiyang Hu Xia Liao Project
- 36 Huiyang Palm Island Resort
- 37 Huizhou Changhuyuan
- 38 Zhuhai Jin Hai New World
- 58 Shunde New World Centre
- 65 New World Shunde Hotel



BUSINESS REVIEW - FOSHAN AND PEARL RIVER DELTA

Property Portfolio

The integration of Guangzhou and Foshan brings strong positive momentum to Foshan's city and economic development. Being the core of Guangzhou Foshan metropolitan, Nanhai District becomes increasingly important to the integration of Guangzhou and Foshan. Guangzhou Foshan New World Metropolitan Complex is positioned as Guangzhou Foshan's central community, golf learning and health preserving area, and a model area for environmental and ecological sustainability as well as healthy living. It is committed to becoming a world's leading quality living community.

The planned area of Guangzhou Foshan New World Metropolitan Complex is three million sq. m.. The project is to establish Guangzhou Foshan New World Manor, Foshan Golf, Guangzhou Foshan New World Hotel, Guangzhou Foshan Club, Guang Fo Zhi Xin Exhibition Centre and a world-class environmental and ecological model area. Preparation work for the first phase of customer communications of the project is in full gear.

The one hour living circle formed by the integration of Guangfozhao provides Zhaoqing, which is an eco and leisure travelling city, with beneficial development momentum. Located at the lakeside of Star Lake and the frontier line in the city's centre, Xin Shi Jie Ling Nan Fu (新世界·嶺南府), the latest phase of Zhaoqing New World Garden which is a top-grade luxurious residential project, comprises 18 penthouse flats and 18 villas. During the second quarter of 2012, the pre-sale was launched for VIP customers.



With the development strategy of integration of Zhuhai-Hong Kong-Macau, Cambridge Seashore (新世界·康橋), the latest phase of residential project of Zhuhai Jin Hai New World located in Jin Wan Centre which is Hengqin's central community, was benefited from the development strengths brought by favourable policies. In September 2011, 600 residential units under the first batch of the project were launched for sale. The project offers three bedroom units in Yue Hai (悦海) and Ling Hai (領海) and four bedroom units in Zhen Hai (臻海). The project gained unanimous recognition from the market due to its outstanding design.

New World Sun Coast (新世界·曦岸), a new phase of residential project of Huizhou Riverbank New Town, which is the key project of Huizhou Changhuyuan, attracted customers' attention by promoting the idea of combing Hong Kong and Bin Jiang living style. It is a benchmark project within the region for its high quality. During the year under review, the project offered 721 residential units with encouraging market responses.

New World Yu Ming Villa (新世界譽名別苑), the Group's luxurious villa project located in Jian Gang Shan in Baoan District, Shenzhen, embraces the natural scenery of Baoan Park and Forest Park and enjoys convenient transportation with less than 20 minutes linking Shenzhen Bay, Huanggang Port and Futian Port. The project will be built as an ultra-low density natural residential community. Currently, construction of the project is on smooth progress and is proposed to build 184 luxury residential units.

Shenzhen New World Yi Shan Garden is connecting with Wutongshan Park, and is positioned to capture panoramic sea view. The project enjoys advantageous geographical location. It is a well-developed large-scale landscaped community with low density. Phase III residential portion of the project will be built into five residential buildings, providing a total of 978 residential units.

Foshan and Pearl River Delta residential completion schedule **sq. m.**

FY2012	
Zhaoqing New World Garden Phase III	69,657
Total	69,657
FY2013	
Shenzhen Jian Gang Shan Project	58,113
Huizhou Changhuyuan Phase III	108,148
Huiyang Palm Island Phase VI	17,080
Total	183,341
FY2014	
Zhuhai Jin Hai New World	106,456
Shenzhen New World Yi Shan Garden Phase III	95,686
Guangzhou Foshan New World Metropolitan Complex Phase I	149,897
Zhaoqing New World Garden Phase IV	42,607
Total	394,646





BUSINESS REVIEW

HAIKOU

Highlights

According to the 2012 Government Work Report of Hainan Province, the functional positioning of Haikou is further clarified. Being a key development area of Hainan Province, Haikou will be built as a central city with strong convergence and radiating capability to support the construction of Haikou Shopping Centre, build a consumption environment for the International Resort Island catering the consumption needs of both domestic and international tourists and enhance the service functions of the tertiary industry in the city. Currently, Haikou is actively developing a tourism consumption-oriented business model with a mix of businesses, exhibitions, leisure, resorts, festive celebration and tournaments, so as to turn a new leaf for the economic development of Haikou.



In the first half of 2012, Haikou recorded 3.6 million of domestic and international overnight visitor arrivals with total tourism income amounted to RMB3.69 billion, representing a growth of 12% and 13%, respectively. In response to the increasing number of visitors and to prepare well for completion of Hainan International Convention Centre, Haikou is accelerating the constructions of international hotel brands. World-renowned hotel brands like Shangri-La, Marriott, Hilton, Ritz-Carlton, Renaissance, Westin, Langham and Sofitel, etc. will commence operations upon the completion within the coming three years. It is expected that there will be more than 20 five-star hotels in Haikou by the end of the Twelfth Five-Year Period. With the commencement of operations of a batch of international brand hotels, the quality of hotel service sector in Haikou will be fully enhanced, which in turn will promote the transformation and upgrade of the tourism industry in Haikou.

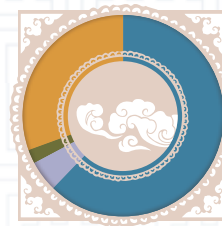
Property Portfolio

Haikou New World Garden, located in Xinfu Island, Haikou and along the Nandu River, boasts well-established living atmosphere and landscaped community with spectacular view. During the year under review, Phase III of the project launched brand-new residential units, with unit size covering two to four bedroom units ranging from 90 sq. m. to 250 sq. m., providing the customers with diversified choices. Sales performance was satisfactory.

Haikou Meilisha Project, situated in the prime costal area in Haikou with eight km of beautiful costal line, is the only frontier sea-view residential development in the region, with a total GFA of approximately two million sq. m. and the total investment amount of over RMB20 billion. The project combined resorts and urban ancillary residential functions and will be developed into an international costal integrated community with a mixture of resorts, leisure, tourism, entertainment, business and residential development.

Haikou development properties

Two major properties with total GFA 2,787,667 sq. m.



- Residential 62.5%
- Commercial 5.0%
- Hotel 2.2%
- Carpark and others 30.3%



- Bridge
- 39 Haikou New World Garden
- 40 Haikou Meilisha Project

Haikou residential completion schedule sq. m.

FY2013	
Haikou New World Garden Phase III	124,352
Haikou Meilisha Project Phase I (#4)	47,311
Total	171,663
FY2014	
Haikou Meilisha Project Phase I (#2)	23,608
Total	23,608



【 MANAGEMENT DISCUSSION AND ANALYSIS 】



Business Review

In the year of 2011, the global economy overshadowed with complicated effect from the threat of euro-zone sovereign debt crisis worsening and slow recovery of US economy. Despite the uncertain global economic situation, the Chinese economy performed well in the year 2011 with gross domestic product (“GDP”) registered at 9.2% year on year increase reaching RMB47.29 trillion. The growth rate was 1.1 percentage point lower than that registered last year. However, as the US economy recovery remained weak and the euro-zone sovereign debt crisis prolonged into 2012 for which no effective solution has yet been achieved, the Chinese economy was inevitably impacted. The Chinese GDP growth rate has slowed to 7.8% in the first half of 2012 with weakening external demand and falling fixed asset investment growth.

On the regulatory front, the Central government maintained its prudent macro policies and various tightening measures on property market throughout the year under review to suppress speculative demands and to contain inflation, while at the same time support a balanced economic growth for the country. With the continuing enforcement of the tight credit policy and restrictions on home purchases throughout the year 2011, the China property market has inevitably slowed down in the fourth quarter of 2011, particularly in the residential property market. Total transacted area of primary residential properties in 20 major cities had witnessed a drop of 6.4% quarter on quarter or a significant decline of 45.4% year on year in the fourth quarter of 2011. The contraction in transaction volume persisted in the first few months of 2012 where the broad policy direction on curbing property market remained unchanged. On the contrary, the less restricted commercial and office market which are not affected by the home purchase restriction and related mortgage policies, had saw an upturn in sales in the first quarter of 2012.

The Group’s secured contracted sales for the year ended 30th June 2012 dropped by 27% to gross floor area (“GFA”) of 780,379 sq. m. and gross sale proceeds decreased by 26% to RMB9,805.06 million compared to contracted sales secured in the corresponding period last year. The decrease in sales volume reflected the intermittent slowdown in contracted sales resulted from home purchase restrictions, property price-cap policies and tight home mortgage policy. Included in the remaining contracted sales to be recorded, approximately 398,400 sq. m. GFA with gross sales proceeds of approximately RMB4,613.43 million are for those projects scheduled to be completed within the next 12 months and their corresponding sales revenues shall be recorded in the consolidated income statement of FY2013.

For the year ended 30th June 2012, the Group recorded a profit attributable to shareholders of HK\$3,080.93 million which represents a year-on-year increase of 1.8% from HK\$3,025.83 million achieved in FY2011. The Group’s attributable operating profit (“AOP”) before finance costs and taxation charge during FY2012 recorded at HK\$4,584.15 million, an increase of 6.7% from HK\$4,296.21 million recorded in the corresponding period last year. The increase in AOP was mainly attributable to the increase in operating results from sale of properties despite a decrease in recorded sale volume due to both decrease in completion of property projects and the adverse impact of austerity measures. The adverse sale volume effect was mitigated by the increase in overall gross profit margin driven by the sale of a high end property project in Guangzhou and sales of less restricted commercial properties which produced higher gross profit margin.

Analysis of Attributable operating profit

	FY2012 HK\$'000	FY2011 HK\$'000
Property sales	4,247,113	3,993,160
Land preparatory work	17,707	—
Rental operation	461,479	442,127
Hotel operation	(127,887)	(56,017)
Property management services	(54,539)	(23,058)
Hotel management services	32,601	(63,882)
Other operations	7,675	3,883
AOP before finance costs and taxation charge	4,584,149	4,296,213
Finance costs — project loans	(208,030)	(248,896)
Corporate income tax and land appreciation tax, net of tax indemnity	(2,071,574)	(1,353,562)
AOP after finance costs and taxation charge	2,304,545	2,693,755
Bank and other interest income — corporate	25,311	4,941
Deferred tax credit/(charges) on undistributed profits	3,385	(161,816)
Finance costs — corporate loans	(79,332)	(50,172)
Corporate administrative expenses	(222,136)	(210,939)
AOP after corporate items	2,031,773	2,275,769
Changes in fair value of investment properties, net of deferred taxation	938,177	119,883
Net foreign exchange gains	159,137	627,531
Amortisation of intangible assets	(48,158)	—
Gain on disposal of available-for-sale financial assets	—	24,875
Gain on repurchase of convertible bonds	—	1,268
Write back of provision for amount due by a jointly controlled entity	—	1,000
Provision for amount due by a jointly controlled entity	—	(24,500)
	1,049,156	750,057
Profit attributable to equity holders of the Company	3,080,929	3,025,826

【 MANAGEMENT DISCUSSION AND ANALYSIS 】

Property sales

During the year under review, the Group's AOP from property sales operation rose 6% from an AOP of HK\$3,993.16 million achieved in FY2011 to HK\$4,247.11 million. While the AOP from property sale increase, the overall property sale volume of the Group recorded a decrease in GFA of 50% to 657,059 sq. m. with gross sale proceeds registered at approximately RMB9,090.20 million. The decrease in recorded property sale volume was mainly due to prolonged impact of mortgage restriction measures implemented since April 2010 and purchase restriction measures introduced thereafter, to presales of those property projects completed during the year under review, and the decrease in completion of projects from 1,364,214 sq. m. in FY2011 to 828,153 sq. m. in FY2012 which represent a 39% drop year-on-year. Nonetheless, the adverse sale volume effect was mitigated by the increased in overall gross profit margin during the year under review.

The Group's overall gross profit margin achieved during the year under review had improved further to 50% from a gross profit margin of 33% achieved in FY2011 mainly due to difference in sale mix of both periods and upward adjustment of selling price on subsequent phases of residential properties. Included in the property sale revenue for the year ended 30th June 2012 were sales of a high-end property project, namely Guangzhou Central Park-view, sales of commercial properties which attracted higher gross profit margin.

In FY2012, the Group has completed 9 property development projects in Wuhan, Chengdu, Changsha, Guangzhou, Guiyang and Zhaoqing with a total GFA of 828,153 sq. m., dropped 39% comparing from that of FY2011.

Development property projects completed in FY2012	Usage	Total GFA (sq. m.)	NWCL's interest
Wuhan Guanggu New World (武漢光谷新世界)	R	137,434	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	21,005	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	34,282	60%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	143,553	30%
Changsha La Ville New World Phase II B (長沙新城新世界二期 B)	R, P	117,398	48%
Guangzhou Central Park-view Phase II (廣州凱旋新世界二期)	R	115,401	91%
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期E)	R, C, P	45,390	100%
Guangzhou Park Paradise Phase IV A (廣州嶺南新世界四期 A)	R, P	26,820	100%
Guangzhou Park Paradise Phase IV B (廣州嶺南新世界四期B)	R, P	75,814	100%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	29,260	50%
Zhaoqing New World Garden Phase III (肇慶新世界花園三期)	R, C, P	81,796	100%
Total		828,153	

- R: Residential
 C: Commercial
 O: Office
 E: Exhibition Centre
 H: Hotel
 P: Carpark

Rental operation

In FY2012, the Group's rental operation recorded an AOP of HK\$461.48 million, representing a 4% increase compared to FY2011. The slight increase in AOP from rental operation was mainly due to increase in rental contributions from Beijing New World Shopping Mall and Guangzhou The Canton Residence. The effect of such increase in rental income was offset by the combined effect of reduced rental contribution from Shanghai Hong Kong New World Tower resulted from closure of shopping arcade for renovation during the year.

Hotel operation

During the year under review, the AOP from hotel operation recorded at a loss of HK\$127.89 million as opposed to a loss of HK\$56.02 million recorded in the corresponding period last year. The decrease in overall AOP from hotel operation was mainly due to decrease in room rate and occupancy rate of New World Shanghai Hotel and pentahotel Beijing which were undergoing renovation during the year. Moreover, intense competition in the hospitality market resulted from increase in hotel supply in Mainland China coupled with weakening external demand which led to decrease in corporate customers, also impacted the overall performance of the Group's hotel operation for the year under review.

The Group's hotel portfolio currently comprises seven hotels with 2,546 rooms.

Hotel portfolio	Number of rooms
pentahotel Beijing (北京貝爾特酒店)	307
New World Shanghai Hotel (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	258
New World Shenyang Hotel (瀋陽新世界酒店)	259
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
Total	2,546

Hotel management services

During the year under review, the AOP from hotel management services recorded at a profit of HK\$32.60 million as opposed to a loss of HK\$63.88 million recorded in FY2011. The increase in AOP from hotel management services was mainly attributable to the increase in hotel management fee income due to acquisition of Rosewood Hotels and Resorts Group during the year and also securing new hotel management contracts and technical service contracts obtained in the fourth quarter of FY2011, amongst others, Chancery Court Hotel London, New World Saigon Hotel and 2 MacDonnell Road Hostel.

【 MANAGEMENT DISCUSSION AND ANALYSIS 】

In FY2013, the Group plans to complete 23 projects with a total residential GFA of 1,583,734 sq. m..

Properties to be completed in FY2013	Usage	Total GFA (sq. m.)	NWCL's interest
Beijing New View Garden Phase III (北京新景家園三期)	R, C	20,414	70%
Beijing Xin Yi Garden Phase III (北京新怡家園三期)	C, H, O, P	85,626	70%
Beijing Yanjing Building (北京燕京大廈)	C, P	30,627	70%
Langfang New World Centre (廊坊新世界中心)	C	4,516	100%
Shenyang New World Garden Phase II B (瀋陽新世界花園二期B)	R	58,716	90%
Shenyang New World Commercial Centre Phase I (瀋陽新世界商業中心一期)	R, C, P	73,847	100%
Shenyang New World Centre Phase I (瀋陽新世界中心一期)	E, H, P	353,641	90%
Anshan New World Garden Phase I A (鞍山新世界花園一期 A)	R, C, P	143,696	100%
Anshan New World Garden Phase II A (鞍山新世界花園二期 A)	R	24,969	100%
Dalian New World Tower (大連新世界大廈)	R	83,571	100%
Wuhan Guanggu New World (武漢光谷新世界)	R, C	142,566	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	39,613	60%
Wuhan Changqing Garden Phase VIII (武漢常青花園八期)	R, C, P	113,515	60%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	4,614	100%
Changsha La Ville New World Phase II A (長沙新城新世界二期A)	R, C	26,795	48%
Changsha La Ville New World Phase III A (長沙新城新世界三期A)	R, P	177,825	48%
Guangzhou New World Oriental Garden Phase III (廣州東方新世界三期)	R, P	93,009	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C, P	125,706	100%
Guangzhou Park Paradise Phase IV (廣州嶺南新世界四期)	R, P	56,501	100%
Guiyang Jinyang Sunny Town Phase II (貴陽金陽新世界二期)	R, C, H, P	303,828	50%
Guangzhou Xintang New World Garden Phase V B (廣州新塘新世界花園五期B)	R	72,201	63%
Shenzhen Jian Gang Shan Project (深圳尖岡山項目)	R, P	64,427	100%
Haikou New World Garden Phase III (海口新世界花園三期)	R	124,352	100%
Haikou Meilisha Project Phase I (海口美麗沙項目一期)	R, C, P	78,827	100%
Huizhou Changhuyuan Phase III (惠州長湖苑三期)	R, C, P	144,170	63%
Huiyang Palm Island Resort Phase VI (惠陽棕櫚島六期)	R	17,080	59%
Total		2,464,652	

Liquidity and Capital Resources

As at 30th June 2012, the Group's cash and bank deposits amounted to HK\$13,258 million (30th June 2011: HK\$10,651 million). During the year ended 30th June 2012, the Company issued 2,881,306,455 shares of HK\$0.10 each at HK\$1.49 per rights share by way of rights issue on the basis of one rights share for every existing two shares. The net proceed is used for general working capital of the Group.

During the year under review, the Company raised an aggregate amount of RMB4,300 million in the bond market by way of issuance of 8.50 percent RMB Bonds due 2015 (Stock code : 86021).

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$15,200 million (30th June 2011: HK\$10,253 million), translating into a gearing ratio of 29% (30th June 2011: 23%). 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 30th June 2012 totalled HK\$26,255 million (30th June 2011: HK\$19,110 million) of which 21% were secured by way of charges over assets and 79% were unsecured.

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

	As at 30th June 2012 HK\$'million	As at 30th June 2011 HK\$'million
Repayable:		
Within one year	5,538	6,753
Between one and two years	6,255	4,110
Between two and five years	12,486	6,086
After five years	1,976	2,161
Total	26,255	19,110

As at 30th June 2012, the Group's committed unutilised bank loan facilities amounted to HK\$4,936 million (30th June 2011: HK\$5,821 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 30th June 2012 were HK\$4,872,232,000 (30th June 2011: HK\$2,271,422,000) of which HK\$4,480,885,000 (30th June 2011: HK\$2,163,422,000) were contracted but not provided for in the financial statements and HK\$391,347,000 (30th June 2011: HK\$108,000,000) were authorised but not contracted for. The Group's share of capital expenditure commitments of jointly controlled entities amounted to HK\$156,827,000 (30th June 2011: HK\$229,597,000). The sources of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

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

【 MANAGEMENT DISCUSSION AND ANALYSIS 】

Contingent Liabilities

As at 30th June 2012, the Group has contingent liabilities of approximately HK\$1,851,736,000 (30th June 2011: HK\$2,254,955,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 30th June 2012, 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\$1,557,714,000 (30th June 2011: HK\$1,158,962,000).

SOURCE OF BORROWINGS



Long term loans
 Short term loans

INTEREST RATE AND MATURITY PROFILE

(HK\$'000)

Over
5 years



2-5 years



1-2 years

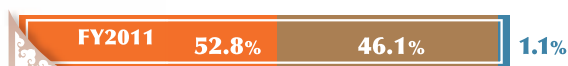


Within
1 year



Floating rate
 Fixed Rate

CURRENCY PROFILE OF BORROWINGS



HKD
 RMB
 USD

NATURE OF DEBT



Unsecured
 Secured

Details of Charges on Group's Assets

As at 30th June 2012, the Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of HK\$419,234,000 (30th June 2011: HK\$461,162,000), HK\$5,093,721,000 (30th June 2011: HK\$4,527,171,000), HK\$235,832,000 (30th June 2011: HK\$239,538,000), HK\$771,429,000 (30th June 2011: HK\$1,067,140,000) and HK\$4,807,135,000 (30th June 2011: HK\$2,395,669,000) respectively have been pledged as securities for short term and long term bank borrowings. As at 30th June 2011, bank deposit of HK\$10,355,000 had been pledged as security for a long term loan which was fully repaid during the year.

Major Acquisition or Disposal

In July 2011, the Group acquired 100% interest in Rosewood Hotels and Resorts, L.L.C. ("Rosewood") and the intellectual property rights of "Carlyle", a hotel brand, for a consideration of HK\$2,049,329,000. The acquisition was completed on 29th July 2011 and Rosewood became a wholly owned subsidiary of the Group.

Employees and Remuneration Policy

As at 30th June 2012, the Group has 7,725 full-time employees. Total staff related costs incurred during the year under review were HK\$449.57 million (2011: HK\$369.06 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.



【CORPORATE GOVERNANCE REPORT】

The Board believes that a sound corporate governance structure and commitment to good corporate governance practices will facilitate the Company to achieve long term growth and sustainable development, and are attributes that are part and parcel of a successful company being able to protect shareholders' interest and enhance shareholders' value. The Board will endeavour to promote high standard of corporate governance across all operations of the Company for the benefit of its shareholders and other stakeholders with particular emphasis on effective control, fair disclosure and accountability.

The Stock Exchange of Hong Kong Limited ("Stock Exchange") has revised and renamed the Code on Corporate Governance Practices (the "former Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to the Corporate Governance Code (the "new Code") effective from 1st April 2012. During the year ended 30th June 2012, the Company has complied with the respective provisions of the former Code and the new Code for the relevant periods in which they are in force, except for the deviations from code provisions A.2.1, A.6.7 and E.1.2 with considered reasons as explained below.

Directors and Board Practices

Composition and responsibilities

The Company is headed by the Board which currently comprises twelve directors, including seven executive directors, two non-executive directors and three independent non-executive directors. The names, biographical details and relationship amongst them, if any, are set out on pages 80 to 85 of this annual report.

The Board, led by the Chairman, is collectively responsible for the management and operations of the Company. It formulates the overall strategy of the Group, sets the business directions and financial performance target of the Group, and ensures that a good corporate governance framework and procedures are established and practised throughout the Group. It is accountable to the shareholders of the Company for its performance and activities and is the ultimate decision making body of the Group except for those matters that are reserved for approval by shareholders in accordance with the articles of association of the Company, the Listing Rules and other applicable laws and regulations.

The running of the day-to-day businesses of the Company is delegated by the Board to the management who is working under the leadership and supervision of the Managing Director and the Executive Committee of the Board except that authority is reserved for the Board to approve interim and annual financial statements, dividend policy, annual budgets, business plans and significant operational matters.

The management is responsible for contributing to the success of the implementation of the policies laid down by the Board in connection with the conduct of the businesses of the Group. It is accountable to the Board and is required to obtain prior approval from the Executive Committee before making decision over matters prescribed by the Executive Committee or entering into commitment on the Company's behalf. The Executive Committee will monitor the performance of the management with reference to the Group's corporate goals and objectives and business plan as determined and approved by the Board from time to time.

Chairman and Managing Director

Dr. Cheng Kar-shun, Henry is the Chairman and Managing Director of the Company. In his dual capacity as Chairman and Managing Director, Dr. Cheng Kar-shun, Henry 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 code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board believes that Dr. Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director, will provide strong and consistent leadership for the development of the Group.

Independent non-executive directors

Independent non-executive directors ("INED") have a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control, and take the lead where potential conflicts of interest arise.

During the year, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three INEDs and is having an INED with relevant professional qualifications or accounting or relating financial management expertise. Two of the INEDs, namely Dr. Cheng Wai-chee, Christopher and Mr. Tien Pei-chun, James, have served the Company in this capacity for more than nine years since 1999. Notwithstanding their long term service, given their wide spectrum of knowledge, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that they continue to bring independent and objective perspectives to the Company's affairs. A written annual confirmation of independence was received from each of the three INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers each of the INEDs to be independent.

Under Rule 3.10A of the Listing Rules, listed issuers are required to appoint INEDs representing at least one-third of the Board by 31st December 2012. The three INEDs of the Company currently represent one-fourth of the Board and the Company will ensure compliance with Rule 3.10A before 31st December 2012.

Appointment and re-election

A Director may be appointed either by the shareholders in a general meeting or by the Board and the key terms of appointment are set out in a service contract with the Company. Each director is appointed for a fixed term of three years pursuant to the service contract subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Company's articles of association. New director appointed by the Board will be subject to re-election by the shareholders at the first general meeting after his/her appointment. The names of directors who are eligible for re-election at general meetings will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. The election of each director will be subject to vote of shareholders by separate resolutions.

【CORPORATE GOVERNANCE REPORT】

Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Five full board meetings were convened in the year under review, four of which were regular board meetings for reviewing and approving the financial operating performance of the Group.

The attendance of each individual director at the board meetings and general meetings is set out in the following table:

	Number of meetings attended/held		
	Board Meetings	Annual General Meeting	Extraordinary General Meeting
Executive directors			
Dr. Cheng Kar-shun, Henry (Chairman)	5/5	1/1	1/1
Mr. Cheng Kar-shing, Peter	2/5	1/1	0/1
Mr. Cheng Chi-kong, Adrian	5/5	0/1	0/1
Ms. Cheng Chi-man, Sonia	1/5	0/1	0/1
Mr. Cheng Chi-him, Conrad	3/5	0/1	0/1
Mr. Fong Shing-kwong, Michael	4/5	1/1	1/1
Ms. Ngan Man-ying, Lynda	5/5	1/1	1/1
Non-executive directors			
Mr. Doo Wai-hoi, William (Vice-Chairman)	3/5	0/1	0/1
Mr. Chow Yu-chun, Alexander	5/5	0/1	1/1
Mr. Leung Chi-kin, Stewart*	2/3	1/1	0/0
Mr. Chow Kwai-cheung [‡]	1/4	0/1	0/0
Independent non-executive directors			
Dr. Cheng Wai-chee, Christopher	4/5	0/1	0/1
Mr. Tien Pei-chun, James	3/5	0/1	0/1
Mr. Lee Luen-wai, John	4/5	1/1	1/1

* Resigned on 1st January 2012

‡ Resigned on 1st March 2012

All directors are given not less than fourteen days' notice for regular board meetings and are invited to include matters in the agenda. Relevant meeting materials are provided to the directors at least three days before the meetings to ensure that they are given sufficient review time. Directors have separate access to the senior management and the Company Secretary at all time and they may seek independent professional advices at the Company's expense. Matters which are material and may cause potential conflict of interest will be dealt with at board meetings instead of by way of circulation or by a committee.

The proceedings of the board meetings are normally conducted by the Chairman who ensures that sufficient time is allowed for discussion among the directors and equal opportunities are being given to the directors to express their views and share their concerns. Directors are obliged to declare the nature and extent of his/her interest in a meeting at which the question of entering into any proposed contract or arrangement is first considered and are required to abstain from voting on the relevant board resolution which he/she or any of his/her associate has material interest and shall not be counted in the quorum present at the meeting. All minutes, kept by the Company Secretary, record in sufficient detail the matters considered by the Board and the decisions reached and are open for inspection at any reasonable time by the directors.

Board committees

The Board has set up four committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee various aspects of the Group's affairs.

(i) *Executive committee*

The Executive Committee serves as an executive arm of the Board in implementing the policies laid down by the Board and handling the day-to-day businesses of the Company. They are responsible for overseeing the management of the Company, considering issues regarding finance, investments, merger and acquisition. Members of the Executive Committee currently include Dr. Cheng Kar-shun, Henry as Chairman, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter, Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda as members. Meetings of the Executive Committee are held frequently as and when required.

(ii) *Audit committee*

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues. Their written terms of reference had been updated during the year in line with the provision of the new Code and are available on the websites of the Company and the Stock Exchange.

Members of the audit committee comprise three INEDs including Dr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James and Lee Luen-wai, John, as members.

The Audit Committee met two times during the fiscal year. During the meetings, the Audit Committee has reviewed the audit plans, internal control procedures and financial reporting system. They have also considered the interim and final results of the Group for the fiscal year as well as the audit report prepared by the external auditors relating to accounting issues and major findings in course of audit. They have also reviewed with the management the internal audit report in respect of certain property projects of the Group. Full minutes of the meetings are kept and sent to all members of the Committee.

The attendance of individual member of the Audit Committee at the meetings is set out in the following table:

Members of Audit Committee	Number of meetings attended/held
Dr. Cheng Wai-chee, Christopher	2/2
Mr. Tien Pei-chun, James	2/2
Mr. Lee Luen-wai, John	2/2

【CORPORATE GOVERNANCE REPORT】

(iii) Remuneration committee

The Remuneration Committee is responsible for making recommendations to the board on the Company's policy and structure for all remuneration of the directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy. They have the delegated responsibility to determine the specific remuneration packages of individual executive director and senior management. Their written terms of reference had been updated during the year in line with the provision of the new Code and are available on the websites of the Company and the Stock Exchange.

Members of the Remuneration Committee comprise three INEDs and one executive director including Dr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James, Lee Luen-wai, John and Ms. Ngan Man-ying, Lynda as members.

The Remuneration Committee convened one meeting during the fiscal year. The members have reviewed the remuneration policy of the Company and made recommendation to the Board regarding the amount of directors' fees for the fiscal year. They have also considered and approved the salary packages to the executive directors and senior management of the Company by reference to their duties and responsibilities with the Company, prevailing market situation and the Company's performance.

The attendance of individual member of the Remuneration Committee at the meeting is set out in the following table:

Members of Remuneration Committee	Number of meetings attended/held
Dr. Cheng Wai-chee, Christopher	1/1
Mr. Tien Pei-chun, James	1/1
Mr. Lee Luen-wai, John	0/1
Ms. Ngan Man-ying, Lynda	1/1

(iv) Nomination committee

Nomination Committee was established on 1st April 2012 pursuant to the new Code. It is responsible for formulating nomination policy for the board's consideration and implementing the nomination policy approved by the Board, including but not limited to reviewing the composition of the Board annually, identifying individuals suitably qualified to become board member, monitoring the succession planning of directors and assessing the independence of independent non-executive directors. Their written terms of reference are in line with the provision of the new Code and are available on the websites of both the Company and the Stock Exchange. Prior to its establishment, the role and function of the Nomination Committee were taken up by the Board as a whole.

Any shareholder who wishes to nominate any person for election as a director at the general meeting of the Company shall lodge with the Hong Kong principal place of business of the Company a written notice of his intention within the period after the dispatch of the notice of the meeting and ending no later than seven days prior to the date of such meeting. The Nomination Committee will consider the suitability of the candidate on the basis of qualifications, experience and background. Details of the nomination procedures are available on the Company's website.

Members of the Nomination Committee comprise three INEDs and two executive directors including Dr. Cheng Kar-shun, Henry, as Chairman, Dr. Cheng Wai-chee, Christopher, Messrs. Tien Pei-chun, James, Lee Luen-wai, John and Ms. Ngan Man-ying, Lynda as members. The Nomination Committee did not hold any meeting during the year.

Induction, updates and training

An induction would be given to the newly appointed director to provide information regarding the businesses and operation of the Company as well as his/her responsibilities under the statutes, rules and regulations. The Company Secretary updates directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties. With effect from 1st April 2012, the Company provides all members of the Board with monthly updates on the Company's performance, position and prospects.

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company has devised a training record in order to assist the directors to record the training they have undertaken and they are asked to submit a signed training record to the Company on annual basis.

Since 1st April 2012, the Company has organised a seminar on the new Code and the latest listing rules amendment in collaboration with professional firms as part of the continuing professional development for directors and has provided presentation materials to the directors about environmental, social and governance reporting. Individual director has also attended training courses or workshop relevant to his/her profession and/or duties as directors. A summary of the training they have received for the three months ended 30th June 2012 is as follows:

	Updates on Listing Rules regarding Code of Corporate Governance	Environment, Social and Governance Reporting	Other trainings relevant to directors' profession and/or duties
Executive directors			
Dr. Cheng Kar-shun, Henry (Chairman)	✓	✓	—
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	✓	✓	✓
Non-executive directors			
Mr. Doo Wai-hoi, William (Vice-Chairman)	✓	✓	✓
Mr. Chow Yu-chun, Alexander	✓	✓	—
Independent non-executive directors			
Dr. Cheng Wai-chee, Christopher	✓	✓	✓
Mr. Tien Pei-chun, James	✓	✓	—
Mr. Lee Luen-wai, John	✓	✓	—

【CORPORATE GOVERNANCE REPORT】

Remuneration of directors

In recognition of their services with the Company, directors are paid directors' fees annually with the approval of the shareholders of the Company. Monthly salaries are also paid to directors commensurable with their duties in the Group. To provide an opportunity for the directors to participate in the equity of the Company as well as to motivate them to optimise their performance, most directors have been granted share options to subscribe for shares of the Company under the share option schemes of the Company. In addition, all directors are covered by appropriate insurance on directors' liabilities from their risk exposure arising from the management of the Group.

Corporate governance function

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

- (a) to develop, review and implement the Company's policy and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- (e) to review the Company's compliance with the new Code and disclosure in the Corporate Governance Report; and
- (f) to develop, review and monitor the implementation of the shareholders' communication policy to ensure its effectiveness, and make recommendation to the Board where appropriate to enhance shareholders' relationship with the Company.

During the year, the Company has updated the compliance manuals on notifiable transactions and price sensitive information in accordance with the Listing Rules as guideline for its employees to report unpublished price sensitive information to the Company to ensure consistent and timely disclosure and fulfillment of the Company's continuous disclosure obligations. The Board has also devised a shareholders' communication policy to set out the Company's strategies for maintaining continuous and open communication with shareholders and the investment community at large.

Model code for securities transactions by directors and by relevant employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiries, all directors confirmed that they have complied with the standard set out in the Model Code during the year under review.

The Company has established and adopted written guidelines, "Code for Securities Transactions by Relevant Employees and Officers", on no less exacting terms than the Model Code for securities transactions by relevant employees and officers who are likely to be in possession of unpublished price-sensitive information of the Company.

Financial Reporting and Internal Control

Financial reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted together with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants and appropriate accounting policies have been used and applied consistently.

The Board aims to present a clear, balanced and understandable assessment of the Group's performance in the annual and interim report to the shareholders, announcements and other financial disclosures. The annual and interim results are announced in timely manner within the limits of three months and two months respectively after the end of the relevant periods.

The reporting responsibilities of PricewaterhouseCoopers, the Company's external auditors, are stated in the Independent Auditor's Report on pages 130 to 131 of this annual report.

Internal control system

The Board is responsible for internal control of the Group and for reviewing its effectiveness annually. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reasonable assurance against material errors, losses or fraud. The key procedures involved are as follows:

- (1) A defined organisational structure has been set up with clear line of responsibility and authority. Division heads are assigned to the property projects in the PRC on regional basis to oversee and control the operational and financial aspects of the projects. Systems are in place to review, approve, and administer contract works, capital expenditures, sales and rental arrangement of the property projects.
- (2) A comprehensive management accounting system has been adopted to provide financial and operational performance indicators to the management in a timely manner. Proper controls are in place for the recording and verification of accounting data to provide accurate and timely management information.
- (3) The financial results of the property projects are measured against the annual operational and financial targets. Variances against the budgets are analysed and explained to identify area of improvement and appropriate corrective actions to be taken.
- (4) Evaluation of the Group's internal control is conducted by the internal audit department on an on-going basis. The internal audit department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the internal audit department will ensure the internal controls are in place and functioning as intended. The internal audit department reports to the Board with its findings and makes recommendations to improve the internal control of the Group. The department also sent their reports to the Audit Committee for review and discussion.

During the course of audit performed by the external auditors, they will report on the weaknesses in the Group's internal control and accounting procedures which have come to their notice. Results of their finding and recommendations will be reported back to the Board through the Audit Committee which will monitor the corrective action to be taken.

【CORPORATE GOVERNANCE REPORT】

The Board has also reviewed the adequacy of resources, qualifications and experiences of staff of the Company's accounting and financial reporting function and their training programmes and budget.

External auditor's remuneration

The external auditor's remuneration charged to consolidated income statement of the Group for the year ended 30th June 2012 amounted to HK\$12,485,000 of which a sum of HK\$8,209,000 was paid to PricewaterhouseCoopers for its auditing services and of HK\$835,000 for non-auditing services. The non-auditing services comprised primarily of accounting, tax advisory and other related services.

Communication with Shareholders

The Company acknowledges the importance of communicating with shareholders, investors and the public. A shareholders' communication policy was adopted with effect from 1st April 2012 pursuant to the new Code which aims at establishing a two-way relationship and communication between the Company and its shareholders. To this end, various channels of communication have been established and maintained to ensure that shareholders and the investment community are kept abreast of the Company's latest news and development. Information relating to the Company's financial results, corporate details, notifiable transactions, property projects and major events are disseminated through publication of interim and annual report, announcements, circulars, press release and newsletters. These publications can also be obtained from the Company's website.

In addition, the Chairman, members of the Board and external auditors will attend the annual general meetings of the Company where the directors will answer questions raised by the shareholders on the performance of the Group. To ensure the general meetings are conducted in a fair and transparent manner, the Chairman has demanded voting by poll on each resolution considered at the general meetings held in the past year and appointed the branch share registrar in Hong Kong as the scrutineers to count the votes and explain to the shareholders at the meetings the procedures for voting by poll. The poll results were subsequently posted on the websites of the Company and the Stock Exchange.

The Company also holds press and analysts conferences at least twice a year following the release of interim and full year results announcements at which the executive directors and senior management of the Group are available to answer questions regarding the performance of the Group. The Group has participated in a number of roadshows and meetings with investors and organised a number of site visits during the fiscal year 2012.

The Company is offering options to the shareholders and the non-registered shareholders to receive corporate communication of the Company by electronic means or in printed form. The Board believes that electronic means of communication will increase the efficiency in communication between the Company and the shareholders. The Company will review and improve the policy and effectiveness of communication with shareholders and the public from time to time.

The code provision A.6.7 which is effective from 1st April 2012 provides that INEDs and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. In addition, the code provision E.1.2 provides that the chairman of the independent board committee should be available to answer questions at any general meeting to approve a connected transaction or other transaction that requires independent shareholders' approval.

Dr. Cheng Wai-chee, Christopher, who is the chairman of the independent board committee, was not able to attend the extraordinary general meeting of the Company held on 27th June 2012 owing to other business commitment. The Company had invited the independent financial adviser to attend the meeting and answer questions from the shareholders. Messrs. Doo Wai-hoi, William and Tien Pei-chun, James were also not able to attend the meeting owing to other business commitment.

Company Secretary

The Company Secretary is one of the directors of the Company and has day-to-day knowledge of the Company's affairs. She reports to the Chairman and is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has taken 31 hours of relevant professional training.

Shareholders' Rights

Convening of extraordinary general meeting and putting forward proposals

Under the Articles of Association of the Company, any two or more shareholders or any one shareholder which is a recognised clearing house (or its nominee) holding not less than one-tenth (1/10) of the paid up capital of the Company which carries the right of voting at general meeting can convene and put forward proposals at an extraordinary general meeting ("EGM"). The procedures for shareholders to convene and put forward proposals at an EGM are stated as follows:

- (1) The requisitionist(s) should sign a written request stating the objects of the meeting to be convened, and deposit the same at the principal place of business of the Company in Hong Kong situated at 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong for the attention of the Company Secretary.
- (2) The Company will then verify the request with the Company's branch share registrar in Hong Kong and upon confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice to all the registered shareholders in accordance with the requirements set out in the Listing Rules and the Articles of Association of the Company.
- (3) In the event that the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.
- (4) Where, within 21 days from the date of deposit of the requisition, the directors of the Company do not proceed duly to convene an EGM, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board, provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could email their enquiries to ir@nwcl.com.hk.

Amendment of the Company's Constitutional Documents

The authorised share capital of the Company has been increased from HK\$800,000,000 divided into 8,000,000,000 ordinary shares of HK\$0.1 each to HK\$3,000,000,000 divided into 30,000,000,000 ordinary shares of HK\$0.1 each with the ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 22nd November 2011. Save as aforesaid, there have been no changes in the Company's constitutional documents during the year.

【 DIRECTORS' PROFILE 】



Chairman and Managing Director
Dr. Cheng Kar-shun, Henry

GBS (Aged 65)



Dr. Cheng became the Chairman and Managing Director of New World China Land Limited in 1999. He is also the Chairman of each of the Executive Committee and the Nomination Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Dr. Cheng is the Chairman and the Managing Director of New World Development Company Limited, a substantial shareholder of the Company, the Chairman of NWS Holdings Limited, the Chairman and Non-Executive Director of New World Department Store China Limited and Newton Resources Limited, the Chairman of Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation as well as an Independent Non-Executive Director of HKR International Limited and a Non-Executive Director of Lifestyle International Holdings Limited, all being listed public companies in Hong Kong. He was also the Chairman of Taifook Securities Group Limited (now known as Haitong International Securities Group Limited), a listed public company in Hong Kong, up to his resignation on 13th January 2010. In addition, Dr. Cheng is the Chairman of New World Hotels (Holdings) Limited and a Director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited. He is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Eleventh Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, Dr. Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the brother of Mr. Cheng Kar-shing, Peter, the brother-in-law of Mr. Doo Wai-hoi, William, the father of Mr. Cheng Chi-kong, Adrian and Ms. Cheng Chi-man, Sonia, and the uncle of Mr. Cheng Chi-him, Conrad.



Vice-Chairman and Non-Executive Director
Mr. Doo Wai-hoi, William

JP (Aged 68)



Mr. Doo was appointed as an Executive Director of New World China Land Limited in June 1999 and has been re-designated as a Non-Executive Director of the Company with effect from 8th January 2010. He is the Vice-Chairman of the Company, a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Mr. Doo is currently the Deputy Chairman and Non-Executive Director of NWS Holdings Limited, an Executive Director of Lifestyle International Holdings Limited and an Independent Non-Executive Director of The Bank of East Asia, Limited and Shanghai Industrial Urban Development Group Limited, all being listed public companies in Hong Kong. He was also the Vice-Chairman of Taifook Securities Group Limited (now known as Haitong International Securities Group Limited), a listed public company in Hong Kong, up to his resignation on 13th January 2010. He is also a Director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company Limited. Mr. Doo has been serving as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. In addition, he is a Member of the Standing Committee of the Eleventh Chinese People's Political Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong and Macau. He is appointed as the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau. In 2008, he was awarded the Chevalier de la Légion d'Honneur by the Republic of France. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter, and the uncle of Mr. Cheng Chi-kong, Adrian, Ms. Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad.



Executive Director

Mr. Cheng Kar-shing, Peter*(Aged 60)*

Mr. Cheng was appointed as an Executive Director of New World China Land Limited in June 1999. He is also a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Mr. Cheng also acts as a Non-Executive Director of New World Development Company Limited, a substantial shareholder of the Company, and an Independent Non-Executive Director of King Fook Holdings Limited and Symphony Holdings Limited, all being listed public companies in Hong Kong. In addition, he is a Director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited. He is also a Director of NWS Service Management Limited, New World Hotels (Holdings) Limited, and Polytown Company Limited as well as the Chairman of Chow Tai Fook Charity Foundation. Mr. Cheng is a Fellow of The Hong Kong Institution of Engineers, a Fellow of The Hong Kong Institute of Arbitrators, an Accredited Mediator of Hong Kong Mediation Centre, a CEDR Accredited Mediator, HKIAC Accredited Mediator (General), a panel mediator of Land (Compulsory Sale For Redevelopment) Ordinance Pilot Mediation Scheme of The Joint Mediation Helpline Office and an Arbitrator of Huizhou Arbitration Commission. He is the brother of Dr. Cheng Kar-shun, Henry, the brother-in-law of Mr. Doo Wai-hoi, William, the father of Mr. Cheng Chi-him, Conrad as well as the uncle of Mr. Cheng Chi-kong, Adrian and Ms. Cheng Chi-man, Sonia.



Executive Director

Mr. Cheng Chi-kong, Adrian*(Aged 32)*

Mr. Cheng was appointed as an Executive Director of New World China Land Limited in March 2007. He is a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Mr. Cheng is also an Executive Director and the Joint General Manager of New World Development Company Limited, a substantial shareholder of the Company, an Executive Director of New World Department Store China Limited, Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation as well as a Non-Executive Director of Giordano International Limited, all being listed public companies in Hong Kong. In addition, he is a Director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both substantial shareholders of the Company. He is also the Chairman of New World Group Charity Foundation Limited. Mr. Cheng worked in a major international bank prior to joining the New World Group in September 2006 and has substantial experience in corporate finance area. Mr. Cheng holds a Bachelor of Arts Degree (*Cum Laude*) from Harvard University. He is the Vice-Chairman of All-China Youth Federation and the Youth Federation of the Central State-owned Enterprises, a Member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, a Consultant of the Beijing Municipal Committee of The Chinese People's Political Consultative Conference, the Chairman of China Young Leaders Foundation and the Honorary Chairman of Fundraising Committee of the Wu Zhi Qiao (Bridge to China) Charitable Foundation. Mr. Cheng is the son of Dr. Cheng Kar-shun, Henry, the nephew of both Mr. Doo Wai-hoi, William and Mr. Cheng Kar-shing, Peter. He is also the brother of Ms. Cheng Chi-man, Sonia and the cousin of Mr. Cheng Chi-him, Conrad.

【 DIRECTORS' PROFILE 】



Executive Director

Ms. Cheng Chi-man, Sonia

(Aged 31)



Ms. Cheng was appointed as an Executive Director of New World China Land Limited in January 2010. She is currently the Chief Executive Officer of New World Hospitality, the hotel management arm of the Group, and is responsible for overseeing its operations. She joined the Group in February 2009 and is currently a director of certain subsidiaries of the Company. Ms. Cheng is an Executive Director of New World Development Company Limited, a substantial shareholder of the Company. Before joining the Group, she had worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree in Applied Mathematics with concentration in Economics from Harvard University in U.S.A.. She is the daughter of Dr. Cheng Kar-shun, Henry, the niece of both Mr. Doo Wai-hoi, William and Mr. Cheng Kar-shing, Peter. She is also the sister of Mr. Cheng Chi-kong, Adrian and the cousin of Mr. Cheng Chi-him, Conrad.



Executive Director

Mr. Cheng Chi-him, Conrad

(Aged 33)



Mr. Cheng was appointed as an Executive Director of New World China Land Limited in January 2010. He graduated from University of Toronto in Canada with a Bachelor of Arts degree in Statistics and has been specialising in project management of property projects in China since 2005. He is currently an executive director of International Entertainment Corporation, a listed public company in Hong Kong. He was also an Executive Director of New Times Energy Corporation Limited (formerly known as New Times Group Holdings Limited), a listed public company in Hong Kong, from 5th February 2008 to 19th October 2009. He is the son of Mr. Cheng Kar-shing, Peter, the nephew of both Dr. Cheng Kar-shun, Henry and Mr. Doo Wai-hoi, William. He is also the cousin of Mr. Cheng Chi-kong, Adrian and Ms. Cheng Chi-man, Sonia.



Non-Executive Director

Mr. Chow Yu-chun, Alexander*(Aged 65)*

Mr. Chow was appointed as an Executive Director of New World China Land Limited in June 1999 and has been re-designated as a Non-Executive Director of the Company with effect from 1st January 2011. Mr. Chow joined the New World Group in 1973 and was responsible for the financial operations of the Company and the New World Group prior to his re-designation as a Non-Executive Director of the Company. He is currently an Independent Non-Executive Director of Playmates Toys Limited, Top Form International Limited and China Strategic Holdings Limited, all being listed public companies in Hong Kong. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and has over 35 years of experience in commercial, property development and investment management in Hong Kong and the PRC.



Executive Director

Mr. Fong Shing-kwong, Michael*(Aged 64)*

Mr. Fong was appointed as an Executive Director of New World China Land Limited in January 2003. He is also a director of certain subsidiaries of the Company. Mr. Fong is an Independent Non-Executive Director of Chuang's Consortium International Limited, a listed public company in Hong Kong, and a Director of several unlisted companies, including NWS Service Management Limited, New World Hotels (Holdings) Limited and Kiu Lok Property Services (China) Ltd.. Mr. Fong joined the New World Group in 1978 and was appointed as an Executive Director of New World Hotels International Limited from 1983 to 1997. He is responsible for hotel corporate management and project development of the Company and the New World Group. Besides his over 30 years experience in the hospitality industry, Mr. Fong has extensive experience in property development, asset and facility management as well as investment business in the PRC.

【 DIRECTORS' PROFILE 】



Executive Director

Ms. Ngan Man-ying, Lynda

(Aged 46)



Ms. Ngan was appointed as an Executive Director of New World China Land Limited in January 2006. She is also a member of each of the Executive Committee, the Remuneration Committee and the Nomination Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Ms. Ngan is an Executive Director of New World Department Store China Limited, a listed public company in Hong Kong. Ms. Ngan joined the Group in 1999 and is the Financial Controller and a committee member of the Group's Operation Committee responsible for overseeing the Group's financial accounting, treasury management and corporate governance monitoring. Prior to joining the Company, Ms. Ngan worked for an international accounting firm in Hong Kong and a tax consulting company in Australia. Ms. Ngan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of United Kingdom and has over 25 years of experience in auditing, accounting, business advisory and tax consultancy. Ms. Ngan is the Company Secretary of New World China Land Limited.



Independent Non-Executive Director

Dr. Cheng Wai-chee, Christopher

GBS OBE JP (Aged 64)



Dr. Cheng was appointed as an Independent Non-Executive Director of New World China Land Limited in June 1999. He also acts as the Chairman of each of the Audit Committee and the Remuneration Committee as well as a member of the Nomination Committee of the Board of Directors of the Company. Dr. Cheng is the Chairman of Wing Tai Properties Limited, an Independent Non-Executive Director of NWS Holdings Limited and Kingboard Chemical Holdings Limited, all being listed public companies in Hong Kong, as well as an Independent Non-Executive Director of DBS Group Holdings Limited, a listed public company in Singapore. Dr. Cheng is also a Non-Executive Director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust). He was an Independent Non-Executive Director of PICC Property and Casualty Company Limited and the Chairman of Winsor Properties Holdings Limited, both listed public companies in Hong Kong, up to his resignation on 23rd October 2009 and 1st September 2012, respectively.

Dr. Cheng has a keen interest in the public services. He is currently a member of the Hong Kong Government Exchange Fund Advisory Committee, a member of the Judicial Officers Recommendation Commission, a member of the Council of The University of Hong Kong and a steward of the Hong Kong Jockey Club. He also serves as a member of the board of Overseers at Columbia Business School, the board of Temasek Foundation CLG Limited, and a member on the President's Council on International Activities of the Yale University. Dr. Cheng is the former Chairman of the Hong Kong General Chamber of Commerce. Dr. Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York and was conferred the degree of Doctor of Social Sciences *honoris causa* by the University of Hong Kong.



Independent Non-Executive Director

Mr. Tien Pei-chun, James

GBS JP (Aged 65)



Mr. Tien was appointed as an Independent Non-Executive Director of New World China Land Limited in June 1999. He is a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee of the Board of Directors of the Company. Mr. Tien is Chairman of Manhattan Holdings Ltd., Manhattan Garments (International) Ltd., Manhattan Realty Ltd. and director of a number of private companies. Mr. Tien is also an Independent Non-Executive Director of Yeebo (International Holdings) Limited, a listed public company in Hong Kong. A legislative councillor from 1988 to 1991 and from 1993 to 2008, Mr. Tien is very active in the community and serves on government committees as well as non-government boards in Hong Kong. He is Chairman of the Hong Kong Tourism Board and a member of the Chinese People's Political Consultative Conference. Mr. Tien also serves as a member of the Hong Kong Trade Development Council, sits on the general committee of the Hong Kong General Chamber of Commerce and is a court member of the Hong Kong Polytechnic University.



Independent Non-Executive Director

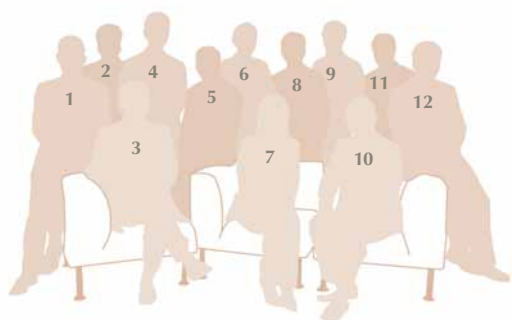
Mr. Lee Luen-wai, John

BBS JP (Aged 63)




Mr. Lee was appointed as an Independent Non-Executive Director of New World China Land Limited in December 2004. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board of Directors of the Company. Mr. Lee is the Managing Director and the Chief Executive Officer of Lippo Limited, an Executive Director and the Chief Executive Officer of both Lippo China Resources Limited and Hongkong Chinese Limited, and an Independent Non-Executive Director of New World Development Company Limited, a substantial shareholder of the Company, all being listed public companies in Hong Kong. Mr. Lee was a Non-Executive Director of Asia Now Resources Corporation, a company listed on TSX Venture Exchange of Canada, and Export & Industry Bank, Inc., a listed company in the Republic of Philippines, up until his resignation on 21st June 2012 and 13th December 2011, respectively. Export & Industry Bank, Inc. was placed under receivership on 26th April 2012. Mr. Lee is a Fellow Member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and an Associate Member of The Institute of Chartered Accountants in England and Wales. He was a partner of Pricewaterhouse in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He serves as a member on a number of Hong Kong Government Boards and Committees including a member of the Hospital Authority and the Chairman of its Finance Committee. He is also the Chairman of the Board of Trustees of the Hospital Authority Provident Fund Scheme as well as the Chairman of the Queen Elizabeth Hospital Governing Committee. In addition, Mr. Lee serves as a member of Non-local Higher and Professional Education Appeal Board and a member of the Appeal Boards Panel (Education). Mr. Lee was awarded the Bronze Bauhinia Star by Hong Kong Government in 2011.

【 SENIOR MANAGEMENT PROFILE 】




- 1 — WONG Siu-man, Simon
- 2 — LI Sau-lung
- 3 — GENG Shu-sen, Kenneth
- 4 — CHAN Yiu-ho, Benny
- 5 — LIANG Guo-qiang, CK
- 6 — LAU Chung-chun, Desmond
- 7 — NGAN Man-ying, Lynda
- 8 — LIU Li-qun
- 9 — CHAN Chi-wing, Wingo
- 10 — FAN Chor-kwok, Ambrose
- 11 — WONG See-yuen
- 12 — LEE Steward

 **WONG Siu-man,
Simon**
(aged 43)

Mr. Wong is a Regional Chief Executive of the Group, responsible for projects in Wuhan. Mr. Wong graduated from the University of Hong Kong majoring in business administration. He possesses more than 16 years of working experience in the property development sector in PRC. Mr. Wong joined New World Group in 1996.

 **LI Sau-lung**
(Aged 58)

Mr. Li is a Regional Chief Executive of the Group, whose primary responsibility is to oversee the Group's projects in Haikou. Mr. Li graduated from the University of Hong Kong with Bachelor Degrees in Arts (Architectural Studies) and Architecture and the Hong Kong Polytechnic University with Master Degrees in International Real Estate and Management Research Studies. Mr. Li is a Registered Architect in Hong Kong, Member of the Royal Institute of British Architects and the Hong Kong Institute of Architects. Mr. Li has more than 28 years of experience in architecture, project management and property development and has held a number of senior positions in international consulting firms, property development companies and real estate investment funds. Mr. Li joined the Group in 2011.

 **GENG Shu-sen,
Kenneth**
(Aged 49)

Mr. Geng is a Regional Director — Southern China of the Group who primarily oversees the Group's projects in Guangdong (include Guangzhou, Foshan, Zhuhai, Huizhou, Zhaoqing), Hainan and Guiyang. Mr. Geng holds Bachelor and Master Degrees in Engineering and is also a professional engineer in both the PRC and Australia. Mr. Geng has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr. Geng is the Committee Member of the 10th Chinese People's Political Consultative Conference of Guangdong, the Standing Committee Member of the 12th Chinese People's Political Consultative Conference of Guangzhou, Routine Vice-chairman of Guangzhou Overseas Friendship Association, the fourth batch of Most Honoured Citizens of Zhaoqing. Mr. Geng joined the Group in 1999 and was appointed as Regional Director – Southern China in 2008.

 **CHAN Yiu-ho,
Benny**
(Aged 40)

Mr. Chan is a Deputy Regional Chief Executive of the Group who primarily assists Mr. Desmond Lau in overseeing the Group's projects in Shenyang and Anshan. Mr. Chan holds a Bachelor Degree in Business Administration from the Chinese University of Hong Kong, and has over 12 years of experience in real estate development in the PRC. Prior to joining the Group, Mr. Chan worked for an international accounting firm in Hong Kong. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Chan joined the Group in 2000.

【 SENIOR MANAGEMENT PROFILE 】

 **LIANG Guo-qiang,**
CK
(Aged 39)

Mr. Liang is a Regional Chief Executive of the Group, whose primary responsibility is to oversee the Group's projects in Guiyang. Mr. Liang possesses more than 16 years of working experience in the property development sector in PRC, especially in marketing and management. Mr. Liang is the Committee Member of the 11th Chinese People's Political Consultative Conference of Foshan. Mr. Liang joined the Group in 2002.

 **LAU Chung-chun,**
Desmond
(Aged 65)

Mr. Lau is a Regional Chief Executive of the Group who primarily oversees the Group's projects in Shenyang and Anshan. Mr. Lau has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr. Lau is a Model Worker of the City of Shenyang, an Honorary Citizen of the City of Shenyang, Vice-chairman of the Shenyang Real Estate Development Association, Committee Member of the 10th, 11th and 12th Chinese People's Political Consultative Conference of Shenyang, Standing Committee Member of the 13th Chinese People's Political Consultative Conference of Shenyang, Convenor (Shenyang Region) of Hong Kong CPPCC (Provincial) Members, Vice Chairman of the Membership Committee of Hong Kong CPPCC (Provincial) Members Association and Convenor (Shenyang Region) of Hong Kong CPPCC (Provincial) Members Association, Vice-chairman of the Overseas Chinese Congress in Liaoning Province and Vice-chairman of the Liaoning Real Estate Association. Mr. Lau joined the Group in 1996.

 **LIU Li-qun**
(Aged 62)

Mr. Liu is a Regional Chief Executive of the Group who primarily oversees the Group's projects in Changsha. Mr. Liu graduated from the Hunan University majoring in Mechanical Engineering. Prior to joining the Group, Mr. Liu served as the Director of Yueyang City, Hunan Economic Commission and the Vice Mayor of Yueyang City, possessing extensive management experience. Mr. Liu joined the Group in 2009 as Project General Manager — Haikou. He served as Regional Chief Executive — Changsha in February 2012.

 **CHAN Chi-wing,**
Wingo
(Aged 50)

Mr. Chan is a Regional Chief Executive of the Group who primarily oversees the Group's projects in Beijing, Tianjin, Jinan, Tangshan and Langfang. Mr. Chan has more than 20 years experience in real estate development in Hong Kong and the PRC. Besides an honour degree in Architectural Studies from the University of Hong Kong, Mr. Chan has MBA, LLB (Hon) and LLM degrees. He has also been called to the Bar in England and Wales. Mr. Chan had once joined the New World Group in 1986. He has worked with the Group for more than 14 years.

 **FAN Chor-kwok,
Ambrose**
(Aged 68)

Mr. Fan is an Assistant General Manager and Regional Director — Central China of the Group, whose primary responsibility is to oversee the Group's projects in Central China including Wuhan and Changsha. Mr. Fan graduated from the University of Hong Kong with a Bachelor Degree in Architecture and the University of Toronto with a Master Degree in Business Administration. Mr. Fan is a Registered Architect in Hong Kong, Member of The Royal Architectural Institute of Canada and The Hong Kong Institute of Architects. Mr. Fan has more than 40 years of experience in architecture, project management and property development and has held a number of senior positions in international consulting firms, property development companies and financial institutions. Mr. Fan joined the New World Group in 1992, was appointed as a Director of New World Project Management Limited in 1993, Assistant General Manager of New World Development (China) Limited in September 1997 and Regional Director — Central China of New World China Land Limited in 2008.

 **WONG See-yuen**
(Aged 55)

Mr. Wong is a Regional Chief Executive of the Group who primarily oversees the Group's project in Chengdu. Mr. Wong holds a Bachelor Degree in Construction Management from Pacific Southern University and a Master Degree in Business Administration from Seattle International University. Mr. Wong has over 32 years of experience in real estate management, leasing and project development and management of various projects in Hong Kong and Mainland China. Mr. Wong is the Vice-Chairman of Chengdu Association of Enterprises with Foreign Investment, The House and Real Estate Association of Chengdu and The Chengdu Executive Committee Chairman of Hong Kong Chamber of Commerce in China. Mr. Wong joined the New World Group in 2002.

 **LEE Steward**
(Aged 44)

Mr. Lee is a Deputy Regional Chief Executive of the Group. He is primarily responsible for assisting Mr. Wingo Chan in supervising the Group's projects in Beijing, Tianjin, Jinan, Tangshan and Langfang. Mr. Lee has worked for projects in regions such as Shenyang, Haikou, Guangzhou and Guiyang, and has more than 16 years of experience in property development in the PRC. Mr. Lee holds a Bachelor Degree in Accounting granted by Melbourne University, Australia and is an associate member of CPA (Aust) of CPA Australia and an associate member of The Association of International Accountants (AIA). Mr. Lee had once joined the New World Group in 1996. He has worked with the Group for more than 15 years.

【 CORPORATE SUSTAINABILITY 】



Summary

During the past year, NWCL took an active role in designing green construction products and organised a series of environmental protection activities to advocate low-carbon lifestyle in the society. We continued to express our care and stretch out our hands to the underprivileged. Being an influential community group, New World Volunteer Teams participated in a range of large-scale activities to serve the society, and initiated fair trade campaigns in the communities to support handicraftsmen from remote areas and the development of traditional culture.

While giving respect to urban culture and building urban communities, we are also committed to creating harmonious communities with emphasis in local humanities. Serving as a platform for multicultural exchanges between property owners, NWCL is endeavoured to create happy communities.



1. Community Recognition

NWCL garnered “China Low-Carbon Model Enterprise” title

On 20th September 2011, NWCL garnered “2010-2011 China Low-Carbon Model Enterprise” title at the ceremony of “China Low-Carbon Model Enterprise” Appraisal Award jointly initiated and hosted by The Economic Observer, the national business media organisation, and National Economic Observer Research Institute. The Group is the only Hong Kong enterprise among the 12 international and domestic winners.

The judging panel commented that NWCL committed itself to exploring and facilitating the industry to implement green and low-carbon operations with concrete actions, while integrating the concept of low-carbon lifestyle into its community events and spreading the idea to the wider society.

NWCL garnered “China Best Corporate Citizen Award” and “Happiest Community Award”

On 6th December 2011, NWCL garnered “2011 Best Corporate Citizen Award” for the fifth time at the ceremony of “The Eighth China Best Corporate Citizen Appraisal” initiated and hosted by the national business media organisations, 21st Century Business Herald and 21st Century Business Review. The Group is the only Hong Kong enterprise among the 30 international and domestic winners.

The judging panel praised and honored NWCL for its commitment to sustainable development of the region, active participation in social welfare undertakings and the positive contributions of its corporate volunteer team to the society. Meanwhile, NWCL was awarded with the “2011 Happiest Community Practice Case Award” by the GNH Research Center of 21st Century, in recognition of its efforts in providing value for property owners in terms of ancillary facilities, culture and services, as well as its long-term commitment to create happy communities of the New World for property owners, as exemplified by Guangzhou Park Paradise, the community it developed. NWCL is the only Hong Kong enterprise among the seven domestic winners.



NWCL garnered international communications award The only Hong Kong developer receiving the accolade

On 29th May 2012, Discover Happiness, NWCL’s documentary on the daily lives of property owners, was honored with the Gold Award in the Campaigns category in the 22nd International Astrid Grand Awards. NWCL is the only Hong Kong developer receiving such accolade in this year’s competition. Organised by the MerComm, Inc., United States and as a continuation of the International Astrid Awards, the International Astrid Grand Awards also presented the Best of Category Awards to outstanding candidates among the Gold Award winners.

The documentary, Discover Happiness, is the first life movie on property owners initiated by NWCL in Mainland China. It consists of eight happy stories of ordinary families from eight cities where NWCL operates, with an aim to set up a platform for participating families to perform on their happy family life and convey happiness to the society, at the same time showcase the well-established and harmonious communities built by NWCL in Mainland China throughout years.

【 CORPORATE SUSTAINABILITY 】

2. Philanthropy and Charitable Giving

NWCL (Southern China) sponsored “2011 Liwan District Love and Care in Action cum Mid-Autumn Lantern Lighting Ceremony of the Cultural Park”

“Happy Guangzhou – 2011 Liwan District Love and Care in Action cum Mid-Autumn Lantern Lighting Ceremony of the Cultural Park” was held at Guangzhou Cultural Park at night on 9th September 2011. More than 300 participants, including needy groups and families from Liwan District, needy groups from Lutian Town, Conghua City, the designated region for provision of assistance, families newly migrated to Guangzhou, outstanding teachers, Guangzhou New World Volunteer Team and student volunteers, were invited to the Cultural Park. NWCL donated hundreds of thousands of RMB to support low-income families and impoverished children in Liwan District. Guangzhou New World Volunteer Team also assisted in organisation of the event.



NWCL (Chengdu) initiated “2012 New World Charity Feedback Day” Activity

On 14th January 2012, NWCL (Chengdu) initiated the “2012 New World Charity Feedback Day” activity with the theme of “Create a New Life with Love”, calling on its employees, property owners and partners to raise money for Wang Jiao, a student with leukemia, in a charity race. The activity raised RMB220,000, of which the entire amount will be used for medical treatment and rehabilitation of Wang Jiao.

NWCL (Shanghai) supported and participated in “Light Up Wishes” Warm Winter Activity

In the morning on 16th January 2012, NWCL (Shanghai) supported and participated in “Light up Wishes” – 2012 Sunshine and Youth in Warm Winter Activity held in Shanghai Children’s Medical Center. Representatives of NWCL sent gifts to the children with leukemia and the impoverished teenagers, and distributed consolation money to the children with leukemia and their families.

“Light up Wishes” activity is designated to offer help for the underprivileged, including children with leukemia, impoverished teenagers, children of the migrant workers in Shanghai, the elderly with no family, the disabled, the sick and the poor, to fulfill their dreams. NWCL (Shanghai) donated RMB100,000 and organised members of Shanghai New World Volunteer Team to send warmth to the children with leukemia and needy teenagers in the cold winter.

3. Community Services and Employee Volunteering

Chengdu New World Volunteer Team organised “Community Care Donation”

On 15th July 2011, the Head and Community Secretary of Chengdu Federation of the Disabled Persons accompanied the Chengdu New World Volunteer Team to visit once again the disabled persons learning at the Sub-district Occupational Therapy Station at Wangjiang Road, Wuhou District. Volunteers together moved donated materials, such as refrigerators, microwave ovens, bookcases and fans, to the Occupational Therapy Station. They were enthusiastically welcomed and were invited to share their thoughts and learn to make handicrafts.

Guangzhou New World Volunteer Team organised “2011 Guangzhou-Shufu Youth Exchange Camp”

On 14th August 2011, NWCL (Guangzhou), together with Guangzhou Municipal Party Committee of the Communist Youth League and Guangzhou Youth Development Foundation, invited 50 Xinjiang children living by the foot of Tianshan Mountains to participate in the “2011 Guangzhou-Shufu Youth Exchange Camp” held in Guangzhou. A 7-day



exchange camp was customised for the children to explore the beauty of Guangzhou. During the event, members of Guangzhou New World Volunteer Team led the children to participate in a range of activities, such as visit to Guangzhou Park Paradise, swimming fun at New World Canton Bay, Guangzhou-style moon cake making, dance competition and variety show, enabling the children coming from far away to explore the culture of southern Guangdong and experience the colorful life in the urban city.

Anshan and Shenyang New World Volunteer Teams visited orphans and disabled children in Mid-Autumn Festival

In the 2011 Mid-Autumn Festival, members of Anshan and Shenyang New World Volunteer Teams again visited “Mom Yan Love Home” at East Binhe Road, Shenyang City to comfort orphans and disabled children in the “Building a Happy Home, Spreading Love in Mid-Autumn Festival” activity. Volunteers brought moon cakes, fruits and daily necessities including milk powder and diapers to Mom Yan, and spent the Mid-Autumn Festival together with the children.

【 CORPORATE SUSTAINABILITY 】

Chengdu New World Volunteer Team headed for Daliang Mountains

On 13th February 2012, the Chengdu New World Volunteer Team and the volunteers from Hand-in-Hand Education Alliance and ifeng.com headed for Daliang Mountains after a more than 10-hour car ride to visit impoverished students of the Yi nationality. Representatives of the volunteers gave away sporting goods, such as table tennis tables, shuttlecocks, basketballs, skipping ropes and Chinese chess, to Jincheng Primary School in Xichang. On the second day, they went in a hurry to Zhaojue County, Liangshan Prefecture and visited Xinbang Tuodu Hope Primary school, Dongquan Primary School in Wenzhi Village and Chengxi Primary School in Xincheng Town. Gloves, socks, stationeries and foodstuffs were given away to the impoverished students.



Guangzhou New World Volunteer Team accompanied senior property owners to visit Lingnan Impression Garden in spring

On 25th February 2012, members of Guangzhou New World Volunteer Team accompanied senior property owners from Guangzhou New World Oriental Garden and Guangzhou Dong Yi Garden to visit Lingnan Impression Garden and enjoy the charm of traditional culture of Lingnan. Moreover, health experts were invited to share with the elderly ways to stay healthy in spring. Volunteers accompanied senior property owners all along and chatted about their daily lives in the activity, bringing them closer together. The activity was designed to improve the well-being of the senior property owners and enable them to enjoy a "Happy New World".

Shanghai New World Volunteer Team visited a special school for children

On 28th April 2012, Shanghai New World Volunteer Team launched a community care event, namely, "Endless Happiness for May Day" in Luwan Special Education Experimental School of East China Normal University, putting into practice its support for special education for children. Students of the special school include those suffering from down syndrome, autism, cerebral palsy and other disabilities. Volunteers and children together took part in fun competitive activities to stimulate the comprehensive capabilities of the children.

Wuhan Changqing Garden organised “Putting Wuhan Spirit into Practice” community event

During the 2012 Labour Day period, “Putting Wuhan Spirit into Practice” community event cum “2012 Love Tour” activity jointly hosted by Wuhan Municipal Party Committee of the Communist Youth League, cnhan.com and Wuhan Changqing Garden was kick-started. In the event, 50 volunteers visited Jiangnan District Social Welfare Home to play music instruments, perform calligraphy and provide hairstyling services free-of-charge to the elderly of the Welfare Home. Wuhan Changqing Garden also donated beds, blankets and medical apparatus to the elderly. The last stop of the event was “Sending Love with Poems” poetry reading event held at the impoverished Xihu District Advance Primary School. Wuhan Changqing Garden gave away sporting goods of more than RMB10,000 to students of the school. “Putting Wuhan Spirit into Practice” community event aroused wide public concern in the month since its kick-starting.



Shunde New World Volunteer Team participated in “Guangning and Huaiji Charity Walk”

On 5th and 6th May 2012, the Shunde New World Volunteer Team participated in “Guangning and Huaiji Charity Walk”. Members of the Volunteer Team and volunteers of Chow Tai Fook Charity Foundation together visited the families of needy children in Huaiji County to express their care in action. The Volunteer Team provided support to the “Ribbon-Cutting Ceremony for Completion of Chow Tai Fook Charity Foundation Guangning Children’s Home” activity, and enjoyed and cheered for the outstanding performances of children from the Children’s Home.

Zhaoqing New World Volunteer Team fully supported “For mothers, For children” charity event

On 13th May 2012, a large-scale charity event with the theme of “For mothers, For children” was jointly hosted by Zhaoqing Municipal Women’s Federation and Zhaoqing Council for Child Welfare at Zhaoqing Arch Square. Zhaoqing New World Volunteer Team presented carnations to mothers who attended the event and assisted in the organisation of books and paintings auction at the event. All the money raised were donated to “For mothers, For children” charity event.

【 CORPORATE SUSTAINABILITY 】

Beijing New World Volunteer Team organised a large-scale mobile classroom for children of migrant workers

On the 2012 International Children's Day, the Beijing New World Volunteer Team organised a visit to Beijing Planetarium for third-grade teachers and students of Yanjing Little Swan Public School, sending greetings to the children through the large-scale mobile classroom on the festive day. The Planetarium also expressed strong support for the community event and donated four telescopes and souvenirs to the school. In the event, the Beijing New World Volunteer Team led the students to visit the Space Theatre, watch "Wonderful Sky", an astronomical popular science program, and 4D popular science films and experience the beautiful starry sky tour displayed by a full-dome digital projection system and the most advanced optical planetarium, and shared with them the knowledge of astronomy, popular science and environmental protection.



Shenyang New World Volunteer Team supported the Shengjing Disabled Children Sports Game for three consecutive years

On 17th June 2012, 35 members of Shenyang New World Volunteer Team assisted in the organisation of and provided services, including roll-call, hosting, logistics etc., to the Shengjing Disabled Children Sports Game. This was the third consecutive year Shenyang New World Volunteer Team supported the event. The enthusiastic and serious working attitude of volunteers had been highly praised by the organisers. Currently, Shengjing Disabled Children Sports Game has been successfully held for five years, and this year's event attracted about 100 participants, including local and foreign children with disabilities.

4. Community Environmental Impact due to Operation

NWCL (Guangzhou) participated in the Second China Guangzhou International Low-Carbon Products and Technologies Exhibition

The Second China Guangzhou International Low-Carbon Products and Technologies Exhibition was held at the Guangzhou Jinhua Exhibition Centre from 3rd to 5th November 2011. With the theme of “Green New World: The Power of Seeds”, NWCL (Guangzhou) demonstrated its on-going exploration and practice on environmental protection and low-carbon initiatives. It also illustrated NWCL’s brand origin and vision, its philosophy and exploration on green living and its implementation and promotion of low-carbon initiatives. Xie Xiaodan, Secretary General of Guangzhou Municipal Government, greatly appreciated NWCL’s efforts in practicing environmental protection at the Exhibition.

Huizhou New World Sun Coast clinched “Green Building Award”

Huizhou New World Sun Coast clinched “Green Building Award” of “2011 Huizhou Golden Property Rating”, an over two-month activity hosted by Southern Metropolis Daily. Meanwhile, NWCL also garnered the “Social Impetus Enterprise Award”.



Huizhou New World Sun Coast attaches importance to the application of environmental-friendly technologies. 76 species of green plants were planted in the public area and 13 light shafts were designed at the sunlight basement garage to create a perfect harmony of sunlight, fountains and green plants in the basement. With our innovation, the foundation was raised by 2.4m and energy-efficient and green building materials were used in construction of the project.

Wuhan New World International Trade Tower and Wuhan New World Centre received the LEED Gold Certification

In April 2011, Wuhan New World International Trade Tower and Wuhan New World Centre attained LEED Gold Certification from the U.S. Green Building Council. NWCL is the first enterprise in Central China receiving two LEED Gold Certifications.

Since 2011, NWCL (Wuhan) has invested about RMB10 million in the upgrade of facilities in Wuhan New World International Trade Tower and Wuhan New World Centre. Upon completion and commencement of operations of all the facilities, approximately 1.0204 million kWh of electricity and 1,320 tonnes of water will be saved per year for the two projects. Calculated on the basis of saving 1 kWh of electricity is approximately equal to cutting the emission of carbon dioxide by 0.997 kg, the two projects will reduce 1,093.8 tonnes of carbon dioxide emission per year.

【 CORPORATE SUSTAINABILITY 】

5. Community Environmental Campaign

NWCL organised the Community Family Tour of Fair Trade

From 1st to 4th April 2012, NWCL visited the mountainous area in Guizhou with the winning families of the “NWCL Green Community•Parent-Child Handicraft Bazaar” in Shenyang and Beijing to understand the development of the Hmong handicraft industry and support fair trade and the development of local culture in actions.

“NWCL Green Community•Parent-Child Handicraft Bazaar” is a series of handicraft workshops organised by NWCL together with iFAIR China Fair Trade Center for property owners of communities under NWCL and surrounding public organisations on a regular basis. It encourages families in the communities to turn their household wastes into valuables and encourages parents to make handicrafts with their children. Handicraft bazaars were also organised



with the notions of fair trade and environmental protection instilled throughout the activities. Families in the communities create their own handicrafts for competition and the winning families have been rewarded with a Fair Trade Tour under the full sponsorship of NWCL.

NWCL supported “Earth Hour” for four consecutive years

On 31st March 2012, NWCL and about 50 of its property projects, which are located in 20 cities across Mainland China, fully supported the “Earth Hour” campaign launched by the World Wide Fund for Nature (“WWF”) for the fourth consecutive year and turned off light together with over 100 million people across the world for one hour at 8:30 p.m. in the evening, showing its determination and commitment towards carbon reduction and sustainable development.

In the evening of the event, about 50 property projects under NWCL turned off lights of the commercial properties and neon lights for an hour. Landmark properties of the Group participated in the event, which included Beijing New World Centre, Dalian New World Plaza, Shanghai Hong Kong New World Tower, Tianjin Xin An New World Plaza, etc. NWCL also called on its employees and hundreds of thousands of property owners and tenants to participate in this great event in their residence, office and workplace, and to implement low-carbon life in their daily practice.

“Green Supermarket” in Wuhan Guanggu New World introduced green living experience to the community

In mid-April 2012, Wuhan Guanggu New World organised a series of activities under “Joy in Community” and opened a chain Green Supermarket embodying the concept of circular consumption for residents in the community. Most of the merchandises available in the supermarket were low-carbon household goods. Green tips were posted in the supermarket for residents. The activity was to echo with the “Low-Carbon, High Efficiency and Healthy” lifestyle advocated by LEED. Residents were welcomed to sign on the “Green Proposal” in the supermarket to declare their commitment to low-carbon and green lifestyle.



Cultural & life season themed “Green, Low-Carbon, Fashion” kick-started in Guangzhou

On 29th April 2012, the kick-off ceremony of the cultural & life season themed “Green, Low-Carbon, Fashion” was held at the Guangzhou New World Oriental Garden Experience Centre. The event was held in the form of “Parent-Child Handicraft Bazaar” for property owners to experience the low-carbon lifestyle. Guangzhou New World Volunteer Team accompanied property owners and their children to make double-decker buses by hand, so as to promote the low-carbon lifestyle. The cultural & life season themed “Green, Low-Carbon, Fashion” lasted for two months.

【 CORPORATE SUSTAINABILITY 】

Slow Cycling Charity Contest officially kick-started in the NWCL communities

The Slow Cycling Charity Contest and fund-raising activity for United Nations Children's Fund ("UNICEF") have been kick-started in the NWCL communities in May 2012. Funds raised through the charity event will be donated to UNICEF for the launch of the "Our Footprints, Our Future — Remote cooperation and inquiry-based learning" project, an advanced project of "Children-friendly School — Remote collaborative learning" organised in collaboration with UNICEF to improve knowledge of children in urban and rural areas on environmental protection.

The first Slow Cycling Charity Contest was held in Wuhan during May 1st holiday. The Slow Cycling activities in Guangzhou Central Park-View, Guangzhou Park Paradise, Guangzhou New World Oriental Garden, Guangzhou Covent Garden and Guangzhou Foshan New World Metropolitan Complex were held synchronously from 19th to 20th May. On 16th June, NWCL (Chengdu) hosted the Slow Cycling Charity Contest and the Movie Season activity in



the Shouxi Binjiang International Club in New World Riverside. Hundreds of teams of property owners and staff participated in, and representatives of the orphans from Chengdu Shuangliu Ankang Garden were invited to join the Slow Cycling Charity Contest. Shenyang, Anshan, Changsha, Beijing and Tianjin also took part in the said activity.

A series of "Water Conservation" activities of NWCL kick-started on a nationwide basis

Starting from June 2012, NWCL branches in different cities across the nation have commenced the "Water Conservation" activities, in order to execute the Group's policy on sustainable development. NWCL (Southern China) was the first to organise a water conservation activity, namely "Getting closer to Water and Nature", in Nansha Wetland Park. After that, NWCL (Shenyang) hosted the "Water Conservation Series" — "Passion for Water and Love", in order to publicise the living concept of "cherish and conserve water"; NWCL (Anshan) kick-started the "Low-carbon Life, Green Action" environmental protection activities; and NWCL (Beijing) organised the opening ceremony for "Water Conservation" — "Passion for Water" festival.

6. Education Sponsorship

NWCL (Chengdu) started an assistance project in Bazhong Village

On 17th October 2011, with the great support from the Da Ba Mountains Academy for Biology and Poverty Problems, NWCL (Chengdu) started an on-going assistance project for the poverty-stricken primary schools in Bazhong Village. Assistance ranges from replacement of beds in dormitory, ground reinforcement in classroom and playground, fresh water plumbing system in canteen in early stages to replacement of tables and chairs and donation of funds raised from charity auction to primary school teachers and students in the Village recently. All of these aim to provide a sustainable learning environment for healthy growth of children in the Village.

Changsha La Ville New World donated 7,000 books to aid education with love

At the inauguration ceremony of Shazitang Primary School in Changsha La Ville New World on 13th February 2012, NWCL (Changsha) donated about 7,000 books in a total amount of approximately RMB80,000 to the Primary School. Books donated cover a wide variety of topics including children's readings, world masterpieces, literature and arts, and other classic readings. On the day of the event, about 40 employees of La Ville New World have come to the "La Ville New World Reading Room" to share the pleasure of reading with children.



NWCL (Shanghai) held "Three Warm Greetings in Winter" public welfare activity

On 14th February 2012, the representatives of the Shanghai New World Volunteer Team drove to Fengxian and sent out 183 books collected in the "Three Warm Greetings in Winter" activity held in December 2011 to Starlight Primary School, a primary school for children of migrant workers in Fengxian. The caring and donation activity was jointly organised by NWCL (Shanghai) and the Communist Youth League Committee of Huangpu District, Shanghai in an aim to provide support to children left behind and children of migrant workers aged 7 to 11. "Three Greetings" include "Sending warm, sending knowledge and sending care". A total of 368 items, including 185 winter clothes and 183 books, were collected in the activity.

7. Culture and Leisure

"Mid-Autumn Festival in New World" Mid-Autumn Festival party night was held in Shenyang region

The "Mid-Autumn Festival in New World" Mid-Autumn Festival party night was held at Club Royale, the club house of Shenyang New World Garden on 4th September 2011. Large-scale Mid-Autumn Festival events were widely received by both old and new property owners following the hosting of moon appreciation festival in Shenshuiwan Park last year. This year, we organised a special and boisterous outdoor folk temple fair, attracting hundreds of New World property owners to enjoy the variety of shows presented at the venue.

【 CORPORATE SUSTAINABILITY 】

NWCL held the second National Staff Sports Day

The second NWCL National Staff Sports Day was held in Beijing on 14th October 2011, the senior management and around 1,000 employees from NWCL offices all over the nation participated in the event with the slogan of “Go Beyond the Peak to Create a New World”. The National Staff Sports Day lasted for 3 days from 14th to 16th October. 35 traditional sports games, including track and field, tennis, badminton, table tennis, swimming, tug of war, etc., as well as other fun games were held in the event. Moreover, over RMB30,000 was raised through the rummage sale on the Sports Day for iFAIR China Fair Trade Center to offer help to the handicrafters of the ethnic minority in the poverty-stricken mountainous areas.



NWCL (Southern China) organised a series of “New Year, New World” events

At the end of 2011, NWCL (Southern China) presented a series of New Year events with the theme of “New Year, New World” for residents in Guangzhou. The series of New Year events comprised three portions, namely, New Year’s Greeting Party, New Year Healthy Walk and the Guangzhou New Year Concert. In the evening on 31st December 2011, the New Year’s Greeting Party, which featured both Chinese and Western culture, was presented at the Canton Place in Zhujiang New Town. On 1st January 2012, about ten thousand residents in Guangzhou joined the “Guangzhou Healthy Walk”, which was supported by NWCL. In the evening on the same day, Budapest Symphony Orchestra, Hungary, a world-class symphony orchestra, performed the “NWCL 2012 Guangzhou Opera House New Year Concert”, which was conducted by the maestro András Keller. This concert has added more joy to all audiences through the “Listen your own music” activity featuring selection of repertoire by the public.

NWCL branches organised New Year staff gatherings

NWCL recognises employees as the most valuable assets of an enterprise. New Year staff gatherings of branches in different regions, such as Shenyang, Beijing, Chengdu, Shanghai, Central and Southern China, were held in early January 2012 to celebrate the New Year festival. Management and employees of the Group shared the joy of the Chinese New Year together, and outstanding staff and teams of the year received praises at the gathering as an encouragement for their devotions.

Property owners of The Pinnacle Apartment, Dalian and staff of NWCL (Dalian) participated in the Dalian International Walking Festival

On 20th May 2012, property owners of The Pinnacle Apartment, Dalian and staff of NWCL (Dalian) participated in the 2012 10th Dalian International Walking Festival, which lasted for two days. The theme of the Walking Festival this year was "Health, Peace and Communication". Property owners and staff of NWCL (Dalian) were dressed in white T-shirts with corporate logo, and walked for 10 km with our flag waving all over. The two-day Walking Festival attracted a record high of 330,000 participants in total.



NWCL (Southern China) organised the 3rd Community Carnival

On 16th June 2012, the closing ceremony of "Lively and Healthy New World" Community Carnival 2012 hosted by NWCL (Southern China) was held in the Canton Place. Six representative teams comprising nearly 1,500 property owners of communities under NWCL (Southern China) gathered at Guangzhou Park Paradise to compete for 62 medals from 20 games.

The activity is an important annual community branding event of NWCL (Southern China), and a platform through which NWCL (Southern China) wishes to further promote the communication between employees, property owners and NWCL Club members, as well as to advocate the lifestyle of low-carbon, environmental protection, harmony and happiness.

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REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and financial statements for the year ended 30th June 2012.

Group Activities

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies and jointly controlled entities are shown in note 43 to the financial statements.

Financial Statements

The results of the Group of the year ended 30th June 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 132 to 216.

Dividends

The directors have resolved to recommend the payment of a final dividend of HK\$0.04 per share (2011: HK\$0.04 per share) in respect of the year ended 30th June 2012. Together with the interim dividend of HK\$0.03 per share (2011: HK\$0.03 per share), the total dividends for the year ended 30th June 2012 would thus be HK\$0.07 per share (2011: HK\$0.07 per share). The proposed final dividend, if approved at the forthcoming annual general meeting of the Company, will be paid on or about Friday, 28th December 2012 to the shareholders whose names appear on the register of members of the Company on Wednesday, 28th November 2012.

Share Capital

Details of the movements in the share capital during the year are set out in note 30 to the financial statements.

Reserves

Details of the movements in reserves are set out in note 31 to the financial statements. Distributable reserves of the Company at 30th June 2012 amounted to HK\$21,909 million (2011: HK\$18,233 million).

Purchase, Sale or Redemption of Company's Listed Securities

On 11th June 2012, the maturity date of the USD settled zero coupon guaranteed convertible bonds ("Bonds") (stock code: 01517) issued by New World China Land Finance Limited ("NWCLF"), an indirect wholly-owned subsidiary of the Company, all outstanding Bonds totalling 3,132 units with face value of RMB100,000 each were redeemed by NWCLF for an aggregate consideration of USD51,469,502.76 (before expenses) in accordance with the terms and conditions of the Bonds.

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

REPORT OF THE DIRECTORS

Property, Plant and Equipment

Details of the movements in property, plant and equipment are set out in note 16 to the financial statements.

Donation

Donation made by the Group during the year amounted to HK\$6,863,000 (2011: HK\$8,228,000).

Directors

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Dr. Cheng Kar-shun, Henry
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

Non-executive Directors

Mr. Doo Wai-hoi, William
Mr. Chow Yu-chun, Alexander
Mr. Leung Chi-kin, Stewart (Resigned on 1st January 2012)
Mr. Chow Kwai-cheung (Resigned on 1st March 2012)

Independent Non-executive Directors

Dr. Cheng Wai-chee, Christopher
Mr. Tien Pei-chun, James
Mr. Lee Luen-wai, John

In accordance with Article 116 of the Company's Articles of Association, Mr. Cheng Kar-shing, Peter, Mr. Fong Shing-kwong, Michael, Ms. Ngan Man-ying, Lynda and Dr. Cheng Wai-chee, Christopher will retire by rotation at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election. The remaining current directors continue in office.

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

Pre-emptive Rights

No pre-emptive rights exist in the Cayman Islands in respect of the Company's share capital.

Directors' Interest in Contracts

Save for contracts amongst group companies and the two master services agreements dated 16th May 2011 and 19th May 2011 between the Group and Mr. Doo Wai-hoi, William ("Mr. Doo"), a director of the Company, as disclosed in paragraphs A(3) and (4) in the section headed "Connected Transactions" below, no other contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or fellow subsidiaries is a party, and in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

The Group has entered into the following connected transactions during the year and up to the date of this report:

A. Master services agreements

- (1) On 30th April 2010, a master service agreement ("NWD Master Agreement") was entered into between the Company and New World Development Company Limited ("NWD"), the ultimate holding company of the Company, under which the Company agreed to (i) engage the group companies of NWD ("NWD Group") to provide contracting services, property agency services and leasing services to members of the Company; and (ii) provide leasing and property management services, as well as hotel management services to members of NWD Group, on non-exclusive basis and subject to the terms and conditions of each operational agreement which shall be on normal commercial terms or at prices and terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties, with effect from 30th April 2010 for an initial term of twenty-six months. Details of the NWD Master Agreement were set out in an announcement of the Company dated 30th April 2010 and in a circular dated 18th May 2010.

On 13th May 2011, the Company entered into a supplemental agreement with NWD to widen the scope of the NWD Master Agreement by, inter alia, revising the definition of "NWD Group" in the NWD Master Agreement with reference to the definition of "associate of connected person" under the Listing Rules, details of the supplemental agreement were set out in an announcement of the Company dated 13th May 2011.

The aggregate transaction values in respect of (i) the services rendered by NWD Group to the Group and (ii) the services rendered by the Group to NWD Group under the NWD Master Agreement and the maximum annual values ("annual caps") stipulated under the NWD Master Agreement for the year ended 30th June 2012 were as follows:

	Aggregate transaction values	Annual caps
	HK\$'000	HK\$'000
Services rendered by NWD Group to the Group	90,600	2,028,200
Services rendered by the Group to NWD Group	404,800	466,400

REPORT OF THE DIRECTORS

Connected Transactions (Continued)

A. Master services agreements (Continued)

- (2) On 23rd November 2010, a master services agreement (“CTF Master Agreement”) was entered into between the Company and Chow Tai Fook Enterprises Limited (“CTF”), under which the Company agreed to procure members of the Company to provide the hotel management and consultancy services as well as project management and consultancy services to members of the CTF group (“CTF Group”), subject to the terms and conditions of each operational agreement which shall be on normal commercial terms or at prices and terms no less favourable to the Company than terms available to independent third parties, with effect from 1st July 2010 for an initial term of three years. At the date of the CTF Master Agreement, CTF was considered as a connected person of the Company by virtue of its holding of an approximately 40.03% of the total issued capital of NWD. Details of the CTF Master Agreement were set out in the announcement of the Company dated 23rd November 2010.

On 14th March 2012, the Company entered into a supplemental agreement with CTF for the purposes of amending the term of the CTF Master Agreement regarding the annual caps provided for the transactions contemplated under the CTF Master Agreement for the two years ending 30th June 2013 and revising, inter alia, the definition of “CTF Group” in the CTF Master Agreement to allow the Company for more flexibility to comply with the disclosure requirement under the Listing Rules. Details of the supplemental agreement were set out in an announcement of the Company dated 14th March 2012.

The aggregate transaction values in respect of each category of the services provided by members of the Group to CTF Group under the CTF Master Agreement and the annual caps for the year ended 30th June 2012 were as follows:

	Aggregate transaction values	Annual caps
	HK\$'000	HK\$'000
Hotel management and consultancy services	54,900	67,200
Project management and consultancy services	3,700	15,900

- (3) On 16th May 2011, a master services agreement (“Existing Master Services Agreement”) was entered into between the Company and Mr. Doo, under which Mr. Doo agreed to, and to procure his controlled corporations (“Services Group”) to, provide contracting services to the Group pursuant to the existing services agreements between the Services Group and the Group which would be subsisting, but not yet completed, on the date of the completion of management buyout of certain subsidiaries of NWS Holdings Limited by a company controlled by Mr. Doo (“Management Buyout”), for a term of three years commencing from 30th June 2011, being the date of the completion of the Management Buyout, on non-exclusive basis and subject to the terms and conditions of each existing services agreement which shall be on normal commercial terms or at prices and terms no less favourable to the Company than terms available from independent third parties of the Company.

The aggregate transaction values under the Existing Master Services Agreement for the year ended 30th June 2012 amounted to HK\$51,601,000 (2011: Nil), which were within the annual cap of HK\$155,000,000.

Mr. Doo is a director of the Company and its certain subsidiaries, and hence a connected person of the Company under the Listing Rules. Details of the Existing Master Services Agreement were set out in an announcement of the Company dated 16th May 2011.

- (4) On 19th May 2011, a new master services agreement (“New Master Services Agreement”) was entered into between the Company and Mr. Doo in relation to possible execution of new operational agreements for the provision of the operational services by himself and the relevant members of the Services Group to the Group, subject to the terms and conditions of each operational agreement which shall be on normal commercial terms or at prices and terms no less favourable to the Company than prices and terms available to or from independent third parties, for an initial term of three years commencing from 1st July 2011.

The aggregate transaction values under the New Master Services Agreement for the year ended 30th June 2012 amounted to HK\$57,728,000 (2011: Nil), which were within the annual cap of HK\$1,761,000,000.

Mr. Doo is a connected person of the Company based on the reason stated in the paragraph A(3) above, details of the New Master Services Agreement were set out in an announcement of the Company dated 19th May 2011 and in a circular dated 10th June 2011.

- (5) On 21st May 2012, the Company entered into a new master services agreement (“New NWD Master Agreement”) with NWD in anticipation of the expiry of the NWD Master Agreement (paragraph A(1) above) on 30th June 2012. Pursuant to the New NWD Master Agreement, the Company agreed to (i) engage the relevant members of the NWD Group to provide the contracting services, property agency services and leasing services to members of the Company; and (ii) provide leasing and property management services, as well as hotel management services to the relevant members of the NWD Group, together with such other types of services the Company and NWD may agree upon from time to time in writing, subject to the terms and conditions of each definitive agreement which shall be on normal commercial terms or at prices and terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties, for an initial term of three years commencing from 1st July 2012.

The annual caps in respect of the services rendered by NWD Group to the Group under the New NWD Master Agreement for each of the three financial years ending 30th June 2013, 30th June 2014 and 30th June 2015 will be HK\$1,423,100,000, HK\$769,200,000 and HK\$707,400,000, respectively whilst that for the services rendered by the Group to NWD Group will be HK\$609,700,000, HK\$677,300,000 and HK\$788,800,000, respectively.

An ordinary resolution approving the New NWD Master Agreement was duly passed by the independent shareholders of the Company by poll at an extraordinary general meeting of the Company held on 27th June 2012. Details of the New NWD Master Agreement were set out in an announcement of the Company dated 21st May 2012 and in a circular dated 8th June 2012.

REPORT OF THE DIRECTORS

Connected Transactions (Continued)

B. Hotel management service contract

On 1st February 2010, a management service contract was entered into between New World Hotel Management Company Limited (“NWHM”), an indirect wholly-owned subsidiary of the Company, and 佛山市順德區寶興酒店有限公司 (Foshan City Shunde Poh-hing Hotel Co., Ltd.) (“Shunde Poh-hing”), under which NWHM agreed to provide hotel management services to New World Hotel Shunde, a hotel located at 150 Qing-hui Road, Da-liang, Shunde District, Foshan City, Guangdong Province, the PRC. The contract has an initial term of 20 years commencing from 1st January 2010 and expiring on 31st December 2029, which is renewable for successive terms of 10 years each time upon its expiry.

The fees receivable by NWHM are calculated at: (a) for the basic management fees: 2% of the total revenue of the hotel; and (b) for the incentive management fees: (i) 5% of the gross operating profit (“GOP”) of the hotel, which represents the total revenue less cost of operation, from 1st January 2010 to 31st December 2014; (ii) 6% of the GOP for the next five years up to 31st December 2019; and (iii) 7% of the GOP from 1st January 2020 onwards. The aggregate transaction values in respect of the services provided under the contract amounted to HK\$1,500,000 for the year ended 30th June 2012 (2011: HK\$2,900,000), which were within the annual cap of HK\$4,500,000.

At the date of the contract, Shunde Poh-hing was a jointly controlled entity owned as to 65% by Global Perfect Development Limited (“Global Perfect”) and as to 35% by an independent third party. Global Perfect was in turn owned as to 50% by the Group and as to 50% by CTF Nominee Limited as a nominee for Chow Tai Fook (Holding) Limited (“CTFH”) (formerly known as Centennial Success Limited) which owns the entire interest in CTF, a connected person of the Company by virtue of its holding of more than one-third of the issued share capital of NWD. Accordingly, Shunde Poh-hing was regarded as an associate of a connected person of the Company under the Listing Rules. Details of the management service contract were set out in the Company’s announcement dated 1st February 2010. As Shunde Poh-hing fell within the revised definition of CTF Group pursuant to the supplemental agreement of the CTF Master Agreement (paragraph A(2) above), the transactions under the hotel management contract with Shunde Poh-hing were governed by the CTF Master Agreement and will be aggregated with the other transactions of the Company with CTF Group under the CTF Master Agreement in the next financial year.

C. Master sales agreement

On 22nd March 2011, a master sales agreement was entered into between the Company, New World Department Store China Limited (“NWDS”) and CTF Jewellery Company Limited (“CTF Jewellery”), under which (i) NWDS agreed to accept various cash equivalent gift coupons, gift cards and stored value shopping card (“Shopping Vouchers”) to be issued by the Group and the prepaid shopping cards (“Prepaid Shopping Cards”) to be issued by NWDS group and purchased by the Group as payment for purchases of goods at the stores operating by NWDS group including the floor space where members of CTF Jewellery group would operate their businesses, on condition that the value represented by the Shopping Vouchers and Prepaid Shopping Cards will be settled by the Group; (ii) the members of CTF Jewellery group agreed to offer commissions to the Group and the members of NWDS group agreed to offer rebates to the members of CTF Jewellery group in respect of the purchases made by customers by means of presenting the Shopping Vouchers; and (iii) the members of NWDS group agreed to offer discounts to the Group for purchases of the Prepaid Shopping Cards, subject to the terms and conditions of each sales contract which shall be on normal commercial terms and on terms no more favourable than the terms offered by the Company to independent third parties, with effect from 22nd March 2011 and ending on 30th June 2013 (both days inclusive). The Shopping Vouchers or Prepaid Shopping Cards will be provided to the purchasers of the properties of the Group as part of the marketing activities of the Group.

The aggregate transaction values under the master sales agreement for the year ended 30th June 2012 amounted to RMB7,729,000 (2011: RMB3,990,000), which were within the annual cap of RMB50,000,000.

NWD held an approximately 70% attributable interest in the Company and NWDS is a subsidiary of NWD. CTF Jewellery is an associate of CTF which is a substantial shareholder of NWD. NWDS and CTF Jewellery are therefore regarded as connected persons of the Company under the Listing Rules. Details of the master sales agreement were set out in the announcement of the Company dated 22nd March 2011.

D. Other connected transaction

In July 1999, a deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of, inter alia, certain PRC corporate income tax and land appreciation tax payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$503,477,000 (2011: HK\$654,285,000) was effected.

REPORT OF THE DIRECTORS

Connected Transactions *(Continued)*

E. Annual review of the continuing connected transactions

The independent non-executive directors of the Company had reviewed the continuing connected transactions arising from the master services agreements (paragraphs A(1) to (4) above), the hotel management service contract (paragraph B above) and the master sales agreement (paragraph C above) for the financial year ended 30th June 2012 and confirmed that the transactions were:

- (a) entered into in the ordinary and usual course of business of the Group;
- (b) conducted on normal commercial terms; and
- (c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the abovementioned continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Save as disclosed above, a summary of significant related party transactions that do not constitute connected transactions made during the year was disclosed in note 42 to the financial statements.

Directors' Interests in Securities

As at 30th June 2012, 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 30th June 2012
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	28,125,000	4,387,500	117,610,200 ⁽¹⁾	150,122,700	1.74
Mr. Doo Wai-hoi, William	—	—	1,317,000 ⁽²⁾	1,317,000	0.02
Mr. Cheng Chi-kong, Adrian	371,194	—	—	371,194	0.00
Ms. Cheng Chi-man, Sonia	168,400	—	—	168,400	0.00
Mr. Chow Yu-chun, Alexander	4,075,000	—	—	4,075,000	0.05
Mr. Fong Shing-kwong, Michael	2,068,895	—	—	2,068,895	0.02
Dr. Cheng Wai-chee, Christopher	299,400	—	—	299,400	0.00
Mr. Tien Pei-chun, James	299,400	—	—	299,400	0.00
Mr. Lee Luen-wai, John	299,400	—	—	299,400	0.00
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	450,000	—	450,000	0.01
Mr. Doo Wai-hoi, William	—	—	1,500,000 ⁽²⁾	1,500,000	0.02
Mr. Fong Shing-kwong, Michael	313,182	—	—	313,182	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	13,768,798	—	12,000,000 ⁽¹⁾	25,768,798	0.72
Mr. Doo Wai-hoi, William	5,701,834	—	8,330,782 ⁽²⁾	14,032,616	0.39
Mr. Cheng Kar-shing, Peter	359,061	—	5,074,520 ⁽³⁾	5,433,581	0.15
Mr. Fong Shing-kwong, Michael	2,431,060	—	—	2,431,060	0.07
Dr. Cheng Wai-chee, Christopher	1,402,319	—	—	1,402,319	0.04

REPORT OF THE DIRECTORS

Directors' Interests in Securities (Continued)

(A) Long position in shares (Continued)

	Number of shares			Total	Percentage to the relevant issued share capital at 30th June 2012
	Personal interests	Family interests	Corporate interests		
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Ms. Cheng Chi-man, Sonia	92,000	—	—	92,000	0.01
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 ⁽⁴⁾	15,869	27.41
Mega Choice Holdings Limited					
<i>(in liquidation)</i>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	420,585,070 ⁽¹⁾	420,585,070	34.61
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 ⁽⁵⁾	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 ⁽⁶⁾	500	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 companies wholly-owned by Mr. Doo Wai-hoi, William.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
4. 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 45.63% of its issued share capital.
5. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
6. Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

(B) Long position in underlying shares — share options

(1) The Company

Under the share option scheme of the Company adopted on 26th 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 year are as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options				Balance as at 30th June 2012	Exercise price per share (before adjustment) (note 10)	Exercise price per share (after adjustment) (note 10)
			Balance as at 1st July 2011	Adjusted during the year (note 10)	Exercised during the year	Re-classified during the year (note 11)			
							HK\$	HK\$	
Dr. Cheng Kar-shun,	29th December 2008	(1)	1,791,045	69,781	—	—	1,860,826	1.340	1.290
Henry	18th January 2011	(2)	2,000,000	77,922	—	—	2,077,922	3.154	3.036
Mr. Doo Wai-hoi,	29th December 2008	(1)	727,612	28,349	—	—	755,961	1.340	1.290
William	18th January 2011	(2)	800,000	31,169	—	—	831,169	3.154	3.036
Mr. Cheng Kar-shing,	29th December 2008	(1)	727,612	28,349	—	—	755,961	1.340	1.290
Peter	18th January 2011	(2)	800,000	31,169	—	—	831,169	3.154	3.036
Mr. Cheng Chi-kong,	29th December 2008	(3)	337,284	13,141	—	—	350,425	1.340	1.290
Adrian	18th January 2011	(2)	1,500,000	58,442	—	—	1,558,442	3.154	3.036
Ms. Cheng Chi-man,	29th December 2008	(4)	755,821	29,448	—	—	785,269	1.340	1.290
Sonia									
Mr. Chow Yu-chun,	29th December 2008	(1)	559,701	21,807	—	—	581,508	1.340	1.290
Alexander	18th January 2011	(2)	500,000	19,481	—	—	519,481	3.154	3.036
Mr. Fong Shing-kwong,	29th December 2008	(3)	43,933	1,712	(45,645) ⁽⁶⁾	—	—	1.340	1.290
Michael	18th January 2011	(2)	500,000	19,481	—	—	519,481	3.154	3.036
Ms. Ngan Man-ying,	29th December 2008	(5)	507,463	19,771	(350,000) ⁽⁷⁾	—	177,234	1.340	1.290
Lynda	18th January 2011	(2)	1,000,000	38,961	—	—	1,038,961	3.154	3.036
Dr. Cheng Wai-chee,	29th December 2008	(1)	252,221	9,827	(174,000) ⁽⁸⁾	—	88,048	1.340	1.290
Christopher	18th January 2011	(2)	300,000	11,688	—	—	311,688	3.154	3.036
Mr. Tien Pei-chun,	29th December 2008	(1)	252,221	9,827	(174,000) ⁽⁸⁾	—	88,048	1.340	1.290
James	18th January 2011	(2)	300,000	11,688	—	—	311,688	3.154	3.036
Mr. Lee Luen-wai,	29th December 2008	(1)	252,221	9,827	(174,000) ⁽⁸⁾	—	88,048	1.340	1.290
John	18th January 2011	(2)	300,000	11,688	—	—	311,688	3.154	3.036
Mr. Leung Chi-kin,	29th December 2008	(1)	127,910	1,635	(85,934) ⁽⁹⁾	(43,611)	—	1.340	1.290
Stewart	18th January 2011	(2)	200,000	7,792	—	(207,792)	—	3.154	3.036
Mr. Chow Kwai-cheung	29th December 2008	(1)	167,910	6,542	—	(174,452)	—	1.340	1.290
	18th January 2011	(2)	200,000	7,792	—	(207,792)	—	3.154	3.036
Total			14,902,954	577,289	(1,003,579)	(633,647)	13,843,017		

REPORT OF THE DIRECTORS

Directors' Interests in Securities (Continued)

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

(1) The Company (Continued)

Notes:

1. Divided into 4 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
2. Divided into 5 tranches, exercisable from 19th February 2011, 19th February 2012, 19th February 2013, 19th February 2014 and 19th February 2015, respectively to 18th February 2016.
3. Divided into 2 tranches, exercisable from 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
4. Divided into 5 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011, 30th January 2012 and 30th January 2013, respectively to 29th January 2014.
5. Divided into 3 tranches, exercisable from 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
6. The exercise date was 31st January 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$1.830.
7. The exercise date was 4th May 2012. On the trading date immediately before the exercise date, the closing price per share was HK\$2.450.
8. The exercise date was 29th December 2011. On the trading date immediately before the exercise date, the closing price per share was HK\$1.580.
9. The exercise date was 8th December 2011. On the trading date immediately before the exercise date, the closing price per share was HK\$1.650.
10. Pursuant to the share option scheme of the Company, the number of share options and exercise prices are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 18th October 2011 which became unconditional on 22nd December 2011 constituted an event giving rise to adjustments to the number of outstanding share options and the exercise prices in accordance with the share option scheme on 23rd December 2011.
11. The interests of Mr. Leung Chi-kin, Stewart and Mr. Chow Kwai-cheung in the share options were re-classified as employees' interest due to their resignations as non-executive directors of the Company with effect from 1st January 2012 and 1st March 2012, respectively.
12. 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 year are as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options					Balance as at 30th June 2012	Exercise price per share HK\$
			Balance as at 1st July 2011	Granted during the year	Adjusted during the year	Exercised during the year	Lapsed during the year		
Dr. Cheng Kar-shun,	19th March 2007	(1)	36,714,392	—	3,784,390	—	(40,498,782)	—	16.003 ⁽⁵⁾
Henry	19th March 2012	(4)	—	10,000,000	1,320	—	—	10,001,320	9.769 ⁽⁶⁾
Mr. Cheng Kar-shing,	19th March 2007	(1)	201,172	—	20,735	—	(221,907)	—	16.003 ⁽⁵⁾
Peter	19th March 2012	(2)	1,207,047	—	124,417	—	(1,331,464)	—	16.003 ⁽⁵⁾
		(4)	—	500,000	66	—	—	500,066	9.769 ⁽⁶⁾
Mr. Cheng Chi-kong,	19th March 2007	(2)	502,935	—	51,840	—	(554,775)	—	16.003 ⁽⁵⁾
Adrian	19th March 2012	(4)	—	3,500,000	462	—	—	3,500,462	9.769 ⁽⁶⁾
Ms. Cheng Chi-man,	19th March 2012	(4)	—	3,000,000	396	—	—	3,000,396	9.769 ⁽⁶⁾
Sonia									
Mr. Chow Yu-chun,	19th March 2007	(2)	1,508,809	—	155,522	—	(1,664,331)	—	16.003 ⁽⁵⁾
Alexander									
Mr. Fong Shing-kwong,	19th March 2007	(3)	603,522	—	62,208	—	(665,730)	—	16.003 ⁽⁵⁾
Michael	19th March 2012	(4)	—	2,500,000	330	—	—	2,500,330	9.769 ⁽⁶⁾
Mr. Lee Luen-wai,	19th March 2007	(1)	301,760	—	31,103	—	(332,863)	—	16.003 ⁽⁵⁾
John	19th March 2012	(4)	—	500,000	66	—	—	500,066	9.769 ⁽⁶⁾
Mr. Leung Chi-kin,	19th March 2007	(1)	35,708,517	—	3,680,708	—	—	39,389,225 ⁽⁷⁾	16.003 ⁽⁵⁾
Stewart									
Mr. Chow Kwai-cheung	19th March 2007	(2)	1,207,047	—	124,417	—	—	1,331,464 ⁽⁸⁾	16.003 ⁽⁵⁾
Total			77,955,201	20,000,000	8,037,980	—	(45,269,852)	60,723,329	

Notes:

- Exercisable from 19th March 2007 to 18th March 2012.
- Divided into 5 tranches, exercisable from 19th March 2007, 19th March 2008, 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.
- Divided into 3 tranches, exercisable from 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.
- Divided into 4 tranches, exercisable from 19th March 2012, 19th March 2013, 19th March 2014 and 19th March 2015, respectively to 18th March 2016.
- NWD declared final dividend for the year ended 30th June 2011 in scrip form (with cash option) during the year and announced rights issue on 18th October 2011 which became unconditional on 25th November 2011. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.652 to HK\$16.004 on 28th November 2011 and further to HK\$16.003 on 30th December 2011.
- NWD declared interim dividend for the year ending 30th June 2012 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and exercise price. The exercise price per share of the share options was adjusted from HK\$9.770 to HK\$9.769 on 17th May 2012.
- Mr. Leung Chi-kin, Stewart resigned as a non-executive director of the Company with effect from 1st January 2012 and the closing balance of his interests refers to the balance as at the date of his resignation.
- Mr. Chow Kwai-cheung resigned as a non-executive director of the Company with effect from 1st March 2012 and the closing balance of his interests refers to the balance as at the date of his resignation.
- The cash consideration paid by each of the directors for grant of the share options is HK\$10.

REPORT OF THE DIRECTORS

Directors' Interests in Securities (Continued)

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

(3) NWS Holdings Limited

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited (“NWS”), the following directors have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS held by them during the year are as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options				
			Balance as at 1st July 2011	Adjusted during the year (note 3)	Exercised during the year	Balance as at 30th June 2012	Exercise price per share (note 3) HK\$
Dr. Cheng Kar-shun, Henry	21st August 2007	(1)	1,821,548	10,761	—	1,832,309	10.609
		(2)	2,732,323	16,141	—	2,748,464	10.609
Mr. Doo Wai-hoi, William	21st August 2007	(1)	1,214,363	2,428	(1,216,791)	—	10.650
		(2)	1,821,551	3,643	(1,825,194)	—	10.650
Dr. Cheng Wai-chee, Christopher	21st August 2007	(1)	364,307	2,151	—	366,458	10.609
		(2)	546,464	3,229	—	549,693	10.609
Total			8,500,556	38,353	(3,041,985)	5,496,924	

Notes:

1. Exercisable from 21st August 2008 to 20th August 2012.
2. Divided into 3 tranches exercisable from 21st August 2009, 21st August 2010 and 21st August 2011, respectively to 20th August 2012.
3. NWS declared final dividend for the year ended 30th June 2011 and interim dividend for the year ending 30th June 2012 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$10.672 to HK\$10.650 on 29th December 2011 and further to HK\$10.609 on 16th May 2012.
4. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

(4) 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 year are as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options		Exercise price per share HK\$
			Balance as at 1st July 2011	Exercised during the year	
Dr. Cheng Kar-shun, Henry	27th November 2007	(1)	1,000,000	—	8.660
Mr. Cheng Chi-kong, Adrian	27th November 2007	(1)	500,000	—	8.660
Ms. Ngan Man-ying, Lynda	27th November 2007	(1)	500,000	—	8.660
Total			2,000,000	—	

Notes:

- Divided into 5 tranches exercisable from 27th November 2008, 27th November 2009, 27th November 2010, 27th November 2011 and 27th November 2012, respectively to 26th 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.
- 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 30th June 2012 were as follows:

Name of director	Amount of debentures in RMB issued by the Company			Total	Percentage to the total debentures in issue as at 30th June 2012
	Personal interests	Family interests	Corporate interests		
Mr. Doo Wai-hoi, William	—	140,000,000	—	140,000,000	3.26
Mr. Fong Shing-kwong, Michael	5,800,000	—	—	5,800,000	0.13
Total	5,800,000	140,000,000	—	145,800,000	

REPORT OF THE DIRECTORS

Directors' Interests in Securities (Continued)

(C) Long position in debentures (Continued)

(2) Fita International Limited

The following director has interest 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 30th June 2012 were as follows:

Name of director	Amount of debentures in USD issued by Fita				Total	Percentage to the total debentures in issue as at 30th June 2012
	Personal interests	Family interests	Corporate interests			
Mr. Lee Luen-wai, John	1,000,000	1,000,000	—		2,000,000	0.27

(3) Rosy Unicorn Limited

The following director has interest in the debentures issued by Rosy Unicorn Limited ("Rosy Unicorn"), a wholly-owned subsidiary of NWS. Details of the debentures of Rosy Unicorn held by him as at 30th June 2012 were as follows:

Name of director	Amount of debentures in USD issued by Rosy Unicorn				Total	Percentage to the total debentures in issue as at 30th June 2012
	Personal Interests	Family interests	Corporate interests			
Mr. Doo Wai-hoi, William	—	—	52,000,000		52,000,000	10.40
			(note)			

Note: These debentures are held by a company wholly-owned by Mr. Doo Wai-hoi, William.

Save as disclosed above, as at 30th June 2012, none of the directors, chief executive 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.

Directors' Rights to Acquire Shares or Debentures

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

Directors' Interests in Competing Business

During the year, the following directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules as set out below:

Name of director	Name of entity with competing business	Relevant business activities of the entity	Nature of interest of director in the entity
Dr. Cheng Kar-shun, Henry	Chow Tai Fook (Holding) Limited ("CTFH") group of companies	Property investment and development as well as hotel operation	Director
	NWD group of companies	Property development and investment as well as hotel operation in China	Director
	Supreme Harvest Development Limited group of companies	Property investment and development in Shanghai	Director
Mr. Doo Wai-hoi, William	Golden Wealth Investment Limited group of companies	Property investment and development in Shanghai	Shareholder and Director
	Guilherme Holdings (Hong Kong) Limited group of companies	Property development and other investments	Shareholder and Director
Mr. Cheng Kar-shing, Peter	CTFH group of companies	Property investment and development as well as hotel operation	Director
	NWD group of companies	Property development and investment as well as hotel operation in China	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
Mr. Cheng Chi-kong, Adrian	CTFH group of companies	Property investment and development as well as hotel operation	Director
	Cheung Hung Development (Holdings) Limited ("Cheung Hung") group of companies	Property investment and development	Shareholder and Director
Ms. Cheng Chi-man, Sonia	NWD group of companies	Property development and investment as well as hotel operation in China	Director

REPORT OF THE DIRECTORS

Directors' Interests in Competing Business (Continued)

Name of director	Name of entity with competing business	Relevant business activities of the entity	Nature of interest of director in the entity
Mr. Cheng Chi-him, Conrad	Cheung Hung group of companies	Property investment and development	Shareholder and Director
Mr. Chow Kwai-cheung*	NWD group of companies	Property development and investment as well as hotel operation in China	Director
Mr. Chow Yu-chun, Alexander	NWD group of companies	Property development and investment as well as hotel operation in China	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
Mr. Fong Shing-kwong, Michael	NWD group of companies	Property development and investment as well as hotel operation in China	Director
	Cheung Hung group of companies	Property investment and development	Director
	Morning Star Resources Limited	Property development	Shareholder
Ms. Ngan Man-ying, Lynda	NWD group of companies	Property development and investment as well as hotel operation in China	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director

* Resigned on 1st March 2012

As the board of directors of the Company is independent from the boards of the aforesaid companies and none of the directors can control the board of the Company, the Group is capable of carrying its businesses independently of, and at arm's length from the businesses of such companies.

Substantial Shareholders' Interests in Securities

As at 30th June 2012, the interests or short position 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 30th June 2012
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	—	6,087,953,173	6,087,953,173	70.38
Cheng Yu Tung Family (Holdings II) Limited ("CYTF II") (note 1)	—	6,087,953,173	6,087,953,173	70.38
Chow Tai Fook Capital Limited ("CTFC") (note 1)	—	6,087,953,173	6,087,953,173	70.38
Chow Tai Fook (Holding) Limited ("CTFH") (note 1)	—	6,087,953,173	6,087,953,173	70.38
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	—	6,087,953,173	6,087,953,173	70.38
New World Development Company Limited ("NWD") (note 3)	5,717,329,644	370,623,529	6,087,953,173	70.38

Notes:

1. CYTF and CYTF II hold 48.98% and 46.65% interest in CTFC, respectively. CTFC in turn owns 74.07% 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 CTF is accordingly 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 59% owned subsidiary, and 93,073,738 shares held by High Earnings Holdings Limited, its 60.10% 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 30th June 2012.

REPORT OF THE DIRECTORS

Share Option Scheme

On 26th 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 in 2012, the Company has adopted a new share option scheme ("2011 Share Option Scheme") at the annual general meeting of the Company held on 22nd 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.

A summary of the 2002 Share Option Scheme and the 2011 Share Option Scheme was set out as follows:

2002 Share Option Scheme and 2011 Share Option Scheme

Purpose of the schemes	To provide an opportunity for the full-time or part-time employees, including directors, of the Group to participate in the equity of the Company as well as to motivate them to optimise their performance
Participants of the schemes	Full-time or part-time employees, including directors, of the Company or its subsidiaries
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of this annual report	<p>The Company had granted share options representing the rights to subscribe for 96,226,400 shares under the 2002 Share Option Scheme up to the date of this report, together with share options representing 6,465,900 shares, 5,357,008 shares and 2,029,087 shares by way of adjustment on the number of share options as a result of the Company's issue of rights shares which had become unconditional on 8th April 2005, 16th November 2009 and 22nd December 2011, respectively. No further share options will be granted under the 2002 Share Option Scheme.</p> <p>The Company had granted share options representing the rights to subscribe for 8,212,600 shares under the 2011 Share Option Scheme up to the date of this report. The Company may further grant share options to subscribe for 568,091,891 shares of the Company, representing approximately 6.57% of the total issued share capital of the Company as at the date of this report.</p>
Maximum entitlement of each participant under the schemes	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting

2002 Share Option Scheme and 2011 Share Option Scheme

The period within which the shares must be taken up under an option	At any time during a period to be notified by the directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on a date not later than the last day of the 5-year period
The minimum period for which an option must be held before it can be exercised	1 month
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer
The basis of determining the exercise price	The exercise price shall be determined by the directors, being at least the higher of: (a) the closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; and (b) the average closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer
The remaining life of the schemes	The schemes shall be valid and effective for a period of 10 years commencing on the respective dates of their adoption. The 2002 Share Option Scheme, adopted on 26th November 2002, will expire on 26th November 2012 and the 2011 Share Option Scheme, adopted on 22nd November 2011, will expire on 22nd November 2021.

REPORT OF THE DIRECTORS

Share Option Scheme (Continued)

During the year ended 30th June 2012, movements of share options granted to the directors and employees of the Group under the 2002 Share Option Scheme and the 2011 Share Option Scheme are 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 (note 1)									
	Balance as at 1st July 2011	Granted during the year (note 3)	Exercised during the year (before adjustment) (note 5)	Adjusted during the year (note 4)	Exercised during the year (after adjustment) (note 5)	Re-classified as employees’ interest during the year (note 6)	Lapsed during the year	Outstanding as at 30th June 2012	Exercise price per share (before adjustment) (note 4) HK\$	Exercise price per share (after adjustment) (note 4) HK\$
28th June to 26th July 2006	64,925	—	(64,000)	—	—	—	(925)	—	2.559	N/A
17th October to 13th November 2006	111,492	—	—	—	—	—	(111,492)	—	2.984	N/A
28th December 2006 to 24th January 2007	759,850	—	—	29,604	—	—	(789,454)	—	4.209	4.051
19th March to 13th April 2007	822,985	—	—	32,064	—	—	(855,049)	—	4.020	3.869
14th June to 11th July 2007	1,669,701	—	—	43,386	—	—	(556,119)	1,156,968	5.994	5.769
17th October to 13th November 2007	1,635,223	—	—	36,600	—	—	(695,821)	976,002	7.209	6.939
28th December 2007 to 24th January 2008	826,119	—	—	32,186	—	—	—	858,305	6.228	5.994
22nd April to 19th May 2008	647,910	—	—	18,020	—	—	(185,373)	480,557	4.699	4.523
31st July to 27th August 2008	260,597	—	—	8,338	—	—	(46,566)	222,369	3.271	3.148
12th November to 9th December 2008	693,206	—	—	27,008	(203,548)	—	(63,733)	452,933	1.503	1.447
2nd December to 29th December 2008	6,359,598 ⁽²⁾	—	(102,000)	243,800	(3,140,224)	218,063	(50,882)	3,528,355	1.340	1.290
2nd December to 29th December 2008	1,138,883	—	—	44,371	(649,586)	—	—	533,668	1.340	1.290
3rd February to 2nd March 2009	685,528	—	(54,000)	24,604	(320,600)	—	—	335,532	1.769	1.703
26th June to 23rd July 2009	3,013,208	—	—	117,397	—	—	—	3,130,605	4.065	3.913
19th November to 16th December 2009	2,970,000	—	—	86,493	—	—	(750,000)	2,306,493	3.068	2.953
12th January to 2nd February 2010	4,561,600	—	—	154,488	(278,774)	—	(596,400)	3,840,914	2.990	2.878
18th May to 14th June 2010	1,144,000	—	—	33,818	(104,042)	—	(586,026)	487,750	2.350	2.262
31st May to 25th June 2010	888,000	—	—	34,597	(102,000)	—	—	820,597	2.440	2.349
10th November to 7th December 2010	4,350,400	—	—	152,290	—	—	(734,587)	3,768,103	3.130	3.013
18th January to 14th February 2011	5,619,400	—	—	218,937	—	415,584	(571,013)	5,682,908	3.154	3.036
3rd May to 30th May 2011	1,348,400	—	—	52,535	—	—	—	1,400,935	2.860	2.753
26th July to 22nd August 2011	—	1,572,400	—	61,262	—	—	—	1,633,662	2.810	2.705
Total	39,571,025	1,572,400	(220,000)	1,451,798	(4,798,774)	633,647	(6,593,440)	31,616,656		

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

Date of grant	Number of share options (note 1)					Exercise price per share HK\$
	Balance as at 1st July 2011	Granted during the year (note 3)	Exercised during the year (note 5)	Lapsed during the year	Outstanding as at 30th June 2012	
3rd May to 30th May 2012	—	8,212,600	(70,800)	(43,200)	8,098,600	2.450

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, except otherwise specified in note 2.
2. The share options are exercisable within four 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 25% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.
3. The closing prices per share immediately before 26th July 2011 and 3rd May 2012, the dates of offer to grant, were HK\$2.790 and HK\$2.420, respectively.
4. Adjustment were made to the exercise prices and the number of outstanding share options in accordance with the 2002 Share Option Scheme on 23rd December 2011 as a result of the rights issue as announced by the Company on 18th October 2011 which became unconditional on 22nd December 2011.
5. The weighted average closing prices 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\$2.517 and HK\$3.021, respectively.
6. As disclosed under the section headed "Director's interests in securities", the interests of two former directors of the Company in the share options were re-classified as employee's interests on 1st January 2012 and 1st March 2012 due to their resignations.

The fair values of the share options granted during the year with exercise prices per share of HK\$2.810 (adjusted to HK\$2.705) and HK\$2.450 are estimated at HK\$1.07 and HK\$0.92, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 0.49% to 1.23% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of ranging from 52.49% to 54.97%, assuming dividend yield ranging from 1.91% to 2.57% and an expected option life of 5 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.

REPORT OF THE DIRECTORS

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 Listing Rules, the directors of the Company reported below details of loan facilities, which exist at any time during the year and include conditions relating to specific performance of the controlling shareholder of the Company.

On 9th June 2009, the Company was granted a 3-year term loan facility of HK\$300,000,000 to fund the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company's existing loans. The said facility was increased to HK\$500,000,000 on 30th May 2012 with a tenor of 3 years. On 28th May 2010, the Company obtained a 5-year term loan facility of up to HK\$1,000,000,000 and was further granted term loan facilities of up to an aggregate principal amount of HK\$1,000,000,000 on 23rd May 2011, comprising a 5-year term loan facility of up to a principal amount of HK\$500,000,000 and a 3-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 28th December 2007, Superb Wealthy Group Limited ("Superb Wealthy"), a wholly-owned subsidiary, was granted 5-year term/revolving loan facilities of HK\$700,000,000. On 30th September 2008 and 16th October 2008, Superb Wealthy was also granted loan facilities of HK\$700,000,000 and HK\$400,000,000 for 3 years, which were renewed for further 5 and 3 years, respectively. It was further granted loan facilities of HK\$250,000,000, HK\$150,000,000, HK\$100,000,000, HK\$500,000,000, HK\$700,000,000, HK\$100,000,000 and HK\$450,000,000 for a term of 2 to 5 years on 29th October 2009, 6th November 2009, 19th April 2010, 28th May 2010, 5th July 2010, 21st October 2011 and 7th May 2012, respectively. The said HK\$150,000,000 facility obtained on 6th November 2009 was increased to HK\$200,000,000 on 4th January 2012 with a tenor of 2 years.

On 30th October 2007, New World China Finance (BVI) Limited ("NWCF"), a wholly-owned subsidiary, was granted a 5-year term loan facility of HK\$2,700,000,000. It was further granted a 3-year term loan facility of HK\$200,000,000 on 11th April 2011 and additional facilities in an aggregate amount of HK\$1,200,000,000 and USD38,560,500 with a tenor of 3 years on 19th June 2012. New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary, was also granted a 3-year term loan facility of HK\$250,000,000 on 31st December 2009. The facilities obtained by NWCF, Superb Wealthy and NWDC 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 25th July 2011, New World Hotel Management (BVI) Limited, a wholly-owned subsidiary, was granted a 5-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.

Statement of Public Float Sufficiency

Based on the information publicly available to the Company and within the knowledge of the directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Major Customers and Suppliers

During the year, less than 30% of the Group's revenues and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers, respectively.

Auditor

The financial statements have been audited by Messrs. PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dr. Cheng Kar-shun, Henry
Chairman and Managing Director

Hong Kong, 26th September 2012

INDEPENDENT AUDITOR'S REPORT



To the shareholders of New World China Land Limited
(incorporated in the Cayman Islands with limited liability)

羅兵咸永道

We have audited the consolidated financial statements of New World China Land Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 132 to 216, which comprise the consolidated and company statements of financial position as at 30th June 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26th September 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June 2012

	Note	2012 HK\$'000	2011 HK\$'000
Revenues	6	12,528,755	13,557,227
Cost of sales		(6,887,239)	(9,300,950)
Gross profit		5,641,516	4,256,277
Other income	7	772,288	879,277
Other gains, net	8	249,186	680,239
Changes in fair value of investment properties	17	1,025,791	386,890
Selling expenses		(420,724)	(267,034)
Administrative and other operating expenses		(1,256,521)	(981,636)
Operating profit before finance costs	9	6,011,536	4,954,013
Finance costs	10	(292,503)	(268,470)
Share of results of			
Associated companies		16,844	18,864
Jointly controlled entities		356,327	359,312
Profit before taxation		6,092,204	5,063,719
Taxation charge	13	(2,812,704)	(1,917,443)
Profit for the year		3,279,500	3,146,276
Attributable to:			
Equity holders of the Company		3,080,929	3,025,826
Non-controlling interests		198,571	120,450
		3,279,500	3,146,276
Earnings per share	14		
Basic		42.04 cents	50.55 cents
Diluted		41.72 cents	50.06 cents
Dividends	15	605,409	403,364

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June 2012

	2012 HK\$'000	2011 HK\$'000
Profit for the year	3,279,500	3,146,276
Other comprehensive income:		
Changes in fair value of available-for-sale financial assets	—	(34,048)
Disposal of available-for-sale financial assets	—	(34,049)
Translation differences	207,509	1,280,728
Share of other comprehensive income of jointly controlled entities	35,180	326,244
Share of other comprehensive income of associated companies	(594)	(3,232)
Realisation of translation differences upon disposal of a subsidiary	(12,291)	—
Other comprehensive income for the year	229,804	1,535,643
Total comprehensive income for the year	3,509,304	4,681,919
Total comprehensive income attributable to:		
Equity holders of the Company	3,306,889	4,555,089
Non-controlling interests	202,415	126,830
	3,509,304	4,681,919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2012

	Note	2012 HK\$'000	2011 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,660,411	1,832,310
Investment properties	17	17,165,024	14,197,823
Land use rights	18	679,009	693,090
Intangible assets	19	1,925,141	23,394
Properties held for development	21	15,864,552	12,478,678
Associated companies	22	429,774	413,476
Jointly controlled entities	23	11,072,950	9,633,728
Available-for-sale financial assets	24	108,457	58,362
		49,905,318	39,330,861
Current assets			
Properties under development	26	17,951,504	15,214,997
Completed properties held for sale	27	5,060,918	2,767,280
Hotel inventories, at cost		4,181	4,653
Prepayments, debtors and other receivables	28	11,339,135	10,976,586
Amounts due from related companies	29	604,929	589,809
Cash and bank balances, restricted	25	—	10,355
Cash and bank balances, unrestricted	25	13,257,612	10,640,373
		48,218,279	40,204,053
Total assets		98,123,597	79,534,914
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	864,979	576,239
Reserves	31	47,540,960	40,887,420
Proposed final dividend	31	346,034	230,505
		48,751,973	41,694,164
Non-controlling interests		2,973,143	2,354,690
Total equity		51,725,116	44,048,854

	Note	2012 HK\$'000	2011 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	32	22,919,267	14,151,021
Deferred tax liabilities	33	2,460,377	2,185,100
		25,379,644	16,336,121
Current liabilities			
Creditors and accruals	34	5,883,221	3,714,991
Deposits received on sale of properties		5,161,655	4,819,682
Amounts due to related companies	29	1,345,767	1,337,068
Short term loans	35	270,699	370,087
Current portion of long term borrowings	32	5,267,457	6,382,934
Amounts due to non-controlling interests	36	101,916	101,512
Taxes payable	37	2,988,122	2,423,665
		21,018,837	19,149,939
Total liabilities		46,398,481	35,486,060
Total equity and liabilities		98,123,597	79,534,914
Net current assets		27,199,442	21,054,114
Total assets less current liabilities		77,104,760	60,384,975

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

STATEMENT OF FINANCIAL POSITION

As at 30th June 2012

	Note	2012 HK\$'000	2011 HK\$'000
ASSETS			
Non-current asset			
Subsidiaries	20	34,205,811	28,096,011
Current assets			
Prepayments, deposits and other receivables	28	34,189	9,051
Amounts due from related companies	29	585,231	568,092
Cash and bank balances, unrestricted	25	6,724,281	1,400,889
		7,343,701	1,978,032
Total assets		41,549,512	30,074,043
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	864,979	576,239
Reserves	31	27,451,828	23,563,092
Proposed final dividend	31	346,034	230,505
Total equity		28,662,841	24,369,836
LIABILITIES			
Non-current liability			
Long term borrowings	32	12,495,891	5,095,955
Current liabilities			
Creditors and accruals	34	108,601	28,485
Amounts due to related companies	29	3,000	3,000
Current portion of long term borrowings	32	250,000	548,916
Taxes payable	37	29,179	27,851
		390,780	608,252
Total liabilities		12,886,671	5,704,207
Total equity and liabilities		41,549,512	30,074,043
Net current assets		6,952,921	1,369,780
Total assets less current liabilities		41,158,732	29,465,791

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June 2012

	Note	2012 HK\$'000	2011 HK\$'000
Operating activities			
Net cash (used in)/generated from operations	41(a)	(2,332,929)	1,562,781
Tax paid		(2,097,105)	(966,349)
Net cash (used in)/from operating activities		(4,430,034)	596,432
Investing activities			
Dividend income from jointly controlled entities		—	108,434
Interest received		100,780	44,748
Additions to property, plant and equipment, land use rights and investment properties		(1,078,304)	(1,083,940)
Increase in investments in jointly controlled entities		(1,287,215)	(15,758)
Decrease in investments in jointly controlled entities		386,601	1,129,667
Increase in investments in associated companies		(48)	—
Decrease in investments in associated companies		—	7,226
Acquisition of subsidiaries	41(b)	(1,950,234)	—
Additions to available-for-sale financial assets		(26,785)	(24,096)
Dividend income from an available-for-sale financial asset		1,854	—
Disposal of a subsidiary	41(d)	45,346	—
Disposal of available-for-sale financial assets		—	178,774
Disposal of property, plant and equipment and investment properties		142,611	252,391
Net cash (used in)/from investing activities		(3,665,394)	597,446
Financing activities			
Interest paid		(761,526)	(655,492)
Increase in long term borrowings		11,632,788	5,728,932
Repayment of long term borrowings		(4,118,159)	(3,656,916)
Capital contribution from non-controlling interests		577,367	515,538
Decrease in amounts due to non-controlling interests		—	(45,638)
Issue of shares		4,265,343	7,881
Decrease in short term loans		(102,683)	—
Redemption/repurchase of convertible bonds		(401,462)	(20,513)
Dividends paid		(489,879)	(575,980)
Decrease/(increase) in restricted bank balances		10,355	(800)
Net cash from financing activities		10,612,144	1,297,012
Net increase in cash and cash equivalents		2,516,716	2,490,890
Cash and cash equivalents at beginning of the year		10,640,373	7,965,386
Exchange differences on cash and cash equivalents		100,523	184,097
Cash and cash equivalents at end of the year		13,257,612	10,640,373
Analysis of cash and cash equivalents			
Unrestricted cash and bank balances	25	13,257,612	10,640,373

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2012

	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Shareholders' funds		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st July 2011	576,239	41,117,925	41,694,164	2,354,690	44,048,854
Translation differences	—	203,665	203,665	3,844	207,509
Disposal of a subsidiary	—	(12,291)	(12,291)	—	(12,291)
Share of other comprehensive income of jointly controlled entities	—	35,180	35,180	—	35,180
Share of other comprehensive income of associated companies	—	(594)	(594)	—	(594)
Other comprehensive income for the year	—	225,960	225,960	3,844	229,804
Profit for the year	—	3,080,929	3,080,929	198,571	3,279,500
Total comprehensive income for the year	—	3,306,889	3,306,889	202,415	3,509,304
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	288,740	3,976,603	4,265,343	—	4,265,343
Capital contribution from non-controlling interests	—	—	—	412,150	412,150
Share-based payments	—	14,610	14,610	—	14,610
Dividends paid	—	(489,879)	(489,879)	—	(489,879)
	288,740	3,501,334	3,790,074	412,150	4,202,224
Change in ownership interests in a subsidiary					
Acquisition of additional interests in a subsidiary	—	(3,888)	(3,888)	3,888	—
Total transactions with owners	288,740	3,497,446	3,786,186	416,038	4,202,224
Others					
Share of reserve of a jointly controlled entity	—	(35,266)	(35,266)	—	(35,266)
	288,740	3,462,180	3,750,920	416,038	4,166,958
Balance at 30th June 2012	864,979	47,886,994	48,751,973	2,973,143	51,725,116

	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Shareholders' funds		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st July 2010	575,725	37,114,352	37,690,077	1,714,322	39,404,399
Translation differences	—	1,274,348	1,274,348	6,380	1,280,728
Share of other comprehensive income of jointly controlled entities	—	326,244	326,244	—	326,244
Share of other comprehensive income of associated companies	—	(3,232)	(3,232)	—	(3,232)
Changes in fair value of available-for-sale financial assets	—	(34,048)	(34,048)	—	(34,048)
Disposal of available-for-sale financial assets	—	(34,049)	(34,049)	—	(34,049)
Other comprehensive income for the year	—	1,529,263	1,529,263	6,380	1,535,643
Profit for the year	—	3,025,826	3,025,826	120,450	3,146,276
Total comprehensive income for the year	—	4,555,089	4,555,089	126,830	4,681,919
Transactions with owners					
Contribution by and distribution to owners					
Issues of shares	514	7,367	7,881	—	7,881
Repurchase of convertible bonds	—	(1,878)	(1,878)	—	(1,878)
Capital contribution from non-controlling interests	—	—	—	511,308	511,308
Share-based payments	—	19,696	19,696	—	19,696
Dividends paid	—	(575,980)	(575,980)	—	(575,980)
	514	(550,795)	(550,281)	511,308	(38,973)
Change in ownership interests in a subsidiary					
Acquisition of additional interests in a subsidiary	—	(721)	(721)	2,230	1,509
Total transactions with owners	514	(551,516)	(551,002)	513,538	(37,464)
Balance at 30th June 2011	576,239	41,117,925	41,694,164	2,354,690	44,048,854

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

New World China Land Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in investment in and development of property projects in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 9/F., New World Tower I, 18 Queen’s Road Central, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The immediate and ultimate holding company is New World Development Company Limited (“NWD”), a company incorporated and listed in Hong Kong.

These financial statements have been approved for issue by the Board of Directors on 26th September 2012.

2. Basis of Preparation

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

(a) Adoption of new or revised HKFRS

The Group has adopted the following revised standard, amendments to standards and interpretation which are mandatory for the financial year ended 30th June 2012:

HKFRSs Amendments	Improvements to HKFRSs 2010
HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosures — Transfers of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 14 Amendment	Prepayments of a Minimum Funding Requirement

The adoption of these revised standard, amendments to standards and interpretation does not have a significant impact on the results and financial position of the Group.

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

The following new standards, amendments to standards and interpretation are mandatory for accounting periods beginning on or after 1st January 2012 or later periods but which the Group has not early adopted:

Effective for the year ending 30th June 2013 or after

HKFRS 1 Amendment	Government Loans
HKFRS 7 Amendment	Financial instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 7 and HKFRS 9 Amendments	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Associates and Joint Ventures
HKAS 32 Amendment	Financial instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements to 2009–2011 Cycle

The Group has already commenced an assessment of the impact of these new 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies

The principal accounting policies adopted for the preparation of these financial statements, which have been consistently applied to all the years presented, unless otherwise stated, are set out below:

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries made up to 30th June.

(i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On the acquisition by acquisition basis, the Group recognises a non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) ***Jointly controlled entities***

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the venturers have their respective interests and establish a contractual arrangement among them to define their joint control over the economic activity of the entity.

The Group recognises its interest in jointly controlled entities using equity method of accounting. Interests in jointly controlled entities are stated in the consolidated financial statements at cost plus the share of post-acquisition results and reserves and goodwill on acquisition less provision for impairment losses. The interests in jointly controlled entities also include long term interests that, in substance, form part of the Group's net investment in the jointly controlled entities. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities set out as follows:

Equity joint ventures/wholly foreign owned enterprises

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

Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

Companies limited by shares

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the jointly controlled entity that result from the purchase of assets from the jointly controlled entity until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

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

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(a) Consolidation *(Continued)*

(iii) *Associated companies*

An associated company is a company other than a subsidiary and a jointly controlled entity, in which the Group has significant influence through representatives on the board of directors.

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

The share of post-acquisition profits or losses of associated companies is recognised in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

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

(iv) *Transactions with non-controlling interests*

Non-controlling interests is the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group, instead of transactions with parties not within the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling interests are also recorded in equity.

(b) Intangible assets

(i) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the attributable share of the net identifiable assets of the acquired subsidiaries, associated companies or jointly controlled entities and fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of jointly controlled entities and associated companies is included in interests in jointly controlled entities and associated companies respectively. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of testing for impairment.

(ii) **Trademarks**

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the date of acquisition. Trademarks with indefinite life are carried at cost less impairment and are not amortised.

(iii) **Hotel management contracts**

Separately acquired hotel management contracts are shown at historical cost. Hotel management contracts acquired in a business combination are recognised at fair value at the date of acquisition. Hotel management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of hotel management contracts over their estimated useful lives of 20 years.

(iv) **Customer relationships**

Customer relationships acquired in a business combination are recognised at fair value at the date of acquisition. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 20 years.

(v) **Process, technology and know-how**

Process, technology and know-how acquired in a business combination are recognised at fair value at the date of acquisition. Process, technology and know-how have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of process, technology and know-how over their estimated useful lives of 10 years.

(c) **Assets under leases**

(i) **Finance leases**

Leases that transfer to the Group substantially all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the lease's commencement date at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The finance charges are charged to the income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets held under finance leases are depreciated on the basis described in note 3(f)(ii) below.

(ii) **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the income statement on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(d) Land use rights

The upfront prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the rights or when there is impairment, the impairment is expensed in the income statement.

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional qualified valuers on an open market value basis at the end of each reporting period. Changes in fair value are recognised in the income statement.

Where fair value of property that is being constructed or developed as investment property is not reliably determinable, it is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

(i) Assets under construction

All direct and indirect costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

(ii) Depreciation

No depreciation is provided on assets under construction.

Depreciation of other property, plant and equipment is calculated to allocate their cost to their estimated residual values over their estimated useful lives using the straight-line method. Estimated useful lives are summarised as follows:

Other properties	20–40 years
Leasehold improvements	5–10 years or over the relevant lease period
Furniture, fixtures and equipment	5–8 years
Motor vehicles	3 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Gain or loss on disposal

The gain or loss on disposal of property, plant and equipment is determined by comparing the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(g) Impairment of investments in subsidiaries, jointly controlled entities, associated companies and non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped as cash-generating units for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment testing of the investments in subsidiaries, jointly controlled entities or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entity or associated company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies (Continued)

(h) Investments

The Group classifies its investments in the categories of financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Management determines the classification of its investments at initial recognition depending on the purpose for which the investments are acquired.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading and those designated as at fair value through profit or loss at inception under certain circumstances. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable and are included in current assets, except for those with maturities of more than twelve months after the end of the reporting period, which are classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than twelve months from the end of the reporting period, which are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months from the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement in the financial period in which they arise. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold, the accumulated fair value adjustments are included in the income statement as gains or losses from financial assets. Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the financial asset and other changes in the carrying amount of the financial asset. The translation differences on monetary financial assets are recognised in the income statement; translation differences on non-monetary financial assets are recognised in other comprehensive income.

The fair values of quoted investment are based on current bid prices. If the market for a financial asset is not active and for unlisted financial assets, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(i) **Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether the assets are impaired. In case of debt instruments, objective evidence of impairment includes significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(j) **Properties held for/under development**

Properties held for/under development comprise prepayments for land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(k) Completed properties held for sale

Completed properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Completed properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(l) Hotel inventories

Hotel inventories primarily comprise food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(m) Trade and other receivables

Trade and other receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the statement of financial position.

(o) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies *(Continued)*

(s) Current and deferred taxation

The current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group, jointly controlled entities and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

(t) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method or capitalised on the basis set out in note 3(u), where appropriate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(u) **Borrowing costs**

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed as incurred.

(v) **Convertible bonds**

(i) ***Convertible bonds with equity component***

Convertible bonds that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the fair value of liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible bond. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion, redemption or maturity. The equity component is recognised in equity, net of any tax effects.

The equity component is not re-measured subsequent to initial recognition except on conversion or expiry. When the bond is converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued. When the bond is redeemed, the relevant equity component is transferred to retained profits.

(ii) ***Convertible bonds without equity component***

All other convertible bonds which do not exhibit the characteristics mentioned in (i) above are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract.

At initial recognition, the embedded derivative of the convertible bonds is accounted for as derivative financial instrument and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as a liability under the contract. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognised in the income statement. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion, redemption or maturity.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies (Continued)

(v) Convertible bonds (Continued)

(ii) *Convertible bonds without equity component (Continued)*

When the bond is converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the bond is redeemed, any difference between the redemption amount and the carrying amounts of both components is recognised in the income statement.

(w) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Bonus plans*

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) *Defined contribution plans*

The Group's contributions to defined contribution retirement plans, including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in the PRC are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) *Equity-settled share-based compensation*

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

On lapse of share option according to the plan, corresponding amount recognised in share option reserve is transferred to retained profits.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(x) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi. The consolidated financial statements are presented in Hong Kong dollars to facilitate analysis of financial information by the holding company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the end of the reporting period are recognised in the income statement.

Translation differences on financial assets held at fair value through profit or loss is reported as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are included in equity.

(iii) Group companies

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

- (1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the end of that reporting period;
- (2) income and expenses for each income statement are translated at average exchange rates;
- (3) all resulting exchange differences are recognised as a separate component of equity; and
- (4) on the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

During the preparation of consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to shareholders' equity. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

3. Principal Accounting Policies (Continued)

(y) Segment reporting

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

(z) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) *Property sales*

Revenue from sale of properties is recognised when the risks and rewards of the properties are passed to the purchasers. Deposits and instalments received on properties sold prior to their completion are included under current liabilities.

(ii) *Income from land preparatory work*

Income from land preparatory work is recognised when the outcome of performing the work can be reliably estimated.

(iii) *Rental income*

Rental income is recognised in the income statement on a straight-line basis over the lease term.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

(iv) *Hotel operation income*

Hotel operation income is recognised when services are rendered.

(v) *Property management services fee income*

Property management services fee income is recognised when services are rendered.

(vi) *Project management fee income*

Project management fee income is recognised when services are rendered.

(vii) *Hotel management services fee income*

Hotel management services fee income is recognised when services are rendered.

(viii) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method to the extent that interest income can be reliably measured and it is probable that future economic benefit will flow to the Group.

(ix) *Trademark fee income*

Trademark fee income is recognised on an accrual basis in accordance with the relevant agreements.

(x) *Dividend income*

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

(aa) *Dividend distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

(ab) *Insurance contracts*

The Group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. If the carrying amount of the relevant insurance liabilities is less than the best estimate of the expenditure required to settle the relevant insurance liabilities at the end of the reporting period, the Group recognises the entire difference in the income statement. These estimates are recognised only when the outflow is probable and the estimates can be reliably measured.

The Group regards its financial guarantee contracts in respect of mortgage facilities provided to certain property purchasers and guarantees provided to its related parties as insurance contracts.

4. Financial Risk Management and Fair Value Estimation

The Group conducts its operation in the PRC and accordingly is subject to special consideration and risk exposure under an unique political, economic and legal environment. The Group's activities expose it to a variety of financial risks and the Group's overall risk management policy seeks to minimise potential adverse effects on the Group's financial performance. The Group continues to control financial risk in a conservative approach to safeguard the interest of shareholders.

(a) *Market risk*

(i) *Foreign exchange risk*

The Group's operations are mainly conducted in the PRC. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arises.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial Risk Management and Fair Value Estimation *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign exchange risk *(Continued)*

At 30th June 2012, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$10,494,574,000 (2011: HK\$9,816,880,000) and net monetary assets denominated in United States dollar of HK\$4,947,197,000 (2011: HK\$968,238,000). If Hong Kong dollar and United States dollar had strengthened/weakened by 5% against Renminbi respectively with all other variables unchanged, the Group's profit before taxation would have been HK\$277,369,000 (2011: HK\$442,432,000) lower/higher respectively.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates at the end of the reporting period. There are no other significant monetary balances held by relevant companies at 30th June 2012 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets mainly include bank deposits and amounts due from jointly controlled entities. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. Fair value interest rate risk is the risk that the value of a financial asset or liability will fluctuate because of changes in market interest rates. The Group's borrowings issued at fixed rates expose the Group to fair value interest rate risk.

To mitigate the risk, the Group has maintained fixed and floating rate debts. The level of fixed rate debt for the Group is decided after taking into consideration the potential impact of higher interest rates on profit or loss, interest cover and the cash flow cycles of the Group's businesses and investments.

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$1,092,000 higher/lower (2011: HK\$42,614,000 lower/higher). The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the end of the reporting period. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group at the end of the reporting period. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

(b) Credit risk

The credit risk of the Group and the Company mainly arises from deposits with banks, prepayments, trade and other receivables and balances receivable from related companies, associated companies and jointly controlled entities. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses.

Deposits are mainly placed with high-credit-quality financial institutions. Prepayments mainly include prepaid land preparatory cost, deposits for purchase of land and prepayment for proposed development projects. The Group is well aware of the progress and will continue to monitor the status and take appropriate actions if necessary. Trade receivables mainly include receivables from sale and lease of properties and other services. The Group and the Company carry out regular review and follow-up action on any overdue amounts to minimise exposures to credit risk. There is no concentration of credit risk with respect to trade receivables from third party customers as there are a large number of customers.

In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, associated companies and jointly controlled entities through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

The Group provides guarantees to banks in connection with certain property purchasers' mortgage loans for financing their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the PRC. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at the end of each reporting period the potential liabilities based on the current estimates of future cash flows. As at 30th June 2012, no provision has been made in the financial statements (2011: Nil).

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash, and ensuring the availability of funding from an adequate amount of committed credit facilities. It is the policy of the Group and the Company to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group and the Company also maintain undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements. At 30th June 2012, the Group's unutilised committed bank loan facilities amounted to HK\$4,936 million (2011: HK\$5,821 million).

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cashflow.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial Risk Management and Fair Value Estimation (Continued)

(c) Liquidity risk (Continued)

Group

	Carrying amount HK\$'000	Total contractual undiscounted cashflow HK\$'000	Within 1 year HK\$'000	Over 1 year but within 5 years HK\$'000	After 5 years HK\$'000
At 30th June 2012					
Creditors and accruals	5,883,221	5,693,937	5,237,619	448,400	7,918
Amounts due to jointly controlled entities	1,301,396	1,301,396	1,301,396	—	—
Amounts due to group companies	34,525	34,525	34,525	—	—
Amounts due to companies owned by a director	9,846	9,846	9,846	—	—
Amounts due to non-controlling interests	101,916	101,916	101,916	—	—
Short term loans	270,699	275,665	275,665	—	—
Long term borrowings	28,186,724	33,190,208	6,516,166	22,866,431	3,807,611
At 30th June 2011					
Creditors and accruals	3,714,991	3,652,478	3,343,955	297,199	11,324
Amounts due to jointly controlled entities	1,260,000	1,260,000	1,260,000	—	—
Amounts due to group companies	32,005	32,005	32,005	—	—
Amounts due to companies owned by a director	45,063	45,063	45,063	—	—
Amounts due to non-controlling interests	101,512	101,512	101,512	—	—
Short term loans	370,087	372,437	372,437	—	—
Long term borrowings	20,533,955	22,613,023	6,126,197	13,788,958	2,697,868

Company

	Carrying amount HK\$'000	Total contractual undiscounted cashflow HK\$'000	Within 1 year HK\$'000	Over 1 year but within 5 years HK\$'000	After 5 years HK\$'000
At 30th June 2012					
Creditors and accruals	108,601	108,601	108,601	—	—
Amounts due to group companies	3,000	3,000	3,000	—	—
Long term borrowings	12,745,891	14,158,914	709,171	10,472,711	2,977,032
At 30th June 2011					
Creditors and accruals	28,485	28,485	28,485	—	—
Amounts due to group companies	3,000	3,000	3,000	—	—
Long term borrowings	5,644,871	5,743,106	578,457	2,791,759	2,372,890

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group generally obtains long term financing to on-lend or contribute as equity to its subsidiaries, jointly controlled entities and associated companies to meet their funding needs in order to provide more cost-efficient financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue or repurchase shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial Risk Management and Fair Value Estimation (Continued)

(d) Capital management (Continued)

The gearing ratios at 30th June 2012 and 2011 were as follows:

	2012 HK\$'000	2011 HK\$'000
Consolidated total borrowings	28,457,423	20,904,042
Less: cash and bank balances	(13,257,612)	(10,650,728)
Consolidated net debt	15,199,811	10,253,314
Total equity	51,725,116	44,048,854
Gearing ratio	29.4%	23.3%

The increase in gearing ratio at 30th June 2012 was primarily due to increase in net debt for financing acquisition of a subsidiary and funding the capital expenditure for investment properties under development.

(e) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. None of the instruments is included in level 1 as at 30th June 2012 and 30th June 2011.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. None of the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's financial instruments that are measured at fair value at 30th June 2012 and 2011:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30th June 2012				
Unlisted investment classified as available-for-sale financial assets	—	—	108,457	108,457
At 30th June 2011				
Unlisted investment classified as available-for-sale financial assets	—	—	58,362	58,362

The following table presents the changes in level 3 instruments for the year ended 30th June 2012 and 2011:

	Available-for-sale financial assets HK\$'000
At 1st July 2010	—
Additions	58,362
At 30th June 2011	58,362
Translation differences	(40)
Additions	26,785
Acquisition of a subsidiary	23,350
At 30th June 2012	108,457

NOTES TO THE FINANCIAL STATEMENTS

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities are as follows:

(a) Valuation of completed investment properties and investment properties under development

The fair value of each investment property is individually determined at the end of each reporting period by independent valuers based on a market value assessment. The valuers have relied on the discounted cash flow analysis and the capitalisation of income approach as their primary methods, supported by the direct comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

In the case of investment properties under development, their face value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include the value of completed properties, period of development, outstanding construction costs, finance costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or costs. The fair value is made by reference to independent valuation.

(b) Provision for properties held for/under development and for sale

The Group assesses the carrying amounts of properties held for/under development and for sale according to their estimated net realisable value based on the realisability of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(c) Income taxes

The Group is subject to corporate income tax, land appreciation tax, withholding tax and other taxes in the PRC. Significant judgement is required in determining the provision for taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the provision for income and other taxes and deferred tax in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Share-based payments

The fair value of options granted is estimated by independent professional valuers based on various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options at the date of grant.

(e) Estimated useful lives of property, plant and equipment and intangible assets

The Group invests in tangible and intangible assets. The Group performs annual review to assess the appropriateness of the estimated useful lives, taking into account the technological changes, prospective economic utilisation, physical condition of the assets concerned, the product life cycles, brand extension opportunities and management's long term strategic development. Any change may cause the estimated period of use to change.

(f) Impairment of property, plant and equipment and intangible assets

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests annually for impairment for those intangible assets that have an indefinite useful life, i.e. goodwill and trademarks. The recoverable amounts have been determined based on the higher of the fair value less costs to sell and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates. Assuming that growth rate decreases by 1% and discount rate increases by 1%, there is still headroom and no impairment is required for intangible assets at 30th June 2012.

(g) Recoverability of prepayments, debtors and other receivable

The Group assesses whether there is objective evidence as stated in note 3(m) that prepayments, debtors, loans and receivables are impaired. It recognises impairment based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these prepayments and receivables will impact the amount of impairment required.

(h) Financial guarantees

The Group assesses at the end of each reporting period the liabilities under insurance contracts, using current estimates of future cash flows.

In respect of the financial guarantee contracts provided to property purchasers, the Group considers the net realisable value of the relevant properties against the outstanding mortgage principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

6. Revenues and Segment Information

- (a) The Group is principally engaged in investment in and development of property projects in the PRC. Revenues comprise turnover which include gross proceeds from sale of properties, income from land preparatory work, revenue from rental and hotel operation, property management services fee income, project management fee income and hotel management services fee income.

	2012 HK\$'000	2011 HK\$'000
Sale of properties	9,887,886	12,434,039
Income from land preparatory work	723,795	—
Rental income	693,369	542,151
Income from hotel operation	364,512	397,240
Property management services fee income	285,246	126,363
Project management fee income	105,014	25,451
Hotel management services fee income	468,933	31,983
	12,528,755	13,557,227

- (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, land preparatory work, rental operation, hotel operation, property management services and hotel management services operations. Other operations include ancillary services in property projects.

The executive committee assesses the performance of the operating segments based on a measure of attributable operating profit ("AOP") before finance costs and taxation charge. This measurement basis excludes the effects of changes in fair value of investment properties, amortisation of intangible assets acquired from business combination, income and expenses at corporate office. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

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

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

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

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

- (c) For the year ended 30th June 2011, approximately 27.8% of the Group's total revenue is derived from a single external customer which is attributable to the property sales segment. For the year ended 30th June 2012, there was no revenue derived from a single external customer exceeding 10% of total revenue.

NOTES TO THE FINANCIAL STATEMENTS

6. Revenues and Segment Information (Continued)

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

	2012 HK\$'000	2011 HK\$'000
(i) Revenues		
Total segment revenues	13,676,113	15,622,283
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	(1,147,358)	(2,065,056)
Revenues as presented in consolidated income statement	12,528,755	13,557,227
(ii) Profit before taxation		
AOP before finance costs and taxation charge	4,584,149	4,296,213
Finance costs — project loans	(208,030)	(248,896)
Corporate income tax and land appreciation tax, net of tax indemnity	(2,071,574)	(1,353,562)
AOP after finance costs and taxation charge	2,304,545	2,693,755
Bank and other interest income — corporate	25,311	4,941
Deferred tax credit/(charges) on undistributed profits	3,385	(161,816)
Finance costs — corporate loans	(79,332)	(50,172)
Corporate administrative expenses	(222,136)	(210,939)
AOP after corporate items	2,031,773	2,275,769
Changes in fair value of investment properties, net of deferred taxation	938,177	119,883
Net foreign exchange gains	159,137	627,531
Amortisation of intangible assets	(48,158)	—
Gain on disposal of available-for-sale financial assets	—	24,875
Gain on repurchase of convertible bonds	—	1,268
Write back of provision for amount due by a jointly controlled entity	—	1,000
Provision for amount due by a jointly controlled entity	—	(24,500)
	1,049,156	750,057
Profit attributable to equity holders of the Company	3,080,929	3,025,826
Taxation charge	2,812,704	1,917,443
Profit attributable to non-controlling interests	198,571	120,450
Profit before taxation	6,092,204	5,063,719

7. Other Income

	2012 HK\$'000	2011 HK\$'000
Tax indemnity from the ultimate holding company (note 13)	503,477	654,285
Bank and other interest income	106,969	86,209
Interest income from jointly controlled entities, net of withholding tax (note)	80,319	94,522
Trademark fee income from jointly controlled entities	79,669	44,261
Dividend income from an available-for-sale financial asset	1,854	—
	772,288	879,277

Note: The property projects of the Group's jointly controlled entities 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 jointly controlled entities is included in the share of results of jointly controlled entities as follows:

	2012 HK\$'000	2011 HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	(66,498)	(82,085)

8. Other Gains, Net

	2012 HK\$'000	2011 HK\$'000
Net foreign exchange gains	157,954	639,432
Gain on disposal of investment properties	53,640	81,074
Gain on disposal of a subsidiary	37,592	—
Gain on disposal of available-for-sale financial assets	—	24,875
Gain on repurchase of convertible bonds	—	1,268
Write back of provision for amount due by a jointly controlled entity	—	1,000
Provision for amount due by a jointly controlled entity	—	(24,500)
Fee for buyout of hotel management contracts	—	(42,910)
	249,186	680,239

NOTES TO THE FINANCIAL STATEMENTS

9. Operating Profit before Finance Costs

	2012 HK\$'000	2011 HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	631,870	521,430
Gain on disposal of investment properties	53,640	81,074
and after charging:		
Cost of properties sold	5,023,921	8,642,454
Staff costs (note 11)	449,567	369,061
Depreciation of property, plant and equipment	192,616	178,293
Outgoings in respect of investment properties	287,622	233,716
Rental for leased premises	38,906	18,387
Loss on disposal/write off of property, plant and equipment	14,219	3,598
Amortisation of land use rights	22,362	19,086
Amortisation of intangible assets	48,158	—
Auditors' remuneration	12,485	12,036

Contingent rent included in revenue amounted to HK\$16,203,000 (2011: HK\$8,720,000) for the year.

	2012 HK\$'000	2011 HK\$'000
The future minimum rental receivable under non-cancellable operating leases are as follows:		
Within one year	396,281	374,273
Between two and five years	643,131	600,853
Beyond five years	812,718	755,561
	1,852,130	1,730,687

Generally the Group's operating leases are for terms of two to five years except for 28 (2011: 43) long term leases which are beyond five years.

10. Finance Costs

	2012 HK\$'000	2011 HK\$'000
Interest on bank borrowings		
— wholly repayable within five years	778,666	531,055
— not wholly repayable within five years	86,749	71,430
Interest on loans from fellow subsidiaries wholly repayable within five years	7,815	5,751
Interest on loans from non-controlling interests not wholly repayable within five years	10,581	3,725
Interest on fixed rate bonds wholly repayable within five years	96,809	—
Interest on short term loans	39,098	94,315
Interest on advances from participating interest	103,094	88,256
Interest on convertible bonds wholly repayable within five years	14,724	15,178
	1,137,536	809,710
Amounts capitalised in property, plant and equipment, investment properties and properties held for/under development	(845,033)	(541,240)
	292,503	268,470

Note: To the extent funds are borrowed generally and used for the purpose of financing certain properties held for/under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 1.70% (2011: 1.08%) for the year.

11. Staff Costs

	2012 HK\$'000	2011 HK\$'000
Wages, salaries and other benefits	426,790	342,209
Pension costs — defined contribution plans (note)	8,167	7,156
Share-based payments	14,610	19,696
	449,567	369,061

Note: The Group has established a defined contribution retirement scheme under the Occupational Retirement Scheme Ordinance for all employees in Hong Kong since September 1999. The contributions to the scheme are based on a percentage of the employees' salaries ranging from 5% to 10%, depending upon the length of service of the employees. The Group's contributions to the scheme are expensed as incurred.

With the implementation of the Mandatory Provident Fund ("MPF") Scheme Ordinance on 1st December 2000, the Group established a new MPF Scheme. Except for employees who commenced employment after 1st October 2000, all the existing employees were given an option to select between the existing defined contribution retirement scheme and the MPF Scheme. The employees who commenced employment after 1st October 2000 are required to join the MPF Scheme. The Group's contributions to the MPF scheme are based on fixed percentages of members' salaries, ranging from 5% of MPF relevant income to 10% of the basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income.

The Group also contributes to retirement plans for its employees in the PRC at a percentage in compliance with the requirements of the respective municipal governments in the PRC.

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total pension costs charged to the consolidated income statement for the year amounted to HK\$8,167,000 (2011: HK\$7,156,000).

NOTES TO THE FINANCIAL STATEMENTS

12. Directors' and Senior Management Remuneration

(i) Details of the directors' emoluments are as follows:

Name of director	Fees HK\$'000	Other emoluments HK\$'000	Retirement benefits HK\$'000	Share option benefits HK\$'000	Total HK\$'000
For the year ended 30th June 2012					
Dr. Cheng Kar-shun, Henry	180	—	—	848	1,028
Mr. Cheng Chi-kong, Adrian	180	2,160	105	636	3,081
Mr. Doo Wai-hoi, William	120	—	—	339	459
Mr. Cheng Kar-shing, Peter	180	—	—	339	519
Ms. Cheng Chi-man, Sonia	180	3,400	135	33	3,748
Mr. Cheng Chi-him, Conrad	180	1,290	56	—	1,526
Mr. Leung Chi-kin, Stewart	60	—	—	85	145
Mr. Chow Yu-chun, Alexander	120	—	—	214	334
Mr. Chow Kwai-cheung	80	—	—	85	165
Mr. Fong Shing-kwong, Michael	180	1,728	112	207	2,227
Ms. Ngan Man-ying, Lynda	180	6,260	421	426	7,287
Dr. Cheng Wai-chee, Christopher	300	—	—	128	428
Mr. Tien Pei-chun, James	260	—	—	128	388
Mr. Lee Luen-wai, John	260	—	—	128	388
	2,460	14,838	829	3,596	21,723
For the year ended 30th June 2011					
Dr. Cheng Kar-shun, Henry	150	—	—	1,232	1,382
Mr. Cheng Chi-kong, Adrian	150	1,940	84	924	3,098
Mr. Doo Wai-hoi, William	100	—	—	493	593
Mr. Cheng Kar-shing, Peter	150	—	—	493	643
Ms. Cheng Chi-man, Sonia	150	1,920	84	66	2,220
Mr. Cheng Chi-him, Conrad	150	1,180	51	—	1,381
Mr. Leung Chi-kin, Stewart	100	—	—	122	222
Mr. Chow Yu-chun, Alexander	125	—	—	316	441
Mr. Chow Kwai-cheung	100	—	—	122	222
Mr. Fong Shing-kwong, Michael	150	1,520	75	289	2,034
Ms. Ngan Man-ying, Lynda	150	5,160	368	623	6,301
Dr. Cheng Wai-chee, Christopher	200	—	—	189	389
Mr. Tien Pei-chun, James	200	—	—	189	389
Mr. Lee Luen-wai, John	200	—	—	189	389
	2,075	11,720	662	5,247	19,704

- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2011: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2011: four) individuals during the year are as follows:

	2012 HK\$'000	2011 HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	21,464	17,001
Share option benefits	809	1,375
Contribution to retirement benefit scheme	990	923
	23,263	19,299

The emoluments fall within the following bands:

	Number of individuals	
	2012	2011
HK\$4,000,001–HK\$5,000,000	1	2
HK\$5,000,001–HK\$6,000,000	1	2
HK\$6,000,001–HK\$7,000,000	2	—
	4	4

- (iii) The remuneration payable to the senior management during the year fall within the following bands:

	Number of individuals	
	2012	2011
HK\$1,000,001–HK\$2,000,000	4	3
HK\$2,000,001–HK\$3,000,000	3	1
HK\$3,000,001–HK\$4,000,000	—	1
HK\$4,000,001–HK\$5,000,000	2	1
HK\$5,000,001–HK\$6,000,000	1	2
HK\$6,000,001–HK\$7,000,000	1	—
	11	8

NOTES TO THE FINANCIAL STATEMENTS

13. Taxation Charge

	2012 HK\$'000	2011 HK\$'000
Current taxation		
PRC corporate income tax	769,077	893,373
PRC land appreciation tax	1,788,555	1,229,145
Deferred taxation	255,072	(205,075)
	2,812,704	1,917,443

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2012 of HK\$6,080,000 (2011: HK\$1,029,000) and HK\$218,758,000 (2011: HK\$313,844,000) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the rate of taxation prevailing in the PRC in which the Group operates as follows:

	2012 HK\$'000	2011 HK\$'000
Profit before taxation	6,092,204	5,063,719
Share of results of		
Associated companies	(16,844)	(18,864)
Jointly controlled entities	(356,327)	(359,312)
	5,719,033	4,685,543
Calculated at a taxation rate of 25% (2011: 25%)	1,429,758	1,171,386
Income not subject to taxation	(286,742)	(588,645)
Expenses not deductible for taxation purposes	229,138	174,179
Tax losses not recognised	114,628	82,007
Deduction from PRC land appreciation tax	(447,139)	(307,286)
Utilisation of previously unrecognised tax losses	(36,561)	(5,265)
Temporary differences not recognised	(13,306)	(2,704)
Recognition of temporary differences	29,321	17,600
Deferred taxation on undistributed profits	5,052	147,026
	1,024,149	688,298
PRC land appreciation tax	1,788,555	1,229,145
	2,812,704	1,917,443

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits in Hong Kong for the year (2011: Nil). PRC corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2011: 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 NWD, 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 31st March 1999. During the year, tax indemnity amounting to HK\$503,477,000 (2011: HK\$654,285,000) was effected (note 7).

14. Earnings per Share

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

	2012	2011
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	3,080,929	3,025,826
Less: gain on repurchase of convertible bonds	—	(1,268)
Profit used to determine diluted earnings per share	3,080,929	3,024,558

	Number of shares	
	2012	2011
Weighted average number of shares for calculating basic earnings per share	7,328,152,646	5,985,270,202
Effect of dilutive potential shares:		
Share options	4,070,275	7,369,618
Convertible bonds	52,802,526	49,102,256
Weighted average number of shares for calculating diluted earnings per share	7,385,025,447	6,041,742,076

The earnings per share for the year ended 30th June 2011 have been adjusted to reflect the effect of rights issue during the year (note 30).

15. Dividends

	2012	2011
	HK\$'000	HK\$'000
Interim dividend paid of HK\$0.03 (2011: HK\$0.03) per share	259,375	172,859
Final dividend proposed of HK\$0.04 (2011: HK\$0.04) per share	346,034	230,505
	605,409	403,364

At a meeting held on 26th September 2012, the directors recommended a final dividend of HK\$0.04 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2013.

NOTES TO THE FINANCIAL STATEMENTS

16. Property, Plant and Equipment

Group

	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Assets under construction HK\$'000	Total HK\$'000
Cost						
At 1st July 2011	2,035,696	318,444	731,172	92,051	113,033	3,290,396
Translation differences	24,287	205	8,570	1,107	1,379	35,548
Acquisition of subsidiaries	—	6,132	4,520	—	—	10,652
Additions	61	4,938	52,473	8,459	280,659	346,590
Transfer from completed properties held for sale	4,641	—	—	—	—	4,641
Transfer from properties under development	—	—	—	—	655,771	655,771
Disposals/write off	(15,645)	(920)	(23,480)	(14,181)	—	(54,226)
At 30th June 2012	2,049,040	328,799	773,255	87,436	1,050,842	4,289,372
Accumulated depreciation and impairment						
At 1st July 2011	547,585	292,664	560,465	57,372	—	1,458,086
Translation differences	6,855	3,973	4,303	377	—	15,508
Charge for the year	117,353	17,000	45,844	12,419	—	192,616
Disposals/write off	(3,465)	(912)	(20,166)	(12,706)	—	(37,249)
At 30th June 2012	668,328	312,725	590,446	57,462	—	1,628,961
Net book value						
At 30th June 2012	1,380,712	16,074	182,809	29,974	1,050,842	2,660,411

	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Assets under construction HK\$'000	Total HK\$'000
Cost						
At 1st July 2010	1,800,090	297,227	672,134	86,078	—	2,855,529
Translation differences	108,394	17,423	39,870	4,960	669	171,316
Additions	10,685	3,794	27,734	7,935	101,245	151,393
Transfer from completed properties held for sale	1,785	—	—	—	—	1,785
Transfer from investment properties	7,462	—	—	—	—	7,462
Transfer from properties under development	109,596	—	—	—	11,119	120,715
Disposals/write off	(2,316)	—	(8,566)	(6,922)	—	(17,804)
At 30th June 2011	2,035,696	318,444	731,172	92,051	113,033	3,290,396
Accumulated depreciation and impairment						
At 1st July 2010	411,159	257,932	498,133	47,165	—	1,214,389
Translation differences	27,283	15,717	32,543	3,002	—	78,545
Charge for the year	109,334	19,015	36,979	12,965	—	178,293
Disposals/write off	(191)	—	(7,190)	(5,760)	—	(13,141)
At 30th June 2011	547,585	292,664	560,465	57,372	—	1,458,086
Net book value						
At 30th June 2011	1,488,111	25,780	170,707	34,679	113,033	1,832,310

As at 30th June 2012, certain other properties and furniture, fixtures and equipment with carrying amount of HK\$419,234,000 (2011: HK\$461,162,000) were pledged as securities for the Group's long term borrowings.

NOTES TO THE FINANCIAL STATEMENTS

17. Investment Properties

	Group	
	2012	2011
	HK\$'000	HK\$'000
Completed investment properties	14,801,975	13,586,980
Investment properties under development	2,363,049	610,843
	17,165,024	14,197,823

The movement in investment properties during the year is as follows:

	Group	
	2012	2011
	HK\$'000	HK\$'000
At valuation		
At beginning of the year	14,197,823	12,409,018
Additions	740,128	965,474
Transfer from properties under development	1,122,957	24,100
Transfer from/(to) completed properties held for sale	16,826	(162,283)
Translation differences	177,940	768,957
Disposals	(87,188)	(186,871)
Disposal of a subsidiary	(29,253)	—
Transfer to other properties	—	(7,462)
Increase in fair value	1,025,791	386,890
At end of the year	17,165,024	14,197,823

The investment properties were revalued at 30th June 2012 on an open market value basis by Knight Frank Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	2012	2011
	HK\$'000	HK\$'000
Leases of over 50 years	848,897	1,017,275
Leases of between 10 to 50 years	16,316,127	13,150,428
Leases of below 10 years	—	30,120
	17,165,024	14,197,823

As at 30th June 2012, certain investment properties with carrying value of HK\$5,093,721,000 (2011:HK\$4,527,171,000) were pledged as securities for the Group's long term borrowings.

18. Land Use Rights

	Group	
	2012	2011
	HK\$'000	HK\$'000
At beginning of the year	693,090	604,530
Translation differences	8,281	35,766
Additions	—	67,133
Transfer from properties under development	—	4,747
Amortisation	(22,362)	(19,086)
At end of the year	679,009	693,090

The Group's interests in land use rights represent prepaid operating lease payments and are held in the PRC under the following leases:

	2012	2011
	HK\$'000	HK\$'000
Leases of over 50 years	1,374	2,351
Leases of between 10 to 50 years	677,635	690,739
	679,009	693,090

As at 30th June 2012, land use rights with carrying amount of HK\$235,832,000 (2011: HK\$239,538,000) were pledged as securities for the Group's long term borrowings.

NOTES TO THE FINANCIAL STATEMENTS

19. Intangible Assets

	Goodwill HK\$'000	Trademarks HK\$'000	Hotel management contracts HK\$'000	Process, technology and know-how HK\$'000	Customer relationships HK\$'000	Total HK\$'000
At 1st July 2010 and 30th June 2011						
Cost	235,983	—	—	—	—	235,983
Accumulated impairment	(212,589)	—	—	—	—	(212,589)
Net book value	23,394	—	—	—	—	23,394
Year ended 30th June 2012						
Opening net book value	23,394	—	—	—	—	23,394
Acquisition of subsidiaries	323,244	614,865	428,063	38,916	544,817	1,949,905
Amortisation	—	—	(19,620)	(3,567)	(24,971)	(48,158)
Closing net book value	346,638	614,865	408,443	35,349	519,846	1,925,141
At 30th June 2012						
Cost	559,227	614,865	428,063	38,916	544,817	2,185,888
Accumulated amortisation	—	—	(19,620)	(3,567)	(24,971)	(48,158)
Accumulated impairment	(212,589)	—	—	—	—	(212,589)
Net book value	346,638	614,865	408,443	35,349	519,846	1,925,141

Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30th June 2012, goodwill of HK\$14,227,000 (2011: HK\$14,227,000), HK\$9,167,000 (2011: HK\$9,167,000) and HK\$323,244,000 (2011: Nil) is allocated to the segments of property sales, hotel operation and hotel management services respectively. Amortisation of intangible assets of HK\$48,158,000 (2011: Nil) is included in the administrative and other operating expenses in the consolidated income statement.

For the purpose of impairment test, the recoverable amount of the business unit is determined based on value-in-use calculations, which uses cash flow projections based on financial budgets and a pre-tax discount rate.

For the segments of property sales and hotel operation, the key assumptions adopted on growth rates and discount rates used in the value-in-use calculations are based on management best estimates. Growth rates with range from 7% to 10% are determined by considering both internal and external factors relating to the relevant segments. Discount rates used also reflect specific risks relating to the relevant segments, which range from 6% to 7.5% (2011: 8%).

For the segment of hotel management services, the key assumptions adopted on growth rates and discount rates used in the value-in-use calculations are based on management best estimates. A financial budget of six-year with growth rate ranging from 15% to 55% are determined by considering both internal and external factors relating to the relevant segment and the hotel management contracts in pipeline. Cash flows beyond the six-year period are extrapolated using the estimated growth rates of 3%. Discount rate used also reflects specific risks relating to the relevant segment, which was 16.5%.

20. Subsidiaries

	Company	
	2012	2011
	HK\$'000	HK\$'000
Unlisted shares, at cost of HK\$4 (2011: HK\$4)	—	—
Amounts due by subsidiaries, net of provision	34,205,811	28,096,011
	34,205,811	28,096,011

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

Details of principal subsidiaries are given in note 43.

21. Properties held for Development

	Group	
	2012	2011
	HK\$'000	HK\$'000
Land use rights	8,855,964	7,208,067
Development and incidental costs	6,757,181	5,105,701
Interest capitalised	251,407	164,910
	15,864,552	12,478,678

The analysis of the carrying value of land use rights held in the PRC included in the properties held for development is as follows:

	Group	
	2012	2011
	HK\$'000	HK\$'000
Leases of over 50 years	7,089,637	5,804,721
Leases of between 10 to 50 years	1,766,327	1,403,346
	8,855,964	7,208,067

As at 30th June 2012, the aggregate carrying value of properties held for development pledged as securities for long term borrowings amounted to HK\$771,429,000 (2011: HK\$1,067,140,000).

NOTES TO THE FINANCIAL STATEMENTS

22. Associated Companies

	Group	
	2012 HK\$'000	2011 HK\$'000
Group's share of net liabilities	(7,912)	(27,210)
Amounts due by associated companies, net of provision (note (i))	437,686	440,686
	429,774	413,476

Notes:

- (i) The amounts receivable are unsecured, interest free and have no specific repayment terms.
- (ii) The Group's share of revenues, results, assets and liabilities of its associated companies, all of which are unlisted, are as follows:

	2012 HK\$'000	2011 HK\$'000
Revenues	65,075	106,192
Profit for the year	16,844	18,864
Non-current assets	418,311	400,569
Current assets	30,817	29,611
Total assets	449,128	430,180
Non-current liabilities	(452,846)	(452,503)
Current liabilities	(4,194)	(4,887)
Total liabilities	(457,040)	(457,390)

- (iii) Details of principal associated companies are given in note 43.

23. Jointly Controlled Entities

	Group	
	2012 HK\$'000	2011 HK\$'000
Equity joint ventures		
Group's share of net assets	24,660	38,103
Amounts due by jointly controlled entities		
Non-interest bearing (note (i))	58,812	50,140
	83,472	88,243
Wholly foreign owned enterprises		
Group's share of net assets	1,812,493	1,710,575
Amounts due by jointly controlled entities		
Interest bearing (note (ii))	49,029	48,860
Non-interest bearing (note (i))	154,844	114,528
	2,016,366	1,873,963
Co-operative jointly ventures		
Cost of investments	3,978,951	3,978,950
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	1,130,499	824,657
	5,122,154	4,816,311
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iii))	2,536,942	1,953,114
Non-interest bearing (note (i))	539,556	110,617
	8,198,652	6,880,042
Companies limited by shares		
Group's share of net assets	317,214	324,787
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (ii))	88,818	88,818
Non-interest bearing (note (i))	368,428	377,875
	774,460	791,480
	11,072,950	9,633,728

NOTES TO THE FINANCIAL STATEMENTS

23. Jointly Controlled Entities (Continued)

Notes:

- (i) The amounts receivable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.
- (ii) The amounts receivable are unsecured, carry interest ranging from PRC bank rate to 10% (2011: PRC bank rate to 10%) per annum and have repayment terms as specified in the joint venture contracts.
- (iii) The amounts receivable are unsecured, carry interest ranging from Hong Kong prime rate to 10% (2011: Hong Kong prime rate to 10%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The Group's share of revenues, results, assets and liabilities of its jointly controlled entities, all of which are unlisted, are as follows:

	2012 HK\$'000	2011 HK\$'000
Revenues	1,082,283	1,958,864
Profit for the year	356,327	359,312
Non-current assets	11,791,977	11,704,615
Current assets	7,507,870	4,834,769
Total assets	19,299,847	16,539,384
Non-current liabilities	(7,300,513)	(6,822,715)
Current liabilities	(4,735,517)	(2,839,597)
Total liabilities	(12,036,030)	(9,662,312)

- (v) Details of principal jointly controlled entities are given in note 43.

24. Available-for-sale Financial Assets

	Group	
	2012 HK\$'000	2011 HK\$'000
Unlisted investments, at fair value	108,457	58,362

The available-for-sale financial assets are denominated in the following currencies:

	Group	
	2012 HK\$'000	2011 HK\$'000
United States dollar	23,310	—
Renminbi	85,147	58,362
	108,457	58,362

25. Cash and Bank Balances

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Restricted balances included under current assets	—	10,355	—	—
Unrestricted balances	13,257,612	10,640,373	6,724,281	1,400,889
	13,257,612	10,650,728	6,724,281	1,400,889

The effective interest rate on short term bank deposits was ranging from 0.005% to 2.8% (2011: 0.005% to 2.85%). These deposits have maturity date ranging from 4 to 91 days (2011: 4 to 91 days).

Restricted bank balances in 2011 were funds which were pledged to secure certain short term loans and long term borrowings.

The carrying amounts of the cash and bank balances of the Group are denominated in the following currencies:

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong dollar	2,142,616	1,373,565	1,813,564	1,012,899
Renminbi	5,810,835	8,242,978	396,093	225,539
United States dollar	5,297,729	1,034,185	4,514,624	162,451
Others	6,432	—	—	—
	13,257,612	10,650,728	6,724,281	1,400,889

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

NOTES TO THE FINANCIAL STATEMENTS

26. Properties under Development

	Group	
	2012	2011
	HK\$'000	HK\$'000
Land use rights	4,121,011	4,188,251
Development and incidental costs	12,932,820	10,231,615
Interest capitalised	897,673	795,131
	17,951,504	15,214,997

The analysis of the carrying value of land use rights held in the PRC included in the properties under development is as follows:

	2012	2011
	HK\$'000	HK\$'000
Leases of over 50 years	3,461,332	3,863,092
Leases of between 10 to 50 years	659,679	325,159
	4,121,011	4,188,251

Properties under development with an aggregate carrying value of HK\$4,807,135,000 (2011: HK\$2,395,669,000) were pledged as securities for the Group's long term borrowings.

	2012	2011
	HK\$'000	HK\$'000
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	12,743,400	10,669,934
Expected to be completed and available for sale within 12 months	5,208,104	4,545,063
	17,951,504	15,214,997

27. Completed Properties held for Sale

	Group	
	2012	2011
	HK\$'000	HK\$'000
Land use rights	637,377	203,911
Development costs	4,109,091	2,432,260
Interest capitalised	314,450	131,109
	5,060,918	2,767,280

The analysis of the carrying value of land use rights held in the PRC included in the completed properties held for sale is as follows:

	2012	2011
	HK\$'000	HK\$'000
Leases of over 50 years	627,072	183,224
Leases of between 10 to 50 years	10,305	20,687
	637,377	203,911

28. Prepayments, Debtors and Other Receivables

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade debtors (note a)	1,614,575	1,483,435	—	—
Prepaid land preparatory cost (note b)	2,852,963	2,959,500	—	—
Deposits for purchase of land (note b)	4,264,279	4,517,529	—	—
Prepayment for proposed development projects (note b)	185,244	184,217	—	—
Prepaid taxes (note b)	1,048,519	931,789	—	—
Other prepayments, deposits and receivables (note b)	1,373,555	900,116	34,189	9,051
	11,339,135	10,976,586	34,189	9,051

NOTES TO THE FINANCIAL STATEMENTS

28. Prepayments, Debtors and Other Receivables (Continued)

Notes:

- (a) 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 sales and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements. The ageing analysis of trade debtors based on invoice date is as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
0 to 30 days	851,533	1,158,412
31 to 60 days	120,811	32,553
61 to 90 days	56,752	73,326
Over 90 days	585,479	219,144
	1,614,575	1,483,435

The carrying amounts of the trade debtors of the Group are mainly denominated in Renminbi.

- (b) The carrying amounts of the Group and the Company are mainly denominated in Renminbi and Hong Kong dollar respectively.
- (c) At 30th June 2012, trade debtors of HK\$1,065,923,000 (2011: HK\$1,428,185,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
0 to 30 days	343,807	1,158,089
31 to 60 days	119,864	32,229
61 to 90 days	84,296	73,002
Over 90 days	517,956	164,865
	1,065,923	1,428,185

- (d) During the year, impairment loss on trade debtors of HK\$8,751,000 (2011: HK\$9,240,000) was recognised in the consolidated income statement.
- (e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

29. Amounts Due from/(to) Related Companies

Related companies include group companies, jointly controlled entities of the Group and companies owned by a director.

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Amounts due from group companies (note a)	604,929	589,809	585,231	568,092
Amounts due to group companies (note b)	(34,525)	(32,005)	(3,000)	(3,000)
Amounts due to jointly controlled entities (note c)	(1,301,396)	(1,260,000)	—	—
Amounts due to companies owned by a director (note d)	(9,846)	(45,063)	—	—
	(1,345,767)	(1,337,068)	(3,000)	(3,000)
	(740,838)	(747,259)	582,231	565,092

Notes:

(a) The amounts due from group companies are unsecured, interest free and repayable on demand.

The carrying amounts of amounts due from group companies are denominated in the following currencies:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong dollar	596,801	573,559	585,231	568,092
Renminbi	8,128	16,250	—	—
	604,929	589,809	585,231	568,092

(b) The amounts due to group companies are unsecured, interest free and repayable on demand.

The carrying amounts of amounts due to group companies are denominated in the following currencies:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong dollar	—	—	(3,000)	(3,000)
Renminbi	(34,525)	(32,005)	—	—
	(34,525)	(32,005)	(3,000)	(3,000)

(c) The amounts payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts. The amounts payable are mainly denominated in Renminbi.

(d) The amounts due to companies owned by a director are unsecured, interest free and repayable on demand. The carrying amounts of amounts due to companies owned by a director are mainly denominated in Renminbi.

NOTES TO THE FINANCIAL STATEMENTS

30. Share Capital

	Company	
	2012 HK\$'000	2011 HK\$'000
Authorised:		
Shares of HK\$0.1 each		
At beginning of the year	800,000	800,000
Increase in authorised share capital (note (i))	2,200,000	—
At end of the year	3,000,000	800,000
Issued and fully paid:		
8,649,792,519 (2011: 5,762,392,911) shares of HK\$0.1 each	864,979	576,239

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

	Number of shares of HK\$0.1 each	HK\$'000
At 1st July 2010	5,757,248,468	575,725
Exercise of share options (note (iii))	5,144,443	514
At 30th June 2011	5,762,392,911	576,239
Exercise of share options (note (iii))	6,093,153	609
Rights Issue (note (ii))	2,881,306,455	288,131
At 30th June 2012	8,649,792,519	864,979

Notes:

- (i) Pursuant to an ordinary resolution passed on 22nd November 2011, the authorised share capital of the Company was increased from HK\$800,000,000 to HK\$3,000,000,000 by the creation of additional 22,000,000,000 shares of HK\$0.1 each.
- (ii) During the year ended 30th June 2012, 2,881,306,455 shares of HK\$0.10 each were issued at HK\$1.49 per share by way of rights issue on the basis of one rights share for every two shares ("Rights Issue") held on 2nd December 2011.

(iii) Pursuant to the share option scheme adopted on 26th November 2002 ("2002 Share Option Scheme") and the share option scheme adopted on 22nd November 2011 ("2011 Share Option Scheme"), the Company may grant options to executive directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. Adjustments were made to the exercise price of and the number of shares that can be subscribed for under the outstanding share options on 23rd December 2011 ("Date of Adjustment") as a result of the Rights Issue which became unconditional on 22nd December 2011. The movements in the number of share options granted during the year and the balance outstanding at 30th June 2012 are as follows:

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

Date of offer to grant	Exercise price per share before the Date of Adjustment HK\$	Exercise price per share after the Date of Adjustment HK\$	Number of share options						Number of share options exercisable	
			At 1st July 2011	Granted during the year	Exercised from 1st July 2011 up to the Date of Adjustment	Adjusted on the Date of Adjustment (note 3)	Exercised from the Date of Adjustment up to 30th June 2012	Lapsed during the year	At 30th June 2012	At 30th June 2012
28th June 2006	2.559 ⁽¹⁾	—	64,925	—	(64,000)	—	—	(925)	—	—
17th October 2006	2.984 ⁽¹⁾	—	111,492	—	—	—	—	(111,492)	—	—
28th December 2006	4.209 ⁽¹⁾	4.051	759,850	—	—	29,604	—	(789,454)	—	—
19th March 2007	4.020 ⁽¹⁾	3.869	822,985	—	—	32,064	—	(855,049)	—	—
14th June 2007	5.994 ⁽¹⁾	5.769	1,669,701	—	—	43,386	—	(556,119)	1,156,968	1,156,968
17th October 2007	7.209 ⁽¹⁾	6.939	1,635,223	—	—	36,600	—	(695,821)	976,002	976,002
28th December 2007	6.228 ⁽¹⁾	5.994	826,119	—	—	32,186	—	—	858,305	858,305
22nd April 2008	4.699 ⁽¹⁾	4.523	647,910	—	—	18,020	—	(185,373)	480,557	480,557
31st July 2008	3.271 ⁽¹⁾	3.148	260,597	—	—	8,338	—	(46,566)	222,369	176,684
12th November 2008	1.503 ⁽¹⁾	1.447	693,206	—	—	27,008	(203,548)	(63,733)	452,933	243,497
2nd December 2008	1.340 ⁽²⁾	1.290	12,106,731	—	(187,934)	464,368	(4,057,869)	(50,882)	8,274,414	8,274,414
2nd December 2008	1.340 ⁽¹⁾	1.290	1,894,704	—	—	73,819	(649,586)	—	1,318,937	792,136
3rd February 2009	1.769 ⁽¹⁾	1.703	685,528	—	(54,000)	24,604	(320,600)	—	335,532	118,099
26th June 2009	4.065 ⁽¹⁾	3.913	3,013,208	—	—	117,397	—	—	3,130,605	1,878,363
19th November 2009	3.068 ⁽¹⁾	2.953	2,970,000	—	—	86,493	—	(750,000)	2,306,493	1,383,895
12th January 2010	2.990 ⁽¹⁾	2.878	4,561,600	—	—	154,488	(278,774)	(596,400)	3,840,914	2,193,039
18th May 2010	2.350 ⁽¹⁾	2.262	1,144,000	—	—	33,818	(104,042)	(586,026)	487,750	241,059
31st May 2010	2.440 ⁽¹⁾	2.349	888,000	—	—	34,597	(102,000)	—	820,597	197,221
10th November 2010	3.130 ⁽¹⁾	3.013	4,350,400	—	—	152,290	—	(734,587)	3,768,103	1,507,240
18th January 2011	3.154 ⁽¹⁾	3.036	14,019,400	—	—	546,210	—	(571,013)	13,994,597	5,597,840
3rd May 2011	2.860 ⁽¹⁾	2.753	1,348,400	—	—	52,535	—	—	1,400,935	560,374
26th July 2011	2.810 ⁽¹⁾	2.705	—	1,572,400	—	61,262	—	—	1,633,662	326,733
			54,473,979	1,572,400	(305,934)	2,029,087	(5,716,419)	(6,593,440)	45,459,673	26,962,426
Weighted average exercise price of each category (HK\$)			2.945	2.810	1.671	2.744	1.433	3.914	2.867	2.830

NOTES TO THE FINANCIAL STATEMENTS

30. Share Capital (Continued)

Notes: (Continued)

(iii) (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 1st July 2011	Granted during the year	Exercised during the year	Lapsed during the year	At 30th June 2012	At 30th June 2011
3rd May 2012	2.450 ⁽¹⁾	—	8,212,600	(70,800)	(43,200)	8,098,600	1,571,720
Weighted average exercise price of each category (HK\$)		—	2.450	2.450	2.450	2.450	2.450

Notes:

- (1) On dates of grant, the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.
- (2) On dates of grant, the share options are divided into 4 tranches and exercisable within a period of 4 years commencing on the expiry of one month after the dates on which the options were accepted.
- (3) Adjustments were made to the exercise price and the number of outstanding share options in accordance with the share option scheme on 23rd December 2011 as a result of the Rights Issue as announced by the Company on 18th October 2011 which became unconditional on 22nd December 2011.
- (4) Fair value of options and assumptions

The fair value of options granted during the year determined using the Binomial Model was HK\$9,201,000 (2011: HK\$24,769,000). The significant inputs to the model was share price ranging from HK\$2.45 to HK\$2.81 (2011: HK\$2.86 to HK\$3.154) at the grant dates, exercise prices ranging from HK\$2.45 to HK\$2.81 (2011: HK\$2.86 to HK\$3.154), volatility of the share ranging from 52% to 55% (2011: 53% to 55%), expected life of options of 5 years (2011: 5 years), expected dividend yield ranging from 1.91% to 2.57% (2011: 1.63% to 1.88%), risk-free interest rate ranging from 0.49% to 1.23% (2011: 1.10% to 1.7%) and suboptimal exercise factor ranging from 1.87 to 1.89 times (2011: 1.87 to 1.89 times) of the exercise prices (which accounts for the early exercise behaviour of the option holders). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company over the past 5 years.

- (5) For the year ended 30th June 2012, the weighted average share price at the time of exercise was HK\$2.417 per share (2011: HK\$2.87 per share) and HK\$3.011 per share (2011: Nil) under the 2002 Share Option Scheme and 2011 Share Option Scheme respectively.

31. Reserves

Group

	Contributed surplus	Share premium	Other reserve (note)	Share option reserve	Convertible bonds — equity component	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st July 2011	12,997,734	12,214,773	202,237	39,789	50,493	4,014,443	11,598,456	41,117,925
Profit for the year	—	—	—	—	—	—	3,080,929	3,080,929
Premium on issue of shares	—	3,976,603	—	—	—	—	—	3,976,603
Disposal of a subsidiary	—	—	—	—	—	(12,291)	—	(12,291)
Share-based payments	—	—	—	14,610	—	—	—	14,610
Transfer of reserve upon exercise and lapse of share options	—	2,144	—	(6,900)	—	—	4,756	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	(3,888)	(3,888)
Share of reserve of a jointly controlled entity	—	—	—	—	—	—	(35,266)	(35,266)
Redemption of convertible bonds	—	—	—	—	(51,109)	—	51,109	—
Dividends paid	(489,879)	—	—	—	—	—	—	(489,879)
Translation differences								
Subsidiaries	—	—	—	—	616	203,049	—	203,665
Jointly controlled entities	—	—	—	—	—	35,180	—	35,180
Associated companies	—	—	—	—	—	(594)	—	(594)
As at 30th June 2012 before proposed final dividend	12,507,855	16,193,520	202,237	47,499	—	4,239,787	14,696,096	47,886,994
Representing:								
As at 30th June 2012 after proposed final dividend	12,161,821	16,193,520	202,237	47,499	—	4,239,787	14,696,096	47,540,960
2012 proposed final dividend	346,034	—	—	—	—	—	—	346,034
	12,507,855	16,193,520	202,237	47,499	—	4,239,787	14,696,096	47,886,994

NOTES TO THE FINANCIAL STATEMENTS

31. Reserves (Continued)

Group (Continued)

	Contributed		Other reserve (note) HK\$'000	Share option reserve HK\$'000	Convertible		Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
	surplus	premium			bonds —	Investment			
	HK\$'000	HK\$'000			equity component HK\$'000	revaluation reserve HK\$'000			
As at 1st July 2010	13,573,714	12,199,820	202,237	55,600	50,361	68,097	2,419,952	8,544,571	37,114,352
Profit for the year	—	—	—	—	—	—	—	3,025,826	3,025,826
Premium on issue of shares	—	7,367	—	—	—	—	—	—	7,367
Change in fair value of available- for-sale financial assets	—	—	—	—	—	(34,048)	—	—	(34,048)
Share-based payments	—	—	—	19,696	—	—	—	—	19,696
Transfer of reserve upon exercise and lapse of share options	—	7,586	—	(35,507)	—	—	—	27,921	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	(721)	(721)
Disposal of available-for-sale financial assets	—	—	—	—	—	(34,049)	—	—	(34,049)
Repurchase of convertible bonds	—	—	—	—	(2,737)	—	—	859	(1,878)
Dividends paid	(575,980)	—	—	—	—	—	—	—	(575,980)
Translation differences									
Subsidiaries	—	—	—	—	2,869	—	1,271,479	—	1,274,348
Jointly controlled entities	—	—	—	—	—	—	326,244	—	326,244
Associated companies	—	—	—	—	—	—	(3,232)	—	(3,232)
As at 30th June 2011 before proposed final dividend	12,997,734	12,214,773	202,237	39,789	50,493	—	4,014,443	11,598,456	41,117,925
Representing:									
As at 30th June 2011 after proposed final dividend	12,767,229	12,214,773	202,237	39,789	50,493	—	4,014,443	11,598,456	40,887,420
2011 proposed final dividend	230,505	—	—	—	—	—	—	—	230,505
	12,997,734	12,214,773	202,237	39,789	50,493	—	4,014,443	11,598,456	41,117,925

Note: Other reserve relates to fair value changes arising from business combination.

Company

	Contributed surplus HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1st July 2011	13,017,895	12,214,773	5,521,170	39,789	(7,000,030)	23,793,597
Premium on issue of shares	—	3,976,603	—	—	—	3,976,603
Profit for the year	—	—	—	—	182,908	182,908
Share-based payments	—	—	—	14,610	—	14,610
Transfer of reserve upon exercise and lapse of share options	—	2,144	—	(6,900)	4,756	—
Translation difference	—	—	320,023	—	—	320,023
Dividend paid	(489,879)	—	—	—	—	(489,879)
As at 30th June 2012 before proposed final dividend	12,528,016	16,193,520	5,841,193	47,499	(6,812,366)	27,797,862
Representing:						
As at 30th June 2012 after proposed final dividend	12,181,982	16,193,520	5,841,193	47,499	(6,812,366)	27,451,828
2012 proposed final dividend	346,034	—	—	—	—	346,034
	12,528,016	16,193,520	5,841,193	47,499	(6,812,366)	27,797,862
As at 1st July 2010	13,593,875	12,199,820	4,015,433	55,600	(5,895,287)	23,969,441
Premium on issue of shares	—	7,367	—	—	—	7,367
Loss for the year	—	—	—	—	(1,132,664)	(1,132,664)
Share-based payments	—	—	—	19,696	—	19,696
Transfer of reserve upon exercise and lapse of share options	—	7,586	—	(35,507)	27,921	—
Translation difference	—	—	1,505,737	—	—	1,505,737
Dividend paid	(575,980)	—	—	—	—	(575,980)
As at 30th June 2011 before proposed final dividend	13,017,895	12,214,773	5,521,170	39,789	(7,000,030)	23,793,597
Representing:						
As at 30th June 2011 after proposed final dividend	12,787,390	12,214,773	5,521,170	39,789	(7,000,030)	23,563,092
2011 proposed final dividend	230,505	—	—	—	—	230,505
	13,017,895	12,214,773	5,521,170	39,789	(7,000,030)	23,793,597

The contributed surplus of the Company represents the excess of the consolidated net asset value of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof as a result of a reorganisation that took place in 1999, less distributions in subsequent years.

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of the profit of HK\$182,908,000 (2011: loss of HK\$1,132,664,000)

NOTES TO THE FINANCIAL STATEMENTS

32. Long Term Borrowings

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans (note (i))				
Secured	5,458,414	4,214,108	—	—
Unsecured	12,689,521	11,536,335	2,533,450	1,552,180
Loans from fellow subsidiaries (note (ii))	2,620,473	2,612,658	—	—
Loans from non-controlling interests (note (iii))	47,772	37,183	—	—
Advances from participating interest (note (iv))	2,155,069	1,756,491	4,996,966	4,092,691
Fixed rate bonds (note (v))	5,215,475	—	5,215,475	—
Convertible bonds (note (vi))	—	377,180	—	—
	28,186,724	20,533,955	12,745,891	5,644,871
Current portion included in current liabilities	(5,267,457)	(6,382,934)	(250,000)	(548,916)
	22,919,267	14,151,021	12,495,891	5,095,955

Notes:

(i) The bank loans are repayable as follows:

	Secured		Group Unsecured		Total		Company Unsecured	
	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	656,077	891,153	4,611,380	5,114,601	5,267,457	6,005,754	250,000	548,916
Between one and two years	1,275,556	709,639	2,358,486	3,399,888	3,634,042	4,109,527	493,579	—
Between two and five years	1,831,659	728,376	5,438,557	2,745,340	7,270,216	3,473,716	1,789,871	1,003,264
After five years	1,695,122	1,884,940	281,098	276,506	1,976,220	2,161,446	—	—
	5,458,414	4,214,108	12,689,521	11,536,335	18,147,935	15,750,443	2,533,450	1,552,180

(ii) The loans from fellow subsidiaries are repayable between two and five years, unsecured and bear interest at three months Hong Kong Interbank Offered Rate ("HIBOR") (2011: three months HIBOR) per annum.

(iii) The loans from non-controlling interests are unsecured, bear interest at 5% (2011: 5%) per annum and have repayment terms as specified in the contracts.

(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 Company and the participating interest.

(v) On 29th 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\$3,414.6 million and HK\$1,829.3 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\$17.8 million).

These bonds bear interest with a coupon rate of 8.5% per annum, payable semi-annually in arrears on 11th April and 11th 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 11th April 2015 at the principal amount.

As at 30th June 2012, the fair value of the bonds amounted to RMB4,443.1 million (equivalent to approximately HK\$5,418.4 million).

- (vi) In June 2007, a subsidiary of the Company issued USD settled zero coupon guaranteed convertible bonds in the aggregate amount of RMB2,800,000,000, which are convertible into fully paid shares with par value of HK\$0.1 each of the Company.

The bonds, guaranteed by the Company, are convertible into shares of the Company at a conversion price of HK\$8.044 per share at any time on and after 26th June 2007 up to 26th May 2012, with the Renminbi principal amount of the bond translated into Hong Kong dollar at a fixed rate of HK\$1 = RMB0.9848, subject to adjustments according to the terms governing the convertible bonds. The bonds are redeemable by the issuer at any time on or after 11th June 2010 at the option of the issuer, subject to the terms governing the convertible bonds. Moreover, the bondholders have the option to redeem all or some of the bonds held by them on 11th June 2010 at 102.27% of the principal amount. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed on the maturity date on 11th June 2012 at 103.81% of the principal amount.

As at 30th June 2011, the outstanding principal amount, after certain repurchase and redemption, was RMB313,200,000. The Group redeemed convertible bonds with principal amount of RMB313,200,000 in June 2012.

- (vii) The effective interest rates of borrowings are as follows:

	2012			2011		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank borrowings	2.10%	6.86%	—	1.63%	5.67%	—
Loans from fellow subsidiaries	0.40%	—	0.40%	0.26%	—	0.26%
Loans from non-controlling interests	5.00%	—	—	5.00%	—	—
Advances from participating interest	4.78%	—	—	5.02%	—	—
Convertible bonds	—	—	—	—	4.08%	—
Fixed rate bonds	—	8.37%	—	—	—	—

- (viii) The carrying amounts of bank borrowings, loans from fellow subsidiaries, loans from non-controlling interests and advances from participating interest approximate their fair values. The fair value of fixed rate bonds is calculated using cash flows discounted at the borrowings rates.

The fair value of the liability component at the date of the issuance of the bonds, included in the borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the reserve. The present value of the liability component of the convertible bonds at 30th June 2011, which was estimated using cash flows discounted at a rate of 6.1% and at the exchange rate ruling at the end of the reporting period, amounted to HK\$370,274,000 (RMB307,328,000).

- (ix) The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong dollar	13,315,692	11,786,912	2,039,871	1,528,371
Renminbi	14,660,432	8,536,443	10,706,020	4,116,500
United States dollar	210,600	210,600	—	—
	28,186,724	20,533,955	12,745,891	5,644,871

- (x) For the interest-bearing borrowings, except for the loans from non-controlling interests of HK\$47,772,000 (2011: HK\$37,183,000) which reprice in more than five years, the rest of the borrowings reprice or mature (whichever is earlier) in one year or less.

NOTES TO THE FINANCIAL STATEMENTS

33. Deferred Tax Liabilities

Deferred taxation is provided in full, using the liability method, on temporary differences using the prevailing rate of taxation in which the Group operates.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxed levied by the same taxation authority on the taxable entity.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Group

Deferred tax assets/(liabilities)

	Accelerated tax depreciation	Revaluation of properties	Recognition of income from sale of properties	Fair value adjustment of properties arising from acquisition	Tax losses	Undistributed profits of subsidiaries, associated companies and jointly controlled entities	Provisions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st July 2010	(267,978)	(380,489)	(7,689)	(1,634,486)	131,257	(128,095)	21,181	(2,266,299)
Exchange differences (Charged)/credited to consolidated income statement	(16,571)	(29,202)	(463)	(75,278)	6,983	(10,621)	1,276	(123,876)
	(3,464)	(176,510)	—	546,036	(14,755)	(147,026)	794	205,075
At 30th June 2011	(288,013)	(586,201)	(8,152)	(1,163,728)	123,485	(285,742)	23,251	(2,185,100)
Exchange differences (Charged)/credited to consolidated income statement	(3,513)	(7,124)	(99)	(14,692)	1,506	2,371	284	(21,267)
	(85,118)	(257,581)	292	64,704	27,858	(5,052)	(175)	(255,072)
Disposal of a subsidiary	1,995	361	—	—	(1,294)	—	—	1,062
At 30th June 2012	(374,649)	(850,545)	(7,959)	(1,113,716)	151,555	(288,423)	23,360	(2,460,377)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK\$210,955,000 (2011: HK\$180,274,000) in respect of losses amounting to HK\$843,818,000 (2011: HK\$721,097,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2017 (2011: 2016).

As at 30th June 2012, the aggregate amount of temporary differences associated with investments in subsidiaries and jointly controlled entities for which deferred tax liabilities have not been recognised amounting to approximately HK\$3,496,486,000 (2011: HK\$2,090,978,000), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

34. Creditors and Accruals

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Trade creditors (note (i))	4,743,957	2,959,200	—	—
Other creditors and accruals (note (ii))	1,139,264	755,791	108,601	28,485
	5,883,221	3,714,991	108,601	28,485

Notes:

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

	Group	
	2012 HK\$'000	2011 HK\$'000
0 to 30 days	4,350,401	2,565,894
31 to 60 days	24,877	42,531
61 to 90 days	38,421	60,061
Over 90 days	330,258	290,714
	4,743,957	2,959,200

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30th June 2012 and 2011.

(ii) Other creditors and accruals included retention payables of construction costs, other payables and various accruals. The carrying amounts of other creditors and accruals of the Group and the Company are mainly denominated in Renminbi and Hong Kong dollar respectively.

NOTES TO THE FINANCIAL STATEMENTS

35. Short Term Loans

	Group	
	2012	2011
	HK\$'000	HK\$'000
Secured bank loans	170,733	—
Unsecured bank loans	99,966	220,449
Other unsecured loans	—	149,638
	270,699	370,087

The effective interest rates of the short term loans range from 3.15% to 7.35% (2011: 2.01% to 6.72%). Their carrying amounts approximate their fair values.

The carrying amounts of short term loans are denominated in the following currencies:

	Group	
	2012	2011
	HK\$'000	HK\$'000
Hong Kong dollar	99,966	99,966
Renminbi	170,733	270,121
	270,699	370,087

36. Amounts due to Non-controlling Interests

The amounts due to non-controlling interests are unsecured, interest free and repayable on demand. The carrying amounts of the balances are mainly denominated in Hong Kong dollar as at 30th June 2012 and 2011 and approximate their fair values.

37. Taxes Payable

	Group		Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Corporate income tax payable	181,579	495,189	—	—
Withholding tax payable	138,514	136,175	29,179	27,851
Land appreciation tax payable	2,494,017	1,481,769	—	—
Other PRC taxes payable	174,012	310,532	—	—
	2,988,122	2,423,665	29,179	27,851

38. Guarantees

(i) Corporate guarantees for banking facilities

Group

The Group has corporate guarantees of approximately HK\$1,851,736,000 (2011: HK\$2,254,955,000) given in respect of bank loan facilities extended to certain jointly controlled entities. As at 30th June 2012, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the jointly controlled entities was approximately HK\$1,260,419,000 (2011: HK\$1,492,080,000).

Company

The Company has corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries and jointly controlled entities of approximately HK\$10,674,891,000 (2011: HK\$10,352,591,000) and HK\$1,851,736,000 (2011: HK\$2,254,955,000) respectively.

(ii) Guarantees in respect of mortgage facilities

As at 30th June 2012, 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\$1,557,714,000 (2011: HK\$1,158,962,000). 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.

(iii) Guarantee in respect of convertible bonds

As at 30th June 2011, the Company had provided guarantee in respect of the convertible bonds issued by a subsidiary and the outstanding balance of the convertible bonds of RMB313,200,000 amounted to HK\$377,349,000 at the exchange rate ruling at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

39. Commitments

(i) Capital expenditure commitments

(a) The capital expenditure commitments of the Group are as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
Property, plant and equipment	283,347	—
	391,347	108,000
Contracted but not provided for		
Property, plant and equipment	522,494	33,506
Investment properties	3,958,391	204,132
Purchase consideration for proposed development projects	—	14,004
Purchase consideration for acquisition of subsidiaries	—	1,911,780
	4,480,885	2,163,422
	4,872,232	2,271,422

(b) The Group's share of capital expenditure commitment of jointly controlled entities not included above is as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
Authorised but not contracted for investment properties	62,043	165,165
Contracted but not provided for investment properties	94,784	64,432
	156,827	229,597

(ii) Lease commitments

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000

As at 30th June 2012, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

Within one year	33,988	16,376	16,237	8,311
Between two and five years	77,494	19,287	29,402	—
Beyond five years	15,946	—	—	—
	127,428	35,663	45,639	8,311

40. Business Combination

In July 2011, the Group acquired 100% interest in Rosewood Hotels and Resorts, L.L.C. (“Rosewood”) and the intellectual property rights of “Carlyle”, a hotel brand, for a consideration of HK\$2,049,329,000. The acquisition was completed on 29th July 2011 and Rosewood became a wholly owned subsidiary of the Group.

	HK\$'000
Purchase consideration — cash paid	2,049,329
Fair value of net assets acquired — shown as below	(1,726,085)
Goodwill	323,244

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	HK\$'000
Intangible assets	
Trademarks	614,865
Hotel management contracts	428,063
Process, technology and know-how	38,916
Customer relationships	544,817
Property, plant and equipment	10,652
Prepayments, debtors and other receivables	76,114
Available-for-sale financial assets	23,350
Cash and bank balances, unrestricted	99,095
Creditors and accruals	(109,787)
Net assets acquired	1,726,085

Since the date of acquisition, Rosewood contributed revenues of approximately HK\$384,949,000 and incurred loss of approximately HK\$22,258,000. If the acquisition had occurred on 1st July 2011, the Group’s revenues and profit for the year would have increased by HK\$21,045,000 and decreased by HK\$5,464,000 respectively.

The goodwill of HK\$323,244,000 arising from the acquisition is attributable to the future profitability of the acquired business. The goodwill is expected to be deductible over 15 years for income tax purposes in the US.

Acquisition-related costs of HK\$19,506,000 have been charged to administrative and other operating expenses in the consolidated income statement for the year ended 30th June 2012.

The fair value of prepayments, debtors and other receivables is HK\$76,114,000 and includes trade receivables with a fair value of HK\$39,595,000.

NOTES TO THE FINANCIAL STATEMENTS

41. Notes to Consolidated Cash Flow Statement

(a) Reconciliation of operating profit before finance costs to net cash (used in)/generated from operations

	Note	2012 HK\$'000	2011 HK\$'000
Operating profit before finance costs		6,011,536	4,954,013
Interest income		(187,288)	(180,731)
Depreciation and amortisation		263,136	197,379
Share-based payments		14,610	19,696
Dividend income from an available-for-sale financial asset		(1,854)	—
Gain on disposal/write off of property, plant and equipment and investment properties		(39,421)	(77,476)
Write back of provision for amount due by a jointly controlled entity		—	(1,000)
Provision for amount due by a jointly controlled entity		—	24,500
Tax indemnity from the ultimate holding company		(503,477)	(654,285)
Gain on repurchase of convertible bonds		—	(1,268)
Gain on disposal of a subsidiary	41(c)	(37,592)	—
Gain on disposal of available-for-sale financial assets		—	(24,875)
Changes in fair value of investment properties		(1,025,791)	(386,890)
Net foreign exchange gains		(157,954)	(639,432)
Operating profit before working capital changes		4,335,905	3,229,631
Increase in properties held for/under development and completed properties held for sale		(9,372,485)	(4,090,194)
(Increase)/decrease in prepayments, debtors and other receivables		(12,512)	919,207
Changes in balances with related companies		660,724	515,165
Increase/(decrease) in deposits received on sale of properties		283,196	(89,196)
Increase in creditors and accruals		1,772,243	1,078,168
Net cash (used in)/generated from operations		(2,332,929)	1,562,781

(b) Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries

	2012 HK\$'000	2011 HK\$'000
Cash consideration (note 40)	2,049,329	—
Cash and bank balances acquired (note 40)	(99,095)	—
	1,950,234	—

(c) Disposal of a subsidiary

In February 2012, the Group disposed of the interest of a wholly owned subsidiary to a jointly controlled entity of the Group.

	2012 HK\$'000	2011 HK\$'000
Net assets disposed		
Investment properties	29,253	—
Balances with group companies	69,789	—
Cash and bank balances	6,610	—
Taxes payable	(1)	—
Deferred tax liabilities	(1,062)	—
	104,589	—
Interest retained by the Group as a jointly controlled entity	(77,934)	—
	26,655	—
Consideration satisfied by cash	51,956	—
	25,301	—
Realisation of exchange reserve upon disposal	12,291	—
Gain on disposal of a subsidiary	37,592	—

(d) Analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary

	2012 HK\$'000	2011 HK\$'000
Cash consideration	51,956	—
Cash and bank balances disposed	(6,610)	—
	45,346	—

NOTES TO THE FINANCIAL STATEMENTS

42. 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 year in the normal course of its business:

	Note	2012 HK\$'000	2011 HK\$'000
Interest expenses on loans from fellow subsidiaries	(a)	7,815	5,751
Rental expense for leased premises to fellow subsidiaries	(b)	16,864	15,721
Property agency fee paid to fellow subsidiaries	(c)	4,897	7,573
Purchase of goods from fellow subsidiaries	(d)	9,228	3,966
Underwriting commission to the ultimate holding company	(e)	33,267	—
Interest income from jointly controlled entities	(f)	95,019	117,354
Property management services fee income from fellow subsidiaries, jointly controlled entities and related companies	(g)	38,621	3,119
Rental income from fellow subsidiaries, a jointly controlled entity and a related company	(h)	117,403	108,663
Trademark fee income from jointly controlled entities	(i)	79,669	44,261
Hotel management services fee income from fellow subsidiaries, jointly controlled entities, an associated company and related companies	(j)	69,775	32,260
Project management fee income from jointly controlled entities, an associated company and a related company	(k)	73,646	—

Notes:

- (a) Interest is charged at rates as specified in note 32(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (c) The property agency fee is charged by the fellow subsidiaries in accordance with the terms of the property agency agreements.
- (d) This represents purchases of goods by means of presenting various cash equivalent gift coupons, gift cards and stored value shopping cards to the stores operated by the fellow subsidiaries. Such fee is charged in accordance with the terms of the agreements.
- (e) The underwriting commission is charged at 2.5% of the total issue price of shares issued from rights issue underwritten by the ultimate holding company.
- (f) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at rates as specified in note 23.
- (g) The property management services fees are charged at fixed amounts to fellow subsidiaries, certain jointly controlled entities and related companies as specified in the management contracts.
- (h) The rental income is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.

- (i) Trademark fee income is charged in accordance with the terms of trademark fee agreement.
- (j) The hotel management services fee income is charged in accordance with the terms of the management service agreement.
- (k) The project management fee income is charged in accordance with the terms of the agreement.
- (l) 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 year amounted to HK\$178,189,000 (2011: HK\$757,411,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (m) 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 31st March 1999. During the year, tax indemnity amounting to HK\$503,477,000 (2011: HK\$654,285,000) was effected (note 13).
- (n) During the year, the Group disposed of the interest in a subsidiary to a jointly controlled entity for a consideration of HK\$51,956,000 (note 41(c)).

(ii) Key management compensation

	2012 HK\$'000	2011 HK\$'000
Salaries and other short-term employee benefits	109,670	58,108
Pension costs	4,234	2,956
Share option benefits	6,272	7,942
	120,176	69,006

Key management includes executive directors, financial controller, company secretary, regional executives and senior executives of hotel management team.

(iii) Balances with related parties

Balances with associated companies, jointly controlled entities, group companies and companies owned by a director are disclosed in notes 22, 23 and 29.

NOTES TO THE FINANCIAL STATEMENTS

43. Particulars of Principal Subsidiaries, Associated Companies and Jointly Controlled Entities

Details of the principal subsidiaries, associated companies and jointly controlled entities which materially affect the results for the year and/or assets of the Group as at 30th June 2012 are set out below:

Company name	Issued and fully paid up share capital/ paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2012	2011	2012	2011	
Subsidiaries						
<i>Incorporated and operating in Hong Kong</i>						
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Dragon Joy (China) Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Global Hero Holdings Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Lingal Limited	HK\$2,000 1,800 ordinary shares of HK\$1 each 200 non-voting deferred shares of HK\$1 each	—	—	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
New World China Property Limited	HK\$2 2 ordinary shares of HK\$1 each	100%	100%	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares of HK\$1 each 2 non-voting deferred shares of HK\$1 each	100%	100%	100%	100%	Investment holding
New World Hotel Management Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Hotel management
Pacific Great Investment Limited	HK\$50,000,000 50,000,000 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding

Company name	Issued and fully paid up share capital/ paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2012	2011	2012	2011	
Silver World H.K. Development Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Spread Glory Investments Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Starlux Enterprise Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Sunny Trend Development Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Wing Shan International Country Club Co. Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	89.2%	89.2%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Art Shadow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Art Bridge Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Banyan Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Brilliant Alpha Investment Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ever Brisk Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	100%	100%	Investment holding
Fu Hong Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Goodtrade Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
K Fai Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

43. Particulars of Principal Subsidiaries, Associated Companies and Jointly Controlled Entities (Continued)

Company name	Issued and fully paid up share capital/ paid up registered capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
		2012	2011	
Subsidiaries (Continued)				
<i>Incorporated in the British Virgin Islands (Continued)</i>				
Keep Bright Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
Lucky Win Development Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
New World Anderson Development Company Limited	US\$100 100 shares of US\$1 each	—	—	100% 100% Investment holding
New World China Finance (BVI) Limited	US\$1 1 share of US\$1	—	—	100% 100% Financing
New World China Land Finance Limited	US\$1 1 share of US\$1	—	—	100% 100% Financing
New World Hotel Management (BVI) Limited	US\$1,000 1,000 shares of US\$1 each	—	—	100% 100% Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
Ramada Property Ltd.	US\$1,000 1,000 shares of US\$1 each	—	—	100% 100% Investment holding
Rise Eagle Worldwide Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
Sparkling Rainbow Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
Stand Fame Enterprises Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
Superb Wealthy Group Limited	US\$1 1 share of US\$1	—	—	100% 100% Financing
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
Triumph Hero International Limited	US\$10,000 10,000 shares of US\$1 each	—	—	100% 100% Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding
Twin Glory Investments Limited	US\$1 1 share of US\$1	—	—	100% 100% Investment holding

Company name	Issued and fully paid up share capital/ paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2012	2011	2012	2011	
<i>Incorporated and operating in the Philippines</i>						
NWH Management Philippines, Incorporated	Peso 9,492,000 94,920 shares of Peso 100 each	—	—	100%	100%	Hotel management
<i>Incorporated and operating in the US</i>						
Rosewood Hotels and Resorts, L.L.C.	US\$263,023,748	—	—	100%	—	Hotel management
<i>Incorporated and operating in the PRC</i>						
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB200,000,000	—	—	75% (note 2)	75%	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	100%	100%	Property sales
Beijing New World Huamei Real Estate Development Co., Ltd.	RMB701,139,440	—	—	75%	75%	Property development
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	—	—	60% (note 2)	60%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	88%	88%	Property investment and development
Dalian New World Tower Co., Ltd.	US\$146,250,000	—	—	100%	100%	Property investment, development and hotel operation
Foshan Country Club Co., Ltd.	US\$52,923,600	—	—	84.8%	75.9%	Golf club operation
Foshan Country Real Estate Development Co., Ltd.	RMB638,030,000	—	—	84.8%	—	Property development
Foshan Da Hao Hu Real Estate Development Co., Ltd.	RMB1,278,558,000	—	—	84.8%	—	Property development
Guangzhou Fong Chuen — New World Property Development Ltd.	RMB330,000,000	—	—	100%	100%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	—	100%	100%	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$100,000,000	—	—	100%	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property investment and development
Guiyang New World Real Estate Co., Ltd.	US\$206,350,000	—	—	100% (note 2)	100%	Property development

NOTES TO THE FINANCIAL STATEMENTS

43. Particulars of Principal Subsidiaries, Associated Companies and Jointly Controlled Entities (Continued)

Company name	Issued and fully paid up share capital/ paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2012	2011	2012	2011	
Subsidiaries (Continued)						
<i>Incorporated and operating in the PRC (Continued)</i>						
Haikou New World Housing Development Ltd.	US\$8,000,000	—	—	100%	100%	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB640,000,000	—	—	100%	100%	Property investment
Hunan Fortune Lake Property Development Co., Ltd.	RMB55,800,000	—	—	100%	100%	Property development
Hunan Success New Century Investment Company Limited	RMB646,000,000	—	—	95% (note 2)	95%	Property development
Jinan New World Sunshine Development Limited	US\$69,980,000	—	—	100%	100%	Property development
Langfang New World Properties Development Co., Ltd.	US\$40,300,000	—	—	100%	100%	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US\$38,200,000	—	—	100%	100%	Property development
Nanjing New World Real Estate Co., Ltd.	US\$45,339,518	—	—	100%	100%	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	—	100%	100%	Property investment
New World (Anshan) Property Development Co., Ltd.	RMB1,240,000,000	—	—	100%	100%	Property development
New World China Land Investments Company Limited	US\$80,000,000	100%	100%	100%	100%	Investment holding
New World China Land (Haikou) Limited	US\$375,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Co., Ltd.	US\$75,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Landscape Engineering Limited	US\$1,500,000	—	—	100%	100%	Landscape engineering
New World Enterprises (Wuhan) Co., Ltd.	US\$16,000,000	—	—	100%	100%	Property development
New World Goodtrade (Wuhan) Limited	US\$140,000,000	—	—	100%	100%	Property investment and development
New World Hotel Management (Shanghai) Ltd.	RMB500,000	—	—	100%	100%	Hotel management consultancy services
New World (Shenyang) Property Development Limited	RMB2,748,433,634	—	—	90%	90%	Property investment and development

Company name	Issued and fully paid up share capital/ paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2012	2011	2012	2011	
New World Zhonghong Property Co., Ltd.	RMB314,261,147	—	—	80%	80%	Property development
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	100%	100%	Property investment and hotel operation
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	100%	100%	Property development and investment
Shenyang New World Hotel Co., Ltd.	RMB201,520,000	—	—	100%	100%	Hotel operation and property development
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$294,000,000	—	—	100%	100%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$150,000,000	—	—	100%	100%	Property development
Tang Shan New World Property Development Co., Ltd.	US\$21,120,000	—	—	100%	100%	Property development
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	—	100%	100%	Property development
Tianjin New World Properties Development Co., Ltd.	US\$91,000,000	—	—	100%	100%	Property development
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	—	—	100%	100%	Property investment
Wuhan New Eagle Enterprises Co., Limited	US\$2,830,000	—	—	100%	100%	Property investment
Wuhan New World Hotel Properties Co., Ltd.	US\$10,447,500	—	—	—	100%	Property investment
Wuhan Xinhan Development Co., Ltd.	US\$16,000,000	—	—	100% (note 3)	100%	Property development
Zhaoqing New World Property Development Limited	US\$13,750,000	—	—	100%	100%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
Associated companies						
<i>Incorporated and operating in Hong Kong</i>						
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	50%	50%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	30.6%	30.6%	Investment holding
Jointly controlled entities						
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	—	—	40%	40%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

43. Particulars of Principal Subsidiaries, Associated Companies and Jointly Controlled Entities (Continued)

Company name	Issued and fully paid up share capital/ paid up registered capital	Attributable interest held (note 1)		2012	2011	Principal activities
		By the Company	By the Group			
Jointly controlled entities (Continued)						
<i>Incorporated and operating in the PRC</i>						
<i>(i) Co-operative joint ventures</i>						
Beijing Chong Wen — New World Properties Development Co., Ltd.	US\$225,400,000	—	—	70%	70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$171,840,000	—	—	70%	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	—	—	70%	70%	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	55%	55%	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	—	—	70%	70%	Property Investment and development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5%	62.5%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60%	60%	Property development
Wuhan Wuxin Hotel Co. Ltd.	US\$49,750,000	—	—	60%	60%	Hotel operation
<i>(ii) Equity joint venture</i>						
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	48.8%	39%	Golf club and resort operation
<i>(iii) Wholly foreign owned enterprises</i>						
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	59%	59%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	—	—	62.5%	62.5%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	62.5%	62.5%	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	50%	50%	Property investment
Wuhan New World Hotel Properties Co., Ltd.	RMB83,507,110	—	—	60%	—	Property investment

Notes:

1. Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.
2. Represent equity interest of the Group in these companies. Pursuant to the participation agreement dated 11th September 2006 entered into between the Company and Solar Leader Limited ("Solar Leader"), a wholly-owned subsidiary of NWD, Solar Leader has a participating interest, representing 50% of the total interest of the Group in certain property projects undertaken by these companies.
3. Represent profit sharing ratio of the Group in accordance with the contractual arrangement between the shareholders.

FINANCIAL SUMMARY

Results

	2012	2011	2010	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenues	12,528,755	13,557,227	6,340,752	2,038,623	3,523,527
Operating profit after finance costs	5,719,033	4,685,543	2,790,676	1,208,255	1,851,831
Share of results of					
Associated companies	16,844	18,864	15,860	171,783	241,514
Jointly controlled entities	356,327	359,312	463,814	93,547	285,972
Profit before taxation	6,092,204	5,063,719	3,270,350	1,473,585	2,379,317
Taxation charge	(2,812,704)	(1,917,443)	(629,183)	(179,362)	(355,739)
Profit for the year	3,279,500	3,146,276	2,641,167	1,294,223	2,023,578
Attributable to:					
Equity holders of the Company	3,080,929	3,025,826	2,636,427	1,359,369	2,019,935
Non-controlling interests	198,571	120,450	4,740	(65,146)	3,643
	3,279,500	3,146,276	2,641,167	1,294,223	2,023,578

Assets and Liabilities

	2012	2011	2010	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment, investment properties and land use rights	20,504,444	16,723,223	14,654,688	11,499,361	8,803,282
Properties held for development	15,864,552	12,478,678	10,610,021	7,344,944	6,870,382
Associated companies	429,774	413,476	400,705	383,246	1,947,102
Jointly controlled entities	11,072,950	9,633,728	9,905,121	13,284,317	11,278,973
Intangible assets	1,925,141	23,394	23,394	82,766	127,766
Available-for-sale financial assets	108,457	58,362	221,996	217,910	209,275
Financial assets at fair value through profit or loss	—	—	—	—	120,308
Other non-current assets	—	—	9,091	26,136	40,909
Net current assets	27,199,442	21,054,114	21,922,155	11,115,283	12,443,887
Total assets less current liabilities	77,104,760	60,384,975	57,747,171	43,953,963	41,841,884
Long term borrowings	(22,919,267)	(14,151,021)	(16,076,473)	(11,117,308)	(10,253,824)
Deferred tax liabilities	(2,460,377)	(2,185,100)	(2,266,299)	(799,773)	(551,554)
	51,725,116	44,048,854	39,404,399	32,036,882	31,036,506

MAJOR PROJECTS PROFILE

No	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq. m.)
Project under development/held for development				
1	Beijing Xin Yi Garden Phase III	JCE	70%	85,626
2	Beijing New View Garden Phase III	JCE	70%	20,414
	Beijing New View Garden Remaining Phases			22,561
	Beijing New View Garden Commercial Centre			39,653
3	Beijing Xin Yu Garden Remaining Phases	JCE	70%	680,190
	Beijing Xin Yu Garden Commercial Centre			89,620
4	Beijing Yanjing Building	JCE	70%	30,627
5	Beijing Yuzhuang Project	Subsidiary	75%	155,916
6	Langfang New World Centre	Subsidiary	100%	385,984
7	Langfang New World Garden	Subsidiary	100%	365,788
8	Tangshan New World Centre	Subsidiary	100%	229,045
9	Tianjin Xin Hui Hua Ting	Subsidiary	100%	301,641
10	Jinan Sunshine Garden Phase III	Subsidiary	100%	212,723
	Jinan Sunshine Garden Remaining Phases			78,428
11	Shenyang New World Garden Phase IIB	Subsidiary	90%	58,716
	Shenyang New World Garden Phase IIB			621,892
	Shenyang New World Garden Remaining Phases			1,616,850
12	Shenyang New World Centre — Expo	Subsidiary	90%	115,398
	Shenyang New World Centre Phase I			238,243
	Shenyang New World Centre Remaining Phases			968,960
13	Shenyang New World Commercial Centre Phase I	Subsidiary	100%	73,847
14	Anshan New World Garden Phase IA III-IV	Subsidiary	100%	143,696
	Anshan New World Garden Phase IIA			24,969
	Anshan New World Garden Remaining Phases			1,140,171
15	Dalian New World Tower Remaining Portion	Subsidiary	100%	83,571
16	Wuhan Menghu Garden Phase IIIA/C	Subsidiary	100%	48,864
	Wuhan Menghu Garden Phase IIIB			4,614
17	Wuhan Changqing Nanyuan Phase III	JCE	60%	78,465
18	Wuhan Changqing Garden Phase VII Area 5	JCE	60%	39,613
	Wuhan Changqing Garden Phase VIII Area 8			113,515
	Wuhan Changqing Garden Phase VIII Area 6			300,930
	Wuhan Changqing Garden Remaining Phases			1,404,590
19	Wuhan New World Centre Western Portion	Subsidiary	100%	63,955
20	Wuhan Guanggu New World	Subsidiary	100%	160,816
	Wuhan Guanggu New World Remaining Portion			341,462
21	Changsha La Ville New World Phase IIA	Subsidiary	48%	26,795
	Changsha La Ville New World Phase IIA Remaining Portion			82,190
	Changsha La Ville New World Phase IIIA			177,825
	Changsha La Ville New World Phase IIIB			163,793
	Changsha La Ville New World Phase IV			422,390
22	Yiyang Scenic Heights	Subsidiary	100%	1,098,867
23	Chengdu New World Riverside Phase II 1A	Subsidiary	30%	304,690
	Chengdu New World Riverside Phase I Remaining Portion			81,520
	Chengdu New World Riverside Phase II 1B			355,745
	Chengdu New World Riverside Phase II 2B			271,661
	Chengdu New World Riverside Phase II Commercial District			374,211
	Chengdu New World Riverside Remaining Phases			2,308,505

Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Carpark and others (sq. m.)	Development Status	Expected Completion Date
	768	17,311	52,625	14,922	Under development	Jan-13
18,146	2,268				Under development	Jan-13
	2,223	12,629		7,709	Under planning	Aug-15
	16,531	8,052		15,070	Under planning	Oct-15
296,200	143,990			240,000	Under planning	TBD
	60,925			28,695	Under planning	Jun-16
	22,889			7,738	Under development	Oct-12
122,142	3,139			30,635	Under planning	Mar-16
155,622	65,260	42,145	38,025	84,932	Under development	Feb-16
247,889	16,045			101,854	Under planning	Feb-16
84,368	35,912	49,048		59,717	Under development	Oct-14
189,401	10,640			101,600	Under development	Jan-14
146,606	5,319	16,669		44,129	Under development	Jun-14
		37,061	16,124	25,243	Under planning	TBD
58,716					Under development	Dec-12
456,268	16,318			149,306	Under development	Dec-13
1,091,620	112,303	73,260		339,667	Under planning	TBD
				115,398	Under development	Jun-13
			91,125	147,118	Under development	Jun-13
337,412	292,881	298,871	39,796		Under planning	TBD
46,174	23,058			4,615	Under development	Jun-13
113,634	1,160			28,902	Under development	Jun-13
24,969					Under development	Jun-13
772,426	35,364	30,000		302,381	Under planning	TBD
83,571					Under development	Jun-13
48,864					Planning completed	Dec-14
4,614					Under development	Dec-12
62,219	7,269			8,977	Under development	Jun-14
38,878	735				Under development	Jun-13
92,293	9,490			11,732	Under development	Jun-13
244,500	6,500			49,930	Planning completed	Jun-14
588,686	388,404	14,100		413,400	Under planning	TBD
	12,000	40,792		11,163	Under planning	TBD
127,566				33,250	Under development	Dec-12
47,073	67,075	98,299	68,435	60,580	Under planning	Jun-17
24,485	2,310				Under development	Jun-13
55,316	6,004			20,870	Under development	Jun-14
131,085				46,740	Under development	Jun-13
64,749	35,399	20,726		42,919	Under development	Jun-15
377,768	7,239			37,383	Under planning	TBD
802,560	38,877	62,500		194,930	Under planning	TBD
219,250				85,440	Under development	Dec-15
			55,422	26,098	Planning completed	TBD
232,969				122,776	Under planning	Dec-16
195,180				76,481	Under planning	Dec-17
77,200	155,755			141,256	Under planning	Dec-17
1,623,513				684,992	Under planning	TBD

MAJOR PROJECTS PROFILE

No	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq. m.)
Project under development/held for development				
24	Guiyang Jinyang Sunny Town Phase IIA	Subsidiary	50%	393,301
	Guiyang Jinyang Sunny Town Phase IIB			88,482
	Guiyang Jinyang Sunny Town Phase IIIA			58,332
	Guiyang Jinyang Sunny Town Phase IIC			195,764
	Guiyang Jinyang Sunny Town Phase IIIB			159,436
	Guiyang Jinyang Sunny Town Remaining Phases			2,562,635
	Guiyang Jinyang Sunny Town Commercial Centre District			803,416
25	Guangzhou Dong Yi Garden Phase V	Subsidiary	100%	36,970
26	Guangzhou New World Oriental Garden Phase III	Subsidiary	100%	93,009
27	Guangzhou Covent Garden Phase IIIA	Subsidiary	100%	246,279
	Guangzhou Covent Garden Phase IIIB			102,000
	Guangzhou Covent Garden Phase III Remaining Portion			606,653
28	Guangzhou Park Paradise Phase III	Subsidiary	100%	87,349
	Guangzhou Park Paradise Phase IV			234,741
	Guangzhou Park Paradise Remaining Phases			459,297
29	Guangzhou Baiyun Project	Subsidiary	100%	191,364
30	Guangzhou Xintang New World Garden Phase VB	JCE	63%	72,201
	Guangzhou Xintang New World Garden Phase VC			87,262
31	Guangzhou Foshan New World Metropolitan Complex Phase I (#09 & #10)	Subsidiary	85%	88,123
	Guangzhou Foshan New World Metropolitan Complex Phase I (#19)			61,774
	Guangzhou Foshan New World Metropolitan Complex Remaining Phases			925,579
32	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	100%	127,591
33	Shenzhen Jian Gang Shan Project	Subsidiary	100%	64,427
34	Zhaoqing New World Garden Phase III Remaining Portion	Subsidiary	100%	133,840
	Zhaoqing New World Garden Phase IV			50,206
35	Huiyang Hu Xia Liao Project	Subsidiary	88%	162,717
36	Huiyang Palm Island Resort Phase VI	JCE	59%	17,080
	Huiyang Palm Island Resort Remaining Portion			269,430
37	Huizhou Changhuyuan Phase III	JCE	63%	144,170
	Huizhou Changhuyuan Phase IV			155,406
38	Zhuhai Jin Hai New World Phase IV	Subsidiary	100%	147,021
39	Haikou New World Garden Phase III	Subsidiary	100%	165,422
40	Haikou Meilisha Project Phase I (#2)	Subsidiary	100%	33,313
	Haikou Meilisha Project Phase I (#4)			78,827
	Haikou Meilisha Project Remaining Phases			2,510,105
Total (Project under development/held for development)				27,623,067

Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Carpark and others (sq. m.)	Development Status	Expected Completion Date
263,524				129,777	Under development	Oct-13
		17,898	39,521	31,063	Under development	Feb-14
57,349	983				Under development	Jul-14
113,566	28,000		10,203	43,995	Planning completed	Mar-16
129,266				30,170	Planning completed	Mar-17
1,815,683	242,462			504,490	Under planning	TBD
	645,756			157,660	Under planning	TBD
22,996				13,974	Under planning	Oct-15
82,893				10,116	Under development	Dec-12
208,047				38,232	Under development	Apr-14
61,545				40,455	Under development	Feb-15
541,191	37,147			28,315	Planning completed	TBD
39,000	7,274	7,000	14,725	19,350	Under planning	TBD
208,188				26,553	Under development	Jul-13
263,675	74,038			121,584	Planning completed	TBD
148,139				43,225	Under development	Dec-14
72,201					Under development	Dec-12
87,262					Under planning	Jun-14
88,123					Under development	Sep-13
61,774					Under planning	Jun-14
844,478			81,101		Under planning	TBD
95,686				31,905	Under development	Jun-14
58,113				6,314	Under development	Dec-12
116,101	2,346			15,393	Under development	Nov-14
42,607				7,599	Under development	Nov-13
162,717					Under planning	TBD
17,080					Under development	Mar-13
269,430					Under planning	TBD
108,148	2,010			34,012	Under development	Feb-13
101,906	8,500			45,000	Under planning	Dec-16
106,456	10,162			30,403	Under development	Aug-13
124,352				41,070	Under development	Jun-13
23,608				9,705	Under development	Jul-13
47,311	7,813			23,703	Under development	Jun-13
1,544,950	132,036		62,652	770,467	Under planning	TBD
17,231,297	2,802,577	846,361	569,754	6,173,078		

MAJOR PROJECTS PROFILE

No	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq. m.)
Completed investment properties				
41	Beijing New World Centre Phase I	JCE	70%	94,188
42	Beijing New World Centre Phase II	JCE	70%	73,392
43	Beijing Zhengren Building	JCE	70%	16,415
44	Beijing New World Garden	JCE	70%	34,544
	Beijing Xin Yang Commercial Building			3,439
	Beijing Xin Cheng Commercial Building			8,051
1a	Beijing Xin Yi Garden	JCE	70%	43,707
2a	Beijing New View Garden	JCE	70%	12,933
3a	Beijing Xin Yu Garden	JCE	70%	24,800
45	Beijing Xin Kang Garden	JCE	70%	39,910
46	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286
47	Tianjin Xin An New World Plaza	Subsidiary	100%	98,999
48	Tianjin New World Garden	Subsidiary	100%	7,395
10a	Jinan Sunshine Garden	Subsidiary	100%	7,417
11a	Shenyang New World Garden	Subsidiary	90%	206,578
14a	Anshan New World Garden	Subsidiary	100%	34,442
49	Dalian New World Plaza	Subsidiary	88%	69,196
15a	Dalian New World Tower	Subsidiary	100%	48,982
50	Shanghai Hong Kong New World Tower	JCE	50%	130,385
51	Shanghai Ramada Plaza	Subsidiary	100%	34,340
	Shanghai Belvedere Service Apartment			37,935
52	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	100%	130
53	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
	Wuhan New World International Trade Tower II			10,004
19a	Wuhan New World Centre	Subsidiary	100%	135,811
	Wuhan New World Centre	JCE	60%	6,202
54	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,900
18a	Wuhan Changqing Garden	JCE	60%	90,646
55	Wuhan Xin Hua Garden	JCE	60%	72,006
21a	Changsha La Ville New World Phase I	Subsidiary	48%	25,115
23a	Chengdu New World Riverside Phase I	Subsidiary	30%	76,561
56	Nanjing New World Centre	Subsidiary	100%	52,794
24a	Guiyang Jinyang Sunny Town	Subsidiary	50%	28,458
25a	Guangzhou Dong Yi Garden	Subsidiary	100%	13,950
26a	Guangzhou New World Oriental Garden	Subsidiary	100%	30,430
57	Guangzhou Central Park-view	Subsidiary	91%	68,070
27a	Guangzhou Covent Garden	Subsidiary	100%	20,792
28a	Guangzhou Park Paradise	Subsidiary	100%	65,417
30a	Guangzhou Xintang New World Garden	JCE	63%	70,485
32a	Shenzhen New World Yishan Garden	Subsidiary	100%	14,162
58	Shunde New World Centre	Assoc. Co.	35%	48,517
34a	Zhaoqing New World Garden Phase III	Subsidiary	100%	15,062
37a	Huizhou Changhuyuan	JCE	63%	13,466
Subtotal				2,090,140

Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Carpark and others (sq. m.)
	74,232			19,956
	46,378			27,014
				16,415
				34,544
				3,439
				8,051
				43,707
	1,535			11,398
	3,603			21,197
	11,725			28,185
	40,286			22,000
	78,283	9,432		11,284
				7,395
	7,417			
	5,692			200,886
				34,442
	49,413			19,783
	27,067			21,915
	35,474	80,549		14,362
37,935	20,743			13,597
	130			
		104,556		17,272
		10,004		
	45,766	62,151		27,894
		563		5,639
	10,320			10,580
	65,563	7,041		18,042
	36,069			35,937
	3,594			21,521
				76,561
	41,712			11,082
	17,760			10,698
	8,352			5,598
	23,630			6,800
29,868	17,408			20,794
	15,008			5,784
22,220	6,956			36,241
	22,886			47,599
	3,099			11,063
	33,577			14,940
	15,062			
	305			13,161
90,023	769,045	274,296	—	956,776

MAJOR PROJECTS PROFILE

No	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq. m.)
Completed hotel properties				
59	pentahotel Beijing	JCE	55%	23,988
60	New World Shenyang Hotel	Subsidiary	100%	21,169
61	New World Dalian Hotel	Subsidiary	100%	53,248
62	New World Shanghai Hotel	Subsidiary	100%	46,942
63	pentahotel Shanghai	Subsidiary	100%	13,353
64	New World Wuhan Hotel	JCE	60%	29,411
65	New World Shunde Hotel	Assoc. Co.	33%	36,524
Subtotal				224,635
Total (Completed investment and hotel properties)				2,314,775

Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Carpark and others (sq. m.)
			23,988	
			21,169	
			53,248	
			46,942	
			13,353	
			29,411	
			36,524	
—	—	—	224,635	—
90,023	769,045	274,296	224,635	956,776

GLOSSARY OF TERMS

General Terms

Company or NWCL:	New World China Land Limited
FY:	Financial year, 1st July to 30th June
GFA:	Gross floor area
Group:	New World China Land Limited and its subsidiaries
New World Group:	New World Development Company Limited and its subsidiaries
HK:	Hong Kong
HK\$:	Hong Kong dollar(s), the lawful currency of Hong Kong
N/A:	Not applicable
NGOs:	Non-governmental organisations
China, PRC or Mainland China:	The People's Republic of China
RMB:	Renminbi, the lawful currency of The People's Republic of China
SAR or HKSAR:	Special Administrative Region — A status granted to Hong Kong to own an independent government and legislative system and to enjoy a degree of autonomy from the PRC Government under the principle of "one country, two systems"
Stock Exchange:	The Stock Exchange of Hong Kong Limited
TBD:	To be determined
US:	The United States of America
US\$ or USD:	United States dollar(s), the lawful currency of the United States of America

Financial Terms

Basic Earnings Per Share or EPS:	$\frac{\text{Profit attributable to equity holders of the Company}}{\text{Weighted average number of shares in issue during the year}}$
Current Ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
HIBOR:	Hong Kong Interbank Offered Rate
Net Debt:	The aggregate of borrowings, net of cash and bank balances
Gearing Ratio:	$\frac{\text{Net debt}}{\text{Total equity}}$

Measurement

Sq. m.:	Square meter
Km.:	Kilometer
Sq. km.:	Square kilometer

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

Non-Executive Directors

Mr. Doo Wai-hoi, William *(Vice-chairman)*
Mr. Chow Yu-chun, Alexander

Independent Non-Executive Directors

Dr. Cheng Wai-chee, Christopher
Mr. Tien Pei-chun, James
Mr. Lee Luen-wai, John

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
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

Website

www.nwcl.com.hk

Registered Office

P.O. Box 309
Ugland 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

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
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
9/F., New World Tower 1
18 Queen's Road Central
Hong Kong
Tel: (852) 2131 0201
Fax: (852) 2131 0216
Email: ir@nwcl.com.hk

Chinese Version

The Chinese version of this Annual 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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New World China Land Limited

(incorporated in the Cayman Islands with limited liability)

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